

GENERATIONS OF GIVING

Leadership and Continuity in Family Foundations

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LEXINGTON BOOKS

Lanham • Boulder • New York • Toronto • Oxford

Published in association with



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

Washington, D.C.

LEXINGTON BOOKS

Published in the United States of America
by Lexington Books
An imprint of The Rowman & Littlefield Publishing Group, Inc.
4501 Forbes Boulevard, Suite 200, Lanham, Maryland 20706
www.lexingtonbooks.com

PO Box 317, Oxford, OX2 9RU, United Kingdom



**NATIONAL CENTER FOR
FAMILY PHILANTHROPY**

A publication of the National Center for Family Philanthropy
1818 N. Street, NW, Suite 300, Washington, D.C., 20036

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British Library Cataloging in Publication Information Available

Library of Congress Cataloging-in-Publication Data

Gersick, Kelin E.

Generations of giving : leadership and continuity in family foundations /
Kelin E. Gersick.

p. cm.

Includes bibliographical references and index.

ISBN 0-7391-0924-3 (cloth : alk. paper)

1. Family foundations—United States—Management. 2. Family foundations—Canada—Management.


I. Title.

HV97 .A3G475 2004

361.7'6—dc22

2004010608

Printed in the United States of America

™ The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences—Permanence of Paper for Printed Library Materials, ANSI/NISO Z39.48-1992.

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MISSION AND DREAM: INVENTING AND REINVENTING THE FOUNDATION

A family foundation, like any organization, is a place where people work. Reduced to its most basic core, the foundation only exists as long as individuals are willing to engage in its purpose, and act within its structure and routines. Why do people choose to make that commitment? What is it that motivates them to spend their time and energy in one organization instead of another?

More specifically, what goes through the mind of cousin Amy, a thirty-five-year-old mother of three, a teacher or a real estate broker in San Diego or Buffalo, when she has to prepare for a quarterly board meeting of the foundation her grandparents established in Missouri or Texas? Why does she take four of her precious weekends per year away from her husband and children, not to mention the evenings reading the board books and the phone calls and conversations about programs and grantees? Why does she care about a community she has never lived in, full of people she has never met? What if every meeting is dominated by talkative Aunt Jenny or grumpy cousin Max? What gets her on the plane?

This is the basic continuity challenge for the foundation. Consciously or unconsciously, every participant—in this case in particular, every family member—must confront two fundamental questions:

Why are *we* doing this? and
Why am *I* participating?

The answer to the first question is the foundation's mission. The mission is the reason that the organization exists. It is the purpose that

the foundation sets for itself, the goal toward which it applies all of its capital, financial and human. The mission declares to its constituency, the family and the others who are listening, “This is work worth doing. Join us and contribute to accomplishing it.”

The answer to the second question can only come from the internal deliberations of each individual. Responding to this question requires a person to be self-reflective about his or her “Dream”—both the general dream for life, and the special philanthropic dream. We have used this term in its generic sense throughout this book. The Dream is actually a specific concept defined by Daniel Levinson in his pioneering work on adult development. In his research on normal men and women across their life span, Professor Levinson discovered that as they entered early adulthood most individuals began to form an unconscious image of what they wanted their life to be about.

The Dream is a vague sense of self-in-adult-world. It has the quality of a vision, an imagined possibility that generates excitement and vitality. At the start it is poorly articulated and only tenuously connected to reality, although it may contain concrete images such as winning the Nobel Prize or making the all-star team. It may take dramatic form as in the myth of the hero: the great artist, business tycoon, athletic or intellectual superstar performing magnificent feats and receiving special honors. Or it may take mundane forms that are yet inspiring and sustaining: the excellent craftsman, the husband-father in a certain kind of family, the highly respected member of one’s community. (Levinson 1978, 91)¹

The Dreams of individuals are the guiding beacons of their evolving lives—sometimes clear and definitive, more often obscure and dimly perceived. They are activated when a person is faced with an important choice: this job or that one, yes or no to this relationship, another child, a move across country, a year off after college to travel? But they are also just beneath the surface at the point of other smaller, more subtle choices. Do I visit my parents? Do I stay in contact with my sister? Do I become active politically? Really learn to play the piano this time? Start going to church regularly again? And, most relevant here, do I care about this foundation? Should I participate?

The viability of an organization like a foundation is dependent on its connection to the Dreams of its participants. It may survive without that connection, but it cannot thrive. To reach that critical mass, the individual Dreams of enough participants must overlap

and be woven into a collective family Dream for the family in the foundation.

Ivan Lansberg has done the most compelling work on the process of integrating individual Dreams into a Shared Dream that can sustain continuity in a family enterprise.

The Shared Dream is a collective vision of the future that inspires family members to engage in the hard work of planning and to do whatever is necessary to maintain their collaboration and achieve their goals. . . . In family companies, Shared Dreams are highly personal and must grow from within, often over a period of years. The Shared Dream emerges from the family's fundamental values and aspirations. It defines who they are, who they want to be, what kind of enterprise they wish to build, and how they wish to be perceived by the world. . . . Above all, the Shared Dream endows the family enterprise with *meaning*—it conveys a profound explanation for why continuing the business is important to the family.

Such a vision is not easy to create. It is forged through an ongoing conversation in which each of the members links his or her individual Dreams with some larger vision worthy of the family's best efforts. It may take years for family members to articulate their individual Dreams. For many it takes considerable effort to share their Dreams openly with other family members, which is the first step toward a consensus on a vision of the future. Whatever time it takes will usually be worth the effort. For a success or failure in passing on the business and continuing it as a viable enterprise depends on the family's ability to create such a common vision. (Lansberg 1999, 75–76)

The parts of the Dreams that connect to the foundation may be straightforward or subtle. It is easy to see how specific philanthropic goals are connected. The importance of religion and spirituality, the sense of obligation to a community, or the desire to be exemplary as a family are all parts of a Dream that can find easy application to a foundation.

Other parts of a Dream may connect more obliquely. Individuals may be primarily motivated by a dream of nurturance, of being a caretaker and a healer. That Dream may take them into a career in medicine or nursing, but it also can sustain a strong commitment to the foundation if the mission includes health care and eliminating disease, or providing shelter and food to the most needy. Another individual may dream of becoming an explorer or a great scientist. That

could propel her or him into graduate school in biology, or on an arduous trek into the equatorial jungle. But it could also sustain their passion for the foundation if the mission covers scientific discovery and a global mandate.

The point is that these considerations go far beyond “interests.” They are the link between a person’s deepest aspirations and the foundation as a place where those aspirations can be lived out. It is not so much “What do I want to support?” as “Who am I? Who do I hope to become? What work can help me on that path?” In the foundations that are the most vital, exciting, and satisfying, the collective Dream is built on the common ground where the answers to those questions for all the participants overlap, and the organizational mission enacts that collective Dream.

THE WOUTERS FAMILY FOUNDATION

The Wouters Foundation’s early grantmaking consisted mostly of ceremonial grants to a few large institutional grantees, making the foundation a leader in this very specific interest of the founders, Frank and Carmen Wouters. However, both the endowment and the Wouters family grew over the next several decades. The family branches became widely dispersed, both geographically and philosophically.

For several years, the branch still living in the same location maintained the foundation. But over time, the grantees changed also. A few ran into organizational difficulty and could no longer make use of the increasingly large bequests. Efforts to find new recipients within the same narrow funding category were frustrating. Money ended up getting “parked” in neutral academic and community support institutions. The now-elderly second-generation trustees had less and less energy for the maintenance work, and less interest in the social status and ceremonial invitations that running the foundation generated.

After more than two decades, a third-generation niece has emerged as a successor executive director, and she has organized and professionalized the grantmaking functions. She is a talented facilitator and an enthusiastic supporter of the foundation, but she is con-

founded by two challenges: how to keep the escaping diaspora of the family connected to the foundation, and how to develop a consensus for new funding areas to absorb the increasing mandated dispersals.

Every effort to expand the foundation's scope beyond the founders' original objective initially met with strong opposition from one family branch or another. Her first priority was to keep the peace and not drive any relatives away. She has persisted for five years with a gradual opening of discussion about individual priorities and common goals. Progress has been slow, but a core of enthusiastic cousins is emerging. The next year or two will determine whether a sufficient collective Dream can be found.

FROM DONOR INTENT TO CLEAR CURRENT MISSION

In the majority of our cases, current trustees cannot rely too much on donor intent, even if they want to. There is remarkably little specificity in the original mission statements of these foundations—only six say anything detailed enough to guide current grantmaking. It is likely that these Controlling Trustee founders saw no need to specify what the foundation would be about. They knew what they intended, and what would be the point of tying their own hands?

The lack of specific guidance from founders puts the long-standing discussion of “donor intent” in a different light. We found that the current interpretation of donor intent was at least as likely to have been created by the descendants as by the ancestors—that is, a post hoc construction of what the donor would probably have done with the funds if he or she were still around. These constructions are a stew of hints from early documents, memories of the donors' actual actions, fantasies and myths about their inclinations, and projections of the passions of current family members onto the deceased ancestors. Nevertheless, the process of arguing about this derived “donor intent” can be emotional, as it is used alternately by one or another subgroup as justification for an amazing range of proposals.

Whether the donor was specific or not, the key challenge for current trustees and directors is to take responsibility for the mission of the

foundation and to make it their own. We concluded chapter 3 with the core dilemma for founders: whether to choose a specific purpose in perpetuity or to encourage self-determined collaborative family philanthropy. When the founders choose the specific purpose, the task for successors is to decide whether that agenda interests them, and then to apply the ongoing mission into a viable program under current circumstances. If the founders' purpose was brilliant, and forward-looking, and flexible, and compelling enough to be sufficient in its original form, the current leaders can quickly move on to implementation. But the vast majority of our cases found it necessary to reinterpret—or at least clarify—the mission over time.

When the founder's choice is for an ongoing collaborative opportunity, then the demands on current successors are even more far-reaching. Successors in those cases understand that their present and future collaboration must be built on personal passion for an emerging and common dream. They accept both the right and the responsibility to reinvent the mission, but that is only the first step. How do you sustain collaboration in a family that has become many times more diverse than the founder could have imagined? Do current leaders have sufficient leverage to restructure and change the organization? Is family harmony inherently incompatible with tough choices?

The family foundations that thrive through later generations find answers to these questions in their ongoing reflection, negotiations, and planning. In the terms of the transition model, they monitor the buildup of pressures by noticing how far apart board members are on funding priorities, and how long it takes to reach decisions. They watch carefully to see how many new ideas and initiatives are brought to the table and what kind of response they receive. They pay attention to members whose ideas are the most challenging and the most frequently denied, and note whether the dissidents maintain their enthusiasm or fall silent.

In particular, they attend carefully to transitions in membership and leadership: departures and additions to the board (especially the first representatives of any generation to either come or leave); turnover in chairpersons, executive directors, and program officers; and significant changes in the endowment or the demands from the environment.

When the transitional pressures have accumulated, these families watch for the trigger and recognize it for what it is—a call to break routine. Rather than coping with the crisis and forging ahead, they make the space and the time to reconsider the “big picture” of the foundation’s work.

This is when the mission becomes the focus. It is brought down from the engraved plaque or out from the drawer, placed at the center of the table, and reconsidered thoughtfully and in detail. Through the review of the mission, all of the other pressures find their way into the discussion—logistics, resources, procedures, performance, and the overlap of philanthropic dreams.

Out of this process emerges the blueprint for the future: the collaborative family Dream. Most often, it is partly a reconfirmation of tradition, and partly a new interpretation or a new direction. When the mission is well articulated *and* accompanied by a strong family Dream, the family knows which mountain to climb and can concentrate on climbing it well.

The change over time in the clarity of mission in this sample of multigenerational foundations is remarkable. (Table 6.1 compares mission clarity at founding with those currently.)

The evidence suggests that clarifying the mission pays off not only in survival, but in performance. The researchers coded missions in two ways: whether or not there is any specific written mission statement (“Mission Statement”), and the overall clarity of mission in documents and in the reports of the current trustees and directors (“Mission Clarity”). We found that both measures were consistently and significantly correlated with other high ratings of organizational performance: Clarity of the program, grantmaking vitality, quality control, efficient organizational structure, and successor development (see table D.1 in appendix D). A clear current mission is the single best predictor of most of the other performance variables as rated by the research team.

The fact that a clear mission is helpful in grantmaking and quality control is encouraging but expected. It was much more surprising

Table 6.1. Mission Statements

| | <i>None</i> | <i>General/Implicit</i> | <i>Specific</i> |
|-------------|-------------|-------------------------|-----------------|
| At Founding | 18 | 6 | 6 |
| Current | 5 | 8 | 17 |

that the clarity of the mission also was correlated with positive family process variables. The more clear and thoughtful the mission, the higher the ratings on family collaboration, enthusiasm, positive dynamics, and the foundation's likelihood of continuity (see table D.2 in appendix D).

It would be hard to find a stronger endorsement of the importance of a clear, relevant, fully discussed, and high-commitment mission for continuity.² The common thread for the foundations that are successful in dealing with this issue is a focused, protected, and intensive periodic reconsideration of mission combined with a recommitment to the dream.

Nearly all of them had the watershed moment of redesign, most typically as the "exploration" task of the transition from Controlling Trustee to Collaborative Family Foundation—whenever that occurred. Since then they have continued a "maintenance" level of attention to mission, setting aside some time at least once per year for an overview discussion separate from grantmaking.

A few have had a second major reconsideration and redesign, also at a generational transition. These data carry the clear message that over time, the maturation of the foundation's structure—from Controlling Trustee to Collaborative Family Foundation and, in some cases, to a Family-Governed Staff-Managed Foundation—requires a corresponding evolution of the mission and the family dream.

That does not necessarily mean change, but rather elaboration, clarification, interpretation and, very often, reinterpretation. The starting point was just that: a starting point of a journey of inquiry and recommitment. But family systems cannot be static, because families are inevitably in flux. Added to aging are the normal turns of family history: marriage and divorce, birth of children and death, adoption, remarriage, estrangement and reconciliation. As the human resources of the family change, so do the passions and priorities of its current members. There needs to be a process that adapts the mission and dream into the present, in touch with the resources and realities of the current foundation, rather than looking for reassurance and instructions from an immutable past.

This is completely consistent with the pattern of "punctuated equilibrium" system change we discussed earlier. Periods of stability

are interspersed with moments of transition, when the system is open to reassessment and fundamental change. To reassess less frequently risks stagnation; to do so continually would certainly lead to exhaustion and diminished productivity.

Most of the foundations in this sample that engaged in this kind of fundamental review used specially designated retreats to do so. It was important to protect these discussions from the press of grant-making decisions. About two-thirds (18 out of 30) used an outside professional facilitator for these retreats, and the reviews were predominately positive.³

While the deliberations within the current board were important, an additional effort helped maximize the continuity-enhancing benefits of a reconsideration of the mission. For that purpose it was also necessary to reach family members not currently involved, to give them a chance to articulate their philanthropic Dreams. Family members as young as teenagers were included, as were individuals from branches or locations that had less direct access to the current board. Surveys, interviews, or discussions on the foundation and philanthropy in general at an annual family assembly were used by a few of these families, with great success.

One key was the facilitators' insistence on "two way" communication in a meeting with the whole family, so that the session does not reduce itself to information from the board to the family about current programs and grantmaking successes. (Both the National Center for Family Philanthropy and the Council on Foundations have numerous publications about the mechanics of family retreats and foundation mission.)

In summary, the foundations that were the most successful in creating a compelling mission:

- Acknowledged that the donor/founders were not primarily mission focused, and relied on the first generation more for inspiration and encouragement of philanthropy in general than for specific programmatic constraints.
- Paid particular attention to defining or redefining the mission at the point of transition from the Controlling Trustee to the Collaborative Family Foundation, and again (in some cases) at the transition to Family-Governed Staff-Managed Foundation.

NOTES

1. See also Levinson (1996).
2. One interesting finding has to do with the mechanisms for accomplishing the work of mission reinvention. We expected that the primary vehicle that families would use to discuss mission would be annual retreats or meetings designated for strategy and mission discussion. The data does not support that idea. Nine of the foundations report having such regularly scheduled meetings, but they are no different on the performance or family process variables (or any other measures) from the sample as a whole. It could be a matter of interpretation or measurement, but more likely these events work best when they occur at the moment of need rather than by the calendar (see C. Gersick, 1994).
3. Families that want to organize their own retreats or prepare themselves for the involvement of a facilitator may get some guidance from K. Gersick et al. (2000).