

How Do I Work With Grantees?

Saying Goodbye: Exiting Grantee Relationships With Care



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As a donor, one of your core decisions is how to allocate resources among the organizations you support. And although you may end up giving some grantees more money, you will also, inevitably, have to transition away from others by reducing or ending your support for them. You'll no doubt anticipate some transitions, for example if a grant has a predetermined time limit, or the grantee is expecting to graduate to other types of funding. But others will be unexpected. Your strategy may shift; an event, such as economic decline, could force your hand; or the grantee's performance may not have met your expectations. Regardless of why you are saying goodbye, here are three good reasons to invest in managing transitions carefully:

Responsibility: Having committed to funding an organization, you want your grantee to succeed, regardless of whether you will continue to fund it. The principle of "do no harm" is particularly relevant during a transition: You want to leave the grantee in a better position than where it was prior to your support.

Results: How can you make sure that your investments continue to generate social returns, even without your continued support? Facilitating a smooth transition can ensure that your previous grants were not in vain. Sustaining a grantee as it moves onto new funding sources will allow it to continue delivering results in an uninterrupted fashion.

Reputation: Beyond affecting grantees directly, transitions influence perceptions among current and potential grantees, other donors, and the grantmaking community as a whole. At best, a well-executed and clearly-communicated transition can reflect your commitment to results. At worst, it can make a donor seem whimsical and capricious.

Related Link

[The Effective Exit: Managing the End of a Funding Relationship](#)

GrantCraft; Anne Mackinnon and Jan Jaffe

It's easy to leave; it's hard to sustain what you've built

Clearly, transitions are critical. But they are hard to get right—and the devil is in the details. Consider the experience of one donor's failure to help grantees find new funding sources: A major newspaper subsequently portrayed that donor as “abandoning the homeless.” When another donor failed to create a communications plan to explain a change in program priorities, the result was lost trust among current and potential grantees, who found out about the shift through the media. In a third case, a foundation re-assigned program staff to new areas while the grants that were winding down were still active, leaving phone calls and emails from grantees unanswered.

The following principles can help you avoid such pitfalls while navigating the transition process:

Begin each grantee relationship by planning ahead for the dynamics you may encounter later.

The best defense is a good offense

Begin each grantee relationship or grantmaking program by planning ahead for the dynamics you may encounter later. If you want your support to be limited or contingent upon grantees hitting certain milestones, make that clear upfront. (For example, if you are in a pilot or experimental phase, it is not a good idea to make promises about future funding.) The bottom line here is to manage expectations all along so grantees are ready for transitions when they happen.

Know thyself

Figure out why you want to transition. Have you found a new exciting area to fund? If so, you can help your old (maybe great) grantees by introducing them to new funders. Is the grantee not producing results? If so, you may be reluctant to recommend them. However, you could give them a generous “goodbye” grant designed to help them improve.

Great philanthropists are creative and helpful even as they say goodbye. Depending on the situation, a grantee transition plan might include dollars (an additional few years of funding or a loan to help grantees bridge the gap between old and new funding sources), advice (support or services related to business planning or funding to help address grantee capacity-building needs

as they move on), or referrals (connecting grantees to other donors to solicit new funding).

Also be aware that sustaining grantees through a transition—especially while building up a new set of grantees—essentially requires operating two grantmaking operations simultaneously. As you’re well aware, the resources required in the grantmaking process extend beyond signing the checks. So if you plan to wind down some grants while starting up with others, you may need to ensure you have enough time for everyone.

Don’t keep secrets

George Bernard Shaw said: “The single biggest problem in communication is the illusion that it has taken place.” Whether the transition is planned or unplanned, it is important to communicate the logic, timing, and other details of your reduction in support thoughtfully to all stakeholders involved: staff, grantees, other donors, and (if it is a large or strategic shift) the community at large. Be deliberate about sequencing these communications and customizing the tone and delivery based on your audience and the message you want to convey. For example, when reaching out to grantees, for whom this news will be particularly difficult, take extra care to ensure that communications are clear and direct.

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Especially when a transition is unexpected, it is important to share which decisions have been made, which decisions have yet to be made, and what the timeline will be. After explaining the situation, approach the conversation as an open, honest dialogue, soliciting input on optimal ways to handle the transition. It’s also important to convey the news in a timely manner. Your grantees shouldn’t hear the news from a third party.

Although some transitions might affect several grantees all at once, each grantee has different needs and a different relationship with you. Ask: How dependent is the grantee on your support? How high is the risk to you—to your reputation, to your strategy succeeding, or along other dimensions—as you reduce support? If the answer to both these questions is “very,” you will likely want to provide the grantee with additional personalized attention and support.

By putting time, thought, and resources behind transitions, you can ensure that your grantees continue creating the results you have helped them deliver.

SOURCES USED FOR THIS ARTICLE:

- Bridgespan case experience and interviews with a number of foundations, The National Center for Family Philanthropy, and the Center for Effective Philanthropy.