Current Developments, Cases, Analysis, Planning Advice

FAMILY FOUNDATION Advisor

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Grant Making and Monitoring

Thinking About a Site Visit? Here Are Some Tips

By Renee Sovis and Mark Neithercut*

Savvy family foundations know that site visits are a powerful tool to assess potential applicants and to establish strong relationships with grantees. Further, these visits typically lead to successful and rewarding funding decisions. But who goes on site visits, why do they go, and when is it appropriate? The answers to those questions vary, but family foundations will find there are several distinct types of site visits, and their success often depends on the purpose of the visit.

A site visit is as much about learning through listening and observation as it is about asking questions.

Why Site Visits?

During the Covid-19 pandemic, most foundations have benefited from virtual meetings, but there's no substitute for a face-to-face visit. Board members or staff can glean significantly more knowledge in person, compared to a phone call or video chat. Much like a job interview, a site visit is as much about learning through listening and observation as it is about asking questions.

Foundations often seek to invest in strong visionary leaders, and a site visit can be immensely helpful in developing a relationship with an organization's CEO or executive director. In addition to assessing the nature of an organization's leadership, site visits can be instrumental in determining the extent to which an organization values diversity and the degree that it represents the community it serves.

At a visit, foundation representatives may note the professionalism (or lack thereof) of staff and the attitudes of volunteers and clients, and get a sense of the general mood and atmosphere within the organization. A keen observer may note whether the organization has adequate and efficient space, determine if it's located in a neighborhood the organization serves, and gain a feeling for whether or not the organization operates in alignment with its stated mission. Depending on the goal of the site visit, a foundation representative may leave with ideas about how the foundation could help the organization succeed in pursuit of its mission, or they might gain a better understanding as to whether the organization is well-suited to do work that's in alignment with the goals of the foundation.

Types of Visits

Family foundations conduct many types of site visits. For the purposes of this discussion, we outline four types of site visits below: new applications, grant monitoring, grant follow-up, and legacy grantee. These categories may not fit every situation perfectly, but grouping them this way can be helpful when you're thinking through who should attend and what the purpose might be of every site visit.

The "New Applications" Site Visit

This type of site visit is the most common, and possibly the most important.

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The foundation has an application from an organization that may not be well known to the Board and/or staff, or perhaps the proposed project requires additional investigation. A visit is conducted to learn more about the organization and/or the proposed project.

Tips

- A visit raises the expectations of funding. The foundation should reconsider a visit if the project is unlikely to be funded.
- Whether it's the first or the 20th visit to this nonprofit, foundation representatives should proceed with compassion and respect. For perspective, the organization's team will probably feel like they're going on a date that has a potential cash bonus at the end—hardly a relaxing event.
- Managing expectations is an important aspect of foundation work, and this is especially true of site visits. If there are concerns about a proposed project, it is often best that they're shared during the visit. Transparency about concerns will reveal whether something has been misunderstood, and/or the applicant might be able to allay any concerns. In any event, it's typically best if any potential issues are discussed—especially if they might form the basis of an eventual declined application.
- Foundation representatives should be wary of lengthy facility tours and red-carpet receptions; these can be a waste of time for both parties and distracting from the project. The visit is focused on a proposal, and the most important thing is meeting with the people who have designed and will lead the project.
- The bottom line is that the foundation has the money, and the organization hopes to receive some. Nothing can change this power relationship. However, foundation representatives can manage the relationship to make it less intimidating and more productive by helping the nonprofit develop as strong an application as possible. The foundation needs good projects and wants to invest in good people.
- At this stage, the foundation representative is the agent and not the gatekeeper. Whether it is staff or a Board member conducting the visit, the applicant organization should understand that the Board of Directors makes the final grant decision as a collective.
- Before leaving the visit, foundation representatives should be sure to clarify when the grant decision will be made and the estimated size of a grant, should one be forthcoming.

The "Grant Monitoring" Site Visit

This type of visit occurs while a funded project is underway. A staff member (or the appropriate Board member) may want to check that a funded project is going well. Perhaps there have been unexpected problems with the project, such as a staff change or loss of government funding. (This has occurred often during the pandemic.) This type of visit is focused on the project's progress and whether any intermediate course corrections might be necessary.

Tips

- If the funded project hit a rough patch, the foundation representative should approach the visit as a helpful partner, not as an enforcer. The representative may be able to help the nonprofit and the project be successful simply

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Nine Site Visit Case Studies

By Mark Neithercut

Editor's Note: Along with guidance on how and why to conduct site visits, we asked Mark Neithercut to provide us with some examples of site visits he'd conducted and how they contributed to a better understanding of what grant recipients were achieving and where they needed help. He told us about nine such visits, and what he learned from them.

New Application

1. Years ago, I visited a tutoring program in the basement of a church in an underserved area. The organization had requested funds to pay tutors. Upon my arrival, there were eight or 10 smiling students sitting at gleaming new computers in a classroom-type setting in the church basement. As I spoke to the manager of the tutoring program, I noticed that the students weren't doing anything on the computers. During a subsequent conversation, I learned that the program had been able to purchase the computers, but couldn't afford any software. I asked why the organization had only requested support for the staff tutors, and was informed that staff was the greatest need and they didn't think they could ask for software. In our judgment, the tutors would be limited in their ability to do their work without the software. We were able to adjust the request and support both needs.

2. Recently, a staff member conducted a site visit for an applicant who wanted to convert their current kitchen to a commercial kitchen, so they could offer hospitality training to an underserved and underemployed population. At the site visit, our staff member noticed the kitchen cabinets were practically brand-new, despite being one of the largest line items on the application budget. The organization explained that the budget was a "worst-case scenario" quote from a contractor, but the contractor had not actually assessed the kitchen in person. By working with our staff, the organization was able to put together a budget that reflected the true needs of the project, unsurprisingly removing cabinets, but also including other unforeseen costs. Our client was happy to support the renovation, and the organization is now better positioned to complete the project successfully and apply for future grants.

Grant Monitoring

3. A foundation we manage made a grant to a food pantry for the purchase of an electric pallet jack that would be used to lift pallets of food off the bed of a truck and move them inside the pantry. Six months after the grant the jack had not been purchased and we could not get a good explanation, so we asked for a visit. Although the pantry manager had requested the jack, we learned from the pantry staff that the pantry door wasn't wide enough to admit the pallet jack into the pantry, limiting most of the expected benefits. We were able to refigure the grant to include creating a wider door.

4. One of our clients made a grant to a wildlife sanctuary in South Africa that works to save the many species of native endangered vultures. The grant was to help the sanctuary build a veterinary clinic. A year after the clinic was constructed, the foundation's president had an opportunity to visit the clinic. He was delighted to see the new facility, which was greatly needed, but he was somewhat concerned that the clinic lacked the necessary medical equipment to provide complete veterinary services. Based on this visit, our client made a second grant to purchase the additional equipment that was required to bring the clinic to a proper level of operations.

5. Sometimes when an organization applies for a grant, it identifies partners or other vendors that it expects will help oversee the project. An issue may arise if a partner organization cannot deliver its promise, but the grantee is still responsible for the management of the funds and the end result of the project. This was the case with one of our clients. A grant was made to set up a new school-based automotive technology program. The school applicant had identified a partner organization with experience in setting up similar programs but, due to the coronavirus pandemic, the organization could not deliver and backed out of the partnership, leaving the school to either scrap the project or manage it on their own. With the loss of the lead partner, we had thought we would have to cancel the grant. But after a site visit to the school, a staff member on our team was so impressed with the superintendent, the principal, and other staff members' dedication that we moved ahead with the project, with some alterations. We were pleased that the program was successfully implemented — and with excellent results. Had we been too strict about adhering to the project's original plan, it may have fallen apart. Instead, a first-class facility and program was supported and is now operational.

> ***These site visits provided a unique window on what grant recipients were achieving, and where they needed help—their capacities, visions, and methods came into clear view.***

Grant Follow-up

6. One of our clients made a small grant for facility improvements at a community arts organization in the founder's hometown. The organization was struggling and its leadership wasn't very skilled in seeking or managing a grant. When the grant was concluded, there were several reporting issues that took some time to work out; for example,

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by being flexible with changes to the project plan and budget.

- These course corrections are often productive and show the grantee is learning. Too often, foundations see these changes as failures or reneged promises.

The "Grant Follow-up" Site Visit

Once a funded project is complete, a visit may be helpful to learn about the completed project: did it go well, did it meet its goals, will it continue? This type of visit can be an especially important part of the Foundation's learning — for both staff and Board members — and can be extremely helpful in informing the Board's decisions on future funding to this organization or on this topic area.

Tips

- The foundation should visit soon after the completion of a funded project to best evaluate the success of the grant and inform future grantmaking. This is useful for determining what was accomplished with the grant and deciding if this approach was a successful aspect of the larger grant strategy.
- Sometimes, Board members may not initially see the benefit of these visits, but once they participate, they understand the value.
- If a Board member participates in a site visit, they should report back at the next Board meeting. This will encourage others to participate.
- These visits can be a nice opportunity to engage the next generation, as they're more focused on learning rather than making business transactions.

The "Legacy Grantee" Site Visit

Some family foundations have legacy grantees — meaning organizations that receive operating grants every year. These are typically organizations that were favorites of the founders, and now the foundation continues the ongoing support. These grants are for operating expenses, not for specific projects, and typically do not involve an application or a final report. It's not uncommon for foundations to go 10 or 20 years without any contact with a legacy grantee, other than sending them an annual check. But circumstances change, and the foundation has a responsibility to ensure that its grants are used for charitable purposes and that the grantee still fits with the founders' vision.

Tips

- This is a "health check" for longtime partnerships, and it opens a line of communication. An annual visit is likely too much. If there are many legacy grantees, the foundation could rotate, doing 20 percent a year so each grantee gets a visit every five years.
- While it's good to schedule these visits every few years, it's especially valuable to visit in times of transition (e.g., a CEO or mission change at the nonprofit).
- Because this is a visit to determine the organization's overall effectiveness, the foundation representatives will likely want to meet with the organization's leadership. In part, the foundation wants to know if they still have confidence in the leadership of the organization.
- Other questions to ask at a legacy site visit: Are they still performing work the foundation is proud of, and still aligned with its mission? What are the organization's future goals and plans?

To Ensure a Visit Is Productive

Regardless of the kind of visit, there are a few important rules of decorum all foundation representatives should bear in mind to ensure a successful visit. The most important steps are the ones taken before the visit occurs. The organization will often do a lot of prep work for these meetings. To be respectful of their time, foundation representatives should communicate the purpose of the meeting. When possible, they should send the names and roles of everyone attending, and outline the time they foresee the meeting taking.

In addition to a lot of prep work, organization representatives will often feel that they're being judged, and few people act entirely natural when they feel they're on trial. The foundation representatives' overall demeanor will set the tone for the interaction. An open, friendly manner is surely the best way to put everyone at ease so the meeting can be most productive.

After the site visit, it's important to make notes of any crucial information learned. This information can be shared in the assessment of a grant application, reported at the next Board meeting, and/or serve as a part of the organization's permanent file with the foundation. The foundation should be sure to send a note or email to the organization thanking them for the visit.

In summary, site visits when done appropriately and respectfully should be a rewarding experience for staff and Board members. These visits play a vital role in good foundation management.

Helpful sources:

The Insider's Guide to Grantmaking by Joel J. Orosz, chapter 7, pp. 130–142.

The Complete Guide to Grantmaking Basics, A Field Guide for Funders by Fred Setterberg and Colburn S. Wilbur from the Council on Foundations, chapter 3, pp. 27–44.

Splendid Legacy, Creating and Re-Creating Your Family Foundation from the National Center for Family Philanthropy, pp. 110–111, 124–126, 221–223.

**Neithercut Philanthropy Advisors (NPA) provides a back-office, outsourced solution for small- and medium-sized foundations and also serves as an advisor to foundations to help them clarify their mission, develop sound grantmaking strategies, and improve their administrative operations. Renee Sovis is a Program Officer at NPA. She supports the grantmaking operations of our family foundation clients through conducting due diligence including site visits, financial reviews, and project assessments. Mark E. Neithercut is founder and principal of NPA. He has over 25 years of experience working with foundations and individual donors to increase the impact and effectiveness of their philanthropy.* ■

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a portion of the funds were used for a related purpose, but it was a purpose outside the scope of the grant. Once the grant was closed, we arranged for a few board members to visit the organization to see the result of the grant. We met with the executive director and toured the small facility. The ED was young, full of energy, and had a real vision for the organization. The board members made an immediate connection with the ED, and they have wanted to continue to support his work ever since. As staff, we might not have recommended that the foundation continue to support the organization, but the enthusiasm of the board members and their confidence in the ED has resulted in several additional grants.

7. One of our foundation clients made a grant to a museum for a multi-part, interactive exhibit. As the project unfolded, the museum staff realized they couldn't construct each part of the project without sacrificing the quality of the overall exhibit. In addition, the pandemic caused price surges and delays in construction. Due to these many changes and the necessary grant budget updates, there was a distinct possibility that the board might have been displeased by the result. But after the project was completed, our staff and a couple board members visited the museum, and we all were impressed by the exhibit. Without seeing it in person, the board may have had misgivings about how the exhibit came together, but because they were able to see it in person, they were impressed by the quality and implementation, and they were even able to view others interacting with and enjoying the exhibit.

Legacy Grantee

8. One of our clients hired student interns to visit their legacy grantees every summer. These students were not schooled in the foundation's historical relationship, and they were not experienced enough to ask important questions that might come up based on a leadership change or a study of the organization's financial audit. The visits did not inform the board in any substantive way nor did they help with any future decision-making, and were discontinued upon our recommendation.

9. Another client of ours had a legacy grantee that happened to be the founder's church. We visited the church and found that it had only a few dozen members, was only open a few Sundays a year, and the foundation's grant was more than half of the church's operating budget. A plan was put in place to slowly reduce the grant over several years. ■