

210 GOODBYES:

Lessons from Making Final Grants and Ending Grantee Relationships

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This will be your final grant. There will be no more funding once it is completed.

These are words an organization never likes to hear, but let's be honest: funding relationships eventually come to an end. Sometimes, the end is carefully planned – a funding initiative with a limited life span, a foundation that decides to spend down. At other times, it's a mutual decision when funder and grantee discover that their goals are not aligned or that their partnership has simply run its course. It might even be a surprise – such as when the stock market or the legislative appropriations process take a turn that leaves the funder with fewer assets than anticipated.

No matter what the reason, the end of a funding relationship can be cordial and affirmative, advancing and demonstrating the grantee's resilience. But it can also be turbulent or even catastrophic, damaging relationships, reputations, and the grantee organization's prospects for future success. The different outcomes depend, surprisingly, less on the magnitude of funding lost and more on the degree of care taken by both partners to prepare for the change – and to anticipate the challenges and opportunities it will bring.

In a recent [article](#) in *The Foundation Review*, Barbara Kibbe wrote about opportunities to improve practice related to exits and ending grantee relationships. She stressed the importance of conducting thoughtful assessment and consultation to understand the implications for grantees and the field; engaging in collaborative approaches to chart a way forward for the work, including recruiting new funders where appropriate; encouraging and rewarding candor, even (and especially) when the course is not clear; and making final grants flexible to allow grantees to invest in strategies and capacities most helpful to managing the transition.

My essay is offered as a companion piece for practitioners navigating the final phases of grant relationships. It includes insights and practical details gleaned from my experience with exits, including about 210 final grants over many years. It combines my reflections with analysis of data from grantee reports and conversations involving both grantees and colleague funders.

Getting ready to say goodbye: Future focus

When the end of a grant relationship is in sight, the funder and grantee often increase their focus on capacity-building and sustainability – of the work and results achieved, and of the grantee organization itself. For example, leaders of the five-year Preserving Wild California initiative at Resources Legacy Fund, which supported California land trusts and other organizations to make big advances in protecting wilderness, national parks and monuments, and other key landscapes and habitats, brought in consultants knowledgeable about organizational sustainability and resiliency from the start. This resulted in a suite of tools and procedures to highlight concerns and opportunities related to organizational capacity and sustainability. Grantees had access to capacity-building experts, and grants often included organizational development as well as land conservation objectives. There was a particular focus on strengthening the composition and engagement of boards of directors as ambassadors to policy and funding communities. Similarly, the S. D. Bechtel, Jr. Foundation developed a [resiliency assessment tool](#) not long after its decision to spend down. That tool and supporting resources were available to program staff for use throughout the grantmaking process. The Foundation hired a director of organizational effectiveness to support program staff in assessing and cultivating grantee resiliency.

In practice, it makes sense for both funders and grantees to pay attention to capacity, resiliency, and sustainability throughout the relationship, from beginning to end. During the “hello” phase, it’s wise to bear in mind that organizational issues – staff retention, cash flow, and culture, to name a few – can affect a grant’s outcome just as strongly as technical capability to carry out the project. When it’s time to say “goodbye,” a track record of caring about and contributing to the grantee’s resiliency pays big dividends: it increases confidence that the work will continue and helps avoid hard feelings about the end.

Several of the grantmakers I have worked with took additional steps to prepare for the end of grant relationships. These included:

- Creating a plan of action for the end. This worked best when done in the final stage of the penultimate grant that was followed by a final grant that:
 - provides an amount equivalent to about 18 months of funding at the level established in prior grants,
 - is usually paid in full upon signing of the grant agreement, and
 - offers general operating support.

At the S. D. Bechtel, Jr. Foundation, there have been several variations on this theme, including two- and three-year grants as well as capacity-building support. Some staff have used a worksheet to clarify plans for the final months of each grant relationship, including stating the desired level of engagement with the grantee (ranging from formal reports only to periodic check-ins). It has been important to work collaboratively to find the right level of monitoring, management, and support for each grantee, always treating them with respect while at the same time avoiding generating expectations that further funding or services would be forthcoming.

- Embracing and actively promoting a shift to a different kind of relationship, including different terms and expectations, with the final grant. Helpful practices included *transparency* about the intent and timing of the final round of funding, *flexibility* (general operating support where practical, and reporting requirements tailored to grantees’ fiscal calendars), and *opportunities to share feedback and learning*.
- Establishing a “support team” to assist with resiliency diagnostics and final grants. In some cases, this team was simply on call to provide guidance. Sometimes members of the team took on management of final grants – making them, or serving as the primary contact after the grant was made. This helped with workflow management and continuity for grantees, while clearly signaling a change in relationship by shifting foundation staff assignments and roles.

Making and managing the final grant: All about trust, and logistics

Less frequent contact with the grantee is a good way to underscore trust in their ability to manage the grant and to reinforce the fact that the relationship is ending. Keep in mind that with less frequent interaction, such as transitioning to an annual written report as the only check-in point, contact information can become out of date. Even if grant agreements require notification in case of changes in key personnel, this requirement is often overlooked, especially if the person responsible for the notification is the one departing. Periodic messages to verify the designated contact can be helpful (every six months or so).

As the relationship shifts toward “goodbye,” it’s wise for the grantee to begin to shift priorities accordingly – tapering back on the time involved in keeping the funder up to speed and cultivating the relationship for additional future investment. These efforts can be redirected toward other, more productive pursuits. The departing funder can encourage this process, discouraging or declining invitations for non-essential meetings, offering referrals and resources for information and advice about organizational and transition assistance, and making introductions to other donors. (It’s a good idea to think this last point through carefully before actually making introductions, because the conditions under which introductions are made, or not, need to be fair, reasonable, and explainable, especially to grantees whose requests for introductions are not fulfilled.)

Streamlined reporting should be a goal for all grants to optimize grantee time invested, but for grantees who have had a practice of sending detailed reports prepared specifically for each donor, it can be helpful to consult, in advance of the first reporting date, about the willingness of all parties to accept something less time consuming. This may include changes to format – e.g., a copy of the grantee’s annual report with a cover letter highlighting outcomes and challenges specific to this grant instead of a full custom report. It may involve timing – such as changing the recurring date of annual reports to coincide with the grantee’s documentation cycle (e.g., board meetings, fiscal year), or aligning reporting requirements with target dates for achievement of key milestones. Staff turnover at the grantee organization is an ongoing challenge, and it can be helpful later in the grant period if a good first report is on file to provide a copy to new staff, as a model of what is expected subsequently. Remember that the first report on each grant sets the tone for the rest of the grant period – so make the most of the opportunity to set expectations at this juncture.

Finally, the final grant is the last leverage point to make sure that outstanding requirements from prior grants are cleared. This may not be important to grantmakers who regularly assure that outstanding requirements (such as overdue reports) are brought up to date before issuing a payment or new grant agreement, and who document compliance in centralized files. But those with less formal compliance documentation systems can find themselves engaging in time-consuming searches for documents that have been received but not properly filed over the course of a long relationship. In the worst cases, funder staff may need to conduct painstaking reconstruction of reporting histories in order to close

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the final grant. Staff turnover – both at the grantmaker and at the grantee – sometimes leads to situations where individuals managing the grant are not current on terms of the grant agreement, or aware that key documents are misfiled or missing. Both at the point of making the final grant, and at any hand-off to a subsequent program officer, it pays to make sure that core documents are accounted for and properly stored.

Ensuring grantees' understanding of the final grant: Be nice and be clear

Be clear when making a final grant that further requests will not be considered. Do so both in conversation and in writing, preferably using language included in the grant agreement. Even with this communication, a good proportion of grantees will continue to ask about opportunities to submit a new proposal or make a point of mentioning, when asked for feedback, that they needed more time and funding to complete the work, or more help finding other sources of funds. In some cases, grantees may simply consider it good fundraising practice to keep asking – especially if they see others succeeding with similar tactics. It can be useful to develop email scripts or talking points to ensure that grantees get a consistent message that is kind and professional but firm. Putting it in writing may actually be helpful to fundraising staff who are encouraged by others in the organization to “keep at it.”

Considering special types of projects: It may be too late for buildings or fundraising

CAPITAL PROJECTS

Capital projects pose particular challenges, and it's usually not a good idea to end a grantee relationship with a contribution to a capital campaign unless it's a general endowment gift. Buildings and other capital projects can and often do encounter snags and delays related to the site (permits, approvals, objections from neighbors) or the grantee's challenges achieving fundraising goals, especially if the campaign includes recruitment of new development staff. Unless the time horizon is sufficiently long, or the capital project well advanced at the time of the grant, there is a real risk of arriving at the intended end date for the relationship with the work unfinished. Also, capital projects can put significant strain on an organization – and not only because of snags and delays. Many nonprofits find that unexpected expenses associated with a new facility make it necessary to raise significantly more funds not only during the capital campaign, but ever after, with subsequent pressures on staff and board leaders that may result in turnover and rapid change. While all this can ultimately be good, these types of dynamics are typically not consistent with a funder's plan to gradually reduce contact and wind down a relationship.

FINANCIAL SUSTAINABILITY AND SUPPORT FOR FUNDRAISING CAPACITY

It's appropriate and often helpful to allow the grantee to invest some or all of their final grant funding in building organizational capacity and resiliency. Ideally, there would have been discussions throughout the relationship about areas where new skills, structures, or systems would contribute to enhanced effectiveness, and both parties would have agreed to allocate funds so that those improvements could be made. But it's usually unhelpful to both parties to structure a final grant to support new development staff as a sort of quid pro quo for the end of the current funding stream. This kind of grant has a fairly high rate of failure – it takes time to put the fundamentals in place to assure such a project will succeed, and it can be three to five years before new fundraising positions become truly revenue positive. Through experience, many nonprofits and funders have learned the importance of due diligence to ensure that other fundamentals are in place before investing in new staff as an approach to financial sustainability.

Concluding advice: Seven suggested practices

Most of the practices recommended below are not specific to final grants. Rather, they are examples of general good grantmaking practice that are worthy of extra time and attention when a grant relationship moves into its concluding phase. The last grant is a final opportunity to complete files, focus on the sustainability of the work and the organization, and conclude the relationship on good footing. Practices that have proved particularly helpful include:

- 1 Conduct thoughtful planning of the closing-down process** for the grant or initiative, including a calendar of relationships to be ended, with timing and terms spelled out. Conversations about the end of the relationship should start at least a year, and preferably two, before the actual exit, to provide time for the final grant to be made deliberately – an effort that goes well beyond simply issuing a notice that the current grant will be the final. Since many nonprofits experience turnover in their development teams, it is important to document in the grant files and agreements that the grantee acknowledges this to be a final grant.
- 2 Support an analysis of organizational resiliency** as the relationship winds down. The S. D. Bechtel, Jr. Foundation has made its [resiliency guide](#) available online. Many other assessment or self-assessment tools are also available. A thoughtful assessment can provide insights to both funder and grantee about how to build strength and avoid pitfalls.
- 3 Document the plans**, making information accessible to all who may have direct or incidental relationships with the grantee. This makes it possible for any staff member fielding a request for a call or office visit by the grantee to speak honestly with them about the likely outcome of the contact, and helps keep the message consistent when delivered by multiple messengers.
- 4 Provide flexible funding**, or funding keyed to needs agreed upon by both funder and grantee.
- 5 Communicate clearly** about how the relationship is expected to evolve as it ends, and about what is available to the grantee beyond funds – e.g., information resources, referrals, connections, and so forth. Be sure to be specific about the process for accessing any such resources.
- 6 Create a closing-down support team.** As a foundation sunset or the end of an initiative approaches and program staff move on to other opportunities, a generalist team with expertise in organizational effectiveness and resiliency can provide a useful backup, not only to handle final grants, but also to cover temporary shortages in the program team's ability to monitor and complete documentation of other grants. This "closing-down team" can provide a degree of continuity and stability for grantees, especially when a program department is going through significant change as part of a larger organizational wind-down process.
- 7 Gather program staff and grantee feedback.** Invite and periodically compile inputs from all the key players. Candor is a precious commodity in donor-grantee relationships, and the final grant can be a time to learn things that have not come up before. As always, grantees may be reluctant to be fully honest with their funder in these situations – in which case it can be helpful for any interviews or surveys to be conducted by a third party.

Ruth Norris' work as a grantmaker and organizational development coach spans more than three decades and several different types of organizations. She has managed partnership and grantmaking programs at the Nature Conservancy, the David and Lucile Packard Foundation, and the Skoll Foundation; and consulted to the World Bank, U.S. Agency for International Development, 20 national environmental endowments across Latin America and Asia, Resources Legacy Fund, and the S. D. Bechtel, Jr. Foundation. She has been involved in more than 200 final grants as program officer or capacity building/transition consultant. 210 is an approximate number, compiled in a brainstorming session listing organizations supported by donors and initiatives whose support had ended.