

CHAPTER

2

Defining Your Mission

Whether you intend to spend all funds during your lifetime, sunset your foundation, or establish an entity in perpetuity, a strong, well-crafted mission statement is indispensable. Although the IRS requires only a general statement of charitable intent in a foundation's incorporating documents, donors are wise to include much more. As philanthropic consultant Calvin Edwards notes, "A clear and precise mission statement is the bedrock for protecting donor intent. It all starts there."

A powerful mission statement underpins the crucial decisions you make about the governance and operations of your philanthropy. It leads to greater focus and clarity by helping you discern what is central and what is peripheral to your giving. It enables you to define the geographic boundaries of your generosity, identify board members committed to your objectives, decide whether to involve family members, explain to grantseekers what you will and will not fund, and decline off-mission funding requests. If you intend your philanthropy to last beyond your lifetime, a well-written mission statement helps your future trustees and heirs answer the fundamental question: What would our founder have done in these circumstances?

Crafting your mission statement may take considerable time. Some philanthropists arrive at a mission statement through a trial-and-error approach, learning from past mistakes. Others know exactly what they want to accomplish up front. Regardless, defining a mission is a deliberative process that often requires multiple revisions. Devoting as much attention as necessary to this task is particularly crucial (given the predilections of typical philanthropic staffers) if your philanthropy encompasses conservative or libertarian causes like fostering free markets, individual liberty, and traditional American values. “It’s vitally important that such donors specify a mission for their foundations that tells trustees, staff, and successor trustees what they want done with their money. If that’s not done, their foundations will become liberal organizations,” says Piereson.

Dan Searle understood the value of a mission statement that conveyed not only what he intended his philanthropy to accomplish, but also the values and philosophy behind his actions. Searle’s giving initially focused on supporting local Chicago-area institutions—such as the Art Institute, Northwestern University, and the Botanic Garden. Beginning in the mid-1990s, however, Searle decided to reinvent his philanthropy, creating the Searle Freedom Trust to focus exclusively on advancing liberty.

Well aware of the proclivity of philanthropies to veer off course over time, Searle employed Kim Dennis (who served as president of The Philanthropy Roundtable from 1991 to 1996) to help him craft a mission statement defining his donor intent. That inaugurated a six-month-long process of back-and-forth between Searle and Dennis. He asked her to collect mission statements from other foundations that had successfully preserved donor intent, like the Bradley Foundation. To illustrate his philosophy and outlook, he shared books he admired and clippings from the *Wall Street Journal* and other publications that resonated with him.

To hone his new foundation's focus areas, Searle talked extensively with Dennis, and the two of them met with representatives from freedom-advocating think tanks and other institutions to garner their input.

Eventually, Dennis developed a first draft, which Searle then further refined over a process of several months. "By the end of the process," Dennis says, "there wasn't a single word in there that wasn't intentional. It's only a six-page document, but every word was there because Dan wanted it there. We had long discussions over whether we should use the word *freedom* or *liberty*, over whether America is a *democracy* or a *democratic republic*. Once he finished it, he never made a change to it."

Aside from canonizing Searle's donor intent in written form, his mission statement served another crucial function: teaching Dennis a great deal about Searle's thinking process. That was a critical factor in maintaining donor intent after Searle passed away in 2007 and Dennis became president of the trust. When trustees and staff work side-by-side with a donor they develop a much more nuanced understanding of the individual's motivation, core values, and problem-solving strategies. Today, the Searle Freedom Trust has a robust portfolio of grantees that share Dan Searle's goals for his philanthropy: "creating an environment that promotes individual freedom and economic liberty, while encouraging personal responsibility and a respect for traditional American values."

Another example of a mission statement comes from the Lovett and Ruth Peters Foundation based in Cincinnati, Ohio. Lovett Peters made his fortune in the energy industry in the mid-twentieth century. He and his wife Ruth shared the same philanthropic passion. "They believed the best legacy they could leave behind was to try and help all Americans receive a great education, especially those most in need," says Dan Peters, their son who serves as president of the Peters Foundation.

Shortly after establishing the foundation in late 1993, Lovett Peters sat down and produced a concise mission statement barely over a page in length. "A mission statement doesn't have to be that complicated," Dan Peters says. This statement included a provision that the foundation sunset no more than 30 years after the death of the donors, stated a clear preference for "high-risk" philanthropic gifts with the potential for strong results, and favored supporting new up-and-coming opportunities over well-established programs. In 2000, Ruth and Lovett amended the statement to make clear that the education of children was their first priority.

Dan Peters had the opportunity to work directly with his mother and father on their philanthropic priorities for over a decade before their deaths

in 2009 and 2010. He emphasizes the importance of the mission statement—but also the fact that his parents gave during their lifetimes so he could see firsthand how they prioritized their philanthropy. “Giving while living helps you see the roadmap and understand the texture and intent,” he says. It is no surprise, then, that the foundation continues to focus on high-leverage investments in K-12 education on a national level.

The Searle and Peters examples demonstrate that developing a mission statement requires repeated refinements, both before grantmaking begins and after a donor gains more experience in foundation operations. Consider Sir John Templeton, who created his foundation in 1987 but updated his charter over a dozen times during the next two decades before stepping down as chairman in 2006. As his granddaughter observes, one of the things Templeton did well was to provide specificity. He called for seven giving areas, established expenditure limits for each, and included guidelines for renewal decisions on grants.



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Specificity about the “what” of grantmaking, while helpful, is insufficient to guide a foundation in honoring donor intent across generations. Templeton codified what is far more important and instructive—the principles he intended to drive his philanthropy: intellectual humility and open-mindedness, relentless curiosity, and individual and economic freedom. Many of the big questions the Templeton Foundation asks today—Why are we here? How can we flourish? What are the fundamental structures of reality? What can we know about the nature and purposes of the divine?—stem from inquiries the founder made in his own lifetime.

No matter the age of your foundation, it’s never too late to create a comprehensive mission statement. Take the example of the Philadelphia-based Connelly Foundation. Prior to 1990—when the foundation’s wealth creator, businessman John Connelly, passed away—the foundation had been largely run out of Connelly’s checkbook. Connelly never wrote an official

mission statement, though he had a strong philanthropic track record reflecting consistent personal views. The foundation was operating, as Riley puts it, on “common law”—unwritten, though widely understood. However, as the foundation’s governance began to pass to descendants and trustees who didn’t know Connelly personally, the need for a strong, written mission statement became urgent.

“A lot of times, there’s an assumption that if your board is comprised of family members or business colleagues or friends who knew the wealth creator well, they’ll transmit that knowledge to others through osmosis,” says Riley. “That doesn’t happen. It only really happens if you make a deliberate effort to codify and distill these principles. If it doesn’t get written down in practical terms, it’s going to get lost over time.”



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The ingredients of an effective mission statement

Your mission statement should describe—as concisely as possible—the reasons behind your philanthropy. You can then supplement your statement with an addendum that contains more detail: your principles and beliefs, preferred operating principles, grantmaking guidelines, and succession directions. Landing on the best wording for your mission statement can be a long process, but it’s well worth the time. Following these steps will help:

Discuss your values and principles

Discussing your values helps future trustees, staff, and family not only know the “what” of your philanthropic giving, but the crucial “why” as well. As she worked to recover and preserve donor intent at the Daniels Fund, Childears regretted that Bill Daniels had not explained his values and beliefs in more detail for future generations to reference. Daniels had clarified his wishes—where he wanted his money to go, down to payout percentages—but he hadn’t spent much time on the principles that should govern the foundation’s grantmaking.

Although explaining a donor's "what" is crucial, don't stop short there. The "why" is also vital. "When a donor says he wants to work in, say, performing arts, just knowing that is not good enough," Childears warns. "It's why you want us to work in performing arts. What matters to you about it? Is it the audience experience? The cultural value? What specifically about those funding areas matters to you?"

If you're not sure how to talk about your values, here are some questions to get you started:

- What are the ideas, traditions, persons, events, and circumstances that shaped you as a person? How are they reflected in the personal and professional choices you have made in your life?
- What experience have you had with charitable giving and what has given you the most satisfaction? What has disappointed you?
- Why are you establishing a philanthropic entity now? What good are you trying to achieve? What problems do you want to address? Are you working to improve society in general, help a specific segment of the population, benefit a certain geographic area, or support a particular institution?
- Do you want your faith to be reflected in your philanthropy? If so, how?
- Is family involvement in your philanthropy important to you? If so, then carefully spell out who will be involved and what role they will play. (See Chapter 3 for a full discussion of protecting donor intent in family foundations.)
- Are there philanthropists whom you admire? On what grounds?
- Are there nonprofit leaders you admire? Why?
- What are the biggest mistakes you see in philanthropy? How will you avoid repeating them?
- What values do you want to form the basis for your philanthropy? What steps can you take to ensure that others understand and honor those values?
- Are there ideas, institutions, and places that you will not support? "Your mission statement should have negative covenants as well as positive covenants," advises philanthropy consultant Al Mueller.

Use clear language and be specific

Clarity is of utmost importance when you're creating your mission statement. Think about it from the perspective of readers who never knew you

or your philanthropy—would they comprehend your meaning? Would they have an accurate understanding of what motivates you? Would they know not only your grantmaking priorities, but also the outcomes you seek and the strategies you prefer? “Helping the needy” opens the door to any number of grants with which you might disagree. “Enabling the poor to support themselves with dignity through workforce training and character development” identifies both end and means. “This is an outcome at the level of the recipient, not the organization—and that makes all the difference. It focuses on the change you want to see among members of society,” says Calvin Edwards, who works with donors to formulate effective giving strategies and assess their impact.

In addition to carefully choosing your language, be specific. Specificity is one of the greatest resources for preserving donor intent through a mission statement. As Riley notes about mission statements, “the most inspiring ones can sound poetic. But they’re almost useless.” In contrast, useful mission statements are precise. “Say a donor specifies that his foundation’s money should support teaching engineering in Kansas, because he was an engineer. Well, that’s not a lofty mission statement, but it’s going to be hard for future generations to pervert that and spend it on whatever they want.”

Make your mission statement readable and memorable. One way to achieve this outcome is to keep it short, and use supporting documentation to elaborate further. “Long mission statements tend to ramble and decrease in clarity with their length,” Edwards says. “Pick your verbs carefully and avoid ‘weasel’ verbs that, it seems, every nonprofit organization in the world uses, such as ‘help, equip, empower.’ Use more precise verbs than those generic terms.”

Identifying operating principles

Now that you’ve formulated a concise and strong mission statement, the next step is to create supporting documentation surrounding your statement, including the thinking and principles that will guide the operations of your charitable entity. Think through these questions:

- Will you do all your giving in your lifetime? Assign a sunset schedule for your foundation? Plan for perpetuity?
- Will you support direct services to individuals: scholarships, medical care, food banks, and the like? Will you fund cultural institutions like churches, schools, museums, and research

organizations? Or will you effect change through advocacy, public education, policy work, publications? Are you comfortable with some mixture of these? In what ratios?

- Will you support local, regional, or national organizations? Or some combination? Will your strategies and charitable topics differ from one level to another?
- Will you provide start-up support, or do you prefer well-established organizations?
- Will your grantmaking involve fewer large grants, or many smaller grants?
- Will you consider multi-year grants? Matching grants?
- What kind of relationship do you want with grantees? Do you want to give your grantees active guidance and direction? Or do you prefer to let them manage execution themselves?
- Will you support endowments, capital campaigns, or annual galas?
- Will you fund only specific programs or projects? Or will you consider general operating support?
- Will you seek collaborative funding? Public-private partnerships?
- What kind of visibility would you like? Should your entity ever give anonymously? If so, under what circumstances? Should you (or your successors) produce an annual report, maintain a website, or otherwise promote your philanthropy?
- What is your timeframe for achieving desired outcomes? Are you looking for immediate payoffs, or do you prefer to invest for the long term?
- How will you use evaluation and assessment in your grantmaking?
- With your timeframe decision in mind, what sort of spending rate do you prefer—the minimum amount required by law (5% of assets annually for private foundations) or a more aggressive approach?
- How will your assets be invested? Will you consider mission-related investing? Program-related investing?
- Are there types of grants that you absolutely will not make? Funding areas to be avoided? Operating procedures that are unacceptable?

Involving people you trust

Returning to the story of Dan Searle's collaboration with Kim Dennis, some donors will find it most helpful to involve others in formulating a mission statement. These trusted individuals may be family members, professional colleagues, other philanthropists, or nonprofit directors who share

your values. You may also decide to bring on a consultant to help. Consider engaging potential trustees or staff members in the conversation.

While the mission statement should reflect your values, talking early on with those who will carry out your intentions will help them better understand you and your donor intent. You may be concerned that conversations with others will only confuse your thoughts, but one anonymous donor found that early discussions reinforced his intentions for his philanthropy. One of his foundation executives explains: “Once we had a document that he was comfortable with, he sent it out to about two dozen people in the foundation world and the policy world. We asked for their reactions to it. People wrote long responses, sometimes several pages long. A lot of people said he should elaborate on some point, but for every person who said to elaborate, we had someone else say the material should be shortened. We incorporated some of the recommendations, but not a lot. He was persuaded by very few of them. But what the process did was give him confidence in the document we had. He found that he liked it the way it was.”



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Supplementing your mission statement

If you want to add to the documentation of your donor intent, consider creating supplemental materials that convey to others your character, passions, goals, and ideas. You might record a video in which you speak candidly to a sympathetic interviewer about your values, principles, background, and vision. Legacy statements, which are simply more comprehensive mission statements, help transmit donors’ sensibilities across time to directors, staff, and family. You may also include notes, letters, and speeches that enable others to capture your personal history as well as the nuance and richness of your intentions. “It’s really helpful that my grandfather wrote so much about what he wanted, because we have a lot of text we can refer to,” notes Dill.

Donn Weinberg, a former trustee of the Harry and Jeanette Weinberg Foundation, emphasizes the crucial role of the first generation of trustees in preserving the original wealth creator’s voice for future generations. “Early generations of trustees have an obligation to create a history, to memorize

what the founder not only said, but meant and cared about, liked and didn't like, so that it's a guide for future trustees," he says. "If they don't do that, future trustees really don't have anything solid to guide them, and as a result they fall back on their own discretionary desires."

At the M. J. Murdock Charitable Trust, executive director Steve Moore began shortly after his hiring in 2006 to assemble a wealth of material to understand and document the donor intent of founder Melvin J. "Jack" Murdock. A consummate entrepreneur from his youth, Murdock and a partner eventually launched the electronic instrumentation company Tektronix, Inc., in 1946. Amidst the electronics surge following World War II the company boomed. After Murdock died in a plane crash at the age of 53, his will established a charitable trust "to nurture and enrich the educational, cultural, social and spiritual lives of individuals, families and community."

Although the trust had already been operating for three decades when he was hired, Moore took on the task of assembling a list of people who knew Jack Murdock the best, visiting them, and asking about Murdock's philanthropic wishes. "A whole generation of people who knew Jack firsthand were dying off," Moore recounts. "They were in their 90s, 80s, and some late 70s. And so I hired a videographer to go along with me, and I just interviewed them and asked them to tell me about Jack Murdock—what he valued, what he gave to, what interested him."

Moore and his staff then assembled taped interview clips to provide an audio-visual record of Murdock's donor intent. When Moore sat down with the three sons of Murdock's business partner—who had often gone fishing with Jack—they shared many stories about his passion for the outdoors and conservation (which is a cornerstone funding area of the Murdock Charitable Trust). Videos and oral histories are excellent ways to "embody" donor intent, Moore suggests. "We all learn by stories. A good story illustrates your goals much better than a two-chapter document."

What a great mission statement can—and cannot—do

Violation of donor intent is always a danger—either through an abrupt turning of the ship or through small incremental deviations over an extended period. A well-defined mission statement goes a long way toward preventing that. As Bradley Foundation CEO Richard Graber says, "In many ways, the easy part is putting those words on paper—that's the first part. The second part—the harder part—is executing. But without that first part, I'm not sure you can get to the second part."

The function of a mission statement is assisting those who come after you—whether family members, directors, a court, or beneficiaries—to understand your goals. Yet you still must have successors who desire to carry out your wishes.

By their very nature, the power of mission statements is limited. Even if you supplement your statement with legacy documents, videos, and other supporting materials, these items, while necessary, cannot guarantee that your donor intent will be honored. They put guardrails around donor intent, but the charitable vehicle can still crash. The “people part” of the equation is enormously important.

“I often say our Searle board meetings are more like séances—we’re always asking what Dan would have done,” Dennis says. “Even though we have this great mission statement, it’s less the mission statement that controls us than actually sitting there and remembering Dan, knowing what he would have done. In the end, no document will protect you from people who want to pursue their own ends.”

In subsequent chapters this guidebook will discuss other critical elements in protecting donor intent: the timeframe of your philanthropy, the philanthropic vehicle you choose, the governance structure you establish, and—of course—the individuals you bring on board.