

MISSION DRIFT

BY KRISTIN TODD

NONPROFIT ORGANIZATIONS often find themselves at a crossroads—sitting at the intersection of funding and service. The organizations strive to keep a focus on their governing missions; however, they may “DRIFT” and take a different turn, according to two Baylor professors.

Charles S. Madden and Van Gray, director and associate director of the Center for Nonprofit Leadership and Service, respectively; have been conducting research to analyze results of nonprofit organizations accepting monetary donations that cause “mission drift.”

Producing outcomes as a nonprofit is impossible without sufficient donated funds. But when that dream donor designates a multi-million dollar donation to an

organization, he or she may have stipulations attached to the gift that do not directly support the organization’s mission. Madden said that is when the organization and its board must decide whether or not to “drift” or “creep” from its original mission when accepting the funds.

An example he gives is Joan Kroc, the late widow of Ray Kroc, the founder of McDonald’s; and her more than \$1.5 billion dollar bequest



to The Salvation Army. Kroc specifically asked that the funds not be used for current programs, but that 50 percent be used for the development of community centers nationwide. The other half was set aside for an endowment to maintain the centers. The Salvation Army did accept the funds and the centers were built; however, did the mission of the organization “drift” with the transaction? Historically, The Salvation Army began as a church, but over the years its mission has evolved.

“Our hypothesis is that it’s not always a bad thing for an organization to accept funds that may not be directly aligned with its mission,” Madden said. “For example, this may make the organization re-evaluate itself and become more efficient. The historical consensus is that accepting funds with stipulations is a bad thing when the mission is affected by the money. We are examining organizations that have encountered a ‘mission evolution,’ where that organization has experienced a positive change from a donor’s designated funding.”

HOW MUCH POWER is bestowed to donors when an organization accepts designated funding? And how accommodating should the organization

be of donor requests? It would be extremely difficult, and arguably crazy, to return a \$20 million donation. However, that is exactly what Yale University did back in the ‘90s when given a donation by Lee Bass, Texas billionaire, to fund faculty positions for Western Civilization curriculum. After a few years, arguments arose about the utilization of funds in conjunction with the donor’s requests. A compromise was not reached, the deal fell apart and Yale kissed \$20 million goodbye.

Madden said there are many factors that determine the decisions to accept or deny funding based upon an organization’s stance relating to its mission.

“A mission is meant to be an inclusive device - bringing together leaders, volunteers and resources,” Madden said.

HOW MUCH OF A \$AY should a donor get if he or she wants to change the mission through funding? Does the organization cling to its mission or take the money?

Also, there are other outside factors to take into account such as political influence. We are analyzing the effects of these transactions through our research.”

Madden and Gray are currently collecting cases, using the national press and other resources, to see the positive or negative effects of mission drift. They hope to submit their findings to be published next year.

ORGANIZATION

FUNDING