

NATIONAL CENTER FOR FAMILY PHILANTHROPY



THE VALUE OF FAMILY IN PHILANTHROPY

THE  
POWER *to*  
PRODUCE  
WONDERS



NATIONAL CENTER

**FAMILY  
PHILANTHROPY**

The National Center for Family Philanthropy is the only nonprofit resource dedicated exclusively to understanding, supporting, and advocating for philanthropic families. Its staff of experts and researchers bring 100 combined years of professional experience in the field. Its Family Philanthropy Online Knowledge Center is the largest database of resources on family giving, and it is the largest publisher of seminal research and specialized content in the field.

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# Inspiring Generations of Giving

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Democracy does not give the people the most skillful government, but it produces what the ablest governments are frequently unable to create; namely, an all-pervading and restless activity, a superabundant force, and an energy which is inseparable from it and which may, however unfavorable circumstances may be, produce wonders. These are the true advantages of democracy.

*Alexis de Tocqueville*



# The Power to Produce Wonders

The Value *of* Family  
*in* Philanthropy



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# Introductory Message *from the* Founding Chair

All institutions are reflections of the lives and values of those who create them, who maintain them, who believe in them.

This publication reveals something of the story of the National Center for Family Philanthropy, which for over a decade now has explored the special character and unique role of family philanthropy in American philanthropy and civil society.

It is about creating and maintaining and believing. Within its pages one may capture the voices of many people – wealth-generators and donors, family leaders, next-generation members, lawyers and other advisors, academic observers, and grantees. Their stories and the stories of the work they do reveal a universe of family philanthropy in America that is diverse, large, and vibrant.

The National Center has been able to begin a venture to link that universe to the greater society that so directly benefits from its labors. Its own story is not so different from that of others institutions in philanthropy. It begins with a creative and inspirational leader – Ginny Esposito – who believed and believes that families through their philanthropy can make a contribution to society that, in the main, will make things better for all of us.

The Center believes that such work can be done in many different ways and that there is no best way. Through its work, people can come to understand that philanthropy administered around a breakfast table can sometimes be as effective as that marching forth from somewhat grander headquarters. It values both kinds. It celebrates the successes of different philanthropic vehicles. That is its strength and its wisdom.

In these economically and socially precarious times, it is fitting that the National Center should recognize its first decade of service by undertaking an effort both new and constructive to the field. Toward that end, the Center chose to ask those engaged in family philanthropy to come together to consider thoughtfully and even critically the fields to which they were committed. It wanted a diverse group of people in philanthropy to talk about the opportunities,

challenges, and, especially, their roles in nurturing democracy.

The result of that conviction was the National Symposium on the Value of Family Philanthropy, and this book captures the outpouring of feelings and findings from that event and the more than year-long anniversary initiative that supported the symposium. During that initiative, the Center, with its partner organizations such as community foundations and regional associations of grantmakers, held 14 regional symposia, conducted more than 50 personal interviews, and developed a history of family philanthropy.

The sum of that is, we believe and we hope, a statement about how families through their philanthropy serve the values that bind them together, even as they may find different venues for expressing them. In that diversity, there is a common commitment to the democratic society that encourages them. ■

**THOMAS W. LAMBETH**

*Senior Fellow, Z. Smith Reynolds Foundation*

*Founding Chair of the Board of Directors and Chair of the Anniversary Initiative Committee*

*National Center for Family Philanthropy*

*“Families in philanthropy have been loyal and valuable supporters of The Carter Center. These families bring a special quality of understanding of our work, especially our work with families and children in need overseas, and commitment to our success.”*

—PRESIDENT JIMMY CARTER

## ANNIVERSARY INITIATIVE COMMITTEE

**MARY MOUNTCASTLE**, Trustee, Mary Reynolds Babcock Foundation and Chair of the Board of Directors of the National Center for Family Philanthropy

**ALICE BUHL**, Senior Associate and Director of Philanthropic Services, Lansberg, Gersick and Associates and NCFP Senior Fellow and Founding Board Member

**VALERIE LIES**, President and CEO, Donors Forum and Former NCFP Board Chair

**CURTIS MEADOWS**, Director Emeritus, The Meadows Foundation and Former NCFP Board Chair

**JACK MURRAH**, Former President, Lyndhurst Foundation and Founding NCFP Board Member

**NOA STARYK**, Trustee, The McKnight Foundation and Former NCFP Board Member

# A Case to Be Made

When you consider the financial scale alone, you might think American family philanthropy is something that is well understood and appreciated. Philanthropic families gave away, through their family foundations and donor advised funds, more than \$25 billion in 2007 alone – and likely hundreds of millions more in direct giving and through other charitable vehicles. When you add the fact that family philanthropy includes some of the most recognizable names in the world, you might be reasonably sure it is well known. Moreover, countless philanthropic families, well known perhaps only in their home towns, have given generously to those communities over many generations.

Yet, despite the scale of giving and the prominence of givers, despite more than 100 years of charitable history, the values, processes, and contributions of organized family philanthropies are not well understood or appreciated for what they ultimately accomplish – including by some who benefit from their gifts. Perhaps of greater concern, the value of family philanthropy eludes many who might begin a family giving program as well as those charged with shaping the public policy that encourages and monitors this practice.

As the numbers of donor families has exploded – along with the assets they manage – this lack of understanding has not only kept many from appreciating the contributions they make but has bred concern, even cynicism, about their motivations and choices.

The National Center for Family Philanthropy was founded and remains the only resource center dedicated solely to encouraging and advancing excellence in the practice of philanthropy by donors and their families. Sensitive to the challenges implicit in this practice, the National Center was, and is, inspired by the enormity of the commitment and contributions of these remarkable families. We have experienced their dedication, work ethic, and vision for the future. *While that vision is increasingly global, we know that America today – in its most admirable*

*accomplishments, its most cherished creative achievements, its most stunning and useful scientific discoveries, and its most durable civic institutions – is unimaginable without the contributions of its philanthropic families.*

Since 1997, the National Center for Family Philanthropy has been privileged to work with and on behalf of family philanthropy. As the 10th anniversary of that founding neared, we determined that it was time to take a critical look at why family philanthropy is important and why, informed by both its strengths and its challenges, we so fervently believe it must be nurtured and sustained.

The National Center Board of Directors approved a sweeping research and education initiative to better understand and articulate the value of family philanthropy in our democracy. The initiative would include 14 regional discussions around the country, a national symposium on the key questions and issues surfaced through the regional symposia, and an interview study of thought leaders. A set of initial questions was developed by an advisory committee (see Box, p. 38) and later refined for the national symposium.

We began by charting the development of the field (with emphasis on the last two decades), and considered how that has shaped public understanding of private family philanthropy. This development includes exponential growth in the number of donors, the variety of vehicles for giving, and the charitable billions they manage. It is apparent that, as the amount of money grew, so did the media and legislative scrutiny of practice and choices. The scrutiny surfaced some (although, given the intensity of examination, remarkably few) serious examples of bad practice.

As our research progressed, we also had to factor in the impact of an increasingly bad economy. In such an environment, many are suspicious of accumulated private wealth – even wealth designated as charitable. It also had to be expected that every dollar that carried a tax implication would be thoroughly scrutinized for its public benefit. And these dollars have been.

Again, the National Center came to this initiative with a belief in the value of family philanthropy – a belief deeply rooted in our extensive experience with the problems, the product, and – most of all – the people of family philanthropy. Our review wasn't accomplished with rose-colored distraction. If it had been, we would have missed the idiosyncrasy, the lessons of families who identified and worked through difficulties, the seemingly unreasonable – though ultimately game-changing results of – risk taking, and the privilege and pain that comes from working closely and intensely with your family across time, geography, and generations.

Through this research and education initiative – and through the publication of this report and others to follow – we hope to add substantially to the understanding of family philanthropy. We hope to continue the conversations we started across America and, in future phases, add new voices and perspectives (including more global and grantee perspectives) to our inquiry. We also hope to inspire and support future donors who are considering engaging their families in the giving process.

Finally, we hope to encourage those dedicated families who generously give their time, talent and treasure in service of a philanthropic mission. The participation of so many of you in every phase of this initiative has informed our understanding of your work, and will help us communicate that to others. But it has also reinforced our deep admiration for your commitment to work closely with those you love on behalf of something larger than any one individual family – the causes and communities you support. It is to you that we dedicate this publication and all our work on your behalf. ■

**VIRGINIA M. ESPOSITO**

May 2010

# The Power to Produce Wonders

## The Value *of Family in* Philanthropy

*By Virginia M. Esposito*

**T**he passionate generosity of countless American families has inspired extraordinary gifts. Indeed, we may know many of these families more by their philanthropy than by the business successes that made their largesse possible.

Consider, for example, The National Gallery of Art and the Mellons or The Special Olympics and the Kennedys. An endless number of other philanthropic gifts are now so much a part of our lives that the names of those who funded them may have long been dropped from our collective conscience.

What is most remarkable is the very phenomenon of American family philanthropy itself. An astonishing number of families make record-setting, private contributions and volunteer countless hours on behalf of the causes and communities they care deeply about. Many have done so over multiple generations. Many more have begun their family giving traditions in the last two decades. Whether old or new, well-known or anonymous, such families have enriched the lives of millions not only in this country but around the world. Equally, if not more importantly, the philanthropic work of these families has strengthened the nonprofit sector and reinforced the democratic nature of our society.

Family philanthropy, clearly, is a global practice. Families on every continent share common goals for helping neighbors, supporting key non-governmental organizations, bolstering their communities, and involving their children in philanthropic work – and have for centuries. Yet, Americans, by choice, tradition, and the workings of a tax system organized to promote citizen development and responsibility, give more money to favorite causes than any other people on earth. The encouragement of giving through public policy, the very size of the nonprofit sector, the sheer scale of giving, and the sophistication of their grantmaking processes continue to set American family philanthropy apart.

Yet, precious little is known about the value private family philanthropy represents in our society and the essential role it plays in our democracy. It would be easy to dismiss this as just one more thing that the media or Congress doesn't understand. But the fact is that the contributions and potential of family philanthropy are not well understood even by many of those engaged in the practice or by those who benefit from charitable gifts.

There are obvious consequences to this lack of awareness. In the absence of understanding, many question the value, even the legitimacy, of family control of philanthropic wealth. They ask whether public policy should encourage private giving. While these consequences deserve attention and action, a little-noticed but potentially tragic consequence may well be that many who might be inspired to give, don't, and many worthy organizations that might be supported, are not.

Given the confusion, let's be clear about just what family philanthropy is.

For purposes of the National Center's work and the study on which this paper is based, family philanthropy is less a matter of wealth than of a family's choice to organize and focus some or all of its giving. Most family members who make that choice have been personally charitable for some time. They have been writing checks directly to nonprofit organizations and are often active volunteers. Over the course of these experiences, they develop personal charitable interests, values and hopes. Grounded in these same values and guided by those interests and hopes, they decide to establish a structure for their giving.

Regardless of personal wealth, family and family values are often at the heart of many acts of charity and, for some, how those acts become multi-generational traditions. Family members may volunteer together and make gifts to those things that have added to our lives or redress wrongs that concern them. Families can decide to make joint philanthropic choices based on their personal values and interests. And, like other Americans who itemize on their tax returns, they may take advantage of a deduction for their contributions.

Once the formal vehicle for giving is established, new opportunities – and responsibilities – have to be embraced. What may have been a very informal and private practice, likely requires a governance structure, financial and investment oversight, grants management, and legal compliance.

### **The largest foundation in the world is a family foundation,**

the Bill & Melinda Gates Foundation, based in Seattle, Washington. Almost half of the 25 largest foundations in the United States have some active participation by the donor or relatives of the donor. That said, most family foundations in the U.S. have less than \$1 million in assets. Donors can start an advised fund with \$25,000 (and some host organizations have even lower minimums).

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**FAMILY FOUNDATIONS**

One-third of family foundations were created just in the past decade, and inflation-adjusted family foundation giving has more than doubled since 1998. In 2007, there were more than 37,000 family foundations. Together, they gave more than \$18 billion in grants. By comparison, in 2002, there were more than 29,700 family foundations, which together had total giving of \$12.5 billion.

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**DONOR-ADVISED FUNDS  
AND SUPPORTING  
ORGANIZATIONS**

In 2007, there were more than 122,500 donor-advised fund account holders. Donors to these funds recommended grants of \$5.4 billion in 2007. In 2005, there were 45,000 supporting organizations in the United States, holding more than \$76 billion in assets; many of these are known to involve donor families.

The qualities of an effective grantmaking family don't necessarily differ from those that make any other trustee group highly functioning. But the way family members commit to the stewardship responsibilities of grantmaking and the way they may be perceived in the community are wholly different and add to the need for special preparation. This may include greater orientation to the family's history of grantmaking, more open discussion of family goals, clear articulation of expectations, and sensitivity to the implications of family participation on the grantmaking process.

*Families must realize that deciding to allocate some of their wealth toward charity, picking priorities and giving away money, is only just the beginning. ★*

Understanding that much is a good beginning, but insufficient. Hence, the National Center for Family Philanthropy has, since 2007, held 15 regional and national discussions and conducted a major study to more clearly articulate the value of family philanthropy: to the families themselves; to the philanthropic tradition; and to our nation. We did not overlook difficulties and challenging questions. Indeed, by articulating those challenges as well as identifying distinguishing assets, we believe we've revealed a more nuanced, much richer portrait of family philanthropy. It is a picture that is more gratifying, leading ultimately, we trust, to a greater public appreciation of the positive and substantive roles family philanthropies play locally, nationally, and globally.

Family foundations, donor advised funds, charitable gifts funds, family office givers, and those with many other formal giving structures participated in the study (as did some who have looked to family funds for nonprofit support). I believe that almost all of the themes that emerged are relevant to philanthropic families regardless of vehicle. At times, the term family foundation is used specifically because of the governance responsibilities attendant to that choice. The term "funds" is used to refer to donor advised funds and, occasionally, as a generic term for both advised funds and foundations.

*\*Quotes by individuals interviewed during this study appear in italics throughout the essay.*

We asked participants what family participation adds to philanthropy and what has participation in the family philanthropic process meant to those who serve as donors, family members, trustees and advisors. The questions provoked extraordinarily moving conversations as many of those we engaged – most for the very first time – considered what inspired and sustains their own commitment and their pursuit of meaningful giving.

► **SECTION 1** considers how philanthropy adds to the lives of donor families. It is rare that such benefits are explored; perhaps we are sensitive to perceptions of what is gained from the experience. To the contrary, there is great value in understanding and appreciating these benefits – benefits that reflect profound gratitude for the experience and the privilege. These are themes sure to renew the commitment of donor families and, hopefully, encourage those who might consider establishing a family philanthropy.

► **SECTION 2** examines the unique contributions of donor families to philanthropy. What does the personal participation of donors and family members add to the giving process and to the results and impact of that philanthropy?

## How Philanthropic Families Organize their Giving

**A**t one time or another, most American families act on their charitable values or impulse. They may volunteer, put something in a church collection plate or holiday kettle, or write checks to organizations they admire and want to support. Volunteering and making direct gifts to favorite charities remain the most popular strategies for charitably minded individuals and families.

However, there are some families that want a greater measure of focus, administrative or grantmaking support, or financial planning in organizing their giving. For these donors, an attorney or financial advisor usually recommends one of a number of giving “vehicles.” A generation or two ago, most recommended the private foundation. It continues to offer great personal discretion over the grants (charitable gifts) as well as tax advantages. In the last few decades, many other charitable vehicles have exploded onto the giving “market” – some offering financial and administrative management, many trading some giving control for even greater tax advantages, and most making the world of organized giving readily available to those with more modest charitable budgets.

Here are some of the many giving vehicles available to prospective donors and their families:

- **Private Foundation:** the vehicle that allows the greatest personal control over the giving, the private foundation is often endowed either upon establishment or upon the death of the donor(s). Many foundations payout grants based on the earnings of the corpus, allowing lifelong, even perpetual, giving. Others choose to payout more as needs and program goals dictate.
- **Family Foundation:** is not a legal term but refers to a private foundation where the donor and relatives play an active role in the governance of the foundation.
- **Donor Advised Fund:** is an extremely popular option for giving because donors can start and maintain them with fewer dollars (some hosts have no minimum; the average is \$10,000-25,000). Donors give up some control (hence, the word “advised”) and attach their funds to a public charity and, therefore, receive greater tax advantages. The administrative or grantmaking support of the public charity is often an attractive advantage for donors. Community foundations host thousands of such funds, as do other public charities, financial institutions, and donor networks.
- **Giving Circle:** Donors with a shared giving interest or who want to give and learn together in a supportive community often join a giving circle. Such a circle requires a minimum contribution in exchange for the experience of shared decision making and leveraging their dollars to greater advantage. Giving circles have sometimes been the vehicle for the venture philanthropy movement.
- **Family Business Giving:** Donor families often play their earliest philanthropic roles in the community by giving through their family business whether it is sponsoring a Little League team or making significant community grants. It is often this experience that prompts greater charitable involvement either as a complement to business giving or after the business is sold.

► **SECTION 3** explores the challenges that affect each philanthropic family's capacity for Giving Together and Giving Well. At one time or another, all of them face challenges that test their unique culture and the ability of the family to be an effective and trusted steward of the precious resources it manages for the public good.

► Finally, **SECTION 4** considers the value of family philanthropy as both a reflection of and a necessary component of the proper functioning of democracy and democratic institutions in the United States. If the value of this giving has been questioned, it is likely due to lack of thoughtful consideration rather than any misconception about its nature. Hopefully, the ideas raised here invite a more open, informed, and broader discussion and understanding of the place of family philanthropy in the dynamic of our society.

# 1. What Philanthropy Means to Families

*Family philanthropy offers family the chance to feed itself – to develop leadership, to develop links across generations that mean something. There just aren't that many places where you can add to the social interaction of the family relationship a piece of work. Work adds meaning and intensity to the family's relationships that nothing else can – not being, not playing, not talking together.*

*There is a wholly legitimate purpose to philanthropy as a source of meaning to a donor and a family. This is essential to the continued vitality of the American philanthropy experience.*

For most families, opportunities to experience the intensity of shared work are rare. More often, shared experiences relate to family activities and special events rather than work that takes them outside the joys and demands of family. Those engaged in a family business have some sense of that experience but it, too, is limited in its primary purpose and the extent it can offer participation and family input.

A philanthropic agenda offers families a very different relationship – a professional relationship based on shared goals and meaningful work between and among generations, different branches of the family and across geographic boundaries. Family philanthropy not only offers the opportunity to work at establishing such a relationship, it depends on it.

And it is work. There are serious obligations donor families take on when establishing a giving program and offering participation to family members: the time it will take; the preparation and ongoing professional development; and the commitment to shared goals and interests, sometimes contrary to personal predilection but always in the public interest.

The National Center for Family Philanthropy has worked to document what family members must give to meet those responsibilities. But, what is it the experience gives back? How does philanthropy enrich the lives of those who have willingly and conscientiously worked in its pursuit?

Those interviewed spoke movingly about their gratitude for their philanthropic experiences and how those experiences have added to their lives. Six themes consistently emerged.

## EARLY EXPERIENCE AND DISCOVERY

*I had to learn about the process of governance in my 20s in order to enhance my own capacity to be part of the board of the foundation. And I was lucky enough to be able to take that into the community as a volunteer. I found myself better informed about community issues and, unlike some of my peers, had some knowledge of how to function in a governing system.*

Family foundation boards have an age and generation range not typical of other foundations or of other nonprofit organizations. As so many family foundation board members are younger, family philanthropy often represents the first chance to experience the responsibilities and demands of governance.

Beyond very specific skills and experiences, participation in family philanthropy offers many young adults the opportunity to learn more about themselves than they might otherwise. An identity – both as part of and distinct from family – may be shaped by the deeper connections with the larger world. It may be, therefore, that – through selflessness – a stronger sense of self emerges.

*At the heart of the philanthropic experience, there is a self awareness.*

*What is my relationship to the rest of all humanity? Those who have the resources have to ask that question early. The opportunity to plumb the relationship with others and understand how one is connected is one of the true gifts of family philanthropy.*

## LIFELONG LEARNING

*Philanthropic families have the chance to turn their life experiences to empathy and concern for community issues. But you may be drawn to the issue by that empathy and quickly realize you need knowledge. That may prompt you to set up a learning process for family members and be open to it: the community will teach you; their proposals will teach you; the experts in the fields of interest will teach you. You end up with a tremendous opportunity to do it well and, over time, you begin to realize that ongoing learning is a very important component – and benefit – of the process.*

Participation in the grantmaking process offers families the distinct privilege of learning about needs and issues from those most impassioned and most involved – the community leaders they fund. They build nonprofit skills and experiences they likely would not have otherwise; among them, experience with volunteers, board and staff relationships, financial management, development, and evaluation. And, it has given them the chance to return those gifts to society – as more enlightened, engaged nonprofit volunteers.

**“For a long time I pushed [my family’s philanthropic history] as a guise,** wanting to be known as myself and not having that overrule or overshadow my identity. But, as I’ve gotten older, I’ve begun to realize that in order to be effective, in order to understand myself and my relationship to other people and issues of power dynamics, even race dynamics, I have to confront my own identity. ...And I think philanthropy itself helps me accept that identity. I recently heard someone say that it’s hard to feel ownership over something that’s been given to you. Here I’ve been blessed with all this stuff, but it’s really hard to feel ownership for it. I find that, paradoxically, giving some away is helping me come into a feeling of ownership – not only of my identity but also of these incredible gifts I’ve been given. I find that true giving has helped me to accept the identity that has been challenging.”

**REBECCA ROCKEFELLER LAMBERT**

*National Symposium on the Value of Family Philanthropy*

## DISCOVERING ONE'S FAMILY

*When it goes well in a family, there can be this discovery – an appreciation of other family members that can be really inspiring. I have talked to a lot of family members who are surprised and moved by the caring and the investment and commitment that other family members feel toward the foundation's work. It is a real discovery of other family members. This can be especially true if other relationships are more of the business world or are more strained. When they see how caring they can be, it opens up a different way of looking at one's relatives. And that can lead to a real positive feedback loop about doing more of this together.*

For some, getting to know family at a different level means getting to know those who may have been on the margins of other family activities but proved to be perfect for an active – if not a leadership – role in the philanthropy. And, for all families, this discovery does not come without disagreements and tension. But unlike many other boards or groups, the motivation to work through it is strong and the rewards even greater.

*You get to know family at a totally different level. When you screw up and have a big argument, you still have to go home to your family. You have to learn to communicate in different ways, to know them professionally and in the community. There is a real sense of accomplishment when you get through a hard conversation and both the grantmaking and your family are the better for it.*

Beyond – or, perhaps, because of – this appreciation of individual family members, family philanthropy enhances family culture. It is both an expression of that culture and the opportunity to think openly about who you are as a family and the culture you want to create.

*Family philanthropy has strengthened our family culture. It has added richness and experience to the family work. It becomes more than an activity; it is a life mission or calling.*

## BUILDING CONNECTIONS ACROSS GENERATIONS

*I have this idea that family philanthropy can provide a balance between the centripetal forces that pull family together and the centrifugal forces that pull them apart. This practice is especially important when it works in providing a set of experiences that keep families in relationship to one another in a very positive way. I am especially attracted to the way this happens between generations.*

For years, donor families have been told to prepare for the succession of a new generation. We surmised that meant some senior family members needed to step aside (ideally, gracefully) in order to give younger family members a chance. It was the proverbial passing of the baton. More recently, we have discovered a flaw in this otherwise sound advice. Family members are living longer, active lives. People are marrying at different ages and having children at different ages. It is not unusual for a single family generation to span more than 30 years. Perhaps most importantly, younger people may learn from and be inspired by the experiences and mentoring of veteran family leaders who are willing to share authority. The successful multi-generational family philanthropy of the future is not one that passes the baton successfully but one that learns to share it – valuing the perspectives, the leadership, and participation of all.

## A VIEW “OUTSIDE THE AIRPORT”

The financial resources of most philanthropic families mean children may have all the opportunities and experiences their parents dream of providing. Some of those opportunities – private schools, luxury vacations, elite extracurricular activities – may (intentionally or not) offer a narrow view of the world. Further, beyond the safe haven family and school provide, concern – even fear – for their safety may mean further shielding them from life’s harsher realities and dangers. Philanthropy introduces social needs and solutions in constructive, inspiring ways. Similarly, for those preoccupied with the responsibilities of family and business, philanthropy offers a more balanced view of the world.

*One of the real advantages of being involved in philanthropy – if you make use of it – is the chance to get out and meet the people doing the work – the truly dedicated and inspiring people involved in nonprofits. My hope is that people will get out of the gated enclaves and from their “lives between airports” and see how others live.*

## MAKING CONNECTIONS IN A CHAOTIC WORLD

*Family connectivity is a perfect antidote to how fast our society is running. Coming together in philanthropy can be the silver bullet to a society moving in different directions very fast. You stay connected and do work together that keeps you attached to your community or something topical. The work keeps you together with the people that matter to you.*

Contemporary society surely is complex, confusing, challenging – chaotic. Family foundations and funds often are safe places in which to make sense of the swirl of modern life. They usually begin with a nuclear family – a donor couple and their children. The manageable number and the intimacy of the family changes quickly as the second and certainly the third generation includes spouses, cousins, aunts and uncles, grandparents and a host of others – across generations and branches of the family. Depending on the donor’s goals for family involvement and perpetuity, participation may mean everyone is a potential trustee or advisor. The motivation to keep your family – all your family – connected and involved (or, at least, informed) is powerful. Making time for the philanthropy – and, by consequence, the family – is required by the demands of the shared work. Indeed, making such time in busy schedules might not happen at all otherwise. But, both the philanthropy and family can benefit from the effort. ■

**“We are watching a whole generation of families grow up** with a better sense of who shares the world. The power to teach younger generations that we are stewards of a shared world is the implicit message and value of family philanthropy.”

## 2. What Family Adds to the Practice of Philanthropy

*What more likely place do we develop the habits that are necessary to assure us all that we are not alone in the world than in the family? It is intrinsic to the family condition and it is in the family setting that the philanthropic impulse is organic. Philanthropy becomes a fundamental aspect of who the family is and contributes to the sense that giving back and sharing are fundamental parts of the human existence.*

It's important to note that the 'family' aspect of family philanthropy cannot be understood solely by looking at family dynamics.

All of us can cite those patterns of behavior in our own family that irritate or amuse, are predictable, yet confounding. For families choosing to work together in any enterprise – business or philanthropy — learning to manage dynamics appropriate to the responsibilities and tasks at hand is essential. But, focusing solely on the negative dynamics obscures the underlying inspirations for giving, the generative complexity of the experience, and the desire to sustain charitable commitment over time.

*I don't know of any behavior that is more intertwined with people's fundamental definition of themselves than family philanthropy because it is learned in the intimate relationships between parents and children and among family.*

What our study and our conversations uncovered was a clear set of interconnected qualities of family philanthropy in action experienced and exhibited in various but nearly always provocative degrees.

### PASSION

Over dozens of interviews and symposia, only one distinguishing quality of family giving was raised in all: the passion of a donor and philanthropic family for the work they are doing. Passion might be the result of a family experience (an illness that affected a family member, for example) and it might be the result of working closely with similarly passionate nonprofit

**Born mid-century in Cambridge, Massachusetts,** Roxanne Quimby developed a passion for the arts and nature that became the central theme of her future business and social philosophy. In 1975, Roxanne moved to a small town in central Maine, where she used her life savings to buy her first 30 acres of woods. She built a small cabin where she and her twins, Hannah and Lucas, lived in harmony with nature for almost 15 years without electricity, running water or other modern conveniences.

In 1989, Roxanne and her partner Burt, a beekeeper and refugee from New York, started Burt's Bees, a cottage industry which quickly evolved into an internationally renowned personal care company with a core commitment to pure ingredients, naturally efficacious formulas and earth-friendly packaging. In 2003, Roxanne sold the now multimillion dollar company, while continuing to serve on the Board of Directors and helping ensure the company maintains its commitment to natural integrity.

With the proceeds of the sale, Roxanne funded two foundations. The first awards grants to nonprofit organizations in support of the environment and the arts, and the second, an operating foundation which owns and maintains 70,000 acres of wilderness in the North Woods of Maine. Roxanne is also the cofounder of Maine Woods Forever, a heritage conservation organization dedicated to preserving the spirit and landscape of Maine Woods.

*The Quimby Family Foundation is based in Portland, Maine and distributed \$656,000 in grants in 2008.*

leaders. Passion was credited with sustaining one's commitment to the time and work involved, for giving more than you might have intended, for the excitement experienced by the donor/grantee partnership, and for some really big arguments around the board table or at the dinner table.

*I don't do this – and I'm not sure I could – for a salary. And, while I respect my family responsibilities, I couldn't give it all I do for duty alone. Our priorities are part of our family history – my philanthropic inheritance – but I, personally, am passionate about the issues we're working on. And I know my family members are too. It's very much a personal stake in something's success. I don't know I feel about anything else quite the same way.*

Families – many encouraged by grantees – are discovering that passion and commitment made them great advocates, speaking on behalf of their causes to other donors, to the media, and to policy makers. Advocacy, they found, drew attention to the work and helped to leverage whatever financial contributions they were already making.

## ROOTS

Family philanthropy is inextricably rooted in the family experience and those roots – geographical and experiential – drive giving interests and style. Roots can be ancestral, dependant on the telling and retelling of family stories. “Our family tradition of giving began before there was any wealth at all,” said one trustee. Said another: “The Depression remained a strong influence on my parents, and they knew what it was like to give when you weren't sure you had enough for yourself. Why would we not give out of abundance?” For some, their roots have become almost synonymous with the causes and institutions they've been supporting. “We still want to give to those places and things our grandparents cared about.”

Many families grew their wealth over generations and, no matter how far their business interests extended, often remained based in the same hometown. Hometown was both the family's sense of place and commitment. Gratitude to a supportive community and a desire to give back meant developing giving interests along geographic lines. Today, third and fourth generation family foundations both honor and struggle with that commitment as family members move away.

*I really admire those family philanthropies that have a sense of place – a commitment to a place. That is very empowering especially to low income organizations that are place based. Where there is a really strong family foundation that works with humility and as a partner, community development organizations do so much better.*

**The George Gund Foundation**, started in 1952 by the late Cleveland banker and businessman, has continued its commitment to that city despite the fact that none of the eight family members on its 10-person board of trustees lives in Ohio.

According to the foundation's guidelines: “The history of the George Gund Foundation reflects a deep commitment to place, to the Greater Cleveland community that was the home of its founder and that remains the Foundation's home. The Foundation's stewardship of this region derives not just from our history, but also from our belief that Cleveland can continue to develop original responses to urban issues.”

*In 2009, the George Gund Foundation made grants of more than \$15 million in greater Cleveland, bringing the total for grants made since its founding to well over \$500 million.*

## The Springs-Close Foundation is among the largest family foundations in South Carolina

and one of the oldest in the South. Assets at the end of 2009 were approximately \$38 million, and over the past seven decades the foundation has invested nearly \$100 million in the state – primarily in a rural three-county region known as the “Olde English District” or “central uplands.” The family’s history in the region goes back to the late 1700s, and the family’s interests, both business and charitable, have been a major force in the region for more than a century.

The foundation’s impact on the quality of life in the area is readily observable and has touched the lives of most residents. The family and foundation have been lead investors in a comprehensive regional hospital, a local branch of the state university, and numerous open-space “greenways,” including the Anne Springs Close Greenway in Ft. Mill, a 2,300-acre scenic area with hiking and biking trails, lakes, ponds, creeks, farmland, bridges and old buildings. Beyond such highly visible projects, the foundation has supported a host of services and opportunities to make a difference in the lives of residents.

*The Springs-Close Foundation is based in Fort Mill, South Carolina. The Foundation distributed \$2.55 million in grants during 2008.*

Philanthropy can be rooted in a family’s past, in its joys and, often, in its effort to make sense of sadness. A lifelong passion for art collecting may inspire some families; a devastating illness may mobilize others. Both firmly ground the family’s sense of purpose and their philanthropy.

Members of families with newer philanthropic traditions emphasize their experiential roots. They, too, often want to give back to the community that offered support and encouragement, but that community might be the university they attended, and their sense of place is likely global. Their giving style can be rooted in the way they made their money. Entrepreneurs who made big, bold bets and expected a big, bold impact from those bets might bring the same vision and expectations to philanthropy.

Wherever or whatever defines a donor’s roots, it contributes not only to a sense of self, but plays out in the philanthropy. A sense of strong charitable roots can lay the basis for rich philanthropic legacies; those who appreciate their roots often appreciate the need to renew them. They also influence the nature of the commitment and one’s passions, values, and style.

## COMMITMENT AND CONTINUITY

*The level of continuity of the work over time is one of the most distinctive characteristics of family philanthropy. The longevity of board members and the ability to transfer that across generations can contribute to continuity. It is a stronger quality than might be known if the philanthropy depended solely on transient staff leadership.*

**The Harris and Eliza Kempner Fund** has deep roots in Galveston, Texas, where the family and its businesses have flourished, beginning with Harris Kempner’s arrival in 1868. For six generations the families have been involved in the community, and in 1946, several members of the family established the Kempner Fund. Family members realized that conditions that typically follow economic depressions and wars could affect their ability to support charities in time of greatest need. Today, nearly 100 descendants of Harris Kempner continue their philanthropic efforts, ranging in age from 3 years to 98 years.

The directors of the foundation have always felt a strong commitment to addressing the needs of their home community. Annually more than 90% of the Fund’s grants are awarded to organizations that benefit the people of Galveston. The grants cover the broad areas of arts, humanities and historic preservation, community development, education, health, and human services. After the severe damage caused by Hurricane Ike in 2008 the Fund is working even harder on recovery efforts for the island.

*The Harris and Eliza Kempner Fund distributed \$2.3 million in 2008.*

The ongoing participation of family generally means the ongoing commitment to specific causes and organizations. Donors speak of the loyalty they feel toward long-supported organizations. They report a willingness to stick with grantees over a longer period of time – even when times are tough – than other grantmakers might consider doing. This has been especially evident recently as both grantors and grantees face difficult economic times. Family members cite that concern as the reason for raising the level of giving. They simply cannot imagine their communities (or, indeed, their own lives) without the work done by their grantee partners.

*We stick with certain principles for a lot longer. You understand the stories – written or oral – that talk about the genesis of the work you are engaged in. These stories are very powerful and make you committed to what you are doing. You may tweak it and make it relevant for today --- to better relate to the world of nonprofits. But, when you have a heartfelt connection to why you are doing something, you connect to the work more intimately.*

Of course, it is just that process of tweaking that represents the opportunity, responsibility – and perhaps the greatest challenge – for successive generations. How will future trustees and fund advisors honor family history and donor intent while adapting to changing times and circumstances?

*Family gives you the ability to stay with something for a long time, and the family participation piece can make change more difficult. Those same stories that enhance the work can make change – even for effectiveness sake – more painful.*

**Founded in Janesville, Wisconsin in 1979**, the Jeffris Family Foundation is dedicated to Wisconsin's cultural history and heritage through the preservation of regionally and nationally important historic buildings and decorative arts projects. The Foundation supports significant projects that strive for high preservation standards and show a strong degree of local support.

In 2008, the Jeffris Heartland Fund was established to expand its scope to the entire Midwest, including the states of Iowa, Illinois, Michigan, Minnesota, Missouri, Ohio and Wisconsin. Grants are awarded to nonprofit groups and public agencies, with priority going to projects in smaller cities and towns where funding sources are typically more limited.

"Funding made possible by the Jeffris Family Foundation for the Jeffris Heartland Fund will help towns across the Midwest preserve the historic places that have anchored their communities for generations," said Richard Moe, president of the National Trust for Historic Preservation. "At a time when the national economy is experiencing profound challenges, funding from sources like the Jeffris Family Foundation is especially critical to ensure that the historic fabric of our smaller towns is not lost forever."

*Source: Jeffris Family Foundation website and 4/19/2010 News Tribune article.*

*The Jeffris Family Foundation is based in Janesville, Wisconsin. The Foundation made grants of \$1.49 million during fiscal year 2008.*

## THE POWER OF THE NAME (AND THE UTILITY OF POWER)

*The instinct to be modest is a mistake. Modesty and anonymity are not synonymous.  
The name can add to the impact of the giving.*

Modesty may make some families reticent, but others point to the potential for good in the family name and reputation. Many families have learned to take explicit advantage of what can be a useful grantmaking tool. The family name can garner respect, or at least attention. It can act as an imprimatur of sorts, particularly when the family encourages grantees to let others know they fund them.

In some situations, particularly when tensions or stakes run high, it may not be possible for a civic, business, or even another nonprofit leader to convene affected parties. Where the perception of bias or agenda may be just too strong, a family foundation or fund can serve as a respectful, neutral broker as well as command attention.

*When a family is engaged, particularly when the family is identified with that work, there is a great deal of interest in doing that work well. It is seen as part of the family's reputation.*

Respectful is the operative concept. Using the power of the family name wisely is just one facet of the challenge to use power more generally in appropriate ways. Families report this happens when the motivation is values, mission or program-based.

*Families can be proactive in changing the world that is consistent with their values. Some can do this with politics; some can do it by being successful in business. The best opportunity offered by family philanthropy is the chance for the family to engage in the work of improving the community and the world in which they live.*

**“Families understand the joys and challenges** of raising and supporting children and adults with intellectual disabilities. The prominence of the Kennedy family through its philanthropy and many other activities has shone light on the needs and contributions of people with intellectual disabilities and their families. The Joseph P. Kennedy, Jr. Foundation recognizes the important role that families in philanthropy play in making America a more inclusive and accepting nation.”

**CONTRIBUTED BY STEVEN EIDELMAN,**  
*Former Executive Director, Joseph P. Kennedy, Jr. Foundation*

**In 2002, in the immediate aftermath of the September 11th tragedies** and one of the biggest collapses of the financial markets in history, The Jay and Rose Phillips Family Foundation in Minneapolis took a close look at the challenges facing its grantees and the communities it served. The board quickly decided to significantly expand the annual payout rate of the foundation in an effort to ensure that local agencies called upon to support families affected by the economic repercussions of September 11 had the support they needed. The foundation made a special effort at the time to provide grants to combat discrimination against the local Islamic community.

*The Jay and Rose Phillips Foundation is based in Minneapolis, and made grants of \$9.5 million during 2008.*

## RESPONSIVENESS AND FLEXIBILITY

*Family foundations, for good and ill, have something of a personality that is different from other institutions, even other grantmaking institutions. That personality allows for more original initiative – more unconstrained thought about how to set and do the work of the organization. Sometimes you have a freedom, a quiriness of character, that allows you to think of things and do things others might not.*

The freedom philanthropic families often demonstrate – to act quickly when needed, to act on convictions and to act on new knowledge – can be one of its greatest strengths and gifts. When the day to day rigors of responsible grant management are put on hold for a greater good, both the family’s humanity and their personal knowledge and commitment to the community are manifest. But, several members of philanthropic families also expressed a due regard for stability as a counter-balancing consideration. Flexibility, unchecked, can have devastating consequences on the mission and focus of the giving. Responsiveness run rampant can lead to chaos.

*One of the practical pieces I like about family philanthropy is its flexibility. They have the ability to do something quickly and maybe even riskier. The double-edged sword, of course, is it can become quirky. But so much of philanthropy is tied up in bureaucracy that it is hard for new ideas to get through. Family philanthropy can offer some relief.*

*I hope that, as family philanthropy continues into the foreseeable future, as it increases, it maintains a level of practicality and reality and wisdom. Family foundations – particularly if they are working close to home – should have a good understanding of what the needs are and be practical about how to approach them. Seize opportunities, break the rules; follow your heart and intuition and know when to be focused within a plan and strategy. Therein comes the wisdom; when to do one or the other. Much of the source of the philanthropy – the money – comes from the wisdom and practicality of founders. Philanthropy, where those gifts are present, can mirror that sensibility and instinct.*

**On Christmas Eve, 1983**, a devastating freeze destroyed over half of the citrus crop in the Rio Grande Valley of Texas. The loss resulted in the elimination of 8,000 agricultural jobs in the region. At the same time, scientists, under the leadership of citrus geneticist Dr. Richard Hensz at the Texas A&M-Kingsville Citrus Center in Mission, Texas, were working to develop a sweeter, redder, and more freeze resistant grapefruit. The new strain had the potential to revitalize the citrus industry, an important part of the region’s economy. The Meadows Foundation awarded four grants totaling \$16,000 to the research team over a seven-year period. By 1987, the first commercial crops of the new fruit were being harvested, and the citrus industry was on the rebound. “We enjoy in Texas what many consider the best red grapefruit in the world, developed for and grown in the Rio Grande Valley,” read a January 2008 article in the Dallas Morning News. Today, the “Rio Star” grapefruit is recognized as the signature fruit of the Texas citrus industry and the cumulative economic impact of that initial \$16,000 gift is estimated in the hundreds of millions of dollars.

*The Meadows Foundation is based in Dallas, Texas. The Foundation made grants of \$36.2 million during fiscal year 2008.*

**Jim Ansara and Karen Keating Ansara**, who met during college, have always shared a desire to make the world a more equitable place, but pursued different paths until beginning organized philanthropy together in 1999. Jim's family taught him to view the world through a lens of social justice while Karen's taught her the importance of service to family, community and country. After college, Jim founded Shawmut Design and Construction, which grew into one of the top 25 construction companies in the country -- one known for its culture of community service. Jim's 30 years as a general contractor imbued him with a passion for "boots-on-the-ground" philanthropy - giving to and actively participating in programs that make a real difference in the lives of underprivileged people. Karen's professional and volunteer work has helped her appreciate the challenges of building lasting, effective organizations and meaningful partnerships. Jim's and Karen's experiences have taught them that social change takes more than an inspirational leader or entrepreneur: it takes a well-trained, organized, equipped, and steadfast team with the dedication to sustain their work over the long haul.

In the early 1990's, Karen and Jim adopted four children, three of them internationally. They experienced how the conditions of poverty stunt children's physical, intellectual, social and emotional development and lead desperate parents to give up their children. When Jim sold his company to its employees in 2005, he and Karen established the Ansara Family Fund (a donor advised fund) to help eradicate global poverty so that no parent must feel compelled to give up a beloved child.

*The Ansara Family Fund is based in Boston, Massachusetts, and made grants of \$80,900 during fiscal year 2008.*

## AN ENTREPRENEURIAL SPIRIT

*The challenge of family philanthropy is to find the "sweet spot" that honors the legacy of grantmaking and the innovation of the founder and yet finds a focus that works for making a difference today. It is harder and harder to do as generations go by.*

The entrepreneurial spirit that led to the creation of wealth can also drive the donor's philanthropy and, occasionally, the grantmaking of subsequent generations. Those who made fortunes in the late twentieth century are proof of that possibility. As some went on to become donors, they enthusiastically endorsed a grantmaking agenda that included investing in ideas and people, a willingness to fund back office activities, risk taking, and clear expectations regarding the evaluation of progress and impact.

The enthusiasm and subsequent influence of newer donors reminds us that some of history's greatest entrepreneurs and philanthropists valued intuition and instinct as much as homework, and, frequently, leadership over specific projects. They sought out nonprofit leaders whose vision, values and performance they admired, and invested in those leaders, many preferring general support grants. They also knew mistakes would be made and results would take time and, therefore, were willing to make multi-year commitments. For successor trustees and advisors inspired by the qualities that made their founders successful, the principles of entrepreneurial philanthropy can be an attractive guiding force.

## THE TEAM APPROACH

*There is a misperception that family boards think and act in unison; that they have the same politics, religions, interests, and perspectives. That has never been my experience. If I were to found a nonprofit, I would surround myself with people well familiar with and equally committed to my cause. Family boards don't have that commonality of background and purpose. You get what you get with your family and you learn to accommodate, agitate, all the while working toward consensus and, ultimately, a functioning team.*

Families come to their giving with an understanding of how the family works well together -- and when it doesn't. They know the role each plays in the family system, the interests and strengths of each member and, when group decision making is called for, what it takes to reach a decision. They have been brokering those roles for years.

**It's hard to believe that airplanes once landed where native grass now grows** on Crissy Field's historic airfield on the north side of San Francisco—or that piles of concrete and asphalt once covered the 18-acre tidal marsh that is now a respite for egrets and blue herons. The transformation of Crissy Field from a former military base with just 30 acres of usable space to a 100-acre urban national park showcases more than a stunning vista of the Golden Gate Bridge. At its heart, the Crissy Field story is about a community coming together to create a park for all people.

It all started in 1986 with a planning grant from the Evelyn and Walter Haas, Jr. Fund. Over the course of the restoration, construction crews removed thousands of tons of rubble, and the community donated its time and more than \$34.5 million. The Crissy Field Center now attracts more visitors than any other park in the Golden Gate National Recreation Area. Pledged in 1997, a lead grant of \$18 million (\$13.5 million from the Haas, Jr. Fund and \$4.5 million from Colleen and Robert Haas) was the largest cash gift in National Park Service history at that time. The Fund made another grant of \$1.5 million in 2007 and continues to work closely with the Golden Gate National Parks Conservancy and the National Park Service to make Crissy Field accessible to the whole community.

*The Evelyn and Walter Haas, Jr. Fund is based in San Francisco. The Foundation made grants of \$41.9 million during fiscal year 2008.*

A variety of other family enterprises call on the family to work together and have provided important training, or at least experience. The family business, the management of a family office, or a shared responsibility for wealth management may have already taught the value of working together alongside expert advisors. But experience as a team shouldn't be interpreted to mean families always agree. In fact, the team approach may be the result of dealing with difference for years.

## VALUES

*Most of us are so often disenchanted by the lack of character in bureaucracies or in organizations of almost all kinds. The notion that there is a binding element of values, responsibilities, and character inside an organization is refreshing. I think someone said we all seek community and what we find is organization. Instead, you can have a genuine sense of community that comes from the family's relationships and values. That is something most of us hunger for, and we hunger for it in places other than our homes.*

For philanthropic families, the values that inspired the charitable impulse and the subsequent decisions to organize their giving also tend to guide the grantmaking and management decisions. Those who value opportunity may look to scholarships; those concerned about fairness may ensure their grant application processes reflect that concern. When individual interests and expectations diverge, pursuing an agenda based on shared values may be the only path to common purpose. Further, as generations go by, family members, staff and advisors may change. The stated and, from time to time, reaffirmed family values tend to guide, sustain and energize the philanthropic tradition.

**While the David and Lucile Packard Foundation is recognized** as one of the nation's largest philanthropic institutions, it's also a family philanthropy that has benefited tremendously from its founders' legacy and values. Founded in 1964, the Foundation's current mission is to improve the lives of children, enable the creative pursuit of science, advance reproductive health, and conserve and restore the earth's natural systems. To guide the pursuit of these and other causes, David and Lucile Packard passed along a set of strong and clear core values to the Board and staff of the Foundation, including: integrity; respect for all people; belief in individual leadership; commitment to effectiveness; and the capacity to think big. The power and importance of strong values is clearly demonstrated from just a very quick reading of the Packard's philanthropic contributions and, to this day, these values drive all grantmaking decisions at the Foundation.

*The David and Lucile Packard Foundation is based in Los Altos, California and made grants of \$302 million in 2008.*

**The Needmor Fund was established in 1956 in Toledo, Ohio,** by Duane and Virginia Secor Stranahan. In creating Needmor, the founders carried forward a longstanding family legacy of community stewardship. In the late 19th century, as a landmark family in a bustling new city, the Secors were pivotal to Toledo's economic, intellectual, and cultural formation; in 1910, Frank Stranahan and his brother Robert founded The Champion Spark Plug Company, which later became a leader in corporate accountability and philanthropy. The Needmor Fund is informed by the energy, vision, and generosity of these forebears.

Needmor Fund grantmaking responded primarily to the philanthropic concerns of individual family members until the mid-70s, when Duane Stranahan and his six children agreed to pool their charitable resources in order to maximize the impact of their grantmaking. A director was hired, and the family began the painstaking and deeply gratifying process of discerning which giving opportunities best responded to the very diverse interests and passions of family members. The foundation's grantmaking ultimately focused on community organizing as a unique and powerful process in which people work together to create a more equitable and just society.

Needmor has become a coalescing force for a family which grows ever more geographically widespread. Responsibility is handed from one generation to another and then another. While all members of the first generation have passed away, the grandchildren who once played under the long meeting table now lead the board. Leadership and strategies change; yet, The Needmor Fund remains faithful to its mission.

*The Needmor Fund is based in Toledo, Ohio and made grants of more than \$1.5 million during 2008.*

## LEGACY AND RENEWAL

*Legacy is a powerful tool that plays out in family giving. Where Mom and Dad have been driving the philanthropic activities, they look to their children when it comes to how that legacy will be continued. In the end, we all want to believe that our lives have mattered, and we will leave behind a footprint. And why not leave our legacy in the hands of those who knew and loved us the most – our family?*

The choice to involve one's family in philanthropy is grounded in legacy. It affirms the continuity of family, of seeing yourself as part of a continuum. It may begin with an intention to honor ones parents and grandparents – a desire that continues to inspire future generations.

*There is a sense of legacy – wanting to make the people who sat at the table proud – to follow the founder's example and intent. And there is a sense of gratitude on the part of family members who get to carry out that philanthropy.*

If the tradition began with one's forebears, renewal of that tradition is in the hands of the children. Donors want to experience grantmaking with their children and may hope it is something they will carry forward – perhaps through the existing foundation and – ideally – on their own, with their own resources and dedicated to their own charitable interests.

For other donors, philanthropy is something they do for their children as a responsibility of parenthood.

*It is an experience they want to create for their children – a hedge against overly selfish, self-absorbed, materialistic, “rich kid” behavior. By engaging (and insisting) on philanthropy as a family activity, they are trying to protect against the negative consequences of the wealth they generated. It adds the element of personal and family goodness to the work.*

The sense of legacy inherent in family philanthropy – the quality of giving that reflects generations of loved ones and the privilege and responsibility for renewing that tradition of giving – is one of the most distinguishing qualities of family philanthropy.

## INSPIRATION AND MODELS

*There is something meaningful to the recipient communities that this is a family philanthropy – something very resonant with the people who receive the benefits of the philanthropy. It is like a family’s loving arms embracing a larger group of people. You can’t underestimate the love part of the family philanthropy. It’s the best part.*

Family philanthropy’s value extends far beyond the organizations funded. Its power to inspire and encourage others is incalculable. So too is the power to inspire other families to give. By sharing the privilege and potential of family giving with friends, colleagues, and those they may never meet, donors encourage them to join in this work. Their ongoing sense of responsibility to new donors means they are willing to share mistakes, resources, and experiences. ■

### One Donor’s Intent

In joining me, the family has received the side benefit of the opportunity to work and draw closer together – and to meet and get to know others who are challenged with similar opportunities – a great group of worthwhile people.

It is my intent that we make donations and support causes where our comparatively small amounts of money can be used as leverage – seed money – to attract other givers to the cause or project...the Parable of the Mustard Seed!

It is also my intent that we leverage the time, talent and experience we develop in the members of our family to mentor other potential donors as they discover the joy of giving of their share of His great bounty – to help them establish and grow their own family philanthropy.

I would like us to be “philanthropic missionaries” and regularly allocate a portion of our funds to emphasize and support that part of our mission.

*—H.D. (Ike) Leighty of Waterloo, Iowa set up his foundation in 1986. The foundation is governed and staffed by family members and is guided by Leighty’s statement of founder intent from which this excerpt is taken. The Leighty Foundation is based in Cascade, Colorado, and made grants of \$299,625 in 2008.*

*The National Center gratefully acknowledges the Leighty Foundation for their support of the Symposium.*

### 3. Resolving the Challenges of Family Philanthropy

Family philanthropy's opportunities are considerable. The effective investment of not only time and dollars, but of creativity, boldness, passion, compassion, patience, and perseverance ensures progress toward the fulfillment of mission and the potential for significant positive impact on the causes and communities served. But it is just in making that investment and anticipating those rewards that philanthropic families find the challenges.

Many of these challenges are shared by other types of foundations and grantmaking organizations. They include the work and difficulties associated with good governance and grantmaking as well as prudent management and investing. All types of grantmaking organizations – including family giving programs – confront choices about goals and strategies and how they will chart the progress toward those goals, and ultimately, their benefit.

But family philanthropies face a set of circumstances as unique as families themselves. There has been serious study of the difficulties involved in family enterprises when those enterprises were business or otherwise financially-based. Conversely, there has been very little study of family enterprise when that enterprise seeks a social good. The candid conversations held as part of this National Center study surfaced any number of very specific situations that could be fraught with problems.

As participants worked through these situations, it became increasingly clear that the situations were not, in and of themselves, negative. There is nothing inherently negative about any of the circumstances of family giving whether those circumstances are based in situations or dynamics. Indeed, when viewed in a more constructive framework, the situations become more understandable and, often, more manageable.

When challenges are seen in terms of the greater goal, more likely attention can be focused on the long-term vision rather than the immediate perception. In that spirit, the challenges of family philanthropy option of this report is organized around the pursuit of great family grantmaking (*Giving Well*) and the realities of doing this work with a team that includes – and may even be limited to – your family (*Giving Together*).

## GIVING TOGETHER

*A board of family members adds richness to the discussion and it can get spicy at times.*

## DECIDING WHO IS FAMILY AND HOW THEY WILL PARTICIPATE

*My hope for family philanthropy is that there will be more self examination by families of what it means to be a member of a family and what that family stands for. It is a potent tool for building community and for building community within a family.*

In the early days of a family foundation, the numbers of family members are usually manageable and it is generally easy to convene the group, give everyone a hearing, and make decisions. For those using donor advised funds, there is often a mandated maximum number of fund advisors – or number of generations – who may serve. Further, with donors actively at the table, it is far easier to have clear guidance on donor expectations for participation and performance.

However, for new giving programs – and perhaps most especially for long-established ones – many of the challenges of participation focus on two questions: for purposes of the philanthropy, who is family? And, on what basis will family members be selected for involvement?

To manage expectations for participation, each family must address the question of just “who is family?” Who are we as a family and what culture are we trying to create? What is it we hope to accomplish with our giving – for our community and for our family? What kinds of talents and perspectives will we need to do that work? And, in terms of participation and governance, which members of our family (now and in the future) will be considered?

Increasingly, families are finding the first step toward this understanding is to take an enlightening and inspiring look at the past. Chronicling the family’s philanthropic history, having video or audio recordings of the donors and other family members, and making such histories available to the family and the public have been useful tools in getting a discussion started.

For others, the sheer context and complexity of family can be stressful. When it comes time to choose staff, advisors, or trustees, no one wants to make choices that seem to favor one loved one over another. Extended family members can add richness – and controversy – to the mix as questions of spouses, cousins, adopted and stepchildren arise. In the face of escalating family expectations and increasingly unwieldy numbers, and in the absence of Solomon, donors and family leaders must make difficult but necessary decisions about eligibility.

Experienced family grantmakers heartily affirm that articulating the basis for participation (eligibility requirements) and the method by which family members will be chosen for participation are key conversations – and the earlier in the formation of the philanthropy that these conversations take place, the better. Ideally, the challenge is to make these decisions in the best interests of governing the foundation or fund, and not on the basis of personality. It is easier to do that in the early days, before spouses or grandchildren or future generations are even around.

## MANAGING FAMILY DYNAMICS

*I do think a family foundation has more of a personality, for good or ill, than most institutions. It does reflect something of a gene pool – highly variable but still an attractive environment in which to work but often filled with land mines, and challenging in ways you wouldn’t find in institutions that are less familial or less relationship based.*

Avoiding some of the “land mines” inherent in a family enterprise requires, as with early conversations about eligibility and expectations, early conversations to establish norms for managing family dynamics.

*Opportunities and threats all key on the family dynamics. If you can’t leave the baggage at the door, if you can’t come together as a unanimous board of a public trust, it can be a threat to the foundation. But there is enormous opportunity in the very diverse religious and political views family members bring to the table.*

Many interviewed spoke of the futility of establishing a family philanthropy solely for the purpose of building a more highly functioning family. They warned that the dynamics that challenge any family are likely to visit themselves on the giving as well. The more bitter those dynamics, the more likely. Yet others warned against focusing solely on differences and missing the power of philanthropy to take the conversation – and possibly the relationships – to a higher level.

## While Jacobs Family Foundation founders Joseph and Violet Jacobs held conservative views,

their three daughters were more liberal, leading to grantmaking tensions stemming from their different political perspectives. The family decided to focus on what they could all agree on and found that they had a number of shared values. For example, everyone agreed that they wanted to take risks; they wanted to do more than just “write checks” to help strengthen organizations; and they wanted to support more community-based organizations, where they felt their money would go farther. An early grant to a microlending organization got everyone excited. The notion of wealth creation and entrepreneurship resonated with the founders, while the second generation was passionate about the idea of getting women out of poverty and increasing their independence. That led to a focus on economic development, which appealed to all trustees, and a decision to fund in one neighborhood so that they could be deeply engaged and see the work first-hand. Today, the Jacobs Family Foundation’s efforts in the Diamond Neighborhoods of San Diego have come to be a model for engaged philanthropy.

*The Jacobs Family Foundation is based in San Diego, California, and made grants of over \$17 million in 2008.*

## ENGAGING IN COLLECTIVE ACTION

*The opportunity – and challenge -- is to forge a consensus about the way you would like to make a piece of the world a better place. It is not the kind of opportunity that normally flows from the everyday work of family life. But the tradition of using the surplus in the family for some purpose bigger than the family pushes the conversation and the dynamic to a different level. Maybe it is the very best possible set of circumstances in which the family can try to build a consensus.*

The habits and histories of family make consensus and collective action difficult, even elusive goals. Parents may have nurtured and accommodated the talents and special needs of each child. While taking pride in their independence, they expect respect and, often, deference. Siblings and cousins may carry long memories of every compliment and slight. All these memories and feelings – joyful and bitter – accompany us to the family table.

But when the work of that table is philanthropy, the seriousness of purpose and the public trust implicit in that purpose demand the ability to work toward shared goals and priorities. For family philanthropies, it cannot stop at each individual’s values and interests but push forward to the goal of articulating shared values and common purpose. It is likely not a matter of how you disagree but a commitment to those things on which you can agree.

## BALANCING PERSONAL PHILANTHROPY AND RESPONSIBILITY

*We determined to focus on the mission and put our energy there. We drew a strong line between what is personal philanthropy and what is foundation business. We overcame the challenge by each of us defining ourselves as a foundation trustee, not just as an individual with personal interests.*

Donors organize their philanthropy into a foundation or fund with few intentions of changing their giving interests. To the contrary, the same causes and organizations to which they had been committed all their lives are often the basis for establishing the foundation and for determining early foundation giving. As a consequence, successor generations may infer that the foundation is there to contribute to one’s personal causes and interests and, in the absence of instructions from the donor, that inference can last generations.

For those actively committed to preparing the next generation for participation, the challenge is to train young family members to govern the foundation and allocate its resources wisely while not discouraging them from pursuing their own charitable giving and volunteering. When family members are no longer personally wealthy, this becomes an

**Theodore “Ted” Johnson returned from service** as a gunnery officer in World War I and took a job with Merchants Parcel Delivery, a private messenger and delivery service. Working his way through college and up in the company, Johnson obtained an MBA at night school and, eventually, a Vice President’s position with the company that would become United Parcel Service (UPS). Having bought stock at every opportunity, Johnson and his wife Vivian soon found themselves incredibly wealthy.

The Johnsons created the Theodore R. & Vivian M. Johnson Scholarship Foundation in 1991 to help those who, through no fault of their own, might not have had the opportunities that led to Ted’s success. The foundation’s statement of core values affirms, “We believe that the free market system is the best in the world, but we recognize that some people fail to benefit fully from the system through no fault of their own.” The Foundation “provide(s) financial support to individuals who were qualified to attend college but lacked the financial means to do so.”

Today, aided by a 1993 public offering of UPS shares that tripled the foundation’s corpus, the \$140-million Johnson Scholarship Foundation has distributed more than \$44 million in scholarship support. Scholarships have included critical support for American Indians and the disabled. In a 2005 survey, First Nations Development Institute found that graduates from the Tribal College Entrepreneurship Scholarship Program have started at least 93 small businesses and created 118.5 full time equivalent jobs; 100 Johnson scholars are working for tribal governments in jobs that require them to use their business skills. Also, 112 Johnson graduates are working in higher education.

*The Theodore R. & Vivian M. Johnson Scholarship Foundation is based in West Palm Beach, Florida. The Foundation made grants of more than \$7 million during fiscal year 2008.*

especially important principle. It is difficult to appreciate that someone who bears the same name as a prominent business or philanthropy doesn’t have the personal means to make large charitable gifts. As a result, the pressures on those family members may lead to challenges to the shared giving.

There are foundations that are structured to make charitable grants solely as individual trustees allocate with no collective action required. In those philanthropies, the challenge is to determine if the foundation will exist past the second generation and, if so, how. Other family funds offer trustees some measure of discretionary giving to ensure the central focus stays on mission-based giving. For these funds, the challenges may include avoiding both escalating expectations and potential jealousies among family members who don’t serve on the board.

In the absence of a common understanding on foundation and personal giving, family members may assume that the foundation will support their personal preferences – an assumption that can derail a common mission and breed discontent among those family members with no foundation authority.

## COMING TO TERMS WITH POWER AND MONEY

*I have been a long advocate of “you don’t have to be rich to be a philanthropist.”  
But I have come to believe you do have to be rich, but not in the way it is  
conventionally understood.*

The richness of spirit that inspires sincere generosity and philanthropic commitment must bloom and thrive in the world of privilege, money and power (some might say, in spite of it) . For philanthropic families, the challenges of money are profound. There may be ambivalent even angry feelings about the dollars committed to charity. There may be individual issues of identity and self worth tied to the family’s name, wealth and philanthropy. Further, like all grantmakers, the power dynamic between funder and grantee can be hopelessly lopsided. In family foundations, that dynamic can be even more complicated by perceptions of personal wealth and access. The challenge inherent in this work is to maintain respect, dignity and fairness – for self, for family, and for all those involved in the giving partnership.

## MAINTAINING VITALITY: SUCCESSION AND RENEWAL

*The conditions that produce a founder are not shared by his or her children and grandchildren. Therefore, the challenge is how the habit of philanthropy – however formed in the founder generation – can be encouraged in succeeding generations in a way that is productive, that captures the fundamental impulse to embrace others. It does not deny the individuality of those in succeeding generations, but rather it appreciates and deploys them.*

For those families that intend to pass the stewardship of the philanthropy to the next generation, successfully making that transition is thought by most to be the greatest challenge to be faced. It is during periods of transition that all other challenges seem to be etched in ever sharper relief. The more likely you are to have addressed other challenges of family participation, expectations, and the stewardship responsibilities of governance, the more likely you are to be successful (and to deal with the unexpected complexities of transition).

However, vitality is not solely determined by generational succession. The challenge is to keep the work – and the participants – fresh. Retreats, board assessments, and finding ways to bring in a variety of inspiring, helpful voices are all popular strategies for revitalizing the foundation or fund. Finding the time to plan and implement such strategies is yet another challenge.

**Effective institutions are driven by creative people.** The Durfee Foundations' Sabbatical Program recognizes that creative leaders need time to think and reflect if they are to keep their organizations ahead of the curve.

Many leaders in the Los Angeles nonprofit sector work under conditions of unrelenting stress, potentially leading to burnout. The enormous demands of their jobs, often combined with financial pressure, can prevent them from taking time off for much-needed rejuvenation.

In an effort to replenish the stores of energy and inspiration for their community's most gifted leaders, the Durfee Sabbatical Program offers up to six individuals stipends and expenses of up to \$35,000 to travel, reflect or otherwise renew themselves in whatever manner they propose. Additional support of up to \$7,500 is made available to successful candidates' employing organizations that are willing to establish a permanent, revolving fund for professional staff development. The purpose of the fund is to make it possible for other staff to have future access to training programs or short-term leaves that might enhance their professional capacities.

*The Durfee Foundation is based in Los Angeles, California, and is now guided by the descendants of Dorothy Durfee Avery and her husband, R. Stanton Avery, the inventor of the self-adhesive label and the founder of what is now the Avery Dennison Corporation. The Foundation made grants of \$1.32 million during fiscal year 2008.*

**“Irene Diamond made sure that The Aaron Diamond Foundation made the difference** that she and her husband, Aaron, aimed for when they asked that it spend down in 10 years. Their money was made in real estate in New York City and that’s where it was returned: in medical research, helping to make the big breakthrough in anti-viral medication against HIV/AIDS; in seeking systemic improvements in New York City public education, including pioneer work in small schools, parent and student participation in decision making, the Beacons Program, and bringing the arts back into classrooms; in human rights at home and abroad; and arts careers for the young in dance and music. Irene said she was “the fire engine pushing the process along.” A strong board and staff worked with her and now, after her death at 92, her own fortune is being spent out through The Irene Diamond Fund.”

**CONTRIBUTED BY VINCENT MCGEE,**  
*Former Executive Director, The Aaron Diamond Foundation*

## GIVING WELL

*When a family is engaged, particularly when the family is identified with that work, there is a great deal of interest in doing that work well. It is seen as part of the family’s reputation.*

*We have to get families to the point where they understand that something was transformed when the organization was formed and the tax deduction was taken. You can be capricious perhaps about your own giving, but it is very different – and seen very differently – in the organized form.*

## GOVERNING WELL

*Families must realize that deciding to allocate some of their wealth toward charity, picking priorities and giving away money is only just the beginning. That in itself is enormously valuable and we don’t want to lose sight of that a bit. But if you want all the benefits, you need to allocate the time and attention and energy to governance – especially if you want this to last across generations.*

Without question, there is no aspect of the work of a family giving program that is more vital to its overall success than governance. Research previously published by the National Center revealed that philanthropic families were more likely to invest time and resources in grantmaking and financial management than they were in governance. While that is likely still true, there is increasing awareness of the importance of governance and the challenges to board composition and selection, and, of course, good process.

There are unexpected challenges to good governance as well. Family members speak of having access to some of the best thinking and experience available – great staff and terrific grantees among them – and it is easy to become complacent, deferring (or demurring from taking) their more active policy and questioning roles. Avoiding complacency is a particular challenge for those who hold life appointments to the board.

Finally, there can be a challenge to governance when there is no process for assessing the effectiveness of the work of the foundation and, more particularly, the functioning of the board. Access to honest feedback can be difficult to obtain from grantees and staff, but families also find it difficult to consider assessment of or with family members.

**In 1990, the Board of the Melville Charitable Trust in Connecticut** decided to pursue an audacious goal: to end homelessness in America. Its conscious strategy has been to move policy, decision making and the structure of government and philanthropy away from emergency, palliative responses toward proven, lasting and cost effective strategies, such as permanent supportive housing. Since 1990, the Trust has invested over \$85 million in grants and Program Related Investments (PRIs) to local and national nonprofit partners working to alleviate homelessness.

The Trust's leadership recognizes that philanthropy has a unique role and opportunity as a convening and leveraging force, and they are constantly reaching out to engage new collaborative partners. Collaborating with some of America's leading foundations – including the Conrad N. Hilton Foundation, and the Bill and Melinda Gates Foundation, among others – the Trust has engaged more than 120 funders to help provide the philanthropic investment needed to develop 150,000 units of service enriched housing and, thereby, dramatically reduce chronic homelessness. Strategic and financial backing by the Trust and other funders has helped to reduce chronic homelessness in America by over 30%.

*The Melville Charitable Trust is based in Hartford, Connecticut. Established by the estate of Dorothy Bigelow Melville, the Trust was overseen by her son, Frank, until his death in 2007; his family continues to guide this legacy. The Foundation made grants of \$4.59 million during fiscal year 2008.*

## BUILDING THE RIGHT TEAM

*When and whether and how to go professional is also tricky. Many start at a kitchen table and the assets grow to the point where they need help. What kind of help and how much authority they are willing to give over – given their sense of ownership – are keys to managing this challenge.*

Building the right team involves both governance and management choices. Some choose their giving vehicle based on access to expertise. One of the advantages of donor advised funds is they can be housed at organizations that offer program, community and financial expertise. For others, decisions about how the work will be done – by volunteers or by paid staff, by family or others – are critical to good management.

The board team should be as thoughtfully considered. In addition to questions of how and when family will participate, considering how other experience and perspectives might be accessed are vital. How will program, legal, financial or any other expertise be included? Will that be on the board, as advisory panels, on retainer?

Finally, once families choose the team that works for them, the challenge becomes ensuring that team continues to work well. Families and their philanthropies evolve so rapidly that mindfulness about the adequacy and dynamism of the team is an ongoing responsibility.

## FULFILLING THE PUBLIC TRUST

*While families understand they can be in control, they must also understand that comes with expectations. You are expected to act in the public interest. The great challenge for the future is meeting the ongoing need for education for donors and families that will play on their ability to be successful stewards to the vast resources that have been committed to the public benefit.*

For decades, those in and around the field considered the question of philanthropic stewardship to be “whose money is it?” This is a particularly pointed question for donor families, especially for those who made the charitable gift in the first place. However, it can be a frustrating and often futile question. For family funds, the challenge is to address both the private privileges and obligations of a public trust committed to pursuing the public good. In such discussions, other issues and attitudes related to money generally can be aired in a constructive way.

Responsible stewardship of a family philanthropy includes yet one more challenge and obligation – to other family philanthropies. The pursuit of excellence in giving – the commitment to the best possible conduct and practice – is to earn the public trust that makes this privilege possible. That trust is critical to the foundation’s ability to continue to do its work and to the ability of all families to engage in private philanthropy.

*There seems to be an expectation that families have to recognize: that money should not be wasted on high costs; results should be documented and discussed; and the rationale for giving may have to be discussed in ways we have not had to in the past. When society joins this conversation, some of the simple answers of the past may no longer be enough. You may have to give a rationale, talk about results and more – by way of helping the public understand why the deduction was given.*

## MAINTAINING THE PUBLIC CONFIDENCE

*We are not out of the woods by a long shot on accountability issues for foundations. There is a lack of understanding about what a foundation is and does, and I don’t think we’ve made great strides about what they are and how they function and what they do in communities. Once people understand it better, we will have more and better philanthropy.*

The social compact that makes private philanthropy possible offers both rights and responsibilities. In exercising both with wisdom and practicality, the trust necessary to maintain the compact – and the supportive public policy – is maintained. The challenge to be accountable is a principal responsibility. For family philanthropies, this challenge raises particular issues of privacy, modesty, and capacity, among others. But it also raises opportunities to increase the public understanding not only of how decisions are reached and the good being done by any individual foundation, but also of the value of private philanthropy more broadly.

The standards of ethical conduct and the need for good communications are no different for family funds and foundations than for any other private philanthropy. It may be, though, that the identification with families of special privilege raises the profile and, with that, the responsibility. A strong communications agenda can facilitate information sharing among family members, between board and staff, between the philanthropy and the community – particularly the community of grantees – and between the fund and the public. In so doing, not only is the privilege of philanthropy affirmed but the potential to inspire other families is increased.

*There are cases where philanthropy is going public in ways that are less nuanced and offer less teaching value than they should. The stories of family philanthropy that reveal thoughtful investigation, real care, real staying power, and commitment to the work are going to be very appealing. We need stories people can relate to and get them out to highlight what civil society and philanthropy offer one another.*

## 4. The Value of Family Philanthropy to Our Democracy

*The morals and intelligence of a democratic people would be as much endangered as its business and manufactures if the government ever wholly usurped the place of private companies. Feelings and opinions are recruited, the heart is enlarged, and the human mind is developed on by the reciprocal influence of men upon one another.*

—Alexis de Tocqueville

Family philanthropy embodies three of democracy's most fundamental tenets: that individuals have the ability and the obligation to commit, as the Declaration of Independence put it, "their lives, their fortunes and their sacred honor" in pursuit of a common good (personal initiative for the public benefit); that we may choose to work together in that pursuit (freedom of voluntary association); and, finally, that democracy depends on multiple visions of that good.

Democracy creates the space to assemble and to act on one's belief, not only in pursuit of collective action, but because citizens have a human need for solidarity and community. It is a natural expression of our earliest sense of community that some will choose family as the basis for their association. And, as there will be multiple visions of the public good within families, there will be multiple visions between and among different family philanthropies.

*In the American experience, the stronger argument favors pluralism in the expression of civic action. The value of family participation underscores the notion of pluralism in civil society.*

The freedoms of democracy that make it possible to engage in private philanthropy are not without responsibility, even cost. There are expectations of participation and practice that ensure respect is earned and the privilege preserved. Those expectations begin with the highest standards of ethical behavior and continue through the ways partners and partnerships are respected. They extend to the need to enhance public understanding of the contributions and challenges of the voluntary sector and, most specifically, the way in which family philanthropy determines and pursues its philanthropic agenda.

And, what of those things that seem to be at odds with democratic principles? What of the inherent – and inherited – nature of family philanthropy?

*The free market system – capitalism – on which our country's economy is based includes the promise of making oneself into something more – including wealth creation. The flip side of this is philanthropy. A free market allows both and philanthropy is a natural extension of our generous nature – creating something more than we were.*

*The question is, how do you make the best of it? What are you going to do about it? A critical factor that is part of making the best of it has to do with citizenship. Citizen participation was absolutely essential to bring about the American Revolution, citizen participation was essential to win the Revolution, and citizen participation is essential to sustain the Democratic Experiment. You then start looking for the vehicles for achieving citizen participation. For those people fortunate enough to have the resources to set up a family philanthropy, they have the opportunity, the obligation to find a way to help sustain the Democratic Experiment through citizenship.*

Democracy and capitalism require acts of citizenship, and philanthropy offers that opportunity. Philanthropy can establish civic ties and teach civic virtue. The willingness to act on your charitable impulses may become as much a part of family identity as wealth creation, if not more. The philanthropic tradition becomes part of the family's personal dynamic of wealth, and the obligations of privilege and citizenship can be passed from generation to generation.

## LOOKING FORWARD

*It is an exciting time to be involved in family philanthropy.*

*Over the last 20 years, philanthropy has enjoyed such a renaissance. The word “philanthropy” has been pulled out of a dusty dictionary and enjoyed new growth and vitality.*

*There is a really growing expectation among families of significant means that they have a responsibility to be involved – really involved – in philanthropy.*

The future for family philanthropy will be influenced by that sense of possibility and, at the same time, growing expectations. The expectations will be markedly higher as the implications of the grim economy play out. Philanthropy has seen endowed assets plummet and old questions about the advisability of multi-year grants, big investments in new ideas, and general operating support are creeping back to consciousness. Caution and need, preservation and innovation, strategy and compassion – all tug at the sensibilities and test the wisdom of family grantmakers.

If philanthropy's fortunes have declined, the economic impact on nonprofit organizations has been devastating. Programming and payrolls are suffering. They will continue to look to philanthropy with new urgency. And, philanthropy must work with its nonprofit colleagues, not only as funders, but as natural partners in assessing community needs and shaping strategies for meeting them.

### **Fred and Marian Pfister Anschutz created the Anschutz Family Foundation in 1982**

as a result of many years of successful gas and oil, real estate and ranching ventures. Sue Anschutz-Rodgers has continued her parents' legacy through her own business and ranching ventures and her personal commitment to philanthropy. The Foundation's assets have grown over its 20 year history from the original \$4.5 million endowment to \$54 million through investments and additional family contributions. Currently, four of the founders' six grandchildren serve as trustees of the Foundation.

Since its inception, the Foundation has distributed more than \$28 million and 5,200 grants to nonprofit organizations. The Foundation's focus on supporting organizations that meet human and community needs in Colorado has remained steady throughout its existence. In the early 1990s, the Foundation partnered with the Community Resource Center to orchestrate Colorado Rural Philanthropy Days, a twice-yearly event to increase foundation support to rural areas of the state. The events encourage private and public funders that are concentrated in the Front Range to visit Colorado's rural communities and gain greater understanding of the issues and challenges facing these communities. This facilitates introductions between metro-based funders and Colorado's rural nonprofit leaders and local elected officials, and addresses two of the Foundation's goals: to increase funding to nonprofit organizations in rural Colorado and to demystify the grant-making process.

*The Anschutz Family Foundation is based in Denver. The Foundation made grants of \$2.38 million during fiscal year 2008.*

## **In 1932, Robert C. Switzer was awarded a scholarship by the Scaife Scholarship Foundation**

of Oakland, California, which enabled him to attend the College of Chemistry at the University of California, Berkeley. Robert's dream of becoming a doctor was dashed when an unfortunate accident permanently damaged his vision. During his recuperation, Robert and his brother Joseph took a black light into their father's drugstore and discovered several naturally fluorescent organic compounds. Robert and Joseph began mixing these chemicals with shellac creating the first fluorescent paints. They soon realized the widespread potential of fluorescents and began manufacturing paints and dyes. Their products were used extensively during World War II. Troops in North Africa used fluorescent panels to identify themselves as friendly to allied bombers. The materials allowed US warplanes to operate at night and helped detect hidden flaws in plane engines and parts. After the War, the brothers created Switzer Brothers, Inc. which later became the Day-Glo® Color Corporation, world leaders in the development and production of daylight fluorescent chemicals. Today, Robert and Joseph's discovery brightens everything from traffic cones to hula hoops and tennis balls.

As an executive in a regulated company and a lifelong environmentalist, Robert became increasingly concerned about the lack of scientific expertise to answer questions related to complex environmental regulations. When the company was sold in 1985, Robert used a portion of the proceeds from the sale to create the Robert and Patricia Switzer Foundation. Through the Foundation, Robert hoped to assist graduate students dedicated to applied environmental problem solving and to encourage these highly trained individuals to become future environmental leaders. Robert Switzer died in 1997 at the age of 83. He is survived by a large family and more than 450 Switzer Fellows. With the help of family members and associates, a Donor Legacy Statement was written to outline the historical and motivational story of the Foundation and to broaden understanding of its core purpose. Today, Robert's legacy continues, both in the Day-Glo® products which ensure our safety and the cadre of environmental professionals striving to brighten our future by improving the quality of our natural environment.

*The Robert and Patricia Switzer Foundation is based in Belfast, Maine. The Foundation made grants of \$722,000 during fiscal year 2008.*

Nonprofit leaders are also philanthropy's natural partner in efforts to enhance greater public understanding of the value of the voluntary sector. Such understanding can frame and enlighten future conversations about the sector and about the value of philanthropy more specifically.

For those new to philanthropy, maintaining the momentum and excitement of the early years will be a priority. Exuberance and promise ensure the prospects for that are good. For those committed to perpetuity, renewal is as (if not more) vital to ongoing effectiveness. The costs of continuity can be higher than a family's interest in maintaining it; only vigilance and hard work ensure the benefits are worth more.

For all donor families, appropriate questions of accountability, effectiveness and impact are here to stay. A lively public discussion – even debate – about philanthropy's choices and challenges can have healthy, invigorating implications: more and better philanthropy and a more supportive environment high among them. However, the call for effectiveness does not – and should not – deny the value of the heart of family philanthropy.

*There is a strong and, I think, somewhat appropriate push in philanthropy to look at the impact of your dollars and thinking about the dollars as investments that are part of a strategy. That more dispassionate approach to the question of how to spend your money would seem to be in opposition to the family goal that may be perceived to be more warm and fuzzy and that hopes to make a charitable contribution. I hope that push does not lead us to a place that the more charitable work of a foundation might be held in disdain. At the end of the day, there is an infinite number of things that need investment that we are not getting from government. And I hope some of us don't take the fun out of philanthropy that allows for high touch, good work that doesn't have to be based on metrics others establish.*

**Charles Stewart Mott**, an early automotive pioneer, established the foundation that bears his name in 1926 in Flint, Michigan. Although the Charles Stewart Mott Foundation is generally identified as a large, independent charitable foundation, rather than a “family foundation,” during its 84-year history it has had only three presidents, all of them family members. Moreover, in 2010, five of its 15 trustees were part of the Mott family.

C.S. Mott’s central belief in the partnership of humanity was the basis for the establishment of the Foundation and remains its guiding principle. The Foundation began its grantmaking with a focus on Flint (and community schools/ community education in particular). Over time, funding interests expanded, and today grantmaking focuses on four areas: Civil Society, Environment, the Flint Area and Pathways Out of Poverty.

Although the Foundation now makes grants throughout the United States as well as internationally, it also has stayed true to the values of its founder. It maintains a sizable grantmaking portfolio focused on Flint, and continues to work in the field of education, where it is a major supporter of the afterschool movement.

*In 2009, the Charles Stewart Mott Foundation had year-end assets of approximately \$2.1 billion and made 469 grants totaling \$109.3 million.*

## THE POWER TO PRODUCE WONDERS

*Democracy does not give the people the most skillful government, but it produces what the ablest governments are frequently unable to create; namely, an all-pervading and restless activity, a superabundant force, and an energy which is inseparable from it and which may, however unfavorable circumstances may be, produce wonders. These are the true advantages of democracy.*

—Alexis de Tocqueville

For families of wealth, philanthropy provides a vehicle by which a matter of chance – the fact that people are related to one another – becomes a considered choice. It provides the means by which private good can be turned to the public benefit. Family philanthropy is one of the points at which the principles of individual well-being and the common good do, in fact, merge.

Thus, family philanthropy – as it adds value to the family and to the family’s philanthropy -- fraught as it may be with its own anxieties – is a vital part of democracy’s “superabundant force.” Moreover, family philanthropy – as it pursues a vision greater than its growth for a community broader than its board – will continue to “produce wonders” for our democracy. ■

### Economic Returns on Foundation Grants

In a study sponsored by The Philanthropic Collaborative, economists Robert Shapiro and Aparna Mathur concluded: “[E]ach dollar that private and community foundations provided in grants and support in 2007 produced an estimated average return of \$8.58 in direct, economic welfare benefits. As a result, the \$42.9 billion in grants and other support provided by private and community foundations in 2007 produced some \$367.9 billion in direct, social and economic benefits.”<sup>1</sup>

[1] Robert J. Shapiro and Aparna Mathur, *The Social and Economic Value of Private and Community Foundations* (Washington, DC: Sonecon, 2008), p. 2. Available online: <http://www.philanthropiccollaborative.org/FoundationStudy.pdf>.

# The Regional *and* National Symposia

*One of the great lessons of the 19th and 20th centuries was the recognition of this big space that exists between what is the public sector (government) and what is the private sector (business), and led to the development of our nonprofit sector. It is not a luxury, it is a necessity. It is essential to the healthy balance of society. And, if it withers, the quality of society degrades in a democracy... We don't yet have a rational way of funding this vitally important sector of society. That is the challenge that philanthropy needs to face up to in the United States and globally in the 21st century.*

*—Richard Rockefeller, Chairman, Rockefeller Brothers Fund  
at the Opening Session of the Value of Family Philanthropy National Symposium*

## Questions Posed for the Interview Study and Regional Symposia

- 1 What are the most distinctive or distinguishing characteristics of family philanthropy?
- 2 What value does family participation add to the philanthropy? How has it made the giving more effective or added to its impact?
- 3 How has family participation challenged the pursuit of effective philanthropy?
- 4 What do you believe are the greatest opportunities for donor families?
- 5 What are the greatest challenges facing donor families?
- 6 How do you see those opportunities and challenges changing in the next decade?
- 7 What do you believe are the greatest contributions and accomplishments of philanthropic families?
- 8 What are your hopes for the future of family philanthropy?

As part of the Value of Family in Philanthropy study, NCFP took its research on the road to 14 cities across the country. The input and guidance we received at these gatherings of family philanthropy leaders helped us refine the themes that eventually became the topics of the panels at the national symposium.

All the gatherings were co-sponsored by regional associations and, often, community foundations, so they too could benefit from the discussions as they seek to serve their constituencies. These symposia attracted approximately 300 people, mostly donors and family member trustees, many of whom – according to our cosponsors – rarely attended other such functions. The topic had obviously struck a chord. The trustees were remarkably candid on both the challenges and opportunities of family philanthropy. The quality of the initiative findings owes much to that candor and to the generosity of those who participated.

**The cities hosting regional symposia and co-sponsoring organizations were:**

Portland, Maine .....	Maine Philanthropy Center and Sam L. Cohen Foundation
Chicago, Illinois.....	Donors Forum
Cleveland, Ohio .....	Ohio Grantmakers Forum and the Cleveland Foundation
Dallas, Texas.....	Conference of Southwest Foundations and the Meadows Foundation
Detroit, Michigan .....	Council of Michigan Foundations and Community Foundation for Southeast Michigan
Indianapolis, Indiana .....	Indiana Grantmakers Alliance and Central Indiana Community Foundation
Atlanta, Georgia .....	Conference of Southwest Foundations, Community Foundation for Greater Atlanta and the Arthur M. Blank Family Foundation
New York, New York .....	Philanthropy New York
San Francisco, California.....	Northern California Grantmakers
Seattle, Washington .....	Philanthropy Northwest and the Seattle Foundation
Raleigh, North Carolina.....	North Carolina Network of Grantmakers
Minneapolis, Minnesota.....	Minnesota Council on Foundations and Saint Paul Foundation
Washington, DC.....	Washington Regional Association of Grantmakers
Baltimore Maryland.....	Association of Baltimore Area Grantmakers

The national symposium was held in Washington, DC on September 10 and 11, 2008 at the Barbara Jordan Conference Center of the Henry J. Kaiser Family Foundation. It opened on the evening of September 10 with a panel on the Rockefeller Family Experience. The program for September 11 featured five panels, all based on themes developed from the regional symposia and interviews.

Brief excerpts of the panel discussions from the National Symposium follow. The National Center for Family Philanthropy is indebted to the distinguished leaders who contributed their time and their thoughtful voices to this landmark and provocative event. The introductions to each panel are taken from the Symposium program and were written by National Center president Virginia Esposito. These introductions were prepared to surface questions and themes to be addressed in each discussion and do not necessarily reflect the opinions of the panel participants.

Keynote  
Session

# Giving Across Generations: The Rockefeller Family Experience

**MODERATOR:** JUDY WOODRUFF, Senior Correspondent, NewsHour with Jim Lehrer

**PANELISTS:** STEPHEN HEINTZ, President, Rockefeller Brothers Fund  
REBECCA ROCKEFELLER LAMBERT, Research Assistant,  
University of Vermont  
RICHARD ROCKEFELLER, Chairman, Rockefeller Brothers Fund

*“There have been many private fortunes nearing or exceeding one billion dollars in the decades since 1911, yet no other family has come close to establishing a dynasty of the fame, power, and influence of the Rockefellers. The reason is the Rockefeller tradition of philanthropy – the “Rockefeller conscience,” a civic and social conscience so well developed and so rigorously passed on from one generation to the next that it has no rival in American history and has come to occupy a special niche in that history.”*

— *The Rockefeller Conscience, Harr and Johnson*

The national symposium is the centerpiece of an effort to better understand and articulate the value of family philanthropy in our democracy. Philanthropic families have always been essential to healthy American communities. While family giving is a charitable tradition that knows no geographic, cultural, religious, or political boundaries, the scale and scope of American family philanthropy is unique, and its history particularly rich.

Within that vast and rich American tradition, one family has become synonymous with philanthropic legacy. From the outset, the Anniversary Committee determined that the role of family philanthropy could not be fully explored without a special understanding of the Rockefeller family’s history of giving. What are the values that have guided their approach to philanthropy? What are some of the challenges they have faced and addressed? How must this legacy be interpreted by future generations?

We are delighted that Richard Rockefeller, his daughter Rebecca, and Rockefeller Brothers Fund President Stephen Heintz join distinguished journalist Judy Woodruff for a conversation about the Rockefeller family philanthropy experience.

**MARY MOUNTCASTLE (NCFP BOARD CHAIR):** The National Center has benefited from many leaders in the philanthropic world who saw the early potential in this field of family philanthropy and were committed to serving this constituency. We have many Founders of the National Center with us in the room tonight. One those Founders is Joel Fleishman, who will introduce the panel. He was an early, behind-the-scenes cheerleader and supporter in recognizing the work that needed to be done, and was really helpful in procuring lead funding for the first several years.

**JOEL FLEISHMAN:** It's important to remember that most private foundations in the United States are family foundations. More than a majority of the members of the Council on Foundations are family foundations. It goes without saying that almost every new foundation starts off essentially as a family foundation.

All of that really speaks for itself. The reason that I took some leadership in trying to get the National Center started was that there really wasn't any place for those wanted to start foundations to go and get good guidance about how to about doing it. There was no place to go when they wanted to figure out how to incorporate successor generations in the foundation. There was no place to go to hold their hands and help them figure out how to realize their dreams for philanthropy.

No Symposium on family philanthropy could be complete without a thoughtful look at the family that has become synonymous with the giving tradition in the United States, and perhaps over the world, and that is the Rockefeller Family.

Our Moderator this evening is Judy Woodruff, Senior Correspondent, NewsHour with Jim Lehrer. On the panel are Richard Rockefeller, Chairman, Rockefeller Brothers Fund; his daughter, Rebecca Rockefeller Lambert, Research Associate at the University of Vermont; and Stephen Heintz, President, Rockefeller Brothers Fund.

**WOODRUFF:** Richard, tell us about how you began to understand that something came along with being a Rockefeller.

**ROCKEFELLER:** It's the water you swim in. It's like asking a fish, when did you first become aware of water? You really didn't suddenly become aware of it. In my case, I was able to jump the tracks a bit into a separate career [medicine] and then, after a period of time, looking back, I was able to become aware of philanthropy as something other than "the furniture in the room." I didn't think of philanthropy as something separate from everything else. It was a surprise to me when I found out that not every family in the country had the same way of looking at the world, which is that if you've got stuff, you're absolutely obliged to give it back, and why wouldn't you?

It wasn't called philanthropy. It was just what my father, my role model, my uncles and aunts and cousins, who were older than me, were always engaged in. That's where I first became aware of philanthropy.

**LAMBERT:** My dad's really into words. He first taught me "philos"—love—and "anthropy"—of humans, and so my understanding of philanthropy was through that word before I really understood what it meant. Like my dad, I had the role models of both my parents, and so the idea of constant service comes from both sides of my family. You know, how can we give and how can we give more. It's hard to grow up in a family like that and not take some of that on. So my first introduction was just watching them constantly engaged in talking about issues that mattered and things they were passionate about, and how they were going to go about changing the world. That, to me, was really inspiring.

**WOODRUFF:** What was different about the way you came to philanthropy from the way your father came to it?

**LAMBERT:** I know my father came to it from both sides of his family as well, but I want to mention my mother's side of the family. There's a story that my great-grandfather on that side used to ask his daughter, my grandmother, every day at the dinner table what she'd done for her country. A great-grandfather on one side saying that for every right there's a responsibility and on the other side asking, what have you done for your country? I feel like I've got the all-American blend of philanthropy, both the working man and the New York aristocrat.

**WOODRUFF:** Richard, listening to Rebecca, is there anything you would add that would help us understand the contrast between the way you came to philanthropy and the way she did.

**ROCKEFELLER:** There are a couple of things. One is, of course, the amount of money you have to be philanthropic with unless, as the generations progress, you happen—which none of us did—to make a lot of additional money. You have less to spend, and, therefore, your options are not so much about personal philanthropy as giving of your time or getting involved with organizations. Then there is also the generational piece—I was a child of the 60s. Talk about egalitarianism, and the whole question of whether one ought to have wealth and whether it was justifiable even if you gave it away, was very big in our thinking. But Rebecca's generation is much more globally focused. The whole question of the environment has come even more onto the floor, so it's something we talk about—why we do what we do in philanthropy.

**WOODRUFF:** Stephen Heintz, what was your background before you came to the Rockefeller Brothers Fund?

**HEINTZ:** First, public service and politics for 16 years, and then international work in the nonprofit sector.

**WOODRUFF:** What were your expectations and what did you find?

**HEINTZ:** It was an intimidating experience, because it is a foundation with an extraordinary reputation, with a place in the philanthropic landscape that is quite remarkable. In 1961, when Richard's grandfather made his second endowment gift to the Rockefeller Brothers Fund, it was the twelfth largest foundation in America. Now it's probably around the hundredth largest, not because we have shrunk but because others have entered the field with more resources. But the Rockefeller Brothers Fund, because of the quality of family leadership and the quality of professional leadership of the Fund all those years, continues to have a place in philanthropy that is bigger than the size of its assets. I felt both enormously privileged and honored to be selected to be the fourth president of the Fund, but terribly challenged to think about how to work with the fourth generation that Richard represents and get ready to work increasingly with the fifth generation. Also, the challenge of watching the values and keeping the values constant while helping the philanthropy to be current and contemporaneous and future-oriented....

**ROCKEFELLER:** It depends on how much you're inclined to trust the outsider, and Stephen earned our trust very quickly. We were primed for some changes. We take a very hard look all the way back to the basics every decade or so, and we were right at that transition point when Stephen came in.

**WOODRUFF:** Looking back every 10 years or so, is that something that's always been that way, and how unusual is that among family foundations?

**ROCKEFELLER:** For a fairly long period of time, the Rockefeller Brothers Fund was a funding vehicle for my father and his brothers. They often found that they were funding the very same things—and so rather than do that through separate steps, they joined forces. Over time, my grandfather encouraged them to become more proactive and strategic, and they did that gradually. It was probably in the 60s when my generation took over. We tried to carry that same level of strategizing into Rockefeller Brothers Fund with full approval on the part of my father's generation.

Increasingly, foundations are engaging in self-examination on a kind of regular basis. Because foundations have an enormous independence and don't have a whole lot of oversight or regulation, we realize that we have to be accountable, as transparent as possible, constantly

thinking about are we doing the right things, are we doing them well, and are we having some impact. The really big thing is the re-examination of foundations. Every 10 or 15 years is about right. Another thing the Rockefeller family has done so well over the years is to create a balance between taking the long view, because they really want to create independence and social change, which doesn't happen overnight, and retaining the ability to be flexible and responsive and nimble in very changing global conditions, and that's a really great art.

**WOODRUFF:** Rebecca, how many years have you been on a family Board?

**LAMBERT:** I've been on the Board of Rockefeller Family Fund for four years, and on and off my grandfather's fund [David Rockefeller Fund] for seven years or so.

**WOODRUFF:** Did you experience any tension about what they were doing and coming to it with your own strong interests and sensibilities?

**LAMBERT:** There are a lot of strong opinions in my family, so I don't think I was the only one coming to it with my own. Fortunately, we tend to share similar values. Not only that, but the staff and our older family members have been really amenable to us pushing and nudging a little bit and changing the direction, changing the course here and there, which I think is important for getting the younger generation involved. If they were making all the decisions and we never got to talk, I don't know how many young Board members they'd get. But they really listened to us and encouraged us to talk. My cousins, my brother, and I shaped the directions of the Family Fund and the David Rockefeller Fund, where I'm still a member of that Board.

**WOODRUFF:** Could you give us examples of that?

**LAMBERT:** My brother got very interested in the Rockefeller Drug Laws, the very stiff punishments that have been going on in New York for awhile. They're known by this name because of my great uncle,<sup>1</sup> who instituted them. I don't think he knew the unintended consequences that would happen when so many groups, particularly minority, were put in prison for very minor offenses. He [my brother] organized the David Rockefeller Fund and got my cousins involved and organized an effort which is ongoing to try to overturn or change these laws....

**ROCKEFELLER:** At this point, I'm one of the younger members of the fourth generation and, therefore, not so far from the age of the older members of the next generation. There are many other factors that account for greater disparity among us. We make sure that when we bring people on the Boards, we get people who have independent judgment on their own, so they hit the ground running as Rebecca has done.

**HEINTZ:** Richard, I think you'd agree that part of the reason why the fourth generation has this kind of relationship with the fifth and sixth generations, facilitating and enabling, and even empowering, is that it is not the kind of relationship you always enjoyed with the Brothers generation. In the 1960s and 1970s in a lot of American families, maybe even most American families at that time, tensions existed between the generations. I think it is fair to say that these existed among the Rockefeller family as well. And these tensions became apparent even in the Board context of the Rockefeller Brothers Fund where, I've been told, members of the fourth generation were told that they were really at the table to be seen and not heard by their elders. That experience, I think, shaped your different attitude about dealing with this generation.

**ROCKEFELLER:** You're probably right.

*[1] Nelson Aldrich Rockefeller (1908-1979) was 41st Vice President of the United States and 49th Governor of New York State. The son of John D. Rockefeller, Jr., and grandson of John D. Rockefeller, Sr., he was a businessman and philanthropist in addition to his career in politics. As Governor of New York, he championed tough drug user laws.*

**LAMBERT:** As I've gotten older, I've begun to realize that in order to be effective, in order to understand myself and my relationship to other people and issues of power dynamics, even race dynamics, I have to confront my own identity. So, I've begun to step into that more, which is why I'm here tonight and not hiding in Maine or Vermont, which is what I tend to do. And I think philanthropy itself helps me accept that identity. I recently heard someone say that it's hard to feel ownership over something that's been given to you. Paradoxically, giving is helping me to come into a feeling of ownership, not only of my identity but also of these incredible gifts I've been given. I find that giving has helped me to accept the identity that has been challenging—it's a gift but it's also a burden. I think the opportunity to serve on foundations and give other people's money away also helps with that.

**WOODRUFF:** I think everyone here would agree you're handling it remarkably well. Richard, as you listen to your daughter, do you think it's harder for her generation or harder for your generation?

**ROCKEFELLER:** It's even harder for Rebecca's generation. I thought as time went by that the whole issue of 'Rockefellerness' would just fade away. And yet by comparison, I'm not as well off as most wealthy people in the world. It is more difficult for Rebecca because she bears the name; it's the expectations that people have that we are immensely wealthy.

**WOODRUFF:** But how does that play into your leadership?

**LAMBERT:** I guess it's the cool thing to do if you're in the Rockefeller family to serve on the Board. In that sense, you have a kind of culture of support around you. I just got my masters at the University of Vermont, and it's really hard to explain to my classmates about Board membership. It can get awkward when you don't want to talk about what you're trying to do.

It does go back to the depth and constancy of the family's core values. In our family, there is a strong movement toward extending our values and our giving to more aspects of our lives. My generation is really taking this to heart in terms of our life style—what kind of car we drive and how often we drive it. I see the values that my parents and grandparents inculcated in us moving beyond the pocket book and board room to a broader part of our lives. Community service is becoming increasingly popular among younger generations, and it was actually an inroad for me into philanthropy, first volunteering, and then giving money away. I see that more among young generations, that kind of marriage between service and philanthropy. It's critical to raise children to serve on boards. Give us the money!

**WOODRUFF:** As you listen to your daughter, what's coming down the road for your future?

**ROCKEFELLER:** Those values so well articulated by Rebecca will continue. There's always this tension when you're involved in family philanthropy or family wealth between the wonderful ability to give away money and counter-balance other sources of money giving, that is to say your self interest to manipulate politics. The only way to sustain private giving is to generate a great deal of individual wealth. There are serious adverse consequences of that, namely, disparities of wealth that exist in the world. I've always debated with myself the relative value on the one hand of disparities of wealth and on the other hand the ability to give away money. I don't know where I come down on it.

What I do see as critical is if people are going to continue generating large amounts of wealth, one really essential job of philanthropy going forward is to inculcate those same values much more broadly, beyond the individual families and the individuals who get involved. Everybody has to get involved in thinking through their contributions to the world rather than just a contribution to themselves. We really need folks out there making substantial imaginative new types of contributions. Philanthropy needs to expand to include service on everybody's

part. There are huge amounts of wealth being generated. In all countries, the philanthropic sector has to grow and I think it has to grow fast.

**WOODRUFF:** That's quite an obligation.

**ROCKEFELLER:** That's a full agenda. I think Rebecca and Stephen are absolutely right. One of the great lessons of the 19th and 20th century of world development was the nonprofit sector of this big space that exists between what is public sector of government and private sector of business; it is not a luxury, it is a necessity. It is essential to the healthy balance of society. And, if it withers, the quality of society degrades in a democracy.... We don't yet have a rational way of funding this vitally important sector of society. That is the challenge that philanthropy needs to face up to in the United States and globally in the 21st century. ■

### The National Parks: America's Best Idea

**J**ohn D. Rockefeller Jr. was the son of the richest man in America: John D. Rockefeller Sr., the founder of the vast Standard Oil trust. The younger Rockefeller became a prominent philanthropist and conservationist who donated millions of dollars towards the creation and expansion of national parks across the nation. No single American donated more to the parks.

Rockefeller purchased land and donated money (\$45 million by some estimates) to create or expand Acadia, Great Smoky Mountains, Grand Teton, Yosemite and Shenandoah National Parks, and contributed to many other park activities such as the creation of museums. He passed his love of the parks on to his children, particularly his son Laurance, who was responsible for the creation of Virgin Islands National Park and helped launch the National Park Foundation to encourage more Americans to contribute to their parks.

*Source: Website for The National Parks: America's Best Idea*

## SESSION

# 1 The Value of Family Philanthropy *in* Democracy

**MODERATOR:** LANCE E. LINDBLOM, President and CEO, The Nathan Cummings Foundation

**PANELISTS:** COLIN CAMPBELL, President and CEO, Colonial Williamsburg Foundation  
BRUCE SIEVERS, Visiting Scholar, Stanford Center on Philanthropy and Civil Society

*“The principle of the republics of antiquity was to sacrifice private interests to the general good. In that sense one could say that they were virtuous. The principle of this one seems to be to make private interests harmonize with the general interest. A sort of refined and intelligent selfishness seems to be the pivot on which the whole machine turns. These people do not trouble themselves to find whether public virtue is good, but they do claim to prove that it is useful. If this latter point is true, as I think it is in part, this society can pass as enlightened if not virtuous. But up to what extent can the two principles of individual well-being and the general good in fact be merged? How far can a conscience, which one might say was based on reflection and calculation, master those political passions which are not yet born, but which certainly will be born? This is something which only the future will show.”*

— Alexis deTocqueville

More than a commentary on early 19th Century America’s views on private and public good, de Tocqueville’s reflections also capture the nature of early 21st Century America’s conversation about family philanthropy. Is family philanthropy one of the points at which the principles of individual well-being and the general good, in fact, merge? Is personal initiative for the public good the essence of both democracy and family philanthropy?

In his book, *Civil Society, Philanthropy and the Fate of the Commons* (University Press of New England), Bruce Sievers describes the goals, expectations, norms, and incentives of each of our three “lifeworlds.” He writes:

*In the economic world, we think and act as producers, consumers, and investors; in the political world, we play the roles of voters, lawmakers, and public administrators. In the world of civil society, we become community members, volunteers, and civic actors. What particularly characterizes this world is pluralism, distinctive social values, and a creative tension between individual interests and the common good. It is the sphere in which privatized visions of the public good play out in intersection with one another to shape the social agenda. Participating in civil society involves the pursuit of a mixture of public and private goals, of social problem-solving and individual expression.*

Some have argued that philanthropy is the last bastion of an aristocracy in America, because participation is often determined by birth rather than by ability. Perhaps as a result of equating public participation with public good, the privilege and practice of family philanthropy have been called into question by policymakers, the media, and the public. Board composition, accountability, and the grantmaking process are just a few of the practices that have been challenged.

However, as de Tocqueville observed, our American democracy may not only allow for but also depend on the principle of personal initiative and commitment to the public good.

As a significant expression of this initiative and commitment, how can family philanthropy contribute to our “enlightened if not virtuous” conscience?

Why is the experience of family philanthropy worth nurturing, particularly from the perspective of a democratic nation? How does family giving reflect further democratic values and practice? How can this value be better articulated and understood?

**LINDBLOM:** Democracy and Family Foundations are not academic issues. We in family philanthropy are going to be faced with challenges, opportunities, and real political turmoil. One political figure told me, “You are fat cows in a resource-scarce environment.” These resources are going to be under demand, and we have a duty and responsibility to define what our role is in a democracy and how we enhance that democracy. Self-interest and the general interest can coincide. It’s in that spectrum where the rub in our politics comes to the fore. So my first question, to Colin, is: Does that distinction between self-interest and general interest have any value?

**CAMPBELL:** It’s useful because it’s real. My assignment in the philanthropic world is to find ways to make clear the clear links between self-interest and public interest. Built in to this philanthropic system that we’ve evolved in this country, and throughout the world now, there is an inherent tension between the public and the private, and it’s a healthy tension. The origins of modern liberal democracy in the 17th century have that tension built into it. It was the defense of the private arena of individual rights against the growing power of the absolute state that led to the birth of modern liberal democracy and, with it, the modern concept of civil society that we’ve inherited. Built in that whole mix is this tension between the individual and the public, the private and the public. The challenge more than any other place in society, the challenge of civil society, in the public sector, in philanthropy, is to figure out how to blend those two.

**LINDBLOM:** Bruce, can you talk about that tension, and how we enhance democracy rather than regress toward the means?

**SIEVERS:** Essential to the nature of modern democracy is the expression of this incredible proliferation and fragmentation of interested individual pursuits, in terms of self interest and in terms of individual views of what is the common [public] good. That’s what plays out in philanthropy. That’s why philanthropy is such an essential piece of this puzzle, because civil society itself depends vitally on the philanthropic piece for its support. Otherwise, it would be subject completely to either governmental support or earned income, both of which have their own dynamics. Philanthropy plays a key part in the support of this independent sector and allows it to express this incredible diversity of views and the pluralism that’s essential to our society. At the same time, that very pluralism and fragmentation has the potential to move it in lots of different directions—sometimes dysfunctional, sometimes totally ideosyncratic. The idea of maintaining the pluralism and diversity of views and creativity is essential, and that leads to its problem on the other side, which is accountability.

**LINDBLOM:** This argument has been around a long time. When Carnegie started his library program and his foundation, several towns refused his libraries on the basis that he was a private tax collector extracting a profit from workers. So that’s part of the aristocratic issue. As an historian, Colin, how do you address that kind of situation?

**CAMPBELL:** With respect to the aristocratic issue, it’s there, it’s real. People do inherit resources, our economic model provides for that. The question is, how do you make the best of it? What are you going to do about it? A critical factor that is part of making the best of it has to do with citizenship. If you argue that citizenship participation was absolutely essential to bring about the American Revolution, citizen participation was essential to win the Revolution, and citizenship

participation is essential to sustain the Democratic Experiment, what you then start looking for are the vehicles for achieving citizen participation. For those people fortunate enough to have the resources to set up a family philanthropy, they have the opportunity, the obligation, to find a way to help sustain the Democratic Experiment through citizenship.

**LINDBLOM:** Why wouldn't it be an alternative, especially if we want money to go to a certain group because there seems to be political pressure for that, to tax the money and distribute it democratically?

**CAMPBELL:** If you tax that money, you're going to be taxing other things that you may not want to tax. Also, our system has a commitment to individual initiative and our economic model and our tax model, perhaps askew at the moment, over the longer term, will still provide for the opportunity to accumulate resources and to use them for the betterment of society should you choose to do so. Realistically, it's the way it's going to be and, therefore, the important question is how to get it done in a way that has the objective that we're talking about, which is to create a better society.

The shortcomings of the political process for allocating resources are pretty apparent. Generalizing those into the entire realm of society to solve social problems is not the clear answer.

A good *raison d'être* for a Center like the National Center is that it can help families through learning based on the experience of others. It is important for family philanthropies that have had this kind of experience to share in an effective way. There other ways that you can really help families in this process, and that is an obligation.

**SIEVERS:** It's a challenging problem. Any exercise of concentrated power, including wealth in society, always has its challenges, expressly accountability. A corrective to it is through transparency, through good modeling, through entities like this one. It's incumbent upon philanthropy in general, and family philanthropy in particular, to look outward as much as possible, to get input. Blending boards, having outside family members, is a plus if only for the dialogue that happens. Anything that the field can do to look outward is helpful. ■

## SESSION

## 2 Personal Responsibility, Public Trust: The Dual Nature of Family Philanthropy

**MODERATOR:** **VALERIE LIES**, President and CEO, Donors Forum  
(former NCFP Board Chair)

**PANELISTS:** **CAROLINE AVERY**, President, Durfee Foundation, NCFP Board Member  
**PHILLIP HENDERSON**, President, Surdna Foundation  
**CURTIS MEADOWS**, Director Emeritus, Meadows Foundation  
(former NCFP Board Chair)

For decades, the field of private philanthropy has wrestled with the question of whether private dollars committed to a private foundation or public charity were, in fact, private money or public money. For some, it hasn't been a question at all. For privacy advocates (specifically in

the case of a private foundation), it is just that—private money. For those who take the other side, the tax breaks offered when establishing such entities make them public dollars.

The law provides that private foundations are private entities, and part of the compact between donor and government is that the donor has the discretion to direct the dollars. In donor-advised funds, the added tax benefits are gained by giving up some of that discretion (hence, the advised part of the social compact). But, whichever is chosen, it is part of the nature of both that policymakers, the media, and the public maintain a right to be kept informed and even ask questions. It is also part of the nature of both that those in future generations—beyond the founders—inheriting the same privileges and obligations.

For family foundations and funds, this is a particularly sensitive dynamic. Donors and family members are often highly visible in their communities and have business, civic, and social relationships apart from, but perhaps affected by, their philanthropy. They may have concerns about privacy that include the implications of being known to have wealth, being overwhelmed by expectations and demands, and facing potential risk to the safety of their children. Moreover, they likely established these funds both to support causes they deeply care about and to work with their families in that effort. To restrict either activity too severely may have a chilling effect on decisions by potential donors to start giving programs.

What are the legitimate expectations of privacy that donor families with a giving vehicle can have? What are the legitimate expectations of accountability and transparency that grantees, potential grantees, and the public can have? How does the dual nature of private family philanthropy affect practice and perception? Particularly, how might conversations about board composition, conflict of interest, communications, trustee fees, and evaluation be influenced by a fuller understanding of the implications of the philanthropic social compact?

The late family foundation trustee, Paul Ylvisaker, encouraged donors to “open the black box of philanthropy” – believing that both the fund and the public were well served if the decision making priorities and practices were well communicated and understood. What are the challenges of this kind of openness? What have some donor families found to be the opportunities and benefits of openness? Finally, how might a more open approach to grantmaking enhance not only stakeholder relationships, but also the overall effectiveness of the grantmaking and the fulfillment founders and family members find in the process?

**LIES:** Our conversation is on the theme of personal responsibility and public trust and how to bring it down a little to the operational level, the boardroom, of family foundations. A real issue is, whose money is this? What impact do all these calls for transparency and responsibility really have? How do each of your boards and foundations approach this issue of public trust and personal responsibility?

**HENDERSON:** One of the important questions at the Surdna Foundation for the past generation or so is “who gets to be in service on this foundation’s board?” There are 400 living family members—descendants of John Andrus. There is an obligation for the board to think about what this family foundation represents. It’s difficult for any individual branch or member of the family to say, in any realistic way, this is about me, or this is about my personal interests. Rather it requires the group to think about transcendent values and who in the family is appropriate to be a part of that conversation. How do we go about choosing family board members from this large pool of living relatives?

Surdna’s Board is now comprised of 4th and 5th generation family members. There’s a real difference between earlier generations where the group of family was very small and intensely jockeying for position to a situation like we have where there’s a well-defined professional subset from which to select talent, point of view, and professional skill for shaping the foundation’s work. We have seen that when the family becomes quite large, it requires of those who steward the foundation to think differently about what it means to be family.

**AVERY:** The Durfee Foundation was established in 1960 by my grandparents, and they made

the conscious choice to name it after my grandmother's maiden name, not Avery, which is the name of the company that produced the wealth that made the foundation possible. That decision really set the stage for what the foundation is about. It's not about putting our name out there, it's about the quieter family values of supporting community that we ascribe to and work towards.

I feel that family trustees come to the board trying to strike a balance between individual passions and interests, and the foundation's institutional identity. We try to create a space where the family trustees' interests and passions inform the work that we do at the foundation, as long as they fit into the well-established but flexible identity of the Durfee Foundation.

I think in a lot of ways it's easier to be in the third generation because the foundation has transcended some of the difficult times and has developed a very clear identity as an entity of its own, apart from the personalities of the trustees. When we bring in new trustees, or we're going about doing or evaluating our work, we have a clear sense of mission. One of the values informing our mission is to operate in a transparent way so the public knows what we are doing and why we are doing it. To that end, we have past grantees on our grant selection panels, and work with past grantees and other community members when we develop, discontinue or significantly change a grant program.

When the Rockefellers spoke earlier, I thought about the value of having a strong identity that everybody on the board can agree to and work towards, so that the board doesn't have to spend energy battling about what it is, and the public has a clear sense of what the foundation is about. Most foundations have to go through a decision making process to figure out their identity. Once you get there, you've reached a good place.

**MEADOWS:** I was in the second generation in my family and followed the founder generation. My uncle created our foundation, but we consider all the family members, there were seven brothers and sisters, as the "first generation," as if they were co-founders, although it was clearly my uncle's creation and its mission was his philanthropic articulation. It was his money, and the rest of his sisters and his brother were put on the board because he trusted them above everybody else. All foundation boards experience the sense that you're isolated in the meeting room, and there's nobody else there but you. The decisions you make there are only yours. They're really not the outside world's. They're not there—you don't see them, you don't feel them, you don't have any input from them in that room. The question is, then, how do you introduce them into the room? How do you begin to bring in those voices that are calling you to question on the judgments you make and the values and considerations by which you make those judgments?

In our case, the questioning began soon after I became President of the foundation. We were helping put on the Council on Foundations' conference in Dallas, and we'd underwritten part of the cost of bringing all the foundations together. We were just getting reorganized after my uncle's death and we were attacked by a group that came to the meeting. We were charged with being totally unresponsive and totally unaccountable to the public and we were dumbfounded. How could anybody be attacking us? We were working hard at doing good philanthropic work. Where did this come from? What had we done wrong in the process? It took me awhile to recover from that attack. The basis of the attack was that my uncle had not responded to their request for the foundation to answer a survey. We did not know for sure but suspected the charge was probably true. He didn't see it as his responsibility to answer everybody who came to him asking for information about how he distributed his money.

We discussed the "public interest" in the work of the foundation and decided that we were an institution serving the public, and that we did have a responsibility to be more open. So, we started talking about how we should bring that public stakeholder interest into our grantmaking decisions.

As foundations begin and evolve through the generations, that introduction to the public interest in the foundation's work becomes part of the training process of bringing them into

the decision making process of the foundation; it becomes part of the history and the tradition of the foundation's operation. This is how we relate to the outside world—these are the issues, these are the processes by which we invite people in.

I now do philanthropic consulting work for a number of foundations around the country. Sometimes I'll work with a foundation that's just being started. One client had \$800 million in assets and no mandate from the founder to guide it, only a general philanthropic mandate. At the initial meeting of their board, they were meeting each other as trustees for the first time as the board had been convened by the founder's lawyers. They had no specific donor intention to focus their work. They had these name signs out in front of each director, and I said, "Now I know that probably all of you are enjoying the fact that a wonderful man made this opportunity possible for you to do great charitable good works. And I understand that you're getting acquainted with one another so you can work well together and make wise decisions, but let me introduce you to the other directors sitting in this room you don't see." Then I put out additional name place cards to introduce the other stakeholders interested in how they did the foundation's work: Congress, the press, the Attorney General, the IRS, the applicants and other stakeholders. And, I said: "These other interested parties are here with you right now, and, sooner or later, they are going to ask you to explain why and how you make your philanthropic decisions. So, if you think you're operating alone, you're totally wrong." ■

## SESSION

# 3 The 21st Century Donor

**MODERATOR:** **KATHLEEN ODNE**, Executive Director, Dean & Margaret Leshner Foundation

**PANELISTS:** **J.L. (JACK) DAVIES**, Board Member, Venture Philanthropy Partners

**TRACY GARY**, Philanthropic & Legacy Advisor, Inspired Legacies

**SHARNA GOLDSEKER**, Vice President, The Andrea and Charles Bronfman Philanthropies

An historic number of foundations and donor-advised funds were formed in the late 20th and early 21st Centuries, more than doubling the previous number. When combined with the equally stunning growth of donors choosing new vehicles—giving circles, donor collaboratives, and women's funds, among them—the face and practice of private philanthropy in the New Century have been profoundly changed.

Some have tried provocatively to pit generations of donors against one another — to judge giving patterns as better or worse. Others have speculated on what they believe are the motivations and giving interests of new donors. Neither effort has shed much light on what are likely to be the extraordinarily diverse hopes, goals, and needs of 21st Century donors. For those who care about the future of a healthy philanthropic sector, the provocative and predictive provide little concrete help as we prepare to support the work of these new donors. Neither will it help us to encourage more new organized giving.

While generalizations help only marginally, we have begun to see signs that offer clues. The fear that more traditional programs areas — the arts, higher education, and social services — would not be on the 21st Century agenda is proving to be groundless. We are, however, seeing more new program areas and new approaches to problem-solving. There are also early indications that the new family philanthropy will be more collaborative and less private. Many seem to be looking for new options in grantee partnerships, assessing effectiveness, and enlarging the concept of "asset" to include family members, knowledge-sharing, partnerships, etc.

With the help of several of these donors, we will explore their varied motivations, practices, and goals. Most importantly, we will attempt to understand how this new giving can be encouraged and sustained. How will they need or want support? What can be learned from their experience? What can we do to ensure that, when coupled with the new generations from existing foundations and funds, a vital and powerful force for good in the New Century is created?

**ODNE:** Is there a growing rift between organized philanthropy and the new donor? What is it that the new donors are bringing to our field, and how can we embrace these new approaches and perspectives? In fact, how can organized philanthropy also infuse some of the new giving with lessons learned? When we talk about the 21st Century donor, we're not necessarily talking about next-generation donors. We're talking about new-perspective donors, donors who use alternative giving vehicles. Jack, what would you characterize as the motivation of the new donor?

**DAVIES:** I guess I'm what is referred to in this group as an original wealth creator, which means I'm the guy who made it.

When I retired in 2000, I realized that it was incumbent upon me, based on my family values and my beliefs, that I needed to give back. That was the easy thing to decide. The hard thing to decide was how do you do that? You're confronted with a bewildering array of options. Countless people would be more than happy to help you out with your money and lead you by the hand through the philanthropic world. That didn't feel very comfortable with me. So I focused on my basic principles, and I felt like I really wanted to give back in the area I'd been so successful in—this region. I believed that children and education were the way to break the cycle of poverty and crime and other issues that confront us here in the nation's capital. I wanted to find a way that I could learn and have an impact and be strategic. You come out of the business world where every decision is evaluated on what to invest, how are you going to have an impact, and how to be strategic.

So that's how I came to philanthropy. I was fortunate to meet Mario Morino, who was then working on what became Venture Philanthropy Partners, which was an innovative approach to philanthropy that embodies the best of traditional philanthropy married with private equity investing principles. That was very appealing to me as a business person because it was about being strategic and long term and results focused. As a philanthropist, its investment focus was about helping low income children and families in this region. It was a perfect alignment of the goals of that organization and my goals.

What's evolved from that over the past eight years is a deep understanding and involvement with philanthropy that I've had, and it really provided an effective structure for me. It isn't the only philanthropy that I do. Our investors in Venture Philanthropy Partners—in the first fund 28 families; 35 new families in our second fund—tend to be all wealth creators, people who have some frustrations about how hard the work is. They tend to have a number of investment vehicles—there are a number of complexities that my peers and I reflect. VPP has been a great option for many of them.

**GARY:** The motivation of many of the donors that I work with, and certainly for myself as well, has been to create a better world, quite simply. We know that these are transformative times, and we know that we need to create transformative leaders and be transformative leaders. I see family foundations as a Petri dish in which we grow and cultivate our own family members as transformative leaders.

So how to do that? How to take responsibility for co-creating the future, and learning the skills of partnership? Many of the donors I work with want to be purposeful, to create a giving plan and be intentional about the skills that they bring. We're in the middle not only of the inter-generational transfer of wealth but the inter-generational transfer of leadership—a crisis is

upon us. What board are you on [that] isn't trying to diversify? What grantee do you have that isn't having a crisis of leadership around their board relations? Many organizations are having a very difficult time with the diversity issue.

I want to honor the revolution that happened in my 30 years in the field, and that is the gender issue, the involvement of women as the majority of this field. Particularly among women, enlightened self-interest motivates many donors. What we learn from being part of philanthropy is empathy and compassion, and it's an antidote to the narcissism and the kind of greed that is growing rampantly all around us. Primarily, we are teaching the next generation how to grow their hearts, and their souls, and their spirits through the empathetic connection and through the respect that they gain through partnerships, not as an isolated family foundation but as an engaged foundation in our communities, building community. This is an incredibly exciting time for our field.

**ODNE:** Sharna, would you help us explore the perspective of the next generation?

**GOLDSEKER:** It used to be that we passed the baton through trusts and estate lawyers, succession plans, wills, readings, and now we have proactive vision, where we know that the wealth transfer is coming and we can prepare and think ahead about how the next generation can be involved. So, in some ways, we don't just have a transfer, we have multiple generations working on philanthropic issues at the same time. Also, the average life span has increased. One hundred years ago, people were living to 47. Now the average life span is 78 for men and about 82 for women. You have multiple generations in the same space at the same time, which means we're not just talking about a parent-child dynamic any more. We're talking about four generations above the age of 21, and we're peers, we're adults. That transfer of relationship, as much as transfer of wealth, is a critical change as the next generation is coming into relationship with their parents and grandparents as peers. ■

## SESSION

## 4 Opportunities of Change: Managing Transitions *in* Family Philanthropy

**MODERATOR:** **JUDY BELK**, Senior Vice President, Rockefeller Philanthropy Advisors

**PANELISTS:** **ALICE C. BUHL**, Senior Associate and Director of Philanthropic Services, Lansberg, Gersick and Associates; Senior Fellow, National Center for Family Philanthropy

**JULIE FISHER CUMMINGS**, Managing Trustee, Max M. and Marjorie S. Fisher Family Foundation

**SUSAN PACKARD ORR**, Trustee, David and Lucile Packard Foundation

**NOA STARYK**, Trustee, The McKnight Foundation

Social science research as well as studies of family philanthropic practice have made the case that the most potentially creative and vulnerable times for giving families are periods of transition. A change in board, family, or staff leadership, welcoming new board members and new generations of family members, and managing a change in mission or assets are all examples of transition points. Inevitably, these transitions affect all family giving programs—whether to choose a perpetual foundation or spend down over a period of years or whether to establish a donor-advised fund to last for two or three generations.

Several circumstances make this topic particularly timely and compelling: family foundations formed in the post-World War II period are in the middle of a generational transfer of leadership; donor-advised fund holders are exhibiting a strong preference for involving future generations; and many new donors are trying to sort out their hopes and plans for involving their families. All are likely to discover that their circumstances raise questions of geography, program focus, and management. All will likely find that their effectiveness depends on the ability of the family to work together across generations, branches, interests, political and philosophical differences, and emotional family history.

What makes preparing for these transitions so challenging are the family organizational complexities involved. What makes them more manageable is the fact that we have begun to build a base of study and experience to help us understand and address them. This session featured the experiences of family trustees and advisors who have all navigated complex transitions and the issues and opportunities raised by them. What major transitions or changes do families face? How have some of the emotional changes that all families deal with (marriages, deaths, and births, etc.) affected them? How did their boards anticipate or address those changes? What did they find helpful as they dealt with transitions? Were there any unexpected opportunities that resulted? An experienced group of family trustees and a family philanthropy advisor lead a conversation designed to further the understanding of these complex issues.

**BELK:** Our panelists have all agreed to share personal stories today, as a way of illustrating the power of philanthropy within their own families. I would like to begin by sharing a personal story about a family transition in my own family, not a family of huge wealth but a family like so many throughout this country that are really connected to philanthropy and community service. It's a tremendous story of legacy and the power of families.

About 30 years ago, our family had a significant transition that thrust us into a more organized arena of philanthropy. I lost my older sister under very tragic circumstances, and although it was a huge loss for our family, it turned out to be a huge loss for the African-American community in Alexandria, Virginia. That community, with the support of our family church, which was created in the 1800s by my great-grandfather, decided that it wanted to create a fund to honor my sister's legacy. Checks just poured in, and suddenly we found we had some significant resources. I felt a tremendous amount of responsibility as the oldest of the siblings to step up, because I had some experience in philanthropy, and I thought I could manage the process.

That was the beginning of working together as a family, under very difficult circumstances and with the support of the broader community in managing a very personal, but significant philanthropic initiative. We're now celebrating the 30th year of that scholarship fund, which continues to be housed at our family church, but actively supported by our family members, including my nephew who was only eight when he lost his mother. Many of the early scholarship recipients have finished college and a couple of their children have been recent recipients. Julie, do you have a story to share?

**CUMMINGS:** My father is a first generation of immigrant parents. He was born in 1908, right before the Great Depression. He went to Ohio State on a football scholarship, and that's really where it started for him. After college he ended up living in Detroit where he got in the refining oil business. After achieving success, in his mid-fifties he decided he'd made enough money and wanted to retire and give back.

His way of giving back philanthropically was to help his community, his country, Israel, and the world. He also became involved behind the scene in Republican politics, and those were his two ways of giving back. He was a real community builder and achieved this in great measure through his skill in building consensus. We have a blended family so the last child in the family, who's my younger sister, was born when my father was 50, so we have a 20-year age span in the family. My dad did his work philanthropically, and so did each of us individually.

There are five members of my generation, the second generation, and each of is engaged philanthropically in our own very different passions. On the foundation board are my mother and five siblings. When my dad passed away, he left us assets of \$300 million. Before he passed, we kept trying to get him to tell us what he wanted to do. He kept saying, I have faith in you. Before his death, he wrote this letter to us saying the only thing I'm going to ask, other than that I would like you to continue giving, is to come to consensus.

Somehow, I got to be the Managing Trustee of the family because I seemingly get along with everyone. So, we now have the responsibility. We decided to get some outside help. That outside help is sitting at the end of this table: Alice Buhl. I call her our family foundation therapist.

The first thing Alice did was have us tell each other what we were involved in. We got together for family gatherings, the cousins got together, but we really didn't know what each of us was doing. We were all so engaged in our philanthropies, and that one thing of having dinner together that first night was so powerful. We came to a new respect for each other. A lot of the problems dissolved. We have a family holding company, a business, but I believe what is happening today is that the family foundation is giving us vision and cohesion as never before. We had a retreat. We didn't talk about mission statements. Alice asked us what our family stood for. What are the values of your family? That really brought us together. Each of us had passions. When our father said come to consensus, each of us was allowed to express our own philanthropic passions. We came up with some ideas of how we were going to do that.

Our grantmaking consists of three parts: legacy; discretionary; and mission giving. Legacy giving consists of grants made to organizations that represent the things my father believed in — helping Detroit, continuing on with his giving to the [Jewish] Federation, and empowering people less fortunate.

Then there are the discretionary distributions. This is the portion of the overall grantmaking that is given to each of us to grant through our own discretion and support issues perhaps not included in the overall mission of the foundation.

The third and largest portion of the grants, I call Mission Giving. It is here that we can support our separate passions while hopefully coming to consensus. We have found that this work is a process that continues to change and grow but we are always driven by the philanthropic legacy of our parents and the desire to do this together. The inner mission of our foundation is to strengthen family ties and involve future generations. It is a privilege and an honor to be entrusted with this mission. We need always remember this is not our money but the monies intended for the public good.

**STARYK:** My family foundation story began in 1950 when my great-grandfather, William McKnight, who had run the 3-M Company for a very long time, started the foundation. For the first 20 years, it was just William McKnight and his attorney making decisions, writing and sending checks, and feeling good about that work and that engagement. As William was getting older, he did not want to do the philanthropy piece any longer and was going to close up shop when his only child, his daughter, Virginia (my grandmother) suggested that he not fold up the shop but give her an opportunity to see what she might make of this foundation. He agreed. He literally handed her the checkbook with no strings attached.

She then enlisted her family, her husband and her children, to be at the table with her to figure this out. . . . Early on, they decided that they wanted the work to be largely based in the Twin Cities, Minneapolis and St. Paul, because the money was made in Minnesota. They felt a very strong commitment to the state. As the years have gone by, many things have changed but many things are the same. In our generation, the fourth generation, we were invited to join the board—we were 21 and having graduated from college—and so that is what we have done. There are four in our generation. I'm an only child, so my mom is still on the board. Her brother has three children, and so we have an opposite dynamic from the Surdna folks. We have a very small family.

**ORR:** The David and Lucile Packard Foundation was started in 1964. David Packard was one of the founders of Hewlett Packard. For the first 20 years, my mother was really the heart and soul of the Packard Foundation. There are four of us in the second generation, and I'm the second from the bottom. We were each put on the board at age 21, rather than invited to join. After my mother passed away in 1987, my father started paying a little more attention. He had not transferred a whole lot of his assets into the foundation by then, but he did decide that eventually he would transfer all of his assets into the Packard Foundation, and we recognized that when he was gone, we were going to be pretty big. So we asked if he would ramp up gradually, rather than have it all come at once. Also, we wanted him at the table with us so that we would understand what he thought was important about this philanthropic effort he had started. He thought this was an interesting idea. So he did that, and when he passed away in 1996, we were substantially larger and had started some new programs that were things that he really wanted to do. My mother was really a community-based person; my father was a big thinker.

We still have that kind of combination in the Packard Foundation. We spun out a separate foundation for my brother. At this point, on the foundation board there are three of us Packard women and one remaining spouse. We're just bringing on the next generation—there are nine in the next generation. We are not setting their expectations that they would necessarily join the board ever, and certainly not at 21, but we are encouraging them if they want to. We are a different foundation from what we were when I was 21, when we were very small and we met around the dining room table. Now we're a very big operation. It's a big responsibility and a big commitment to join our board. We have two special board seats for the next generation, so we can rotate them through quickly, mostly so that they can feel what it's like to serve on the foundation board. We actually moved one of the next generation into one of the regular board seats, which was an exciting thing for us to do. I've been thinking as we bring on the next generation, how and when we're going to give up control. It's going to be hard, but that's going to be our big transition going forward.

**BELK:** Alice, would you share with us three of the most common transitions that provide families both challenges and opportunities in navigating their philanthropic activities?

**BUHL:** You can hear the one that we talk about the most in all of these stories, and that's generational succession. Lately, I've been thinking a lot about the whole idea of passing the baton from one generation to the next. In our previous world, a donor often kept control until his or her death. Today, we're seeing so many different models. It's really exciting to see the different kinds of shared leadership.

The first transition involves that whole issue of generational succession and changing leadership, but doing it in a way that doesn't wait until someone dies or is no longer able to run the foundation. Thinking about that transition in advance is one of the key issues that people are dealing with today. One of the reasons we're dealing with this is that the senior generation is living longer and is healthier. As a result many of you who are now sitting in those positions would like to keep on staying there. At what point are you willing to give up or share that leadership with the next generation? That's one of the important transitions. There's also the intriguing role of the surviving spouse of the donor. Nobody's studied it very much but the surviving spouse can have a very interesting and intriguing role as part of a transition.

The second transition is from individual to collaborative giving. When donors begin, the donor is giving and making decisions individually, and all of a sudden there are two or three or more people involved in making decisions. The process of making that transition from an individual to a group making decisions is a serious transition that we sometimes don't think about; the process of moving to a more collaborative model rather than an individual way of thinking.

Finally, the third transition involves who's going to do the work? Are we going to go on doing it ourselves as we did in the early stages, or are we going to have professional staff? These are the questions you face more in the early stages of a foundation. As families get more sophisticated, the question becomes, how do we see our role versus the board-staff role, and how do we develop a good collaborative relationship with the staff.

**BELK:** Who is in the family and who's out?

**ORR:** One of the things about family foundations that sometimes makes me smile a little bit is when people start them and say that it's because they want to keep their family together. That isn't necessarily the outcome you might expect. There is somewhat more optimism among parents as to how well their children get along together. In our case, we had a very strong father. When father was at the table with us, we all got along great. It wasn't that we were afraid of him. We just had so much respect for this person. He was such a giant in so many ways. And he had such wonderful values and vision that our little petty sibling stuff didn't seem important. But when he wasn't there, some things came to the surface that were kind of surprising. We've always had outside non-family members on the board from the very beginning, which is my one piece of advice to everybody—you need to do that. When you get to this kind of transition, if we hadn't had these advisors it really might have been difficult.

My brother David is a brilliant classics scholar, and he's had an impact on the whole scholarly classics profession, particularly around bringing technology into the study of the humanities. He really wanted to do the work himself rather than work with a lot of staff. We finally reached a conclusion that his view of how to do philanthropy was different enough from the three of us Packard women that the best outcome would be for him to have his own place. So we spun off a piece of our assets into the Packard Humanities Institute, a pre-existing entity that had been established when father was still alive. In exchange, David left the Packard Foundation board. I am on the Packard Humanities Institute board, and I have enormous admiration for what they're doing.

The outside directors had very astutely perceived what was happening and interceded with my brother and came up with this plan. We let them lead the effort, and thank goodness they were there. One more thing in my role as chairman, I would not dream about making any kind of chairman-type decisions without consulting both my sisters. Even though I have the title of chairman, I would say the foundation is led by the three of us agreeing to things together. We get along very well. We have a lot of respect for each other.

**BELK:** Examples about spouses?

**CUMMINGS:** We're new compared with most of these foundations, but our spouses are allowed to sit in on these meetings. Each family branch or unit has one vote. My husband doesn't sit in on the meetings, but everyone else does who has significant others, and it has been the best thing. They mitigate, they assuage the family members when emotions arise. We're in the beginning of our transition phase, so if you don't agree with what I'm doing, you don't like me. A lot of it is still that family dynamic, still processing, hopefully, once we have shared vision, which is what we're working on. It's wonderful to have spouses, because they bring a lot. My husband has other interests so he doesn't attend meetings. He could if he wanted to, he's welcome. We had a divorce in the family and we'll just stop there; what are you going to do?

**BELK:** Let's talk about donor intent. Noa, is that an issue that your family struggles with?

**STARYK:** Yes. William McKnight didn't give us any clues about what he would hope for the foundation. So my way of looking at that and trying to interpret that would be that in our service we would honor his kind of leadership, which was brilliant in the way that he valued his

employees and he inspired innovation. I hope we mine his legacy at 3-M to understand how he would like us to conduct business as McKnight. Legacy is really important, and we hold on to program areas that were important to our grandmother, grandfather, and uncle. It's sort of an organic process, with each individual board member figuring out how they want to honor their interpretation of their legacy.

**CUMMINGS:** I tried to get Dad, before he passed, to really indicate how he wanted us to go about doing philanthropy, to the point where my brother and I evaluated his percentages of giving to different areas. He said that's fine, but we all have a different interpretation of our father. I had wanted to interview him on tape, and I would ask anyone sitting in this room who still has a first or second generation donor alive to do an oral history. I would have liked to have found out what his passions were. We do have his legacies, he left his list, but not how he went about doing things.

We discuss this, but we don't always agree. We always agree about the values about returning to society what was given to him, he was self-made, so we know that, but a lot of times it's just up to our interpretation. I've seen some foundations and I've wondered if the original donor wouldn't have rolled over in his grave looking at what they're giving to, and he never would have agreed to that. But I wish my father had left us more donor intent, but on the other hand he trusted our philanthropic values.

**BELK:** Do you think you are fulfilling the legacy of your mother and father?

**ORR:** I think they'd be very pleased with what we're doing. Father did not leave any sort of written document either. His attorney encouraged him to do it and he refused. He did leave one letter, but it was vague. I think it was wise of him not to leave detailed instructions, because what he recognized was that times were going to change and what he thought was important to work on in 1990s wasn't going to be important to work on in 2050s. But, we did have a whole lifetime of working with him, so that was very helpful. One thing we did almost immediately was write down our values (he didn't). We had an interesting experience, where my younger sister and I were both invited to talk to a foundation staff meeting, and it was about values. We didn't talk to each other at all, but we both wrote down what we viewed as our family values, and we found our lists to be almost identical. Obviously, our parents had transmitted their values to us. We have written a donor intent ourselves that's meant to reflect our interpretation of what we think they cared about, but it's not really intended as a roadmap in terms of things to fund going forward. ■

## SESSION

# 5 The Next Decade: The Future of Family Philanthropy

**MODERATOR:** **B. STEPHEN TOBEN**, President, Flora Family Foundation

**PANELISTS:** **JOEL L. FLEISHMAN**, Director, Heyman Center on Ethics, Public Policy and the Professions, Duke University

**CAROL LARSON**, President and CEO, David and Lucile Packard Foundation

In our first 10 years, the National Center for Family Philanthropy has worked to understand better the nature and needs of the giving family and to develop the research and programs that would best meet those needs. We recognized that the field had to “catch up”—to match the enthusiasm and evolution of philanthropic families. Groundbreaking research, and the educational resources that research made possible, have helped us understand motivations for giving, options for organizing one’s philanthropy, donor legacy, and multi-generational giving as well as the scope, scale, and practice of family giving.

These efforts have also set the stage for an extraordinary opportunity to have a vital and vibrant conversation about the future. We have reached the point where we can anticipate many of the opportunities and challenges ahead. We can take the experiences of countless donor families and reach out to help countless more. We can use what we have learned about effective practice and encourage donors to set their aspirations even higher. We must take what we know about motivating and organizing giving and convince potential donors to join in. Finally, we can use our passion and commitment for philanthropic giving to enhance public understanding of the role and value of family philanthropy in American society.

As the most fitting conclusion to the first National Symposium on the Value of Family in Philanthropy, we turn our imaginations and our hopes to the future. What are the issues that are defining the development of donors and potential donors? How will those issues play out for families with multi-generational aspirations? What do current giving patterns and practices tell us about the grantmaking relationships and priorities of the future? To what extent do family philanthropy’s rituals and practices distinguish it from other philanthropy and add to the vitality of its future? How will the value of storytelling sustain and nurture the family giving tradition—whether it is the small, trustee-managed fund or the large, multi-staffed foundation? How are we understood by the public and by those who set policy? How might that understanding—or lack of it—shape policy?

Finally, what might the future of family philanthropy look like, given these issues? Perhaps more importantly, what is the future we want to create? How do we create that future?

**TOBEN:** Our assignment is the future, but let’s start by clarifying some terms of reference. We have heard today about the diverse array of forms that the New Family Philanthropy is taking. We have long been familiar with the family foundation model, but we are quite cognizant of the other ways that are coming very much to the fore, whether it’s venture philanthropy funds, operating foundations, non-tax exempt investment in social enterprises, advocacy efforts that are being undertaken by philanthropically minded individuals, donor-advised funds, gift funds, donor collaboratives. This has been a remarkably fertile time in the generation of models of New Philanthropy, and we want to take account of that as we go forward.

I would also like to remind ourselves about the ecology of the foundation world. According to the 2007 report from the Foundation Center, about half of all independent foundations

in the United States are family foundations, but interestingly, three-fifths of those family foundations have assets of under \$1 million and half of those family foundations have giving programs of \$50,000 or less. So we have a landscape where the Packard Foundation is clearly an exception to the norm. This evokes some questions about how we can aggregate impact, if in fact family foundations and presumably other forms of philanthropy are going to be more powerful in collective pursuits.

Finally, I would note that only one in eight of the larger family foundations, according to the Foundation Center, have any form of staff. So again, this raises questions about where family philanthropy, and in particular the family foundation, is heading.

I will call first on Joel Fleishman to offer his statement defining family philanthropy and its strengths.

**FLEISHMAN:** Why is it that family philanthropy is important? It's important because it perpetuates the intergenerational transfer of moral authority and values. What is characteristic of the family foundations that work is the fact that the donors and founders start with a vision and set of commitments and, by the continuity of the family, that gets transmitted to successor generations. Not for the sake of the successor generations. They are the vehicles for the transmission and expansion of those values through society.

Imagine what society would be like if we didn't have the things that the Rockefeller family has done, that the Packard Foundation has done, that the [Gaylord & Dorothy] Donnelley Foundation has done. It's because of that intergenerational transfer that the impact of the donors' praiseworthy values has managed to grow wider and reach farther. How are those values transmitted? We've learned today in the case of the Packard family that they were transmitted informally, and that's the same way with the Donnelley Foundation. On the other hand, James B. Duke embodied in the trust indenture, which he instructed has to be read every year to the trustees of the Duke Endowment in open session while they all sit there and listen to this indenture that is being read to them, which tells them exactly what he would like to have done. That isn't confining, however, because he took account, as most donors do if they're smart, of the need to adapt to the ages.

We're dealing with diversity on a wide scale. Every family is different. That's part of the glory of family philanthropy. Enormous diversity of views, of values. Think about how that strengthens American society. In talking about the nonprofit sector, there are 1.7 million of charitable nonprofits, and they all have anywhere from 10 to 30 board members. Multiply that out and think about the unlimited variety of values that are represented on those boards. In foundations, it's just on a smaller scale. Most of the family foundations are place-focused in what they do. Think about the difference that makes. The Meadows Foundation in Dallas worrying about the problem of single black men and how to deal with that problem in the Dallas context. The same thing is true about virtually every family foundation.

Think about how less well off our society would be if there weren't such foundations at the local level, helping the local area, working closely with the community foundations in solving those problems. We would be a lot worse off. Thinking broadly about the values they represent and the tremendous benefit to American pluralism, that they're not serving the interests of the upper class as the Marxist scholars would have us believe, they're typically serving—and you see it as the generations change—America in its broadest sense and its pluralism, worrying about minorities of all kinds, and figuring out how the process of American society is going to digest and become stronger because of all these initiatives. It's important to think of families in philanthropy in those terms.

**TOBEN:** Carol, what would you say about family philanthropy from your perspective in the Packard Foundation?

**LARSON:** I'm glad the title of this Symposium is *The Value of Family Philanthropy*, not of

Family Foundations. Foundations are one piece of it, but it's so interesting in our place-based Silicon Valley to watch the new philanthropists adopt all these new vehicles for giving that we spoke about. When I think back about the history of what Dave and Lucile did and how they functioned in their communities, I'm sure that their story is similar to the McKnights in Minnesota, and for families in Chicago, in New York, and all the places in between. It is about the vibrancy and power of people who want to make a change in their community, people who are innovative, people who are about impact and being effective.

When I think back about what I know about Dave and Lucile, they were always writing checks around the dining room table or writing checks from the office or encouraging the company employees to give back, or serving on the school boards, or being at a local nonprofit board, or supporting policy think tanks in Washington, DC. It was about giving back, it was about impact, it was about being effective and playing lots of different roles. Even today with the Packard Foundation being a true, separate institution with bylaws and with strategies and programmatic discipline, the family also remains involved in giving back to the community in so many other ways—on boards, in their personal donor-advised funds, in their personal giving. In some ways, I think that's what philanthropic families have been doing all along—using all the tools available to them because they were committed to making a difference in their community. The heart of family philanthropy is about that spirit and what it contributes to our society, and less about the vehicles.

The second point I wanted to make is around the transmission of moral authority or the transmission of values. The panels today talked about the refusal of some donors (Dave and Lucile) to write down specific instructions—for example, you have to work in this specific program area. For some foundations, there are certainly broad content areas that donors ask that their foundations continue to be involved in; for example, support for the environment. But even more important is the term moral authority—the values of the foundation. When I think of what I know about Dave Packard, whom I had the privilege of knowing in his later years of life, he cared about how we do our work. We try to inculcate their values into the culture of the staff at Packard. Also, it is what our board reflects, both the family and nonfamily members. There is an orientation to the community—and in our case it's now global—the nonprofit sector, and trying to facilitate the spirit and energy and good works of others. If you look at the values on our website, it's about respect, listening to people, belief in individual leadership, and the capacity to think big. You could apply those four values to any number of subject areas. It's equally important to our work on the environment.

The final thing I'll say is that, after Dave died, the first thing the family did was step up and ask, are these the four values that capture us? We then added a fifth, so that our 1996–1997 Annual Report carried a statement by Susan and others about making a commitment to effectiveness. That value was in the family right from the beginning. It's about trying to make wise choices, learning from experience, listening, and striving for improvement.

**TOBEN:** When I think about the future of family philanthropy, I see three things. The first is this concern about whether the whole is more than the sum of the parts. There is too much fragmentation in the practice of family philanthropy. A second area where there might be grounds for criticism is in the policy arena, whether resources are being deployed in the right ways to the right causes—lots of rumblings from Congress that we're going to continue to hear about. Third, in general, there seems to be a lack of public awareness about the achievements of foundations, and I know this was one impetus for your book, Joel. Please comment about whether these developments point family philanthropists in the direction of more concerted action and stronger communication strategies. What response and what pro-active initiatives do you think are required in coming years?

**FLEISHMAN:** Generally, staff and boards are in the hot seat of examination. Looking to the years ahead, we have a great deal of collective work to do. We have to do a better

job collectively of communicating the value of philanthropy generally, especially family philanthropy, to the broader public, the media, the policymakers. What is our role in our society, what is our contribution? Understanding the independence and importance, the breadth of diversity in philanthropy, and its missions and its goals and the vehicles it uses—all this is just not widely known. The stories of contributions, focus on impact and effectiveness—we haven't done a good job, collectively or individually, of telling those stories, making it known.

In terms of preserving, protecting, and celebrating what we've been talking about over the past day, we have to give much more attention to these accomplishments than we have. The Packard Foundation and others are supporting something called the Philanthropy Awareness Initiative, we're supporters of Independent Sector, we're supporters of a lot of the infrastructure groups, the Council on Foundations, this National Center, and we all have to work together to make sure that our society understands the proud history of philanthropy and its proud future.

The other part mentioned focuses on effectiveness and how to act more collectively in our philanthropy, not just talk about our philanthropy. One of the most exciting things I see happening among foundations of all sizes is the new level of collaboration for real change. It's not just everyone doing their own thing in the particular geographic area. More and more, you see that people are really coming together, thinking about what goals they share in common, how they reach those common goals, and how such collaboration expands the impact of foundations and other philanthropic vehicles. There is a new level of communication about strategy, about sharing results, and what we ask of grantees. On a global scale, foundations meeting in New York [on climate change] are putting their heads together about global change. It requires a global approach. That kind of collaboration is what's going to help people realize the power of philanthropy—and have us tell our stories of real impact. ■

# Reflections *on* the Symposium

*By Mary Mountcastle*

**F**amily philanthropy is at a crossroads, and its future direction is in our hands. The last decade has shown that our field is dynamic, growing, and innovative in the forms and variety of people engaged in family philanthropy. Unfortunately, we have also seen abuse, insularity and arrogance that results, in the best of lights, from ignorance, and in the worst, from deliberate disregard for ethics.

As family members engaged in collective grantmaking, we are caught in a strange paradox: our only true qualification to serve as stewards of these funds is the circumstances of our birth. So, the burden of proof rests on us to prove family philanthropy is a legitimate expression of philanthropy at its best.

As a third generation family member, I came into service on the foundation board having learned that “we were not a family foundation.” I guess I was supposed to disregard the fact that 50% of the board was related to one another. Frankly, I viewed the field with slight disdain, based on the stereotype of family philanthropy from decades ago: an insular group of white, privileged people who funded individual pet projects or tried to advance their own interests without relevant due diligence or input from a more diverse group of sources.

So what changed my mind about this field? Meeting engaged, informed, passionate family members who took seriously their role as stewards of a public trust regardless of whether they were the entrepreneurs who created the wealth or succeeding generations entrusted with giving it away responsibly. NCFP has done family philanthropy an enormous service by lifting up those examples. I was particularly impressed by the National Symposium panel with the Rockefeller family members who explained how they’ve been able to transmit a sense of common purpose over several generations.

Family philanthropy is both enhanced and complicated by the opportunity to create some kind of a family legacy, something that goes beyond family self-interest or some building with the family name but leaves a real mark upon the world. Unlike service on other nonprofit boards, when you join your family’s foundation board, you not only bring your professional skills but also the connection to the family’s history. You can get stuck in that – feeling that this is my family, therefore this is an extension of myself.

My grandfather recruited the great philanthropic leader Paul Ylvisaker onto our board. I believe Paul was there to tutor the family about how to be the best foundation we could be. He

taught us that it's about the collective vision, not about our personal passions. His presence also helped us see the value of diversity in the board's deliberations, particularly voices outside the family's.

The great curse and gift of philanthropy is its independence from other sectors. This gives us the ability to set big audacious goals and take risks—wrestling with long-term challenges without the responsibility to report back to shareholders or constituents. But it also means that we have to hold ourselves and our peers accountable for what we do with these resources. We must have honest conversation among ourselves and with our grantees and communities about what we do well and how we can improve. One of the real values of NCFP's National Symposium was the candor and the intimacy that the panels created for the audience, allowing us to have important conversations about some of the field's more challenging issues.

The symposium merely started the conversation that the field needs to have. We can't do this in print. Each of us must bring a different set of circumstances to the table, to be both a student and a teacher. The symposium held up a mirror to those of us in the field and helped us ask the tough questions about how we can improve our performance.

Those of us in family philanthropy are blessed with great opportunity and responsibility. How we rise to these challenges will define whether our field remains stuck in the stereotypes about us or lives up to our potential to advance our foundations' missions. It's not about us or even about the family. It's about what we can do to improve the communities we serve. ■

# History and Programs *of* the National Center *for* Family Philanthropy

**T**he National Center for Family Philanthropy is the only nonprofit resource dedicated exclusively to families who give and those that work with them. With extensive expertise in governance, grantmaking, planning, evaluation, and more, the National Center is uniquely positioned to help emerging philanthropists and mature foundations and funds improve their work and expand their effectiveness.

The National Center was founded 12 years ago in response to the need for a national resource center dedicated to serving the specific needs of donors and their families. Philanthropic families are united in a common commitment to both family and community. Despite the extraordinary contributions of these families, the field was ill-defined and largely ignored in mainstream philanthropy until the late 1980s, when National Center Founding President Virginia (Ginny) Esposito, then a vice president at the Council on Foundations, planned the first-ever conference sessions on family philanthropy. By 1994, the Council approved Ginny's proposal for a three-year Program on Family Philanthropy, which attracted the interest and support of outstanding leaders in the field. Informal talks over many months led to a growing convergence of views that the field needed a national resource dedicated solely to philanthropic families, whatever their chosen vehicle. With financial support from key funders, the Center launched on September 3, 1997, in Washington, DC.

Since then, the National Center for Family Philanthropy has worked to serve the motivational, educational, and networking needs of donors and donor families. It has:

- ▶ Created a literature for the field by publishing more than 40 titles--books, issue papers and journals, including the first ever comprehensive guide to starting a family foundation;

- ▶ Produced groundbreaking research studies on multi-generational giving, the motivations of donors, the role of the estate planner/advisor in giving, the practices of family foundations, and the capacity of community foundations to meet donor needs;
- ▶ Presented more than 750 workshops and speeches to some 10,000 attendees and extended our educational reach by offering monthly teleconferences to networks of donors, individual donors, and advisors wherever they are located;
- ▶ Provided some 5,000 visitors per day with the only website in the world devoted exclusively to family giving;
- ▶ Developed the most widely read e-newsletter for donor families and their advisors, *Family Giving News*;
- ▶ Created the award-winning Family Philanthropy Online Knowledge Center, the largest searchable database of resources on family giving;
- ▶ Developed Pursuit of Excellence, a comprehensive assessment process specifically for family foundations;
- ▶ Fielded multiple requests for information on a daily basis;
- ▶ Helped almost 100 organizations develop a program for serving donor families; and
- ▶ Given countless print and broadcast media interviews on family philanthropy topics.

**“Family giving lies at the heart of American philanthropy.**

This tradition stems from a sense of community and personal responsibility. The Surdna Foundation, which now includes board members of the fifth generation of its founder, John E. Andrus, applauds the National Center for Family Philanthropy on more than a decade of providing invaluable information and guidance in support of family philanthropy.”

**CONTRIBUTED BY PHILLIP HENDERSON,**

*President, The Surdna Foundation*

# National Center *for* Family Philanthropy

## MISSION, VALUES AND VISION

The mission of the National Center for Family Philanthropy is to promote philanthropic values, vision and excellence across generations of donors and donor families. Our understanding and experience with the very personal act of giving ensure that these donors and their advisors have access to the highest quality information and the encouragement needed to:

- Articulate, pursue, and achieve their charitable missions;
- Understand and meet their governance and management needs; and
- Have a significant, positive impact on the lives and work of those they support

## WE STRENGTHEN PHILANTHROPY, FAMILIES, AND SOCIETY

The National Center for Family Philanthropy was founded to encourage individuals and families to create and sustain a philanthropic mission. In 1999, the Center and Board of Directors adopted a statement of values and guiding principles. That statement offers both insight and direction to those volunteers and staff charged with shaping the organization's future, to those we hope to serve, and to the public we hope will come to better understand the role of philanthropy in our society.

**We value the participation of individuals and families in private, organized philanthropy.** We value the contributions of countless individual philanthropists who generously contribute to our society's well being. We also recognize that there is great value in the donor's decision to engage his or her family in the philanthropic process. When those who share a commitment to one another share an equally heartfelt commitment to something beyond the family—the community—both are enhanced. The motivation to engage in philanthropy—often the desire to “give back”—is the inspiration for charitable gift-giving. That gift-giving often takes the primary form of philanthropic dollars, badly needed social capital. But we also value the compassion and personal passion and commitment that represent the unique gifts of individual and family philanthropy. The privilege of participating in the philanthropic process and the joy that often comes from this participation are the gifts to the donor and family.

*We are committed to a mission and services based on our fundamental belief in the value of philanthropy and the ongoing participation of the donor and family.*

**We value the donor's right and ability to direct charitable assets through the philanthropic vehicles and to programs of choice.** We believe the genius of private philanthropy is the variety of opportunity and the diversity of choices available to the donor. We believe that the appropriateness and effectiveness of both the philanthropic

vehicle and the grant decisions are largely dependent on the donor's goals for both family and community. We celebrate the differences among grantmakers and value both the independence and the interdependence of our field.

*We are committed to respecting the variety of philanthropic choices and this respect will be reflected in our programming, our outreach, our governance and our operations.*

**We value the personal acts of generosity that inspire private philanthropy.**

We understand and respect both the issues of privacy and public trust that accompany the decision to engage in philanthropy. Whether motivated by family tradition, religious ethic, or concern for one's own or one's family's well being, privacy is a significant and legitimate concern of individual and family donors. We also recognize that society has, through both policy and public trust, created the system that makes private acts of generosity in the public interest both possible and rewarded.

*We are committed to respecting issues of privacy and the critical need for maintaining the public's trust and believe that these cannot be viewed as exclusive. Both—by nature and policy—coexist in private, organized philanthropy, and both must coexist in our mission and activities. We bear an important responsibility for enlightening ourselves, our field and the public on issues related to both.*

**We value the pursuit of excellence in philanthropy.** As we value the rights of donors to make choices appropriate to their mission and purpose, we recognize that there are responsibilities attendant to those rights. We value ethical conduct and effective practice in grantmaking, governance, and management. While appreciating the variety of decisions available regarding structure, philosophy, and priorities, we value thoughtful, informed processes for reaching those decisions. The ability of those in the field to pursue both personal satisfaction and philanthropic excellence may well depend on the quality of the information and educational opportunities available to them. Further, we understand that donors and potential donors often learn best from those who share their circumstances and experiences.

*We are committed to gathering and disseminating the highest quality information, resource materials, and assistance needed by donors as they pursue ethical, effective grantmaking. Our educational opportunities will reflect our commitment to providing the opportunity for donors to inspire and learn from one another wherever and whenever possible.*

**We value the role that philanthropy and philanthropic citizenship play in a civil society.** Alexis de Tocqueville wrote that to be great, a country must be good. We believe our democratic society depends on the active participation of the nonprofit community, including private philanthropy. Philanthropy is a global tradition, but the history, circumstances, and structure of private philanthropy in the United States have contributed to the distinctive character and contributions of the American charitable sector. We value a public climate and public policy that are supportive of the active engagement of philanthropy in this society. Further, we recognize that such a public climate is likely dependent on our ability to make explicit the contributions philanthropy has made and the goals donors hope to achieve.

*We are committed to informing the public of the contributions and value of private family philanthropy. We believe this commitment can result in an informed, supportive citizenry and enhance our ability to reach potential donors.*

**We value the participation of new voices in our field.** These voices may come from the newly wealthy, new donors or those who inherit a charitable tradition from their parents and grandparents. They may come from communities of color or populations new to our country. We know that their participation in philanthropy may not happen as a matter of course but likely depends on the inspiration, invitation, information, and models we can provide.

*We are committed to embracing our responsibility for inspiring, preparing, and supporting a new generation of philanthropic leaders.*

**We value collaboration and respect our colleagues in this work.** Both in leadership and service, the opportunity to engage other individuals and philanthropic organizations in our work and to serve as a resource for their own activities presents enormous opportunities for mutual benefit. We respect and value the work of our colleagues engaged in serving the field of philanthropy. We also recognize that our work may involve a new community of colleagues whose commitment to serving individuals of wealth, families, family businesses, and others in this arena may well be enhanced by the philanthropic information and programming we have to share.

*We are committed to being an active, supportive, and respectful partner to our colleagues in philanthropy and in related fields.*

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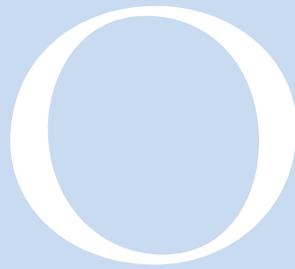
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# Acknowledgments



On behalf of the National Center for Family Philanthropy Board of Directors and Staff, it is my great pleasure to express deep gratitude for all those who made our Tenth Anniversary Research and Education Initiative – and this publication – possible.

Our thanks go first to Founding Board Chair Thomas W. Lambeth, who led the Anniversary Committee that planned the initiative. With characteristic grace, intellect and humor, Tom ensured we tackled the great precepts of philanthropy and democracy without losing the heart of the giving tradition. Those high standards were well represented by his committee colleagues: former Board Chairs Valerie Lies and Curtis Meadows; founding Board Members Alice Buhl and Jack Murrell; and former Board Member Noa Staryk.

To those who cosponsored the regional symposia and those who participated in them, we thank you for your faith and your wisdom. A list of sponsoring organizations and locations is included on page 38.

This publication owes so much to everyone on the National Center staff – those who worked directly on its development and those who kept the ship going during that development's most hectic moments (months?). Susan Price ensured there were regional symposia of substance and enthusiasm. Jason Born, Rebecca Zimmerman and Tina Dokken

## One Family's Story: The Meadows Foundation

The story of The Meadows Foundation begins with Algur H. Meadows, the son of a country doctor and a caring mother dedicated to raising their seven children with a sense of commitment to one another and to the lives they touched. A self-made entrepreneur, Al Meadows built one of the largest independent oil companies in the country. His generous spirit led him to establish The Meadows Foundation in 1948 with the wealth he had acquired in the oil and gas business. He saw the Foundation as a way to give back to the state in which he built his fortune, and to share the joy he found in giving with present and future generations of his family.

What began as a modest resource to help the people of Texas stands today as one of the largest family foundations in the southwest. It is where three generations of Meadows family members have gathered together, made collective decisions, and in the past 60 years, awarded over \$700 million in nearly 7,000 grants to projects and programs that have touched the lives of countless individuals and families in virtually every county of the state.

*The National Center for Family Philanthropy gratefully acknowledges the support of The Meadows Foundation in making the Value of Family Philanthropy research and this report possible.*

## ACKNOWLEDGMENTS

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were especially involved in preparing the manuscript for publication. Sally Jones and Maureen McGowan Esposito added grace and calm to the symposium event. As always, Senior Fellow Alice Buhl was our touchstone and cheerleader.

Contributing Editor Joseph Foote was personally committed to every phase of this initiative, and more of Joe's work and words appear on our website.

My essay, *The Power to Produce Wonders: The Value of Family in Philanthropy*, involved more than 50 interviews with philanthropic leaders. Some of the most stimulating and inspiring conversations I have ever had in philanthropy took place during these discussions. Longtime mentors and, now, new ones gave serious thought and time to this process.

For their work in support of my essay, I am proud to recognize the invaluable contributions of two remarkable colleagues and friends. Former National Center staff member, Kevin Laskowski, prepared background research and always had time for some really great discussions. Lance Buhl generously gave many hours to shaping and editing my essay. The final draft reflects his passion for democracy, philanthropy, and the English language. The content and coherence of this essay owes so much to them both.

To develop this Initiative, we knew that we needed the support of others who share our commitment and faith. Fortunately, as has so often been the case, many generous funders understood exactly what we were trying to accomplish and believed in its potential. To all the generous individuals, families, funds, and foundations that made gifts to support the Research and Education Initiative, thank you. Our thanks also extend to all our funders, especially our Friends of the Family, for their ongoing, enthusiastic support.

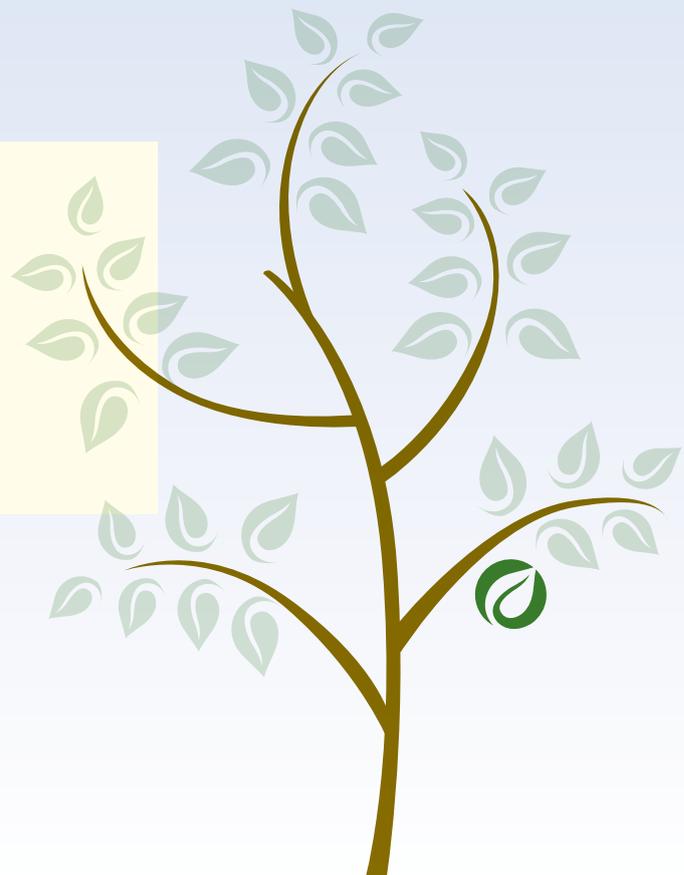
Finally, as this research proved yet again, there is nothing that ensures the quality and integrity of your work like the quality and integrity of your volunteer leadership. The National Center for Family Philanthropy is the product of its extraordinary Board of Directors – past and current. We rely on a highly active and engaged Board – and the commitment is significant. Our Board members make that commitment with creativity and a full heart. On behalf of our staff, my thanks to our Board Chair, Mary Mountcastle and all the members of the Board.

### **VIRGINIA M. ESPOSITO**

President

National Center for Family Philanthropy

► **The National Center for Family Philanthropy** is a nonprofit 501(c)(3) organization dedicated to strengthening the field of family philanthropy. Our research, advocacy, special projects, and operations are made possible through grants from organizations and individuals who believe in the power of family giving.



We value the participation of individuals and families in private, organized philanthropy. We value the donor's right and ability to direct charitable assets through the philanthropic vehicles and to programs of choice. We value the personal acts of generosity that inspire private philanthropy. We value the pursuit of excellence in philanthropy. We value the role that philanthropy and philanthropic citizenship play in a civil society. We value the participation of new voices in our field.

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