



Super-Sized Gift

Lessons to learn from the largest gift ever made to a faith-based organization.

By Albert J. Mueller

The public announcement made on January 21, 2004 about Joan Kroc's gift of \$1.5 billion to Salvation Army signals the dawn of "super-sized" Christian giving. While the reaction among other non-profit executives might include a bit of envy, Salvation Army should be applauded for their efficiency and consistency that attracted such a significant gift.

While very few will ever be in a position to make a gift of this magnitude, Joan Kroc sets an incredible example for Christians and other faith-based donors. We can learn a number of important lessons from her gift.

(1) **Donors should consider making a smaller gift first and then watch carefully how well it is used.** Kroc gave \$92 million to Salvation Army to build a community center in San Diego which was completed in 2002. She visited the center regularly and was very comfortable with the way it operated. Once a donor is comfortable that the organization is faithful based on their handling of the smaller gift, don't hesitate to make larger ones.

(2) **Donors should consider designating larger gift for capital projects and endowing a portion of the annual operating expenses.** Kroc's gift will fund the construction of 25-30 community centers with approximately half of the total gift. The remaining \$750 million will provide 50-percent of the total operating budgets of the new centers. This will require the community to raise the other 50-percent to operate each center. The community will feel the joy of ownership contributing to the annual budget of the new centers.

(3) **Donors should reward organizations that remain true to their mission and operate with high efficiency.** Salvation Army was cited by management expert Peter Drucker as the most effective organization in America. Should it come as a sur-

prise that they received the largest gift (by a factor of at least 10) ever given to a Christian organization? The Salvation Army is run by ordained ministers and has a quiet but strong evangelizing component to its activities. The organization is known for keeping tight control of administrative expenses. The New York Times describes the Salvation Army as a "no-frills, religion-based organization that provides services like drug rehabilitation, transitional shelter, after-school programs and disaster relief."

(4) **Donors should consider the immediate distribution to effective existing organizations rather than the creation of expensive new grant-making bureaucracies.** Within three years of the death of cable magnate Bill Daniels and the \$1 billion endowment of his foundation, the annual expenses approached \$10 million with a staff of more than 60 employees. By essentially liquidating the nearly \$2 billion estate to existing charities, Kroc maximized the value of her gifts and minimized the distribution expenses. She was able to get more of her money to the people she wanted to help.

(5) **Donors should decide where to give during their lifetime.** While Joan Kroc's gift wasn't publicly announced until almost three months after her death, she was actively involved in the decision-making process. According to Dick Starrman, her longtime spokesman and trustee, "She did what she did very quietly, very purposefully, and had a lot of fun doing it."

Donors of all shapes and sizes can learn valuable lessons from the way Joan Kroc gave during her life. Her modesty, generosity and desire to put the funds into the hands of effective organizations should serve as a role model for others. Her "super-sized" gift will benefit many individuals for years to come.