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NONPROFITS: BOARD GOVERNANCE

Mission Creep Faced by Detroit Nonprofit

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"Detroit was still smoldering from the 1967 riots" when civil-rights activists Father William T. Cunningham and Eleanor M. Josaltis took the first steps toward creating what has become <u>Focus:</u> <u>Hope</u>.

Now, fifty years later, the 501(c)(3) organization has an annual budget of over \$30 million and a staff of about 200 people. The group has fought against racism and poverty over the span of its five-decade history through a robust and wide-ranging menu of social services, educational institutes and programs, and community development and redevelopment projects.

But the respected organization is hampered by a common affliction of groups dedicated to remedying deep and intractable problems in society: namely, "mission creep."

Recently, the board and staff committed to important first steps to <u>confront and tackle this problem</u>. Focus: Hope will turn back to its core mission – social services and job training – and away from its real estate/redevelopment activities. It will begin this refocus path by spinning off a key seniorhousing property to a new and independent 501(c)(3) organization.

The move has been <u>lauded by *The Nonprofit Quarterly*</u> as an example of how to confront this all-toocommon, mission-creep, problem in the nonprofit sector.

Mission Creep

"Mission creep is when your nonprofit organization <u>expands its mission</u> <u>beyond the original goals</u> that were set." And, of course, there "is a difference between mission creep and making strategic adaptations to a mission statement to evolve as needs change around us." Some of the worst cases of mission creep occur after "a <u>rash decision</u> or during a crisis situation." But it can happen as well as the unfortunate result of an otherwise well-meaning and carefully planned move. "Mission creep can negatively affect a nonprofit in a variety of ways."

First, it generally causes an organization to <u>stretch itself too thin</u>. Funding has been especially tight for the last decade ago starting with that recession and made worse more recently by changes in the Tax Cuts and Jobs Act of 2017 that have caused a <u>drop in individual charitable giving</u>. Expanding a mission also takes a toll on every aspect of an organization's budget and resources; there may be added responsibilities for existing staff (and a need to hire more personnel) as well as training time and costs and expanded physical space and equipment.

Second, it has the potential to harm an organization's reputation, especially if there are problems and previously established (and already announced) goals are not met. "<u>Reputation means everything in the nonprofit industry</u>." While the good opinion of the community as a whole is critical to an organization's ongoing success, there is a special danger as well from "stakeholders who may not agree" with an abrupt or significant change of direction and from donors who "may question the use of their financial donation." Other casualties of mission creep are staff confusion and dips in morale.

Third, it can result in an organization's mission <u>becoming too complex</u>. A nonprofit's mission should be "simple and focused." Whenever there are new goals, the organization's core vision can become blurred and diluted.

Reevaluating Mission Statement

The Mission Statement on the home page of <u>Focus: Hope</u> is identical to the one adopted in 1968 by its founders, Father Cunningham and Ms. Josaitis. These two veterans of the civil rights movement of the early '60s gathered a small group of people together who were "committed to uniting a community that was sharply divided on racial and economic lines." It reads: "Recognizing the dignity and beauty of every person, we pledge intelligent and practical action to overcome racism, poverty and injustice. And to build a metropolitan community where all people may live in freedom, harmony, trust and affection. Black and white, yellow, brown and red from Detroit and its suburbs of every economic status, national origin and religious persuasion we join in this covenant."

The website includes a decade-by-decade explanation of how <u>Focus: Hope</u> evolved, instituting audacious and impressive programs. For instance, in the 1980s, the organization expanded its original anti-poverty programs and focus to full-fledged educational and training institutes. The idea behind this change was that low-income and minority residents of Detroit needed not only food-assistance but the means to get good jobs to earn enough money to buy the necessities of life.

By the early '2000s, the group saw a need as well for aggressive community redevelopment efforts, so it plunged into real-estate acquisitions for senior housing, among other activities.

To get a good idea of the broad scope of Focus: Hope's recent programs, take a peek at the most recent <u>Consolidated Financial Statements for 2017 and 2018</u>. Several pages long, its narrative description of the organization and its subsidiaries shows the result of long-standing, carefully-thought-out, and well-meaning expansion. It also shows a classic example of mission creep.



The current board of Focus: Hope, recognizing this problem, has approved a key strategic turnaround. The first step – the spin-off of its major redevelopment project called the Hope Village Institute – has resulted in the creation of a new and independent 501(c)(3) community development corporation. The new entity called Hope Village Revitalization has the stated aim of tapping more into the community while "helping <u>Focus: Hope shift away from real estate</u> and refocus on its core programs of workforce development, early childhood education, and food for seniors." There is a 12-person board of directors comprising mostly neighborhood residents and just a single director from Focus: Hope. The director of the original Hope Village Institute has transferred over to the new corporation; some paid staff and volunteers have moved there as well.

Conclusion

A nonprofit's mission statement should be <u>clear and concise</u>. It's <u>"the glue</u> <u>that holds a nonprofit together</u>" and serves as the blueprint for internal decision-making as well as the public statement of its purpose and vision.