

The NCFP Guide to...
**Demystifying
Decision-Making
In Family
Philanthropy**

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NATIONAL CENTER FOR
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Introduction

Nothing has greater potential to strengthen or damage philanthropic impact, efficiency, and even relationships than the ways a family philanthropy makes decisions.

Maybe the decision-makers at your family philanthropy gather with a packet of relevant materials, an agenda that spells out how discussions will flow and which decision-making processes you will use, and then they calmly discuss various proposals until you reach a decision that everyone understands, agrees with, and can support. Or maybe your family finds itself reflected in these all-too-common situations:

- One person, often a founder or parent, wields more influence than the others, but no one explicitly acknowledges their influence.
- Members of the governing body are asked to give their opinions, even though the major decision-makers have already made up their minds.
- A decision is made when the whole group is present but later is undone or changed by an individual who disagrees with it.
- Group members go along with a vote just to get the decision over with, even if they don't fully support or understand it.
- Individuals disagree with a decision based on emotions related to the person supporting the idea rather than based on the content of the decision.
- It feels like no one is in charge, so the decision-making process is unclear or falls apart.

- People apply different lenses, priorities, filters, or criteria when making a decision, such that expectations are misaligned, even when there's agreement about the decision.
- Board members make decisions even when there is insufficient or inadequate information and/or the necessary stakeholders have not been consulted.
- Participants fail to openly express genuine opinions in the presence of certain family members for fear of rocking the boat.

The good news is that these situations are not inevitable. By understanding and developing a repertoire of decision-making methods and making conscious choices about when and how to use them, the leaders of your family philanthropy will make better-informed decisions that help fulfill its mission and reach agreements more amicably.

This guide examines the kinds of decisions that family philanthropies often face and sets out practical, easy-to-apply guidelines to ensure that as conditions and circumstances change, decision-making methods vary appropriately. It includes factors for you to consider when selecting a decision-making method, guidance on how to communicate the method clearly, and simple tools to ensure you and the leaders of your philanthropy make good decisions. Families who use private foundations, donor-advised funds, supporting organizations, and even those making philanthropic decisions outside of a formal vehicle can use the decision-making tools outlined in this guide.

The challenge of family decision-making

Making decisions can be particularly challenging for those leading family philanthropies because the decisions they must make often invoke a fear that the process and decision will significantly affect family relationships or the family business. And, if the board or family leaders have made decisions one way for a long time, they may be resistant to changing the way they make decisions as a group.

Many family philanthropies follow decision-making procedures established in their bylaws, which typically require a majority vote or consensus to set or change policies. However, a common error is to assume that the governing body should use these same methods to make all family philanthropy decisions. Not so! When it comes to decision-making, flexibility and variety are essential.

Strengthening your decision-making processes

Decision-making in family philanthropies can be frustrating and time consuming unless you take certain steps to select and communicate clear and appropriate decision-making processes up front. This small investment in planning how to make decisions will result in better outcomes, higher morale and unity, and greater enthusiasm during implementation. When members have a say in selecting the decision-making process, they feel more invested in the outcome—even if their voice is not included in making the final decision or they disagree with the result. What matters most is that members feel confident that their views are respected and the process is handled fairly.

Preparing a governing body to reflect on how it makes decisions requires that the members understand the different decision-making options, including the potential benefits and downsides of each. This allows participants to consider which specific decision-making method may be appropriate for any given situation, and to identify the data and perspectives they need to make well-informed decisions. Thus, it is very important to reach agreement on the decision-making process that you will use (the how), before your group begins to discuss a topic that requires a decision (the what).

To simplify and strengthen decision-making for your family philanthropy take these steps:

- 1. Understand your decision-making options.** Ensure that the decision-makers are understand the full range of decision-making methods available.
- 2. Decide how to decide.** Evaluate important criteria to select the most appropriate decision-making method for each decision or decisions that you will make as a group.
- 3. Name it up front.** Reach agreement on each decision-making process and communicate it clearly before entering conversations about the content of the decision.

The time it takes you to complete these steps will depend on the complexity of the issues, your group's knowledge and experience, and its ability to communicate clearly and work collaboratively.

Step One: Understand various decision-making options

The first step toward strengthening your family philanthropy decision-making is to become familiar with a variety of decision-making options. Even if your organization’s bylaws dictate how you must make certain decisions, there is a great deal of leeway in how you can make many other decisions. Too often, group members become familiar with one method to make decisions and use it to reach agreement all or most of the time, regardless of the nature of the decision.

Common reasons family philanthropies get stuck using a single decision-making method include:

- A mistaken belief that the bylaws require the governing body to make all decisions a certain way.
- Reliance on tradition or habit. (“We’ve always done it this way.”)
- The board chair, founder, senior family member, or a “strong voice” is only comfortable with one decision-making method.
- The composition of the group lends itself to making decisions in one way.

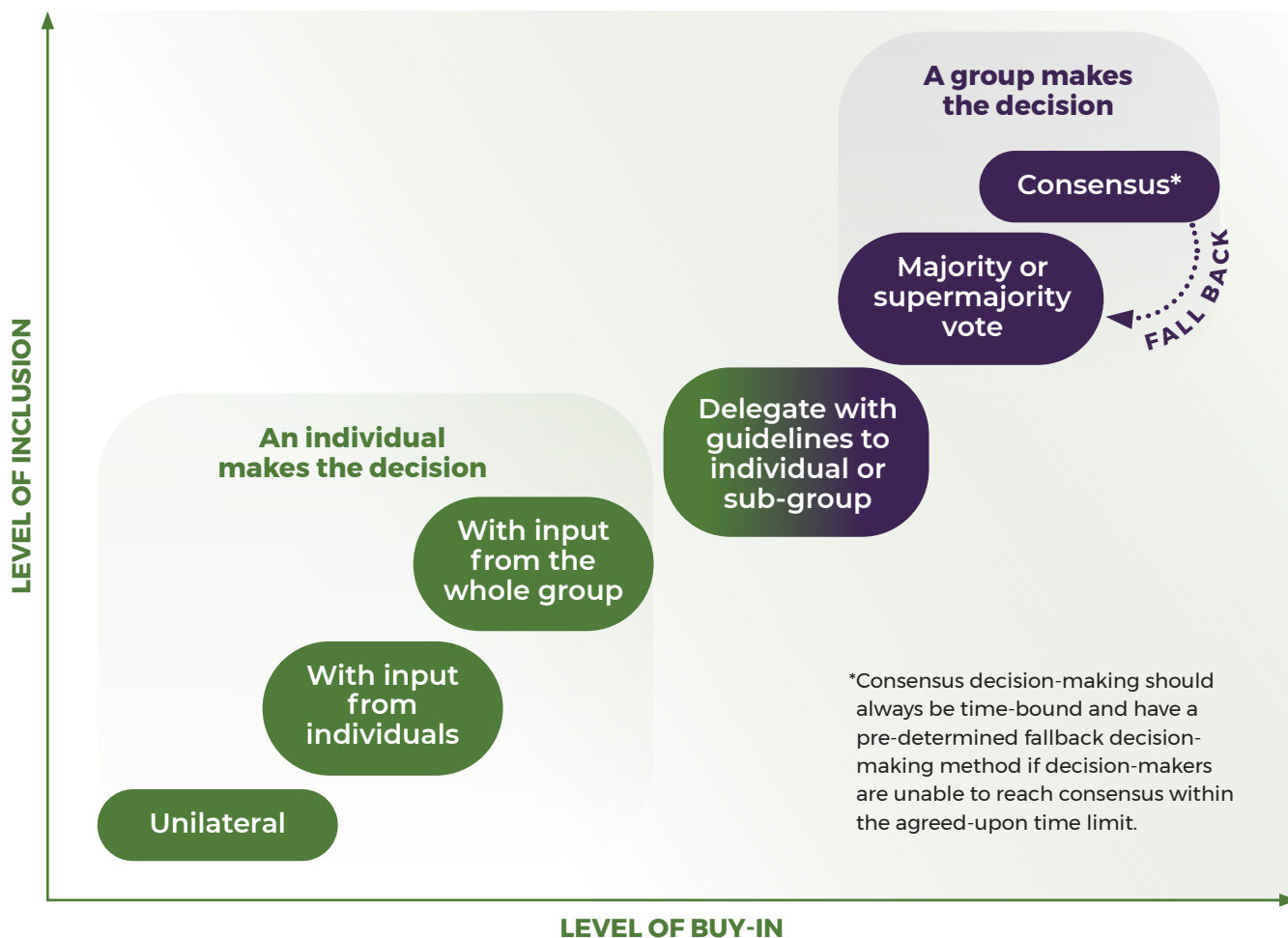
In fact, there are many ways the group can and should make decisions, and the first task is to understand the full repertoire of approaches available. Figure 1 summarizes a set of common decision-making methods.

The two axes in this diagram illustrate the relationship between the level of involvement and the level of ownership in a decision. In general, the more involved someone is in a decision-making process, the more included they feel, and the more buy-in and ownership they have as a result.

In the three methods at the far left, one individual holds the final decision-making authority. In the two methods on the right, more than one person shares decision-making authority. The middle decision-making method, delegation, may mean delegating

a decision to an individual or to a small group, such as committee. No matter which method you choose, it is critical that all members of your governing body understand and agree to the selected decision-making method at the outset, before discussions begin. This is especially important for significant decisions. Please note that there is no priority order to these methods and each may be appropriate for a certain set of circumstances.

FIGURE 1. DECISION-MAKING OPTIONS



Unilateral Decision-Making

Unilateral decision-making is when an individual makes a decision and announces it to the group. Any qualified individual may employ unilateral decision-making.

Example: *The founder and board chair of a small foundation invited his three children to serve on the board. Several years later, he sold one of his businesses and contributed the proceeds to the foundation, tripling the size of the endowment. Giving away more money required a greater time commitment from the second generation. Busy with their own careers, they suggested the foundation hire a program officer.*

At the next meeting, the founder stunned the board by announcing that he had hired a former employee's daughter to be the program officer. The founder, in turn, was baffled by the board's response. From his perspective, the young woman was referred by a trusted source, and she had strong academic credentials and experience in the foundation's funding area. It never occurred to the founder that the board would not approve his choice, that there would be objections to not being consulted and not conducting a broader search, or that the second generation might feel hurt that he did not consider a family member for the position.

Used appropriately, unilateral decision-making provides a quick, clear, and efficient method for the decision-maker to get what they want and settle the matter. Unilateral decision-making is ideal for a host of situations, especially routine decisions that are trivial, affect few people, or are unlikely to engender diverging opinions. Examples include instances when grant, governance, or management decisions are clear and uncontroversial, in cases of disaster or emergency grantmaking, or other times when the board may need to make a decision in a very short time frame.

Further, if the decision-maker explains why they chose to make the decision alone and provides context for the decision, it can go a long way toward fostering buy-in.

This method is less appropriate for subjective decisions that will affect stakeholders who may have varied opinions, and where the outcome may be of lasting significance. As illustrated in the example above, a potential downside of using unilateral decision-making is that stakeholders who are excluded from the decision may feel hurt, unheard, or resentful. As a result, unilateral decisions are more likely to be scrutinized or challenged than other types of decisions. Another potential drawback of unilateral decision-making is that a decision may be made with insufficient information.

Many family philanthropies shy away from unilateral decision-making because they want to promote a collaborative culture and value the benefits of group work. However, too much or inappropriate group decision-making can be as damaging as too little. Few situations are more frustrating than being asked to give an opinion when no one intends to consider it. This is especially common in boards that have a controlling founder. Board

TIP #1:
Unilateral decision-makers should explain why they chose to make the decision alone and give background information and context to help explain the decision.

members may have lengthy discussions on an issue only for a founder whose mind was made up before the conversations even began to veto their vote.

Further, it wastes group time—and can become tedious quickly—to engage everyone in every decision, when one person’s time and attention is sufficient. Groups that distinguish between those decisions that can be made readily by one person and those that require greater input from more people will save time, improve morale, and make better decisions.

Decision-Making When Strong Voices are Present

People accustomed to making their own decisions in a business setting may bring unilateral decision-making to the family philanthropy, often using it inappropriately. For example, founders may think of the philanthropy as “theirs” and feel impatient with or dismissive of group decision-making. At the same time, they genuinely want family members to be engaged in and feel a part of the philanthropy. This situation may be difficult to shift, but members of the decision-making group have options for dealing with strong voices, including:

- **Decide and articulate what is an acceptable degree of authority** you need to make it worth your while to serve on the board. If the person with the strong voice does not agree, you can choose to step down.
- **Negotiate lines of authority** for certain types or categories of decisions so that the person with a strong voice can relinquish authority on certain issues and must require input for others. For example, a family philanthropy may decide that a founder controls the largest share of the grants budget.
- **Agree to the founder or person with a strong voice having final say** on most issues, as long as they are willing to consider the views of other stakeholders first.
- **Develop a persuasive argument for including group members in decision-making**, such as the need to teach children and grandchildren how to make good decisions so they can effectively steward the philanthropy’s assets in the future.

- **Encourage the founder or person with a strong voice to attend professional meetings with others** where they can talk to about these situations. Alternatively, provide them with a copy of this guide and ask them to have a conversation about the value of other decision-making methods.

Often just raising these issues can make those with strong voices more aware of other group members' desire to participate in decisions, especially when the hope is to create a legacy of philanthropy for their family. These discussions may help build awareness that the way family members are included in decision-making today can shape the family's involvement for generations to come.

Decision-Making When Strong Voices are Not Present

It may be equally challenging to make decisions when the donor or founder is not present, but for very different reasons. When the people whose passion originally drove the philanthropy are disengaged or deceased, families are faced with the challenge of trying to interpret the donor's intent, often with only a broad or vague mission statement and a list of past grants for guidance. Thus, there may be many different perspectives regarding how the original donors intended the entity to use its assets. Further, with each successive generation, family culture and values change, as do issues and priorities in the community, country, and world, giving rise to a desire to prioritize things differently and making the donors' original intent even more difficult to interpret.

While difficult, this is a natural stage of development for family philanthropies, and it can be valuable to engage a neutral facilitator to lead family members through a thoughtful conversation or series of conversations designed to help reach the next level of philanthropic development. The discussions might include a re-examination of founding documents or letters from the donors and an update of the family philanthropy's mission, vision, values, and goals, to make board decision-making clearer and easier.

Unilateral Decision-Making, with Input from Individuals

Unilateral decision-making with input from individuals occurs when an person makes a decision after consulting with others who have relevant experience and/or expertise.

Example: *After completing their apprenticeships on a junior board, the third generation of an East Coast foundation was invited to join the board. The next funding cycle was one month away, and the younger generation hoped to persuade the board to make a generous grant to a pooled fund for creating outdoor classrooms in public schools in their state with the aim of having greater and more coordinated impact on the issue. The older generation was wary of this new way of doing things but was willing to keep an open mind until they learned more about it. Time, however, was limited.*

The board agreed that the long-time executive director was the appropriate person to make a recommendation about the grant. They trusted her to be thorough in her investigations and impartial in her decision. She invited two members from each generation who had the time and interest to work with her to gather information from a variety of stakeholders. The investigation raised questions about whether the pooled fund was paying sufficient attention to equity issues. The executive director recommended that the board monitor the pooled fund's progress and consider it in the next funding cycle. Both the older and younger generation were satisfied that she had carefully considered their views when making this decision.

In this case, the board authorized one individual to gather input from others before making the decision and announcing it to the entire group. The key to using this method successfully is seeking input from appropriate stakeholders, such as those who will be affected by the outcome of the decision, who have relevant information, and who can help or hinder implementation of the decision.

This decision-making method can result in a well-informed decision with high buy-in from those whose opinions were sought. It is a way to share leadership and to reach a decision quickly. It may be particularly helpful with decisions such as determining staff member compensation, reviewing spending policies, or reviewing

TIP #2:
Gather input from group members who represent the different interests of the whole group, and who can communicate effectively with those who were not consulted directly.

discretionary grants. However, the success of this method depends very much on who the ultimate decision-maker consulted. If that person only consulted stakeholders who represent one point of view, decisions can unravel or breed resentment or dissent. Similarly, if it isn't communicated clearly at the outset that one person will ultimately make the decision, or if the decision-maker doesn't incorporate the information they receive, group members may feel manipulated or deceived.

Family dynamics can be tricky when certain members are consulted and others are not. Before using this method, be sure that all group members understand the criteria for selecting who will be consulted and know why this method is best suited to the situation. When feasible, include individuals who indicate that they want their opinions considered.

Unilateral Decision-Making, with Input from the Whole Group

In this case, all group members come together to share their perspectives on an issue, but one person retains ultimate decision-making authority. A simple example of this method is selecting a date for a retreat. One person asks family members to list dates they are available. Then, that person unilaterally chooses a date for the board to meet based on everyone's availability. The following story provides another, more nuanced illustration.

Example: *After reading an article that argued for the benefits of sunset clauses to limit the life of a foundation, a founder wondered whether she had made a mistake by setting up her family foundation in perpetuity. Before talking with her lawyer, she felt she should discuss the matter with her family.*

She invited her children, their spouses, and all her grandchildren to spend the weekend at the family's country house. She told them that she wanted to hear their thoughts on whether the foundation should continue indefinitely, but that they should understand that she would make the final decision. At the end of the weekend, the founder was so touched by the family's pride in the work of the foundation and their desire to carry it on into the future that she decided against writing a sunset clause. She was confident that her children and grandchildren would be strategic and committed philanthropists.

One benefit of this decision-making method is that the decision-maker hears a wide range of opinions and members of the group may appreciate that their views are important enough to be considered. An additional advantage is that family members hear ideas directly from one another without having them filtered through a third party, so there are opportunities for group members to directly influence one another's thinking and to deepen relationships. However, depending on how contentious the issue is, it can also strain relationships.

Another potential disadvantage is the difficulty of convening a large group. It takes time to hear each person's perspective, and it may be difficult to have a fair conversation without a facilitator present. This method also may create a situation where the final decision may go against someone's publicly expressed point of view.

Unilateral decision-making with input from the group may be the best method to use when the family philanthropy is making an emergency grant, when all group members have expertise or information to offer, or when the decision-maker has a lot of control but needs additional information. It can also be a good fallback method in cases where majority or supermajority voting is not successful or feasible.

TIP #3:
When gathering input from the whole group, be sure to give each person equal time to speak. Ask others to withhold comments until each person has had a chance to express an opinion without interruption or retort.

Delegation to a Sub-Group or an Individual

This method of decision-making occurs when the decision is delegated to a subsection of the group or to an individual after the delegator(s) provides the smaller group with clear guidelines. Delegation is useful in situations where an individual or a few people have expertise in an issue and where others have one or more specific requirements regarding the decision being made.

Example: *The board of a large foundation was dissatisfied with its return on investments. Some board members were also concerned about the lack of alignment between the foundation's mission and investments; they sought to identify a more diverse set of investment managers and were eager to bring a gender-lens investing approach into their overall investment strategy. The board agreed that the foundation needed new money managers and the board chair delegated the job of identifying and interviewing candidates to the finance committee. To help them assess prospective candidates, the board chair provided a list of guidelines: the new money manager had to have a better performance record than the current manager during the last three years; the new company had to use environmental screens for investments and have experience with gender-lens investing.*

A different foundation selected this decision-making method to plan an important foundation retreat. The board appointed a committee to make the arrangements and set an agenda. However, the board neither clarified how much authority the committee had to make decisions independently nor whether the budget was sufficient to hire a facilitator. As a result, the committee had to keep running decisions past the board chair. The result was that the board chair was distracted from doing her job and the members of the committee were frustrated by not being able to do theirs.

TIP #4:
Take care to delegate decision-making authority to people who have the time, expertise, interest, and ability to gather input and use it to make a well-informed decision.

As the example illustrates, delegation can be very effective when the decision-makers have clear parameters about the decision. Unclear or incomplete guidance can stymie the group's ability to move a decision forward and may lead the group to have to continually consult members outside of the group, rather than having autonomy.

The Dos of Delegation

When Delegating:

- Think through and articulate clear guidelines for the decision (or set of decisions) so that authority can be transferred to the sub-group.
- Make sure to delegate to the most informed people so that the decision won't require much rework, revision, or worst of all, veto.
- Ensure that those making the decision have access to the resources they need.
- Resist the urge to interrupt or take over the sub-group's work, which will undermine its autonomy.
- Provide a clear process to end the deadlock in case the sub-group can't reach a final decision.

Majority or Supermajority Vote

Most family philanthropies use some form of voting to make some decisions. Besides being a familiar decision-making method, voting yields a definite result, includes everyone, and feels fair. It's particularly useful when creating internal policies, approving grants, and selecting new board members. Additionally, a foundation's bylaws may mandate that particular decisions are made via a voting method. Majority or supermajority voting is also a helpful tool in cases where consensus is not possible (e.g., one person's opinion is an outlier).

That said, there are several cautions to be aware of when voting to make decisions. One drawback to voting is that it may create "winners" and "losers" and, therefore, varying levels of acceptance. A close vote indicates that the winning proposal doesn't really have a lot of support. Moreover, the vote can be an empty gesture if the buy-in of a person on the "losing" side is critical to implementing the decision. Some family philanthropies routinely vote on issues before they have adequately discussed them just to "get the job done." Others spend too much time talking. They have such long discussions and raise so many issues that it becomes unclear what they are voting for or against.

TIP #5:
Use a straw poll or brief survey to learn how close a group is to reaching consensus, thereby helping mitigate an uncomfortable voting situation.

Successful voting requires well-structured, informed, fair discussions before the board takes the vote. Group members should have a chance to raise relevant questions and to have those questions answered. In addition, it is important to check that everyone has the same understanding of what is being proposed because a vote is ineffective if the people voting have different expectations of what was on the table for consideration. To ensure that these discussions run smoothly, consider appointing or hiring a facilitator for complex or high-stakes decisions.

Example: *A family foundation in Texas wrestled for months with the question of whether to allow spouses to serve on the board. On one side were board members who argued that spouses were family members who should be eligible to serve on the board. On the other side were those who worried that spouses would change the character of the foundation and dilute honored family traditions.*

After several hours of back-and-forth debate, the board chair called a vote. Those opposed to allowing spouses on the board prevailed by a slim majority, but their victory was hollow. They had argued so vigorously against including spouses that the board members who favored including spouses took the rejection personally.

In this case, the board chair was mistaken to call for a majority vote at this point in the discussions. The board was too polarized to accept the results of a majority vote. In fact, the vote further polarized the board, creating a family rift that affected relationships both inside and outside the boardroom. The chair would have been wiser to table the debate until the board could find a skillful facilitator or consultant to help them work through their disagreements. Even taking a break from the discussion for period may allow board members time to decompress and be more willing to compromise at a future meeting.

Consensus

Many families adopt consensus based decision-making because they value inclusion and strive for full agreement across the family. However, there can be challenges and complications to an over-reliance on this approach. One of the challenges of making decisions based on consensus is that members often do not have the same understanding of what a consensus decision entails.

Reaching consensus does not mean that everybody must be in perfect agreement with every aspect of a decision. Rather, it means that all members have an opportunity to express their views as equals, hear the perspectives of other members, understand the decision as it is proposed, and can support the decision in both their words and actions. While it may not be everyone's first choice, they can all live with the agreed-upon decision and accept that it meets the most important interests of the group.

Consensus may be the most appropriate method for decisions that require a high-level of buy-in from the group, such as hiring an executive director; writing or revising mission, vision, or values statements; inviting new members to the board; or choosing to establish a public presence (e.g., creating an annual report or launching a website). Additionally, significant decisions such as whether to spend down the foundation or increase payout rate will likely benefit from the consensus method.

Benefits of consensus decision-making include:

- Discussions leading up to the decision can be very informative and produce a shared understanding of what will be accomplished.
- Buy-in from the whole group is usually high if consensus is reached.

- Implementation tends to proceed smoothly because of the high level of buy-in.
- Collaboration strengthens the group's morale and sense of being an effective decision-making team.

Potential drawbacks to using consensus decision-making include:

- Genuine agreement may be difficult or impossible to reach if the issues are complex or heated.
- Group members may settle for the lowest common denominator decision (the bare minimum requirements for agreement are satisfied, but the decision leaves everyone feeling unsatisfied with the outcome).
- People reach agreement just to get the process over with, but dissent when it is time to implement the decision.
- One member refuses to budge, preventing any progress, unless there is a fallback decision-making method and a time limit established before discussions begin.

TIP #6:

Always have a fallback decision-making method in place at the outset of discussions, in case the group can't reach consensus within a reasonable timeframe. That way, you can avoid the risk of false or coerced consensus, while ensuring that you will actually make a decision. Two common fallback decision-making methods are group vote and unilateral decision with input from the whole group. However, the group can use any of the methods discussed above as a fallback.

A foundation's bylaws may require consensus decision-making laws for important decisions, such as dissolving the foundation. It may also be desirable when seeking a high level of involvement and buy-in.

Example: *A foundation decided it needed to cut one of its programs. Because this was a significant decision that would affect all board members and many outside*

stakeholders, the board chair proposed that the board would strive for consensus, with the decision falling to the board chair if the group could not agree.

The board chair organized a daylong meeting to discuss the implications of cutting different programs and to hear each board member's perspective. He also hired a facilitator to help create the agenda and guide the discussion to ensure that everyone had a fair chance to speak. By the end of the day, all but one board member agreed on which program they should cut. Because the board could not reach consensus, it resorted to its fallback: the board chair made the decision based on what had been discussed. Although the decision went against the wishes of the one dissenting board member, that board member felt fairly treated and was able to accept the decision gracefully.

TIP #7:

Be sure to set a time limit for discussions so that people know when the consensus discussion will end and when the fallback decision-making method will be used.

Step Two: Decide how to decide – the “meta” decision

Once your family philanthropy understands the range of different decision-making options available, how should it go about selecting the most appropriate way to make a given decision? For many groups, this is a new or unusual thing to consider yet making a conscious and explicit choice about how to make a decision (the “meta” decision) is a critical first step. To do this, the group needs to select someone who will choose how to make decisions. This job may fall to the board chair, but anyone can do it, as long as the whole group agrees on who that person is.

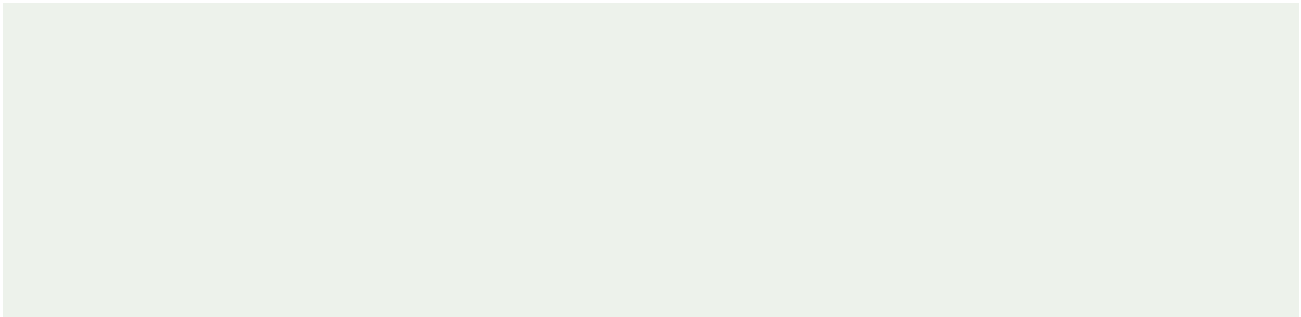
The following questionnaire and “IT FITS” model break the process of selecting the most appropriate decision-making method for any given decision into simple steps. Answers to the checklist questions may point toward one of the decision-making methods described above or reveal the need for a hybrid method that is even more tailored to the group’s particular needs.

Decision-Making Questionnaire

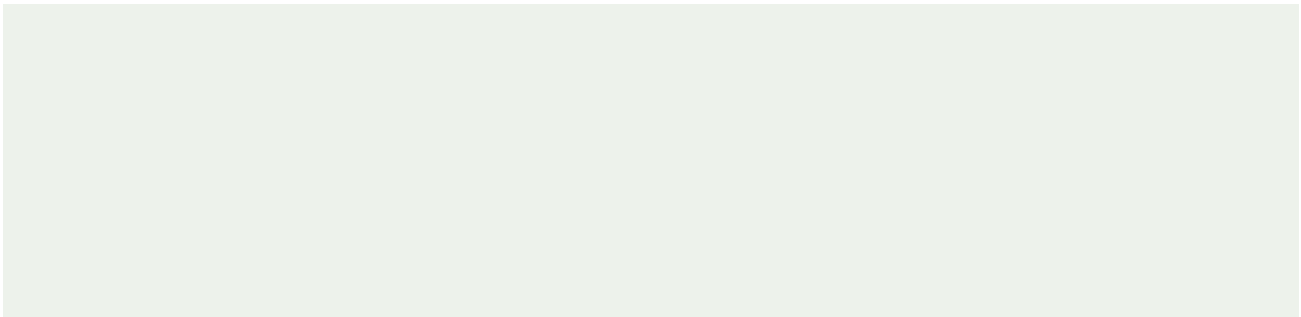
Use the following decision-making questionnaire each time your family philanthropy tackles a decision. In many cases, the answers and some common sense will reveal which decision-making method to use. However, when it isn’t clear how to proceed—for example, group members disagree about the significance of a decision—then the “IT FITS” tool will help identify the best method for that particular decision.

1. Is this one singular decision, or are there multiple decisions, or categories of decisions, to be made along the way?

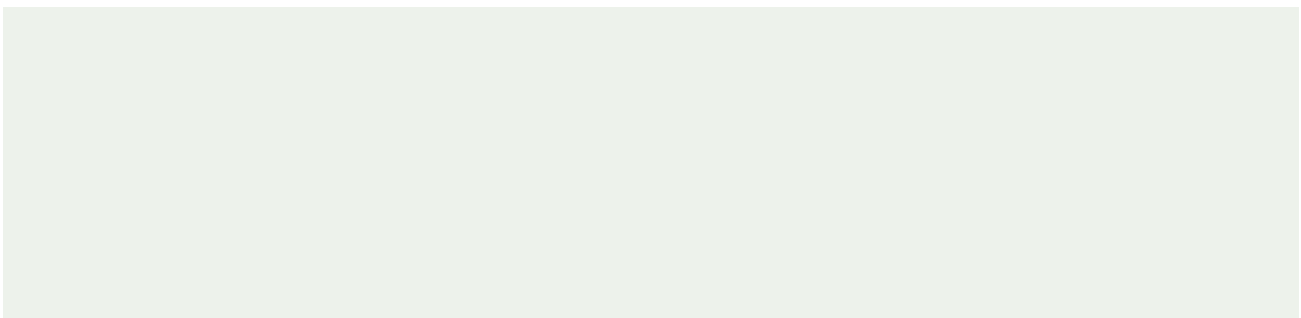
2. How do we articulate the decision(s) to be made?



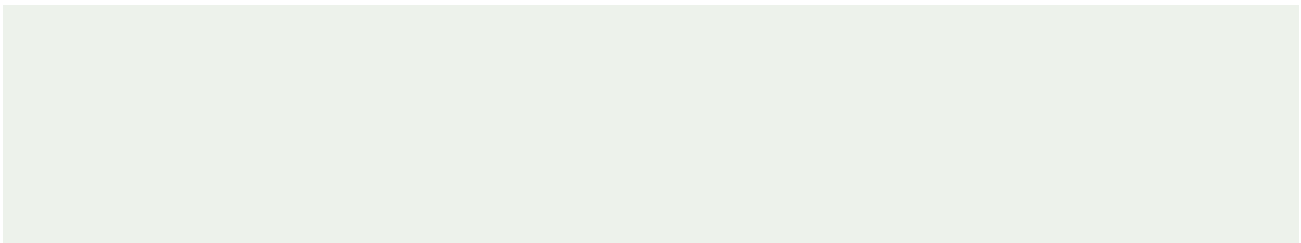
3. Who are main stakeholders and do they have similar or different definitions of success for the outcome of this decision?



4. How much should different stakeholders be involved in order to provide important perspectives and confidently support or implement the decision?



5. Does the group have a particular lens, filter, or set of criteria for decisions of this kind?



6. How much time can we spend making the decision?

7. How significant is this issue to the group and to others, both inside and outside of the family philanthropy?

8. Who has the information or expertise needed to ensure a high-quality decision?

9. How capable and experienced are decision-makers in working together to make decisions that may require give and take?

10. How much baggage, tension, or emotional charge already surrounds this decision?

The “IT FITS” Tool for Decision-Making

It is common for family philanthropies to make all their decisions using only one or two of the decision-making methods available (typically voting and consensus decision-making). As this guide has explained, a better approach is to use a set of criteria to evaluate each prospective decision, then choose the most appropriate decision-making method for each. The following is a tool for determining what method makes the most sense for a given decision.

How do you choose the right decision-making method? When “IT FITS:”

I = Importance of the decision

T = Time available

F = Family dynamics

I = Information needed

T = Tradition

S = Stakeholder buy-in needed

Each of these criteria is explained in greater detail below.

Importance of the Decision

To build broad support for a decision that is important to the family philanthropy, opt for greater inclusion in the decision-making process. For insignificant decisions, it may be more efficient for one person to decide unilaterally rather than to spend other people’s time. Determining whether a decision is important is subjective and may require some discussion.

Time Available

Time is a primary factor people consider when selecting a decision-making method. Consensus discussions require the most time to convene and conduct, so consensus may not always be a practical choice. However, you should not use lack of time as an excuse to make decisions unilaterally. While it may be the easiest approach in the short term, soliciting input and getting people involved early will increase support for the decision.

Family Dynamics

If an issue is emotionally charged or comes with a history of sparking conflict, it may be unrealistic to aim for a consensus decision—and frustrating to try to do so. Instead, opt

for a method that includes as many people as possible but does not require unanimous agreement. Because it may be hard to tell ahead of time whether an issue will be emotionally charged, decision-makers need the flexibility to shift decision-making approaches midstream. The key is to get explicit agreement from the group before making the shift in decision-making method, so that no one feels manipulated or confused.

Information Needed

If one or two people have all the information needed to make the decision, it may be appropriate for them to have authority to make the decision without involving others. It is much better to make the decision without someone and to explain why you did it that way than to ask someone's opinion with no intention of considering it.

Tradition

Tradition plays a large part in many family philanthropy decision-making processes. If you have a tradition of using consensus and it is working—terrific. If Mom usually makes most of the decisions and everyone agrees, that can be terrific, too. The challenge is judging whether the traditions or habits of your family philanthropy serve the interests of both the group and the broader community being served, and if not, being flexible enough to introduce new methods where needed.

Stakeholder Buy-in Needed

Getting the buy-in of stakeholders may be the most important criterion of all. Begin by asking: How important is it that all group members have buy-in to this decision? If the answer is, "Very important," then you must include the entire group in making the decision. If it is unclear how important buy-in is, then this should be discussed before selecting a decision-making method.

Step Three: Name it up front

A crucial but often forgotten step is to set aside time to build agreement on the decision-making method that you will use and to communicate this clearly so that everyone has the same understanding going into deliberations. You can lose all the effort to educate board members and select an appropriate decision-making option if you omit this all-important step in the process.

Once you and your decision-making body assess the “IT FITS” criteria and select a decision-making method, you must make the method explicit to the full group, and ideally, written on the agenda to serve as a clear reminder. Getting explicit agreement at the outset about how the group will make a decision—and any time limits or fallback decision-making methods—sets clear expectations for everyone, avoids surprises, and increases the chance that people will collaborate. It is good practice to articulate the decision-making method at the beginning of the meeting and again at the beginning of the decision-making discussion.

Facilitating Decision-Making Conversations

Describing a full range of facilitation tools for decision-making is beyond the scope of this guide, but here are a few easy-to-implement tools that may help move decision-making discussions along:

- **Decision Matrix:** List decision methods as rows. List relevant criteria, issue lenses or other important factors as columns and assess each alternative with a number score, or with high, medium, low.
- **Strengths/Weaknesses Grid:** Analyze a proposed by decision by listing its strengths and weaknesses, considering its likely outcomes and impact.
- **Values-Based Analysis:** Assign a number between one and five for how the decision does or doesn't reflect each of the family philanthropy's values.

- **Fist to Five:** Quickly gauge how close you are to consensus by asking everyone to show their level of agreement with a proposed decision by holding up a number of fingers, from five (for wild enthusiasm) to clenched fist (for vehement opposition).
- **The Negative Question:** Ask, “Does anyone disagree?” to find out where there needs to be further discussion or negotiation.

Conclusion: Making good decisions together

The process you use to make decisions can affect the content of the decision itself. Consider spending time at a meeting or retreat to discuss decision-making with everyone in your decision-making body. Before the meeting, circulate copies of this guide so that group members are familiar with the vocabulary, issues, challenges, and options for good decision-making.

At the meeting, consider using examples of challenging decisions from the past to examine how decision-making processes could be improved. Or present examples of decisions that were made effectively and highlight what worked well. Bringing in a neutral facilitator can help guide the discussion and ensure that information is presented in a way that everyone can absorb and apply.

Choosing when and how much involvement is appropriate in decision-making is one of the most influential things a family philanthropy can do. Developing a repertoire of decision-making methods will save time, lead to better decisions and greater commitment of everyone involved.

Additional Decision-Making Resources

- [The Fundamentals of Family Philanthropy](#), National Center for Family Philanthropy, 2025.
- [The Family Governance Pyramid: Enhancing and Guiding Your Family Philanthropy](#), National Center for Family Philanthropy, 2021.
- [Authorized Voice & Power in the Boardroom: Reimagining Governance to Fulfill Philanthropy's Purpose](#), BoardSource, 2025.

- [Smart Decision-Making](#), *Stanford Social Innovation Review*, 2020.
- [Consensus Decision-Making for Boards \[When, Why, How\]](#), OrgHealth, 2025.
- [The Essentials of Good Governance webinar](#), National Center for Family Philanthropy, 2023.
- [Governance Practices for Better Decision-Making webinar](#), National Center for Family Philanthropy, 2022.

About NCFP

The National Center for Family Philanthropy is a network of philanthropic families committed to a world that is vibrant, equitable, and resilient. We share proven practices, work through common challenges, and learn together to strengthen our ability to effect meaningful change. As a trusted partner to philanthropic families, we understand the complexities and opportunities of giving together, and we equip families to effectively navigate the changing world. We support family philanthropy decision-makers by offering signature programs and events, peer-based learning opportunities, tools and resources, community, and personalized support. Learn more at www.ncfp.org.

About the Author

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