



## GETTING A NEW GRANTS SYSTEM

### GRANTS SYSTEM PROCUREMENT: MYTHS AND SOLUTIONS

#### THINKING OF CHANGING OR UPGRADING YOUR GRANTS MANAGEMENT SYSTEM?

STOP!

Reading this article could save you lots of heartache, and your organisation piles of cash.

#### WHY THIS MATTERS

Grants make up a large and growing part of the Australian economy, representing up to a fifth of all State and Federal Government expenditure. Millions more is added to the pool by philanthropic, corporate and community foundations, as well as local government authorities.

Grants are big business. Great care must be taken in their distribution and management.

Up until recently, most grantmakers had little choice but to manage their grants processes through a combination of hard copy applications and either an Excel/Access databases or a custom-made IT system – plus a lot of hard yakka.

Submitted forms were typed into the system manually, reams of paper were copied and circulated, and institutional knowledge was priceless – the moving-on of staff could signal a big crisis as knowledge of the particular quirks of the system, not to mention

the organisation's background with grantees, walked out the door.

The explosion of powerful, affordable technology has ushered in an exciting new era for grantmakers, offering the opportunity for more efficient, effective and transparent management of a grants program from application to acquittal.

Technology-based grantmaking solutions are now commonplace.

But with more choice has come new risks. How do you know which system is best? Making the wrong decision could have massive implications.

Over the past decade, we have been party to more than 150 grant system implementations by grantmakers of all types and sizes from across the country and abroad. We have seen hundreds of thousands of dollars spent on systems that could have been procured for a few thousand. We've seen systems implemented that staff can't use and don't like, application forms that drive grantees

to distraction, programs abandoned more quickly than it has taken to build them, grantmakers who weep at the lost opportunity for reform and dramatic change.

We now have a pretty good idea what works and what sort of actions can lead to disaster. We offer up the following observations in an effort to save your organisation the pain experienced by so many others. In doing so, we acknowledge our own vested interest and belief in the efficacy of our own cloud-based grantmaking solution, SmartyGrants.

But rest assured that we truly do believe in point number one of our Grantmaking Manifesto – that not one dollar should be wasted on... inefficient grants programs and systems. Whether you think SmartyGrants is the solution for you or not, we are passionate about saving you money and time.

Let's start with the assumptions and myths.

#### INSIDE

- ② The Myths.
- ④ The solutions.
- ⑥ Appendix: A look at grants system procurement process.



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# THE MYTHS

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## MYTH 1: We need a technology solution.

**REALITY:** You need a grants solution. There is a tendency for tenders to be drawn up by technology experts rather than grants administrators. The result is a procurement process with a technology bias rather than one that focuses on the grants process requirements in a simple, realistic way. There are grave implications in that approach. For example, it is often easier to tweak a minor internal process than spend large amounts of money on complex functionality to fit non-essential processes. Only the grants officer knows what's expendable and what's not.



## MYTH 2: The experiences of others are interesting but of little value to us.

**REALITY:** Grantmaking organisations are squandering precious financial and human resources because of their unfortunate tendency to ask the same questions over and over again. Everyone starts from scratch rather than building on the learning of others. There is much that grantmaking organisations can learn from each other.



## MYTH 3: Our systems and requirements are unique. We need a bespoke system.

**REALITY:** The assumption that custom-made in-house systems will provide you with a better, more user-friendly system almost always proves to be incorrect. Grants management requirements are dynamic. A grantmaker's view about what they need and what they should expect from their IT systems have usually moved on in the time that it takes to build a bespoke system. Rarely do grantmaking organisations set aside money for post-implementation refinement. The result is that you're stuck with an outdated system before you've even started.



## MYTH 4: We should do as much as we can up to the maximum of what we can afford.

**REALITY:** Big is not necessarily better. Literally millions of taxpayer/ratepayer/shareholder/private/philanthropic dollars have been wasted on building IT rocket ships. In every sector and at all levels of government we have seen projects that were just too ambitious stall or fail entirely.



## MYTH 5: We should do as much as we can as quickly as we can.

**REALITY:** It's unwise to try to get to grantmaking nirvana in one jump. You would be far better to concentrate on solving the 90% of your problems that are relatively easy to solve than holding out til you have the full 100% locked down. A more realistic project scope will help you keep implementation rollout timeframes and costs in check.



## MYTH 6: If we start now and work diligently we can have a new system up and running before the next round is due to start.

**REALITY:** If you decide you need a custom-made grants management system, you really need to settle in for the long haul (trust us: we have built a system from scratch; we know how long it takes to get it right). Even some off-the-shelf systems will take a while to implement as you work through your own procurement and IT implementation processes.

Above all, though, you need to be realistic about the time frames associated with your organisation's own decision-making processes. In our experience, it often takes two to three times longer than anticipated for a decision to be made, often at the expense of allowing greater time for proper implementation and rollout.



## MYTH 7: We need to find a system that reflects how we already operate.

**REALITY:** Just because you've always done it this way doesn't mean that that's the best way to do it. Too often a decision about what grantmaking system needs to be bought or built is based on which system best reflects the organisation's existing processes and pathways – at the expense of pursuit of streamlining and better practice.



## MYTH 8: Once we've developed a clear procurement and implementation map, we should stick to it.

**REALITY:** You need to be flexible. Even with the best planning in the world you are going to come up against obstacles that will necessitate reassessment and sometimes a change of course. Don't let your project rollout processes be defined by big, solid linear steps. You'll be much better served by following a path of continuous learning, allowing for review and system investments and upgrades along the way.



## MYTH 9: The standard procurement path has been tried and tested – it works best.

**TRUTH:** Times have changed. Procurement and implementation processes need to change with them. You may be able to get to grants nirvana another (far easier) way. The traditional well-trodden procurement path of Request for Quote → Tender → Buy/Build does not necessarily give you best value for money, or the best results.



## MYTH 10: Strong policies, plans and processes drive results.

**REALITY:** Good processes are important, but the key determinant of the success of your procurement and implementation process is the decision you make right at the start about who is going to drive the process.

In the more than 150 implementations we have witnessed, the success (or otherwise) has in every case come down to the people driving the process – and in particular their passion for change and innovation. The grants manager, not an IT project officer, normally does the best implementation because they have the most to gain and also the most to lose. Whoever is driving the process, they need to be given time off their normal duties.

# THE SOLUTIONS

The good news is there are ways that you can avoid pretty much all of the pain associated with a traditional procurement and implementation process. Here are our key takeaways:



## 1: Ask around.

Many hundreds of organisations not dissimilar to yours have already gone through this process. You will save yourself a lot of time and money if you pick up the phone and ask them what they did, who they spoke to, what questions they asked, what they found out, and what they'd do differently next time.



## 2: Don't obsess on the detail.

Be clear about the grants process that you need your new grants management system to serve but remember that clarity and simplicity are the key. Be prepared to sacrifice strict adherence to all of your existing processes in precise detail in favour of better functionality and a better user experience.



## 3: Let the people who run the grants process drive the process.

It's essential that your procurement and implementation processes are driven by the people who run the grants program. They know what works in the real world. They know what can be tweaked, what can be dropped and what's essential. Their real-world experience must be valued above all others'.



## 4: Take small steps.

Don't ask for the world immediately. Do only what you need to do in the first instance, while committing to continuous learning and future process improvements.



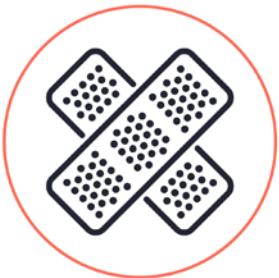
## 5: Put some money aside for later.

Budget for more or less continuous innovation and training over time rather than spending all of your development budget all at once.



## 6: Seek out best practice.

Try not to be wedded to existing practices. Just because you've always done things one way does not mean that's the best way to do it. Recognise that you are part of a bigger learning system and be prepared to shift your thinking and practices so that they reflect best practice.



## 7: Be brave.

Be bold. Don't be frightened to challenge the status quo and push back against pressure to conform to traditional procurement practices. **There is another way.** See the diagram on the last page of this document for details.



## 8: Be wary of custom-made solutions.

In our experience it is **almost always** better to go for the safer option of an existing grants management product than to build your own. Look for a system that you can trial as a product before you buy. It is much less risky that way and you can work out upfront what you can live with and what you cannot.



## 9: Don't lock yourself in.

Avoid any products that are going to make it hard for you to change course. Look for systems that will allow you to opt out when you want to, and take your data with you.



## 10: Be aware that your expectations will change over time.

If you build your own system, you're going to be stuck with it until you can afford to revise or rebuild. It is far preferable to find a system with an annual subscription fee rather than one that requires upfront payment. Annual payments will keep them on their toes.

We believe that our own off-the-shelf grantmaking system, SmartyGrants, is the solution to all your grantmaking problems.

In building SmartyGrants we've examined, analysed, interrogated and distilled the lessons from thousands of people and programs, drawn from all kinds of settings, in order to build the best, most practical, most powerful system possible.

It's not an IT solution – it's a grantmaking solution.

We don't have millions of dollars to spend on marketing or advertising but in only a few years, we've become the most used system by grantmakers of all types across Australia and New Zealand. We think that speaks volumes.

We have nearly 350 clients and, despite providing full data portability, have close to a 100% renewal rate.

We've processed more than 350,000 applications belonging to more than 2650 individual grants programs.

SmartyGrants is flexible enough to fit the needs of all of these organisations' processes.

**Think about it – are you really so different to all these other organisations that you need to build something new?**

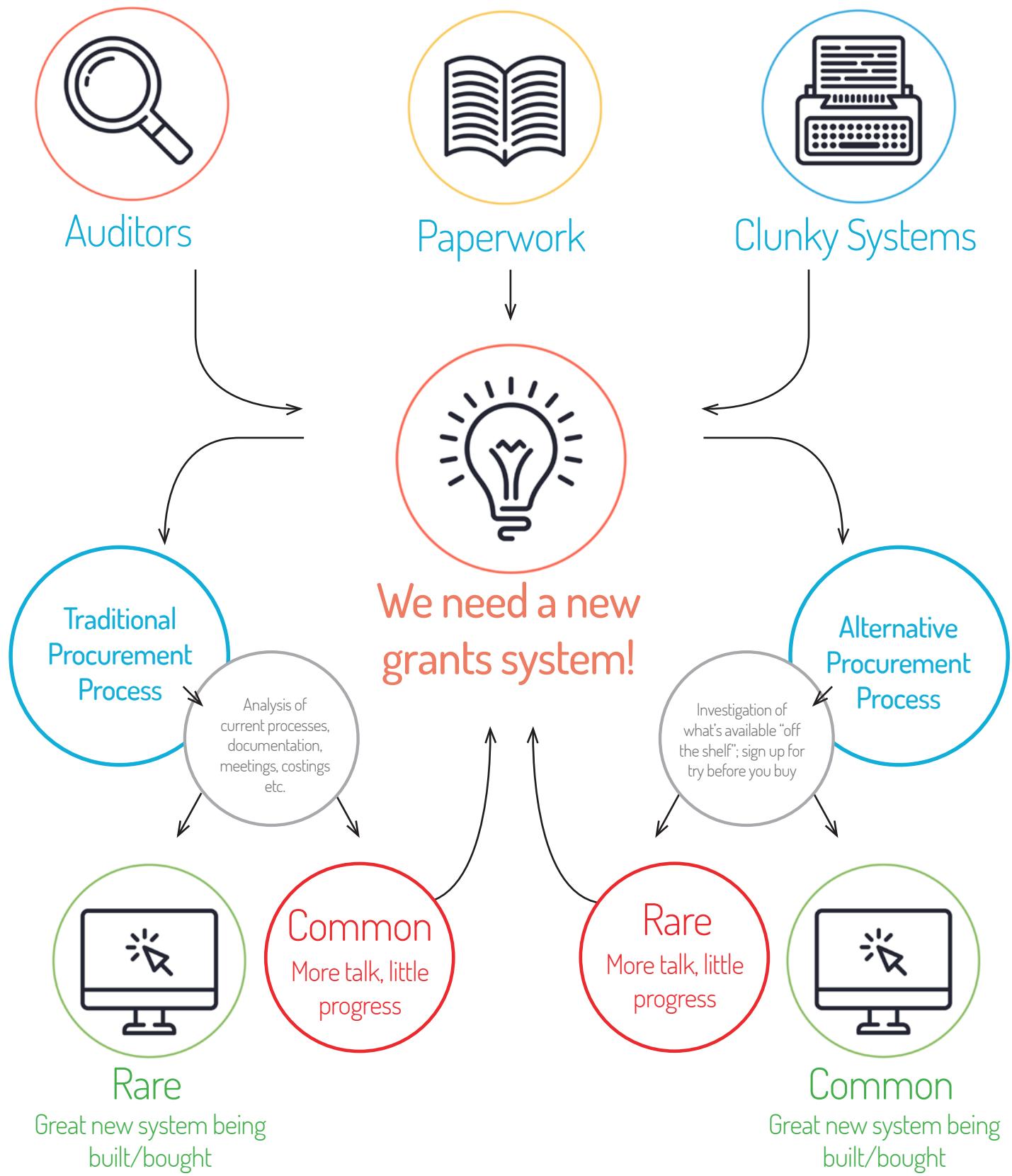
Best of all, we're upgrading all the time – it's in our interests to make you fall in love with us and stay in love with us so that you hang around year after year.

Download our brochure to find out more about what we can do for you: [www.smartygrants.com.au](http://www.smartygrants.com.au).



**SmartyGrants**

# APPENDIX A LOOK AT GRANTS SYSTEM PROCUREMENT PROCESSES



# About AIGM

## Australian Institute of Grants

**Management:** Best practice education, support, training and services for government, philanthropic and corporate grantmakers, including Australia's most-used online grants management solution, **SmartyGrants**.

Semi-regularly our **AIGM Grantmaking Lab** will look at a grantmaking-related issue in detail. These Grantmaking Lab articles present the issue and approach its discussion from the AIGM's viewpoint drawn from knowledge garnered over our time in the industry.

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