

NONPROFIT VERSION 2.0: ARE NONPROFITS ALLOWED TO REINVENT THEMSELVES?



Do nonprofits disappear into thin air after they achieve their missions? Or can they re-orient around a new and different purpose? Prof. **Sheila M. Cannon** from **Trinity Business School** and Prof. **Karin Kreutzer** from **EBS Universität für Wirtschaft und Recht** take us down the road less taken.

From the paper *Mission accomplished? Organizational identity work in response to mission success*, by Cannon, S. M., & Kreutzer, K. (2018) *Human Relations*, 71(9), 1234-1263.

SUCCESS, OH NO!

This is not a tale about how two nonprofits achieved success, neither is this a cautionary tale about how they didn't. We shall neither provide council on how a nonprofit

might achieve its mission nor on how it might create a good mission for itself. Instead we shall sojourn to the barely touched lands of what it might mean to have an existential crisis as a nonprofit: mission-success.

Once upon a time, born on the eve of World War II, the National Foundation for Infantile Paralysis (NFIP) was a systematic program created to uncover the mysteries of polio and to lend a helping hand to Americans suffering from the disease. It achieved instan-

taneous popularity, reflecting that of its founder Franklin D. Roosevelt. Little was known about Polio then. However, soon fortune struck. The Polio vaccine was invented, and a fearsome disease was put to rest. Mission accomplished! But what of the NFIP? Where would it go from here and did this mean closure? And how could the NFIP respond to successfully completing the very purpose it had been created for? It attempted to fight Arthritis, but those efforts were wasted.

Very little has been said about what happens to nonprofits post-mission success, perhaps because mission success represents the single greatest achievement for any organisation. Is closure an inevitable next step? A study conducted in 2007 indicates that mission completion was the primary cause for closure among Spanish Nonprofit Associations. Closing shop, though easier, may not be the only option it would seem. Professor Sheila M Cannon and her team believe that social organisations can effectively and efficiently shift their focus to address new related challenges once they have successfully achieved what they set out to do, rather than recreating new organisations each time. However, most existing advice to nonprofits is to avoid “mission drift” at all costs.

THE QUEST FOR PURPOSE

Not unlike this world's struggle to reuse and recycle, a nonprofit's struggle to reuse its own organisation too proves to be a formidable challenge. As nonprofits achieve success, they are faced with a major threat – a threat to their identity. With success in hand, organisations experience a period of identity ambiguity triggering a need for management to alter the organisational mission.

This may be different than organisational change as we are familiar with it. In a more conventional for-profit context, organisational change is usually triggered by dynamic external factors (economic unpredictability, changing technology, fierce competition etc.). Moreover, it has a poor track record: as per the Boston Consulting Group, 50% of change programs fail to achieve their objectives and the failure rate increases to 75% for more complex programs. In light of these bleak numbers, a change in mission is even more daunting. Mission success requires a more fundamental identity change if social organisations wish to be resurrected. Finding a new organisational purpose, that can inspire internal and external stakeholders and at the same time attract potential investors or funders, proves to be an intimidating task.

IN WITH THE OLD, IN WITH THE NEW

Professor Cannon and her team studied two Irish peacebuilding organisations (Alpha and Beta for the purpose of this article) over six years to explore what happened when their raison d'être was fundamentally challenged. A successful peace process in Northern Ireland resulted in reduced support for peacebuilding organisations and a perception of their missions accomplished. Mission success paradoxically threatened the very being of these organisations as it led to member and donor dissociation. The organisations started asking themselves: 'Maybe we've done ourselves out of a job?' Consequently, these two organisations adopted two different approaches in dealing with this bubbling existential crisis. While Alpha decided to turn outwards for funding opportunities and external consultants, ridding itself of old members to grapple with

the challenge, Beta decided to turn inwards, by involving stakeholders to figure out who they wanted to be in the future. Beta proved to be more successful.

Alpha took a competitive approach to finding itself. Followed by a restructuring effort and a strategic review process which involved bringing in a new CEO, stakeholders from Alpha rejected founding beliefs such as the idea of community in the race to embrace newer ones (the idea that Alpha is a formal business-oriented organisation). Conversely Beta took an integrative approach to this burgeoning need to redefine itself. In engaging with its founding values, members negotiated the tension between old (the belief that they are a community) and new beliefs (the potential to be a formal business-oriented organisation), therefore more successfully managing to integrate these values than letting one defeat the other. By embracing potentially conflicting identity beliefs and turning to its stakeholders, Beta was able to reinvent a new purpose with which members and donors could identify. In this way, Beta was able to continue its operations at a consistent level, whereas Alpha experienced contractions and downsizing.

IN INTEGRATION, THERE IS LIGHT

In the quest to define a new mission, setting new identity beliefs in competition with old ones can lead to fragmentation and an inconsistent organisational identity. On the contrary, drawing on founding beliefs and integrating old values with new ones helps bring coherence and consistency – which can be key in successfully reforming organisational identity. Organisations however, are prone to taking on the competitive approach. Redefining organisational identity is a cyclical process. Professor Cannon's research suggests that if organisations take the competitive approach (where certain beliefs are rejected in favour of others), they are very likely to end up with more ambiguity and eventually return to the process of redefining themselves. However, eventually members will find ways to integrate some of the competing parts and converge on a new identity, or else the organisation will break up, possibly leading to closure.



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MUST THE CURTAINS FALL?

What has skipped the attention of governments and funding bodies involved in addressing social needs, is to measure the impact of mission success on organisations and individuals when a mission ceases to exist or is replaced by a new one. Skills, knowledge and procedures developed in response to one social challenge can be redirected to address other challenges rather than allowing those resources to disappear with organisation closure. As such, policy-makers could offer funding to support reorientation initiatives by organisations – an approach that might be more efficient and effective than the establishment of new nonprofits for each new set of challenges. Of course, if the new mission is too different, the NPO constitution needs to be re-written.

While the idea of redeploying an already existing organisation seems efficient, the survival of nonprofits' post-mission success continues to be questionable. Survival for the self-serving goal of preserving the organisation does not seem prudent. A nonprofit mission is both a way of expressing certain values, and an aim that can be accomplished. You can never finish the former (expressing your values), but you can achieve the latter, accomplish your mission, like find a cure for Polio. For Prof. Sheila Cannon, an NGO's mission success should be the occasion to step back, question, and ask ourselves if it is always prudent to let the curtain fall – or revive and launch version 2.0.

CAN WE BE X AND Y AT THE SAME TIME?

While previous studies have indicated that having conflicting ideas may lead to clash, Professor Cannon's research proves otherwise. A multi-vocal identity - when different organisational members have different perceptions of the organisational identity – does not necessarily invoke fragmentation. What can help social organisations in such a context, is a pluralist approach i.e. stakeholders bridging the gaps between various identity beliefs by acknowledging the difference between different beliefs, while expressing the possibility of their coexistence simultaneously. Different members may have different perceptions of the organisational identity and to reach a new one, all stakeholders must be engaged to reconcile conflictual positions.

HOW TO RESOLVE AN NPO IDENTITY CRISIS?

For practitioners dealing with mission redefinition, the best way to respond to an identity crisis post mission-success is by being aware of the need to reinvent organisational identity. Organisational leaders must trigger the strategic planning process to provide room for reinventing the organisation's purpose. Although turning outwards to secure funding seems to be a more obvious reaction, turning inwards and carefully reflecting upon history values and mission may prove more beneficial. Active co-creation of identity change through various actors at all hierarchical levels is pertinent to the development of coherent identity. Bringing in financial experts on board and introducing managers into the mix may

on the other hand introduce potential risks. Subsequently, as organisations advance to defining their identity, consistency between values and action, between the past and the present must be preserved for organisational survival as it helps in retaining and attracting volunteers, skilled employees and even funds in the long-run.

Returning to NFIP, only recalling their core identity beliefs ('citizen army against disease') enabled the NFIP to voice a new mission ('to promote health for pregnant women and babies') – which was then widely shared by volunteers and other stakeholders. Renaming the organisation as 'March of the Dimes', the name of a very successful fundraising campaign in the past, further strengthened the bonds with the organisation's history. The example of 'The March of Dimes' shows us that when a nonprofit actually does achieve its mission, it is possible, although challenging, for that organisation to retain the loyalty of its members and redirect its mission to a new cause, while also displaying consistency in its identity.



KEY TAKE AWAYS

NONPROFIT MISSION SUCCESS DOES NOT NECESSARILY IMPLY ORGANISATION CLOSURE. BY WAY OF FINDING A NEW MISSION AND NEW IDENTITY, NONPROFIT ORGANISATIONS MAY BE REPURPOSED AND REDEPLOYED TO FULFILL A NEW MISSION.

MISSION SUCCESS CAN LEAD MEMBERS TO QUESTION ORGANISATIONAL IDENTITY IN THE FACE OF AN OUT OF DATE MISSION. ORGANISATIONS MUST REINVENT ORGANISATIONAL IDENTITY BY EMPLOYING SELF-REFLECTION AND INVOLVING STAKEHOLDERS ACROSS HIERARCHIES.

AN INTEGRATIVE APPROACH - ACKNOWLEDGING CONFLICTING BELIEF AND PERMITTING THEM TO CO-EXIST - HAS PROVEN TO BE MORE SUCCESSFUL THAN EMPLOYING A COMPETITIVE APPROACH - THE REJECTION OF CERTAIN BELIEFS IN FAVOUR OF OTHERS.

USING AN EXTERNAL FRAME OF REFERENCE SUCH AS BRINGING NEW MEMBERS IN, RIDDING OF OLD MEMBERS, AND LOOKING FOR SHORT-TERM FINANCIAL SOLUTIONS MAY LEAD TO AN IDENTITY CRISIS AND THE EXTINCTION OF THE ORGANISATION.

FINDING A NEW ORGANISATIONAL IDENTITY THAT IS CONSISTENT WITH EXISTING ORGANISATIONAL VALUES, INTEGRATES CONFLICTING MEMBER BELIEFS, AND BRINGS TOGETHER OLD AND NEW BELIEFS ENABLES MEMBER LOYALTY AND REDIRECTION OF THE ORGANISATION.

FUNDING FROM GOVERNMENTS AND OTHER DONORS TO SUPPORT REORIENTATION INITIATIVES BY NONPROFITS MIGHT BE MORE EFFICIENT THAN BUILDING NEW ORGANISATIONS FOR A NEW PURPOSE.



Sheila M. Cannon