One of my least favorite conversations is when a project manager is trying to explain why his/her project isn’t going to meet the goals we so carefully articulated in the project’s grant proposal. Some of the excuses are unbelievable – along the “my dog ate my homework” variety – while others are entirely plausible.

Funders are reasonable people. They understand that situations change, unexpected problems occur and the best-laid plans sometimes go awry. At the same time, they have invested money in the project because of trust. They trusted your word. They believed that your organization understood the need, had a solution to address the problem, and had identified the personnel and budget necessary to get the job done.

Thus when the unexpected happens, how you handle the situation with the funder will determine whether your relationship remains solid or becomes damaged beyond repair.

Here are some excuses that are almost guaranteed to ruin your organization’s reputation with the funder.

- “We just wrote those goals to meet the proposal deadline.” What you write in the grant proposal is a commitment that your organization is required to carry out if it receives the funding. (I have written more on this topic in an article on grant agreements published in *YOU and Your Nonprofit* by CharityChannel Press).
- “We got busy with other projects and didn’t get this one started in time.” While running out of time can be understandable (see “time” below), it is absolutely unacceptable if the time crunch is due to poor planning.
- “We couldn’t find anyone to do the project.” Ideally, the project manager should have someone in mind before the proposal was submitted. In fact, many funders require that the resume of the lead staff person be included in the proposal. But even if the person was to have been identified after the grant was awarded, your organization should have been certain that the right person would be available to do the project once the money was received.

On the other hand, the following reasons are not only acceptable but can be instructive.

**Unexpected Time Delays**

Projects can take longer than expected, especially if you are working with external partners or regulatory agencies. One capital project I worked on required pre-approval by the Federal Communications Commission and the Federal Aviation Administration before construction could begin. Unfortunately, that process took longer than expected.
So if all you need is more time (and the delay was not due to your negligence), request a no-cost extension from the funder. But be sure you check the grant agreement carefully for any deadlines pertaining to filing such a request.

**Changes in personnel**

People take new jobs, go back to school, or need time off for health reasons. If this is the case, you will need to talk to the funder. But before you talk with them, you will need to determine who will handle the role vacated by the missing person. Some funders require advance notice before a change in significant personnel may take place -- even for a short time period. Be sure to check the grant award documents for any requirements.

**Budget shifts**

Costs can increase, especially if there is a long lag between when the proposal budget was submitted and the project took place.

Or perhaps you were not able to raise as much revenue as you had hoped, and therefore, you weren’t able to carry out as many activities as you had planned. Funders will understand, but it is your job to explain the circumstances to them.

And of course, there are those rare occasions when you have a windfall. For example, when one of my documentary projects attracted more funds than we had expected to raise for the film, we were given permission to shift some of the funds into the community engagement portion of the project.

Whether it’s a time delay, a change in personnel, or a budget shift, these situations require the budget to be changed. And as most of you probably already know, many funders required pre-approval if the budget needs to be modified – and sometimes the threshold is a change of only 10% or 20% of an individual line item. Thus, you will need to inform the funder as soon as possible.

And remember, even if there is no such stipulation, you should talk with the funder if the budget adjustment will affect the approved project goals.

**Unforeseen complications**

Despite careful planning, sometimes the project does not proceed as planned. I know of one nonprofit that launched a well-designed employment training program. The project went relatively well the first year, but it did not attract the number of participants that the nonprofit had estimated. They found that they were missing one important program component. Many of their potential clients had children and needed babysitters. Unfortunately, these parents could not afford childcare for the hours of the training. The nonprofit shared this discovery with the funder and included onsite daycare in future proposals. The discovery was instructive – not only for the nonprofit but also for the
funder. The funder then could share this information with organizations wanting to do similar projects in other cities.

**Communication**

Communication is the key to successfully relaying disappointing news to funders. And as the grant professional, you need to regularly communicate with your project directors to keep on top of any changes in the project design, personnel, or budget.

As soon as you notice a shift, you need to check the grant agreement for any instructions on requesting approvals for project changes. But remember, even if there are no specific instructions, you will need to communicate with the funder about what is happening, as soon as it happens.

Don’t wait. Funders like to be kept informed about the problems, as well as the successes. As I mentioned earlier, the funding relationship is built on trust, and good communication is the key to maintaining that trust.