

The Successful Family Foundation Board Chair

LEADING WITH PASSION AND PURPOSE

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NATIONAL CENTER FOR
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INTRODUCTION

The mathematician and philosopher Blaise Pascal wrote: “The mind builds walls and the heart jumps over them.” Distinguished philanthropic leader, Ambassador James A. Joseph, took Pascal further. “To be in philanthropy,” he asserted, “is to refuse to accept the heart and the mind as antagonists.”

Perhaps nowhere else in philanthropy does the reconciling of heart and mind play out with quite so much passion and purpose as in the volunteer leadership of family foundation boards.

At its best, family philanthropy builds on the love of family that expresses itself in a deeply felt commitment to causes and communities of special meaning to the donor and, often by extension, the donor family.

Passion can spark the desire for change and even sustain effort when the going gets difficult. But, without a sense of purpose, passion is motivation without direction. A well-considered strategy provides direction to caring and capable leaders—family members, trustees, staff, advisors, and, of course, grantee partners—who not only share the passion and vision, but have the talent and commitment to bring about the desired change.

At the center of this extraordinary dynamic is the family foundation board chair.

Despite the critical role board chairs can and do play in a family philanthropy, surprisingly little has been written about what they do, how they do it, and what makes them successful. Further, little of what is available captures the voices of the board chairs themselves. This report is based on years of interviews with family foundation board chairs reflecting foundations with diverse asset sizes, geographies, staffing structures, generations, and type of chairs (i.e., family and nonfamily).

The participants in this study detailed the range of roles they play and their responsibilities—both those they had expected and those they discovered along the way. They spoke of past chairs and how their ability (or inability) to perform the job had a profound effect on the functioning of the board and the foundation. Each stressed that family foundation effectiveness pivots on the capable board chair.

A FEW IMPORTANT FINDINGS

There are a number of shared themes that emerged from the interviews. Family foundation board chairs assert that:

- The most effective board chairs possess the capacity for facilitative leadership—the ability to bring out the best in others without regard for personal ego or power. Similarly, the chair who is able and willing to manage disagreement, even conflict, also will be more likely to be successful in their role.
- The presence—or lack of—central governance policies plays a critical role in the chair’s ability to lead. The most vital policies are a statement of values and a position description for board members and officers, including the chair.
- Many family foundations have adopted governance practices that support overall board functioning and, therefore, board chair effectiveness, particularly practices regarding decision-making, norms for constructive participation, and those that encourage board learning and renewal.
- The methods and practices used for identifying, preparing, and electing board chairs play a significant role both in the support new board chairs receive from other board members and in their ability to lead boldly and purposefully.
- Board culture and, to some extent, family culture greatly determines the environment that sustains (or doesn’t sustain) successful leaders.
- The circumstances faced by, and the demands placed on board chairs vary considerably depending on the generation of family at the board table.
- There is impressive alignment between board chairs and CEOs regarding the elements that contribute to a strong partnership and, therefore, more effective governance and management; most frequently mentioned were regular communications and a respect for boundaries.

Each chapter that follows provides greater detail and insight into these and many other findings. The interviewed participants offer practical wisdom and inspiration for all current chairs, those that may one day serve, and all those who aspire to the best in family foundation governance and, consequently, their capacity to give well.

If the study is to realize its full potential, it also will serve as a call to action. For individual chairs and family foundations, this report represents an important invitation to look at their own governance policies and practices and ensure they are doing all they can to support great governance and, specifically, great board chair leadership.

And those who work with family foundation board chairs (other board members, staff members, and advisors) have an opportunity to build on what they have heard from chairs about the role and what makes it work (or not). They can elevate crucial conversations about what constitutes effective board leadership in their foundation or with their clients.

A Note on Terminology: Board Chair or President? Trustee or Director?

While some of those interviewed use the title “president” for their board leader, this report uses the title “board chair” to refer to the person who heads the family foundation board. Similarly, foundations commonly use the title of “trustee” to refer to a member of the board, whether or not the foundation is established in the trust or corporate form. In this report “trustees” and “directors” are used interchangeably, depending on the term preferred by interviewees.

Board Chair Roles and Responsibilities

The many and varied responsibilities of board chairs can look quite different depending on the foundation's age, size, staffing structure, use of committees, and more. Such circumstances may require a board chair to take on roles beyond those normally thought to be within their purview. Beyond the responsibilities that are particular to some board chairs, study participants affirmed the following common core set of responsibilities that attend all family foundation board chairs.

CORE RESPONSIBILITIES

Maintain the legal and ethical integrity of the foundation

Study participants stressed that their first, and most consequential, responsibility is to guard the integrity of the foundation. Board chairs reported that this obligation plays out in every aspect of foundation governance and management. Examples of this responsibility include:

- Ensuring the foundation complies with all legal and regulatory requirements.
- Overseeing compliance with the highest standards of financial accounting and reporting.
- Ensuring the foundation develops a statement of values and regularly referencing those values in all governance, financial, communications, grantmaking, and administrative matters.

"Our board is committed to living our values. They undergird our governance. The chair and CEO ensure all our foundation practice reflects those values."

Establish and maintain a productive and respectful foundation culture

More than two-thirds of interviewed chairs referenced their belief that they not only reflect the foundation culture but, in many ways, set that culture. This includes:

- Encouraging the highest standards of conduct, by maintaining and enforcing a statement of board norms, which guide board relationships and communications (including meetings).
- Leading with a facilitative style that invites genuine and productive engagement. Most chairs described facilitative leadership as the obligation to bring out the power of the group rather than to hold power autocratically. (Read more about facilitative leadership in Chapter 2.)
- Ensuring that all communications beyond the board—including with staff members, advisors, and prospective/current grantees—are guided by the foundation's highest values for candor, clarity, and respect.
- Effectively managing disagreement and, as necessary, facilitating the resolution of conflict.
- Advancing a spirit of learning that reflects humility and inquiry appropriate to pursuing the foundation's mission.

Oversee the development and implementation of a grantmaking strategy

More than 75 percent of board chairs who work with an executive director or CEO indicated that the CEO proposes the grantmaking strategy. The proposal the executive leader presents to the board chair may be based on prior board conversations about hopes for the coming year. Most chairs described grantmaking strategies that include annual priorities, proposed allocations, and expected accomplishments. Fewer than 20 percent of board chair participants reported that the chair leads a board or joint board/staff conversation to determine the grantmaking strategy.

Effectively lead meetings, including regularly scheduled board meetings

Every interviewed board chair spoke about the obligation and challenge to lead good meetings. A few chairs said they came to the role believing meeting management would be their primary, if not sole, obligation. They acknowledged they didn't understand the breadth of the responsibilities of the role. The chair is expected to:

- Conduct meetings marked by a suitable agenda, respectful discourse, an established decision-making process, and appropriate record keeping. About 15 percent of chairs reported that their CEO moves the board through the agenda and the chair steps in as necessary.
- Find appropriate ways to deal with family matters that have no relationship to the foundation business at hand. Those who reported meetings disrupted by family matters spoke of the advantages of establishing a separate venue for family discussions.
- Demonstrate flexibility, which might mean additional meetings, virtual meetings, and phone conversations as needed.

Oversee a committee system that supports the work of the board and board chair

Most participants described appointing committees to manage specific foundation functions. Overwhelmingly, chairs believe they are well-served by advisory committees. Some 40 percent stressed that it is the board chair's responsibility to ensure committees "stay in their lane" and that board members clearly understand the charge to each committee. Two important functions of overseeing committee systems include:

- Establishing committee charges to ensure there is clarity about the work of the committee and their opportunity to make or recommend decisions.
- Appointing committee leadership and membership suitable to the skills and experiences needed.

Hire and hold accountable the chief staff executive

More than 80 percent of interviewees reported having a paid staff executive. Others rely on volunteers who may be family members or members of the founder's or family business's staff. Approximately five percent reported that the chair performs some or all staffing functions. In the more common situation where a paid staff member is employed, board chairs describe their staffing oversight responsibilities as including:

- Overseeing the hiring of the chief staff executive.
- Establishing and managing a performance planning and assessment practice.
- Working with the CEO to maintain a calendar of ongoing communications and practices for as-needed or emergency meetings.

Ensuring the vitality of foundation governance, now and in the future

This includes:

- Confirming that the board adopts and enforces a set of appropriate governance policies and practices. Board chairs who came to the leadership role without such policies and practices in place spoke of the urgent need to establish them early in their tenure.
- Conducting relevant assessment processes for people (board members, board chair, officers, and staff members) and systems (grantmaking strategy, management needs, etc.). Interviewees described formal and informal efforts they hoped would not only assess how well they were doing but hold themselves accountable.
- Planning for board succession for both members and officers.
- Overseeing the development and implementation of plans to bring on new generations of family members (as applicable) as well as new community board members (as applicable).

Ensuring the foundation is well represented in the community

The board chair is responsible for guiding a communications program that may include a website, community presentations, newsletters, reports, etc. And, as appropriate, the board chair may convene or participate in nonprofit forums that advance program goals, build knowledge, and strengthen funder relationships.

"I took on the development of policies and a succession plan, and it has helped us think about the best interests of the foundation now and in the foreseeable future."

When the Board Chair is also the CEO

Four participants of this study serve as chair and CEO of their family foundations. In two cases, the foundations are large and the board chose to concentrate board and staff leadership in one person. This arrangement works very well but both stressed the importance of encouraging input from board and staff members to fend off isolation or inappropriate dominance. For one board chair/CEO, the foundation is small and relatively new; the time and experience needed to help launch the foundation resulted in consolidating both roles. Their challenge is to devote as much energy to organizational development as to grantmaking and governance. For another, the incumbent has great knowledge of the geographic area to which the foundation is committed while the family has moved away. Again, communication with the dispersed family is critical to his governance and management effectiveness.

ADDITIONAL BOARD CHAIR RESPONSIBILITIES

Several board chairs reported unique responsibilities beyond those cited by the majority of the interviewees. These include serving as:

- Chair of committees such as executive, finance and/or investments; CEO performance or salary; strategic planning, governance/nominating, and CEO search committees.
- Primary spokesperson for the foundation. About 25 percent of those who reported having this role also noted the foundation had a paid CEO.
- The person responsible for the meeting agenda, which often includes grant recommendations for board consideration.
- A member of an advisory group supporting grantees and other partners.
- Lead for family (non-foundation) communications and engagement efforts.



CHAPTER
02

Board Chair Qualities and Experiences

Hoping to understand the attributes that support great board chair leadership, participants were asked to identify the personal qualities, skills, and experiences that contributed to their ability to do the job well. Participants began by describing the qualities that have helped to make them—and other successful board chairs—effective. The qualities identified by the study and shared here will support not only the performance of current board chairs, but also family foundations seeking to identify the most able candidates for future board leadership roles.

THE MOST CONSEQUENTIAL QUALITY OF ALL: FACILITATIVE LEADERSHIP

It cannot be overstated: *board chairs report better foundation performance and greater satisfaction for all when the chair brings a facilitative leadership style.*

A facilitative leader is someone who seeks to engender power and accountability in others. They invite the opinions of others, even when they are contrary. However, study participants were also clear that facilitative leaders are purposeful; they don't let deliberations get out of hand and they don't fear stepping in when necessary, especially during disagreement.

The evolution from dominance to facilitative leadership

In more than 80 percent of interviews, participants described qualities of a leader committed to engaging all board members, staff members, and partners in governance. Not surprisingly, most interviewees reported that the first-generation chair, almost always the founder, was the dominant voice. Fewer than 10 percent of interviewees reported a founder with a facilitative style. However, most expressed their belief that some measure of founder dominance is to be expected, even

appropriate. After all, the donor established the foundation and likely intended to lead the crafting of the charitable vision and purpose.

Many reported that second-generation board chairs tended to continue the patterns of the founder, even when rotating the board chair role. Those who most often spoke of the need to manage a shift in leadership culture were the first chairs of the third generation, who sought to make the culture and process of board meetings more participatory. “My generation had to make a conscious shift from the culture of the past to the one we use today,” noted one chair.

Notable lessons from the emphasis on facilitative leadership

Family philanthropy, as an expression of a donor’s charitable hopes, begins as a personal (not necessarily a family) endeavor. A personal commitment to the public good, to be sure, but personal nonetheless. It is grounded in a founder’s or family’s legacy, their history, values, principles, and purpose. With this in mind, several lessons emerge for current and prospective chairs:

- Board chairs are well served to recognize both the personal and public nature of the leadership role. Invest in the relationships. Bring empathy and understanding. Keep your ego in a healthy place by making it your priority to bring out the best in the group. At the same time, keep the primary focus on the public trust inherent in philanthropic privilege. Doing so enhances foundation effectiveness and minimizes inappropriate personal distractions. Family satisfaction follows foundation excellence; it rarely works the other way.
- Family philanthropy, also by its nature, reflects the dynamics of family—the best of dynamics as well as moments of dysfunction. The board chair position is not for the conflict avoider. As participants strongly emphasized, conflict does not improve with age and the resulting damage affects board and foundation performance.
- Finally, and perhaps most important of all, board chairs serve most effectively when they lead the board in pursuit of the best possible giving. Decisions are better reached and executed, and board members are more productively engaged, when the emphasis is on the work to be done. By consequence, relationships are more respectful and purposeful, and foundation matters get all the attention they deserve.

Qualities needed for facilitative leadership

Most respondents believe that the facilitative board chair leader has qualities that include:

- **Empathy.** *“I try to bring the heart and head to the deliberations.”*
- **A genuine openness** to the perspectives and opinions of others. *“I became much better at the job when I leaned on the skills of others.”*
- **A strong sense of servant leadership.** *“I appreciate the privilege and the opportunity public service represents.”*

- **A healthy ego.** *“I can be impressed by the significance of my role and not confuse that with my personal ego.”*
- **Integrity.** *“Ethical considerations are always top of mind for me.”*
- **Openness and the willingness to be wrong.** *“It is important that I not be dogmatic. I want to be persuadable.”*
- **Diplomacy, mediation, and negotiation.** *“As a middle child, I am comfortable in these roles. I think my reputation in the family for having these skills led to my selection as chair over other siblings.”*

Other frequently mentioned qualities and habits of effective board chairs:

- **Self-awareness.** *“Understand your own strengths and weaknesses.”*
- **The capacity to think expansively.** *“It is important that I think beyond the day-to-day grantmaking to the wellbeing of the governance overall.”*
- **The ability to be responsive**—and to try new things. *“Recognize what the foundation needs at any given time. My leadership style and priorities depend on what the organization needs.”*
- **Being steady in the face of disruption.** *“I value the chair who doesn’t respond in kind to escalating drama.”*
- **The willingness to listen and learn.** Sixty percent of interviewees spoke of the listening skills needed to be an effective chair, and 90 percent of interviewees reported the importance of a chair who is committed to ongoing learning. *“I try to ensure the board stays on top of issues about our grantmaking or governance practices.”*
- **Commitment to the time needed.** Almost every interviewee noted that the job took more time than expected. *“Be honest about your personal time constraints and don’t assume you can fit this in. You will need to go above and beyond.”*
- **Valuing building relationships.** While all understood the professional responsibilities of the job, many asserted that maintaining good personal relationships equally supports foundation effectiveness. *“Getting to know one another as people helps the working together.”*
- **Having IQ and EQ.** Fewer than 10 percent of participants spoke of intelligence in terms of IQ. Most described EQ or emotional intelligence. A few cautioned that a board chair that always presents themselves as the expert can be off-putting to board colleagues, staff members, and advisors. *“Of course, I contribute knowledge when I have it, but my job is to bring out the best in the group. My attitude and energy have helped me navigate the differences.”*

THE BENEFIT OF PAST EXPERIENCES

Board chairs strongly affirmed that prior experience on committees and on boards, especially nonprofit boards, was critical for taking on the family foundation board

chair position. This is intriguing given that many family foundations offer board roles to young family members who may never have had such experience. Most participants urged nonprofit volunteer service as an excellent way to get governance and nonprofit experience. Other skills and experiences recommended throughout the interviews include:

- **Working experience.** Specifically project management, finance, teaching, legal work, and military service.
- **Fundraising.** More than half of participants noted that personal experience with fundraising ensured the board chair was not only well-versed in grantseeking but more sensitive to the difficulty of the job.
- **Organization and priority setting.** Those who had some work or volunteer experience in having to make sense of a problem or difficult situation, identify points of agreement, and set and demonstrate persistence in achieving goals, reported a much easier time with the demands of board chair leadership.
- **A working knowledge of technology.** In the absence of tech experience, participants advised having a willingness to learn the foundation's tech systems.
- **Conflict management and mediation.** One study participant noted that *"Having some experience in conflict management helped me handle a misbehaving board member."*
- **The value of mentors.** A first-time chair attributed her early success to working with a mentor early in her tenure. Others mentioned seeking out a coach at some point during their tenure.
- **Strategic use of consultants.** More than 40 percent reported that, when the times called for it, they identified the need for a consultant. An outside, skilled facilitator allowed the board to work through tough issues and reach consensus without the chair giving up a voice at the table.

GOVERNING WITH A TWO-TIERED STRUCTURE: MEMBERS AND DIRECTORS

About 35 percent of board chairs reported that their family foundations employ a two-tiered governance structure, which consists of a board of directors and a small group of members who have overarching responsibility for the foundation's wellbeing. Most reported that members are a group of three to four senior family leaders who hold these seats for a long term, even for life. Typically, there is a plan for how successors to each seat will be named. A small percentage include a family advisor (usually a family business colleague or family attorney).

Directors have primary responsibility for ongoing governance, grantmaking, and management. Generally, the members' function is to approve the "big decisions," such as affirming the nominated slate of board members, a proposed major change in mission, or a decision to spend down the foundation.

However, more than 40 percent of board chairs operating with a two-tiered system said that the members have played no role whatsoever. Boards are cognizant of the members and their responsibilities (on paper) but have never needed to call on them. Another 40 percent with a two-tiered structure say no one is exactly sure what the members' purview really is. While the structure is spelled out, the responsibilities of members, particularly as distinguished from the directors, have never been articulated. The remaining 20 percent have delineated the members' authority quite specifically but very few have ever called on them.

Whether members have specific responsibilities or not, board chairs emphasized that it is their job to be aware of their presence. As one said, *"We have never turned to the members, but I have to keep them and their authority in the back of my mind."*

Most of the chairs who reported a two-tiered governance structure noted that they inherited it with the founding documents. Fewer than half added the members system in the second generation. Intriguingly, several third- and fourth-generation interviewees reported exploring whether the two-tiered system might be right for them.

Board chairs leading, or who are considering, a two-tiered governance system should be very clear about what authority the members have—in regular practice and in the case of a major proposed decision—by documenting the responsibilities of both the board and members in detail. In addition, they should use the members very sparingly, as the participation of members can seriously undermine the integrity of the board of directors. For example, the board may feel devalued or unnecessary if directors think the most important decisions are going to be reviewed by another group, inadvertently making board service less appealing an option for the high-caliber candidates you want to engage.

Governance Policies



Throughout this study, chairs emphasized that their ability to lead fairly and with great purpose is profoundly influenced by the presence of a set of relevant, high-quality, and enforced governance policies. Unlike the unanticipated circumstances that may crop up in family foundation work, documenting and enforcing a set of governance policies is completely within the control of the board itself, led by a wise, determined chair.

The board chair leads the development of governance policies to document shared understandings of foundation vision, goals, expectations, and performance. In the absence of such understanding, individual board members are free to bring their own interests, opinions, and priorities to the decision-making. Diversity of thought can be enormously helpful throughout the governance and grantmaking processes. But marked and inappropriate differences can be concerning and, when taken to extremes, can be toxic to your goals for great governance. Governance policies should be designed to anticipate and address differences in personal, religious, and political opinions. Differences in ethical standards can be especially challenging but are perhaps most important to manage. Effective governance policies will:

- Establish a shared basis for your family foundation work by documenting foundation values and goals.
- Help articulate the expectations of family responsibility. Policies ensure everyone is working off the same set of understandings, and they also foster a greater sense of what it means to be a highly functioning family foundation. Working well together as a family should be seen to be of greater value than accommodating individual interests.
- Mitigate conflict. As one chair noted, *“Our policies—especially our norms for meeting participation—have made it much easier for me to handle the persistent outlier. We used to have meetings derailed by one person who was off mission—loudly.”*

- **Enable a board (and others) to focus on the business at hand.** Board chairs with few stated policies report frequent instances of visiting and re-visiting contentious issues. Further, policies offer an objective tool to cutting off the off-mission conversation or containing a disruptive individual.

“Because we have good, clear policies, the regular business goes smoothly.”

Just more than 80 percent of interviewed board chairs have at least one of the most frequently used governance policy statements listed below. Of those, almost 35 percent reported having most, if not all, of them. An additional 10 percent are working to establish policies.

“We have a good combination of policies and practices... but they’re not handcuffs. They don’t keep us from being nimble and adaptable whenever appropriate.”

Not all board chairs have boards that agree that governance policies are necessary. As one of about five percent of participants who had no formal policies noted, *“We have two factions; those who want standards and those who want a more informal family system.”* Of those who did not have governance policies, all agreed there were governance policies that could improve their ability to lead.

WHICH GOVERNANCE POLICIES SHOULD BE AVAILABLE TO BOARD CHAIRS?

Interviewees named a variety of governance policies they have developed and used successfully, both in anticipation of, and in response to, a range of circumstances and needs. The most frequently named policies that chairs deemed essential to high-functioning board chair leadership are:

1. Statement of values
2. Statement of purpose and/or mission statement
3. Board member job descriptions
4. Job descriptions for the board chair and other officers
5. A statement of expectations of board chairs and board members
6. A code of conduct (also called board norms)
7. Conflict-of-interest statement and annual review
8. Committee policies
9. Board succession plans (for chairs and members)

Statement of values

Board chairs emphasized that a statement of values is the basis for shared vision and the bedrock of all other policies and decision-making. Approximately 65 percent of

participants mentioned their foundation values and that they had been documented for the board and future generations.

Values statements not only guide vision and purpose, they also support the chair in evaluating choices based on compatibility with their values. There are great benefits to ensuring stated values are played out not only in governance policy, but in grantmaking, budget, management, communications, and grantee matters.

Some 20 percent of board chairs interviewed for the study noted the statement of values was drafted by or with the participation of the founder(s).

“Our values set the tone for governance, but also grantmaking and management. They help us understand how the foundation reflects them.”

“Our founder left his principles as the basis for the foundation. He wanted us to work toward consensus as it was important to him that we have tough conversations with good will. He hoped we would share those values.”

The rest said the founder’s legacy—their personal and giving values, their grantmaking history, and their hopes for the foundation—was the basis for developing the values statement, even if it had been drafted after the founder had passed away.

Whether it was part of the founding documents or developed at some future point, chairs enthusiastically reported that the board very much enjoyed the process of drafting the values statement and found it to be among the most meaningful governance exercises they had undertaken.

Statement of purpose and mission

Almost every participant had a mission statement, although about half said the mission was very general and could accommodate most program interests. Board chairs encouraged consciously linking the foundation’s stated values to the creation of a statement of purpose and, ultimately, to the development of their mission statement.

Chairs who reported having a strong mission statement appreciated the parameters that kept grantmaking focused and cohesive. They felt that the parameters allow them to make grant choices that address stated priorities and desired impact while still encouraging creativity. They also said that strong mission statements allow flexibility in cases of emergency and other special circumstances.

“Talking about mission and developing a statement has helped us know not only what is in our mission but what is not.”

“Our job descriptions ensure the board stays focused on the big picture.”

Board member job description

Chairs stressed that managing board participation is much easier when there is a job description for board members that clearly details the responsibilities and expectations of every board member. Job descriptions ensure members understand everything they need to do and also those things that are not within their purview.

When asked about the benefits of job descriptions, board chairs identified two most often:

- **Job descriptions facilitate nominating new officers and candidates.** Candidates for board leadership are identified for their ability to meet the demands of service. This objective assessment helps a family fend off the personal appeals of those who are not up to the requirements. And, when potential candidates have a clear and comprehensive understanding of what is involved in service, they can make the choice to join the board based on their willingness and commitment to doing what is required, reducing the risk of misunderstandings.
- **Job descriptions provide accountability.** A job description provides a basis for assessment. If someone is not performing as needed, the board chair has an objective basis for approaching a board colleague. Such conversations, especially among family members and friends, can be awkward, even painful. Having expected performance documented may take the edge off those interactions.

“In addition to setting out responsibilities and expectations, job descriptions set the tone for our service.”

Is a separate statement of expectations of service necessary?

Some boards cover expectations for the board chair and/or board members in the job description, while others create separate statements. No matter where they are captured, those who had articulated expectations said it was helpful in recruiting new board chairs and member candidates and in ensuring good performance. Expectations most frequently mentioned include:

- Making all the time necessary to do the work well
- An attendance policy
- Guidelines for constructive, respectful participation (often intended to guide board meeting conduct most specifically)

“A family member wasn’t participating as we hoped. Because we had a statement that he had seen before accepting nomination, we had a way of checking in with him to see if we needed to schedule a leave of absence or resignation.”

Job descriptions for board chairs and other officers

Along with board member job descriptions, approximately 55 percent of participants had position descriptions specifically drafted for the board chair and other officers. Having descriptions for specific roles ensures the board sees the board chair and other leadership roles as critical responsibilities requiring specialized skills, experiences, and attitudes. The board chair as an honorific title or a role that is rotated without regard to suitability can limit board performance at best and, in a period of crisis or turmoil, prove dangerous. Those with such statements feel they help to elevate the positions of chair and officers to more professional, accountable positions.

Many chairs reported that their chair/committee chair job descriptions were developed when misunderstandings and inappropriate conduct occurred. To ensure that the purviews and reporting requirements of foundation leaders were clear, they adopted formal job descriptions.

A code of conduct

A code of conduct (sometimes called board norms) refers to the professional behaviors expected—and those strongly discouraged—both in board meetings and in other relationships and communications between and among the board, staff members, nonprofits, and the public. Norms provide a reference point to ensure that:

- Meetings and other communications stay appropriately and respectfully on track.
- Board members understand the attitude and behavior they are expected to bring to discussions.
- Conflicts are appropriately handled.
- Family matters unrelated to the philanthropy will not be discussed during board deliberations.

Almost all board chairs who reported having a set of board norms also enthusiastically report that those norms made meeting management much easier. Describing them as “a valuable component of any effort to establish standards for board conduct,” about 65 percent of interviewed chairs reported having documented their board norms and regularly referring to them in practice. One chair noted that they are included in every board book.

Board chairs contended that their norms are based on the belief that board service is a professional obligation to be a good steward as well as a personal commitment of time and effort. Chairs asserted that, while all their norms are helpful, two have proven to be the most useful in supporting the chair’s efforts to ensure that board behavior is productive:



“Our board chair job description ensures that I—or anyone interested in the job—know there are really significant responsibilities. While an honor and a privilege, this is not the job for anyone who isn’t prepared for the work.”



“Our norms have stopped the old practice of airing family matters in the board room. We all understand that is not on the table.”

- **An attendance policy** allows chairs to deal objectively yet sensitively with an absent board member. One chair recounted that, prior to an attendance policy, they were never sure what to do about—and how long to put up with—missing members. Board chairs report that all members are aware of participation requirements so approaching a member isn't unexpected.
- Chairs reported that they rely most on a norm for constructive board participation. One third-generation chair wished they had put their **respectful participation norm** in place years earlier. Echoed by many others, that chair said the effect has been a greater awareness of what is acceptable as well as having the full board participate in “calling out inappropriate remarks, family drama, and long-winded speeches.”

“Having standards for professional conduct has helped us bring in younger family members and those who may not have had boardroom experience.”

Additional norms mentioned include the expectation that members will:

- **Participate appropriately**, especially in pursuit of the respectful resolution of difficult issues.
- **Bring goodwill and diplomacy** to all board discussions.
- **Make the time necessary** for exceptional service.
- **Commit to working across family lines and interest groups** on behalf of the foundation.
- **Be attentive listeners** as a sign of curiosity and respect. Candor and discretion are valued as is making time for everyone to be heard.
- **Commit to being an intra-generational, not just a multigenerational, board.** *“One is working together and one is passing the torch.”*
- **Appreciate that most family-specific matters are not appropriate** at the board table. These foundations make time for family in other ways and venues. *“In order for a family to be involved [in foundation governance], the family must be healthy. That won't always be the case. The key is to treat everybody equitably and be clear that drama is not welcome in the boardroom.”*
- **Value the founder's legacy** as a fundamental component of foundation purpose and impact.
- **Commit to participation in ongoing learning activities.** *“We make time for issue briefings, guest speakers, retreats, conferences, and evaluation. There is budget allocated for professional development of the board as well as staff members.”*
- **Commit to assessment** of the full board and officers as well as of the foundation itself. *“We embrace evaluation beyond the CEO. We do periodic board evaluation and we evaluate the board chair every year. Evaluation opens you up to needed changes. We once revised our job descriptions after an evaluation.”*

By developing norms as a board, chairs report greater buy-in. By keeping board norms top of mind, it is also likely that everyone will recognize inappropriate conduct and support shutting it down.

That said, every chair agreed that it can be easier to draft norms than to enforce them. Chairs are clear that they bear ultimate responsibility for managing deviations from expected behaviors and practices. Many chairs had a story to tell about a board chair who, although norms had been adopted, could not bring themselves to enforce them. As one chair noted, *“It would have been better if we hadn’t had them. It lacked integrity that we had norms but didn’t pay attention.”*

Principles of good conduct are better understood—and members are in a better position to commit to them—when they have developed the statements as a group. By agreeing on what constitutes appropriate behavior, and how inappropriate participation will be handled on the spot, there is far less pressure on the board chair to control a spiraling situation alone.

Note that while many of the interviewed chairs include the code of conduct/board norms among their governance policies, others reported their norms are a vital foundation practice but have chosen not to include them in board policy. More information on how norms can support good governance practice is included in Chapter 4.



“By developing our norms together, we ensured buy-in. Every member then supports enforcement and it isn’t always left to me to call out or contain inappropriate behavior.”

Conflict-of-interest policy

Not all interviewees specifically mentioned their conflict-of-interest policy, but those that did spoke of the importance of having transparency in the statement. (Note: A conflict-of-interest statement details the corporate and nonprofit affiliations of members and is required by law for private foundations.) Further, board chairs asserted that transparency in relationships made conversations about them easier to handle.

Far from fearing conflicts of interest as a problematic occurrence, interviewees reported that they are a normal, even frequent, reality. Family foundation boards often depend on members who serve on many nonprofit boards and have corporate experience and affiliations. A conflict-of-interest statement is an accounting of those relationships with nonprofit and for-profit organizations that may now, and potentially in the future, interact with the foundation. Board chairs reported that their policy addresses how conflicts will be monitored and managed as well as how self-dealing (an issue with legal consequences) will be avoided.

Among chairs who referenced their conflict-of-interest statement, about 40 percent specifically stressed the importance of knowing the procedure that kicks in when a conflict of interest occurs. For example, if a



“With a practice in place that [allows members with the conflict to participate in the discussions but excuse themselves during voting,] we no longer have situations where family members feel guilty or pressured to vote a certain way.”

board member has an affiliation with a prospective grantee, will the member be included in discussions and able to vote on the grant, participate in the discussion but not allowed to vote, or participate in neither the discussion nor the vote?

Committee policy

Committees can add immeasurably to a board's access to knowledge while making decisions efficiently and well. Board chairs emphasized that they happily rely on committees to engage more board members (and others) in leadership roles. Further, committees support the board and the board chair by offering more attention to background research and well-considered recommendations than might be possible in regular meeting deliberations. Conversely, they noted that confusion and consternation occur when there isn't clarity about the role of the committee, how it will advise or decide, how it will communicate with the chair and staff members, and more. Those who had a well-considered and well-understood committee policy recounted far fewer troubling incidents.

"Our committee policy ensures more people are heard and participate. We share leadership with our committee chairs."

Some 60 percent of board chairs describe having a policy on committees that articulates the charge to the committee (including the authority to determine or recommend practice), composition of committee membership, leadership, and communications with the board, chair, and CEO.

The committees board chairs said they most relied on include: investment, finance and audit, grants, governance/nominating, CEO or compensation, and next-generation committees. In addition, about half of interviewees noted that the board chair and officers (usually other committee chairs) comprise an executive committee. Executive committees support the chair, particularly with decision-making in between regular meetings and during time-sensitive emergencies.

Almost every board chair with committee policies noted that these policies have been successful in keeping committees on task, having the right participants, and ensuring committee work relates productively to the authority of the full board. Several chairs said that they no longer feel the need to repeat all committee deliberations at the full board meeting because they trust the committees have done their work well.

However, several chairs cautioned that over-reliance on committees can have unexpected, and sometimes troubling, consequences. For example, "Don't over-designate work and responsibility to committees. Depending on your decision-making strategy, it can distance the work from the full board or create power fiefdoms of the committees."

"We have clear committee charges and expectations. We know what's in their authority and what's not."

"We have more thorough and thoughtful background for board deliberations [because of our committee pre-work]."

Succession policy

Whether a foundation is facing a change in board leadership or not, knowing how a board might handle that situation can make life much easier when the need arises. A succession plan eases tough transitions, so it's wise to develop a long-term succession plan as well as an interim policy for unexpected, and potentially temporary, circumstances.

A board chair succession plan details what will happen when new leadership is needed. Nominating future chairs is necessary both as a planned event (normal rotation) and in an emergency (perhaps temporary) situation. For most participants, the succession plan also charts the plan for naming all new board members. Approximately 35 percent of chairs reported having a well-developed succession policy. Another 30 percent have developed a practice or habit of choosing the next chair but have no set policy. Remaining chairs do not see a change of leadership in the near future and have not planned for that succession.



"Our succession policy has been critical. We used to rotate and we had some pretty bad experiences."

Some 35 percent of participating chairs reported that a board chair succession policy was drafted late in the second generation's leadership tenure. Most developed the policy sometime during the third generation's leadership, often when the number of possible candidates and personal feelings became overwhelming.

WHEN DO BOARDS DEVELOP GOVERNANCE POLICIES?

While some foundation chairs interviewed for this study reported developing a policy to respond to particular circumstances, chairs overwhelmingly recommend whenever possible creating policies that anticipate future situations rather than react to them. This approach universally leads to better outcomes, and more satisfaction with the policies themselves.

The prospect of creating policies can be daunting. There are good resources for policy development (such as NCFP's Policy Central resource). Plus, boards don't have to create or adopt all policies all at once. However, board chairs should consider two statements as priorities: a statement of values and mission and a board member job description that articulates roles, responsibilities, and expectations for good performance. Values will guide the development of all others. The job description moves effective board service to the top of mind.

Very few boards develop policies during the founder's tenure, with the exception of statements of values and mission which often date back to the founding board. Family foundation chairs with this history found it much easier to understand the wishes and, ultimately, the legacy of the founder, and were able to ensure those were well reflected in foundation governance and grantmaking.

Most boards develop policies later, frequently during the last years of the second generation's leadership. At some point, it becomes apparent that the informal

governance systems that may have served the board well in the early years had to evolve for future generations. Policies are then codified. The dual realities of welcoming those who may not have known the founder(s) well, coupled with the demographics of an increasingly large family with quite varied experiences and skills, prompts the effort to plan ahead to ensure a cohesive, highly functioning board.

Whenever policy development may have begun, some 75 percent of interviewed chairs mentioned that the policies were developed over time. About 25 percent found a process that considered all of the possible policies at one time was efficient and satisfying.

As noted above, those who decide to anticipate shifts in participation and eligibility found that early agreement on policies ensured the board was not in a position of reacting to sensitive or problematic situations. They reported far fewer unresolvable conflicts during meetings and among members. In these cases, chairs reported finding themselves better positioned to determine a practice in the best interests of the foundation/foundation policy rather than in response to a volatile moment or personality.

For some chairs, stressful and emotional moments prompted a closer look at governance structure and policy. Common examples of questions that prompted policies include:

- A third-generation family member is recently married; are spouses eligible?
- A young family member wants to join; is there an age or experience qualification needed for nomination?
- A board member is consistently missing board and committee meetings; do we have any recourse for changing that pattern?
- There is a contentious conversation about broadening or ignoring the mission; whose interpretation carries the day?

When disagreement about any of these questions might result in a contentious conversation, the board chair benefits from separating the immediacy of the dilemma with the long-term efficacy of upholding the policies. The ability to rely on good policy helps chairs lead through difficult moments.

Policies are living documents and need renewal

Governance policies are not to be taken or changed lightly. However, they should be considered living documents that require revisiting from time to time. For foundations who plan to exist in perpetuity, this is especially true. Foundations, like the families who establish them, evolve and benefit from renewal and recommitment. Policies should anticipate some of that evolution and be reviewed in light of changing circumstances.



"It has been critical to our effectiveness that our policies began with the founder working with our [second generation]. We feel we have real insight into his hopes, and I believe there is greater respect for policy because he took the time to participate and involve us."

HOW DO BOARD CHAIRS MANAGE THE GOVERNANCE POLICY DEVELOPMENT PROCESS?

There are two common options for managing the policy development process:

Option #1: The board chair leads an internal development process.

Just over 50 percent of interviewed foundations developed the policies on their own, facilitated by the board chair (sometimes in partnership with the CEO). There are resources available to draft policies; specifically, sample policies based on the experience of other family foundations. Those who opted for a self-guided process did not report any significant difficulty in either drafting or approving the policies. However, chairs did note that they had to carefully navigate their own participation in the process. They often had relevant opinions but also needed to maintain the objectivity of the board facilitator.

“Our board members had a lot of nonprofit board experience, including on other foundations. And we benefited from a CEO who had a lot of organizational management experience. Since no conflict was anticipated, we organized and did the work ourselves.”

Option #2: A consultant helps to organize and manage the process.

About 40 percent of chairs report using a facilitator to help them through the process. Chairs reported engaging a consultant or independent facilitator for many reasons but most hoped to save time, manage existing tensions, and have informed and experienced support. If no board member has the time to lead the process, or if chairs want to ensure that they have the opportunity to fully participate in the conversations (without having to serve as the neutral party), a facilitator/consultant may be the right choice.

“We brought in a philanthropic advisor to work on our job descriptions, help us state our values and norms, and identify good governance practices. We were nervous about the process because we are ‘get to the point’ people. Ultimately, it has saved us time and I know [it will save time] in the future.”

A Final Word: Enforcement

Slightly less than 40 percent of those with governance policies are sure what the plan is for enforcing them. Of course, there is a natural uneasiness about enforcement. Chairs may be nervous about creating conflict or hurt feelings. However nervous chairs may be, enforcement is an essential component of any good policy. Four considerations might make enforcement less awkward:

1. Discuss enforcement during the policy development phase so all current board members are well aware of consequences.
2. Approach enforcement in a purposeful yet sensitive way. If approached as addressing the needs of the board as well as concern for the individual, it may feel less accusatory or punitive.

3. Involve your board colleagues in identifying behaviors that may be contrary to your policies. It can normalize enforcement as an ongoing responsibility of the full board.
4. While a board chair can engage others in enforcement, at the end of the day it is the chair's responsibility to lead enforcement and the chair must be willing to take on that task.

Governance Practices



Understanding how governance policies support the good performance of board chairs was a fundamental goal of this study. Equally important was understanding which practices have proven critical to effective board chair leadership. Family foundation practices ideally are a direct reflection of the foundation's culture, values, and goals. They serve the foundation—and the chair—best when there is alignment between policy, practice, and enforcement. Practices guide governance, but also grantmaking, and management/investment work.

WHY BOARD CHAIRS VALUE DOCUMENTED PRACTICES

Chairs expressed great appreciation for the time their boards had taken to consider, develop, and manage their practices. Knowing exactly how situations will be handled—expected or unanticipated, business as usual or when the potential exists for disagreement—can eliminate the stress and pressure to respond quickly (and, potentially, unadvisedly) to the moment.

Some resist codifying practices as they assume they will restrict creativity and spontaneity. But chairs interviewed for this study made clear that practices don't constrain a board's ability to pivot and adapt to change. Having set practices allows them to better support problem solving and innovation. Perhaps reflecting the entrepreneurial spirit that gave rise to the family wealth in the first place, chairs recounted numerous instances of finding dynamic, efficient, cost-savvy, and effective solutions to myriad problems and situations.



"Our structure takes the emotion out of it. We have guidelines for board members, guidelines for committee chairs, guidelines for our board observers, a code of ethics, and a code for board behavior, as well as our bylaws."

CONSIDERATIONS IN DEVELOPING AND IMPLEMENTING GOVERNANCE PRACTICES

As a board develops and implements governance practices, it's important to emphasize approaches that reflect its desire to steward the foundation with all due care. Rather than de-emphasizing the primacy of family engagement as a priority, focusing on foundation excellence leads to the best possible family engagement. As documented many years ago in *Generations of Giving*, family philanthropy thrives when grantmaking excellence and family engagement are seen as complementary rather than competing goals.

The more a board develops practices that are in sync with the foundation's values and sense of purpose, the more likely those practices will sustain the foundation over time. To design practices based solely on the benefits to those currently at the table is to choose personalities over principles. Again, not necessarily mutually exclusive, but, invariably, there will be times a board will have to decide which it values more.

It's also wise to recognize the limits of the quick fix. "Of the moment" solutions can be helpful, even appropriate, at the right time. The caution is that they may work only "for the moment."

Finally, family can be a board chair's greatest asset—but it can also be their greatest vulnerability. In the right circumstances, family traditions and passions can inspire effective family foundation governance practices. Interview conversations were filled with the tales of chairs who said their finest philanthropic achievements were possible because of their capacity for emphasizing the best of family: shared meaningful history, constructive disagreement, humor at just the right moment, and respectfully listening to those of all ages, including those with whom they might expect to disagree. However, the same family passions that inspire great things can, in the absence of strong board leadership, be a board's greatest vulnerability.

WHICH PRACTICES SUPPORT MORE EFFECTIVE BOARD CHAIR LEADERSHIP?

Chairs reported that there are specific board practices that have given them the best chance to lead the foundation well. While many were mentioned, four practices for good board process and for learning and renewal were suggested most often as the most important:

Practices for good board process

1. Agree and adhere to your preferred decision-making process

Clarity about the process for determining how boards will reach decisions was top of mind for most participants. More than two-thirds of interviewees described taking a consensus approach to decision-making. For most, consensus means there is general agreement without any one board member exercising a question-ending veto. Of those who choose consensus, several acknowledged that they aren't really

sure what consensus means. Some said they take a more ambiguous approach to consensus because it had not ever been vigorously challenged by anyone. About 30 percent reported using a vote to make decisions—a simple, majority-rules, democratic process.

Whether a board uses a consensus-based approach to decision-making or a simple majority vote does not seem to determine the quality of board choices or process. Those who choose consensus believe there is a greater likelihood that everyone will be heard and the full board will support the decisions made. Those who use a democratic, majority-rules method, think that is more efficient and can be less contentious. They contend there is a finality to the decision that allows them to move on.

It's helpful to engage your board in a conversation about which process will help you make the best possible decisions—and it may not be only one method all the time. One board chair noted using three different decision-making practices depending on the importance of the decision to be made. The board offers a consent agenda at every board meeting for routine items or those expected to have little controversy, a simple voting method for the bulk of grants and management decisions, and a consensus-based approach to proposed policy changes or grants that may be unusual in size or consequence.

If the choice is hotly contested and agreement doesn't appear to be in sight, chairs also noted the importance of being willing to take the decision off the table. Perhaps more information or a different decision-making strategy would serve good group process better? Boards may consider working with a facilitator to give everyone (including the chair) a way to participate constructively in reaching a conclusion.

When asked how they would advise their board chair colleagues on effective and efficient decision-making, participants recommended documenting and sticking to your decision-making practice. Other words of advice include:

- ***“Be very clear about the decision-making process you use. To fail to do so risks the perception the process is mercurial or biased.”***
- ***“Making good decisions begins with how clear our policies are. If we can depend on those for guidance, we reach conclusions more easily and fairly.”***
- ***“Your decision-making practices may change over time. Be willing to assess how they might need to change.”***
- ***Don't force a decision in the face of problems. “If I suspect [there will be] a lack of consensus, I work with our executive director to determine if we have all the background information we need. Then I make sure there is vigorous discussion. If we still are nowhere near consensus, I have to point out that either we need more work, we are not there, or this is not for us.”***
- ***The most important part of the decision-making process is committing to the choice made. “We have to leave the room speaking with one voice. If we disagree or aren't happy, that has to be dealt with in the boardroom. Sharing our unhappiness or disagreement with staff or in the community looks bad for the trustee and for the foundation.”***

2. Manage Disagreement

Overwhelmingly, board chairs are happy with the content and tenor of their board meetings and with the relationships between and among members. While many board chairs spoke of the congeniality of individuals on the board, most emphasized that efficiency and camaraderie aren't just a matter of good luck. Rather, they believe great working relationships are the result of concerted effort. For these foundations, disagreement is expected, even encouraged, and differing opinions are one more thing to work through.

When problems arise, chairs stated they are likely to be the result of unmanaged disagreement. Interviewees recounted experiences with other board chairs who weren't comfortable with, willing, or able to handle any kind of conflict. Many advocated for taking the emotion out of the issue or, failing that, the emotion out of the boardroom. For more intractable disagreements, some report engaging a neutral facilitator.

While most participants focused on disagreements in board meetings, others pointed out that the board chair may need to manage disagreements between and among board and staff members at any time.

Managing conflict within the board: Interviewees emphasized that leading productive discussions in the face of disagreements requires a chair willing to address them early with candor, courage, and the ability to be creative about finding options for resolution.

- *"I'm not a confrontational person but I'm willing to have the tough conversations."*
- *"My role is best served by helping the board focus on the disagreement itself, not the emotions."*
- *"I make sure our discussions—especially those I expect to be tough—are focused, appropriate, and have good backup materials. I'm mindful to moderate well, allowing plenty of room for disagreement."*
- *"We have distinct political differences on our board. With the recent political climate, these have been more likely to surface. At the first hint of that, I have to redirect the conversation back on track."*
- *"I call someone in advance if I know they are going to have a problem. We have one outlier that almost always is called to prevent difficult behavior."*

Manage conflict with the CEO/staff members. Almost every chair enthusiastically reported that their relationship with a competent and congenial staff is one of the great joys of board chair service. There were few instances when the chair had to manage a disagreement between staff members and the board. For example, "I [a female board chair] once discovered that our [male] CEO was more comfortable with another [male] member of the board than he was with me. I had to have a direct, frank conversation with the CEO that made the chair's role clear. By being honest and assertive with him as soon as it happened, our good working relationship was restored."

Best Practices for Managing Conflict in Board Discussions

Embrace healthy interpersonal disagreement as a necessary component of getting to good decisions. Keep inappropriate remarks out of the conversation. One constructive strategy might be to position the disagreement as a problem to be solved. Leading the board in identifying solutions might mean more emphasis on innovation and less on endless, emotional debate.

Conflict is best managed early. No disagreement ever was resolved by being ignored. To the contrary, conflicts usually grow in fearsome importance. Tensions and disputes can fester just behind the polite demeanor of board process while airing it as soon as it becomes apparent just might diminish some of its power. Chairs may lead best by finding a way to name the controversy without judgment or taking a side.

The board chair role is not for those unwilling to address disagreements with a calm, yet purposeful, disposition. Successful chairs can effectively lead through controversy in spite of their personal instinct to avoid conflict. When things are complicated or tense, no board chair skill is as critical as the ability to effectively lead through conflict.

Be attentive to real and perceived power differences in managing disputes. The board chair/board member dynamic can be inherently uneven. So are the board chair/CEO or the former/current board chair relationship. The senior family member may expect to hold sway over a disagreement with a younger person. (And, to be fair, instances of the reverse were also reported.) Power imbalances are ever present in foundations, as they are in families. Keeping power and posturing out of a disagreement can diffuse some of the emotional impact

While chairs emphasized that disagreement and conflict are not limited to family foundation boards, they did note that family dynamics can influence the nature and resolution of conflict. Family history, longstanding personal tensions, or another family issue can be behind conflict. Board chairs strongly asserted that it is the chair's responsibility to avoid letting those tensions distract them from conducting foundation business well.

Advice from board chairs for managing disagreements:

- **Be direct.** *“I’m more directive running a meeting than I might be in other settings. Everyone wants to make the world a better place, even if we have different opinions about what it takes to get there.”*
- **Be willing to change the culture.** *“We get along so much better than our parents. Maybe it was sibling rivalry but it [board conduct] was so bad our generation quickly embraced our norm for productive participation.”*
- **Recognize that your family role may occasionally be at odds with your board chair role.** *“I found out early I could be intimidated by family when I had to reprimand a senior family board member.”*
- **Welcome input from others.** *“We have spent an inordinate amount of time putting out fires and dealing with a few family things. [Our new CEO] has been more assertive with other family members and me and shares what is appropriate and what others have done well, while not manipulating us. It helps to have that goal of excellence in sight.”*
- **Set aside time for family personal business.** *“We have a family session after every board and executive committee meeting. If we come across something [during the board meeting] that I think is more family than foundation business, I save that for the family session. It [the family session] can be both a great time for family to be together and a tool for the board chair to defer emotional items.”*
- **Deal with persistent outliers and difficult personalities.** *“We had a lot of tense moments with two older family board members. It didn’t improve until we convinced them to retire.”*
- **Maintain relationships to ease difficult conversations.** *“I make it a point to maintain close personal relationships with all family. So, when I have to talk with someone about a foundation matter, especially a difficult matter, the conversation does not feel out of the ordinary.”*

Board chair practices that support learning and renewal

A modest surprise in the interview conversations was the emphasis board chairs placed on a board committed to ongoing learning. More than half of participants specifically mentioned the term “learning organization.” Another 30 percent used similar language to express their goals for staying on top of trends and new information in governance, grantmaking priority areas, their communities, and the field.

1. Lead an organization committed to learning

Board chairs posited that the enemies of excellence are ennui, certainty, and complacency. Some cautioned against complacency that takes a “that’s the way we’ve always done it” approach. They suggested that approach can undermine efforts to do better.” Board chairs offered a number of tips to learn and revitalize:

- **Use transitions and expected changes as an opportunity for reflection and learning.** *“The second generation has been together on the board for more than 30 years. We wanted to bring new energy and ideas to how we were working before we expanded the board. By taking the time to think about where we’ve been and where we want to be headed, we were in a better place to welcome the third generation. We were excited to learn new strategies for great board involvement as well as reap the unexpected benefit of reinvigorating our mission and priorities.”*
- **Take advantage of conferences and resources.** *“I loved attending NCFP’s National Forum on Family Philanthropy with several next-generation members of the family. At the end of each day, we met and everyone talked about what they had learned and what was inspiring. It may have been an even better experience for the older board members than it was for the next generation. And they had a great time!”*
- **Learn from grantees.** *“We began to fund opportunities for our grantees and other nonprofits to get together to share information and vent. It didn’t take long before we realized we were probably learning more than they were. And it was such a hands-on way to understand what was really needed—not what we thought they needed. It was also a first-class education in empathy.”*
- **Prepare new leaders.** *“We really wanted my cousin to step in as the next chair, but she wasn’t sure she had the skills and personality to take on the job. By offering her the opportunity to sit in as vice chair, attend a few conferences, reach out to possible mentors, and engage with a board coach, she is excited to succeed me.”*
- **Set aside special time for learning so it isn’t lost in the demands of everyday obligations.** *While some chairs allow time at every meeting for learning, others find it necessary to dedicate time outside of regular meetings. “If we didn’t have an annual retreat, we would never have time to do anything but regular meeting business. The retreat is our chance to ask ourselves how we are doing and what can we do better. My next goal is streamlining all our meeting agendas so there is some unstructured time for learning.”*

In addition, successful board chairs:

- **Avoid complacency.** Relying on patterns of behavior because “that’s the way it’s always been done” denies a foundation the considerable benefits of reflection and renewal.
- **Benefit from expertise and experience other than that offered by board members.** Board chairs should consider what those opportunities might look like. Perhaps they might be informed and inspired by a program advisory committee to look at the changing environment for the foundation’s priority areas? These can include non-board family members as well as grantees and community leaders.
- **Commission thought papers or share resources on family philanthropy with board members.** Board chairs can encourage board members to attend relevant webinars they might participate in, together or independently.

2. Assess Board Performance

While more than 80 percent of participants reported having an assessment of the CEO and other staff performance review, it was commonly acknowledged that introducing assessment of the board can be more difficult. Just over 40 percent of chairs reported some practice, formal or informal, for assessing the board's functioning as a collective. Some 10 percent have a process for reviewing the performance of individual board members, including the chair. Of those who assess board performance, the job description serves as the basis for guiding the process.

Chairs who have had an assessment practice for some time describe it as a generative and constructive activity. Assessments help their boards appreciate how they're making progress and support renewal and reinvigoration of members. Those newer to assessment offered that it was likely to get easier and more productive when it becomes a habit. For those who don't do board assessment, the potential for awkward conversations, lack of time, and fear were given as the primary reasons.

Assessment can thrive in a space that is non-threatening and energizing. Board chairs and members can be nervous or reluctant, to adopt an assessment practice, fearing uncomfortable dynamics. Such foundations might not start with an overly formal process, but there are myriad options available.

Chairs who are unsure if their board is ready for anything formal can hold an annual conversation early in the year about expected performance of investments, grantmaking, and governance. They can revisit that conversation at year-end to understand where they made progress, where they didn't, and why.

A regularly scheduled (usually annual) check-in with all members to assess individual performance allows them to discuss any relevant circumstances and current issues. Most chairs, about 75 percent, do the performance reviews themselves. Just over 20 percent of chairs used a consultant or formal process to facilitate the work.

Consider an assessment for the board chair.

Most of those with a board assessment process, include an assessment of the chair. About 35 percent of chairs mentioned a separate process for reviewing their own leadership performance. Some conduct this review themselves, usually with a phone call or meeting with fellow board members and the chief staff executive. A few use a questionnaire. Two reported using a consultant or another formal evaluation process.



"I [the board chair] asked my board to give me a 360 evaluation. How would I get better in as quick a time as possible if I didn't get real feedback? I would do it again."

Remember to Review Your Practices

Left unexamined, the same practices that address a need or problem, allowing the board to move forward, may eventually hold it back. Practices may become outdated, inefficient, and ineffective for a new time and a different point in your organizational development. Board chairs report cases where their foundations hung on to a practice, as one chair expressed, "well past its expiration date." That chair continued, "the solution stopped helping us manage, and we found ourselves spending a lot of time managing the solution."

CHAPTER 05

Leading Through Generations



The need for capable board leadership is critical at any point. Yet the nature and requirements of leadership are different depending on the moment in the organization's lifecycle. Participating board chairs indicated that leading successive generations often requires a style and focus that is quite different from that used by the earlier generation(s).

WHEN THE FOUNDER IS THE BOARD CHAIR

More than 65 percent of board chairs (second generation and beyond) describe their founding chair as having qualities usually associated with successful entrepreneurs: strongly opinionated, tenacious, driven, an expectation of deference, and, as one founder/chair noted, the instinct to “command and control.” While that instinct likely contributed to their wealth creation, when an entrepreneur applies a controlling mindset to a family-engaged philanthropic endeavor, there are often mixed experiences.

Commonly, the dominant leadership style of founder chairs mean that others see their role as more supportive and even deferential. Board members who served with the founder as chair suggested that the donor/first board chair may have invited the presence of others primarily to learn about the founder's interests in preparation for the day they would assume leadership. While appreciating that the donor/founder prerogative by its nature is the dominant voice, some questioned whether that habit promotes genuine shared engagement.

On the other hand, some participants reported that, while the founder's first instinct might have been to operate in dominant mode, their hopes for the meaningful participation of others kept those instincts in check. Founding chairs of this type are more likely to bring others, including their children, other advisors, and community leaders, into governance in a meaningful way at an earlier point in foundation formation.

Founders who served as board chairs at the time of the interviews stated that they hope to establish mutually respectful relationships between and among board members. At the same time, a few acknowledged that their board colleagues were well aware they held an “ultimate veto” role if something went against their principles or primary interests.

According to interviewees, the founder board chair’s style was also influenced by how and when the foundation was established. More than two-thirds of participants commented that the decision to create a formal giving vehicle—in these cases, a foundation—evolved as an estate-planning strategy or a hope to establish a philanthropic legacy. As such, many founders saw their foundations as extensions of individual or corporate giving with little early thought of bringing on the family or other advisors in a meaningful way, and often management and systems were informal, with support frequently provided by the entrepreneur’s business or administrative assistant. These findings are consistent with the findings from NCFP’s seminal 2004 study, *Generations of Giving*, which introduced the “controlling trustee” stage and noted that this often lasted through the first two generations.

It’s valuable for founders, when possible, to create—or identify people who can help you create—a thoughtful plan for developing the foundation. It’s also important for founders to think about whether they intend to establish the foundation in perpetuity or for a limited span of time, which has implications on future family participation and policy development.

When foundations are established also shapes the board chair leadership style and experience. When foundations are organized after the donor’s estate is settled—more common among those established in the early to mid-20th century—members of the second generation, possibly with others, typically comprise the founding board, and often focus energies on figuring out what the founder might have wanted. In contrast, foundations where the founder was actively involved (more common for more recently established foundations) founder control could last 20 or more years. Founders of newer foundations are more intentional about their hopes for family participation earlier in organizational development: About 20 percent noted that the founder wanted the active engagement of their children from the beginning.

Selecting Successor Board Chairs

Regardless of how and when the foundations were established, all participants reported that there are benefits and significant challenges that attend the succession of a long-term chair, especially when that long-term chair is the founder.

Some 70 percent of board chairs reported that their founders stepped down as chair only when they could no longer participate. For almost all of these foundations, that meant a serious illness or death.

Of those who did give up the chair role in their lifetime, approximately 25 percent of second-generation board chairs reported that the founder remained on the board after stepping down as chair. A few chairs reported that the founder’s presence provided special moments of inspiration and encouragement as well as the opportunity to talk about founder hopes and vision.

Occasionally, the founder's presence also caused some awkward dynamics not only for the new chair but for the entire board. For example, one board chair reported, *"My mother remained on the board after I succeeded her as chair. While she was relatively quiet, there was palpable confusion among other board members about deference. She wasn't clear with us about what she wanted or expected in her new role."*

About 65 percent of interviewees noted that a family member succeeded the founder; the other 35 percent were nonfamily board members at the time of the founder's death or resignation. Second-generation board chairs (and others with knowledge of how the first second-generation chair was selected), speak of two very different scenarios in how the first chair after the founder was named.

In the first scenario, founders named their own successors. In such cases, chairs reported that the founder anticipated possible conflict about which child should succeed as chair and, wanting to avert an argument, chose the child they believed to be the most capable and/or most in sync with their wishes and values. For example, said one interviewee, "There may have been different ideas of who should succeed father, but because he named his successor chair, there was no discussion. Some may have wanted the job but the transition wasn't as hard as a contested election might have been."

In the second scenario, the founder's children and other board members chose from among themselves, and their choice tended to be based on which person had the time available to do the work or which sibling is thought of as the family leader (sometimes a family business executive). When there was more than one sibling interested in the job, most described rotating board leadership among the second-generation members or, more rarely, choosing a nonfamily board member. *"After more than 25 years, my grandfather relented. I was named chair before his retirement as I would make the time and was up to the work. So, it was a logical and not a controversial choice."*

WHEN THE SECOND GENERATION ASSUME BOARD LEADERSHIP

Second-generation board chairs are the link between the foundation's founder and its future. More often than not, the second generation lays the groundwork for great governance to come and can continue to advance the founder's vision for the foundation's purpose, mission, and leadership. Second-generation board chairs reported that their early leadership was marked by the emotional and practical demands that follow the retirement and, more poignantly, the death of the founder. The extent to which that affects how board business will be conducted appears to be dependent on how much the first-generation led board anticipated the transition and began planning early.

In approximately 65 percent of cases, for a period of time, second-generation board chairs maintained the informal practices of the founder's era. Chairs reported that this period lasted from less than a year (when the pressing need for more management than volunteers or modest staffing could provide) to many years (when

informality and limiting administrative expenses were the overwhelming preference).

It takes time and space to develop systems for a new generation. Many board chairs reported making a number of early decisions because the need was pressing. Unfortunately, they continued to live by those decisions even after the circumstances of the foundation and the board changed. Second-generation board chairs can take advantage of interim solutions and commit to revisiting them at specified intervals.

About 50 percent of chairs note that the demands of the foundation—both grantmaking and administrative—meant developing new management systems appropriate to the changing needs. They reported taking the lead in hiring staff along with establishing structures for financial, investment, and administrative management. In a few instances, the staffing responsibilities were significant enough to warrant new or additional paid positions almost immediately. Often this is due to second-generation family members not having the time, skills, or interest to take on management responsibilities.

Families can also consider sharing the burden of leadership. Involve others as committee chairs, program advisors, and more. When done thoughtfully, the presence of nonfamily board members, advisors, and mentors may ease emotional dynamics.

A focus on grantmaking

Of all the strategic and operational decisions a second-generation board chair is tasked with, chairs reported turning their attention first to the foundation's grantmaking policies and approaches. In about 50 percent of interviews, chairs note that they led a shift to mission-based grantmaking fairly quickly. The board affirmed and guided program priorities as a collective. Of those, about half moved to a completely mission-driven portfolio and individual interests were expected to be funded personally. Chairs with this model felt this was in keeping with the founder's hopes to promote greater cohesion quickly.

The other half of board chair interviewees cited making some accommodation for individual interests, usually in the form of a discretionary grant allocation. Discretionary pool percentage for the second-generation was reported at five percent to 40 percent of payout, with most reporting 10 to 15 percent. Chairs with this giving model felt that the discretionary grant privilege encouraged people to come to the table and do things together. Others believe that, by offering some ability to recommend discretionary grants, board members refrained from bringing personal interests to the board table.

For about a quarter of respondents, the decision was made relatively early to manage grantmaking by apportioning the payout among the board members of the second generation. For most, it was a matter of expediency in moving charitable dollars quickly and efficiently. For others, the pressure to be fair was cited as the primary motivating factor. For a smaller group, the choice meant contentious relationships were given distance. For older



"I think it was important that we built on the values the founder left us and developed a mission we could all get behind. That allowed us to become a closer family and board more quickly."

foundations who practiced grantmaking this way in the second generation, about 75 percent noted the practice changed in the third or fourth generations.

In addition, second-generation board chairs describe a variety of grantmaking issues that attended the immediate aftermath of the founder's resignation or death. Those who immediately succeeded the founder often wanted to make grants to honor the founder and/or the founder's grantmaking interests. Often called legacy grants, founders sometimes leave instructions as to how their past interests will or will not continue to be funded. For those that didn't, most second-generation board chairs reported they had to facilitate (sometimes contentious) discussions about how the founder and their interests would be honored.

About 40 percent of chairs reported that they absorbed the founder's grantmaking priorities into the foundation's ongoing program interests. About 20 percent reported making a few major gifts, sometimes multiyear gifts, to organizations supported by the founder. Of those, almost all intended to move on from those causes and organizations in the future. Board chairs who plan to set program priorities based on second-generation grantmaking interests reported designating a portion of their annual payout to the founder's priorities.

WHEN THE BOARD CHAIR LEADS A DIVERSE AND DISPERSED FAMILY

Chairs who were members of or observed third-generation board leadership emphasize that participation and leadership were greatly affected by having more people potentially at the board table than when members of the second generation were solely involved. Second-generation board chairs typically lead family members who grew up in the same household, sharing similar experiences and influences even if they reacted differently. In contrast, third-generation board chairs lead family members who likely had different parental influences, may have grown up in different parts of the world, and may have different values, religions, politics, age ranges, and access to wealth.

Participants noted that the third generation benefits from facilitative board chair leadership even more than the first and second generations. Bringing the cousins' generation together usually requires a board chair determined to lead an evolution of culture and decision-making practice. The majority of interviewees linked the effectiveness of third-generation participation to how they had been introduced to and engaged in board service.

More than half of third-generation chairs—particularly those who were the first of their generation to serve—said entry was made easier because wise second-generation chairs ensured governance succession was a priority. These second-generation leaders engaged the third generation at earlier ages, created opportunities for family activity beyond the foundation, easily discussed values and mission, established goals without imposing “handcuffs” on successors, and prioritized foundation wellbeing over family segments when allocating board seats and privileges.

Third-generation board chairs oversaw a change in the culture

In slightly less than half of all cases, third-generation leaders found that a new way of governing and managing was needed to more effectively guide great grantmaking as well as to engage a larger family. Core to this was the importance of establishing board participation as a responsibility and advancing

a culture of service rather than entitlement.

Accompanying this is the need to recognize that the increasing size of a family and likely different levels of ability and free time mean there will come a time when not everyone will be able to serve on the board. For example, *“Our second generation thought of governance in terms of the number of people they could involve and what they would do. My generation [third generation] thinks about governance as what is necessary for the foundation. We’re more intentional about cultivating leadership.”*

“Because my parents’ generation really planned for our involvement, we can disagree—often—respectfully. If we don’t have heated disagreements occasionally, we’re probably not doing our job well.”

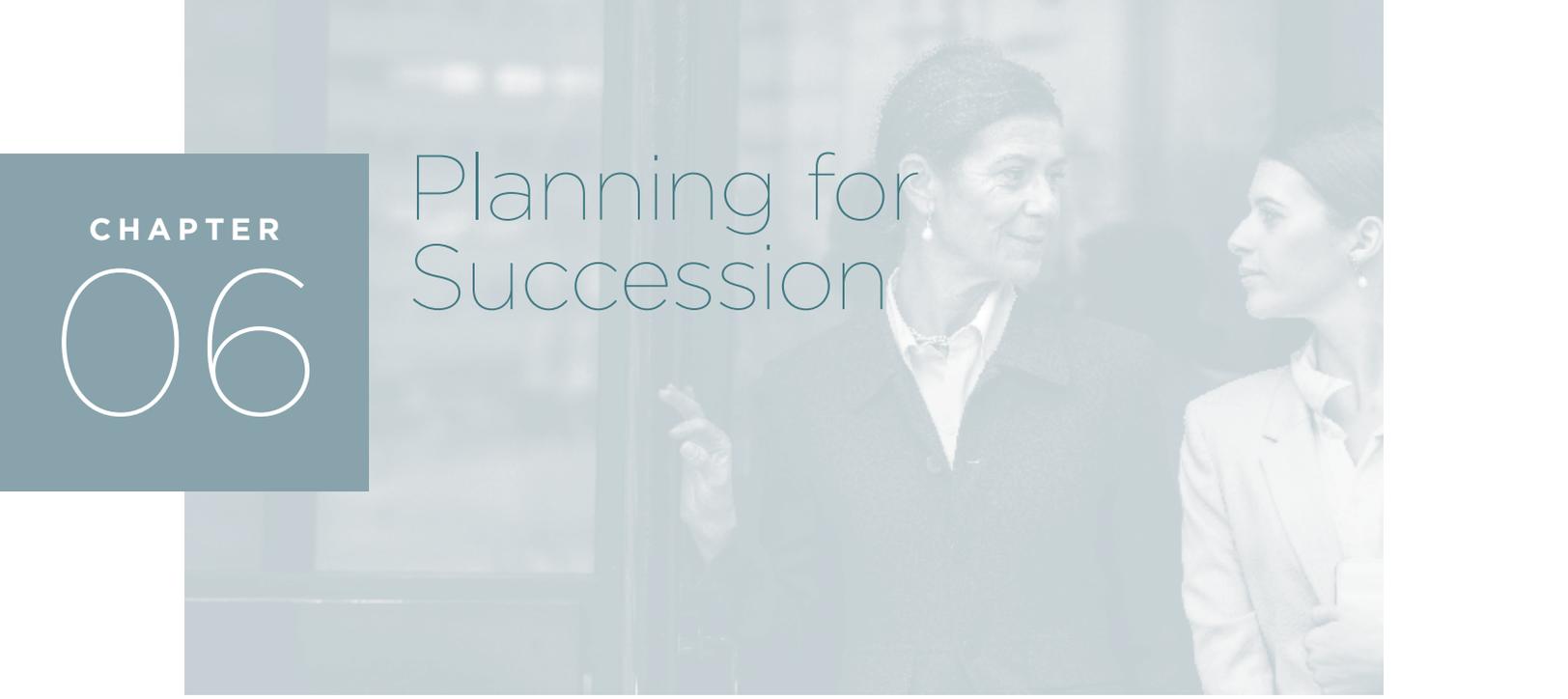
Of course, there were chairs who noted that the second-generation structures transferred without much change into the third, and even the fourth, generation, with varying levels of effectiveness. Examples include:

- *“Everybody is good with change, in theory. To take on the new, you have to give something up. Some people passionately defend the old.”*
- *“We have made the branch system work very well over six generations with many branches who live in many different geographic locations—even as a place-based foundation—because of good will. There is clarity about our program priorities and a commitment to our central mission.”*
- *“We have continued a lot of the culture and organizational structure established by the second generation. But some things just don’t work anymore. For example, we have seen some holes in the practice of rotating the position of chair among everyone. Some people have extensive experience, and some don’t. Some have the time to make the commitment, and some have their hands full with other demands. Some are loathe to get in the middle of disagreement. As we move from the third generation to the fourth, this will be more of an issue.”*

Foundations reaching the third generation and beyond often see great value in a holistic governance review designed to ensure that practices developed early in the life of the foundation are still serving them as well as they hoped. In addition to invigorating the board, a review can highlight the need for new skills and talents on the board or whether there is a new policy that might work better for a new time.

Finally, if a foundation will continue beyond the board chair’s generation, it’s important for the board to re-commit at appropriate intervals to its decision to exist in perpetuity and make governance choices accordingly.

“There was some pressure to be loyal [to the way things had been done] but I think that, when we moved past the differences and divisions, we enjoyed the work together so much more.”



Planning for Succession

In addition to clarifying how board chairs experience generational transitions, the study explores how board chairs are cultivated, identified, elected, and oriented. Unquestionably, one of the most unexpected and enlightening findings of the research is the extent to which board chairs link their selection process to the overall health of the board and the foundation. More than 65 percent of participants said their thoughtful board chair election practice contributed to their high-functioning board. This was true whether the chair selection process had been in place for some years or whether the process gradually evolved with experience (good and bad).

THE SECOND GENERATION NAMES A CHAIR

The second generation of board leadership is the actual and metaphorical link between the foundation's founder and the future. More often than not, it is the second generation that lays the groundwork for the great governance to come. Building on what has probably been the philanthropy of a single donor or couple, the second-generation chair can decide how quickly the foundation advances a shared vision for purpose, mission, and leadership.

In the second generation, family foundations tend to identify the chair fairly informally. If the chair had not been named by the founder, they most often:

- Elect the person who has the time and capability.
- Rotate among second-generation members.
- Continue the first generation's pattern of appointing a senior sibling who serves for many years.

Early successor board chairs are often chosen with little thought that their selection process might be setting a precedent. Subsequently, they may try to sustain their informal process for years, even generations. Interviewees reported that this can, in some cases, continue until problems and dissatisfaction lead to a process better suited to a changing foundation and a growing family.

THE THIRD GENERATION NAMES A CHAIR

Selecting the first third-generation chair was more complicated for most interviewees. In addition to the varying demographics of the third generation, issues of branch fairness and power dynamics can come into play.

About 60 percent confronted their new circumstances and developed an appropriate chair nomination and election system. Most chairs reported much trial and error in identifying a chair nomination process that worked and that everyone could support.

Other family foundations turn to a facilitator/consultant to help them establish their systems for identifying future board members and board chairs. In fact, of those board chairs who had engaged a facilitator or consultant at any point in the history of the foundation, more than 90 percent said it was to help them prepare for welcoming a new generation of board members and a change in board leadership.



“We knew we wanted to do this very well. We didn’t want to reduce the opportunity to picking one person’s child over another. But we were completely stuck when it came to how to do that. That’s when we reached out to [our facilitator/expert] and it was a great experience.”

BOARD CHAIRS ARE RESPONSIBLE FOR SUCCESSION PLANNING

Board chairs confirmed that the need to identify a successor chair and to bring on a new generation of board members are two of the most significant moments in the family foundation life cycle. Consequently, they reported that the succession process called their leadership skills into play more than any other board chair responsibility.

Only about 20 percent of chairs report drafting a succession plan (for board membership and leadership) early in the foundation’s development. For those that did, their experience was decidedly smoother than those who did it late—and significantly better than those who reported waiting until the need for a new chair was critical.

There is no such thing as planning too early for board leadership succession. A transition does not have to be imminent; in fact, it’s probably better if it’s not, as planning before anyone has specific individuals in mind makes it more likely the plan will reflect the best interests of the board. Those who wait to name a new chair until a retirement or a death in the family will likely contend with grief, loss, and competition among contenders for positions; in short, more emotional volatility than they might have experienced otherwise.

Also, there is a far greater burden on foundations who hope to exist in perpetuity to plan for succession with the best interests of the foundation firmly in mind. If the current plan is for a perpetual foundation (even if that may change later on), the earlier a foundation establishes thoughtful principles and practices for succession, the more likely it will be to happily welcome generations of strong board chairs leading great boards.

For boards who did not draft a succession plan early on, the plan usually emerged with the potential participation of the first third-generation member. About half of the chairs interviewed commented that their succession efforts focused on making individual appointments rather than drafting a comprehensive, future-oriented plan. Working under great pressure to fill a dire need for new members rarely meant the chair had the time and space to think about good governance more expansively. One chair reported, *“Our big mistake was getting excited and naming our first third-generation board member before we thought about a succession plan. Then a lot of third-generation young people began pressing [the board] to add them. We had no rationale for how the first was elected, what we needed going forward, and what would be both fair and good for the board. We also learned that it was tough on [the first third-generation board member] to be the only member of the third generation brought on. I’d recommend having at least two when you bring on a new generation.”*

For those who did not have a succession plan at the time of the interview, or who considered their current plan to be insufficient, almost all commented that they knew they needed change and were actively working toward it.

It’s also vital to remember that effective boards need a variety of perspectives and experiences. Families have been known to value specific areas of expertise—financial, legal, business management, and the like—over the more intangible qualities that add to board chair and member effectiveness. Nomination practices should help build a board with those who will contribute special expertise, but also with those whose facilitative style, emotional intelligence, and capacity for team building will enhance how a board functions.

In addition to looking for a variety of skill sets, families can sometimes overlook those who may have the potential for great leadership, but who may not have had many leadership opportunities. As one chair thoughtfully shared, *“It is amazing that boards can build someone’s leadership capacity. I love that we don’t always go to the most obvious.”*



“My aunt was the last second-generation chair of our foundation and she served for many years. But it was her priority to work with us to write a succession plan well before her retirement. We believe our well-thought-out succession plan helps us achieve our goals of stability, excellence, and good chemistry.”



“I am proud that we consider not just skills, but those who will add inspiration and joy to the board.”

WHO MANAGES SUCCESSION?

While providing for the effective stewardship of the foundation—now and in the future—is a primary responsibility of the entire board under the leadership of the chair, participants described a variety of different options for managing the succession process. Options offered for which individual or group leads the process:

- The board chair and CEO as a team.
- A nominating committee (responsibilities are usually limited to proposing board member and officer candidates).
- A governance or board committee (with more expansive responsibilities for ensuring the overall health and ongoing vitality of the board).
- A decentralized process where nominations and, frequently, actual appointments are made by segments of the family, usually branches.

In cases where the foundation has a two-tiered director/member structure, members may have some responsibility for approving board and officer slates. (See page 14 for more information on this practice.)

When a foundation is governed by a trust document, often the bank or law firm managing the trust appoints the trustees, without input from the chair. For those setting up a trust, it's important to consider the guidelines about who can provide input into trustee-appointed candidates and to make sure those guidelines are in the trust document.

Other resources for succession planning

A number of family foundations have turned to search firms to help them identify potential board chairs as well as to vet all possible board candidates. They believe this practice minimizes the chair's administrative burden and keeps the appearance of family influence out of the nomination process and while ensuring that all those proposed are capable and objectively considered.

Those who are governed by a trust document reported having bank- or law firm-appointed trustees. Chairs reported having no input on who is put forward by the trust management institution. Some speculated that the donor may have thought the trust management institution and their representatives would provide continuity and professionalism.

SUCCESSION CONSIDERATIONS

Determining who will manage the process of choosing a new chair or members is only part of planning for a successful succession. Board chairs contend that there are two equally important considerations.

1. An **overview of current foundation needs** and agreement in terms of priorities for new board leadership and general membership. In the absence of that understanding, individual preferences and personalities are likely to drive choices rather than the best interests of the foundation as a whole.
2. Carefully **considering the choice of rotation or meritocracy**. Following the founder's leadership, successors must decide if the board chair position will rotate among defined members or be elected based on what is needed at the time as well as the candidate's availability and ability.

About 30 percent of chairs reported that the chair position rotated among the sibling members of the second generation immediately upon the retirement or death of the founder chair. For many, this was possible and worked reasonably well as all second-generation members were capable and willing to devote the time necessary to do a good job.

On the other hand, for the majority of interviewees, rotating the board chair position among the second generation proved less successful. More than half said the pool of potential chairs was uneven. They reported different skill sets, different personality types, different agendas, and the fact that many of the siblings (including the most obviously capable) were so busy they couldn't give the foundation board chair job the time required.

When asked why they continued the rotation practice despite the difficulties, most chairs posited one of three reasons:

1. They feared the conflict that might come from changing the practice.
2. They were concerned that competitive tensions were likely to arise if they had to pick the "first among equals."
3. They wanted to give everyone the honor of serving.

Those foundations that managed a chair rotation policy fairly well through the second generation, reported trouble extending this practice beyond the second generation.

Board chair activities that helped a board move to a more thoughtful, fair, and responsible practice include:

- Clarifying and writing down the demands of the job.
- Accepting nominations, including self-nominations, based on the candidate's ability to commit fully to meeting the requirements of the position.
- Designing a process for reviewing and nominating one of the candidates.

Nominating Nonfamily Chairs

Interestingly, those reporting that a nonfamily board member was named or elected upon the founding chair's exit almost universally reported that doing so was critical to the foundation's (and family's) wellbeing. One second-generation family member chair said that she wasn't sure if the foundation board would have survived the death of the donor without the sure, calming, and capable leadership of a very wise nonfamily chair. She believes that the nonfamily chair's tenure was so successful because he focused less on himself as leader and more on preparing others for eventual leadership roles.

ORGANIZING YOUR LEADERSHIP AND PARTICIPATION NOMINATION PROCESS:

There are a few ways foundations approach their board chair nomination process. We describe two of the most common below.

Second-generation branches as an organizing principle

The primary reason cited for delegating the naming of board chairs and other officer positions (as well as board seats) to family branches is the desire to be fair in achieving the goals for family engagement in the foundation. Fairness is determined by proponents to be the measure of equality among the children of the founder and their descendants. Those who use this practice believe the advantages are:

- Ensuring peace among second-generation siblings
- Having a logical, objective organizing principle for choosing leaders and members
- The recognition that the second generation and their heirs will be treated fairly in perpetuity.

Those who have had difficulties maintaining a branch-based system, reported branches can be very different in terms of size, geography, and priorities. Fairness can be challenged by branches that have considerably more

“Our four family units [representing the children of the founder] appoint their own trustees but they are voted on by the whole board. The advantage is that branches have a greater knowledge of all those interested, and self-nomination is encouraged. We are a big family, and the branches have surfaced some great board members that might not have been known to the whole family. The disadvantages are that we don't really know how we would reject an unqualified candidate and feelings still get hurt.”

members than others, those that have a greater age range, and branches that are dispersed around the world but serve a place-based foundation. For example, *“One branch of my family is really struggling to ensure they are treating their fourth-generation members equally. Multiple marriages, having children later in life, and members marrying at different ages means that one generation of family members has an age span of 3 years to late 30s.”*

In addition, branches may have different criteria for service, different terms and rotation policies, and different tolerance levels for poor performance. Says one interviewee, *“Because we [the branches] set our own rotation, we had a terrible experience in 2008 when the economy caused our foundation assets to plummet. It was our bad luck that more than half the board was in their first year of service and there was general panic among those inexperienced board members. They started interfering with the staff managers, our investment firms; there was general chaos. We just didn’t have enough veteran board members to temper their panic.”*

Some participants expressed a growing concern that board chairs and members may identify more with their second-generation branch than they do with the founders’ legacy as a whole. One chair mentioned that branch identification became so overwhelming, one branch broke off and wanted a percentage of assets to start their own foundation. Another chair said that the foundation now includes the fourth generation but, despite the board’s long history of working well together, sharp differences in religion and politics have created new tensions. *“I am afraid I’m watching our family foundation disappear. The branches of the family each believe their vision for giving is the right one. There is a growing sense that each branch should drive their portion of the giving. No one seems to understand we could be splitting the baby. We have to find our way to common ground.”*

Branches may mean something special to the founder’s children and grandchildren. Thereafter, board chairs notice more identification with being a member of the founder’s family.

Those who expect to maintain their system of branch appointments recommend the following:

- Develop a common set of criteria and expectations. Have one job description that everyone, regardless of how they are appointed, will be measured against.
- Although branches may nominate candidates, have the board elect the full slate.
- Set a common terms and a rotation policy. Have representatives in classes that rotate in a way that ensures leadership continuity.



“I [a fourth-generation chair] think treating branches equally was much more important to my parents and grandparents than it is to us. We tend to think of ourselves as the family of [the founder]. There is real pride in being part of that legacy. I’m not sure we want to sustain [past] attention to dividing us up.”

- Consider having the entire board—regardless of branch or generation—elect the board chair. Interviewees reported that this practice helped the chair have the support of everyone on the board and in the family.
- For foundations committed to existing in perpetuity, many chairs strongly recommend being sensitive to the day when the second-generation branch identification no longer has a lot of meaning for the family.

A centralized board chair nomination process

Those participants who have always had one central process for board chair nominations reported different reasons for how that happened. In some cases, the founder did not want to single out one child over another or delegate excessive authority to one child or family. Other founders promoted the value of working as a collective as an important component of the goal for effective family engagement. Or, some researched principles of good governance and determined that one nomination and election practice would serve their goals for governance excellence best.

Some approaches were based in practicality: Founders invited only those who were interested and capable. Not every second-generation member was required to participate. For others, administrative support to handle foundation work was made available early in the life of the foundation. These foundations didn't rely on apportioning work—and authority—among second-generation family members.

Still others viewed family as only one component of the board. Nonfamily board members, particularly those with special expertise to offer, were also valuable partners in board service. Approximately 70 percent of participants with a central board selection process include nonfamily board members. For many of these, this practice began early with the inclusion of friends and colleagues of the founder as well as financial and legal advisors. For others, community leaders, program experts, those with different backgrounds and experiences, and good generalists are eligible. Regardless, everyone is vetted using the same criteria.

Principles sustaining a shared nomination and election process were reported to include:

- One statement of board responsibilities and expectations for good performance.
- One nominating or governance committee empowered to ensure good policies and practices are in place. Among them, one process for determining foundation and board needs and identifying candidates from a variety of pools available to fill those needs.
- A healthy pipeline of qualified candidates—those that have the skill sets and the commitment to serving as appropriate.
- An openness to a variety of perspectives and experiences. These may include younger family members, those with community and grantee knowledge and experience, and, possibly, an expansive definition of family (e.g., spouses).

- A system of terms and rotation to allow for fresh perspectives, renewal, and continuity. Of those with family and nonfamily board members, approximately 30 percent noted that family members serve longer or more terms than nonfamily members. For most, this was done to offer greater access to a rotating group of community perspectives.

Benefits of a centralized process were reported to include:

- A holistic view of the foundation board, both in terms of what is needed and which candidates offer the greatest chance of excellence.
- More universal support for a board chair elected by all.
- The ability to take a long-term view of the needs of a changing foundation, family, and board.
- A shared sense of foundation legacy and purpose.
- The lack of pressure to vote as part of a bloc in a contested situation.
- Common standards for performance and assessment.
- The feeling that the best people available at any one time are being considered.
- Creating a culture of family without regard for any segment of that family.

Interestingly, a few chairs pointed out that they found it easier to come on to the board with grandparents, aunts, uncles, cousins, and other senior family members as mentors. Some speculated that not being associated with one branch promoted more cross-family learning and relationships. One board chair shared, *“My aunt saw qualities in me that I don’t know if I or my parents recognized. Having her as mentor has made all the difference. I don’t think I’d be chair—or succeeding in the role—without her.”*

A teal-colored rectangular box containing a quote. On the left side of the box, there is a white Facebook 'f' logo. The quote text is in a light, italicized font.

“I was very encouraged that the full board supported my nomination. As one of the youngest, I needed their support to get up to speed and do well as soon as possible.”

Length of Board Chair Terms



A highly performing board chair will face considerable, sometimes stressful, demands on their time and capabilities. This is true enough for the ongoing expectations; it may be even more true when a board chair is called on to lead in unexpected, perhaps even traumatic, circumstances. How long chairs can maintain their schedules at a high level varies based on the chairs and the nature of the demands. While most will serve for many years, some choose to step down when they can't do the job as they believe it needs to be done. Some may take a break and return at a later point, revitalized and excited for a new tenure.

Determining how long a board chair serves should be a matter of good policy and ongoing assessment of changing demands and the chair's ability to serve at a high level. Neither happens without careful attention and thoughtful consideration.

The family foundations interviewed for this study have very different approaches to whether their board chairs may serve for many years or for a specific, limited period of time. More than 70 percent of participants reported having terms of service—the number of years one can serve—for board chairs. Some 70 percent of chairs who reported having terms (just under half of the full sample) also reported having a rotation policy which limits the number of terms a chair may serve before they are required to rotate off (some forever, but most for a designated period of time).

BOARD CHAIRS WHO SERVE LIFE TERMS

Board chairs with life terms are most often one of the founders of the foundation. In those family foundations interviewed where the founder serves or served on the board, all but three reported that the founder held a life appointment as chair (or their expectation is that the founder will serve for life). Of the three, two asked a second-generation member to chair the foundation from the beginning, and one invited a nonfamily member, a close advisor, to chair the first board.

Almost all interviewees expressed support for (or, at least, appreciate) the practice of life appointments for the founder as chair. After all, as many said, the foundation is the result of their philanthropy and they have the right to participate as desired.

Most interviewees reported that the founder's life appointment was not only appropriate but beneficial. Participants found great value in having a longer period of time to experience the founder's motivations, values, and giving interests. That personal experience enhanced their ability to carry on the legacy. Several chairs noted that the third generation aged into board seats while the founder was active on the board, and also had the opportunity to learn directly from them.

However, some who may believe a founder life appointment is appropriate also mentioned a few unfortunate consequences of founder dominance over what could be decades. For example, when a chair makes most of the decisions, often unilaterally, other board members lose the opportunity to learn to work as a collective. While deference may be fitting, the successor chairs and board members may miss the chance to do more than affirm donor wishes. A culture shift, sometimes turbulent, needs to take place after the retirement or death of the founder to move to a successor board both skilled and experienced in group process. What's more, if a board continues the pattern of deferring to one dominant voice in the second generation or longer, it delays the foundation from adopting a strong shared governance model.

While there are very important reasons why a chair may serve an extended period of time, especially in the earliest years of the foundation, there are ways a founder can position the foundation for succession, including:

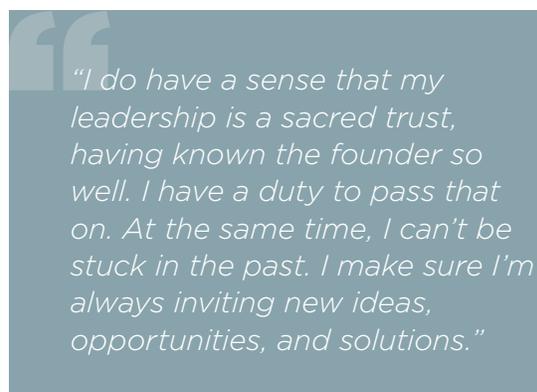
- Considering transferring leadership while still serving on the board.
- Naming a successor who offers the best opportunity to lead a thriving board well-steeped in their vision and providing mentorship and guidance to their early service.
- Recognizing the value of cultivating leadership capacity and team-building skills with the founder's guidance. Also, a founder can invite the board to join them in determining what might be needed in a successor and develop a plan together for how that successor will be chosen.

One second-generation chair appreciated that his father, the donor founder, stepped away from the board chair position to give his children and their spouses the chance to take the lead. The founder still attends board meetings but maintains a facilitative presence. When the founder's health eventually began to decline, the stress on the family and the foundation were greatly minimized. The second-generation chair reflected that he enjoys visiting his father to ask for his thoughts on matters facing the board.

Some 40 percent of board chairs note that one member of the second generation served, if not a life appointment as chair, then a term of as many as 30-plus years. Most long-term second-generation chairs were named by the founder although close to half were elected by other members of the second generation and nonfamily board members.

Second-generation chairs serve an unlimited number of terms for a variety of reasons. Some do so to provide stability or continuity during a period of great change and high emotions, such as upon the death or retirement of the founder. That turmoil might best be mitigated with the calm, steady leadership of a successor chair with a longer term. In other cases, the family is very small and another family member hasn't been willing or available to take the role. Many of these foundations reported that, while they might go on to have a nonfamily chair, they wanted a family member to follow the founder.

It's worth noting that the majority of foundations that successfully relied on a long-serving second-generation chair were established many decades ago. Attitudes and practice seem to be changing in favor of the value of rotating among second-generation family and community board chairs. For most second-generation foundations, and absolutely beyond, having a specific practice of board terms and rotation allows for both continuity and the renewal that comes with fresh and vital new perspectives.



"I do have a sense that my leadership is a sacred trust, having known the founder so well. I have a duty to pass that on. At the same time, I can't be stuck in the past. I make sure I'm always inviting new ideas, opportunities, and solutions."

BOARD CHAIRS HAVE TERM LIMITS AND A ROTATION PRACTICE

There are a few reasons why boards may decide to limit the board chair's term. For example, boards may have any number of capable and willing members and the foundation has strong options for including a variety of successful board chair styles and experiences.

Also, the board chair position can be time-consuming and intense. Some interviewees reported making personal and professional accommodations to dedicate time to the responsibilities. A break, even a temporary one, allows leaders to attend to other priorities as well as to refresh and renew.

Rotation allows boards to take well-considered chances on those who may not have had a lot of leadership opportunities or may not have been well known to the board and family, such as younger board members, community leaders, spouses, etc. In addition, limiting the allowable number of terms means the foundation has minimized risk in the event of an underperforming chair.

Terms tend to vary depending on the size of the board, the size of the family, and the pool of those eligible to serve as chair. Smaller boards and families tend to have longer terms and are less likely to rotate.

About 30 percent of board chairs are elected annually. Of those elected annually, 80 percent have a rotation policy that limits the number of terms for which they can be re-elected. The remaining board chairs predominantly reported two-, three-, or four-year terms, which may or may not be renewed. A very small percentage reported serving a term longer than that. Family foundations that reported greatest satisfaction with their board chair rotation set two-, three-, or four-year terms that can be renewed for a total of no more than about eight years. The smaller the board, the longer chair service tends to be.

As board chairs caution against too long a period of service for the chair, many similarly caution against too short a tenure. While few family foundations reported a very rapid turnover of the chair seat, board chairs have strong feelings about the disadvantages of this practice. Chairs believe it takes a reasonable period of time to get up to speed, a period of time to exercise leadership, and a period of time to prepare successors and the board for transition. Those with one-year terms say they barely get their bearings when it is time to move on. As one chair put it, *“Because we rotate so quickly, our chair really can’t be more than a board meeting manager. We don’t give chairs the time to do big thinking and focus on how well the board is or isn’t doing.”*

Of those who limit board chair terms, 70 percent require rotation after a specified number of terms. More than 40 percent of those who are required to rotate after serving one term report having a board term of two to four years. Of those family foundations who require rotation, most allow chairs to return to leadership after a break of at least one year. It is worth noting that many foundations who allow for such a return find themselves so excited by their rotation experience that they have not yet circled back to past leaders. Others see value in bringing back excellent chairs after a break.

Standing for Re-Election as Board Chair? Not Always a Given.

For most board chairs eligible for re-election, a second term is taken for granted. But for about 15 percent of incumbent chairs, re-commitment is not at all presumed. The reasons most often referenced for opting out of a second (or subsequent) term include:

- The personal or professional circumstances of the incumbent have changed, or the demands of the position proved to be far more time-consuming than the incumbent originally presumed. The chair does not believe they have the same time or emotional energy to re-up. Said one board chair, “I had to give

up my [professional, paid] job to serve as chair. The way we depend on the chair means it is full-time work. I'm not in a position to volunteer forever."

- What is needed in the chair role has changed and the incumbent (sometimes in consultation with other board and staff leaders) determines someone with different skills or experiences might serve governance needs better going forward.

Chairs worry that the considerable demands on the chair mean that younger people and nonfamily board members won't be able to take on the job. Most said a review of their staffing needs and a re-drafting of the expectations of board chair service would have to be conducted before boards were in a position of recruiting new strong, but busy, candidates.

Extending the Chair's Term

A few of the interviewed chairs reported that they were asked to extend their term of service by a year or more to accommodate an unexpected change in the foundation or an interruption in the pipeline for successor chairs. When circumstances dictate that an extension of the board chair term is needed, chairs cautioned that boards should review their foundation bylaws for relevant restrictions. If necessary, bylaws may need to be amended.



"We had our CEO leave just before my term was set to expire. We decided we couldn't have two big vacancies at the same time. I stayed on to chair the search committee and to get the new CEO settled in the job."

Planning for a New Chair

Several board chairs detailed efforts designed to ensure continuity of strong board leadership following the departure of a (perhaps long-serving) chair. As with the responsibility to maintain a vigorous pipeline for board member candidates, governance committees should maintain a pipeline of potential board chairs with the ability, time, and commitment to do the job well.

Some foundations report having a vice chair (presumed to succeed the current chair). Findings were evenly divided between those who felt having a vice chair is critical to a smooth transition and those who didn't think it wise to name a successor chair, especially to name one too early. Keep in mind that vice chairs are more likely to be frustrated if there are no formal responsibilities attached to the position. Consider naming the vice chair as an important committee chair, like governance or finance committee. Involve them in an executive committee or invite them to participate in an informal leadership group that supports the chair and chief executive officer in decision-making.

In addition, some chairs have a deliberate and specific plan to acquaint successors (as vice chair or not) with all aspects of leadership: staffing, finance and investments, programming, and governance prior to their succession. And, some foundations include the successor/incumbent as a member of an executive committee or, in the absence of that committee, in regular meetings with the chair and CEO.

A few chairs stressed that it is unwise to have someone sitting in a successor seat for too long. However, they do think the successor should be chosen at an appropriate moment prior to assuming the role so they can get up to speed.

Terms and rotation policies are most successful to the extent they are grounded in the highest standards of great governance. Engaging a variety of perspectives in leadership is a great goal which benefits from rotation. But rotation driven by getting as many people in and out of the chair seat serves neither the participants nor the principles of good governance well.

Finally, even the most thoughtful and comprehensive chair rotation plan can be upended by unforeseen circumstances, so it's important to ensure the bylaws support extending a term, starting one early, adding or losing a significant number of board seats, and anything else that might be needed to foster governance excellence throughout a leadership transition.

Culture and Leadership

Segments of this report describe the personal qualities and talents of high-functioning board leadership. Many of these skills support the leader's ability to guide grantmaking strategy, assess financial performance, and facilitate sometimes contentious discussion. Board chairs also assert that these skills can be learned or perfected with professional development, good mentors, and experience.

The environment for governance leadership is more nuanced. Many interviewees acknowledge that the ability to lead effectively depends, in very large part, on the quality of vital relationships. As one board chair offered, *"Effectiveness may be as much a product of culture as standards."*

Culture, for purposes of this study, refers to the customs, social and behavioral patterns, and habits of the family and, specifically, the foundation boardroom. Most, but not all, participants believe board culture draws from the culture of the founding family. Interviewees spoke eloquently about how their family culture of gratitude and stewardship guides governance to the very highest standards of performance. There is deep appreciation for how family foundation culture contributes to good communications and relationships and, simultaneously, how attention to relationships and communications sustains and reinforces a healthy culture.

Others commented that, while it might be true that foundation culture draws from the family, they firmly believe you can establish a boardroom culture distinct from the family's social and interpersonal behaviors.

About one-third of board chairs spoke of inheriting a boardroom culture marked by problems. Abrasive, dominant, and unchecked personalities were allowed to affect good group process. And, as bad process affects the quality of decisions, persisting in the face of a poor culture undermines the obligation to govern well.

One chair spoke of inheriting a board that lacked a common vision of charitable purpose, a consequence of what she believes to be too little time spent on purpose. Her top priority is to change that by keeping the board focused on the big picture. *“My commitment to improving the culture of meetings has led to a 180-degree shift in the way meetings are run, and we are so much happier with the quality of our meetings.”*

Regardless of whether the family culture inspires or infuriates, board chairs readily agreed that chairs have to find strategies for keeping the focus on the best possible philanthropy.

CULTURE: THE INFLUENCE OF FAMILY

While board chairs believe foundation culture can be quite different from that of the family culture, most agree that a healthy family culture has a strong, positive influence on the boardroom. Chairs cited examples of family culture that may play out in the boardroom in positive (or less positive) ways, directly affecting their ability to provide effective board leadership. Those frequently mentioned include the:

- **Family’s attitude toward giving.** Do the family members see philanthropy and participation as a responsibility and privilege or as an entitlement and a guarantee of birthright?
- **Importance of legacy.** Is there a value placed on honoring the family’s philanthropic history and an obligation to carry that forward well?
- **Tolerance for process.** *“My board appreciates that the better the process for making a good decision, the better the decision, and the board, will be. If it needs more time, we give it. If we need a facilitator, we get one.”*
- **The extent to which everyone sees themselves as part of one family with a shared mission.** *“Our culture has been the product of seeing ourselves as separate groups more than we should. I’ve tried to shift the balance with social opportunities and investing time in building community. I set the atmosphere sometimes by playing against stereotypes for how people behave in the family. I control those who try to force things and invite in those who might not easily speak up.”*
- **Capacity for celebration, laughter, and fun.** More than 70 percent of all chairs spoke of the value of the relaxed, light moments. *“I love how the fun moments help us enjoy the work. When it gets hard, it’s helpful to remember those times.”*

Family foundations are born with more than a philanthropic purpose. The very act of choosing a family foundation implies a founder wants to do good in the world and wants to do that work with family. Consequently, it was not a surprise that some 45 percent of board chairs noted the family foundation has a stated goal of productive family engagement. Several of those mentioned that they pursue their



“Because we dedicate ourselves to great family involvement, the foundation benefits from the best we can offer.”

goals for family involvement with as much vigor as they do their charitable goals. Far from taking something away from the foundation's charitable efforts, these chairs believe attention to high quality family participation enhances philanthropic impact.

Family culture, at its very best, plays out in a more positive, constructive, and respectful board culture. That kind of culture can sustain continuity and excellence in difficult times. One interviewee shared, *"Our culture is a reflection of good policy and practice but with the ability to be nimble and adaptable."*

THE INFLUENCES OF NONFAMILY BOARD MEMBERS ON CULTURE

Throughout the interviews, board chairs spoke of the myriad ways their leadership is affected by whether the board is composed of all family members or whether others are included on the board. Deliberately, there was no intent to judge one choice over another. However, there is great value in understanding how both models influence the nature and practice of board chair leadership.

More than 30 percent of participants lead an all-family member board. Most are very happy with their family board composition and expect it to continue for the foreseeable future. Several chairs of all-family boards described other ways they include community voices in governance. Still others allow that their boards may, at some point, consider including community members for board seats.

Naming nonfamily members to the board may begin with adding expertise not available within the family. Interviewees came to realize that nonfamily members add more than expertise and experience. They enhance the culture of the foundation boardroom. Board chairs reported that nonfamily board members can:

- **Mitigate tensions:** *"There was always the possibility of family tensions in the boardroom. We worried at first that nonfamily members might set us up for a family/expert split. We've almost eliminated the tensions and we're lucky to have picked nonfamily members who add to our cohesion, not take away from it."*
- **Serve as examples to younger generations:** *"I think nonfamily members have been especially helpful as we've begun bringing on the next generation. The next generation see us all the time, but nonfamily members command a different kind of respect. They have helped us emphasize the professionalism board service requires."*
- **Appreciate the family foundation legacy:** *"Our foundation used to avoid any mention of family and history. We didn't want the community board members to feel they weren't equal partners. During one meeting, they told us they wanted to hear more of the family stories. It took me by surprise. I've spent*

"Given how our family has grown and changed, we [a family with four generations] have a pretty good mix of differences: racial, ethnic, sexual orientation, religions, and political. Lots of political. There will probably come a time when we could benefit from some perspective that comes from not being in the family."

a lot of time downplaying the family privilege of this. Here they were saying, family history makes this special.”

- **Don't share any difficult family history:** *“As a nonfamily board chair, I don't have the history others do. My attitude toward chair service has deepened the relationships I have with fellow board members and the staff. That investment in the relationships has built trust. Our giving is better for it.”*
- **Support more objective assessment:** *“Assessment is key to our effectiveness and culture as we are goal driven. Community trustees have helped us be less opinion- and pressure-driven.”*

ELEMENTS OF BOARDROOM CULTURE THAT ALLOW CHAIRS TO LEAD MOST EFFECTIVELY

Board chairs identified elements of culture that allow them to succeed in their role, including:

- **Learning and curiosity:** *“Being a learning board can keep arrogance and certainty at bay.”*
- **Risk and a resistance to complacency:** *“Risk is something that is hard for boards. We want to take a chance on a new idea, but we are mindful of using our resources prudently. We have intentional conversations about when a risk is not only okay but a good idea.”*
- **Grace:** *“Our culture is to use grace and courtesy in group interactions. This in no way means letting things get out of control. A feel for group dynamics helps you be a good flight controller.”*
- **Adaptability and resilience:** *“Things are going to change. It's part of family and it's part of grantmaking. Don't be frustrated by what you can't change. Focus on your response.”*
- **Preparation:** *“Our culture is a reflection of our willingness to be prepared, engaged, and respectful. That sets us up to have a healthy board.”*
- **Stewardship and humility:** *“Everything we do comes from a place of servant leadership. Humility is probably the most important quality to have in this work.”*
- **Trust:** *“We've done the trust building work and refer to it a lot.”*
- **Empathy:** *“Philanthropy is a human endeavor. Every person matters and no one person matters more.”*
- **Expect excellence:** *“We may bring an emotional commitment to this work but we are no nonsense about doing great work.”*
- **Accountability:** *“Accountability is the key to great board functioning.”*

PEER ADVICE

Board chairs enthusiastically recommended a full board discussion about culture to their colleagues. Several said it was the most energetic and important conversation they ever had. And, once a board commits to elements of appropriate foundation and boardroom culture, they have created the best possible environment for charitable achievement. In such an environment, the chair is better positioned to lead. Other recommendations include:

- **Believe culture can change:** *“Our culture used to be lousy. It was hierarchical and often sexist. When I became chair, people were encouraged to bring up issues and have a good discussion about culture and me. I added some social opportunities so they could get to know me and one another better.”*
- **Keep the focus on the big picture:** *“We work best when we do what we do best—setting big picture direction.”*
- **Assume the best:** *“I assume everyone is committed to what we’re trying to accomplish. We’re all true believers.”*
- **Use committees to improve the board:** *“Our committee service helps build our board rapport. Nothing builds relationships better than working together.”*
- **Support the will of the board:** *“Handling decisions well is more important than making them. When we leave the boardroom, we leave as one. No whining.”*
- **Take opportunities to celebrate:** *“We celebrate achievements, but we love to celebrate people. Board members, staff members, grantees, colleagues—recognize the special moments in the lives of those you work with. I think we have so much that’s tough to work through. We balance that with celebrating.”*
- **Talk about and live your values:** *“We have a culture of explicitly talking about our values. Our family business has the same values. Consistency in values is expected from the family and especially from our family foundation.”*

Finally, board chairs noted that, in the face of all the many details involved in foundation governance, grantmaking, and management, it can be easy to overlook culture. Some chairs report board members who believe a focus on culture is unnecessary, irrelevant, or too personal. However, as one interviewee advises, *“We have to acknowledge that sometimes family culture and foundation culture get tangled up. There will always be family history and current situations that create tension. It is very important that the foundation not be dragged down by that. I think our charitable work raises our sights.”*

Board Chairs Reflect on the Chair/CEO Partnership

Some 95 percent of board chair participants who work alongside a CEO asserted that a great chair/CEO partnership is essential for foundation effectiveness and determines the extent to which chairs can thrive in their roles. Nearly all spoke of their chair/CEO relationship as “a privilege,” a “pleasure,” and “powerful.” Board chairs emphasize that investing in the relationship yields important benefits—both expected and unexpected. Benefits mentioned include:

- Greater alignment on approaches to grantmaking and management.
- Candid sharing of perspectives, particularly when there is disagreement, while working to a mutually supported resolution.
- Easier flow of communications among all participants: the board, board chair, executive director, and staff members.
- A much more productive and enjoyable working relationship.

When asked what the keys are to enduring and productive relationships, chairs consistently mentioned two: clear and candid communications and well-established and respected boundaries.

“The relationship with our CEO is absolutely my priority. I am able to do what I need to be a good chair because [our CEO] is so good at what he does.”

CLEAR AND CANDID COMMUNICATIONS

“The CEO job is hard and I have their back.”

Board chairs—those who benefited from strong CEO partnerships and those who learned from difficult experiences—stressed that communications must be thoughtfully structured to meet the needs of both parties. Every chair who reported a good working relationship had regularly scheduled communications

that included time for personal catch up and foundation business. More frequent meetings meant both ongoing demands and the unexpected could be covered.

In addition to frequency, chairs commented that the nature of the conversations was equally important. They encouraged open and respectful dialogue that offered both chair and CEO the information and support needed to do their jobs well. Interviewed board chairs reported that they build in these communications in various ways including meeting quarterly, holding an executive session at every board meeting that includes the executive director, meeting by phone weekly, and having in-person meetings monthly.

WELL-ESTABLISHED AND RESPECTED BOUNDARIES

Perhaps learning as much from their missteps as from their successes, board chairs emphasized the critical importance of job descriptions that clearly delineate the responsibilities for both the chair and chief executive roles. The steadfast commitment to adhering to their respective roles—and the boundaries between them—is not only a reflection of professional respect but ensures there is no confusion or overstepping when it comes to who takes the lead in any situation.

“Boundaries absolutely make this partnership work. We created job descriptions to distinguish the role of chair and the CEO. They’re always open to amendment, but they are a strong base.”

ELEMENTS OF A STRONG CHAIR/CEO PARTNERSHIP

Beyond clear communications and respectful boundaries, board chairs believe a great relationship with the chief staff executive is supported by seven other elements:

- 1. Professional development for board and staff members:** Board chairs believe the foundation (and the CEO/chair relationship) is well served when they ensure that the CEO and all staff members take advantage of professional development opportunities. Further, they ensure there is time and budget allocated to accommodate these opportunities. Similarly, while frequently overlooked, chairs stressed the value of professional development for board members, too. Those who allocated time and resources for conferences, online programs, and other educational opportunities for current and prospective board members believe such

activities elevate board service to a professional obligation and improve board member performance and participation.

- 2. Effective management of poor CEO performance:** When the performance of the chief staff executive is not meeting defined expectations, chairs stressed the importance of early and deliberate intervention. Chairs attributed their failure to deal with an underperforming CEO to a lack of knowledge about how best to address the situation or an unwillingness to exacerbate tensions. In more dire circumstances, when efforts have failed and it is time to part ways with the CEO, chairs could not have been firmer in appreciating that it is the chair's responsibility to initiate and lead a process to end the relationship and allow the foundation to move forward.
- 3. Establishing the CEO as the primary staff contact:** Many family foundation chairs commented that they are lucky to have a congenial relationship with all staff members in addition to the CEO. However, they stress that board members, especially chairs, are wise to remember that staff report to the CEO. Confusion and distrust can result from chairs and board members making direct requests to staff members or inadvertently encouraging staff members to report directly to the board.
- 4. Shared responsibilities:** Several chairs recalled a time when board meetings weren't going as well as hoped. They attributed dissatisfaction to putting too much on the agenda, giving too much time to less consequential matters, and a feeling that the board's time generally was not well spent. By working with the chief executive to consider how grant approval authority, committee assignments, and other strategies could ensure more productive use of the board's time, chairs were able to delegate some authority and facilitate the workflow. The effort allowed the board to give more consequential time to key agenda issues.
- 5. Solid performance planning and evaluation:** Expectations for performance are best met when there are clear job descriptions and regular opportunities to check in and assess performance. While board chairs overwhelmingly report having a CEO job description, only about half report a fulsome annual review conversation between the chair and CEO. Candid and substantive reviews allow for the discussion of expectations and goals as well as accomplishments.
- 6. Fair Compensation:** Family foundations shared different philosophies about staff compensation. Some family members see the foundation as part of their voluntary work and that philosophy can extend to their consideration of CEO compensation. Others see compensation as a vital element of securing and keeping high quality staff members. There was also a discernible difference between those who used a search firm to identify their CEO and those who had not. Chairs reported that the search firm provided comparable compensation data and supported the negotiation process. Other chairs reported using available data and, often, using the previous CEO's salary as a guide. Even when chief executives' tenure extends over years, very few reported checking in with comparable data to ensure their CEO was

appropriately compensated. Chairs commented that their chief executives expressed appreciation for the chair's attention to salary and other forms of compensation.

- 7. Effective CEO orientation:** While day-to-day CEO oversight understandably occupies so much of the chair's attention, the exit of a CEO and the introduction of a new one generated the most attention in interviews. Participants encouraged their colleagues to be active in leading the search and appreciate that success doesn't end with the naming of a new CEO. Many report that they—either independently or with the support of a search or management committee—did not do enough to provide a strong orientation for an incoming CEO. Finally, chairs stressed that when possible the outgoing CEO should play a very small, well-defined role in identifying the successor.

CEOs Reflect on the Chair/CEO Partnership

The more than 60 board chairs interviewed for this study represent a diverse range of perspectives and circumstances. There is also great value in considering the role of board chair from the point of view of their most essential partner, the foundation CEO. To that end, we solicited the reflections of a sample of chief staff executive partners to the board chair to understand how CEOs have experienced board leadership and to determine if there were any discernible dissonance between their responses and those of the board chairs themselves.

In the latter case, there was remarkable similarity between responses of board chairs and their chief staff executives. Both overwhelmingly report:

- A more than satisfactory working relationship between chair and CEO. In fact, CEOs emphasized their deep respect for their chairs and, frequently, a sincere personal regard.
- A shared sense of foundation and, specifically, governance goals.
- Clear and appropriate boundaries between the two roles.
- Similar thoughts on the qualities and skill sets of good board chair leaders.
- A shared sense of the challenges that can disrupt the relationship and the effective functioning of the board and foundation.

VALUED BOARD CHAIR QUALITIES AND SKILL SETS

CEOs value board chairs who are open to establishing a good working partnership. While each understands their specific responsibilities and principal roles, they

appreciate that their leadership potential is enhanced by a commitment to mutual support. Interviewees commented that a collaborative approach is evident when the board chair enjoys bringing out the best in others, particularly the board and staff members. Moreover, their satisfaction comes from supporting the accomplishments of others rather than from a place of personal power or authority.

Chief executives value board chair leaders who are grounded in the foundation's legacy and values. They expressed admiration for chairs whose sense of history and past practice doesn't preclude a commitment to renewal and re-interpretation for a new generation. Further, they appreciate chairs who have an inspiring long-term vision, not only for the organization but for their own leadership role. Ideally, that vision reflects a sense of stewardship and service that garners respect both internally and among the foundation's external constituencies. Personal values of integrity, candor, and empathy were also frequently mentioned.

Other qualities and skill sets mentioned that have a positive impact on the chair/CEO partnership include:

- Strong listening skills and a genuine interest in the perspectives of others.
- Steadiness in the face of uncertainty or unexpected problems. CEOs value chairs who not only have a talent for keeping emotions from getting out of hand but don't lose control themselves.
- The capacity to distinguish between situations that call for decisive action and when something requires more research and consideration.
- A deep sense of personal responsibility while welcoming the participation of other board and staff members. At the same time, they look to solve problems rather than ascribe blame.

Besides qualities and skill sets, CEOs noted a few habits of effective board chairs that have ensured the partnership functions well and the relationship is more enjoyable. Most frequently mentioned was the responsiveness of those chairs who understand the demands on staff and are respectful about deadlines and the need to be responsive. For example, *"My chair is always asking what the staff need and when we need it in order to prepare for meetings or manage grants. The chair makes sure the whole board understands the timeline and takes the lead in getting things on time."*

Chief executives offered other habits of chairs that enhance the relationship, such as understanding the significance of the commitment to good governance leadership and the time needed to do it well. In addition, they don't put the CEO in an awkward spot with something that is more of a family issue than a foundation one.



"I respect that my chair doesn't feel the need to live with things as they've been. Chairs can build the culture they want."



"My chair respects a good discussion and promotes stewardship and fellowship. That helps the board and staff feel heard and valued."

SUPPORTING THE BOARD CHAIR

When asked what other board chairs and CEOs could learn from their experience in effectively supporting their own board chairs, participants encouraged others to:

- **Keep the board chair informed:** *“My job is to keep the board chair well informed. It is critical that the chair understands everything in the board packet. We want the chair to be the most prominent voice for all issues.”*
- **Manage planning processes:** *“I listen to the board and plan three yearly goals for governance, programs, and administration with annual objectives for each. The board chair and other members support those and we are all using the same benchmarks for success.”*
- **Focus on the current chair:** *“It was hard when a former chair still sat on the board. I found myself reverting to the past chair who I was comfortable with rather than building the relationship with the new chair.”*
- **Appreciate the chair’s time constraints:** *“It’s not a communications one-way street. I have schedules and demands but so does she. Taking the time to know which times are better for meetings or interruptions, which communications work best, and what’s going on in her life make me more sensitive and more successful.”*
- **Follow up to all mailings and board materials:** *“I [the executive director] don’t just send information and expect a reaction. I make sure to check in to see if everything was received and if there are comments or questions.”*

BOARD CHAIR/CEO PRACTICES THAT WORK

Similarly, we asked participants if the board chair modelled or had initiated any practice that enhanced the work and the relationship. Five were universally appreciated. They include:

1. **Candor.** Honest opinions, respectfully and sensitively offered, are critical to the chair and chief executive relationship. Chief executives suggested this habit becomes easier for both parties over time but is essential at all times. Participants encouraged both partners to be as clear and direct as possible. More so, it is helpful—especially in stressful times—to look for those things that might be unsaid or whether mixed messages could get in the way of their goals and relationship. *“Our biggest challenges come from the unspoken. We can be very good at avoiding the things that are simmering below the surface, affecting everything else.”*
2. **Adaptability.** Things can change fast. Chairs should be prepared to work with the CEO to adjust systems and practices when necessary. For example, a consistent chair/CEO communications plan is essential but, when circumstances change, initiate changes appropriate to the new situation. That often includes an adjustment (even if temporary) in the frequency or the nature of the communications. A planned CEO retirement was the most often named occasion requiring adjusting the communications strategy.

“Over time, the foundation—and I—need different things from the chair in terms of leadership. I want to work with a chair who asks what the foundation needs now, not what have we always done. I don’t want us to repeat what we’ve had, even when it was great.”

- 3. Aligned expectations.** It’s essential that expectations for success are mutually understood and confirmed in writing. Participants stressed that so much of the success of the chair/CEO partnership (indeed, the foundation’s success) begins with carefully crafted job descriptions that are supported by annual or periodic performance goals and benchmarks for assessment. CEOs emphasized that developing those statements and goals is best done in partnership. *“I appreciate that there is an annual assessment for me. But I also appreciate that my chair has made the annual review a chance to talk about what we both do well and could do more of.”*
- 4. A shared commitment to board development.** A few chief executives spoke of a time when they didn’t share the chair’s interest in developing the board and individual board members and came to realize what an oversight that was. Those that did believe time for development and time for team building enhance the quality of the work and the board’s attitude toward service while making the experience more enjoyable for all. *“I think we get a lot out of the [board’s] together time that is not all business, away from the day-to-day demands. I think that is true of my time with the chair too.”*
- 5. Enhanced attention to positioning both partners for success during transitions.** CEOs overwhelmingly understood that naming a new chair is a critical moment in the foundation’s lifespan. It’s also a major (and perhaps unsettling) shift for the CEO. The chair may lead the transition process and the CEO can support it by planning for a new chair orientation. Also, the CEO must realize that the strategies that served one board chair well might need adapting depending on the needs of a newly named chair. *“While I think past chairs and I have developed a pretty good template for how we work together, it would be a mistake to assume every aspect of that works for the new chair. At a minimum, I’m prepared to tweak it to work for the new leadership team.”*

CLOSING CEO REFLECTIONS

The overall comments from chief staff executives reflect great respect for their board chair partners. There was deep alignment between their responses and those of the interviewed chairs when it comes to what good governance is and what makes for an effective chair/CEO relationship. Like board chairs themselves, staff executives stress that good policies are essential, but flexibility is also. What may be most impressive is the unanimity of responses that highlighted the more intangible aspects of the partnership.



“The family aspect of this is very fulfilling. My first board chair was a senior family member, and I learned so much from that relationship. Now, my chair is a younger family member and I am the mentor. Seeing a family through these stages is very rewarding.”

Family foundation work requires professional skills and approaches. It also requires an appreciation for the family aspect of the work as well as the human. CEOs believe they are most effective when they sincerely value the family aspect of the foundation. Further, they believe the partnership is richly served when both chair and chief executive are guided by a spirit of empathy and generosity.

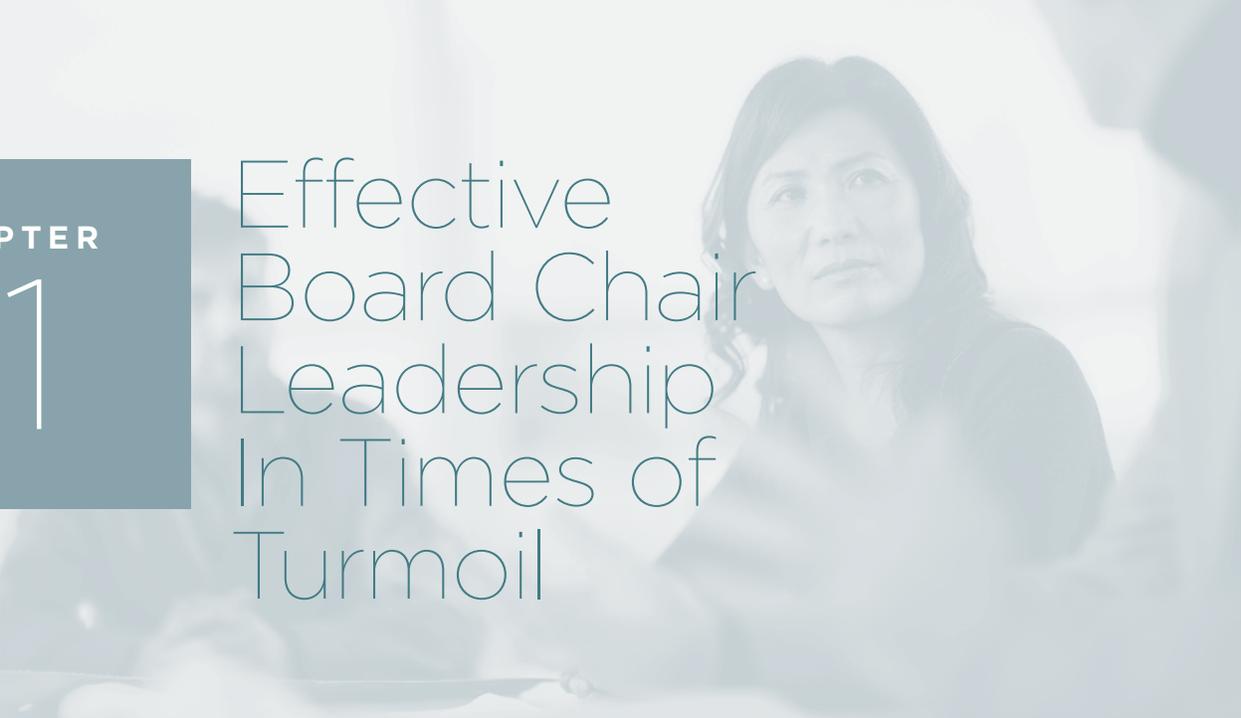
Chief executives attributed their successful leadership to their grantmaking and management accomplishments. But they acknowledge that embracing the responsibility for supporting good governance ensures everything else goes well. Many participants movingly described the privilege of working with a board chair who deeply appreciates the opportunity to serve and has the wisdom and humility to lead while lifting up all the foundation's stakeholders.



"I have appreciated that my chair understands the sacred trust of ensuring the evolving core pillars of the foundation —its values and purpose— are ever-present."



"My board chair truly, truly loves this work. That's all I can ask for."

A woman with dark hair, wearing a dark top, is looking slightly to the right with a thoughtful expression. She is in a meeting setting, with other people's hands and arms visible in the foreground, suggesting a collaborative environment.

Effective Board Chair Leadership In Times of Turmoil

Throughout this report, board chairs addressed the situations that have challenged their leadership, most of which arise in the normal course of doing business. However, there are things outside the normal course that likely require even more of their leadership. To better understand the leadership demands of crisis, we asked interviewees to comment on leading through periods of significant disruption or upheaval.

Whatever the nature or source of turmoil—or any significant change in the foundation and its environment—board chair leaders were adamant that it is their responsibility to ensure the foundation is grounded in its values and purpose even as they seek timely, often innovative, responses to uncertain dynamics. Chairs reported that three governance activities proved to be crucial to supporting the foundation through difficult times: having articulated values, having established governance policies, and having done annual and strategic planning. They believed these statements provided some constancy at a moment when little seems to be constant. But they asserted that even in the face of disruption, the most thoughtful policies and forward-thinking planning depend on great board chairs able and willing to adapt, pivot, and find purpose.

While participants were not prompted to address any specific disruption, most responses described turmoil prompted by internal change or disruption caused by external factors.

A stylized icon of two overlapping speech bubbles, one light blue and one dark blue, representing a quote.

“[Challenging] moments give us the chance to live our values.”

INTERNAL TURMOIL: FOUNDATION TRANSITIONS

For more than 90 percent of participants, a transition within the family or the family foundation placed substantial demands on the chair’s leadership and,

ultimately, prompted major changes. The most frequently mentioned instances of internal turmoil were:

- A change in board chair leadership
- A change in the CEO or staff leader
- Engaging a new generation in the foundation and, potentially, preparing them for board service

A change in board chair leadership

Two circumstances were mentioned that affected those foundations who were able to respond quickly and effectively to the need to name a new board chair and those who struggled a bit more: whether the change was expected and whether the board had planned for board chair succession before the change occurred.

Only about 20 percent of interviewees reported that their change in board chair leadership was unexpected. For those who anticipated the need to plan for a new chair, about 65 percent developed a strategy for managing the transition at some point in advance of the handoff. Most reported a planning period that lasted about a year. The other 35 percent noted that, while they knew the transition was coming, they postponed planning for it.

Interviewees were clear, even in hindsight, that leading a board chair succession planning process is completely under the control of the board, with the chair having primary responsibility. Reluctance was sometimes attributed to lack of time or other logistical factors. However, most chairs attribute their lack of planning to more emotional factors: unwillingness to offend the current chair, difficulty in confronting a leader's illness or diminishing capacity to lead, and concern that there would be a family conflict over who succeeds as chair.

Every interviewee noted that their concerns didn't disappear when the need for naming a new chair happened unexpectedly. To the contrary, they believe their fears created more anxiety given the emotional atmosphere surrounding a sudden chair resignation or death. Those that postponed planning encouraged others to develop a leadership succession plan even if the need for the plan is years away. By not presuming the transition is imminent, several reported that the board, especially the current chair, was more comfortable with the process.

In addition to ensuring the transition, when it happens, goes as smoothly as possible, chairs pointed to other benefits of early, comprehensive planning. Those mentioned include:

- A chance to think more thoughtfully about their governance philosophy than immediacy or urgency might allow. By focusing on their expectations for board leadership, the work felt less personality based.
- Giving themselves the time to consider the best possible nomination process that includes how the most qualified candidates will be suggested.
- Allowing special time to celebrate the outgoing chair and provide time for thoughtfully onboarding the incoming chair.

A change in CEO leadership

Board chairs reported that planning for the retirement of a much-respected CEO had to factor in the analytical and logistical demands of the transition along with the emotional aspects. Many long-term staff leaders develop deep relationships with family, board members, other staff members, grantees, and the community. Board and family members may have come to regard the CEO “like a member of the family” and the impending departure can be wrenching. Ending those relationships too abruptly or with little regard for personal feelings proved troubling.

Slightly more than 40 percent of board chairs reported that the transition, while emotional, didn’t have to be difficult. When appropriately yet sensitively handled, several noted that it can be an invigorating time for board and staff members. Recognizing the institutional needs of the search and transition while acknowledging and accommodating the emotional aspects seem to be the keys for those who managed a CEO change well. It also helps when the current CEO encourages and supports the process.

On the other hand, some 55 percent of chairs who led during a CEO transition said it was much more difficult than they imagined. Most of those who experienced significant difficulty did not have CEO succession plans when the retirement or resignation took place. They found themselves struggling with decisions about what was needed, whether to use a search firm, how to handle internal or family candidates, and more.

Three interviewees described difficult situations when the board chair had to ask for and negotiate the terms of the CEO’s resignation or dismissal. Chairs emphasized the importance of having documented a thorough performance assessment process, soliciting human resources and legal advice, keeping the board appropriately informed, and being clear and decisive with the incumbent.

Those chairs who managed the CEO transition well—even those who didn’t—agree on the elements of what makes CEO succession successful:

- Develop two CEO succession plans early in the tenure of a new staff leader: one for an emergency or temporary change and one for retirement or resignation.

“[Our executive director] began working with us [on his transition] more than a year in advance. We got our systems in order, thought about what we needed in the future, and he reached out to NCFP for possible search firms. He made it clear this was our decision, but we couldn’t have done it as well without his guidance and encouragement. He wasn’t just our successful CEO. He made sure we’d be successful in the future.”

“Our CEO transition was harder than it might have been because we did it all at the last minute. Our CEO had been with us, very happily, for a very long time. We could have been planning but it felt awkward and disrespectful. [Our CEO] didn’t make any moves to start the planning. When it had to happen, I took the lead in planning and did my best to plan celebratory moments that gave us a place to express those emotions.”

- Encourage good board chair and CEO communications about plans and timing, even well before a change is imminent.
- CEO transitions take a lot of time, especially for the board chair. Consider how a search committee and a search firm might facilitate the process.
- Plan to celebrate the outgoing CEO in ways that include board, family, staff members, and community partners.
- Develop an orientation plan for the new staff leader and help them establish central relationships while understanding the current state of program and management work.
- Recognize that, while you might respect and rely on the counsel of your outgoing CEO, chairs recommend that the role that the CEO plays in the search process and in identifying their successor should be very minimal. Board chairs regretted not establishing appropriate boundaries early for both the search process and making the choice. A few chairs reported that, had they established ground rules early on, they would have been spared the awkwardness and stress that resulted when the board and the outgoing CEO disagreed on the best candidate.
- Anticipate that there may be internal and family candidates that might be appropriate but are more frequently complications. Determine how those will be handled.
- Keep other staff members appropriately informed to alleviate any anxiety about their work and their own positions. Similarly, have a plan for how your grantees will be informed as there may be concerns about their relationship with the foundation going forward.
- Regard a CEO transition as a generative opportunity to think about the foundation—where it is and where it is going—and what that says about the kind of leadership needed and any new opportunities you might want to explore.

Bringing on a new generation

Every philanthropy that hopes to exist as a family foundation for some years into the future—in perpetuity but also for any extended period of time—has to plan for the future of governance. Many chairs reported that onboarding a new generation presented more questions (and more disagreement) than expected (and harder than planning for new community board members). Those who mentioned the turmoil involved in a generational transition, and by consequence, the demands on a strong board chair, emphasized anticipation and pre-planning over reacting (or over-reacting).

“We couldn’t think about a new generation while we knew we really needed to do a thorough re-work of our policies. We gave it a lot of thought, brought in a consultant, and created a plan. It was successful because we didn’t do it off the cuff.”

Other sections of this report deal with generational succession in more detail. Considering new family members for participation and/or governance is best approached as a component of great governance rather than a referendum on your younger family members. In fact, board chairs who believe they led a successful succession effort emphasized the process stressed the privilege of service rather than personal privilege. They prioritized candidates who would contribute to the foundation in meaningful, selfless ways. They resisted the urge to think of the next generation as having the same interests, time, abilities, and commitment. Finally, they looked for creative ways to engage younger family members beyond board service. Whether younger family members ever serve on the board, senior generations have a wonderful opportunity to share the history of the foundation, encourage young people to volunteer and be philanthropic in their own right, and engender a sense of pride in the family legacy of philanthropy.

EXTERNAL TURMOIL: GLOBAL AND COMMUNITY DISRUPTIONS

One of the most impressive—and moving—experiences of conducting this study was hearing the stories of how family foundations responded to external crises. Given the timing of many of the interviews, their reflections focused on how they navigated the COVID-19 pandemic or their response to the 2020 racial justice protests. Others reflected on the economic and political turmoil that continue to challenge the programming, staffing, and sustainability not only of their grantees but of family foundations themselves. Such circumstances are largely out of the chair’s design or control. Despite that, chairs commented that they came to realize that navigating such troubling times depends on the chair’s ability to lead with calm and purpose.

Beyond the value of individual leadership, or perhaps because of it, what many believe to be the very best of family foundations—their personal connection to the work, their loyalty, and their flexibility in adjusting (even abandoning) normal practice when necessary—was well in evidence throughout these crises both at the time and in their aftermath.

More than 90 percent of board chairs reported making changes, many significant, in response to the global COVID-19 pandemic. For these foundations, challenges to be addressed included appreciating changes in what their grantees needed, the impact of isolation on relationship-building, and the willingness to make adjustments to long-held practices for grantmaking and administration. There are valuable lessons to be learned from those who:

- Changed the frequency and nature of their board communications and meetings.
- Adjusted their grantmaking priorities to include the needs of those most affected by the disruption.
- Increased their payout (some quite significantly) even as those committed to operating in perpetuity planned to re-commit to that goal after the most urgent need subsided.

- Supported their grantees', staff members', and volunteers' wellbeing by adding additional allocations for mental health services to their existing grants.
- Made significant changes to their grantmaking calendar to add more cycles and, at the same time, made key changes to their application and reporting requirements.

Just over 80 percent of participants mentioned that their service as board chair was tested by the urgency they felt to respond to the protests that followed the death of George Floyd. For interviewees who spoke about this period, some noted it became a time for board education about race. For others, it offered a critical lens to re-think their grantmaking as well as their grantee relationships. Still others began a conversation about the ongoing challenges to democracy and the role of foundations in a democratic republic.

Board chairs assert that a major external disruption requires a willingness to take on new roles, and significantly more demanding work. Several chairs found that the board chair role became a full-time responsibility, with necessary consequences for their other professional and volunteer obligations as well as for personal time. Regardless (or perhaps because) of the demands and consequences, all board chairs felt the opportunity to lead during such consequential times was a privilege and a rewarding responsibility.

Reflecting on the role of the board chair in crisis, chairs thought there was much to be learned from the experience:

- *“My job is to maintain a sense of purpose. Of accomplishment. A sense of forward momentum helps to navigate thorny issues and have a sense of progress. Don’t get mired in all the stuff that comes up.”*
- *“My opportunity [as chair] was to support stability, build chemistry, and encourage problem solving and creativity in new situations.”*
- *“Sometimes Covid, and other [crises], could have distracted us. The result could have been missing other priorities or letting our exhaustion minimize the extent to which we dealt with the crisis. I made sure these were part of every meeting. If they are never ignored, they are always manageable.”*
- *“Most of the time, I try to approach the [board chair] role by focusing on the core purpose and impact. These times have made me realize our compassion has to be fully part of the conversation.”*

LEADING THROUGH TURMOIL: WHAT CHAIRS CAN LEARN

No matter the challenge, board chairs interviewed pointed to lessons they had learned that can help them—and others—when facing future crisis.

Maintain personal connections and wellbeing

Regardless of the nature of the crisis, chairs emphasized the need to ensure that people—board, staff members, and grantees—are supported and given the opportunity to connect. For those responding to Covid, that meant dealing with isolation; for those working in the racial justice space, that often meant personal learning and reaching out to new communities.

Many board chairs believe they are still experiencing the effects of having conducted meetings virtually for several years. They report that their boards are still dealing with what was lost in terms of personal connections and relationship building. The ability to disagree constructively and leave the room with no hard feelings was a skill some chairs believe suffered in isolation.

And, it wasn't just the board that missed the personal connections and stimulating conversations and experiences. Board chairs found themselves more attentive than ever to staff members' wellbeing and the challenges of remote work. As they had with their grantees, board chairs oversaw allocation of time and resources for mental health and community building.

For those stepping into issues related to racial and social justice, new learning and connecting to new and diverse partners were efforts still being realized today.

Regardless of the external forces challenging philanthropy and family foundation board leadership, board chairs stress that boards function best when their philanthropic strategy includes compassion, openness to new learning and opportunities, the flexibility to try new things and pivot, and the steadfast commitment to the work and the people.



"We turned on a dime to work remotely. Staff morale was an issue. We needed to be a leader with compassion. We changed our policies for leave, including two weeks for a wellness break."

Move Beyond Business as Usual

Flexibility and adaptability are essential when circumstances are beyond your control. Board chairs spoke of the folly of arbitrarily maintaining systems and schedules that had been designed for a very different time. Board chairs reported that they could make the changes needed at the moment and still plan to resume their commitment to perpetuity and mission when the emergency passed.

One strategy named most frequently was proactively converting project-specific grants to general operating support. Some chairs reported that trust-based giving became their philosophy and strategy.

- *"We threw the calendar away and accepted proposals whenever they arrived. We were also less concerned about the proposal format."*
- *"We took a strategic pause in our regular grantmaking and it streamlined our decision-making processes as emergency and time management were critical circumstances."*
- *"We fund programs that had to shut down. We had to think how needs could be met without the contact and support our programs provided."*

- *“Prior to March 2020 it would have taken a disaster to have more than four meetings a year. The same with our number of grant cycles. Then we found ourselves in a disaster and asked ourselves, ‘What can we do?’ We had every other week meetings and they helped disrupt our rigid traditionalism.”*



“We realized we couldn’t respond on our own and we brought in a consultant who worked with us. Not coincidentally, he became our first community board member.”



“The Most Rewarding and Challenging Job I’ve Ever Had”

Reflections and comments from the more than 60 board chairs interviewed for this study affirm that the position is so much more than an honorific. It’s an extraordinarily demanding role that takes time, patience, strategy, tact, intelligence, mediation skills, determination, empathy, persistence, diplomacy, and the willingness to deal with challenges that many leaders might choose to avoid.

There are a few things chairs would change about the position if they could, but most were predictable and had not proven to be deterrents to service. Hopes for change include more group consensus, more support (both in terms of staffing and board chair support), more time on issues and with grantees, and more time for reflection and learning.

What board chairs find satisfying, and what sustains their service over time and obstacles, transcends particular problems or personal dilemmas. While responses to the question about what sustains excellent service were very personal and deeply felt, there are some common themes.

The value of the small moments and the enormity of the privilege: *“This work is a tremendous privilege. Anyone who works in a foundation has to understand the meaning of that.”*

The value of relationships: *“Know you’re not and don’t have to be a Lone Ranger. Work with others. Know your strengths. Others can fill the gaps.”*

The value of a new experience with family: *“I love helping to set a tone of family inclusivity: age, gender, spouses, and especially young people.”*

The value of personal learning: *“Learning keeps me vital and our work is more relevant for it.”*

The value of making a difference: *“This is a profound responsibility and I appreciate the impact of the work we’re able to do.”*

The value of providing leadership through hard times: *“There is joy that comes from this work. I think the greater the challenge, the greater the joy.”*

The value of looking to the future: *“I’m carrying out our legacy but refining it. I can see the work move forward.”*

Study participants were very forthcoming about the considerable demands and circumstances of the board chair responsibility. Despite all of those demands (perhaps because of them), board chairs embrace their role and the opportunity to both serve and lead.

They spoke of moments of joy and of their special relationships with board and staff colleagues. They spoke of respect for the work and their grantee partners. They spoke of pride and humility.

The passion and the purpose of committed, capable family foundation board chairs ensure meaningful family philanthropic engagement and the greatest possible charitable impact. Inspired board chair servant leadership benefits their family, their board, their partners, those they serve, and the field they inspire.



Methodology

NCFP launched this study to help answer the questions family foundation leaders were most interested in when it came to governance and board leadership. An interview study drawing from in-depth conversations with practitioners offered the best chance to gather data, experience, and reflections. Wherever possible, the final report would include the direct quotes of participants.

We began by analyzing hundreds of requests for information that NCFP has received on the topics and solicited input from our Board Chair Peer Network and other practitioners and advisors. An interview questionnaire was drafted and reviewed by peer network members. After the initial 10 interviews, the questionnaire template was refined and used throughout the rest of the conversations.

We then developed a list of potential interviewees who represented the widest possible range of family foundation practice. Note that while families use a variety of giving vehicles, our focus on board chair leadership meant that we only interviewed chairs of private, family foundations. We prioritized representation based on foundation size, board size, giving practices, staffing patterns (paid and volunteer), generation, geography, and family and nonfamily chairs. Interviewees also reflect diversity of gender, age, race, and ethnicity. In the end, we interviewed 62 current and past board chairs and a dozen chief executive officers.

Early analysis of the interviews resulted in preliminary findings which were shared and tested with both the peer network and a session at NCFP's 2023 Leadership Retreat. Ultimately, the findings were prepared for both publication and potential programming.

Additional Reading and Sample Board Chair Job Descriptions

Resources and Tools

NCFP's **Resources and Tools** library includes a variety of complementary guides and webinars discussing the role, responsibilities, and common challenges for board chairs. Selected resources include:

Programs:

- NCFP **Board Chair Peer Network:** Members of the network come together to share best practices for chairing a family foundation board, connect with colleagues, and hone their leadership skills.

Guides:

- **Governance: Building a Framework for Decision-Making:** This primer from NCFP's Family Giving Lifecycle series is designed to help boards establish clear decision-making principles, policies, and practices.
- **Succession and Legacy: Exploring Identity, Lifespan, Transitions, and Successor Engagement:** This primer from NCFP's Family Giving Lifecycle series helps boards and families define your philanthropic legacy, consider your philanthropy's lifespan, and decide, if needed, on a succession plan
- **Family Philanthropy Board Chairs: Leading with Joy and Effectiveness:** This NCFP guide examines how current and prospective board chairs can be most effective for their organizations.
- **Building the Board Your Foundation Deserves: The Governance Checklist:** This NCFP guide introduces and describes a checklist of governance-related questions for chairs to discuss with their boards.
- **Lessons from the Durfee Foundation's Dual Leadership Transition:** This NCFP guide covers the lessons that Carrie Avery and Claire Peeps gleaned during their transitions out of the chair and executive director role, respectively, at the Durfee Foundation.

Blog Posts

- **Evolving Board Governance to Support Strategy and Accountability:**
This blog post shares three core principles for any board preparing for a governance and succession-planning process.
- **Building and Maintaining Successful Board Chair-CEO Relationships:**
This blog post shares four common themes for ensuring successful CEO-board chair relationships.

Webinar

- **Preparing for and Managing a Productive Board Chair Transition:**
This webinar replay explores the qualities and competencies of a successful board chair, as well as common challenges and opportunities that arise during a chair transition.

Sample Board Chair Position Descriptions

Many foundations also find value in developing a formal, written job description defining the roles, responsibilities and qualifications of their board chairs. NCFP's **Policy Central** includes several good example job descriptions, including:

- XYZ Foundation **Board Chair Role and Responsibilities (2023)**
- The Arthur Vining Davis Foundations **Board Chair Job Description (2017)**
- George Family Foundation **Responsibilities of the Board Chair (2015)**

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ABOUT THE AUTHOR

Virginia Esposito is the founding president of the National Center for Family Philanthropy. In January 2020, Ginny transitioned to the role of senior fellow to focus her efforts on research, writing, and consulting with families, with a special emphasis on coaching family foundation leaders.

For more than 35 years, Ginny has worked to advance and support family philanthropy across generations of donor families. Ginny was editor and principal author of the first edition of *Splendid Legacy* and of *Splendid Legacy 2: Creating and Recreating Your Family Foundation*. Her research publications include *The Power to Produce Wonders: The Value of Family in Philanthropy*, *The Family Foundation CEO: Crafting Consensus out of Complexity*, and *Pride of Place: Sustaining a Family Commitment to Geography*. Ginny also edited, and was principal author of, the *Family Foundation Library* and has written numerous articles and issue papers on family philanthropy. She has presented at hundreds of programs for and about donor families throughout North America and on four other continents.

In addition to her work on family philanthropy, Ginny edited *Conscience and Community: The Legacy of Paul Ylvisaker*, the writings and speeches of the late foundation trustee, educator, and dean of the Graduate School of Education at Harvard University. She has served on boards and committees for organizations including Great Nonprofits, the Binational Commission on the Nonprofit Sector (US and South Africa), the Commission on the Future of Public Education (Public Education Network), the Committee on Ethics and Accountability (Independent Sector), the Philanthropy and the Black Church Project, and Strengthening Native American Philanthropy. She currently serves on the board of directors of the John M. Belk Endowment.

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ABOUT THE NATIONAL CENTER FOR FAMILY PHILANTHROPY

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. Our range of programs and services support family philanthropy at its many points of inflection and help families embrace proven practices and advance momentum. Explore our resources, all rooted in a Family Giving Lifecycle, by visiting www.ncfp.org