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# Challenges and Strategies for Family Foundations With Geographically Dispersed Board Members

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*Keywords:* family foundation; philanthropy; grantmaking; governance; leadership; geographic dispersion

## Key Points

- This article, based on interviews with leaders of 10 family foundations, investigates the impact of geographic dispersion on governance, administration, decision making, and grantmaking activities.
- The greatest challenges for family foundations with dispersed boards involve assembling an appropriate staff, ensuring strong communication between staff and board members, and focusing the organization's mission. Maintaining family board member interest in the foundation's geographic area and bridging and strengthening ties between generations were also concerns.
- In order to maintain family legacies, all case-study foundations found unique ways to overcome challenges and were deliberate in ensuring that board members stayed actively engaged in the work of the foundation.
- Common strategies for keeping board members involved include providing flexible but clear direction to nonfamily staff, developing stepping stone board positions for successive generations, and balancing the mission with the desire to build family ties.

## Introduction

The geographic location of the family members involved in leading and managing the work of family foundations shapes the nature of foundation relationships, approaches to decision making, and commitment to the local community. To date, no standard definition of geographic board dispersion, nor any specific means of measurement, has been created for geographic board dispersion (also sometimes termed board “migrati-

tion” or “diaspora”).<sup>1</sup> We define board dispersion as the geographic displacement of the majority of family board members to areas outside of the geographic locale of the foundation's original headquarters such that members must make extraordinary efforts to attend on-site meetings and functions.

The relocation of family board members who continue to be involved in a foundation's affairs has the potential to qualitatively affect family and institutional dynamics. Many of today's family foundations have been touched by at least some geographic dispersion of family board members. Board dispersion is an issue specifically within family foundations because of generational transfers of board leadership, coupled with a general increase in population mobility.

The importance of board dispersion lies more in how the movement of family board members affects the family foundation's operations and mission success than in the ratio of local versus nonlocal and family versus nonfamily board members, although the latter is also relevant and important. When we discuss the transition of family foundations from “local” to “dispersed” boards, we are referring more to the change in ratio of family and nonfamily board members than the actual ratio. This difference is important because foundations differ tremendously in size, scope, and structure; a minor change to one

<sup>1</sup> For simplicity, we call this “board dispersion,” recognizing that other, even better, terms can be used.

foundation is a major change to another. For this reason, it is quite difficult to operationalize and measure board dispersion.

Using case-study methodology, this article seeks to contribute to the literature on family-foundation board dispersion, as well as literature on family-foundation board governance and administration and management. The approaches and strategies relevant to governance, administration, and management used by the family foundations reviewed in this article are of immediate, practical application for foundations experiencing board dispersion.

### Governance in Family Foundations

A foundation's governing board has fiduciary responsibility for ensuring that the organization provides some benefit to the public as described in its mission (Robert D. Herman & Associates, 2005). Primary responsibilities of the foundation board involve, minimally, stewardship of the organization's resources and adherence to the law. Boards might also carry out a range of administrative and management functions that are often assigned to staff at medium-size or larger nonprofits. As a result, actual governing structures and practices vary considerably across foundations and depend on foundation type, size, purpose, and other factors.

Governance within family foundations inevitably affects organizational processes and effectiveness; thus, periodic adjustments to the board must be made. It is often the case that boards make ad hoc governance changes given the dynamics of the board-organization relationship over time and the changing needs of the organization. Family foundations differ from other types of foundations and nonprofits in that changes in governance, particularly in regard to board structure, must always incorporate the preferences and needs of family members who are on the board and – in some cases – family members who are not (i.e., in cases of longstanding donor intent). Stone (1999) writes:

Family foundations are different. They want family members to be involved and they make accommodations to keep them involved, even if it means more

planning, more expenses, more complications. What matters most is preserving the foundation and the family's philanthropic legacy.

### Administrative and Management Structures and Functions in Family Foundations

Family foundations are unique in that, in many cases, the board takes on administrative and management functions. In some instances, this is the result of having a relatively smaller number of board members compared with other types of private foundations. In other cases, this is due to the desire to keep philanthropic activity within the family to the highest degree possible. It also may be due to the relative youth of an organization.

A growing body of literature on foundation boards focuses on the outcomes associated with administrative and management structures and functions. Few studies, however, focus on these types of outcomes within or in relationship to family foundation boards. Gersick, Stone, Grady, Desjardins, and Muson (2004) provide one of the most comprehensive studies on the subject, *Generations of Giving*, identifying three types of family foundations: “controlling trustee” foundations, “collaborative family” foundations, and “family-governed staff-managed” foundations. Each type, according to Gersick et al., has unique developmental challenges and dilemmas related to staffing, management structure, and administrative processes. Along these lines, issues that arise within geographically dispersed family-foundation boards include maintaining appropriate staffing, communication between the board and staff, and allocating the best mix of family and nonfamily board members. These issues, which are very organizational specific, dovetail with such characteristics as family culture and dynamics, longevity and history, and focus of grantmaking.

### Family Foundation Grantmaking Foci

In a seminal work published by the National Center for Family Philanthropy, *Grantmaking With a Compass: The Challenges of Geography*, Stone (1999) reports that many family foundations choose to focus grantmaking on programs within the geographic area of the founding donor's

community in order to “give back.” Such focus is especially true for foundations established in the 20th century and earlier, when one’s wealth was the result of more localized commerce than in today’s global marketplace. The increased mobility of families, whether related to the mobilization of business or other factors, poses specific grant-making dilemmas for family foundations with dispersed boards, and these dilemmas vary with the historical stage in which these foundations exist (Gersick et al., 2004; Stone, 1999).

*For most family foundations experiencing board dispersion, a threshold is ultimately reached that requires the foundation to submit to some type of structural and organizational transition.*

Stone (1999) found that grantmaking dilemmas in family foundations relate to geography, mission focus, and board members’ needs. Family foundations experiencing board dispersion must respond to such questions as: Should funds support causes and programs in the geographic home area where few if any family board members live (narrow geographic focus)? Or, should grantmaking follow the dispersed board members to their communities (broad geographic focus)? In addition, should funds focus on particular cause areas (narrow mission focus)? Or, should pools of funding be allocated to particular family members or branches for them to disperse as they wish (broad mission focus)?

### Family Foundations in Transition

For most family foundations experiencing board dispersion, a threshold is ultimately reached that requires the foundation to submit to some type of structural and organizational transition. Gersick et al. (2004) note that generational transitions in family foundations also mark fundamental changes in the organizations themselves.

Increased geographic dispersion of governing members creates particular logistical, familial, and programmatic tensions for family foundations in continuing their philanthropic commitments (National Center for Family Philanthropy, 2006). Relative to governance, administration, and management, these tensions most prominently relate to how foundations engage board members and staff and allocate duties; board structuring and recruitment; board-staff communication methods; transitioning to a new foundation structure or new leadership; and grantmaking programs and processes (Gast, 2004; Gersick et al., 2004; National Center for Family Philanthropy, 2006; Stone, 1999).

Stone (1999) emphasizes that while there is no singular approach to addressing the challenges associated with board dispersion, the most successful foundation leadership develops solutions through the process of identifying organizationally unique problems. Other practitioner literature suggests that successful family foundations view geographic dispersion as an opportunity rather than a disadvantage (Gast, 2004). This article aims to pick up where these and other studies have left off by producing a more current analysis of the approaches taken (whether strategic or ad hoc) by 10 unique family foundations that have experienced various degrees of family board member dispersion.

### Method

The researchers conducted case-study interviews in late 2010 with 10 family foundations that have experienced geographic dispersion of board members. Case-study foundations were identified through two methods: analysis of a foundation database and peer networks. From the onset, the researchers sought a diverse panel of case-study foundations to interview relative to asset size, grantmaking scope, location, board structure, and longevity. Diversity among case-study foundations allowed the researchers to discern both common and unique approaches taken relative to the “problem” of board dispersion.

TABLE 1 Case Study Interview Participants

Foundation	Location	Asset Size (2008-09)	Staff Size	Geographic Focus of Grantmaking	Board Composition by Generation	Board Locations (Family Only)
Annenberg Foundation	Los Angeles, CA	\$1.6 billion	~30	32% in CA 29% in PA	4 members: *1 in 2nd gen. *3 in 3rd gen.	3 in L.A., 1 in Paris
Anonymous Foundation	---	~\$10 million	0	~80% in founding state	5 members: 2nd and 3rd gen.	Nationally
Carolyn Foundation	Minneapolis, MN	\$30 million	2	45% in MN 25% in CT	14 members: 3rd and 4th gen.	Nationally and internationally
Clowes Fund	Indianapolis, IN	\$60 million	3	62% in IN 20% in MA 6% in WA	9 members: *5 in 3rd and 4th gen. *4 nonfamily	3 in the Northeast, 1 in WA, 1 in KS
George Gund Foundation	Cleveland, OH	\$450 million	12	74% in OH	10 members: *8 in 2nd and 3rd gen. *2 nonfamily	CA, NJ, MA, NY, CT, and Brazil
Kanter Family Foundation	Vienna, VA	\$8 million	0	53% in IL 24% in DC/VA	7 members: *6 in 2nd gen. *1 nonfamily	2 in IL, 2 in DC/VA, 2 in UT
McKnight Foundation	Minneapolis, MN	\$1.8 billion	~40	~60% in MN	11 members: *7 in 3rd and 4th gen. *4 nonfamily	Nationally
Rasmuson Foundation	Anchorage, AK	\$425 million	15	95% in AK	12 members: *1 emeritus, 2nd gen. *4 in 3rd gen. *2 in 4th gen. *5 nonfamily	4 in AK (1emeritus), 3 in East Coast area
Surdna Foundation	New York, NY	\$700 million	20	~20% in NY	13 members: *10 in the 4th and 5th gen. *3 nonfamily	Nationally and internationally
Wege Foundation	Grand Rapids, MI	\$116 million	4	75% in MI	8 members: *Founder *5 in 2nd gen. *2 nonfamily	4 in MI, 1 in CT, 1 in AZ

Note: Generational status is measured in terms of board members' relationship to the founder, who is the first generation.

Researchers utilized the FoundationSearch database<sup>2</sup> to identify family foundations that potentially matched characteristics of foundations with dispersed boards, which included having a family member as the initial primary donor and two or more family members on the board (identified by the homogeneity of last names). Out of a list of 600 family foundations, researchers narrowed potential contacts based on their likelihood of

meeting identified criteria.<sup>3</sup> Researchers contacted foundations with the highest likelihood of meeting the study's criteria by phone or email, totaling approximately 30. Most of these family foundations were not geographically dispersed, or dispersed enough, to meet the criteria of the study. Four family foundations that met the criteria and were asked to participate declined to

<sup>2</sup> [www.foundationsearch.com](http://www.foundationsearch.com)

<sup>3</sup> It is important to note that there is no specific method by which board member locales can easily be identified.

do so. Three case-study foundations resulted from use of this method.

To increase the development of a diverse case-study panel, professionals from the National Center for Family Philanthropy, Council on Foundations, J.F Maddox Foundation, Giving Institute, and other organizations were asked by the researchers to help identify potential contacts for case studies. Peer-network referrals initially totaled 25 foundations and resulted in seven case-study interviews.

*In some cases, the initial decision to hire or expand staff was strongly related to dispersion, which often coincided with a transition to a younger generation.*

For all but two of the case studies, the executive director or a foundation leader with a similar title and responsibility level was interviewed. For the other two cases, family board members were interviewed. Interviews were conducted by phone or in person and ranged from 40 minutes to an hour. Each foundation was given the option to remain anonymous in all reports and analysis. Only one foundation preferred anonymity after responding to the researcher's interview questions and viewing initial reports.

Researchers used a semi-structured interview protocol with questions related to board and staff structure, grantmaking processes, procedures for communicating with board members, and changes made during and after geographic dispersion. Interviews also addressed the approaches and strategies family foundations have used in adapting to dispersion. To make interview time as efficient as possible, the researchers gathered as much information about the foundation as possible prior to the interview from organizational websites and FoundationSearch.com. This information included board member and staff names and positions, grantmaking focus, location

of foundation and board members, history, and other information as needed. Some of this information was incorporated into the analysis. Table 1 provides an overview of the key demographic and structural characteristics of each foundation.

## Findings

This section discusses findings on both the common and unique approaches that case study foundations have taken in solving problems related to family board member dispersion. General findings are interlaced with key details of specific family foundations relevant to board and administrative structure and dynamics to offer readers both common themes as well as an intimate look into how these 10 unique foundations have approached particular types of challenges. The findings are organized within the context of five categories:

1. board member and staff engagement,
2. board structure (including eligibility and other factors),
3. board-staff communications and methods,
4. transitions to new structures and new leaders, and
5. grantmaking.

### *Board Member (Family and Nonfamily) and Staff Engagement*

All of the foundations reported maintaining family members as active members of the board. Foundations that had made the transition from a "local" to "dispersed" board more than five years ago reported that maintaining family member commitment requires deliberate action. Three foundations reported being in the midst of the transition and were exploring different arrangements as they moved forward.

Only two of the organizations reported having board members who were also paid for staff-like duties. Interestingly, this was the case for both the smallest and one of the largest foundations interviewed. In addition, for most of the foundations, board members (family and nonfamily) were re-

ported to play a significant role in grant reviews, decision-making processes, and monitoring.

For many of the organizations, the initial decision to hire executive staff was highly related to the asset base. Organizations where staff play a more prominent role in decision making were most likely to be larger organizations. Despite significant dispersion of some of the smaller foundations, two had decided to keep a small staff or no staff at all. Nevertheless, nine of the interviewed foundations have executive directors, program directors, or grant officers.

In some cases, the initial decision to hire or expand staff was strongly related to dispersion, which often coincided with a transition to a younger generation. In addition, the length of time that a board has been dispersed was found to be a strong determinate of the level of staff responsibility, as was the size of the organization.

*Community focus shifts over time: Maintaining board ties to origins requires staff effort and engagement.* In all of the surveyed foundations, the board was found to play an important role in the needs assessment of the funding priority. In some cases, staff were found to take the lead in managing that process by ensuring board members have opportunities to visit the founding community and current or past grantees, as well as in helping maintain board members' interest in the region.

The George Gund Foundation has made the deliberate choice of maintaining focus on the founding region to enhance impact. However, having a narrower geographic focus was reported to be a challenge at times in ensuring that dispersed board members have a strong understanding of the needs of the region. In addressing this issue, the foundation appointed two community members as trustees.

*Timing is everything in determining staff-versus-board responsibilities.* Foundations where boards have been dispersed more than 10 years were found to assign a larger range of responsibilities to staff, and they also appear to work more deliberately to keep family board members involved in the foundation's work. Conversely, the more re-

cent the transition, the more likely that boards – even those significantly geographically dispersed – are engaged in staff-like roles.

A moderate-size foundation, the Carolyn Foundation transitioned to a geographically dispersed board decades ago. The foundation engages family members (not just board members) by maintaining a small staff and recruiting family members and their spouses to serve on a grant-review committee.

*In all foundations, board members do more than the final review of grant proposals. Site visits are part of the due diligence process before making a grant, either by board members or staff.*

*Direct engagement in grantmaking keeps board members engaged.* The engagement of board members in grantmaking was found to differ widely among foundations, but in all cases providing a direct role in grantmaking was reported to be vital in keeping board members engaged. In some cases, grantmaking engagement means making at least some grant decisions on one's own within certain limits, such as through discretionary grantmaking. In other cases, it includes site visits, sitting on grant-review committees, or "making the case" for a particular organization.

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The McKnight Foundation generally does a grantee site visit at every board meeting. Additionally, individual board members often attend meetings both domestically and internationally and attend external advisory groups for several foundation programs.

*Board Structure, Processes, Eligibility, and Family Involvement*

Case-study foundations vary according to the size, structure, roles, and eligibility criteria of the board. Further, as differentiated from other types of foundations, many of these provide special opportunities and roles for family members who might not sit on the board. These include holding retreats, offering committee opportunities, and providing communications of different types.

*For some of the foundations, family units are small enough to include most direct descendents from the original founder. For foundations with a large extended family in later generations, the process for family board recruitment has become more institutionalized.*

*Board-member roles and responsibilities.* Case-study foundations each have a different mix of family and nonfamily members on the board as well as a different mix of board-member roles. All foundations are led by family-majority boards, with nonfamily roles strategic and specific to the organization's needs. Eight of the foundations also use board committees composed of both family and nonfamily board members in addition to nonboard members. In some instances, committees – especially of the executive sort – are staffed solely by family members who were either board members or a mix of board and nonboard members.

To maximize impact with a very small staff, the Carolyn Foundation uses multiple board committees composed of board and nonboard members. One board member is assigned to each committee, all of which meet two to six times a year by conference call. Committee members are referred to as “friends of the board” and are family members but not full board members.

*Board recruitment and eligibility.* Board recruitment processes range from formal to informal across the case-study foundations. For some of the foundations, family units are small enough to include most direct descendents from the original founder. For foundations with a large extended family in later generations, the process for family board recruitment has become more institutionalized. At the Surdna Foundation – a very large foundation – family members are educated about and introduced to the foundation through participation in smaller funds and programs that are affiliated with the main foundation. In contrast, the Clowes Fund uses the term “corporate members” to define lineal descendents who are involved with the foundation but do not sit on the board. Upon age 30, any family member can petition to become a corporate member, and any corporate member desiring board membership must complete a term with the grant-review committee.

*Board meetings.* Each foundation has a different style for holding board meetings and determining their location, frequency, timing, and process. Board meetings range from once a year to 10 times a year and vary with regard to who attends and the inclusion of board committees and “friends.”

The Annenberg Foundation board meets nearly every month in Los Angeles. Video conferencing is regularly used to include one board member living in Paris, and telephone conferencing is also used when board members are traveling. Many foundation staff members are included in board meetings, creating an open culture of communication and relationship building.

*Retreats.* Retreats hold the purpose of intense board engagement in discussion of mission and strategy and are an excellent opportunity for bonding. For many of the case-study foundations, retreats are the means for adult family members to become involved with the foundation. In 2001, the Clowes Fund held an all-family retreat to discuss the foundation's transition, structure, and strategy for grantmaking into the future. More recently, the foundation held a retreat specifically for the fourth generation to create a long-term plan. Retreats were reported to be an important



means of strengthening relationships among members of various generations.

#### *Board-Staff Communication*

The case-study foundations were found to vary in the level of direct involvement and frequency, nature, and formality of communication between the board and staff. In most cases, board members have developed strong relationships with staff, especially the executive director. Staff members within most of the organizations provide in-depth knowledge on grantees and, in many cases, present recommendations on funding potential grantees. The Rasmuson Foundation board members use email and a portal on the foundation website to communicate with one another. Geographically dispersed board members have close relationships, which allow for frequent communication. The president and other staff are in contact with board members in person or by phone regularly and send out a monthly president's report and a packet of news clips that relate to the foundation's grantmaking.

*Board-staff communication for decision making between board meetings.* For most of the foundations, the executive director and other staff leadership were reported to be vital to keeping the information flow strong between the board and the staff. Almost all case-study foundations have established a clear method of communication between the two for decisions during the periods between board meetings. The George Gund Foundation holds board-staff conference calls in between each of the year's three board meetings; no formal business is conducted during the calls, which are used primarily for updates. In another example, the executive director of the Carolyn Foundation participates in each of the interim board conference and committee calls and reports to the board chair monthly on the status of all committees.

#### *Transitioning to New Structures and New Leaders*

Many case-study family foundations reported making a concerted effort during or after a major transition phase to ensure that decisions were made with the integrity of the mission and the founder's intent in mind. These transition phases

usually revolved around restructuring or a generational transfer of leadership and often included the issue of geographic dispersion. Below are two examples of how a family foundation approached a transitional period.

- *The Clowes Fund* held an all-family retreat in 2001 with geography, grantmaking, and donor intent as key topics. The family decided that the most important goal of the foundation's grantmaking was the "family-ness" of it, or bringing the family together for this purpose. Thus, the foundation decided to spread the geography of grantmaking to include the New England area, where much of the family lives, while also focusing on priority grantmaking themes. As the Clowes Fund settles into third- and fourth-generation leadership, a shift in the foundation's approach to decision-making processes is apparent. For the second generation, grantmaking and program partnerships focused on relationships with organizations that the foundation already knew. The current board, however, emphasizes effectiveness, equal opportunity, and formal procedures and processes.
- *The Wege Foundation* decided in 2008 to make the board and grantmaking process more formal to allow the foundation to prepare for an era without its founder. Historically, Peter Wege has made most grantmaking decisions, which were largely based on relationships he had developed with organizations and their leaders. In 2008, the foundation developed committees to review and issue grants.

*Hiring of executive leadership is a common theme for family foundations in transition.* For smaller family foundations, or those that have transitioned from a small to a large foundation, the hiring of an executive director significantly formalized decision-making processes. The decision to hire an executive director appears to strongly relate to generational changes within the organization, as younger generations tend to value the professionalization of foundation practices. The Carolyn Foundation hired its executive director in 2001 as the foundation transitioned from the

third to the fourth generation. In contrast, the Wege Foundation hired Peter Wege's longtime assistant to fill the executive director role in the late 1990s. This transition took place after the family's business went public and assets rose substantially, from \$12 million to \$180 million.

### *Grantmaking Processes*

The foundations varied on whether the staff, the board, or both are leading decisions on grant reviews and approvals. If the board leads the grantmaking process, foundations typically use committees to review grants that are then presented to the full board. The Annenberg Foundation's board members are highly involved in grantmaking decisions; however, its large professional staff provides significant assistance with reviewing and vetting grant proposals. At the McKnight Foundation, new program ideas generally come from the board, individually and collectively. Together, the board and staff set overall program goals and high-level strategy, often drawing on external advisors and study visits to learn from others. Staff develop detailed strategies and evaluation frameworks and conduct due diligence, including site visits concerning individual grants.

*Grantmaking themes.* Whether a family foundation is staff- or board-driven, grantmaking geography was found to relate to either board members' current locations or to traditional geographic boundaries as originally defined by the founder. Case-study interviews revealed that several foundations offer discretionary grants or matching programs to balance the foundation's program goals with the passions of individual board members.

At least one foundation uses a formula to allocate different funding amounts to discretionary matching programs according to generational level. Other boards may have discretionary funds, but all board members, family and nonfamily, are provided the same discretionary amount regardless of tenure. In these cases, grant money flows out in a geographically broad way. Ultimately, grantmaking processes are influenced by the closeness of family relationships and the desire for the foundation's work to bring family members together.

All case-study foundations consider geography in their grantmaking, whether the geography relates to the foundation's historical founding or to the location where current family members live. Geographically dispersed foundations must consider how the location of both the foundation and its family board members influence its mission. Depending on the foundation's unique needs relevant to its mission and the decisions of the board, the grant focus itself can be broad or narrow. A broad mission focus follows the causes that are important to the dispersed family board members or their respective branches. A narrow mission focus follows particular causes or types of institutions (e.g., the arts or museums).

The George Gund Foundation's grants are geographically narrow but broad in mission, with the focus on all types of organizations in the Cleveland, Ohio area where the family founded the organization. Focusing on a narrow geographic area, according to the foundation's leader, allows for greater impact and heightened significance to the grantmaking process. The Rasmuson Foundation's grants are also mission broad but geographically narrow with a focus on Alaska. If any grant is allocated outside of Alaska (which, with the exception of matching grants, is rare), there must be a strong component of the grant that benefits Alaskans. In contrast, the Kanter Family Foundation's grantmaking has moved to where family members currently live (the Washington, D.C., area; Utah; and Illinois) and where their interests lie, thus grantmaking is geographically and mission broad. Grantmaking is approached both individually and collectively, depending on the project and grant size.

### **Recommendations**

Below are some of the most important recommendations drawn from points made by the interviewees concerning the challenges their foundations have faced or are facing, as well as the strategies they reported using relevant to family board member dispersion.

#### *Communication*

- Be flexible, but provide clear direction to staff. Several case-study foundations reported being very flexible and open to new

ideas during a period of transition, but two cautioned that without clear direction from the board, staff can be caught in no-win situations, become discouraged, or even leave.

- Communicate clearly, with an appropriate frequency and up-to-date technologies, in order to meet differing expectations.

Many of the case-study foundations utilize different forms of technology to maintain communications. One organization uses webcams or other forms of video transmission for communicating with members who live on other continents. Another organization uses a board-member portal on its website for members to access the most up-to-date information relevant to their roles with the organization.

Most of the boards use email and conference calling to maintain connections with other board and committee members between meetings. Conference calls are often conducted on a formally established schedule. Few, if any, board actions occur using these methods, however.

Staff leadership across case-study foundations were reported to be diligent in keeping boards updated on organizational and grantee news, whether by conference call, email updates, or newsletter.

#### *Orientation to Geography*

- Keep board members involved and interested in funding a geographic location in which few, if any, board members currently live. To deal with this issue:

Most of the foundations reported that during board meetings grantees often present on their work to the board or board members conduct site visits.

In foundations where no family remains in the area of focus, local staff or community-based nonfamily board members often ground decision making with a local perspective.

One foundation mentioned specific objectives in ensuring that all board members are provided

“not the same but equivalent types of opportunities for engagement,” given the fact that they cannot all be involved in the same endeavors. Staffers coordinate site visits and other opportunities with grantees close to where board members live.

- Provide clarity when establishing geographic grantmaking rules:

Unclear geographic limitations, such as funding organizations in the “Northeast” or “West Coast,” can put staff members in a difficult position when deciding on prospective grantees. If the geographic area becomes too large, site visits by staff and board members alike can be difficult to follow up on. By establishing very clear geographic areas, foundations can avoid board-staff conflict and more effectively concentrate resources.

Those foundations that deemed themselves most successful in furthering their mission made concerted efforts in establishing more formal rules in grantmaking. These rules include establishing whether grantmaking is geographically focused, mission-focused, or a combination of the two.

#### *Understanding and Bridging Generations*

- Take the generational positioning of family members into consideration when developing internal strategies and processes. Most of the foundations mentioned specific approaches in some form or another related to the different life stages of their organizations.

For some foundations, especially relatively newer ones, an informal process of family board member recruitment was reported to be both logical and ideal. For others, especially those that are several generations from the founder, a more formal process is required.

Two executives mentioned how important it is for staff members to use family board members’ time effectively, in consideration of the younger generations who are juggling careers and family. One foundation, however, actively encourages all staff to contact board members directly as needed to maintain open dialogue.

Some of the foundations have intermediate positions in advance of full board membership, including committee service, “corporate membership,” or matching programs to stimulate interest in philanthropy.

Younger generations may be more inclined to participate if they feel empowered to pursue both joint and individual foundation projects. One foundation has smaller but formal philanthropic initiatives to introduce younger generations to the family’s philanthropic work.

#### *Relationship Building*

- Create active roles for members in bringing involvement to a deeper level:

All case-study foundations actively encourage board members to “bring something to the table” and to contribute their specific skills and talents to the foundation. Giving trustees opportunities to lead meetings, present the accomplishments of outstanding grantees, or prepare the agenda were some of the methods utilized by foundations.

Site visits were reported to be an important way board members maintain involvement, whether they visit grantees close to their current geographic area, in the geographic area of the foundation, or in conjunction with their participation in board meetings.

Many foundations encourage board members’ philanthropy in the scope of their interests and geographies by providing discretionary funds, grants, or matching opportunities.

- Actively work to build and enhance the relationship among board members and between board members and staff:

The foundations reporting the highest levels of leadership cohesiveness provide open lines of communication and formally create opportunities for regular or periodic contact. Many of the foundations use retreats as opportunities for intensive bonding.

One foundation specifically noted that dictating how things “must be done” is disastrous.

#### *Knowledge Building*

- Use expert knowledge whenever possible:

Several foundations invite nonfamily members who are either skilled in a particular content area or who are highly knowledgeable in the geographic area of grantmaking to either serve on the full board or on relevant committees.

To complement its strong family component, one foundation uses experts in the areas of fundraising, marketing, and board governance to increase professionalism and to improve decision-making processes.

Some foundations recruit trusted staff from, or advisors of, the family’s business to be on the foundation’s staff or board, largely to ensure the integrity of the founder’s wishes or the family’s legacy.

#### *Mission Development*

- Balance the foundation’s mission with the desire to build family ties:

For five foundations, funding portfolios have shifted with generational leadership, both in terms of geography and issue areas. Transitioning foundations may find it necessary to redefine the mission in order to match the priorities and passions of the younger generations. This may allow for greater vitality in furthering the mission by creating a sense of “family-ness” through collaboration.

In contrast, in heightening mission impact and organizational cohesiveness, other foundations may choose to strongly adhere to donor intent or to the traditional geographic area. For the George Gund Foundation, the mission to support Cleveland, Ohio comes first. Geographically focused funding may also provide for much greater impact and grantee accountability.

#### *Conclusion*

It is clear that family foundations differ from other types of foundations with regard to the issue of board dispersion. Other types of foundations can easily overcome the problem of board members moving outside of the geographic area of the

foundation. However, because of their legacy and core mission and values, as Stone (1999) noted, family foundations will go to great lengths to ensure family involvement regardless of geographic location. It is also clear that, as Stone and Gersick et al. (2004) reported, family foundations provide a core means of connection between individual family members by bringing them together to share in the common values of their descendants.

Past research supports the notion that there are no hard and fast rules for how family foundations should approach the issues of governance, management roles for board members, the division of staff and board member responsibilities, and grantmaking, especially when family board members are fully or significantly geographically dispersed (Gast, 2004; Gersick, 2004; and Stone, 1999). The examples presented here on how operationally thriving family foundations have either successfully navigated or proactively engaged these issues in the midst of transitioning from more local to more dispersed boards provide clues to how foundations might approach similar issues.

In this research, family foundations with dispersed boards were found to be very deliberate in ensuring that board members, especially family board members, are actively engaged with the work of the foundation. This approach, in most cases, required the placement of staff located in the original geographic headquarters of the foundation. The foundations reporting the greatest amount of success bridging the work of the foundation with dispersed board members have in place, minimally, an executive director. It was also found that the relationships between the executive directors and boards are at their strongest when communication is open and fluid, when there are clear definitions and divisions of roles and responsibilities, and when there is mutual respect for one another's leadership responsibilities.

If a formerly board-driven foundation wishes to transition to a dually staff- and board-driven foundation, this research substantiates the need for the board to provide clear guidelines related to grantmaking processes, such as whether grants will be geographically narrow or broad or

whether grants will be mission narrow or broad. The board should consider forming committees to assist with all governance and decision-making processes, involving nonfamily board members within the geographic context of the foundation or grantmaking focus area, and establishing set communication processes among board members and between the board and the staff.

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