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SMART Goals and Cans of Worms - Transcript

[Speaker 1]

Welcome to Charity Therapy, the podcast where we explore the ups and downs of the nonprofit sector and answer your burning questions. I'm your host, Jess Birken, owner of Birken Law Office, and I'm excited you're here. Imagine hanging out with me and my super smart, funny nonprofit expert pals.

You get to ask them anything about your nitty gritty nonprofit life and get their wisdom for free. Whether you're a seasoned pro or just strapping on your nonprofit boots, we're here to share stories and remind you, you're not alone on this journey. So get ready to join the conversation and bring me the tough questions.

I ain't scared. Ready to rock? Let's dive in.

Hey, yo, welcome to this episode of Charity Therapy. I'm your host, Jess Birken. Here, as always, is my co-pilot, Meghan.

[Speaker 2]

Hello, hello. How's it going?

[Speaker 1]

It's going pretty good.

I'm excited to be traveling soon.

[Speaker 2]

Yes, you're off to somewhere tropical. Actually, we're off to somewhere tropical.

[Speaker 1]

But working from the beach.

[Speaker 1]

Yeah, gonna be great. Yep. Gonna be great.

Usually we call it F off February, but now it's F off March.

[Speaker 2]

Yeah, close enough. It works. All right. So before we go into vacation mode or work, beach mode.

[Speaker 1]

Deep work retreat.

[Speaker 2]

Yeah, there you go. That's the legit sounding version. Let's do this episode.

So I've got a question for you today. But before we get into it, I wanted to have you give us a little background because there's like so much nonprofit vocabulary out there. We just hired somebody new, and I've been training them.

And I cannot believe all of the things that are like specific nonprofit words that like you wouldn't know if you don't know the nonprofit world. So anyways, so true. Let's define some things.

We all use these words all the time. But what is the difference between a mission and a vision statement in the nonprofit world?

[Speaker 1]

Okay, so this is a good one, because I feel like people do get these confused. So the vision is like the highest level. Like you are up in the sky looking at the everything from the very top.

What is it that you envision? You're changing the world in a way that will result in what? So for like a animal rescue, it might be that like your vision is a world where no dog is unloved.

I don't know. If you are doing food security, it might be our vision is that every person in the state of Minnesota has healthy, nutritious food available to them every day. Now, our mission is like the next level down.

What do we do that leads us towards accomplishing that vision? Because it's probably not realistic that we are personally going to affect every individual who needs food in the state of Minnesota. So what is our role in moving the ball forward towards that vision?

So in a food security organization, it might be that we focus on children. It may be that like, you know, families with young children are where we can make our big impact. So our mission relates to feeding families specifically.

Or like our vision might be related to like no dog goes unloved. And our mission is to rehome as many dogs as possible in the tri-county area. You know what I mean?

Like it's just like it's the next layer down is what we're going to do. And then if you go beyond that, okay, now we have strategies. How do we accomplish that mission?

And then below that we have tactics which build our strategies. So it's kind of like a pyramid or a ladder that moves down with specificity.

[Speaker 2]

So just hearing you talk about this, I actually have a quick follow-up question before we go into the listener question. In your opinion, are missions supposed to be accomplishable? Sorry, did I open a can of worms?

[Speaker 1]

That is a can of worms, Meghan. Like that's a whole other episode about like the nonprofit industrial complex. Because yes, your mission should be accomplishable.

If you have a mission to save the snails from extinction, then you need to like make that happen. So if your mission is to save the snails, I always like to use save the snails, I don't know why, but there's a kind of snail and you want to save it from extinction, then you should do that. And that should be accomplishable in your lifetime or in two lifetimes or whatever.

There is a thing though where that puts you out of business. And so I think that is a philosophical question that a lot of nonprofit groups need to think deeply about because you should be able to accomplish your mission. Some problems are so big that they're very hard to solve, like food insecurity.

It's not like if you just gave everyone a meal, you solved the problem because there are layers and layers and layers to like what is the background information, the whole person is affected, there are systemic issues, right? So some missions are very difficult to achieve like legitimately, but I do think that some missions are achievable and yet we stay in business and all of our employment is existing if we don't achieve them. So I do think that that is a loaded question and that's like a whole other topic for a whole other discussion.

[Speaker 2]

But I was just pulling that out because it's like the vision is something that is, it's a vision, right? It's not easy to achieve, it is something that like we can believe may be true, but it is not a like next step. It's like 50 steps down the line, right?

Whereas like your mission, I was hearing you talk and it was just like, should this be something that is like very tangible? It's like setting a smart goal versus a new year's resolution. I'm like,

are we just sort of like gesturing at something that is bad and that we are working on or is there like a tangible end point?

[Speaker 1]

I mean, I think that is a beautiful conversation. It makes me feel like I'm back in grad school talking about these things in an academic setting and loving every second because those are really important questions. And I think there are reasons why you can't ever accomplish a mission and should try anyway, but I also think too many organizations do not start with the end in mind and they don't set a smart goal.

[Speaker 2]

Okay anyways, that was a tangent. Apologies for that, but we will return in another episode. So let's just get into our question here.

So person writes in and says, hi there, we're a Meals on Wheels style food delivery nonprofit, and we've been serving the same county for the past 25 years. Recently, we've been expanding to surrounding counties and adding more services for seniors like social outings, community events, access to other resources, et cetera. There's so much more we can be doing, but our mission statement is super specific to our old activities.

So how do we go about changing it?

[Speaker 1]

Okay. I love this question, and I think that just changing the mission statement is not probably the answer. This is reminding me of the episode that we did with Justin Begonic because when you change your mission, that's like a core element of like your brand and your marketing and all the words you say and the story you're telling.

And so just to kind of like be like, well, we're just going to change our mission language is sort of like that shouldn't exist. And it's, that's not mutually exclusive from everything else. So I guess the first thing I would say is a good job recognizing it might be time to like adjust some things because when, I mean, you and I know like as just even with the law firm, like as things change, you need to start to like change the language of how you talk about it because you're not offering the same thing anymore.

So those like pat scripts that you've had like don't feel right because you're like, well, well, actually we have this other thing and we do this thing too, but we don't actually do that anymore. And, you know, so you're right in that you need to think about this, but it may just be, it may be bigger than just the words that are in quotes under your logo as your mission statement. So just putting that aside, that that may be like a whole brand strategy rebranding thing and listen to the episode with Justin.

We talk about that. It's amazing. Now, from a legal perspective, how do we go about changing our mission?

So your mission statement is like the beautiful flowery words that you say. And like, it's all wonderful marketing copy. Your exempt purpose lives in your articles.

And it's the thing that comes after like, we are a 501c3 organized for religious, scientific, charitable, blah, blah, blah purposes under IRC 501c3, yada, yada, yada. Specifically, we do the following. Whatever that says is what the IRS believes your exempt mission is.

That is the thing that you primarily do that lets you not pay income tax. And so if you're going to change that thing, you need to think about it carefully. And then you are going to have to tell the IRS that you have a new version of the thing you're doing so that all of your activities are still income tax exempt.

Especially if we have any sort of like fee for service revenue type stuff. You don't want that to get like deemed not part of your charitable mission because then you gotta pay tax on the income. Anyway, the way that you would think about this is you're going to change your beautiful marketing copy, but then you're also going to call your lawyer and say, do you think we should change our exempt purpose statement?

Is our exempt purpose statement going to include all of these things that we're now doing? Or is it time we've, you know, for us to update things? Now you might open up your articles of incorporation and they look like a mimeograph of a typewriter thing.

That means it's time to update your articles no matter what your exempt purpose is because that stuff is old and it just it's time for refresh. Okay, so just putting that out there. If you can't even find the document or like the Secretary of State doesn't even have it because your organization is so old they didn't have a website when you were started, like probably time to update those anyway.

But that is like functionally how you would change your mission from a legal perspective. Does that make sense?

[Speaker 2]

I do have a follow-up for you. So the like you said, look at your exempt purpose to see if you need to change it. Are there changes to your mission that would not require you to change your exempt purpose statement?

[Speaker 1]

Yeah, so like whenever we're working with a client, like I always try and write their exempt purpose statement to be broad enough that it's going to like include all the things they could kind of possibly grow into over time. But sometimes I will run into a client who has an old document that says like maybe this questioner opens up the paper and it says we do Meals on Wheels food delivery in this specific county. Sometimes they're very narrowly tailored and if you want to start expanding your region, you want to start doing more things, it's probably a good idea to just update your purpose to be broad enough that it is more focused on like the general things you're doing, like the general quality of the work, not the specific on Tuesday we hand out a meal to every person with red hair, you know, or whatever it is. I've seen some very specific purpose statements that don't allow you to grow.

[Speaker 2]

So you want it to be specific enough that you can read it and be like, I know what kind of things they do. And the IRS will say, yes, that's charitable, you don't have to pay us money. But you don't want it to be so specific that every time you make a change over the 25 years of being a nonprofit, you feel like you need to go and update it.

[Speaker 1]

Yeah. And it's not like you need to reapply to the IRS, you just include a copy of your amended articles with your next Form 990. It's not a huge deal.

[Speaker 2]

And so there are realities where maybe we're going through a rebrand and our activities haven't changed at all. But like we want to restate the mission statement. That's a situation where we wouldn't need to change the exempt purpose statement.

[Speaker 1]

Right. Yeah. Right. Basically, you should ask your lawyer.

Yeah. You know what I mean? It shouldn't be like, well, we just changed it in our bylaws and then we never told anyone like you should check in with your legal counsel and just make sure what you need to do.

And God forbid you have voting members, and you need them to vote to approve.

[Speaker 2]

Forever PSA don't have voting members, but you know, if you can help it, you know. All right. Well, I've got some takeaways here.

So first, I will just say there's a ton of vocabulary out there. We all use these words and they we don't always know exactly what they mean. So today we really tackled the mission versus vision versus exempt purpose.

All of those are kind of circling around each other. But your mission and vision are things that you are talking about, what your organization is trying to work towards and do. And then your exempt purpose is the way that you phrase it to the IRS.

So they believe you should be tax exempt. And sometimes those statements will impact each other. Another thing that we should talk about in this episode and actually in a future episode is how you choose what your mission statement is.

Is it something you can accomplish? Is it not? Why is that?

These are all big questions about nonprofits, but they're absolutely worth examining if you are thinking about changing your mission statement. And we didn't really say this, but the other thing I will just say is that things change over time. This question asker had 25 years of their nonprofit and they are seeing more needs that they can fill and they're expanding their activities.

And that's a great thing. And you can update your branding, your mission, your purpose statement, all of that to encompass the work that you're going to do today and not 25 years ago.

[Speaker 1]

Yeah. And this is the kind of person that comes into our office and is like, we've been around for X decades. And I want to make sure during my board service that we ensure the next 30 years are strong and solid.

And so this is like thing we see pretty frequently where it's like people are trying to really like build on the legacy and ensure the next generation of the organization. And I think it's great. I love those clients because they're proactive and they really are thinking deeply about the organization and its future. So good on you. Okay. Well, Meghan, thanks for being here, of course.

[Speaker 1]

And listeners, thank you for listening. Do you have a question or a rant or a comment or something you would like us to react to? Please send it.

You can find us online at charitytherapy.show. In the meantime, if you know someone who also thinks the industrial nonprofit complex is messed up, share this episode with them and we will see you next time.

About the Author



Hi, I'm Jess Birken.

I'm the owner of Birken Law Office, I help nonprofits solve problems so they can quit worrying and get back to what matters most – The Mission. I'm not like most attorneys, I actually have an outgoing personality, and – like you – I like to think outside the box. Most of my clients are passionate and have an entrepreneurial spirit. I'm like that too. My goal is to help you crush it. Getting bogged down in the minutia sucks the joy out of the important stuff. My clients want to do the work – not the paperwork.

Let's connect!

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