



LEGACY: THE HELPING

It's important to attend to family foundation legacy or it will be forgotten. Stories and formal legacy statements preserve a "usable" past while renewing values for the future.

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ILLUSTRATION BY STEPHEN COSTANZA

John D. Rockefeller is reported to have once quipped, "Everything is relative, except relatives, who are constant." That is the joy, sorrow, challenge and opportunity of family philanthropy. Given family members' connection to the donor and the way individual interests develop over time, how can family foundations avoid the outcomes of either chaos or rigidity that make succeeding generations lose interest in philanthropy? Helping these foundations develop and share their family philanthropic values—their legacies—may become key to the future growth and effectiveness of this philanthropic

institution.

The number of foundations in the United States has more than doubled since 1980, from approximately 22,000 to 58,000. Foundations now give more than \$20 billion annually. And growth in the number of foundations is expected to continue. Joel Orosz's recent book *The Insider's Guide to Grantmaking* (Jossey-Bass, 2000) predicts that there may well be 250,000 foundations by 2050.

The vast majority of these will start as family foundations, and most will continue to operate as such for some time. Other popular family philanthropic vehicles—including supporting organizations and donor-

advised funds—are increasingly being governed in a manner similar to family foundations, and they are faced with challenges and opportunities similar to their foundation cousins.

Beyond the "Dead Hand"

Some people believe that the values and priorities of deceased donors and past generations—the "dead hand of the past"—should not determine the future directions and grantmaking of family foundations. Others believe that these values and priorities are sacrosanct elements of the foundation's mission and purpose. Both perspectives lead to rather



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static, one-dimensional views that are in conflict with how foundations actually carry on their work. Neither view reflects what donors and successor trustees usually want.

That brings us to legacy. Each family foundation has its own heritage of values, goals and experiences. This is true whether the foundation has just been formed with an active donor at the helm (though “donor” is something of a misnomer, since most family foundations are the combined initial efforts of at least a couple and increasing of a whole family) or whether it has just gone through complex succession planning for the fifth generation of siblings and cousins.

Family foundations that sustain the family’s involvement over time often do so because of their ability to develop and communicate an ongoing legacy that both the donors and successive generations of family members contribute to. The donor’s legacy—the founding values and vision of the donor, whether explicit or merely implicit and emotionally understood—is the necessary starting place for future reflection and consideration. Over time, succeeding generations may reaffirm the founding vision or may choose to adapt and change it.

Founding values and purposes should be formulated

and communicated early on, preferably while the donors are active in the work of the foundation. But legacy only starts with a donor’s explicit or implicit intent; it doesn’t stop there. It is precisely the ongoing legacy of values, vision and giving that holds family foundations together (or may tear them apart), propels them creatively into the future and is the basis of their positive effect on society. Legacy is not a dead hand; it is, instead, a living, “helping” hand, one that is entrusted to and guides succeeding generations of family trustees and foundation staff.

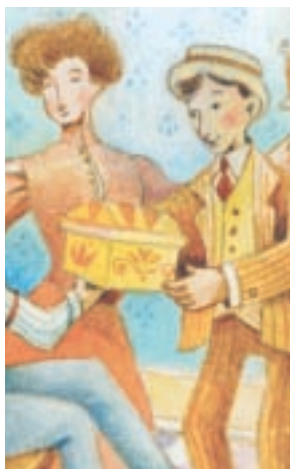
Several promising strategies for reflecting and passing on a family legacy are

described in *Living the Legacy: The Values of a Family’s Philanthropy Across Generations*, volume 3 in the journal series published by the National Center for Family Philanthropy (www.ncfp.org).

Two of the most important strategies are described here. The first is to collect and tell stories about the values, vision and actions, and myths and allegories that uniquely capture what philanthropy means to a family. The other, a bit more focused and formal, is to develop, share and build on a living legacy statement about what moves the donors, trustees, and family members and the philanthropy that results.

Telling Stories

One Ohio-based family foundation sets aside time at each of its annual board retreats to tell stories.



Family members listen to audio-tapes of the founders (the now deceased grandparents and great-grandparents of the current trustees). The family gathers together after dinner to listen to these “oral histories,” and then members of the family share their own personal stories about the founders and other family experiences. In this way, the foundation trustees and other family members remember and continually reinvigorate the values that animate their giving.

Telling stories and preparing legacy statements are ways to help harness the “constant” in family philanthropy.

More family foundation stories need to be told. Even when the values that stand behind the decision to form a foundation are clear in the mind of the donor, they too often get set aside from the beginning. Financial incentives, tax planning and organizational matters get pushed to the forefront. The values behind a foundation’s existence become hidden. But stories remembered and handed down can make a dramatic difference.

In the late 1980s, the William Caspar Graustein Memorial Fund experienced a rapid increase in assets. The board decided to set a new direction for what had been “a small and sleepy family foundation.” Board Chair Bill Graustein recalled the stories of his own childhood as one way to help guide this process: “The outward labor of guiding this transition was mirrored by an inward process of coming to understand as an adult the stories of my family that I heard as a child. These stories came to be touchstones for guiding the fund’s work.” The Graustein fund published several of these stories in a series of annual reports, helping the foundation’s grantees and others get a better perspective on the principles and legacy that drive its work.

New stories reinvigorate the values behind a family’s philanthropy. However, it takes commitment and practice to ask about stories, to record them and to tell one’s own stories. The Russell Family Foundation, based in Seattle, sets aside time at each board meeting to share stories and historical family pictures and to build on family heritage and history. Sarah R. Cavanaugh, trustee and former executive director of the foundation, says that the family “treats this time as sacred.”

Developing a Legacy Statement

Many foundations undertake a more formal process and develop a written (and in some cases audio- or videotaped) statement of family legacy. Doing this can serve several purposes. First, such a statement clearly expresses the values, purposes and grantmaking goals of the donors. Second, a legacy statement offers crucial guidance from one generation to the succeeding generations of family trustees and others as they take the reins of the grantmaking program. Third, if each generation in turn develops a statement that builds on and adapts the vision and values passed down to them, the statement preserves a “usable” past while renewing values for the future. Finally, a clear statement provides a benchmark to measure grantmaking by: Is it helping to accomplish the stated goals and values of the donor and family?

Foundation advisor Paul K. Rhoads recommends that donors consider developing this statement when the foundation is established. “It should not be put off until later, because it may never be completed,” he says. “Do it at the beginning, with the knowledge that as your philanthropy matures, you can modify it.” Items to address in such a statement may include

- the donor’s life and accomplishments
- the causes the donor is interested in (generally or with reference to specific organizations) that grow out of that background
- the values, traditions and perspectives that animate the donor’s life and giving history
- the resulting specific intent of the donor for the foundation
- the way the donor wishes succeeding generations of trustees to perpetuate this legacy over time.

A statement of legacy, however, derives its greatest importance and strength when it manages to engage successive generations effectively. In some cases this simply means helping the family reaffirm the donor’s and family’s original goals and values over time. It can also mean a new generation adapting and building on those values to “make the foundation their own.”

Referring to the opportunity taken by the donors and family of The Stoneman Family Foundation before the death of the donors (see “Rooted in Values and Traditions,” page 43), consultant Mary Phillips says, “Such a statement could ease any lingering doubts or anxieties family members might have about giving away inherited wealth or assuming responsibility for more of the foundation’s grantmaking.”

After the death of a donor in a family foundation, children and grandchildren usually want to honor the past while at the same time looking to the future. For many families and foundations, a profound sense of loss is felt when there is no direction from the past. Succeeding generations typically don't want a blank slate; they want some guidance from the donor or earlier generations of trustees. Legacy statements and stories are important ways to give guidance. And as each generation passes its legacy on, a new generation sets down the legacy anew and tells its own stories.

Legacy and Accountability

A foundation's explicit legacy can also play an important role in addressing calls for accountability. Everyone wants results and accountability for foundations. Measuring significant results can only be accomplished when one has clear goals and a long-term outlook. If a foundation is unconnected with its past, the resulting grantmaking may be unfocused and dilettantish rather than strategic and targeted. Referring back to the donor and family legacy through stories or a specific statement is one of the primary ways to assess how a foundation is doing and whether it is pursuing its mission and values.

Legacy and accountability are also related when it comes to the foundation world as a whole. Commentators on foundations often note that foundations do not have shareholders (owners) or customers in the usual sense. Nor do they have voters as democratic institutions do. A self-perpetuating board, then, can be open to the charge of self-interest and unsupervised action. The scrutiny of journalists and the oversight of governmental agencies can often be uninformed and phrased in sound bites. By contrast, communicating the beliefs that animate grantmaking can be a very persuasive response to both the internal and external needs for accountability.

The Helping Hand of the Past

The growth and vitality of family philanthropy that we have seen in recent decades will continue if it remains driven by values rather than by important, but secondary, legal and tax considerations. While commentators discuss either with approval or disapproval the change in the social contract such that government is supposed to do less, the feeling is that individuals, families and communities should do more.

One shouldn't underestimate this fledgling and still inchoate "growing public culture and

Rooted in Values and Traditions

The following text is excerpted from "The Stoneman Family Foundation Statement of Donor Legacy," adopted by The Stoneman Family Foundation board in 1997.

As the foundation's donors, we would like to think that the foundation will always be rooted in the values and traditions of our family. As you know, we have established a tradition of giving over the years that reflects our interests and who we are. We would like this tradition of family values and giving to be part of The Stoneman Family Foundation into the future. The purpose of this document is to convey this wish to current and future members of the board of directors.

Part of the Stoneman family's identity and interests has been in the Jewish community. Our participation in this community has been an acknowledgement of our own roots and has never promoted sectarianism ... We would like our family foundation to acknowledge and continue this participation in the Jewish community into the future ...

Secondly, the Stoneman family has its roots in Boston. Generations of the Stoneman family made their homes here, starting with Sidney's father who emigrated from Russia to the United States many years ago ... We would like The Stoneman Family Foundation to continue to have a Boston presence, with a preference but not a requirement that the foundation annually allocate a significant portion of its grant funds to organizations in the Boston area ...

And lastly, The Stoneman Family Foundation certainly is, and always has been, a family affair ... It is our hope that Stoneman family members will constitute a majority of the board in perpetuity. Failing that, we would request liquidation of the foundation. This being said, we make no further presumptions about representation of different branches and generations of the family, except to say that we expect that the foundation directors will establish policies relating to board membership that are inclusive and equitable.

—C.H.H., J.B.

personal spirituality of care," described in a 1999 report by Paul Schervish and John Havens called *Millionaires and the Millennium* (Boston College Social Welfare Research Institute). Individuals and families are feeling newly empowered to express their diverse philanthropic values and to take on precisely the responsibilities of citizenship that Robert Putnam reminds us of in his recent book *Bowling Alone: The Collapse and Revival of American Community* (Simon & Schuster, 2000): "Your extended family represents a form of social capital."

It is sometimes surprising—and certainly heartening—to see how hard so many family

Give an Account of Yourself

Accountability means giving an account of yourself—put simply, it means telling your story ... One thing today's family philanthropists can do is to tell their stories more publicly and openly, to circulate widely the values, lessons, and examples that will inspire and enable tomorrow's family donors to follow in their footsteps ... By becoming storytellers, family foundations speak not only to new generations of their own donor families but also to others who will be in a position to inherit or dispose of substantial wealth ...

Excerpted from *Telling Our Story: Accountability for Family Foundations*, by Colin Campbell, Council on Foundations, 1996. To order, call 888/239-5221 or visit www.cof.org. Council on Foundations members \$10, nonmembers \$12.

foundations work to discover their pasts. Succeeding generations of trustees must engage in inquiries of various kinds to determine the legacy of values and goals left by those who came before. When those purposes are too general, the actions of a donor during his or her life are an expression of values and a vivid source for determining a donor's legacy. One foundation, for example, sought to uncover a donor's values by systematically reviewing years and years of tax returns and checkbook stubs to unearth a deceased donor's giving history, and, by implication, her values and interests.

Will Close, president and trustee of the 53-year-old Springs Foundation, reports, "For our 50th anniversary, we had a two-day retreat to examine the future of the foundation. Although we made some fundamental changes in the way we make grants, I cannot overemphasize the importance of donor intent and the work of past generations in our thinking."

Telling stories and preparing legacy statements are ways to help harness the "constant" in family philanthropy. They communicate, preserve and expand the larger story of the values that have grounded American philanthropy and promise to move it forward.

Legacy is important not as a concession to the past, but as a helping hand, a vital and rich part of the present, that helps show the way to the future. ■

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"Legacy Can Be Nurtured or Starved"

In "Donor Legacy: What Is it That History Teaches?" an article from *Living the Legacy: The Values of a Family's Philanthropy Across Generations*, volume 3 in the National Center for Family Philanthropy's journal series, Ronald Austin Wells writes:

Legacy then ... is an organic, living entity ... [Legacy] encompasses not only the donor's original statement of intent, but also all of the subsequent work and accomplishments of the foundation and its grantees. Like all living things, legacy constantly changes, thriving under favorable conditions and waning under those that are less so. And as with all living things, legacy can be nurtured or starved. As time passes, the legacy may become anachronistic, something that has petrified into a fossil fit only for a museum; or it may, treated with sympathy, compassion and intelligence, evolve into a perpetual monument to the human spirit. It is the clarity of the donor's instructions, infused with a trust in the wisdom and good will of succeeding generations, that will decide what the donor's legacy will become.

Indeed, is it not the ethical responsibility of all who are involved in the foundation's work—trustees, family members, staff, and grantees—to vigorously nurture the foundation's legacy through their work over the decades?

—C.H.H., J.B.

