

Responding to a Funder's Advice

How should board members react when a grantmaker suggests that your agency move in a new direction?

By Betsy J. Rosenblatt

Clearing her throat and trying to put on her most positive face, Toni Watkins looked around the room and began to address the board. "I received a response this week from the Sun Foundation regarding the grant proposal we submitted in October," Toni said. Toni was the chief executive of Start Healing Eating Disorders (SHED), a small suburban charity that offered support, counseling, and medical resources to individuals with eating disorders.

"Emily Estrella, our program officer at Sun, said that they were impressed with the range of services we offered and with the quality of our programs," Toni said. "But, at the same time, she has some concerns about the nature of the problem. More young people than ever before are diagnosed with eating disorders. More African Americans are included in this number now than at any time in history. Before the Sun Foundation will give us the \$50,000 we've requested, they want us to consider changing our approach."

Puzzled, the board members looked at Toni.

"We're meeting a need," asserted Greg Rycroft. "They can't tell us we're not helping people. We are!"

"Calm down, Greg," said another board member. "We're not going to stop helping people. We just need to find out what Sun wants from us."

"What exactly do they mean by 'approach,' Toni?" asked board chair Beth Olsen.

"Well, as you all know," Toni explained, "the number of individuals diagnosed with anorexia and bulimia has increased. One out of every hundred women between ages 10 and 20 are starving themselves. Four percent of college-age women have bulimia. The circumstances that promote these disorders are as prevalent as ever. Sun is suggesting we map out a broad outreach program to give young women and men the skills to improve their self-images and learn healthy behavior before these disorders set in."

"But what's wrong with what we've been doing?" Greg asked.

“Nothing is wrong with what we’ve been doing,” Toni said patiently. “What Ms. Estrella has reminded us, which I’m sure you all already know, is that we’ve been fairly successful at reaching out to people with eating disorders and offering great options for treatment and support for recovery. But we could do more. The Sun Foundation is focusing more of its grants on prevention, rather than just treatment programs. Sun was one of our seed funders and has supported us for 10 years. I think they know what they’re talking about. Besides, we really need that money.”

“But people still need treatment,” another board member said.

“I know,” Toni said, “and I’m not suggesting that we stop helping the people who need it. I’m just passing on to you the suggestion that an important foundation has made. Ms. Estrella is a smart woman, and the Sun Foundation has a good idea of what’s going on in this mission area. Maybe we should expand our vision.”

“How can we raise even more money to fund a major additional program and the staff required to run it?” asked one board member. “We want to maintain the programs we have.”

“I’m not sure,” Toni replied. “That’s what I want to talk about today.”

“Let’s discuss this,” Beth said to the group. “I think you all can understand the importance of trying to stop anorexia and bulimia before they start. I know we wish our organization didn’t have to exist. But the fact remains that our services are required more and more, while the need for preventive outreach and education is increasing as well. Another challenge is to reach out to other demographics besides our traditional constituency to provide more comprehensive services.”

“I don’t think we should do anything differently,” said Greg. “This community is grateful for us, and I think we have our hands full here. If Sun won’t support us in our mission, we’ll just go somewhere else. It’s not fair to our clients to change our mission based on a funder’s shift in interest.”

“The Sun Foundation is one of the largest in the country,” Beth reminded him, “and one of the more progressive grantmaking institutions. As I mentioned before, we’ve been dependent on its support for a long time. We can’t just turn our back on their funds because we don’t like their

suggestions. I'm afraid we might get the same answer if we go elsewhere. I think we have to take their ideas seriously."

What should the board do?

Solution 1: SHED Can Transcend Status Quo While Remaining True to Its Original Mission

Most disease-related nonprofits face the dilemma of prevention or cure. Indeed, many do both with differing emphasis according to assessment of need, organizational core competencies, and resources.

SHED should consider the Sun Foundation's comments. It is healthy for a nonprofit to periodically revisit its operating plan and strategy to see whether it can better achieve its ultimate goals. On the other hand, it is unhealthy for any nonprofit to simply work to a funder's agenda. Hence the risk of being too dependent on a particular source of funding should be avoided.

For most nonprofits, the real constant is change. The status quo is often not an option, and boards must be ready, willing, and able to move out of old comfort zones into new opportunity zones. SHED will have to review its strategic plan to ascertain whether it is mandated to do what Sun is suggesting. The mandate is what it is legally able to do; this could be wider than its present operations and its mission statement.

It seems that some of the board members have preconceived ideas of what SHED must do. Perhaps they are unwilling to consider things from Sun's perspective because they are averse to change. SHED must re-examine its strategy, remembering that managing the present is not strategy. Change may be needed, and SHED may have to selectively abandon aspects of its past and plan for the future, but it must maintain momentum, motivation, and clarity of purpose.

Funding foundations often have a broad perspective on issues that stems from their work with a wide range of nonprofits. Their views can be helpful, and if what Sun is suggesting would help SHED better achieve its goals, then it behooves the board to realign. If, after careful consideration, the board still believes this is not right for SHED, it should go back to Sun and share its analysis. Hopefully Sun will recognize that SHED has made the right decision after carefully considering new times and new challenges.

-Pesh R. Framjee
Head of the Nonprofit Unit
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Solution 2: Use Sun's Suggestion as a Starting Point for Investigating Possibilities of Expansion

First and foremost, the board should not make a rash decision based on one funder's opinion. Rather, it should use this feedback as a call to explore the issue in more depth. Launching an effective outreach program is no simple task. However, since Sun has been a loyal supporter of SHED for many years, its suggestion is worth further investigation.

With the help of the staff, the board might begin by researching funding sources for both treatment and prevention programs — including foundations, corporations, and government sources — to determine the sustainability of each program from a financial standpoint. Second, as chief executive, Toni Watkins should have an in-depth conversation with Sun to get a better sense of the scale it has in mind. Is what Sun is suggesting doable? Does it make sense? Don't stop there. Get input from staff — how do they feel about such a venture? Talk to other practitioners in the field — have they experienced similar pressure from funders? How have they handled it? What have been the benefits and challenges they faced as a result of their decision? Finally assess the resources needed to launch a prevention program — additional staff, space, etc. Only after the board has gathered this critical information will it be in a position to make an informed decision.

All too often, foundations shift their focus for rather selfish reasons — their interests expand to new areas, or they grow bored with funding the same programs year after year. Unfortunately, when nonprofits hastily adapt to these changes, they run the risk of getting off-mission and confronting serious organizational management issues as a result. My experience over the years has shown that nonprofits that “chase the money” often fail to invest the necessary time to research and plan for such organizational changes. In these cases, they find themselves in precisely the situation that some of SHED's board members fear.

With proper planning, program expansion is not only manageable but the sign of a flourishing organization. If and when SHED is ready to act on Sun's recommendation, chances are the money will still be there.

-Kristin Nygreen
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The Citigroup Foundation
New York, NY

Solution 3: Chief Executive and Board Chair Find Out More about Foundation's Ideas

Toni Watkins should have immediately taken two steps when she received Ms. Estrella's response to SHED's grant proposal to the Sun Foundation. First, if Ms. Estrella's comments were in a letter, Ms. Watkins should have called Ms. Estrella to better understand the intent and import of such comments. Second, the content of the letter and conversation should have been shared with Ms. Olsen, the SHED board chair. Since this funding is crucial to the continued operation of SHED, and since it entails a possible change of the mission and activities of the organization, it is important that the chief executive and board chair talk about how the matter should be presented to the full board. While some board members might argue that "if it ain't broke, don't fix it," the message from the Sun Foundation may be a wake-up call. Ms. Estrella's response requires an open mind and the realization that as times and service needs change, an attitude of business as usual must be tempered by an examination of services provided to the constituency.

Toni Watkins, as SHED's chief executive, must also be prepared to present her board with options, each containing backup data, circumstances, and potential results, including the feasibility of a refusal to change the mission. While foundations bring important ideas to organizations they fund, such suggestions must not be allowed to become intrusive. If the board is confident that the current program is right, the chair and one or two board members might be delegated the responsibility of discussing the issue with the foundation. It is possible that once the foundation understands the arguments concerning the continuation of present services, it might change its request or provide additional funds for expanding services.

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