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# Exiting From Large-Scale Initiatives: Lessons and Insights From a National Scan of Philanthropy

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*Keywords: Foundation exits, effective exits, exit strategy, transition planning, transition process, strategic planning, best practice, sustainability, community change initiative, place-based, funder-grantee relationships, decision-making, change management*

## Introduction

Exiting from an initiative is an inevitable part of philanthropy. Yet the process is too often treated as an afterthought, and funders rarely devote enough time to planning for and working through the tensions and issues that arise. Pointing to a lack of consistency around exit planning, Jaffe and Mackinnon (2007) write, “Exiting tends to be regarded as something discrete and separate, a phase in the life of a grant or program that is fundamentally different from what comes before” (p. 2).

Among the studies on foundation exits, research tends to focus on how funders can exit from specific grants or programs (Association of Charitable Foundations, 2012; Kerhoven & Herweijer, 2013). A few focus on strategies for exiting from a field or on spend-down foundations specifically (Fleishman, 2011; Jaffe & Mackinnon, 2007; Petrovich, 2011; Gardner, Greenblott, & Joubert, 2005; Markham & Ditkoff, 2013; Ostrower, 2009, 2011). To date, however, no studies have examined how funders have managed to effectively exit from major, time-limited, place-based initiatives that aimed to simultaneously change policies and systems at multiple levels.

## Methodology and Underlying Research

We wish to help fill this gap in knowledge by sharing some of the findings the 2020 Transition Research Project, which we conducted on behalf of The California Endowment (Yu, Lewis-Charp, Berman, Diaz, & Bollella, 2016).

## Key Points

- This article shares insights and lessons from a research project commissioned by The California Endowment in early 2016 to inform the planning for its transition out of Building Healthy Communities, a 10-year, place-based, policy- and systems-change initiative. The goal of the nationwide study, which included literature reviews and interviews with 30 executives and directors from 17 foundations, was to tap into philanthropic leaders’ accumulated wisdom about exiting out of similar initiatives.
- In generalizing the study’s findings for the broader philanthropic audience, this article presents a guiding framework for exit and sustainability planning in the form of a set of recommendations that relate to issues such as managing relationships between funder and grantee partners during the exit, using the initiative’s theory of change as a tool for decision-making, finding a balance between demonstrable success and equity, and managing the internal processes of the funding organization.
- The research shows that even though an exit is inherently difficult, it is possible to carry out in a way that does not undermine the accomplishments of the initiative and leaves the foundation and its grantee partners in strengthened positions.

As the foundation entered the second half of its decade-long Building Healthy Communities (BHC) strategic plan, it wanted to learn from other funders who had exited from similar time-limited, place-based initiatives and transitioned to new lines of work. To help inform its decision-making, the foundation commissioned Social Policy Research Associates (SPR) to conduct a research study built around the values and assumptions that steered the BHC initiative. The foundation not only embraces its role as a highly engaged partner and change-maker, it also executes a rare combination of strategies that seek to align local and statewide policy-change efforts, grassroots community organizing, resident power, youth leadership, and narrative change within BHC.

Our research was conducted using a mixed-method approach, collecting data from both a literature review and semi-structured interviews. (See Appendix.) To be included in the study, a foundation had to have completed an exit or be in the process of exiting from a particular initiative or strategy in which it had been invested for at least three to five years, as well as contribute to the geographic-level diversity — national, statewide, and local — of the final mix of interviewed funders. A research advisory group developed an initial set of funders that met these criteria and narrowed the list based on those available for interviews during the project timeline.

Between November 2015 and January 2016 we conducted interviews with 30 foundation leaders<sup>1</sup> representing 17 place-based, organizing, policy, and spend-down foundations: the Annie E. Casey Foundation; Atlantic Philanthropies; the David and Lucile Packard Foundation; First 5 Los Angeles; the Ford, MacArthur, Marguerite Casey, Northwest Area, Open Society, Robert Wood Johnson, S. D. Bechtel, Jr., Skillman, W.K. Kellogg, C. S. Mott, Edward Hazen, and Surdna foundations; and The California Endowment itself. We also interviewed two

expert researchers in comprehensive community initiatives (CCIs). All the interviewees were nominated by The Endowment's research advisory group based upon their experience with place-based and organizing initiatives.

Due to the long-term nature of most large-scale initiatives, only a handful of interviewees had experienced the complete process of exit from place-based work and were able to speak about the full range of the experience; among these were individuals from the Annie E. Casey, MacArthur, and Northwest Area foundations. Further, only one interviewee was associated with a funder — the Mott Foundation — that had exited from a community-organizing portfolio. Finally, although several funders engaged in policy- and systems-change work, no funder intentionally linked place-based and statewide policy-change strategies in the same way the endowment did in its BHC initiative. These limitations suggest that it will take time to generate knowledge about exiting from these kinds of grantmaking efforts.

We knew before we began our study that the research literature on philanthropic exits acknowledges the disruptive and often painful nature of the exit process for funders, grantee partners, and entire fields (Petrovich, 2011; Fleishman, 2011; Ostrower, 2011). By the time we completed our work, however, we were convinced that even though an exit is inherently difficult, it is possible to carry it out in a way that does not undermine the accomplishments of the initiative and leaves the foundation and its grantee partners in strengthened positions. This outcome — what we refer to as “successful exit” — becomes more likely when the exit is guided by respect for the relationships the foundation has forged with grantee partners; a clear intention to sustain the change-making efforts at the core of the initiative; inclusive and evidence-based decision-making; thoughtful and advance consideration of what comes next; and

<sup>1</sup>Interviews were conducted with 10 CEOs, presidents, and executive directors; six vice presidents and directors; nine evaluation directors, managers, and advisors; two program officers; two field CCI experts, and five current and former employees of The California Endowment. Of the 17 funders represented among the interviewees, 10 were place-based funders or conducted place-based initiatives, seven had a policy focus, and five had an organizing focus.

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proactive management of the internal changes likely to accompany transition to new efforts and focuses.

### Wisdom on Successful Exit From Major Place-Based Initiatives

*The purpose of an exit strategy is not to hasten the exit — exit is not valuable for its own sake — but to improve the chance of sustainable outcomes for the program.*

—Gardner, Greenblott, and Joubert, 2005, p. 7

Although our research was intended to inform The California Endowment about its future exit from the BHC initiative, we recognized that many of our findings could be relevant and helpful to those in the larger philanthropic community who face the prospect of exiting from similar initiatives. To communicate our findings

to this audience, we recast them in the form of discrete recommendations that can be used by diverse funders to craft their own unique exit plans. Although many of these recommendations may be familiar to some members of the philanthropic community as “best practices,” they are often overlooked when the exigencies of the exit process begin to exert their influence. By collecting them together in a single article with a carefully calibrated amount of supporting detail, we hope to increase the likelihood that they will be thoughtfully considered and actually implemented. Further, we believe that our expert respondents have contributed some genuinely new ideas to the field and broached some issues in unforeseen ways.

These recommendations assume that planning for exit begins well before the exit itself — ideally as part of the design of the initiative. The research on effective exits emphasizes meticulous attention to planning. Developing and implementing an exit and transition plan early in an initiative will reduce many future operational challenges, improve outcomes and sustainability, build communities’ preparedness and ownership of the transition process, and draw from communities’ own resiliency and assets (Gardner, et al., 2005). Our interviews with foundation leaders similarly underscored that a carefully considered exit and sustainability plan increases the likelihood of a successful exit. Exit plans must be thorough enough to offer firm structure, yet flexible enough to allow foundations to adapt to unanticipated changes. Exit plans must be tailored to the demands and circumstances of specific initiatives, but they can be constructed from generalized best practices such as those articulated here.

### Managing Relationships With Grantees and Other Partners

Effective philanthropy is based on strong relationships with grantees and other community-based partners. Intentional planning around how to manage these relationships prior to and during an exit can mitigate some of the potential challenges that funders often face further down the line. Acknowledging that program staff

members are the “biggest advantage of a place-based strategy,” a Skillman Foundation leader said that the quality of the foundation’s relationship with partners is, to a large degree, based on program officers’ abilities to form trusting relationships with key community members.

### *Build Trust Through Transparency*

The quality of a funder-grantee partner relationship can be measured by the extent to which the grantee partner trusts that the foundation will responsibly attend to the community’s survival and well-being. This trust is grounded in transparency and respect, which requires that communication between the foundation and grantee partner be candid and recurring, particularly when it addresses the foundation’s commitment, its key objectives, and its expectations for the exit process.

“Talking about [exit] nonstop from the beginning,” said an Annie E. Casey Foundation representative, “is difficult but necessary.” A leader from the S. D. Bechtel, Jr. Foundation made the complementary point that the relationship between funder and grantee partner during exit is “really more about communication and being clear” than it is “about new strategic direction.”

### *Don’t Feed False Hopes*

A few respondents in the research study spoke about how difficult it can be for grantee partners when the foundation talks about exit without being able to communicate clearly what the foundation will be doing afterward. It can be challenging to know how to communicate openly with grantee partners when there are many decisions that have yet to be made, but it is important to be clear on where the foundation is in the decision-making process.

To help articulate their messaging around exit, Skillman staff members relied upon the foundation’s values framework so that any communication, however indecisive, would be consistent with the beliefs of the foundation. A Mott Foundation representative underscored that it is the responsibility of the foundation to

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say “yes,” “no,” or “we don’t know,” but never to create the false hope of continued funding by saying “maybe.” An Annie E. Casey Foundation leader added this caution: During the final few years of an initiative, a foundation often scales up its efforts while simultaneously winding down its involvement. The potentially misleading nature of this opposition for grantee partners requires that funders clearly explain the intent and endpoint of exit activities.

A Ford Foundation representative observed,

There is a price to transparency. It was really hard in that middle period where we couldn’t tell groups where we were landing but we could tell them that we didn’t know if they were going to be funded again. ... If [the funder is] going to be transparent, at least let the group feel like they had a line in and it levels the playing field.

### *Underscore the Long-Term Commitment*

In many cases, the foundation leaders interviewed had long-term relationships with grantee partners that existed prior to and persisted beyond a particular place-based initiative. Such

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relationships are common among funders that have a mission to serve particular cities or regions. When these foundations exit an initiative and make a pivot in funding strategies, their relationships with their grantee partners undergo a change in status but they do not end.

Thus, one important message to relay to grantee partners is that relationships do not end just because the particular funding strategy ends — and, indeed, the foundation can stay connected to the grantee even if it is not through a funding relationship.

#### *Manage ‘Tension’ Between Community Ownership, Foundation Decision-Making*

While evaluation respondents varied widely in what they believed was the ideal balance between community ownership and foundation direction, they agreed that managing this tension is vital to the success of foundations’ community change initiatives and plays an important role in a successful exit. A “hands off” approach can increase the chances, upon reaching the end of a long-term initiative, of a foundation feeling that

important goals have not been accomplished. Alternatively, a hands-off approach can help build a sense of community ownership, which in turn is a key factor in sustaining the efforts at the core of the initiative. Regardless of the degree of control exercised by the foundation, however, exit represents a change in the locus of decision-making, and this transition, respondents noted, is best managed by ensuring from the outset that there is a common understanding of desired outcomes. A MacArthur Foundation representative advised,

Make sure that you are exactly on the same page: What are the expectations for impact? What are the shared expectations for the mode of achieving that impact? What are the shared expectations about what sustainability means? Then, when you come closer to the [exit], you can always harken back to that moment of ... shared expectations for going forward.

#### *Ease Grantees Into a Changed Relationship*

In place-based initiatives in particular, it is natural for program officers to assume indispensable roles in the work of grantee-partner organizations and to become quite embedded in communities. Removing them suddenly would represent an immense loss to grantee partners, so it is important to strategically prepare for this eventuality well ahead of time.

Our interviewees described several instances in which program officers who had been heavily involved in local-area work shifted their roles so that they were more “at arm’s length” toward the end of an initiative. First 5 Los Angeles, for example, worked to ease communities into developing their own leadership, decision-making, and collaborative capabilities, rather than relying on First 5 staff members. Program officers helped grantees form partnerships with other organizations so that they could develop capacities and skills together. Staff members then took on higher-level roles in which they transitioned from being on the ground to focusing on policy advocacy. First 5 leaders saw this as a way to lessen community partners’ dependence on First 5 in advance of the exit.

## Making Exit-Strategy Decisions

When planning to exit a major time-limited initiative, it is important to develop a clear set of criteria or a process that can be used to guide decision-making throughout the exit period and navigate the challenges that come with it.

- Use the initiative's theory of change to inform decisions about exit and sustainability. Foundation leaders emphasized their belief that the theory of change underlying the work of an initiative is an important resource for developing a strong, results-oriented approach to exit. The theory of change can be used to evaluate indicators of initiative impact, and then the results can determine what to sustain. Hazen Foundation leaders, for example, used an initiative's theory of change as a lens to select the community capacities that needed to be sustained in order to keep their grantee partners from reverting back to how they were before the initiative began. Whether or not an action or decision would sustain each of these capacities then became the criteria for exiting out of the initiative.
- Establish a well-developed learning and evaluation system to help create clarity around capacity, traction, and impact. Foundation leaders and the CCI experts spoke about the necessity of having robust data on community impact and grantee partners' capacity. Evaluation and assessment can inform a foundation's decisions about whether and how to exit, and can help determine when it is appropriate to proceed with the next phase of an initiative. Annie E. Casey Foundation leaders, for example, focused on using data to inform their approach at both foundation and site levels, which allowed for a "continuous learning process to track progress" and to assess the ability of sites to thrive after exit. In fact, as a national funder exiting multiple geographic areas, Casey maintained working relationships with site partners through continued learning and documentation after its initiative ended. S. D. Bechtel, Jr. Foundation leaders conducted retrospective

investigations into the organizational capacity-building of grantees, which provided lessons that could be used to inform its later exit as a spend-down foundation. Several foundation leaders and field experts suggested that it is important to keep in mind that grantee partners and foundation staff are likely to describe their site progress positively so as to ensure continued foundation support. Therefore, formal and independently gathered site-specific assessment and evaluation data may be needed to complement the reports made by grantee partners and program officers.

- Engage staff members in decision-making to promote their investment in the exit strategy. Ford Foundation leaders opted for a very open process of dealing with specific exit issues by having a broad conversation among staff members about the change in the foundation's work. Northwest Area Foundation representatives echoed that value of staff involvement, and described a collaborative exit-strategy design process in which program staff, senior staff, and board members participated. They said they believe that including staff members in the creation of the exit strategy was critical to the success of the exit because it allowed staff to deeply invest in the strategy.
- Take advantage of foundation staff members' knowledge by involving them in exit planning. A number of foundation leaders chose to make the exit process largely staff-driven because they believe that program officers have the deepest knowledge of the strengths and weaknesses of specific initiatives and grantee partners' fit with the foundations' values, mission, and mandate. Staff members not only understand the foundation's risk tolerance, collective skill sets, and interests, but they are also best positioned to draft exit or transition "memos" on initiative accomplishments and potential new directions that build upon needs and opportunities. One representative of a major place-based funder described using a team approach to exit in

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which foundation staff members collaborate as cross-disciplinary teams; this individual described the approach as “very useful because it brought different perspectives to a topic.” In another example of this strategy, Ford Foundation leaders engaged their communications department early in the exit process to think through how to communicate difficult issues about the exit to their grantee partners. In addition to ensuring clear and honest communication, this effort revealed aspects of the exit that foundation leaders had not yet thought through.

### **Sustaining Initiative Accomplishments**

Many foundation leaders said that when considering the exit from an initiative, they often lacked clarity on which specific pieces of the initiative were important to sustain and what the role of the foundation was in supporting those pieces. Respondents also emphasized that at the tail end of an initiative there is a natural movement to “the next thing.” These factors point to the importance of thinking about issues of sustainability early in the exit process and keeping these issues in the forefront.

Even when an initiative has a set time limit, consider being flexible about the timing of exit so as not to adversely affect the sustainability of the initiative's achievements. Setting a specific timeline may prove beneficial in that the time limit can sharpen the foundation's focus on establishing sustainable systems; however, the time limit may also impose artificial restraints and restrict progress by promoting a false sense of closure to the initiative.

A CCI researcher remarked that if sites are “hard to leave because they're doing exactly what needs to be done and there's momentum and leverage,” then the foundation “should not be rigid in its timeline.” In accordance with this view, foundation leaders recommend an open-ended approach in which the funder chooses a time to investigate what has been accomplished and what remains unfinished relative to the original goals of the initiative, and then makes decisions about the timing of exit on that basis. “[What is,] really, the calendar of social change?” a Hazen representative observed. “I don't know. So my tendency would be to be thinking about how far did we get, what's next, what can be closed out responsibly, what needs to be continued.”

When making decisions about what aspects of an initiative to sustain, it is helpful to solicit input from outside observers. It can be problematic to ask only grantee partners and foundation program staff to identify what to leave behind in communities because of their personal connection to the communities and their financial reliance on the foundation's continued presence. A CCI researcher recommends that foundation leaders conduct interviews with people who have been in the target communities for some time but whose salaries are independent of foundation initiatives. These key onlookers will be able to answer questions about the role the initiative has played in the community and its impacts, where the absence of the initiative will be most felt, and what the future would look like if the foundation was only able to continue with select priority areas.

To sustain the efforts begun under their initiatives, several foundations deliberately took a



step back in their leadership and management as they neared exit, giving local stakeholders and grantee partners the space to step forward and choose their own governance groups and intermediaries — thus supporting a transition to local governance and community ownership. Annie E. Casey Foundation staff members created local management entities led by community residents that could oversee the sustainability of grantee partners post-exit. Skillman Foundation staff similarly facilitated the creation of governance groups made up of local residents and grantee partners. These groups have allowed for wider ownership of the Skillman initiative and will be responsible for its sustainability. In another approach, Marguerite Casey Foundation staff members asked local stakeholders to choose a “network weaver” — a person or organization to convene grantees and other partners in communities to work on cross-sector issues. As one CCI researcher observed,

[It is important to] have some kind of path for the community to go from the foundation-directed work to more community-driven work around which they know they have local commitment. They know they have local capacity, and they are committing themselves to get support for it from a variety of other sources; somehow that’s the exit that has to happen.

Leverage the broader network of relationships that exist outside of the one between funder and grantee partner. Place-based funders have a great opportunity to connect community stakeholders to power brokers and to amplify the voices of community residents. As funders seek to exit, it is important to understand that the exit influences a broader and often less visible set of partners and community members, and that thoughtful engagement of these partners can play a role in supporting longer-term sustainability. Furthermore, funders can forge new relationships for grantee partners by connecting them to national networks to which they would otherwise not have access.

Grantee partners should also have help building capacity, so that they are in stronger positions after the funding ends. Support for capacity

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building, leadership development, and connections to broader networks of support are critical elements of sustainability, and they can be accomplished with nongrant funding. For example, Skillman Foundation program staff created a resource center for grantee partners that helped them bolster their data-collection capacities and internal monitoring systems, making them ultimately more attractive to other funders. In the same vein, a CCI researcher recommended building the strategic, adaptive, and technical capacities of grantee partners through training on strategic decision-making, fundraising, and development.

Many of the funders we interviewed shifted their working relationships with grantee partners as they neared an initiative exit, placing more of an emphasis on promoting leadership and organizational development. An Annie E. Casey Foundation leader suggested that as a foundation nears exit it should think of its role as a funder differently than it did when it began the project; specifically, the foundation should “move from

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being an initiative investor into being a strategic and tactical investor in particular pieces of work.” A Mott Foundation representative observed,

The key was making sure that funding didn’t hollow out the organization or scoop up all the talent in a community such that when the project ends, the community has to go through a process of rebuilding its leaders. It’s funding that’s really directed at building local capacity and leadership that is capable of addressing whatever the next issue is that comes along.

### Managing Changes in Funding Practices

Although few of the funders had fully exited from a long-term place-based initiative, they were able to speak to how they would shift funding practices to allow for flexibility and leveraging of other resources.

They suggested engaging other funders on key issues of concern through funder collaboratives,

which are used to connect program officers with other foundation leaders so that the program officers can bring new funders to their sites. Hazen Foundation staff members, for example, use collaboratives to highlight their grantee partners and create a funding environment that will be receptive to the work of their grantee partners once they have exited. A representative from the S. D. Bechtel, Jr. Foundation similarly believes that capacity building needs to be about creating a “resilient ecosystem of nonprofits” working towards the same goals. Grantmakers engaged in this way can play a role in linking grantee partners to future funders, convening funders to raise awareness of urgent issues, and leveraging field-level knowledge and research to support work on the ground. As a foundation approaches an exit, it may want to intensify this type of work to ensure that key community capacities are sustained after the sunset of the initiative. The ability of grantee partners to “attract other resources into the community” was of key importance, a Skillman Foundation representative observed. “Part of what we tried to do from the beginning was to be really intentional about helping ... communities leverage funds and helping our grant partners, in particular, understand the funding landscape and how to maneuver through it.”

The exit period may consist of multiple phases tailored to specific communities and designed to capitalize on key points of strength. Leaders from the Skillman and Annie E. Casey foundations, for instance, made hard decisions in the second phases of their initiatives to cut some of the original sites. This narrowing of focus ultimately helped them exit, as the leaders felt that they could achieve more impact with fewer sites and a more intense focus on specific issues. In another example, MacArthur Foundation leaders selected half of their original communities to continue working with beyond their original 10-year commitment. These were grantee partners who had gained traction on key issues, and the additional funding was designed to help them make significant change.

In addition to building the capacity of grantee partners to secure funding from other sources on their own, it can be important during exit

for foundations to forge or solidify relationships with other investors who share their goals and values and who may be able to support the grantee partners in the future, and to work together with those funders to sustain what communities believe will shift power and give voice to residents. Few foundation representatives reported dedicating the necessary resources and staff energy to engaging other funders from the beginning.

### Transitioning to New Areas of Work

Making decisions about what new areas of work to transition to is difficult but important. Foundation leaders shared that they have made weighty decisions about new directions based on a combination of internal and external factors, including the foundation's mission and values, the length of investment in initiatives, lessons and successes from initiative implementation, history and reputation in specific fields, and strategic outlook based on analysis of funding opportunities.

An environmental landscape analysis can reveal what has changed and where future needs and opportunities lie. Site context changes frequently and often unpredictably, making it crucial to acknowledge these changes in the larger political and social environment when planning for exit and a transition to new work. Leaders from the Skillman Foundation, for example, are attempting to understand the changing trajectory of the city of Detroit, where their initiative is located. They have opted to forgo a strategic-planning process in order to use what they learn about changes in Detroit as a platform for the future and to allow their grantee partners to inform the next iterations of the work based on the shifting context of the city. A Hazen Foundation leader further noted that it is important for a funder to articulate how the world has changed since the beginning of its initiative, how institutional goals may have shifted, and how the foundation will respond to those changes and move forward. "There's change and growth and development over 10 years," this leader said. "[It's important] that as you move forward, you're not measuring yourself by irrelevant and obsolete criteria."

*[O]ne foundation leader identified an underlying conflict of which all funders should be conscious: Funders identify themselves as committed to equity for the neediest communities, but at the same time they are intently focused on demonstrating success. Unfortunately, the communities and organizations best able to successfully implement foundation initiatives are often the ones that possess the most resources and capacity.*

Several of the foundation leaders we interviewed described an internal process of creating a values framework to guide prioritization of the areas and goals on which to focus after an exit. These frameworks are typically grounded in the core principles and beliefs of the foundations. Northwest Area Foundation leaders first created a "very broad and aspirational strategic vision document" that laid out an ideal account of the exit and the foundation's future plans. In order to focus the values framework more sharply, the foundation leaders translated it into a strategic framework that had the specificity needed for actual decision-making about exiting from their initiative and pivoting to new lines of work.

In relation to making choices about where to focus resources after an exit, one foundation leader identified an underlying conflict of which all funders should be conscious: Funders identify

themselves as committed to equity for the neediest communities, but at the same time they are intently focused on demonstrating success. Unfortunately, the communities and organizations best able to successfully implement foundation initiatives are often the ones that possess the most resources and capacity. It can be enticing for a funder to prioritize continued support for these communities when it explores its next steps, but doing so can undermine the goal of helping higher-need communities. This particular foundation leader recommended that funders “stick with the places that have traction and are demonstrating what can be done,” but also develop “a different strategy for the really tough places.” A representative from The California Endowment observed that “to get some critical mass, you need to perhaps work with folks who are a little more well off, even as there are ... communities that are desperately in need. How do we reconcile those things with our core values?”

### Managing the Internal Process of Exit

Exits from large-scale, multiyear initiatives can be particularly vulnerable times in foundations’ organizational life cycles. These periods are characterized by heightened anxiety among key stakeholders about programming and operational procedures, as well as changes and potential upheavals in leadership, staffing, and funding structures.

Foundation leaders often devote too little time to addressing their own team members’ anxieties around exit. In addition to its impact within the foundation, this stress has negative effects outside the foundation when it becomes a major cause of partners’ anxieties. One place-based foundation leader described this dynamic succinctly: “Your place-based strategy plays out the same way that your internal strategy plays out.” In other words, the foundation needs to establish internal clarity or grantee partners and people in the community will not have clarity either. Invest in the internal process to make the external strategy more effective.

As program staff members transition to reduced roles in their communities, they are often the ones who are most in touch with community partners and hold the greatest trust. Therefore, it is crucial to build the capacity of staff members as key agents of the foundation and communication linkages to grantee partners, and to secure staff buy-in on key decisions about the exit. As one place-based funder observed,

The more you can equip [your staff], the more you get them aligned, [and] the more comfort and clarity they have about where you’re going, the better everybody else will be. ... They are the people who help you execute, that hold the relationships that do all that. I would spend some time really focusing on that talent, helping to transition that talent wherever they may be. You need them to make big pivots [and] create the capacity to help them do that really well.

An outside change-management expert can lend an objective perspective. One foundation engaged a facilitator to ask the hard questions that informed decision-making and moved the foundation past the resistance and mourning stages that came as a reaction to the decision to exit. The process of moving to a “new beginning” required assessing which staff members would be brought along into the new phase of work. After a two-year exit process, another funder acknowledged that the transition could have happened more quickly and less painfully with the help of an expert who could attend to different levels of staff readiness to embrace change. “If I had it to do over again,” this foundation leader said, “I would have had a change-management expert by my side to help me manage the internal dynamics.” Another organizing funder observed that “an outside facilitator” is necessary “to push and really ask these questions,” since “there is absolutely no way to authentically ask staff to disengage from the work and the people that they have come to admire and love.”

Staff departures become more likely as the foundation engages in deep discussions about potential new directions, and such turnover should be anticipated. One place-based

foundation's leaders, for example, found that as the exit process began, staff members began to assess their commitment to the foundation given where the work was headed. Some staff members who wanted to continue to support community change found positions at other foundations and organizations that were taking on place-based work. Although every staff member was guaranteed a job if he or she wanted to stay at this particular foundation, other foundations chose a different approach. Those leaders advised having a strong staff transition plan in place and being decisive and clear about shifts in job descriptions that reflect new strategic priorities.

As a consequence of staff departure and the additional burdens of exit planning, those staff members who remain are often spread too thinly between their normal workloads and their exit-planning responsibilities. At one foundation, the staff members found the extra work of exit planning to be exhausting and challenging; although this foundation did not shut down its grantmaking operation completely during the exit period, the program officers had to cut back significantly on their field engagement due to their heavy workloads. During and after an exit, it is critical to provide extra support to staff. "The exit took its toll," a place-based funder said. "Be respectful [to staff] in the same way that we're all very careful to be very respectful of grantee partners. ... Don't forget that for staff at all levels. A little extra care ... goes a long way."

Place-based funders often use an "embedded funder" approach to build trust and strong relationships with community partners. In the course of playing this role, program staff members can become very closely and personally aligned with their communities, and may have great difficulty with the exit process. Foundation leaders have addressed this dynamic during exit periods by more clearly defining roles, rotating positions, or assigning individuals to more than one site. The tensions that can arise when program officers are deeply embedded in their sites should be proactively addressed.

*Staff departures become more likely as the foundation engages in deep discussions about potential new directions, and such turnover should be anticipated. One place-based foundation's leaders, for example, found that as the exit process began, staff members began to assess their commitment to the foundation given where the work was headed.*

## Conclusion

The planning and implementation of an exit from a major investment is not an easy task. The process can be arduous and represent a loss of valuable resources and relationships for community partners, no matter what foundations do to soften the blow. A graceful, responsible, and ultimately successful exit can occur when funders who are deeply committed to helping the most vulnerable communities build on the strength of relationships with grantee partners and communicate with clarity, transparency, and consistency. They celebrate hard-fought victories and build awareness of accomplishments that need to be sustained. They allow adequate time for exit planning, maintain flexibility, and use evaluation data to guide decision-making.

Our research revealed that communities and partners will understand and support an exit plan if a funder is able to convey that there is a natural and logical progression from previous initiative goals and gains, and if it can express and demonstrate a compelling vision for the future consistent with its mission and values.

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## APPENDIX

The questions used during the interviews were created in collaboration with executives from The California Endowment based upon their primary areas of inquiry. The following topics were covered in each interview; here, each topic includes one example of an associated interview question;

- **Relationship management with partners.** How did you think about maintaining relationships with partners during the transition and post-transition?
- **Sustaining partners' capacity and infrastructures.** How did the organization decide which assets were a priority to sustain?
- **Structural transition.** How have you transitioned from foundation-created entities to ones that are more widely owned?
- **Funding practices.** Are there particularly innovative funding practices used post-transition to sustain previously funded work?
- **Decision-making/prioritization.** How did you make decisions about ending or transitioning the initiative?
- **Communications.** How did you manage communications with partners about transition?
- **Internal dynamics.** What decision-making structure did the foundation use to support transition?
- **Managing multiple phases of transition.** Were there staff members at the foundation who managed the transition while other staff managed the next phase of the initiative?

The interviews were analyzed by first creating individual interview write-ups based on transcriptions and interviewer notes. These write-ups were then uploaded into NVivo, a qualitative data-analysis platform, and there they were coded for common themes. Based upon the themes — both expected and emergent — that were highlighted in the coding analysis, the report authors were able to synthesize and create recommendations for the endowment. Many of these were used in this article.