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MISSION

Kerry C. Stackpole, FASAE, CAE

Mission is the pathway to the hearts and minds of your membership, donors, customers, stakeholders, and the public. Done well, a mission statement illuminates and reflects their values and aspirations. Without those aspirations, your organization is just another business enterprise, jockeying for revenues from a fickle marketplace defined by measures of lesser means and values.

Don't misunderstand. Believing in dynamic capitalism, revenue generation, and spirited entrepreneurship are noble causes. Believing that making money is the core purpose of not-for-profit organizations confuses their essential role of serving, instead of selling. If this is confusing, or seemingly at conflict with your experience, that is completely understandable. Not-for-profit organizations of all shapes, sizes, and purposes have partnered with commercial for-profit interests for decades to deliver perceived value to their members in the form of group buying discounts and other types of benefits.

We live in a world in which commerce crosses over into not-for-profit missions in ways few would have imagined. As just one example, the factories that bake Girl Scout cookies surely benefit financially from the \$800 million generated by Girl Scout cookie sales to fund local Girl Scout councils. Cookie sales are the cornerstone of the group's ability to

fulfill the Girl Scouting mission at the community level, "to build girls of courage, confidence and character, who make the world a better place."

The U.S. Internal Revenue Service has clear definitions of how it sees the role of tax-exempt organizations, which generally must file an annual Form 990 or Form 990-EZ information return with the IRS. For example,

- 501(c)(3): The exempt purposes set forth in section 501(c)(3) are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. The term *charitable* is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.
- 501(c) 6: The Internal Revenue Code provides for the exemption of business leagues, chambers of commerce, real estate boards, boards of trade and professional football leagues, which are not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual.

A business league is an association of people having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. Trade associations and professional associations are business leagues. To be exempt, a business league's activities must be devoted to improving business conditions of one or more lines of business as distinguished from performing particular services for individuals. No part of a business league's net earnings may inure to the benefit of any private shareholder or individual and it may not be organized for profit to engage in an activity ordinarily carried on for profit (even if the business is operated on a cooperative basis or produces only enough income to be self-sustaining).

Your organization can be tax-exempt without being not-for-profit, and vice versa—though most associations are both. The authority for tax exemption derives wholly from the federal government, whereas the categories of nonprofit or not-for-profit are—except in cases of quasi-governmental agencies (such as the American Red Cross)—granted exclusively by the corporate authority granted state government. In its

simplest form, the designation of nonprofit or not-for-profit requires that no one who supports or serves the organization make a profit. While state statutes vary, none limit a not-for-profit organization's ability to earn a profit, create reserves, buy property, or otherwise engage in activities to support their mission and purpose. This unique distinction often serves to confuse board leaders, members, donors, stakeholders, and the general public. It is easy to understand why.

Federal law mandates certain limitations. In recent years the Internal Revenue Service has required tax-exempt organizations with gross income of \$1,000 or more (gross income is gross receipts minus the cost of goods sold) from a regularly conducted unrelated trade or business to file Form 990-T and to pay taxes on that income. This amount has changed over time, and it's always good to confirm the reporting thresholds with your auditors. IRS regulations clearly define the rules. "Unrelated trade or business income is the gross income derived from any trade or business regularly conducted and not substantially related to the organization's exempt purpose or function (aside from the organization's need for income or funds or the use it makes of the profits)."

So how does a leader reconcile the increasingly blurred border between commerce and commitment—serving or selling—in a marketplace holding high expectations and demands for effective and efficient solutions to the challenges of an industry, profession, community, or charitable cause? As Socrates reminded us, the "beginning of wisdom is the definition of terms." In this case defining your mission is at the heart of it all.

Revisiting Mission

The mission in its most basic form defines why your organization exists and what you as an organization leader are here to do on behalf of all stakeholders.

The purpose of a mission statement is to define the organization's business. What are we here to do? Who do we serve? How will we accomplish our purpose?

Mission is often intertwined with purpose and values. A scan of the leadership and management literature sometimes uses these words interchangeably.

Unless you were a founding member of your organization, you will most likely inherit the mission. It is exceedingly rare for mission to receive

more than passing attention even as organizations grow and change and consider new strategies and directions over the course of their existence. Unlike the vision statement, which is often reworked to calibrate with strategy, mission is viewed as bedrock, underpinning the very reason for the existence of the organization. That need not be so.

One of the chief staff executive's responsibilities is to ensure that mission aligns with strategy, value, and purpose as well as with the activities and initiatives of the organization. If the elements are out of alignment, the task for bringing them back falls to the CSE and the governing body.

On occasion, even with a beneficial and clear mission, a revision or reconsideration may help bring greater focus and deliver significant benefit. One such example is the American Red Cross, whose original 1900 charter articulated the mission, "To furnish volunteer aid to the sick and wounded of armies in time of war, in accordance with the spirit and conditions of the conference of Geneva of October, 1863." In subsequent revisions, the Red Cross came to today's considerably broader mission: "The American Red Cross prevents and alleviates human suffering in the face of emergencies by mobilizing the power of volunteers and the generosity of donors."

Take a moment to consider these two mission statements. More than anything, seen in comparative fashion, they acknowledge the evolving purpose and goals of the American Red Cross in an understandable and clear fashion. While not widely understood, mission is taking on greater significance as members, donors, contributors, and stakeholders consider their decisions to engage with membership and charitable organizations. Research by ASAE explored this question in the course of collecting data from 16,944 individuals to create *The Decision to Join* study, written in 2007 by James Dalton and Monica Dignam.¹

In their research, Dalton and Dignam point out that associations face a dilemma in answering questions surrounding mission. While individual perspective is a consideration, they point out that the real organization question comes down to, "Who are you and what utility do you offer?" The need for a member, donor, contributor, or stakeholder focus—a customer-oriented view—is critical to overcoming the inherent limitations imposed by a "producer oriented" view.

The reasons this becomes so important are made clear by shifts in the way the next generation of members, donors, contributors, and stakeholders are likely to engage with associations and charitable organizations in the future.

Charitable giving is developing a new face as the new wealth displaces the old wealth as major sources of philanthropy and giving. Where the names Rockefeller, Ford, Mellon, and Carnegie were once the predominant sources of vast giving power, they are being supplanted by new names such as Gates, Bono, Buffett, and Case, and organizations created by celebrities such as Sonja Sohn, whose experience on the streets of Baltimore filming the HBO hit series *The Wire* inspired her to create Rewired for Change to empower at-risk youth, families, and communities living in underserved areas through educational programming, community building support, and media and social advocacy.

There are new philanthropy models emerging as well. Venture Philanthropy Partners (VPP), created by technology moguls Raul Fernandez, Senator Mark Warner, and Mario Morino, invests in high-performing non-profit organizations that are serving the core healthy developmental, learning, and educational needs of children from low-income families in the greater Washington, D.C., area. Rather than serve as a funder, VPP aspires to serve as a trusted advisor, helping great leaders build stronger, more effective, more enduring organizations to better serve children. The venture fund's investments are not intended to fund program costs. Instead, the focus of every VPP investment is helping leaders build the strength of the organization behind their programs, often referred to as "organizational capacity."

Mission and Leadership

One of the greatest challenges for leaders is honoring the mission of the organization as part of day-to-day leadership. Keeping the reason your organization exists at the forefront of your leadership may seem unnecessary; however, it is shockingly easy for mission to be subverted in the pursuit of competing needs.

Every organization needs resources to accomplish its mission. The two largest are human (members, volunteers, donors, staff) and financial (revenues, contributions) capital. In pursuit of securing these crucial resources, leaders wrestle with a daily barrage of opportunities to exchange access to the organization's human capital typically for financial gain. Consider the number of tax-exempt organizations offering health, life, and property insurance programs; group buying discounts; 401K plan administration; bookstore publications; or other professional services to their members, donors, or other stakeholders.

Mark Levin, CAE, CSP, is an association executive and professional speaker who specializes in helping associations grow their membership. When reviewing membership literature as part of his membership workshops, he is fond of asking association leaders the question, "What is all of this stuff?" referring to the myriad programs and services offered universally by organizations. Is your organization's rental car discounting that much better than another organization's? How about book discounts? Can you truly compete with Amazon, and should you try, if it's not a core component of your mission?

As leaders it's easy to rationalize our decisions to add yet another discount program or to justify the next "partnership" because in the broadest form it leans into our mission to educate, advocate, or enhance our member's or donor's interests. The real question is, is it at the core of our mission? Straying outside the strictest interpretation of your mission may be a resource necessary; however, straying too far may bring the unwanted attention of regulators and the sudden departure of valued members, donors, or stakeholders.

In 2012, leaders of the Susan G. Komen Foundation, the nation's largest nonprofit devoted to preventing, treating, and curing breast cancer announced the organization was eliminating \$680,000 in funding for breast cancer screenings conducted by Planned Parenthood. The foundation issued a statement at the time saying it cut funding to Planned Parenthood as part of its effort to "evolve to best meet the needs of the women we serve and most fully advance our mission." While Komen ultimately reinstated the funding grant, the damage to the foundation's "charitable brand" and reported declines in contribution resulted in major leadership realignments within the organization and prompted cutbacks in other grant giving.

In 1997, members and outsiders criticized marketing plans by the American Medical Association to allow Sunbeam Corporation exclusive use of the AMA logo on its medical wares. Although the AMA did not plan to test the devices, the deal was expected to bring in millions of dollars for the association. In the resulting furor, there were allegations the AMA was seeking deals with private companies to make up financial shortfalls resulting from declining membership. Ultimately the debacle cost three association leaders their jobs, the CEO stepped down, and the American Medical Association found itself in the midst of a crisis affecting both the board's oversight and the organization's reputation.

While there are likely other situations of similar nature, the real purpose of sharing these stories is to encourage leaders to exert a

higher degree of caution and due diligence in decision making when considering activities and services outside the circle of your organization's primary mission.

Aligning Mission with Work

Working to ensure the integrity of mission to the vision and goals of your organization is vitally important to avoid critical missteps. One of the ways leaders ensure the integrity of an organization's efforts and its mission is to conduct a regular audit of the organization's products and services to examine both their value and their alignment with organizational mission. While often described as "mission impossible," sunseting programs that do not align with your mission is an essential part of overall strategy. In some instances, the shifting needs of your membership, donors, or stakeholders may require a revision to the organization mission. A regular review of the activities of your group gives you a basis to explore, examine, and act as necessary to ensure that you remain on course.

In his research book *Good to Great and the Social Sectors*, author Jim Collins makes the point that aligning purpose and mission relies on asking the right questions. Collins in his work on aligning actions and values suggests leaders ask themselves and those around them, "If these are our core values and this is fundamentally why we exist, what are the obstacles that get in our way?"² It is not an idle question.

As a leader you are likely familiar with the idea that you cannot truly motivate anyone to do anything. You can, however, remove the barriers to motivation to encourage forward progress. Determining precisely what allows your organization to thrive and removing the obstacles to success offers a parallel pathway worthy of consideration and implementation.

The Changing World of Mission and Leadership

Over the past century, as businesses and professionals formed not-for-profit organizations to represent, support, and sustain their chosen industry or profession they have more actively engaged in bringing along the operational structures, titles, and frameworks to many not-for-profit organizations. The chief staff executive's title has followed a historical migration from secretary or executive secretary to managing director, then executive director, on to executive vice president and, for many

What's different is that unlike privately held companies or publicly traded corporations that ultimately have one "bottom line"—returning value to the owners and shareholders—trade, professional, or cause-related organizations more often come with multiple "bottom lines." The absence of shareholders' demand for dividends and a return on investment likely comes with myriad different and more demanding expectations.

The Board and the Mission

While it may be unlikely you see yourself as the steward of the mission of your organization, it is a critical role you need to embrace as a leader in the tax-exempt sector and for your organization. If your first thought is "seriously?" you are forgiven. It's not like you don't have enough responsibilities and demands on your intellectual and physical horsepower. Time is a limited commodity, and it's likely your calendar is jammed full of important and pressing appointments and activities.

So pause for a moment to consider just where your board sits in regard to mission. In today's demanding environment, it's unlikely—though not impossible—your board members ever give mission a second thought. Asking board members to write down the mission of the organization often results in looks of confusion, repeated scratch-outs on the paper in front of them, and finally a sigh of resignation when they realize they don't actually know. I'm not being critical of volunteers or governing boards; rather I am pointing out the real importance of your role as a leader and steward.

By the very nature of their roles, board members are not focused on the mission and purpose of your organization on a regular basis. In instances when the board meets only a few times a year, the gap is greater still. As one volunteer director pointed out to me, "Since we only meet face-to-face twice a year, every time I come to a meeting I see the enormous changes in our industry."

Board members are focused on their own professional practices, companies, personal lives, and communities long before they bring their expertise and ideas to the board meeting for their associations. The notion that *where we stand depends on where we sit* can routinely be applied to those who gather in boardrooms. Each person brings his or her own experiences, frustrations, accomplishments, biases, and, in the language of the day, agendas. How those things affect the organization and influence the meeting outcome are mostly uncertain.

organizations—trade, professional, or philanthropic—finally to president and chief executive officer.

This has led to considerable confusion among board members and other stakeholders who imagine their association or society is aligned with a "bottom line" business-like structure, instead of a more diffuse community service structure addressing and serving the needs of a broad-based group of individuals, organizations, and communities. That confusion often manifests when a board member or stakeholder suggests or attempts to impose structures, frameworks, or policies of the industry or profession they serve on the association, professional society, or charitable entity.

The confusion has also been exacerbated as both privately held firms and publicly traded companies have entered the "membership" space. For many, it began with the charge card company American Express shifting its advertising and marketing messages in 1987 by asserting that cardholders were "card members" with the ubiquitous tag line, "membership has its privileges." They were not alone.

On a growing basis, health insurance providers, Internet service providers, airline loyalty programs, social networks, and commerce platforms are using the term *members* to describe their customer base. Among the largest in the private sector are the warehouse-style stores, including B.J.'s, Sam's Club, and Costco. For Costco, the high level, "executive member," generates 60 percent of its overall revenues. Costco's mission statement puts its members at the top:

Costco's mission is to continually provide our members with quality goods and services at the lowest possible prices. In order to achieve our mission we will conduct our business with the following Code of Ethics in mind:

- Obey the law
- Take care of our members
- Take care of our employees
- Respect our vendors

If we do these four things throughout our organization, then we will realize our ultimate goal, which is to reward our shareholders.

A critical responsibility and obligation of the association's chief staff executive is to ensure that all stakeholders have a consensus and understanding with clarity about the mission of the organization.

has the potential to create a disconnect with the membership and serious declines in member retention. As the authors point out in *7 Measures of Success*, such actions serve only to delay the inevitable rather than bolster true financial strength.

The staff and leaders of the Girl Scouts of the USA consistently ask two questions in examining their new initiatives:

1. How do we need to change to stay true to our mission?
2. What do girls need today for us to achieve the mission we have always had?

While the questions do not preclude change, they bring a laser-like focus to the values of the organization and hold the idea of reconsidering mission at bay until they can be answered fully and completely.

Mission, especially in membership organizations, will likely take on greater importance and significance in the decades ahead than it perhaps has before. The demographics of our organizations are shifting. Where the "baby boom" generation had a strong commitment to belonging, the generations to follow are more wary of political and religious institutions.

The Pew Research Center, examining social and demographic trends of young adults in the eighteen to thirty-three age range, discovered they are relatively unattached to organized politics and religion, linked by social media, burdened by debt, distrustful of people, in no rush to marry—yet remain optimistic about the future.⁴ In the future, it's quite likely membership will no longer be about belonging; it will be about believing.

Mission of the Future

So where does the evolving landscape leave the leaders of today's tax-exempt organizations? In part, it leaves you thinking hard about the vitality and relevance of the mission of your organization to its current members, prospective members, donors, and stakeholders. Mission will increasingly be the motivating tool both for membership and for growing commitment to the organization. Success will not come from adapting more "business-like models" for operations or management; rather it will come from providing a platform that serves to inspire and encourage commitment from the generations to come.

In schools across America, the value of community service is integrated into curricula and class activities beginning in elementary school. Helping

What is certain is that as a leader, you have the ability to influence their thinking, introduce innovative approaches, and present new ways of thinking about how the group can best contribute to and drive forward the organization and its mission. In my own experience, boards regularly struggle with the inherent conflict between the for-profit environment many inhabit ("the selling world") and the not-for-profit tax-exempt environment ("the serving world"), especially when the mission is less than clear or out of step with the direction in which the organization is actually moving.

As leader, you are the chief interpreter of the mission for the board. Board members look to you for the leadership and direction essential to the proper functioning of the organization. Lose sight of the primary mission or fail to engage the board in adapting the mission to new circumstances and you run the serious risks of derailing both your own professional growth and the organization's future.

A critical part of your personal mission has to be to fully comprehend the context your members, donors, and stakeholders are bringing into the room whenever you gather together. Your communication on mission and direction must reflect their reality at least in part to garner their attention. In one organization where the board membership was entirely composed of direct marketers who measured the value and response of every promotional mailing or communiqué, failing to demonstrate attention to a corresponding metric for the association's mission resulted in a complete disconnect between the chief staff executive and the board.

Remember, where you stand has a direct correlation to where you sit. According to the research conducted by ASAE in support of the best-selling classic *7 Measures of Success: What Remarkable Organizations Do That Others Don't*, leading organizations look at membership as constituencies to serve versus markets to sell to. The research data strongly suggest that aligning mission and purpose drives membership, membership retention, and financial results. In Chapter Three of *7 Measures*, the writers note the extraordinary focus leaders in the study group bring to member service, describing it as "an association of the members, by the members for the members."³

Remarkable associations and their leaders work diligently to "build their structures, processes, and interactions—their entire culture around—assessing and fulfilling members' needs and expectations."

Linking your reason for being to the hard work of examining your products and services against the light of fulfilling your mission will create some of the most difficult conversations leaders and their boards will have. Straying too far from mission even when the organization needs the funds

others in less fortunate circumstances, those affected by natural disasters, and others in need is a common value shared throughout society. Illuminating this shared value and igniting action to bring real meaning to the efforts of members and volunteer leaders is the challenge at hand.

Every association, professional society, and charitable organization has a greater purpose beyond ensuring the continuity of its enterprise. Thinking about horizons is a good metaphor for what is essential for leaders. It has been said, "Good leaders hit targets no one else can hit and great leaders hit targets no one else can see." The notion of things beyond the horizon is a powerful incentive and tool for leaders to use in imagining their organization's mission and future.

So much success in today's tax-exempt environment relies on innovating by shifting the basic rules of that marketplace. While incremental change may garner some progress and offer added rewards, those dreamers, thinkers, and innovators who imagine a totally different marketplace are the ones reaping an increasingly larger share of both community capital and progress. It does not require too much reflection to remember diseases no one believed could be cured, technologies that would never work, or the collapse of long-standing regulatory frameworks. For example, if you are the leader of the Taxi Driver's Association, the technology that allows Uber, the transportation service, to enable passengers to summon a ride using a smartphone app creates a significant and serious competitive threat to your membership and perhaps your mission. The question on the horizon for your association is, What changes or adaptations could you make to give your members more ready means to compete by gathering access to the information they need and want from your organization?

Making your association member-centric is essential to your success. How many times have you found yourself stewing about the "four-hour window" that utilities, repair services, and other vendors require to schedule your service or delivery? Looking closer to home, what systems or processes do you have in place when a new membership application arrives at headquarters?

Responsiveness + Resolution = Return Member

Successful associations find the right metrics and measure, measure, measure. One of the challenges in looking over the horizon is imagining what issues or problems may arise for your members or donors. Some are easy to anticipate and some considerably more difficult because they reflect the

unique manner in which your member uses the resources of the association and its products or services.

Associations willing to rethink their member process, consider new approaches, and measure their accomplishments from the member's perspective will gain new insight about potential opportunities and risks on the horizon and ways to solidify and strengthen their mission.

None of this is a guarantee of success. It is more akin to operating a compass. You have to learn how to use it proficiently before it yields any meaningful results. Failure is inevitable at some point along the way. Know it. Work like crazy to avoid it. Prepare for it in any case. Finally, do not get caught in the trap of separating mission from strategy and most certainly not execution. It is a myth these processes could or should somehow be separated. If you haven't taken all of the variables of your culture, organization dynamics, demographics, and attitudes into consideration right alongside mission, you're missing a huge opportunity and a huge point of leverage.

The old axiom, "There is no such thing as a lost opportunity, because someone always finds it"? Believe it. Opportunity, innovation, and success are linked as tools to help organizations grow by standing on the bedrock of their organization's mission. The growing number of for-profit enterprises adopting social missions and membership models increases by the day. While they may not cast a shadow on your organization today, they undoubtedly create an opportunity to create confusion in the marketplace. It is not too early to have begun making certain your mission is optimized to resonate with members, donors, and stakeholder for things to come tomorrow and from well over the horizon.

Notes

1. J. Dalton and M. Dignam, *The Decision to Join: How Individuals Determine Value and Why They Choose to Belong* (Washington, DC: ASAE Association Management Press, 2007).
2. J. Collins, "Aligning Values and Action." June 2000. Web. http://www.jimcollins.com/article_topics/articles/aligning-action.html.
3. ASAE and The Center for Association Leadership, *7 Measures of Success: What Remarkable Organizations Do That Others Don't* (Washington, DC: ASAE Association Management Press, 2006), 24.
4. Pew Research Center, "Millennials in Adulthood." Mar. 7, 2014. Web. <http://www.pewsocialtrends.org/2014/03/07/millennials-in-adulthood/>.