

Chapter 5

Nonprofit Mission

Endgame: Extinction

The mantra for businesses is growth, growth and more growth. The opposite should apply to nonprofits. Nonprofits are created to achieve societal change. Ultimate success occurs when the nonprofit's mission is achieved and its existence is no longer needed.

Extinction, not growth, should therefore be the endgame for nonprofits. For many reasons, this generally is not the case. After all, it is hard to celebrate the death of an organization, rather than its birth and growth.

However, there are enlightened nonprofit boards and executives of charities—and even foundations—which understand the value of a focused mission, accomplishing it and then closing out.

Across the world, nonprofit organizations are in growth mode, growing in numbers and in variety. The Johns Hopkins Comparative Nonprofit Sector Project, a pioneering study of the nonprofit sector in over 40 countries, calls the phenomenon a “veritable global associational revolution,” where there is a “massive upsurge of organized private, voluntary activity in virtually every region of the world—in developed

countries of North America, Western Europe and Asia; through Central and Eastern Europe; and in much of the developing world.”¹

In the U.S., the total number of public charities and foundations increased from nearly 600,000 in 1996 to over 1 million in 2006, a growth of over 70 percent in a decade.² In the U.K., the number of registered charities rose marginally by 3.5 percent to more than 190,000 in the same period.³ In Singapore, there were 400 registered charities in 1983. By 2006, the number had increased four and a half times to more than 1,800.⁴

But it is not only the number of charities that has grown; the size of each charitable organization is also growing. While the number of U.S. public charities grew by 68 percent in the decade leading to 2003, expenditure grew by 88 percent and the value of assets held increased even further by 104 percent.⁵

The Growth Mantra

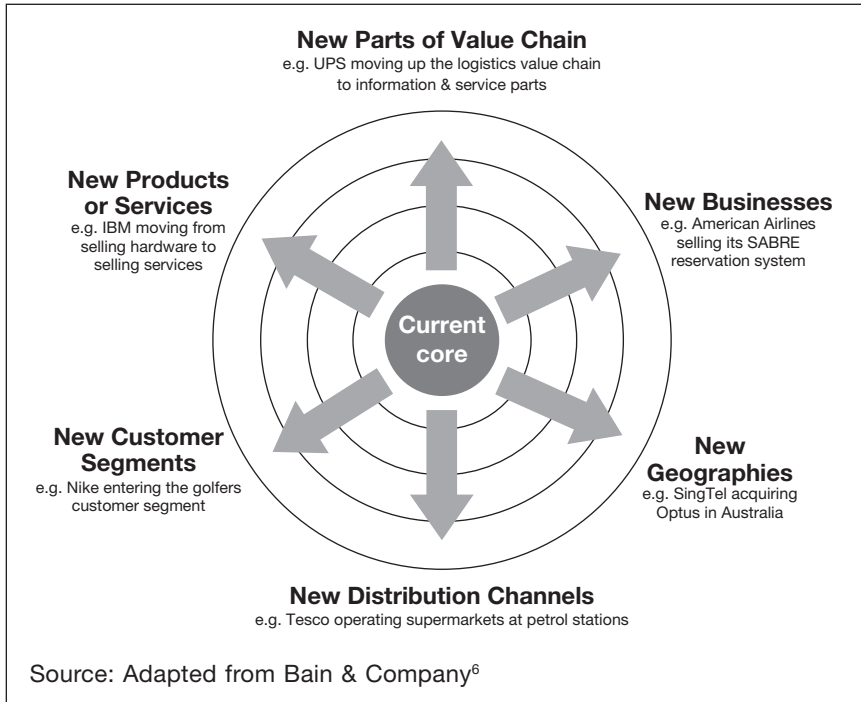
That all sounds great for many of us, especially those from the business world. “Growth, growth and more growth” is a refrain second only to “maximizing shareholders’ value.” In fact, growth is seen as a key way to increase shareholders’ value.

Commercial companies grow by two means. They can do more within their core business i.e. by selling more of their existing products and services to their customers. Most companies initially grow by doing this.

However, when companies hit the limit of what they can do within their core business, they often expand by moving into adjacencies. These are areas away from the original core business, but which are often related in varying degrees so that the company can leverage its core competencies, existing customer relationships, brand, networks and other strengths. Examples of the various ways in which a commercial company can expand beyond its core is illustrated in Figure 5.1.

Nonprofit organizations tend to follow this model. They start off trying to do as much as they can in relation to their cause. As they become successful at what they do, they also tend to look into adjacencies.

For example, one of America’s largest and best-known charities, Toys for Tots, is expanding into literacy. The nonprofit started in 1947, and for 61 years, it faithfully delivered Christmas presents to needy children across America. In 2006, it delivered 20 million toys. Then, in 2008, it launched the “Toys for Tots Literacy Program” to collect books and other educational material and distribute these to needy children.⁷

Figure 5.1 Growing Beyond the Core

Many other nonprofit examples abound. But the question is this: should charities, in fact, be following the business dictates of growth for growth's sake?

Extinction Agenda

Philosophically, if we go back to the *raison d'être* for the existence of a charity, we find that it is about causes. Whether that cause is about people (The Children's Society), animals (Society for Prevention of Cruelty to Animals), or toilets for that matter (World Toilet Organization), the purpose is to effect change through advocacy and/or service in all or some parts of society.

Success for a charity, therefore, comes when it has achieved its goal of effecting the societal change that it originally set out to do. In other words, ultimate success must mean that a charity no longer needs to exist! This is the antithesis of the commercial world, where liquidation often means ultimate failure.

Therein lies a key contrast between the two worlds. In the commercial world, you succeed by growing and expanding. In the nonprofit world, you succeed by becoming extinct.

I first became acquainted with this notion in 2005 when I had dinner with Iftekhar Zaman, the executive director of Transparency International (TI) Bangladesh.⁸ TI is an international non-governmental organization devoted to combating corruption. Zaman had his work cut out for him as Bangladesh was then ranked at the bottom of the global Corruption Perceptions Index. “My job is to catalyze conditions where we won’t be needed anymore,” he said. “If corruption can be brought down to a tolerable level and Bangladesh moves up the global rankings, TI-Bangladesh will have its mission accomplished.”

Unfortunately, he did not anticipate this happening soon. Such a sentiment is certainly not motivated by any desire to stay on the job forever as he narrated the difficulties of working in an environment where the powers-that-be were against what he was doing.

Perhaps extinction may be easier for Transient Workers Count Too (TWC2).⁹ The non-governmental organization was set up by a group of social activists to champion the rights and fair treatment of migrant workers in Singapore. Its founding President, Braema Mathi, said at an awards ceremony honoring the charity that “we aim to disappear, because that means our work is done.” Mathi, who started the charity in 2003, has given the group until 2010 to “self-destruct.”¹⁰

Looking for Extinctions

I reckon that if there are any charities that should be extinct in due course, they would likely be those in the healthcare sector. With rapid medical advances, it is likely that charities set up to deal with specific health causes should, in time, become extinct. Let’s look at two: leprosy and tuberculosis.

Leprosy was an endemic disease, especially in many tropical countries, in the mid-1900s. The World Health Organization (WHO) had targeted to eliminate leprosy as a public health problem through effective implementation of multi-drug therapy. It has met with much success. WHO estimates that the number of leprosy cases worldwide had decreased from 10 to 12 million in 1985 to about 2.4 million in 1994.¹¹ The number of new cases worldwide has been declining year on year, with less than 300,000 in 2006.¹²

A number of nonprofit organizations help WHO in its mission of eliminating leprosy. One of them is LEPROA, or the British Empire Leprosy Relief Association.¹³ It was set up in 1924 “to rid the Empire of leprosy.” While it continues to pursue the cause of leprosy, it has expanded in several ways. Geographically, it has been expanded to cover more countries including many in Africa, Asia and Latin America, even as the British Empire exists in all but name only. It has also gone beyond leprosy to include HIV/AIDS, tuberculosis, eye care and sight-saving surgery, and social rights. In fact, its revised mission statement is “to address unmet health needs of people affected by leprosy, tuberculosis, HIV/AIDS and other health conditions exacerbated by poverty, discrimination and stigma.”

In Singapore, leprosy is very much under control. The Singapore Leprosy Relief Association¹⁴ provides a home and care for ex-leprosy victims. The number of residents is declining, and as the Association plans its move to a new home, it intends to expand its coverage to skin diseases beyond leprosy, such as eczema, psoriasis and venous ulcers.

Tuberculosis is a much more deadly disease than leprosy. It was a major killer in Singapore in the 1960s, but it is now under control. Between 1960 to 2004, the number of cases was reduced from 310 to 39 per 100,000 resident population. The Singapore Anti-Tuberculosis Association¹⁵ was set up in 1947 with the aim of combating tuberculosis. By 1972, it had dealt with over 46,000 cases. In recent years, the number of new tuberculosis cases dealt by it has ranged from four to 29 annually.

Despite the few tuberculosis cases, the organization continues strongly with four clinics and a staff of 120. The charity has evolved from a tuberculosis clinic to a healthcare provider, mainly of general medical services such as pre-employment checkups and health screenings. It now goes only by its acronym of “SATA” and its revised mission statement is to “promote lung health and provide health screening to the community.”

Extinctions Found

In looking for cases of extinctions, we can, of course, start with the list of those charities that no longer exist. Official reasons for termination are not usually available. A few years back, I did a poll of charities that had closed in Singapore. It appears that almost all did so either to change organizational forms (that is, they were pursuing the same causes under

a different umbrella) or they were unable to survive. In the latter cases, it was usually a result of inadequate funding and support from the community.

It is rare to find an organization closed because it has accomplished its mission and disbanded. Such organizations are often those born for a very specific mission and the leaders of the organizations were, and continued to be, clear about the mission and the timelines.

One example of a focused nonprofit is Families Against Casino Threat in Singapore (FACTS). It was set up in 2004 when the political leaders were considering granting casino licenses for the first time in Singapore. FACTS provided a platform for Singaporeans to register their anti-casino views via an online petition to the President of Singapore. It gathered 29,000 signatures and submitted its petition in April 2005. You could debate whether FACTS was successful since the government's decision came down against the petition, but FACTS did perform its stated role and its cause was effectively over when the government made its decision to allow two casinos.

Even though Fong Hoe Fang, founder of FACTS, acknowledged at the time that there was talk among the signatories "to form some kind of an organization to combat the social ills that will befall our land once the casinos come on track," this has not yet happened. The orientation and skills to deal with problem gamblers is different from that of mobilizing an online advocacy group.

Another focused nonprofit is The September 11th Fund.¹⁶ The Fund was set up immediately after the World Trade Center attacks on September 11, 2001 by the New York Community Trust and the United Way of New York. The response was immediate and overwhelming. Within 24 hours, it collected US\$15 million. The Fund eventually disbursed US\$528 million to the victims, families and communities affected by the attacks. The Fund was then closed in December 2004, just slightly over three years after it was created—a short time to spend half a billion charity dollars.

In the case of The September 11th Fund, its board and chief executive officer (CEO) were very clear of the purpose and tenure of the Fund. Several of the board members had experiences in "specific projects [that] turned into institutions that lasted too long, sometimes in search of a purpose."¹⁷ Yet, "working purposefully towards your own obsolescence" created a lot of challenges, the biggest of which was emotional.¹⁸ It is hard to see death, even of an organization, as a cause for celebration rather than something to be mourned.

Perpetual Causes

But a pertinent question is this: Is extinction a meaningful measure of nonprofit success?

Some would argue that many social causes are effectively perpetual. We can all imagine that global poverty, world peace, climate change, and even cruelty to animals will take a long time to solve, maybe never. So should extinction be a non-issue for such causes?

Granted, some causes will be with us for a long time. But the mission of a nonprofit can be defined more precisely to make it more meaningful and actionable. The *Stanford Social Innovation Review* recently described several key characteristics of a successful nonprofit mission statement.¹⁹ It noted that, above all, the mission statement should be focused—rather than be grand posturing to solve the problems of the world. While mission statements should be inspirational, and even aspirational, they should also be framed in practical terms proportionate to the resources that can be brought to bear. The journal noted that mission statements should be timeless and should only be altered in truly exceptional situations, rather than be changed to accommodate the next flavor-of-the-month activities the board or staff wishes to undertake.

Foundations with endowments are a type of charity that many of us would assume to be perpetual. Here, a philanthropist creates a foundation by leaving a large sum of money behind. The annual income that could be generated by the endowment is used for grants. U.S. federal law requires that five percent of the net investment assets, which is a reasonable long term economic rate of return on monetary assets, are distributed as grants by a private foundation. With this approach, a foundation can effectively be perpetual unless the funds or the foundation is mismanaged.

The rationale for having perpetual foundations is that they allow the preservation of long-term money for solving long-term social problems. This would include having a sufficient pool of money to resolve unanticipated social problems. That may be the argument, but often it may simply be that the donor wants to leave a long-lasting legacy and ensure that a tradition of philanthropic giving continues in the family.

There is a new wave of thinking that runs counter to this. The view is that it is “irresponsible, even immoral, to keep large amounts of tax-advantaged wealth on the sidelines when present needs are so great.”²⁰ Instead, several philanthropists today are establishing limited-term foundations with expressed wishes that the money be spent on specific causes within a fixed period of time.

The first such foundation that I came across was a smallish one in Singapore—the Ian Ferguson Foundation. According to Peony Ferguson, her husband’s will stated that the money should be spent within 10 years and as chairperson of the Foundation, she was working towards fulfilling that wish.

A more well-known limited-term foundation is the Aaron Diamond Foundation. Aaron and Irene Diamond had decided on a 10-year lifespan for their foundation and for the allocation of monies to various types of causes. When Aaron Diamond died, his wife did just that. From 1987 to 1996, the foundation gave away US\$220 million to more than 700 New York City organizations. One of the projects was the establishment of the Aaron Diamond AIDS Research Center that subsequently pioneered the use of the combination drug therapy that helped reduced by five times the AIDS-related death rate in America and Western Europe.²¹

Other foundations such as the John M. Olin Foundation that closed in 2005 and Atlantic Philanthropies which intends to do so in 2016, have similarly taken this route. Even the Bill & Melinda Gates Foundation which can probably last indefinitely based on the sheer scale of its assets, is setting the pace in this area of foundation governance. It has declared that it would spend its money and go out of business within 50 years of the death of its last trustee, rather than become a permanent institution.²²

Exiting Graciously

So what does it take to make extinction happen?

To initiate the process of extinction, Carol Kelleman, the CEO of The September 11th Fund offers three lessons:²³

- A closeout cannot be undertaken without full support from the board and the CEO. Given the difficulties of closing out, including the emotional challenges, Kelleman felt that this was the most important element of the closure.

- Start the closeout process well in advance and give staff, colleagues and partners ample time and compassion so that they can plan, reflect and accept the new reality. This lessens the pain of getting people to work themselves out of a job.

- Start right away to ponder posterity, for example how and what documentation about the life and work of the organization should be saved and shared. This is about capturing history efficiently and wisely.

While the closeout may be painful, it probably takes more discipline not to veer in the other direction of unwarranted expansion. It is easy to be distracted or attracted by other opportunities that are initially at the periphery of a nonprofit's core mission but which, in time, lead the organization further and further away from its core. This is called "mission creep."

A case study of how mission creep can be avoided is the Rural Development Institute (RDI).²⁴ RDI is a nonprofit organization, comprising attorneys, economists and public policy experts, that helps the rural poor in developing countries obtain legal rights to land. The organization has helped 400 million poor farmers around the world own some 270 million acres of land. It does so with a very lean staff of 23, field offices in various countries and a total annual budget of just US\$2 million.

RDI has been effective because it steadfastly makes decisions related to its scope based on its articulated mission "to secure land rights for the world's poorest people, those 3.4 billion chiefly rural people who live on less than \$2 a day." The success of the organization has brought tempting opportunities for it to expand into new areas, to aid new populations and to adopt new methods. But it has not yielded to such temptations. For example, despite the lucrative offer of a subcontract to help a fully-funded urban land rights reform program in the former Soviet Union, RDI declined because the program did not deal with its core constituency, the urban poor. It turned out to be a good decision because other opportunities that fitted its niche came along that enabled RDI to do what it wanted in the former Soviet Union. In time, RDI helped allocate about 106 million acres of land to the impoverished in the former Soviet Union.

A closeout is often difficult also because of perceived "waste." If a nonprofit were to close, or just simply scale down its programs in line with the needs of its cause, does this mean that all the expertise, volunteers and value that had been built up is lost? Well, it need not and should not be. The people involved and the capabilities developed can, and should be, harnessed for other causes.

The nonprofit sector is replete with examples of serial social activists and entrepreneurs who move from successfully leading one charity to the next. Prior to founding TWC2, Braema Mathi was instrumental in starting the School Pocket Money Fund²⁵ that seeks to alleviate the financial burden of education for low-income families. She also initiated the White Ribbon Campaign to end violence against women and children for the Association of Women for Action & Research. Currently, she is the coordinator for MARUAH, a group that is facilitating an ASEAN Human Rights Mechanism.²⁶ Jeroo Billimoria²⁷ first started a telephone hotline for children in distress in India, then moved on to a global network of children's helplines, and most recently to another global network to empower poor children through social and financial education. Nicholas France²⁸ is another serial social entrepreneur, who founded several social enterprises: manufacturing and selling furniture, cutting greenhouse pollution emissions, with the most recent being to cool the globe via rapid, large scale energy efficiency.

It could be argued that this, in a sense, is similar to what some charities are seeking to do, as their original mission is being accomplished. By expanding under the original organizational umbrella, a charity is able to leverage on its infrastructure, capability and brand.

On the other hand, moving to a new cause under a new charity setup avoids having to deal with the confusion over the original cause (often built into the charity name e.g. "Toys," "Tuberculosis," and others). It also avoids the tricky question of donors' intentions on the use of their donations for different purposes.²⁹ More importantly, having a clear cause and an end goal provides focus and optimizes the use of community resources.

The Road to Extinction—and Growth

Thus, extinction should be the endgame of nonprofits. Nonprofits can get there if they define their mission statements in focused and practical terms, and single-mindedly strive towards achieving their mission in the stipulated timeframe. The challenge is to overcome our natural tendency and business upbringing to pursue organizational growth for growth's sake.

Doing so would make for a more vibrant and effective charity sector. As each charity focuses and accomplishes its mission, the resources are

better utilized and can be productively harnessed for new charities and causes. This will grow the sector. The end goal for the individual charities is extinction, but paradoxically, the collective result for the sector would be its growth.

Endnotes:

Adapted from: "Endgame: Extinction," *SALT*, July-August 2005; and "Charities should aim 'to be extinct'," *The Straits Times*, July 23, 2005.

- 1 Lester M. Salamon, Helmut K. Anheier, Regina List, Stefan Teopler, S. Wojciech Sokolowski and Associates, *Global Civil Society: Dimensions of the Nonprofit Sector* (The Johns Hopkins Comparative Nonprofit Sector Project, Kumarian Press, 1999); Lester M. Salamon, S. Wojciech Sokolowski and Regina List, *Global Civil Society: An Overview* (Center for Civil Society Studies, Institute for Policy Studies, The Johns Hopkins University, 2003).
- 2 "Number of Nonprofit Organizations in the United States, 1996-2006," National Center for Charitable Statistics, <http://nccsdataweb.urban.org/PubApps/profile1.php?state=US>.
- 3 Statistics from: Sarah Brennan, "An up-to-date picture of information held on the register of charities and insight into charities and public service delivery" (paper presented at the National Council for Voluntary Organizations Research Conference, "Measuring the voluntary sector," September 2007), www.ncvo-vol.org.uk/uploadedFiles/NCVO/What_we_do/Research/Research_Events/Brennan_S_PDF.pdf.
- 4 Statistics from: Wong Sher Maine, "Small charities fight for bit of the pie," *The Straits Times*, April 7, 2004; and *Commissioner of Charities Annual Report for the year ending December 31, 2006* (Singapore: Commissioner of Charities, 2007).
- 5 *The United States Nonprofit Sector* (National Council of Nonprofit Associations, 2003), www.ncna.org/_uploads/documents/live//us_sector_report_2003.pdf.
- 6 This diagram is adapted with permission from a slide presentation by Bain & Company, Inc. More information on this concept can be found in Chris Zook, Bain & Company, Inc, *Beyond The Core: Expand your market without abandoning your roots* (Harvard Business School Press, 2004).
- 7 Philip Rucker, "Toys for Tots to expand mission with children's literacy campaign," *Washington Post*, March 2, 2008. See also www.toysfortots.org and www.toysfortotsliteracy.org.
- 8 www.ti-bangladesh.org
- 9 The group was originally called TWC2, named after The Working Committee, an initiative aimed at strengthening civil society in Singapore. See John Gee and Elaine Ho, *Dignity Overdue* (Select Publishing, 2006) and www.twc2.org.sg.
- 10 Yap Su-Yin, "Group honored for helping foreign workers," *The Straits Times*, November 25, 2005.
- 11 "Leprosy Statistics," eMedTV, <http://diseases.emedtv.cogm/leprosy/leprosy-statistics.html>.

- 12 "Weekly epidemiological record, No. 32, 2006, 81, 309-316, Global leprosy situation, 2006," World Health Organization, August 11, 2006, <http://www.who.int/lep/resources/wer8132.pdf>.
- 13 www.lepra.org.uk
- 14 www.starhub.net.sg/~nc0038/main.html
- 15 www.sata.com.sg
- 16 www.september11.org (this site may not be around for too long). Also see www.nycommunitytrust.org/page30798.cfm.
- 17 Carol Kelleman, "Closing America's largest charity," *Executive Update*, March 2005, www.asaecenter.org/PublicationsResources/EUArticle.cfm?ItemNumber=11501.
- 18 Ibid.
- 19 William F. Meehan, "Making missions that won't creep," *Stanford Social Innovation Review*, Winter 2008.
- 20 Vincent McGee, "Spending out as a philanthropic strategy," in *Philanthropy in the 21st Century* (The Foundation Center, 2006).
- 21 Allan R. Clyde, "A conversation with Irene Diamond," *Foundation News & Commentary*, Vol. 39, No. 2, March/April 1998.
- 22 Judith H. Dobrzynski, "Philanthropy Now: Diversity and creativity for changing times," *Carnegie Reporter*, Vol. 4, No. 2, Spring 2007.
- 23 Carol Kelleman, "Closing America's largest charity," *Executive Update*, March 2005, www.asaecenter.org/PublicationsResources/EUArticle.cfm?ItemNumber=11501.
- 24 Kim Jonker & William F. Meehan, "Curbing Mission Creep," *Stanford Social Innovation Review*, Winter 2008. See also www.rdiland.org.
- 25 www.straitstimes.com/School+Pocket+Money+Fund/School+Pocket+Money+Fund.html
- 26 www.maruahsg.wordpress.com
- 27 www.schwabfound.org/schwabentrepreneurs.htm?schwabid=341. Jeroo Billimoria is also described in Chapter 15, "Innovating social change."
- 28 www.schwabfound.org/schwabentrepreneurs.htm?schwabid=486&extended=yes
- 29 The subject of donors' intent is covered in Chapter 6, "The problem of plenty."