

Exiting a partner responsibly

The economic climate is tough as the coronavirus epidemic has rocked industries and businesses, both big and small. Social investors are not immune and as profits reduce, so too will contributions and budgets towards social investments. The budget cuts are perhaps most devastatingly felt by the development partners who receive investments, be they non-profit organisations, community based organisations, social enterprises, etc. How does a social investor deal with having to apply budget cuts - or end relationships - to often long standing development partners?

Responsible exits require compassion, attention, respect and time. This is especially the case when you are ending a relationship for financial or strategic reasons, and not due to poor performance. Tshikululu has walked this journey with our clients for many years, and we've learned that the best exits are based on the following principles:



01



Be honest

There is no benefit in “sugar-coating” your communication or trying to dance around the issue. If a funding reduction or exit is necessary, it is best to communicate this fact in a straightforward, clear and respectful manner.

02



Don't delay in communication

We recommend that, where possible, an 18-month “notice period” is provided to allow an organisation to plan and source alternative sources of income. The earlier a partner is made aware of the situation, the more time they have to do something about it, which includes fundraising, managing budget and resource allocations for the next year, scenario planning for current programmes, etc.

03



Be a partner

It is important to work with partners and not just “cut and run”. Try to assist with referrals, new funding partners, and information that can assist the partner to thrive beyond your exit. This is the time to demonstrate real partnership.

04



Ask about sustainability

Brainstorm with partners on the future and opportunities that may present themselves.

05



Provide an exit grant

A once-off grant that is (where possible) equal to or greater than the current grant - to contribute towards the organisation's sustainability. Make it an unrestricted grant to let them use it in the most effective way. Trust your partner to make the decision that is right for them.

06



Show compassion

Remember, losing income is tough on every business and organisation. Be kind, listen and be supportive of the organisation and staff in a time of great uncertainty.