



# How to (Not) Strike Fear in Grantees

## *Developing and Bringing Your New Strategic Plan Online Without Alienating Your Community*

In my experience, few words strike fear in the hearts of foundation grantees like the following, when dropped by a program officer's lips:

*We're about to start a strategic planning process.*

Aarrgh! Nooooo! I can almost hear the screams of terror here in my top-secret vacation retreat spot. And who can blame them?

A funder undergoing strategic planning often pulls the rug out from under grantees, at least temporarily, while the funder "suspends grantmaking" for a few months or even a year to "evaluate priorities and approaches."

During that time, grantees might be asked to answer questions about their work, participate in discussion or focus groups, or even (gulp) share their opinions with funders in person. And all the while, the foremost question on a grantee's mind must be, "Will they still continue to fund our organization?"

It's not that strategic planning is a bad idea. In fact, many funders might even benefit from doing it more often (and some even for the first time). But strategic planning usually means some kind of change — amplifying efforts in one area, diminishing them in another, realigning the ways in which the foundation interacts with the nonprofit community, changing the funding model to focus more deeply but less broadly.

It's understandable that funded nonprofits might get nervous, but there are some things that funders can do to help soothe nerves and alleviate uncertainty. When starting your strategic planning process:

### **Communicate early and often.**

No one likes surprises — at least, not when they have to do with a potential loss of funding. The earlier you can let your grantees know that you are going to engage in a strategic planning process, the more time they have to get used to the idea and prepare. As your process unfolds, it will help mitigate rumors and create buy in if you continue to provide updates, and possibly share the research you are gathering that will ultimately inform your new plan. If nonprofits and community leaders understand the challenges your research reveals, or the lack of impact a "sacred cow" program delivers, they may be more willing to back your new strategic direction.

### **Be transparent.**

Why are you undergoing planning, and why now? What process will you use and how long will it take? By answering these questions, you at the very least will give your grantees an indication of how long they might feel uneasy. Answer questions as honestly and directly as you can. If you can't answer a question right away, say so — then get back to the questioner as soon as the time is right.



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### **Be direct.**

Are you anticipating major changes in your grantmaking or internal organization? If so, say so. If not, say so. Being honest about what grantees might expect helps them to get over their negative reactions faster and embrace the fact that change is coming. You can help by connecting grantees to potential new partners and new sources of support that might benefit them during and after your planning process.

### **Be quick.**

Taking a year off from grantmaking to evaluate your own impact and strategy is incredibly hard on grantees. The faster you can get to your new plan, the better for everyone. If you feel the need to explore aspects of your work more deeply over a longer period of time, consider doing so while the wheels are still rolling, then use the lessons and observations you're gathering in real time to inform your new strategy.

### **Don't become invisible.**

Locking yourself away from grantees will hurt your ability to build trust in your new strategic plan. Before you go into planning mode, meet with grantees in person to let them know — or at the very least pick up the phone. Don't rely on email to shield you from delivering unpleasant or unwelcome news. As your planning process progresses, make sure you're still present in your community and among your grantees. Just because your grantmaking is on hiatus doesn't mean your individual caring and camaraderie should be. There are many ways to support your community personally and professionally beyond day-to-day foundation work. Make new connections between grantees, talk about a community issue over lunch, and yes, answer countless questions about how your strategic planning is going.

The more you prepare grantees for a foundation's strategic planning process and the more you continue to communicate during the process, the better your chances that your plan will be well-received and endorsed by your grantee community. Even if you won't make everyone happy with your new direction, you will have at least given them the information and warning they need to develop their own responses.

Of course, the work doesn't stop when the final plan is approved. Once your new plan is announced, there are things you can do to help your grantee community adapt.

It's likely that many grantees who relied on your funding in the past may not be part of your future plan, or will constitute a much smaller percentage of your grantmaking budget. If that's the case, don't make hearing the news like ripping off a Bandaid. Instead, make sure your new strategic plan rollout includes short-term strategies to help your grantees navigate the transition. For example:

### **Communicate your new priorities clearly.**

Before sharing your new strategic plan with anyone outside your foundation, be sure to develop a set of clear consistent messages that explain:

- why you've settled on a new direction (you've determined you'll deliver more value for community by sharpening/broadening your focus),
- how you got there (by including input from multiple stakeholders),



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- when the change in direction will take effect (you'll honor current multi-year commitments), and
- who is affected (although you may no longer fund some organizations, they still deliver value and are worth of support).

### **Break the news in person.**

Yes, looking a former grantee in the eye and explaining why his organization is no longer a fit for your foundation is uncomfortable, but you are both members of the philanthropic community and you own him that courtesy and respect. This is not a job for email. Plus, if you've take the step above and created clear messages, your grantee will understand.

### **Spend down gradually.**

There's no rule that says you have to pull the plug all at once. Consider reducing a grantee's allocation incrementally over time as you simultaneously work to increase investments elsewhere. This gives outgoing grantees time to plan and prepare, and your new grantees and program staff a chance to grow more intentionally.

### **Provide bridge grants.**

When I was a program officer at the Charles and Helen Schwab Foundation, we used bridge grants to help grantees transition to new sources of funding. This help them prepare for change mentally and fiscally, and ensure that they did not feel that the rug was pulled out from under them by our shift in focus.

### **Consider capacity building.**

If your foundation supported a particular aspect of nonprofit operations, such as leadership development or technology training, consider offering a short-term (one year) grants to help nonprofit staff amp up that capacity internally. Even if you don't have this kind of grant history to build on, consider capacity building support for fund development functions — especially since grantees will need the skills to replace the funds they'll no longer receive from you. This has the added bonus of building on your previous investment, and turning the nonprofit staff in question from laymen to experts.

### **Offer general operating support.**

Although not as targeted as some of the other strategies for easing away from grantees, general operating support is always welcome, and can allow grantees to adjust as they see fit to this new change in their operating environment. Plus, providing operating support with no strings or expectations attached sends the message that, "even though your work and our strategy no longer align, we still think you're valuable and trust your judgment."

Like the old song says, breaking up is hard to do. Ending a professional relationship with a grantee can be just as emotionally trying as ending more personal one. But using the strategies above can help make for a smoother transition for all, and smooth ruffled feathers to boot!

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