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The Funding of Start-up Nonprofits: An Exploration of Funder Perceptions, Attitudes, and Advice

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By

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Abstract

With the rapid expansion of the nonprofit sector, there is approximately 43 percent of nonprofits that are not surviving past five years of operation. As there are many misconceptions about start-up organizations, this may affect their growth and financial viability. A qualitative study was conducted to understand the perception of start-up nonprofit organizations and how that may influence funder giving behaviors. Interviews were administered with three funders of Greater Richmond area foundations and corporations. Five major themes were developed from the findings to include mission alignment, life cycle stages, perception, elimination of bias, and organizational barriers and common mistakes. Funder perceptions proved to be relevant, however not a major factor in funder decision-making. Data was analyzed to report findings, implications, and recommendations useful for start-up organizations as well as funding establishments.

Funder Perception of Start-up Nonprofits and Giving

Introduction

The nonprofit sector continues to grow at a rapid pace with over 1.5 million nonprofit organizations registered in the United States (Francis and Talansky, 2013). These organizations vary in size and have a great impact on communities, however data from the U.S. Census Bureau on organizations started in 2005 found that only a mere 43 percent of these organizations still existed five years later (Bielefeld, 2014). Start-up nonprofit organizations face challenges and are vulnerable from problems in raising capital, recruiting and training workforce, and handling regulatory compliance (Bielfield, 2014). With a plethora of research and articles that address the dos and don'ts that nonprofits should follow in order to thrive, they continue to close their doors leaving communities with diminished resources, such as access to financial and educational assistance, immigration services, pregnancy counseling, food and clothes closets, re-entry programs, etc. These nonprofit organizations fill the gaps in unmet societal needs and when they dissolve, not only are the organizations affected, but also the communities that they serve.

So the question is, why aren't start-up nonprofit organizations able to sustain themselves? Are they not equipped for economic or social challenges? Are they mismanaging resources? What are they doing different from well-established nonprofit organizations? Is there reluctance to supporting start-up nonprofit organizations? The purpose of this research is to explore the way in which perceptions of start-up nonprofit organizations can affect their growth and financial viability. The author will seek out possible implicit and/or explicit bias and the impact that has on start-up nonprofit understanding and support. To gain further insight into the impact that perception has on funder giving behavior and support, the author conducted interviews with funders in the Greater Richmond area. The research was collected and analyzed to identify any specific themes, report findings, and provide recommendations to start-up organizations and the funders that support those nonprofit organizations, based off of the outcome. Through this research, the author is hoping to discovery strategies and/or policies that may increase start-up sustainability.

Context

There are numerous organizations that fall under the nonprofit sector. These organizations are rooted in philanthropy, charity, volunteerism, and change. This sector consists of subsectors that focus on various purposes to include human services, healthcare, education, art and culture, environmental, and religion. Regardless of the subsector type, these organizations vary in size and capacity. According to The National Center for Charitable Statistics (NCCS) (2016) there were 1,097,689 public charities in Virginia. As nonprofit organization entry continues to increase, they are met with challenges that can potentially threaten their sustainability. Although many start-up nonprofit organizations thrive, there are factors that potentially influence organizational failure such as organization age and size, perceptions and stereotypes, and funding challenges.

Liability of smallness and newness. The liability of smallness suggests that the size of an organization is a significant influence on its chance of survival, and in particular small organizations do not allow a buffer from market reductions due to lack of resources and strong financial support (Kale and Arditi, 1998). Kale and Arditi (1998) go on to say that the scarcity of financial resources is not the only contribution to the failure of small organizations, but also managerial and operational weaknesses. “Finally, smallness affects survival negatively as small firms have difficulty in attracting qualified and competent personnel when compared to large organizations that offer perceived long-term employment and career advancement" (Kale and Arditi, 1998. p. 459).

The liability of newness refers to the jeopardies related to where they are in the life cycle. The age of an organization, specifically the start-up phase finds issues with the lack of time and development needed for an organization to learn and establish new roles, developing skills, and building trusting relationships with staff, clients, stakeholders, and other organizations (Searing, 2015). This negatively impacts the efforts to access resources. According to Bielfeld (2014), the problems that may occur during this phase of an organization are interpersonal conflicts, governance and decision-making processes, and lack of support systems to aid in meeting stakeholder expectations. In the early developmental phase, it is important to understand strategic planning, financial management, branding, and marketing, just as a for-profit organization. The ability to display a considerable amount of detail and concrete strategies could build confidence in an organizations projected outcomes, therefore increasing the chances of support.

Perceptions of small nonprofit organizations. Your perception of something is the way that you think about it or the impression you have of it (www.collinsdictionary.com). Perceptual factors mold the way in which we make decisions and drives behavior. From perception, bias can be formed. The Collings Dictionary (2018) defines bias as "mental tendency or inclination, esp. an irrational preference or prejudice". This can cause partiality when deciding to support start-up nonprofit organizations, whether a donor, community member, or volunteer. According to Ritchie, Swami, and Weinberg (2006), image spillover affects perceptions of nonprofit organizations due to public perceptions being based off of negative images of other similar organizations. This may typically happen when there has been a scandal or negative reputations formed that becomes the target of scrutiny. There are two types of bias that can influence giving;

extrinsic and intrinsic. Sargeant, Ford, and West (2005) describe extrinsic to be variables such as age, gender, social class, religion, etc. These are biases that are obvious and people are aware of. Intrinsic biases are the underlying motives such as empathy, sympathy, and other emotions (Sargeant, Ford, and West, 2005). Understanding these variables could be useful in determining giving behavior.

Perceptions can also lead to stereotypes. Stereotypes are generalizations or assumptions made about a particular group of people or organizations that cause critical judgement that has not been proven. A study conducted by Aaker, Vohs, and Mogilner (2010), found that “stereotypes do in fact exist for nonprofit and for-profit organizations and that they predict crucial marketplace behaviors, such as likelihood to visit a Web site and willingness to buy a product from the organization.” Some of the typical stereotypes or myths about nonprofit organizations includes that they are not profitable, are only run by volunteers, and are prohibited from lobbying. These false impressions can pose a negative outlook on nonprofit organizations and cause a disruption in flow of support, cooperation, and services provided.

Funding challenges. As the formation of new nonprofit organizations can be attained with relative ease, “often their mission and goals area vague and unstated” and they typically “lack funds and a business plan” (Chambre and Fatt, 2002. p. 509). This underdeveloped structure can cause hesitation in monetary support, especially amongst funders and investors. According to Chambre and Fatt (2002),

> just as it is hard for a new business to convince a bank that it will prove to be a good investment, new not-for-profit community organizations have a hard time convincing foundations, corporations, and city departments of their worthiness. The problem for new

organizations is that it has nothing to offer but promises. (As cited by Wiewel and Hunter, 1985. p. 486).

In addition to establishing legitimacy, new nonprofit organizations must vie for funding in a competitive market of nonprofit organizations due to the growing number of entrants. It is essential for new nonprofits to find a niche and differentiate themselves and the services that they deliver. As branding can provide an effective way in which to convey the benefits from these services, there are considerable costs incurred. The question then becomes, how feasible is it to “dedicate their limited financial and human resources to brand development” as “dedicating charitable funds to brand building can mean decreasing monies available for the delivery of programs and services (Ritchie, Swami, and Weinberg, 2006. p. 28).

Problem and Significance

Problem. The liability of organization size and age has significant implications on the likelihood of its survival. The challenges that start-up nonprofit organizations face hinders the perception of the capability to thrive. Those negative perceptions lead to uncertainty in organization functionality. This can cause stakeholders to question the impact, capacity, capital, and the value of the organization as a whole. These reservations can directly or indirectly affect the organizations sustainability.

A major element that can be affected directly is funding. As with any organization, whether for-profit or not-for-profit, financial stability is imperative to its existence. When stakeholders question the value and worthiness of an organization it impedes the ability to secure funding. This in turn impacts the organizations ability to carry out its mission, programs, and services as well as cover overhead expenses, leading to the decline of an organization.

Significance. Sustainability is the ability to withstand over time while fulfilling a mission by effectively and efficiently utilizing all resources available. Sustainability of start-up organizations have been in jeopardy of failure at a higher rate than other organizations that have transitioned into another phase of the life cycle. Due to this uncertainty in sustainability, as well as general misconceptions about nonprofit organizations, this can lead to negative perceptions of their capability to thrive. Because of the contribution that nonprofit organizations make to the community, as well as the factors that increase the rate of failure, it is imperative to research the influences of giving behavior and support.

Research Objectives

This research aims to gain insight and understanding into the influence that perception has on funder giving behavior and support of start-up nonprofit organizations. The question that guides this study is, is there a relationship between perception and giving behavior?

The main objective of this study is to determine the effect that funder perception has on start-up nonprofit growth and financial sustainability in hopes to formulate a method to attract more committed stakeholders and increase funding. To achieve this, data collection was conducted through a qualitative method approach. This approach will be used to better understand perceptions of the importance and impact that start-up nonprofit organizations have on the community. The study will consist of semi-structured interviews regarding driving factors of funding and support. This will be conducted via telephone. The participants of this study are a combination of Richmond area funders from nonprofit foundations and corporate organizations. The data will be collected and organized to identify any particular themes and a coding scheme will be used to understand specific positive and negative perceptions. In analyzing the data, the author is hoping to see if there is any relationship between perceptions of the impact of start-up nonprofit organizations and what affect that may have on its growth and sustainability.

Study Outline

In order to accomplish the research objectives, the following chapters will discuss the study in further detail. Chapter Two will provide relevant literature related to the life cycle of nonprofit organizations, perceptions of start-up nonprofit organizations, and influences of donor giving behavior. Chapter Three will discuss the method of data collection conducted, which consisted of telephone interviews with Richmond area funders, as well as the findings. Finally, Chapter Four discusses the implications for this research and describe how start-up nonprofit organizations can implement the information to increase sustainability.

I believe that there is a misconception of start-up nonprofits and would like to dig deeper into how those conclusions are made. This study aims to gain further insight into how start-up nonprofit organizations are perceived and how that may affect its success and sustainability. Furthermore, in studying the factors that affect funding sources and continual support, start-up nonprofit organizations can better prepare for likely challenges increasing its longevity.

Research of the Literature

The nonprofit sector continues to rapidly expand, however, the U.S. Census Bureau found that from the organizations that established in 2005, only 43 percent of those organizations still existed five years later (Bielefeld, 2014). This research project is designed to explore the way in which perceptions of startup nonprofit organizations may influence giving behavior. As sustainability has been a concern amongst the nonprofit sector as a whole, startup organization are at a higher risk of threat of decline. The liability of organizational size and age has significant implications on the likelihood of its survival. Due to this uncertainty in sustainability, in addition to general misconceptions about nonprofit organizations, such as being unprofitable, lacking competency, inappropriate use of funds, etc., this can lead to negative perceptions on capability to thrive. The question then becomes, is there a connection between perception and giving behavior?

This section will review and discuss relevant literature related to nonprofit sustainability. An examination of existing research on startup nonprofit life cycles, startup liabilities, and donor perceptions provides context for the significance of study. I believe that being able to identify and understand the perceptions of startup nonprofit organizations and what effect that may have on its financial viability, growth, and sustainability.

Nonprofit sustainability

The ability of small nonprofit organizations to sustain has been in questions for many years. The National Council of Nonprofits (2018) states that,

> In an environmental context, "sustainability" generally means finding a way to use resources in a manner that prevents their depletion. For charitable nonprofits, the phrase

> "sustainability" is commonly used to describe a nonprofit that is able to sustain itself over the long term, perpetuating its ability to fulfill its mission. Sustainability in the nonprofit context includes the concepts of financial sustainability, as well as leadership succession planning, adaptability, and strategic planning (National Council of Nonprofits, 2018. para 1).

One of the reasons that nonprofit organizations originally emerged was to fill the gaps of the public and the private sectors. These needs arose due to the lack of profitability or public support, therefore leaving a deficit in services needed in the community. Despite the growing contribution of the nonprofit sector, they are met with challenges that affect establishing financial sustainability. This, in turn affects organizational success to include, "(1) reliance on external funding, (2) the nonprofit "brand," (3) external expectations of partnerships, (4) expectations of value and accountability, and (5) community engagement and leadership" (Sontag-Padilla, Staplefoote, and Morganti, 2012. p. 7). Sustainability efforts focus on people, profit, and planet, and as continued service and societal needs are met, it leaves the private and public sectors open to pursue their own commitments (Weerawardena, McDonald, and Mort, 2009).

Nonprofit organization's funding depends on diverse streams of resources to include government and foundation grants, donations (monetary, in-kind, volunteerism), and fee for service. As nonprofit leaders perceive government and foundation funding as an essential for financial viability, they realize that there are challenges with the reliability on grants and other sources of their funding (Sontag-Padilla, Staplefoote, and Morganti, 2012). In a study of 26 health, human services, and community and economic development organizations in Mississippi, it was found that participants expressed uncertainties about reliance on government funding

> "due to considerable restrictions on how public funds can be utilized and the relatively large amount of time and resources consumed in complying with state and federal requirements" and that "additionally, over-reliance on government-contract funding may lead to the hiring of temporary staff, which may have negative implications for staffing patterns and delivery of quality services" (Sontag-Padilla, Staplefoote, and Morganti, 2012. p. 7).

In addition, the recession drastically impacted individual contributions made to nonprofit organizations. A 2008 survey of 800 nonprofits found that 75 percent of nonprofits reported feeling the brunt of the economic downturn, with 52 percent having already experienced cuts in funding, leaving nonprofits struggling financially (Sontag-Padilla, Staplefoote, and Morganti, 2012). As these challenges are significant for nonprofits organizations, especially those serving vulnerable, low-income populations, identifying sustainability strategies are imperative to continue providing community-based services.

What is a "start-up"?

"The key to long-term sustainability is knowing and understanding the stage an organization is in, and taking steps to be successful within each phase" (Thriving Throughout the Stages of a Nonprofit Organization, n.d.). When operating any establishment, there are well defined stages of progression within an organizational life cycle. This does not exclude the nonprofit sector. As internal and external factors influence how nonprofit organizations develop and transform, some nonprofits thrive while others do not survive beyond the startup phases (Norris-Tirrell, 2011). Norris-Tirrell (2011) indicated that the stages of the nonprofit life cycle follow a pattern where each stage aids to shape structure, processes, and outcomes. Each stage poses challenges in growth, however understanding this model is the key to successful transitions from one phase to the next.

According to Norris-Tirrell (2011), the nonprofit organization life cycle consists of 7 stages: (1) idea and exploration, (2) start-up and formation, (3) growth and formalization, (4) maturity and sustainability, (5) decline, (6) turnaround/reinvention, and (7) termination/dissolution. The Nonprofit Life Cycles Overview (n.d.) has the stages placed into 6 categories, which are very similar to Norris-Tirrell's model to include grassroots (invention), start-up (incubation), adolescent (growing), mature (sustainability), stagnation and renewal, and decline and shut-down. Both grassroots and start-up organizations are in their early stages of development and are sometimes used interchangeably. The exploration and formation of ideas and establishment begins here. The duration of the grassroots stage is anywhere from 0 to 5 years and the start-up stage is anywhere from 1 to 2 years (Nonprofit Life Cycles Overview, n.d.) In these stages, organizations are vulnerable to failure. According to the U. S. Small Business Administration, newly formed organizations, to include start-up and/or grass root have a 50 percent chance of surviving at least 5 years (Freeman and Siegfried, Jr., 2015). In these stages, "individuals and groups come together around an interest or identified gap…and once the decision is made to form a new nonprofit organization, the organizers bring together a founding board of directors to create the initial organization mission and purposes" (Norris-Tirrell, 2011. p. 4). Although this stage is susceptible to failure, it is the one where all organizations start whether large or small, nonprofit or for-profit. This is where the organizational formation begins and all necessary documentation is created and filed with the State and Internal Revenue Service (IRS). In the start-up phase, programs and services are simple with a strong commitment to delivering services and a formal governance structure is in place. The board tends to be "small, passionate, and homogenous" (Nonprofit Organization Life Cycle, n.d.) and staff are typically volunteer-driven and enthusiastic about the impact that they are making. Although market entry is easy for nonprofit organizations, they face countless challenges in implementing a sustainable business model, building a strong and cohesive team, as well as gaining customer, donor, and volunteer support. "Three of the most important challenges are: developing a vision, achieving optimal persistence, and executing through chaos" (Freeman and Siegfried, Jr., 2015. p. 36). An organization's vision is imperative for success. It is a clear outline of what an organization aims to achieve and provides a direction for future desired change. Without a clear vision statement, it is easy for an organization to lose sight of its original purpose. Perseverance and the ability to adapt to change and function in times of disarray will serve as a safety net in times of uncertainty. Due to environmental fluctuations in the marketplace, the stages of the nonprofit organization life cycle may occur in different sequences and may sometimes repeat a phase to achieve success. Either way the life cycle model can help nonprofit leaders in assessing strengths, weaknesses, opportunities, and threats (SWOT) as an organization transitions from one stage to the next.

Organizational theory

Bennett (2016) states that "because so many small charity start-ups fail, founders (intended or actual) need to devise strategies to overcome the challenges confronting newly established philanthropic organisations" (p. 334). Both the liability of newness and liability of smallness affects the success of start-up organizations and can ultimately cause failure or decline.

Liability of Newness. The liability of newness refers to the developmental jeopardies related to where they are in the life cycle. The issue with newness is associated with processes that are both external and internal to the organization. The main factors that affects success in newness is lack of time and development. Internally, new organizations are establishing new team members that are learning and discovering new roles to perform, as well as developing trust amongst organization members (Kale and Arditi, 1998). Learning these new roles, developing skills, and building trusting relationships is a process that cannot be effective in a short amount of time, leading to inefficiency. Externally, the lack of time needed to establish relationships with clients, stakeholders, and other organizations negatively impacts the efforts to access resources and costs of obtaining revenues (Searing, 2015). According to Bielefeld (2014), the problems that may occur during this phase of an organization are interpersonal conflicts, governance and decision-making processes, and lack of support systems to aid in meeting stakeholder expectations.

Liability of smallness. The size of an organization is one aspect that influences its chances of survival or failure. When discussing the liability of smallness, size is not in relation, to the age of an organization, however it can lead to failure in the same way. This theory of smallness emerges from lack of financial resources and absence of solid support from creditors (Kale and Arditi, 1998). “This smallness-related vulnerability results from problems in raising capital, recruiting and training workforce, and handling regulatory compliance” (Bielefeld, 2014. p. 4). As the liability of newness requires quick development of skills to fulfil new organization roles, the liability of smallness requires organization leaders to wear many hats that can lead to burn out resulting in loss of key players. Kale and Arditi (1998), touch on managerial weakness and “difficulty in attracting qualified and competent personnel” (p. 459) when compared to the benefits of working for a larger, more established organization.

The survivor principle. The concept of the survivor principle “asserts that competition will weed out inefficient new entrants to a sector” (Bennett, 2016. p. 336). There must be a competitive advantage in order to survive against other organizations. This is an area of opportunity for a new nonprofit to complete a SWOT analysis in order to identify strengths, weaknesses, opportunities, and threats of its own organization as well as its competitors. By doing this, an organization is able to create a strategic plan to withstand the uncertainty of the market and become a firm contender when competing for charitable donations. In addition, environmental turbulence, which is the implied uncertainty and difficulty foreseeing circumstances and proper decision-making (Bennett, 2016), is significant in predicting sustainability. To survive in a highly competitive environment, start-up nonprofit organizations must be equipped with the knowledge, expertise, and ability to differentiate itself from its completion.

Perceptions of nonprofit organizations

There are many different opinions on the effectiveness, impact, capacity, and viability of start-up nonprofit organizations. These attitudes contribute to stereotypes and biases that may affect the way that nonprofits are connecting with community members, funders, and other organizations. According to Heller and Reitsema (2010), nonprofit organizations may be judged on its ability to achieve its goals, the effectiveness of its management, organizational values and goals, and strategic planning. One way in which perception of nonprofit organizations have been tarnished is the concept of 'image spillover.' This occurs when public perception of an individual nonprofit is judged off of basic negative images of all similar organizations (Ritchie, Swami, and Weinberg, 2006). Without differentiation, an individual nonprofit can yield undesired attention. This affects the way an organization is viewed and trusted. An example of image spillover is the 1992 incident where the president of United Way of America had "engaged in nepotism, used charitable donations to finance a free-spending lifestyle, and transferred funds to spin-off organisations in which he and other officials had financial interests" (Ritchie, Swami, and Weinberg, 2006. p. 38). This type of scandal caused damaging attitudes towards nonprofit organizations' reputation and became the target of public scrutiny.

In a study conducted by Aaker, Vohs, and Mogilner (2010), it was found that consumers perceive nonprofit organizations as aiming worthy causes and being more caring than for-profits, but that they lack higher levels of competency. It was proposed that stereotypes of organizations exist based solely on whether a firm is for-profit or nonprofit. In addition, there is a belief that "nonprofit professionals exploit their power and misuse funds" (Fisher, 2015. p. 1) causing society to view nonprofits as dishonest and self-serving. All of these factors pose a negative perception of nonprofit organizations, affecting effectiveness, growth, and sustainability.

Common myths versus truths. There have been numerous myths associated with the nonprofit sector as a whole no matter the age or size. These false impressions can pose a negative outlook on nonprofit organizations and cause a disruption in the flow of support, cooperation, and services provided. The main misconception is that nonprofit organizations are unprofitable. The term nonprofit or not-for profit suggests that there is no return on investment or profit to be made. The truth is that nonprofits do in fact yield returns just as a for-profit organization. The difference is in the distribution of earnings. Nonprofit organizations are prohibited from dispersing profits to shareholders. This is due to the tax-exempt status given to charitable nonprofits by the Internal Revenue Service (IRS), therefore all profits must be reinvested into the organization to benefit the public interest.

Another common myth is that nonprofit organizations are run primarily by volunteers and do not hire paid staff. While many nonprofits are volunteer-based, in 2012 the Bureau of Labor Statistics data showed that nonprofits employed 11.4 million people (National Council of

Nonprofits, 2017). There are numerous organizations that do not function solely on volunteerism and employ paid professionals; for example, social workers, educators, accountants, and administrators. As nonprofit organizations budget for staff in the same way as a for-profit business model in the hiring process, volunteers are still a vital element to the nonprofit sector.

In addition, some other common misconceptions are that nonprofit organizations should have low overhead costs, cannot lobby, get a majority of their funding from foundations, are mostly large and have many resources, and that incentives only benefit individuals and elite institutions (National Council for Nonprofits, 2017). Overhead costs, also referred to as operating costs or administrative costs, cover such expenses as rent, utility bills, and salaries, and cannot be avoided. These costs are vital in effectively meeting an organization's mission and developmental growth. Lobbying is a bit more complex in terms of charitable nonprofits. As nonprofits serve as advocates for their cause, they have the ability to lobby as permitted by law. With that being said, "tax-exempt charitable nonprofit organizations are NOT permitted to engage in partisan political activity, such as supporting or opposing any candidate for public office" (National Council for Nonprofits, 2017). In regard to funding, incentives, and access to resources, the fact is that foundation grants only accounted for 15 percent of dollars contributed in 2016 to the charitable nonprofit community. (www.givingusa.org) And while giving incentives provide tax benefits for charitable donations, typically the value of every dollar goes back into serving the community (National Council for Nonprofits, 2017). The idea that most nonprofits are large and have many resources is a false implication. Small nonprofits account for 61 percent of registered nonprofit organizations in the U.S. (Francis and Talansky, 2013) and are constantly competing for funding, which results in loss of programs and capital.

Perception and giving behavior. As stated in the introduction, perception influences the way in which we make decisions and drives our behaviors. Personal values, as well as likes and dislikes play a major part in how we perceive people and organizations. If trust or accountability is absent from an organization's reputation, especially due to immaturity, the likelihood is that there will be hesitation in funder and/or donor giving. It was found that when a nonprofit organization with a positive reputation forms a partnership with a negative reputation organization, the willingness to donate to the positive organization significantly declines (Fisher, 2015). This leads to the assumption that consumers do in fact present bias to organizations that they feel are socially responsible. According to Heller and Reitsema (2010),

> The decision to donate to a nonprofit organization is also bound up with personal and societal values in a way that doing business with a private sector is not…Hence, reputation is critically important to nonprofit organizations…reputation is closely tied to people's willingness to donate (p.137).

It was also found in a study that stereotypes do exist for both nonprofit and for-profit organizations and that they foresee crucial marketplace behaviors (Aaker, Vohs, and Mogilner, 2010). On the other hand, Sargeant, Ford, and West (2005) state that the determinants of nonprofit giving behavior are influenced by a variety of extrinsic factors to include demographics such as age, gender, social class, social norms, and religious belief, as well as intrinsic factors to include empathy, sympathy, emotions, such as guilt and pity, and the way in which a person views the world in terms of social justice. These factors are significant indicators of motives when deciding to support a nonprofit. For example, if a person received some form of support from a community project or nonprofit organization as a child, they may feel an obligation to support other children in the same. This underlying sense of obligation may come from a feeling of appreciation and importance to the impact of that organization, or even a feeling of guilt for leaving a while a community need is still unmet. In the same way, a person may feel convicted to support a public charity or tithe to a church due to their religious beliefs.

In contrast to the research previously discussed that supports the connection between donor perception and giving, there is also research that suggests contrary findings. Fisher (2015) also conducted a study that indicated that “there is no statistically significant relationship between the dependent variables, being donor perception, and the dependent variables, being donation history and future giving” (p. 26). Many factors that could contribute to negative perception of a nonprofit organization showed no evidence of change in monetary support nor volunteerism. These factors range from changes in charity rating, operational efficiency, low overhead, and decline in charitable confidence (Fisher, 2015). This could be due to other motivating factors not discussed in this research such as donor benefits to include tax breaks, organization paraphernalia, invitations to organization events, etc.

Conclusion

In conclusion, I believe that this research will help to better identify perceptions of startup organizations in the nonprofit sector and how that may affect giving behavior. As sustainability of start-up organizations have been in jeopardy of failure at a higher rate than organizations that have transitioned into another phase of the life cycle, it is imperative to research the influences and motivation behind giving. Although previous research has contradictory results as to the relationship between perceptions and giving behavior, this study will attempt to uncover misconceptions that hinder growth in the start-up nonprofit organizations. The analysis of the data could give insight into understanding the influence of perception of giving behavior and can use that to properly prepare and implement a financial sustainability plan.

Methods and Findings

Methods

The purpose of this research is to explore the way in which perceptions of start-up nonprofit organizations may affect their growth and financial viability. This section will describe the procedure used to identify and recruit the sample, the data collection, and the data analysis process for this study. The author will seek out possible implicit and/or explicit bias and the impact that has on start-up nonprofit understanding and support. To gain further insight into the impact that perception has on donor giving behavior and support, the author administered interviews with various funders in the Greater Richmond area. The research was collected and analyzed to identify any specific themes, report findings, and provide recommendations based off of the outcome.

The research design applied was a qualitative method using the phenomenological approach. This approach was used to interpret the individual perspectives of Richmond area funders on start-up nonprofit organizations. The Institutional Review Board (IRB) of the University of Richmond approved this study to include the recruitment email, consent form, and the interview questions.

Sample and recruitment. This study used purposeful sampling, where there was an intentional selection of organizations. This sample population was comprised of three female professionals in the Greater Richmond area familiar with the grant/funding process and procedures. They are decision-makers of Richmond area foundations that provide grants to support nonprofit organization growth. Organizations were found using Google, an online internet search for local nonprofit foundations then requests were sent for participation via electronic mail (email). Participant A holds a position as Vice President with a foundation that provides community impact and capacity-building grants to eligible 501(c)(3) organizations serving the Richmond and Central Virginia region. They have a focus on community vibrancy, economic prosperity, educational success, and health and wellness. Participant B is a Managing Director with a foundation that provides support for registered 501(c)(3) organizations, as well as organizations working toward their tax-exempt status in the Richmond region. Their initiatives include access to health care and health equity grants. Participant C is a Senior Manager of a major corporation that heavily supports 501(c)(3) organizations and community service projects. This organization crafted an initiative that provides a comprehensive training and coaching model that strengthens nonprofit organizations by helping them to better leverage volunteers strategically and build capacity, in addition to providing grants for education initiatives and affordable housing.

The method used to recruit subjects was via email requests. Each subject was sent an individual email (Appendix A) inviting participation in an interview to assist with this research study. 12 organizations were identified to participate in the interview process. Seven of the organizations were nonprofit foundations and the other five organizations were corporate funders. Three organizations agreed to participate in the study, three were unable to participate, and six organizations did not respond. In addition to the invitation to participate, each email included an attachment of the consent form (Appendix B). The participants were asked to review the consent prior to the interview.

Instruments. As a primary method of collecting data, two interviews were conducted via telephone conversation. The interview consisted of 14 semi-structured questions (Appendix C) that were designed to include funder points of view regarding start-up nonprofit organizations and various organizational factors that affect giving. By using semi-structured interview questions, the author was able to ask follow-up and probing questions for clarification and to further identify funding patterns. The telephone interviews lasted between 14 to 25 minutes and were recorded using “Call Recorder” (By BPMobile), an audio recording cell phone application. This application allows for incoming and outgoing calls to be recorded during the telephone conversation. A Google tool called Web Speech API Demonstration (https://www.google.com/intl/en/chrome/demos/speech.html) was used to transcribe the audio to text. In order to translate an audio file, software called “Virtual Audio Cable” (https://www.vb-audio.com/Cable/) had to be installed onto my laptop. A review of company websites was also conducted to gain background information of each organization as well as funding information in order to prepare for each interview.

Procedures. The author submitted a proposal to the IRB outlining the research study to include the recruitment email, consent form, and interview questions. Once approval was received, recruitment emails were sent to each organization. The recruitment email also included the consent form for participant review. Semi-structured interviews were then conducted via telephone. During each interview the author used a mobile application called “Voice Recorder” to record the conversation and field notes were also taken so that the data could later be coded. Web Speech API Demonstration software was then used to transcribe the audio file. Each participant was informed that the discussion would be recorded before beginning the interview and that audio would be deleted once they were transcribed. To maintain confidentiality, all transcripts were stored in a password protected computer file and subjects were kept anonymous. The telephone interviews took 14 to 25 minutes to complete and were conducted over a three-week time frame.

Limitations. This study faced limitations in its data collection. Due to the time restraints, it was challenging to schedule interviews as it was grant deadline season and some were busy otherwise with upcoming board meetings or business travel. This caused for modifications to be made to the original protocol. Originally, the interviews were to be conducted face-to-face using audio recording software to record that also transcribed the discussion, but had to be changed to telephone interviews. This required the author to use three different applications to record and transcribe audio, which doubled the time needed to transcribe and was not completely accurate. The constraint of time also limited the sample size. With such a small number of participants, it was challenging to code the collected data. Also, when conducting interviews, the participants could have possibly felt pressured to respond to questions in a way that would be favorable to their organization or the interviewer. Another limitation is that this study only interviewed nonprofit foundations and corporate funders. To gain a better understanding of start-up nonprofit organizations, it would have been useful to examine how start-up organizations perceive their limitations in the funding process and how they are viewed in comparison to well-established nonprofit organizations. In addition, as only few studies have been conducted, there is limited data that exists to provide a concrete theory on the effect of perception on donor giving, and what does exist shows inconsistent outcomes.

Data analysis. The qualitative data was evaluated using non-statistical inductive analysis. This process begins with synthesizing the data collected, then categorizing that data into a coding system. After the interviews were conducted, the audio recorded files were transcribed and the field notes were reviewed to identify key themes. The process of coding the data was completed by searching for words or phrases that reflect similar reasoning or were found to be repeated. The themes were then interpreted to find any connections between perceptions of start-up nonprofit organizations and what effect that may have on its financial viability, growth, and sustainability.

Findings

Two organization stakeholders from Richmond area nonprofit foundations and one stakeholder from a well-known and established corporation participated in semi-structured telephone interviews to gain insight on the perception of start-up nonprofit organizations and if that has any effects on giving behavior. Five major themes were developed from the patterns found in the analyzed data from the interviewee responses. The themes include mission alignment, life cycle stage, perception, elimination of bias, and organization barriers and common mistakes.

Mission alignment. In order to determine how start-up nonprofit organizations are effected by funder perceptions, we first had to establish what the overall key criteria is for proposal consideration. According to both foundation interviewees, the most important factor in considering a grant proposal is how closely the proposal and organization mission and/or program was aligned to their strategy. One participant stating that their organization is, “Looking at how closely does this proposed project or even the whole organization align to our strategy for promoting the change we’re trying to be a part of in the community.” Participant A’s organization’s grants are open to any nonprofit organization and provides a framework of specific strategies for promoting change they are trying to be a part of in the community. Participant B’s organization offers grant acceptance primarily through responsive grant making, which is either a call for application or request for proposal from particular nonprofit organizations. She did state that historically they will, from time to time give organizations the opportunity to come and present a proposal for funding. Participant C’s organization offers grants through invitation only to organizations that they have established relationships with. From time to time they offer a “shark tank” approach and allow nonprofits the opportunity for consideration to submit a grant proposal. They specifically seek out “passion projects that align with the strategy” of their organization. As there are specific agendas for community improvement for each organization, alignment with a priority area is also a factor. Both foundation participants are a part of the screening process of grant proposals. Specific requirements also need to be fulfilled. Participant A stated that, in her experience she found that start-up nonprofits do not always have a clear mission or vision for their organization and that can hinder the chances of being funded.

Life cycle stage. As previously described, the start-up stage of the organizational life cycle is within the first five years, where they are still in the early stages of development and vulnerable to failure. When asked if life cycle stage had any impact on seeking funding, it was found that there were no eligibility criteria for organizations related to operating budget, size, or age. All stages of an organization are considered. Participant B’s organization actually will approve grant proposal for certain organizations that are working towards obtaining their 501(c)(3) status if it aligns with their mission. They offer general operating support to aid organizational growth. Participant A’s organization seeks risk-takers and give them the opportunity to try something new and innovative. They feel that they may be the key to identifying gaps in the community. However, historically more established sustainable organizations are funded. Participant A stated that, “organizations that have transitioned into the maintaining stage have identified a gap and figured out their business model.” She also stated that they have strong leadership in the organization and are sustainable. Participant C’s stated that her when her organization is considering funding a new organization they are looking for sustainability; however, she did not state the way that is measured.

Perception. Start-up nonprofit organizations were held up to a very high regard in terms of being visionaries with a passion for change and serving the community. When asked to characterize start-up nonprofits, Participant B responded that “they come in all shapes, sizes, and capabilities” and are all coming from a good place. There was a shared theme that their organization wants to support start-up nonprofits, and sometimes do, but found that they make common mistakes. For example, submitting grant proposals or applications with incomplete information or not researching the organization from which they are requesting funding. In addition, at times they do not meet the criteria due to lack of requirements that larger, more established organizations are able to provide, such as providing appropriate financial history or having a portrait on GiveRichmond.com. Participant A continued to say that, “There is sometimes pure genius in there and we want to nurture that or connect it to someone that could help keep that moving.” They never want to completely discourage folks because they could be discouraging the solution so they try to find a way to connect them to the support or resources that they need, just not always financially.

Interviewees were also asked if they agreed with the perception of uncertainty that start-up nonprofits mismanage income or resources. Neither had that perception of start-ups. Participant A stated that she had seen very sophisticated organizations mismanage money. She felt that it was not just an issue with start-up organizations and that that is a large area for improvement no matter the size, age, or life cycle of a nonprofit. She did however state that start-up organizations may not have it in their budget to have a bookkeeper, accountant, or finance officer.

Reputations. Interviewees were also questioned about the influence that nonprofits' reputations held in the acceptance of proposals. Both participants stated that reputation is a factor that is looked at when making decisions on an organization. Participant B stated, "I think probably it does, again that's not a criterion we use, but just human nature I would imagine that it must influence to some degree. But again that is partly why we like to use external reviewers and have concrete criteria for evaluating our proposals." Participant A discussed how reputation is taken into consideration when decision making, but they do "take it with a grain of salt" and look at who gave the organizations that label, whether it be negative or positive. Their organization still researches the nonprofit seeking funding. Participant C's organization base their decisions heavily on reputation as they are particular to the brands that they are tied to.

Elimination of bias. As it has been found that perception, reputations and bias can factor into decision making, interviewees were asked how their organization balances personal preference and official grant criteria. Participant A stated that you, "can't completely separate it" and you just need to "call it out." There are various ways for funders to eliminate bias of certain organizations. For each organization, decisions are never made by one single person or party. Participant A's organization has numerous reviews of the organization and make group decisions. Participant B's organizations access external review committees to make decisions regarding which organizations to fund. Another function to stay unbiased in decision making is to build a process that is fair in the funding process. The guidelines and required criteria allows for fair and equal opportunities for all nonprofit organizations no matter the stage in life cycle, age, or size. As Participant C's organization offers grants by invitation only, they are not determining their prospective organization by size or life-cycle, but by mission alignment and sustainability.

Barriers. While both interviewees agreed that start-up nonprofit organizations can have great impact in the community, there were barriers that could possibly hinder the chances of funding. Both participants found that lack of financial statements was the number one barrier for start-ups. As they are still in the early development stages, they typically do not have the financial history needed or financial audit required for proposal acceptance. Either they do not have the time established to provide prior financial records or they do not have it in their budget to have an audit completed. Another barrier is the lack of experience to properly write a grant proposal or inexperience with grant management. This is crucial as foundations receive a numerous amount of grant proposals and minor errors can eliminate the chances for the proposal to move forward in the review process. Participant A's organization also requires that the nonprofit organizations seeking funding must be registered with Give Richmond, which is a timely process, before being considered for approval. Participant B stated that these processes can be very intimidating to a start-up nonprofit organization, which can cause hesitation to apply or submit a grant proposal.

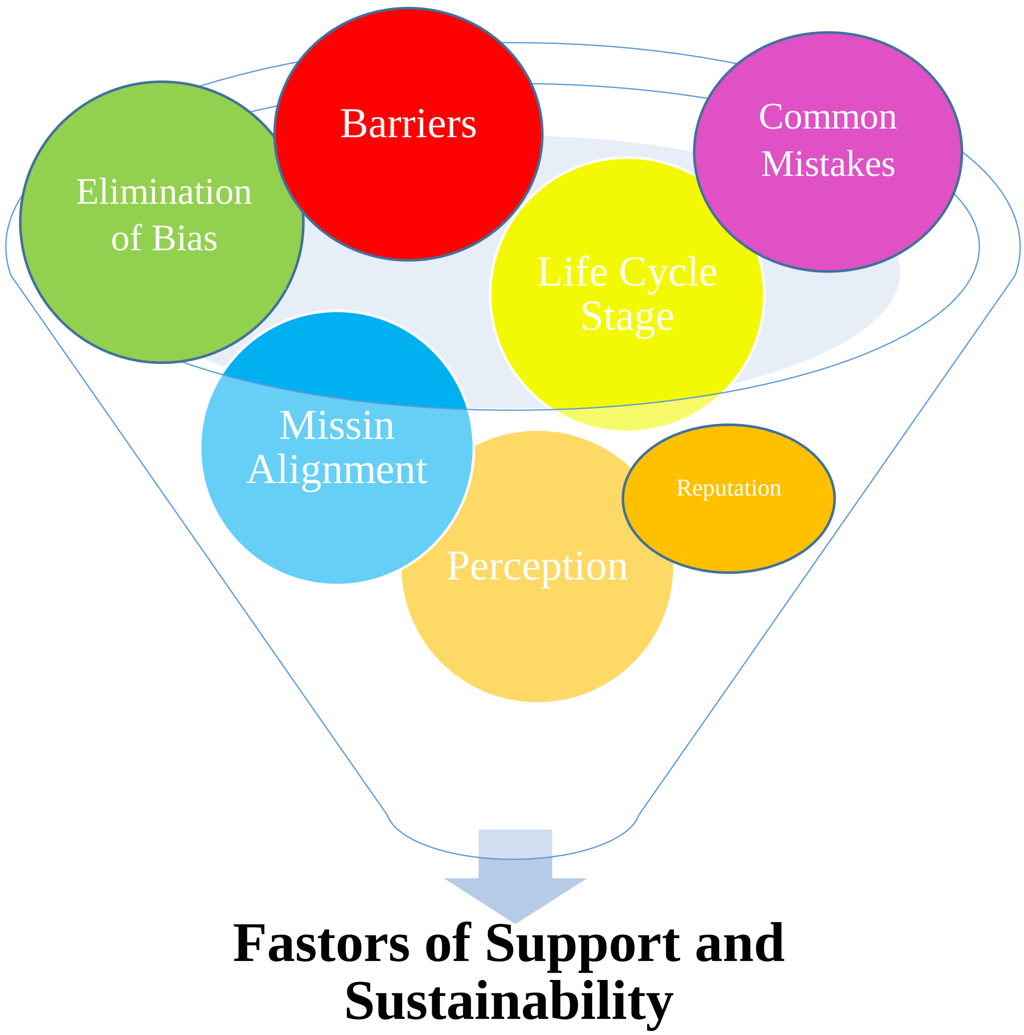
Common mistakes. Interviewees were asked if they observed mistakes that start-up nonprofits make when submitting a grant proposal. As it was identified earlier that all nonprofits, in any capacity are given the opportunity to apply for funding. They have the passion to bring forth change and serve the community, however they did recognize some common mistakes made by start-up nonprofit organizations. Having a zest for doing good, people can sometimes "jump the gun" and their inexperience causes them to miss significant steps in establishing an organization. Participant A found that first-time organizations ask for extremely large amount of funding with no support from other resources. Participant B saw that inexperience caused many start-up nonprofit organizations to overpromise what can be accomplished. In addition, it was found that many times for new start-up nonprofits, the foundation work had not been completed. They were unprepared and had not conducted any research on the community, need, partnership, and had no clearly articulated strategy; the factors that leads to long term success and sustainability. Participant A felt that many start-ups had a better chance for sustainability if they partner with existing organizations to build capacity and purpose.

Conclusion

This research aimed to gain insight and understanding into the influence that perception has on funder giving behavior and support of start-up nonprofit organizations. Is there a relationship between perception and giving behavior? This approach used qualitative methods to better understand perceptions of the importance and impact that startup nonprofit organizations have on the community. The data was collected and organized to identify particular themes and a coding scheme was used to understand specific positive and negative perceptions. In analyzing the data, the author was seeking to find the connection between perceptions of the impact of start-up nonprofit organizations and what affect that may have on its growth and sustainability.

Based on the interviews conducted by Richmond area funders, the researcher identified elements that are of significance to start-up nonprofit organizations when pursuing grants and is represented in Figure 1.

Figure 1. Factors that Affect Funder Giving to Start-Ups



Discussion

Introduction

The sustainability of start-up nonprofit organizations has been an area of concern due to various challenges and factors around the liability of age and size. As start-up organizations are still in the early stages of development, they are faced with obstacles that affect establishing financial sustainability, such as confidence in capacity and securing funding despite the growing contributions that they offer to the community. These elements have significant implications on the likelihood of survival. Largely, start-ups have high failure rates whether a nonprofit or for-profit organization. This study aimed to gain insight and understanding into the influence that perception could possibly have on funder giving behavior, growth, and financial sustainability of start-up organizations. Interviews were administered with funders in the Greater Richmond area. This data was collected, analyzed, and specific themes were identified. Five themes were developed to include mission alignment, life cycle stage, perception, elimination of bias, and organizational barriers and common mistakes. The results of this study provided valuable insight into start-up nonprofit organization's understanding of their funders and their giving patterns. This chapter will discuss the implications for practice and theory, as well as suggestions for future research.

Implications for Start-up Nonprofit Organizations

In order for start-up nonprofit organizations to take advantage of the opportunities for funder support, it is imperative that they understand how they are perceived, how that affects their viability, and how to constructively strategize. From the research, it was found that there are in fact stereotypes and biases that question legitimacy and capability that affect decision making when giving financial support. Because it is difficult to separate perceptions and giving behavior there are procedures set in place to ensure fair disbursement of funding, such as external review of proposals and precise grant criteria. When applying for or submitting a proposal for a grant, there were a number of explanations that were given as to why some start-up nonprofits were denied funding. Most importantly were mission, lack of research, and impractical request and/or outcomes.

Mission. The mission is imperative in more ways than one. The mission defines the core purpose of an organization; it’s goals and desired outcomes. It guides that organizations values and principles. The mission must be clearly articulated, easily communicated, and have measurable anticipated outcomes. To achieve this, an organization must ensure that their principle values, passions, and services are aligned. Funders must plainly understand what an organization is seeking to address in the community so that they are fully informed as to what cause that they are supporting. In most cases, this mission must also be closely aligned with their strategy or priority area in order to be approved. In this way they are able to collectively make a lasting impact in the communities and/or demographics that they serve. This is also why it is important to ensure that mission and programs/services have not deviated from its original organizational mission. When nonprofit organizations begin to shift their focus on funding, this sometimes causes a disconnect from the work that it originally set out to accomplish. The mission is then no longer in line with the identity or core values of the organization and may affect the ability to deliver quality services. This too can cause funders to question the clarity of an organizations mission. Once a clear, focused sense of desired impact is formulated, the nonprofit organization is able to identify which funders are a natural fit for their cause.

Research. As a start-up nonprofit, organization leaders are often passionate about a cause and are eager to “do good” and provide services to the community. This enthusiasm can occasionally result in inadequate foundation work to include research of community need, community access, existing organizations with same or similar mission to form partnership with, competitive landscape, and normal business basics. All of these factors are important when starting a nonprofit organization, when seeking funding, and for growth and longevity.

Due diligence is imperative for attaining financial sustainability. A start-up nonprofit must research the organization in which they seek to request funding. There needs to be an understanding of what the organization does, it's goals and how it achieves them, and the leadership of that organization, in addition to the grant process, criteria, and history of giving. Simple ways to achieve this is to search the organizations website, grant directories such as Foundation Directory Online and Grant Finder, as well as grantor databases such as GuideStar.org and Charity Finder. Developing a strong mission and vision, creating a business model and business plan, as well as creating budget and understanding financial management are also a vital process in achieving support and sustainability. Completing these steps displays that the nonprofit has carefully and thoughtfully researched all aspects of significance. Detailed research is necessary for success. When this ground work has been completed, organizations are better equipped to stand alongside larger, more established organizations.

The ask. The lack of research can also lead to the impractical ask. In addition to the significance of researching the market, organizational leaders must also have an understanding of what is realistic when strategizing and submitting a grant proposal. Overpromising outcomes and requesting excessive amounts of funding, especially without other sources of support show signs of inexperience and lack of proper examination. It is important to be aware of expenses for programing, overhead, salaries, marketing, etc. and having the ability to appropriately budget for such. An organization must be able to explain how funds will be allocated and how this will impact the community or recipients of service. It is important that funders can see that there is some knowledge in management of grants and a sustainability factor. If a nonprofit, especially in the start-up phase, does not have any staff with this type of knowledge then it can be obtained through workshops and classes on grant writing and financial management of grants and nonprofits. These are offered locally through Nonprofit Learning Point, Virginia Commonwealth University and the University of Richmond, as well as on-line webinars. In the same way, an organization must show knowledge of the population that they serve. Unrealistic outcomes whether due to time restraints or resources, indicates to the funders that adequate research has not been conducted which can lead to mission or organizational failure as a whole.

Other factors. There were some additional factors that are significant to funding, but are out of the control of the start-up nonprofit organization. Most funding organizations require financial statements to include a financial audit that many start-up nonprofits do not possess due to budget and cost to obtain. Some funders require three years of financials, which if under three years of formation is unavailable. Other smaller start-ups have also been intimidated by the financial requirements. If this is the case, start-up organizations should keep accurate financial documentation using accounting software as some exceptions are made for organizations that do not have official financial audits.

Implications for Foundations and Corporate Funders

For foundations and corporations, the findings provide valuable insight into methods that can provide funders of nonprofit organizations the ability to nurture and promote growth of start-ups serving those populations in need. In order for this to be done, funder organizations should provide access to a clear framework for proposal submission. Participant A's organization's website provided detailed requirements for submitting a grant proposal for each of their focus areas. In addition, direct contact information is provided if questions arise and new organizations or first-time grant seekers are required to contact an organization representative before submitting proposals. If this protocol were to be followed by other funding organizations, it could minimize errors as well as save valuable time of both the nonprofit and funding organization. With the numerous amounts of proposals received, time could be saved on unqualified organizations and/or incomplete requirements.

Another method to further and possibly expand support is to reduce criteria restrictions of start-up organizations that are beyond their control. For start-up organizations that are newer and do not have the required number of financial documentation or a financial audit, they could be required to submit valid accounting documentations such as bank statements that coincide with financials created with accounting software, the Form 990 EZ (Short Form Return of Organization Exempt Income Tax), as well as an impact report. It is understood that without such forms as the financial audit and/or organizations that have been established less than three to five years, funders are taking a higher risk in providing financial support. However, if these same organizations are proving to effect change, lack of funding, which they are seeking should not hinder their chances of being funded. These grants may be the key to their sustainability.

Implications for Theory

Start-up nonprofit organizations are significant contributors to the communities and populations that rely on them. As the number of nonprofit organizations continue to grow, survival rates have not decreased. Understanding how the community, funders, and recipients perceive start-up organizations affects financial support and community engagement is a start to establishing sustainability. As there was limited research in the perception of start-up nonprofit organizations, the data that currently exists is inconsistent. Although, the results of the qualitative study did find perceptions to affect start-up organizations, it was not necessarily in a negative manner, which is contrary to what the researcher originally implied prior to the interviews. This research model can be used to further explore giving behavior of funders and extend that research to community members to help start-up nonprofit organizations overcome the obstacles to establishing sustainability. The results also shed light on the negative connotation associated with the nonprofit sector, which can be used to improve and rebuilding the reputation of this sector. Any additional findings can also be applied to for-profit organizations also in the start-up stage of the organization life cycle.

Future Research

As the rates for start-up nonprofit organization failure is over 40 percent, it is important to understand why sustainability is highly vulnerable in this stage. The findings presented in this research were derived from organizational research and interviews conducted of Richmond area funders. Due to the time restraints, there was a very limited sample population interviewed. As there is limited research available with consistent outcomes, continued data collection and analysis should be conducted in order to find any true association with perception and giving behavior. This study should be extended to other donor populations, such as individual donors and government grants to gain a broader view of start-up nonprofits so that they are able to focus their energies on various sources of revenue.

Conclusion

In conclusion, this research has identified some major themes to help start-up nonprofits be better position themselves in preparation to solicit financial support from foundations and corporate funders. This study examined how funder perception could possibly affect funder giving behavior. We found that biases do in fact exist for nonprofit organizations, however it is still uncertain whether or not perceptions impact donation behavior. In identifying stereotypes, our findings emphasize the importance of foundational research, established mission statement that is in line with the identity of the organization itself, and setting realistic expectations for their capabilities of creating impact and outcomes in regards to the money that is given to them.

Furthermore, the findings are fairly consistent with previous documented studies. In my opinion, the results and implications will positively affect the nonprofit sector. It will also effect research in determining proper preparation and implementation of aligned organizational strategy and financial sustainability.

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Appendix A

Greetings Mr./Mrs. __________

My name is Chris George and I am a graduate student in the University of Richmond Nonprofit Studies program. I am conducting a research study about the perception of startup nonprofit organizations and how that could potentially affect its funding. I am emailing to ask if you would give 30 minutes of your time to participate in an interview for this research. This can be completed in person or by phone at your convenience. Your position with ____________ would give great insight into startup organization sustainability. Participation is completely voluntary and your responses will be anonymous, if requested.

I understand that this is short notice, however I would greatly appreciate your participation. Please provide your availability for this week.

If you have any questions, please do not hesitate to contact me at (Christina.George@richmond.edu) or 804-617-5507.

Thank you in advance for your time.

Chris George

Graduate Student (Nonprofit Studies)

University of Richmond

Appendix B

Chris George URIRB Study Number TBA

Consent Form

You are being asked to take part in a research study of funder perception of startup nonprofit organizations. Details about this study are discussed below. It is important that you understand this information so that you can make an informed choice about being in this research study. If you have questions, please feel free to ask the researcher for more information.

Purpose

The purpose of this study is to explore the way in which perceptions of startup nonprofit organizations can influence giving behavior. In analyzing the data, the author is hoping to find the connection between perceptions of startup nonprofit organizations and what affect that may have on its financial viability, growth and sustainability. The study should take approximately 1 hour to complete. If you agree to participate, you will be asked to participate in an in-person interview.

Contact Information

This research is being conducted by Chris George. If you have any questions about the project, Chris George can be contacted at Christina.george@richmond.edu or (804) 617-5507.

Possible Risks

There is no more than minimal risk involved in participating in this study. That is, the risks for completing this study are no more than the risks experienced in daily life. If you do experience any discomfort during the study, remember you can stop at any time without any penalty. You may also choose not to answer particular questions that are asked in the study.

Possible Benefits

There are no direct benefits to you for participating in this project, but you may get some satisfaction from contributing to this investigation.

Confidentiality of Records

Reasonable steps will be taken to ensure that your individual results will remain confidential. However, as with any research process, the risk of a breach of confidentiality is always possible. Nevertheless, to the best of the investigators' abilities, your answers in this study will remain anonymous and confidential. Once the study is completed, we will completely "deidentify" our data. All identifiers will be removed from the identifiable private information and only then will the information be used for future research studies.

Use of Information and Data Collected

We will not tell anyone the answers you give us. Your responses will not be associated with you by name and the data you provide will be kept secure. What we find from this study may be presented at meetings or published in papers, but your name will not ever be used in these presentations or papers.

Protections and Rights

If you have any questions concerning your rights as a research participant, you may contact the Chair of the University of Richmond's Institutional Review Board (IRB) for the Protection of Human Subjects of Research at (804) 484-1565 or irb@richmond.edu for information or assistance.

Statement of Consent

The study has been described to me and I understand that my participation is voluntary and that I may discontinue my participation at any time without penalty. I understand that my responses will be treated confidentially and used only as described in this consent form. I understand that if I have any questions, I can pose them to the researcher. I have read and understand the above information and I consent to participate in this study by signing below. Additionally, I certify that I am 18 years of age or older.

Signature of Participant: ________________________________ Date: _____________

Signature of Witnessing Researcher: ____

Appendix C

1. What is your position with your organization?
2. What role do you play in the decision making process for funding organizations?
3. What are key organizational factors you or your organization look at when inviting an organization to apply for a grant or when considering their application?
4. Does it matter what stage of the life cycle (i.e. start-up, well-established) that an organization is in when seeking funding?
5. What is your personal perception of startup organizations? How would you characterize them?
6. Are there any criteria that would hinder the chances of a startup organization receiving funds?
7. What are the most common mistakes you see from startup organizations when applying for grants?
8. How do funders balance their personal preferences and official grant criteria when making funding decisions?
9. I read that there is a perceived uncertainty of income/resource management of small nonprofit organizations. Do you agree with this statement? Why or why not?
10. Does organization reputation factor into the decision to fund a program? If so, why?
11. Do you and/or your organization provide grants to a particular subsector? If so, why?
12. For grant making purposes, do you particularly fund larger or smaller nonprofit organizations? Why?
13. Once grant applications are received, how are they organized/categorized for review? What does the review process look like?

14. Is it more important for your organization to fund a program that would deeply impact a small number of recipients or one that would provide resources to a large number or range of recipients? Why?