

An organization on a mission is inspiring. Unflappable. Unstoppable. Yet defining a mission to pursue is not as easy as it seems, and its importance is often overlooked. Indeed, foundation experts and philanthropy pundits have spent much of the last 10 years focused on strategy. Yet mission – the essential purpose of a foundation or of a charitable giving effort – has been largely ignored. In this piece, we will argue that mission drives strategy and that a foundation should be sure its mission is clear before engaging in lengthy efforts to develop strategy.

WHAT IS A MISSION STATEMENT?

A good mission statement clarifies for a foundation's board of directors and its staff the purpose of the foundation – its reason for being and enduring. Further, and of equal importance, a mission statement explains these issues to potential applicants and the public. Foundations by definition exist for the public good. Therefore, a foundation has the responsibility to explain its purpose to the public.

Private foundations in the United States are largely unregulated and unfettered. Therefore, as long as the foundation meets certain simple requirements, it can engage in activities and fund organizations with few limitations. A mission statement can help focus a foundation's work by establishing a strong sense of purpose and direction for a foundation's board and staff. In addition to purpose, a good mission statement can also establish the foundation's values, its geographic focus, and its desired goals. These can be important guideposts for the board and staff, as well as useful information for applicants and the public.

STRATEGY WITHOUT MISSION?

One of the most discussed problems with modern organized philanthropy is the rapid swings in the grantmaking focus of many foundations. Such swings typically result from the lack of a clear sense of purpose or mission. Think boat without a rudder.

For instance, a foundation may focus on environmental grantmaking for five years and then without notice change its focus to entrepreneurship. Even if the strategy for this foundation's environmental and entrepreneurship work is sound, it will not be as effective as a strategy that emerges from mission. This is because working towards solving large problems takes time and a foundation which frequently changes its focus areas will often struggle to build strong relationships with grantees and other funders

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working toward the same goals. Therefore, the foundation will have little impact in any one area. A change in focus area is a common occurrence in many larger foundations and it often coincides with the hiring of a new CEO. A new chief executive can bring a new perspective and with it the work of the foundation can dramatically change.

A family foundation with a strong sense of purpose avoids swings in focus and has the greatest impact and the greatest sense of fulfillment. Solid strategy, built on a strong sense of mission, leads to consistent and steady philanthropic work that achieves desired outcomes.

FAMILY FOUNDATIONS AND MISSION STATEMENTS

Most of the literature describing the creation of mission statements casts a wide net for all nonprofits. However, public charities and foundations, particularly family foundations, have very distinct differences when it comes to thinking about mission.

In the case of a new nonprofit, the board of directors is typically convened to consider questions such as “What is the purpose of this organization?” or “What services shall we provide and who shall we serve?”

In the case of an older nonprofit, the board is typically asked to consider the question: “Here is our mission statement; do we still think this is our purpose and does it describe how we hope to service our constituents?”

In both cases, these boards are thinking about the present and future. They are assessing the need for the organization and its services.

Yet in the case of a family foundation, the past will likely be more important in the creation of a mission statement. That is, the mission of a family foundation is often rooted in the traditions and values of the founding family. As the board of a new family foundation convenes to consider its mission, it will typically look back to consider their common experiences as family members and their common values and interests. Thus, their personal experiences and values will be the beginning point for the development of their mission statements. This process or characteristic is fundamentally different than that of other types of foundations and certainly dramatically different than that of a public charity.

THE IMPORTANCE OF DONOR INTENT

In general, the field of philanthropy worships at the altar of donor intent. Yet, without the preservation of the founder’s intent in a mission statement, or other foundation documents, the issue of donor intent can quickly become subject to personal interpretation. We frequently hear contradictory views from children regarding the intent of the parental founders. “Dad told me that we should focus our grantmaking on our home community where the wealth was created,” asserts the son. “Dad told me that he was most interested in entrepreneurship and that we should work to develop systems to support entrepreneurs,” says the daughter.

Preserving donor intent is a fundamentally important element in the development of a foundation’s mission statement. It cannot be done too early. It can always be revised by the donor later as he or she learns more about philanthropy.

CREATING A MISSION STATEMENT

A family foundation can create a mission statement in a number of different ways. A common practice is the board retreat model. In this option, the board of directors spends a day or two off site and works with a facilitator. Sometimes a retreat will focus solely on drafting a mission statement; other times there may be many aspects of foundation management that are discussed.

The board retreat model is the method for crafting mission statements most often recommended to family foundations, but it is not always the most practical or effective method. The primary benefits of this model are 1) the use of a facilitator to keep the conversation on track and ensure that all participants get to speak, and 2) the participants can learn from each other and inspire each other. On the other hand, in a retreat setting the louder or more strident voice can carry the day, and if there are ten attending directors, at best each board member speaks 10% of the time. Further, it is often difficult to schedule an off-site retreat with a group of busy board members. These retreats are often held at less-than comfortable, remote settings with poor internet and cell service, and this isolation may be undesirable to directors.

Some foundations delegate the development of a mission statement to a “writing committee” to avoid the painful and time-consuming retreat. This writing committee develops a proposed mission statement and then presents a draft for consideration by the board. This option avoids many of the drawbacks of the retreat model, but its success depends entirely on the strength of the committee members. The board members with the time and the interest to work on a mission statement may not be the ones best suited for the assignment.

A third option for the development of a mission statement is the use of an experienced philanthropy advisor to interview each member of the board. In this process each member of the board has the opportunity discuss at length his or her views on the purpose of the foundation, the values and traditions of the family, and their hopes for the future of the foundation. Unlike the board retreat model, the family does not come together in an expanded conversation to share stories and to learn from each other. However, because the identity of the person who commented can be kept confidential, it offers a safe environment for board members to share their true feelings and values.

After the interview stage, the advisor can prepare a draft of a proposed mission statement for consideration by a committee or the full board of directors. The benefits of this process include: 1) each trustee has the opportunity to share their full views, 2) by using a philanthropy advisor with foundation experience and experience in developing mission statement, the foundation benefits from that significant expertise, and 3) the draft mission statement prepared by the advisor is more likely to be based on the common values and traditions shared by all the family members, rather than the views of a strong or domineering board member.

ELEMENTS OF A MISSION STATEMENT

Foundation mission statements vary widely. At their most basic, a mission statement should explain the purpose of the foundation in simple declarative language. In addition to a statement about purpose, mission statements may contain some or all of the following elements:

- Values
- Grantmaking interests
- Geographic focus
- Strategies
- Restrictions
- Goals/outcomes

PURPOSE

Ideally, the purpose of a foundation should be the core of its mission statement. It should not be too general and not too specific. For instance, “to improve humanity” is too general, for it gives little direction to future staff and board. On the other hand, “to support children’s soccer programs in Akron, Ohio” is too specific, because ten years from now there may be little interest in soccer in Akron. A good statement of purpose should be able to stand the test of time, at least a generation or two. The implementation of the purpose can be left to the board of directors to adapt to present needs as it develops the appropriate strategy, as it is appropriate for strategy to adapt to changing conditions and the learning that comes from engagement with an issue.

CONCLUSION

Without a mission statement, a foundation is building its strategies on soft footing. Mission statements are a fundamentally important building block of a foundation’s strategic framework and deserve more attention. Further, the process of developing a family foundation mission statement must be dramatically different than the process used for other foundations or nonprofits. There are many techniques available to develop a mission statement, and a board of directors should consider the benefits of each process before engaging in this fundamentally important exercise.

CASE STUDIES

The Overly Broad Mission Statement

Bob Jones was a successful Cincinnati businessman having founded a number of large manufacturing companies in the 1950s and 60s. As the post war economy boomed, Bob accumulated significant wealth. Later in life, Bob decided to create a family foundation for a number of reasons. There were tax benefits, of course, and a foundation could be used to help keep ownership of the family business within the family. In addition, Bob felt that the family foundation could provide his children and grandchildren with a common enterprise after he was gone. He created the Bob Jones Foundation when he was in his 80s and used it for his personal giving. Although his three children, Bob Jr., Sally, and Alan, were on the board of directors, the board rarely met and when it did it was largely to hear about the grants Mr. Jones had made the previous year. When Mr. Jones died at the age of 91, the family attorney called the children together to discuss a number of important matters. Regarding the foundation, the attorney explained that Mr. Jones had funded the foundation as part of his estate and that its assets were expected to be \$35 million once the estate was settled.

Bob Jr. lived in California and was a part-time real-estate agent. He was interested in environmental issues and wanted to focus the foundation’s work on green energy and sustainable agriculture. Sally was married with two children and lived in Cincinnati.

She had been a social worker before she was married and she was keenly conscious of the declining inner-city neighborhoods of her hometown. Alan, an artist living in New York, was a little disappointed that so much of his father’s assets were now tied up in the foundation and he was eager to determine how the foundation might support, directly or indirectly, his artistic endeavors. In the meeting with the attorney, Bob Jr. had the presence to ask “what is the purpose of this foundation?” The attorney reported that the incorporation papers stated that the mission of the foundation was to “support general charitable activities.”

The children had no training and no experience. They simply had their own personal interests, and, after all, Dad had used the foundation to focus on his personal interests. In the first few years, the children repeated some of the annual gifts their father had made, but they began to bring to the table their favorite personal projects. A pattern developed: if you support my project, I will support your project. However, Sally felt that the grants made in Cincinnati shouldn't count as her projects, because she felt that these were really the continuation of their father's interests. The brothers, seeking a bigger piece of the pie, insisted that Cincinnati grants be counted as her allocation of the annual grantmaking.

As the children squabbled, the attorney was of little help. Mr. Jones had never made an effort to explain his long-term plan for the foundation. After another year of squabbling, the children felt there was only one solution: divide the foundation into three equal parts and each child could do whatever he or she wanted. Mr. Jones clearly wished for the foundation to be a tool to keep the family together after he was gone, but in the end, a lack of focus for the foundation undermined this goal.

The Very Specific Mission

John Nelson was a prominent professor in biochemical engineering at a major university. In addition to his professorship, he was the founder of a successful start-up company in Silicon Valley. He credited his success in business to the great experiences he had and connections he made while he was in academia. For this reason, he established a foundation whose sole purpose would be to fund research in biochemical engineering and encourage young students to choose the field. Before a formal mission statement or strategy for the foundation could be drafted, Mr. Nelson passed away.

Mr. Nelson's widow, Maude, was dedicated to preserving the original purpose of the organization. To be sure the purpose would be clearly communicated, she arranged for a facilitator to interview her and then come to a foundation board meeting where the trustees of the foundation – including her two children, Anne and Peter – would be present. In her interview, she explained that the foundation's sole purpose would be to advance the field of biochemical engineering per her late husband's wishes.

When the purpose of the foundation was revealed at the board meeting, Anne and Peter were upset. They had thought they would have some role in shaping the direction of the foundation's giving. After some discussion, Anne decided that she would rather not serve on the board of a foundation that would only benefit biochemistry, a field that had never interested her. Peter opted to stay on the board to help his mother run the foundation. Both children agreed that although the foundation's focus was narrower than they had expected, it was good to find out about their mother and father's strong dedication to this mission sooner rather than later. After Anne excused herself, the remaining board members discussed and agreed upon a mission statement for the organization.

Neithercut Philanthropy Advisors handles the philanthropic affairs for a select group of families and we advise foundations – mostly family foundations – on how to engage in effective, rewarding philanthropy. NPA has more than 20 years of experience creating strategies for families and foundations. Recent clients include the William Davidson Foundation, the Frey Foundation, the Seth Bonder Foundation, the Max M. & Marjorie S. Fisher Foundation, the Matilda Wilson Fund, the Ruth Mott Foundation, the Kansas Health Foundation, and the Annabelle Foundation, as well as a number of individual philanthropists.
