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Have a Mission to Preserve a Vision

by Mark E. Neithercut

Introduction

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 often is overlooked. An effective mission statement can help further many objectives for a family foundation, including helping to preserve and protect the vision of the founding philanthropist. Yet the importance of mission—the essential purpose of a foundation or of a charitable giving effort—has been largely ignored by foundation experts and philanthropy pundits over the last 10 years. The field generally has paid much greater attention to the concept of strategy, and has undervalued the importance of mission and the elements of a good mission statement.

This article argues that mission drives strategy and that therefore a family foundation needs to be sure its mission is clear before it engages in lengthy efforts to develop strategy. The article also addresses how a good mission statement can help preserve the legacy and vision of a founding philanthropist, and suggests some options for how family foundations can develop better mission statements.

What Is a Mission Statement?

A good mission statement clarifies for a foundation's board of directors and its staff

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the purpose of the foundation—its reason for being and enduring. Further, and of equal importance, a mission statement explains these issues to potential grant applicants and the public. By definition, foundations exist for the public good. Therefore, a foundation has the responsibility to explain its purpose to the public.

Private foundations in the United States enjoy a large degree of autonomy. As long as a foundation complies with applicable state law and the conditions of its tax-exempt status, it can pursue a wide variety of exempt-purpose activities and fund other IRC §501(c)(3) 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 also can 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 grant applicants and the public.

Can You Have an Effective Strategy Without a Mission?

One of the most discussed problems of modern organized philanthropy is the rapid swings seen 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 a clear mission. This is because successfully working toward solving large problems takes both time and people who are “pulling together.” A foundation that frequently changes its focus areas often will struggle to build strong relationships with grantees and other funders who are working toward the same goals, and therefore 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 executive director or 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.

The Importance of Donor Intent

In general, the field of philanthropy worships at the altar of donor intent. Yet, unless the founder's intent is preserved in a mission statement or other foundation documents, the issue of donor intent quickly can become subject to personal interpretation and constant argument. In my practice, I 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

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Exhibit 1: Example of an Overly Broad Purpose

[This hypothetical example is drawn from the author's actual practice experience, but does not use any client's real name.]

Bob Jones was a successful Cincinnati businessman who founded a number of large manufacturing companies in the 1950s and 1960s. As the post-war economy boomed, Bob accumulated significant wealth. Late 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 as part of his estate plan. More importantly, 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 adult children, Bob Jr., Sally, and Alan, were on the board of directors, the board rarely met in person. When it did, the meetings were largely an opportunity for the adult children to hear about the grants Mr. Jones had made during 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 formal 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 their favorite personal projects to the table. A pattern developed: “if you support my project, I will support yours.” However, Sally felt that the grants made in Cincinnati should not count as “her” projects, because in her opinion 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 grant-making.

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 so that each child could do whatever he or she wanted.

The unhappy upshot: Although Mr. Jones wished for the foundation to be a tool to keep the family together after he was gone, in the end, a lack of focus for the foundation undermined this goal.

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develop systems to support entrepreneurs,” says the daughter. These types of disputes increase in frequency as the intergenerational distance between the donor and his or her heirs grows, but they can be forestalled if the founder's mission is made clear to everyone.

Practice Point: A mission statement serves the important function of preserving donor intent. This step cannot be taken too early. The mission statement can be revised by the donor later as he or she learns more about philanthropy and further fine-tunes foundation goals. Failure to document donor intent increases the odds that the goals behind the donor's giving will be lost over time.

Family Foundations and Mission Statements

Most of the literature describing the creation of nonprofit mission statements casts a wide net, covering all types of nonprofit organizations. However, public charities and private foundations—particularly fam-

ily foundations—have very important differences when it comes to thinking about mission.

In the case of a new nonprofit organization, the board of directors typically is convened to consider questions such as “What is the purpose of this organization?” or “What services should we provide, and whom should we serve?” Where an older nonprofit organization is concerned, the board typically is 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 serve 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 likely will be more important than either the present or the future in the creation of a mission statement. That is, the mission of a family foundation often is rooted in the traditions and values of the founding family. As the board of a new family foundation convenes to consider its mission, it typically will look backward to con-

sider the individuals' common experiences as family members, and their common values and interests.

Thus, family foundation board members' 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.

Elements of a Mission Statement

Foundation mission statements vary widely. At its most basic, a mission statement should explain the purpose of the foundation in simple declarative language.

Purpose. Ideally, the purpose of a foundation should be the core of its mission statement. It should not be too general or too specific. For instance, a statement like “to improve humanity” is too general, for it gives little direction to future staff and board (see Exhibit 1).

On the other hand, there can be too much specificity. Something like “to support chil-

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Exhibit 2: Example of a Specific Purpose

[This hypothetical example is drawn from the author's actual practice experience, but does not use any client's real name.]

John Nelson was a prominent professor in biochemical engineering at a major university. In addition to his teaching, 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 the connections he made while he was in academia. For this reason, he established a foundation, the sole purpose of which was 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 that her late husband had shared with her. To be sure the purpose would be clearly communicated, she arranged for a facilitator to interview her and then come to a board meeting at which

the directors 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 each 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.

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dren's soccer programs in Akron, Ohio" is too narrow: 10 years from now there may be little interest in—or adequate other support for—youth soccer in Akron.

The well-stated purpose is specific enough to prevent the foundation from being all things to all people (see Exhibit 2).

Practice Point: A good statement of purpose should be able to stand up to 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.

Other Elements to Consider. 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; and
- Goals/outcomes.

Creating a Mission Statement

A family foundation can create a mission statement in a number of different ways, which are described briefly in the next sections.

Board-Retreat Model. A common practice is the board-retreat model. In this model, the board of directors typically 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 many aspects of foundation management are discussed.

The board-retreat model is the method most often recommended to family foundations that are crafting mission statements, but it is not always the most practical or effective method. The two primary benefits of this model are:

1. The use of a facilitator helps to keep the conversation on track and ensure that all participants get to speak.
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 10 directors attend, at best each board member speaks 10% of the time. Further, it often is difficult to schedule an off-site retreat with a group of busy board members. Board retreats often are held at less-than comfortable, remote settings with poor Internet and cell service, and this isolation may be undesirable to directors.

Writing-Committee Model. 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 full board. This model avoids many of the drawbacks of the retreat model, but its success depends entirely on the strength of the committee members. The board members who have the time and the interest to work on a mission statement may not be the ones best suited for the assignment.

Third-Party-Advisor Model. A third option for the development of a mission statement is to have an experienced philanthropy advisor interview each member of the board. In this process, on the plus side, each member of the board will get the opportunity to discuss at length his or her views on the purpose of the foundation, the values and traditions of the family, and his or her hopes for the future of the foundation.

One drawback is that the foundation usually will have to compensate the outside advisor. Also, unlike the board-retreat model, with this method 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, this model 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 either a committee or the full board of directors.

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The benefits of this process include the following:

- Each board member has the opportunity to share his or her full views.
- The foundation benefits from the philanthropy advisor's significant foundation experience and expertise in developing mission statements.
- 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.

Conclusion

Without a mission statement, a family foundation is building its strategies on soft footing. Lack of a mission statement also puts the vision and legacy of a founding philanthropist at risk.

Mission statements are a fundamental-

ly important building block of a family 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 nonprofit organizations. Many techniques are 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. ■



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