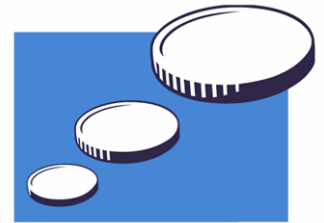




GLOBAL PARTNERSHIP  
FAMILY OFFICES



New  
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NPC perspectives

# Family philanthropy: rewards and challenges

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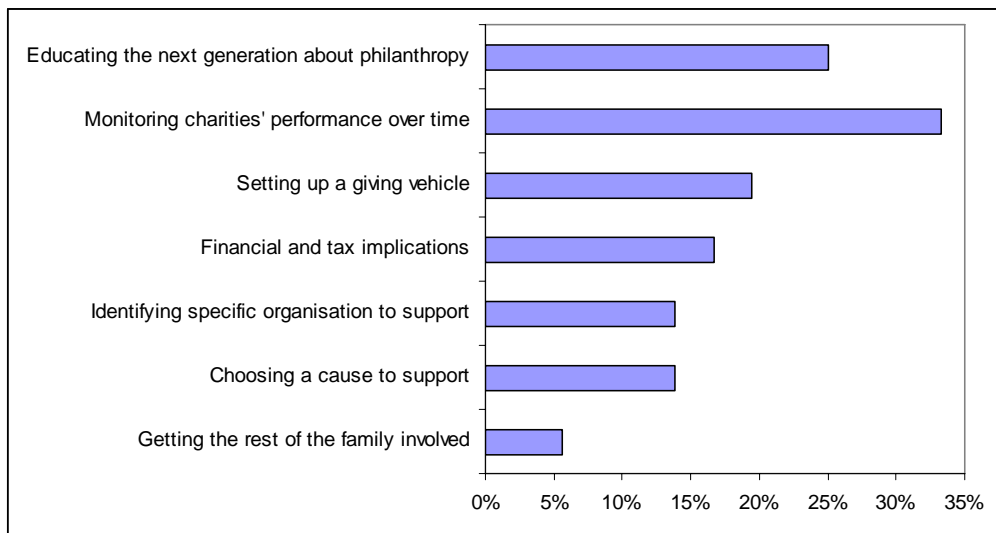
# Executive summary

Family offices are a source of generous philanthropists, but little is known about their motivations, the pleasure they get from their giving and some of the challenges they face. This philanthropy survey, sent to over 600 single and multi-family offices in the UK between March and May 2010, offers a rare insight into the philanthropic nature of some of the UK's wealthiest families.

The key findings from the survey are:

- Families are significantly more motivated by giving back to the community and addressing needs than public recognition or social expectations.
- Most of the families were satisfied with their recent giving experience, but unfavourable aspects include “tortuous administration” and the fear of being “actively pursued by charities”.
- A large majority involve the younger generation in their giving—85% of respondents with children under 21 either discuss or actively involve their children.
- More than 90% of families are planning either all or some of their giving and the top drivers in selecting charities to support are the charity's vision and strategy and that the charity is focused on the greatest need.
- But finding information about charities is a challenge—particularly around the measurement of results.
- Almost 60% of families would find some kind of philanthropy advice useful, particularly around monitoring charities' performance—but many of them do not currently seek or receive this advice.

**Fig 1: What advice would you find most helpful?**



*Type of advice sought from families who are looking for philanthropy advice (% of respondents)*

## Introduction

At a time of drastic public spending cuts, the question of how to encourage effective private philanthropy is paramount. Research into ultra high net worth (UHNW) giving has shown that one key factor for the promotion of giving among the very wealthy is the provision of philanthropy advice by the private client industry—but also that this need for advice is currently not met.

For instance, the pan-European studies *Advice Needed* and *More Advice Needed*<sup>1</sup> featuring interviews with UHNW families and 100 private client advisors showed that 90% of UHNW families cited the need for philanthropy support but did not feel their wealth advisors were meeting that need. At the same time, 60% of the interviewed private wealth advisors believed that philanthropy would become a core offering to clients within the next five years.

This call to action has been answered by parts of the industry. Several leading private banks have hired in-house philanthropy experts, and some private client law firms have partnered with specialist philanthropy advisors. Collective action is also emerging in the form of the Philanthropy Advice Steering Group<sup>2</sup>, a group of 35 private client advisors looking to develop the philanthropy advice market through the sharing of knowledge and ideas.

Family offices<sup>3</sup>, which are often the very closest advisors to high net worth families, or are even run by family members themselves, have not featured very prominently in the debate around philanthropy advice and due to the privacy surrounding family offices little is known about their philanthropic preferences and needs.

This prompted New Philanthropy Capital (NPC) and Global Partnership to launch a survey on the giving and philanthropy advice needs of family offices. The survey was sent to over 600 single and multi-family offices in the UK between March and May 2010, and completed by 44 family offices. The majority of respondents were family office executives who were either involved in or had knowledge of the family's philanthropy. The results provide a rare insight into the substantial philanthropic involvement of family offices, their motivations and common characteristics—one of which is that the majority are seeking to evaluate their impact or assess their grantees' performance, but find this difficult.

## Sizeable and planned funders with their own foundations

The survey illustrates the generosity of these families—88% of interviewees give to charity, and have on average supported 17 organisations in the last year. They are also giving at considerable scale, with a quarter of interviewees giving between 5 and 10% of their total assets away, and 6% giving more than 20% of their total assets to charity. With over two thirds of survey respondents having liquid assets in excess of £50m (and almost 20% of them with liquid assets over £1bn), this is a substantial amount of funding for the charity sector.

Two thirds of the families surveyed give through their own private trust or foundation. They do so in a deliberate and planned way, with more than nine in ten respondents either planning all or some of their giving.

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<sup>1</sup> *Advice Needed* (2007) and *More Advice Needed* (2008) were studies produced by Scorpio Partnership for New Philanthropy Capital, wise (Switzerland), and the Bertelsmann Stiftung (Germany).

<sup>2</sup> The Philanthropy Advice Steering Group was formed in late 2009 following the recommendation of NPC's report "*the Business of Philanthropy*". Its members are private bankers, lawyers, philanthropy experts and industry bodies.

<sup>3</sup> Family Offices are private companies that manage the investments and affairs of a single wealthy family (single family office) or several wealthy families (multiple family office). It is estimated that there are 11,000 family offices globally, with 2,500 to 3,000 in the US a further 2,500 in Europe, and 200 in Australia (source: Withers Worldwide).

## Shared motivation to give something back

Giving by these families is driven by common motivations. Nearly three quarters of interviewees cite the desire to give something back to the community as their main motivation to give; 58% are also motivated to give to charities that address beliefs which are important to the family. Public recognition and the expectation of the family's network to give only motivate around a tenth of respondents. The majority of respondents were satisfied with their recent giving experience—one noted it being an “important and rewarding experience”. However aspects of giving mentioned by respondents as unfavourable include the “torturous administration” involved, the fear of being put under “public scrutiny” and being “actively pursued by charities”.

## Involving the next generation

Involving the next generation is key for many of these families—of survey respondents with children under the age of 21, only 15% of respondents do not involve their children in any way. The majority either discuss their giving with their children, or actively involve the children in their giving decisions. But involving the younger members of the family also comes with its challenges—a quarter of family offices said they'd be interested in help or advice to educate the next generation about philanthropy.

## Common selection criteria, and challenges

When it comes to deciding which charities to support three factors are important for family offices: the charity's vision and strategy (cited by 50% of respondents), that the charity is focused on the greatest need (listed by 42%), and that the charity measures its results and uses its resources well (named by 29% of respondents).

However, respondents admit that using these selection criteria can be challenging. The hardest information to get hold of is how a charity measures its results, which over half of interviewees find difficult. 42% of respondents say that information on a charity's use of resources is also hard to find. On the other hand, identifying a charity's vision and strategy is deemed comparably easy by almost half of respondents.

## The need for advice and training—especially on monitoring and impact measurement

Almost 60% of respondents would find some kind of philanthropy advice helpful. Although almost two thirds of families ask charities they support for monitoring and evaluation information, a third of respondents still want help with this. Interestingly, 30% of respondents would be willing to pay for philanthropy advice. As an example of the type of advice sought, one respondent mentioned they'd like help to “set up milestones/benchmarking for their programmes”.

While nearly two thirds (65%) of interviewees have never attended philanthropy training or education events, there are three topics that family offices are most interested in attending events or training on: how to assess the impact of your grants, how to analyse a charity, and how to give internationally (cited by 42%, 37% and 33% of respondents respectively).

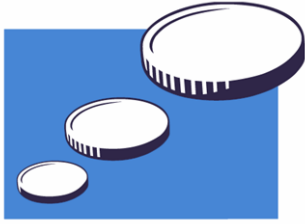
## Background to the survey

NPC and Global Partnership emailed the survey to all London-based family offices on the Global Partnership's database. However, this produced a low response rate, and so we supplemented the online survey with a paper version distributed at several of Global Partnership's events. This meant we had 44 responses to the survey.

### **About Global Partnership**

Global Partnership Family Offices is a private and discreet networking group dedicated to delivering exclusive services and information to international single and multi-family offices. Global Partnership supports family office executives, and those they care for, in an atmosphere of mutual understanding, practical and constructive debate and knowledge gathering conducted in a manner that respects confidentiality and privacy.

Underpinned by our international family office advisory board, we focus on the key issues facing family offices, and the families they serve worldwide. We offer a range of services for family offices including private gatherings globally, online knowledge portals, reports & research, education & training, a dedicated publication for family offices and Global Partnership Associates (an independent group of consultants and advisors)



## New Philanthropy Capital

New Philanthropy Capital (NPC) is a consultancy and think tank dedicated to helping funders and charities to achieve a greater impact.

We provide independent research, tools and advice for funders and charities, and shape the debate about what makes charities effective.

We have an ambitious vision: to create a world in which charities and their funders are as effective as possible in improving people's lives and creating lasting change for the better.

For **charities**, this means focusing on activities that achieve a real difference, using evidence of results to improve performance, making good use of resources, and being ambitious to solve problems. This requires high-quality leadership and staff, and good financial management.

For **funders**, this means understanding what makes charities effective and supporting their endeavours to become effective. It includes using evidence of charities' results to make funding decisions and to measure their own impact.

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