

WHAT CALIFORNIA
DONORS WANT
IN THEIR
OWN VOICES

*A report of the
California initiative
of the
National Center
for Family Philanthropy*

Written by
Deanne Stone
and
Jan McElwee



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

ABOUT THE NATIONAL CENTER FOR FAMILY PHILANTHROPY

The mission of the National Center for Family Philanthropy is to promote philanthropic values, vision, and excellence across generations of donors and donor families. Our understanding and experience with the very personal act of giving ensure these donors and their advisors have access to the highest quality information and the encouragement needed to:

- Articulate, pursue, and achieve their charitable missions;
- Understand and meet their governance and management needs; and
- Have a significant positive impact on the lives and work of those they support

The National Center is a nonprofit, 501(c)(3) organization.

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FOREWORD

A primary goal of the National Center for Family Philanthropy is to increase the understanding of the field of family philanthropy. By offering families significant research, well supported by the experiences of family donors, the National Center provides a framework for helping those involved in private giving and those who may be inspired to be involved.

The National Center has developed or initiated a range of projects that examine overall trends in the establishment and understanding of family philanthropy.

The report you are now reading, *What California Donors Want*, represents a new, more personal—and perhaps even more practical—style of research. This report is based entirely on interviews with active and committed donors. The ideas, perspectives, and suggestions in *What California Donors Want* are directly adapted from the voices of these donors.

What California Donors Want was conceived and developed with the generous leadership support of the James Irvine Foundation as part of the National Center's California Initiative for Philanthropy project. This project has resulted in a variety of programs and

activities, including an article placement program; educational programs for local regional associations of grantmakers; and development of *The California Guide to Creating Your Family Foundation*, by the respected Bay Area law firm of Silk, Adler, and Colvin.

This study, the final phase of the California Initiative project, was developed over the past two years under the capable guidance of the California Advisory Committee and an experienced research team. Working with the advisory committee, we were pleased and honored to benefit from the capable guidance and extensive networks of Jan McElwee and her colleagues at the McElwee Group, as well as Jan's co-author, National Center Contributing Editor Deanne Stone.

Special thanks for this report goes to Shirley Fredricks, trustee of the Lawrence Welk Family Foundation and founding Board member of the National Center for Family Philanthropy. Shirley was part of the original group that conceived the *California Initiative*, and served as chair of the California Advisory Committee. Shirley's commitment to her family and to California philanthropy is an inspiration to us all.

The report describes in clear terms the goals, motivations, challenges, and rewards that California donors face. More importantly, it provides practical suggestions and considerations for what these donors see as the most needed tools, information, and guidance they require as philanthropists, both in getting started and in the future.

Many of the donors interviewed for this report continue to have little or no awareness of the overall field of family philanthropy, and many report being “intrigued” to learn that such a field exists. Many of them do not participate in professional organizations, they do not have paid staff, and some were not previously aware of the resources that exist to support them in their work.

What is perhaps most interesting about this study, then, is the fact that many of their answers to questions such as “What do you wish you had known when you started?” and “What assistance would you most welcome now?” are *not* addressed by existing resources. The fact that these donors, many of whom give away hundreds of thousands and even millions of dollars each year, are not aware of existing support resources, also begs the question: “Where are we as a field coming up short, and how can we better connect with and provide support to these new donors?”

We hope that this report helps to answer each of these important questions.

This report is intended primarily for the community foundations, philanthropic networks, resource organizations, and advisors serving families and individuals in California. It will likely be of interest to networks and advisors in other states throughout the United States that are seeking to find new ways to connect and reach out to new donors. We hope that this report can serve as a template for parallel studies in other communities and regions could discover. We are certain that rich stories are waiting to be discovered in every state.

Individuals interviewed for the study expressed a wide variety of sentiments with regard to their experiences and challenges with giving, as illustrated by these two quotes:

I'm sorry that my siblings and I didn't start a foundation when my parents were alive. They concentrated on creating wealth. They didn't know the fun of developing philanthropic projects or how much impact a family foundation can have on a community.

I want to learn about nonprofit boards, the issues they face, and what's peculiar to the nonprofit world. It's just a matter of whether I can manage the time. It's always a trade-off of where we put our time. Right now we can squeeze in only a few hours a week for philanthropy.

For those providing support to new donors, these comments are likely both frustrating and exhilarating. It is exhilarating that individuals and families clearly recognize the excitement, joy, and benefit that family philanthropy can bring.

It can be frustrating that “philanthropist” is only one of many roles that individual donors play in their families and in their communities. To effectively support individual donors, we need to recognize that they each have different skills, interests, and backgrounds, as well as different objectives, different measures of success, and different capacities to be engaged on a day-to-day basis with their giving.

You know, on second thought, that sounds pretty exhilarating as well!

The National Center has conducted or initiated a range of research and information gathering projects, and I encourage you to visit our website, www.ncfp.org, to learn more about this work. Studies include *Family Foundations: A Profile of Funders and Trends*; *Generations of Giving: Leadership and Continuity in Family Foundations*; and *The Practice of Family Philanthropy in Community Foundations*.

We hope that *What California Donors Want: In Their Own Voices* provides both context and guidance for those serving individual donors and their families, and for the donors and families themselves.

We look forward to your feedback and ideas.

Virginia M. Esposito
President

PREFACE

This report represents the first statewide research ever designed to study the attitudes of new donors in our country as they search for a philanthropic structure that will fulfill their aspirations and their potential.

Even those of you who are seasoned professionals in philanthropy will be startled and intrigued by these unexpected responses and by the wide vistas that they open before you. These donors reflect the powerful intersections of culture, economics, philosophies, gender, and family dynamics that imprint their charitable impulse on their communities. They want the connections and resources that will allow them to view the kaleidoscope of our field and recognize the new patterns that are forming to unite their histories with their future.

Although this project looks only at California philanthropy, we believe that it holds valuable lessons that are applicable across many states and that will inevitably impact many families. The Board and Staff of the National Center, our outstanding Advisory Committee, and the superb staffing of The McElwee Group have spent two years in conceptualizing, collecting and analyzing these results and have forged a dynamic vision that all of us can convey to the families with whom we are privileged to engage. I hope that you enjoy *What California Donors Want* and that our findings will enhance and inform your own distinguished work.

Shirley Fredricks

Trustee, The Lawrence Welk Family Foundation
Board Member, National Center for Family Philanthropy
Chair, The California Advisory Committee

INTRODUCTION

California, the country's most populous state and the world's fifth largest economy, has long been considered a bellwether state for national economic and social trends, and this leadership is nowhere more apparent than in the recent, dramatic growth of family philanthropy. California's unprecedented prosperity in the 1990's was accompanied by an unprecedented increase in philanthropy. Californians formed new family foundations and donor-advised funds at a record rate.

While this trend has slowed with California's current fiscal crisis, new donors are continuing—and will continue—to enter the field. They will now do so, however, at a time when the nonprofit sector in California is grappling with huge cutbacks. More than ever, California needs informed, thoughtful, and imaginative donors. While the field of philanthropy has done an excellent job of developing educational programs for established foundations, it has been less successful in reaching and assisting the growing number of new donors.

The critical time for educating new donors is at the point of entry. Too often, however, new donors make initial, long-term decisions about giving vehicles when they have the least amount of information about charitable options. Timely assistance can make the difference between donors feeling frustrated and lost or feeling supported and optimistic.

New donors are already underserved, and more new donors are on the way. To discover how the field of philanthropy can reach and provide essential services to new donors, the National Center for Family Philanthropy in Washington, DC and the McElwee Group in Los Angeles designed the first in-depth study of new and relatively new California donors. The study was guided by a 21-member California Advisory Committee chaired by Shirley Fredricks of the Lawrence Welk Family Foundation and comprised of some of the most respected philanthropic leadership in the state. The Committee set out to learn what resources, if any, these donors had used, what information and services were most useful to them, and what other services they needed or felt were lacking.

In gathering this information, this report provides a much-needed tool for community and public foundations, regional associations of grantmakers, lawyers, financial advisors, and others who support independent donors. *What California Donors Want: In Their Own Voices* will enable these service providers to assist donors in realizing their philanthropic visions, thereby helping organizations and communities in our state flourish in the coming years.

*“When we got started,
we didn’t know other funders.
It took us much longer than
it should have to discover
our local regional association
of grantmakers. We would
have been spared a lot of
frustration had someone told
us about it when we set up
our foundation.”*

THE CALL FOR ACTION

The National Center for Family Philanthropy launched the California Initiative for Philanthropy in 2002 to learn what resources were most useful to new donors as they initiated their philanthropy and what resources were needed as their giving evolved. A small but varied sample of new donors participated in in-depth interviews that focused on four areas: motivations, challenges and rewards, existing services, and future resources. The body of the report recounts donors' experiences in their own words. The final sections, Summary Messages and Strategies for Action, offer ideas for strengthening and expanding donor resources.

California was a natural choice for the National Center's investigation. It has a large concentration of wealthy individuals and an established network of donor support services in place. Besides its three regional association groups (Northern California Grantmakers, Southern California Association for Philanthropy, and San Diego Grantmakers), its 34 community foundations encompass almost the entire state. In addition, California has a flourishing industry of philanthropic advisors: lawyers, accountants, consultants, and donor support organizations. Moreover, California has been a trendsetter for the country. This has been true in its cultural influences and its changing demographics. Now it is leading the way in philanthropy, too.

The economic boom of the late 1990s spurred a trend begun a decade earlier: the growth of family philanthropy in California. Besides setting records for the number of new family foundations, donor-advised funds, and charitable trusts, many individual donors increased significantly their personal giving. The result was a dramatic swelling in the ranks of new donors in California.

See Appendix A for more information on California demographics, including the growth of California philanthropy.

In 1999, the California economy was hit hard by the falling stock market, dot-com collapse, and energy crisis. It is too early to predict the long-term effect, if any, of the weak economy on the growth of new donors in California. Some donors have cut back on their giving, and others may postpone setting up charitable instruments until the economy recovers. Even if California's economy does not turn around quickly, the substantial affluent population will continue to generate new donors.

The much-heralded intergenerational transfer of wealth is expected to create thousands of new millionaires, and more money will be freed up from the sale of family businesses, family homes, and from expired stock options. A percentage of that new wealth will almost certainly be directed toward philanthropy.

Regardless of the rate of growth of new philanthropists, educating new donors is a top priority for California. The faltering economy only adds to the urgency to support and develop thoughtful and adventurous donors. Furthermore, as the state institutes deeper and deeper cuts in funding for the non-profit sector, philanthropy will come under greater public scrutiny.

The critical time for educating donors is at the point of entry. Timely assistance can make the difference between donors feeling frustrated and lost or supported and optimistic. New donors are already underserved, and more new donors are on the way. The field of philanthropy must act quickly to provide the information and services new donors need to get their philanthropy off to a good start. This report shows the type of support donors want now and what they wished they had known when they started.

“If I had understood how vibrant the field of philanthropy was and how intellectually stimulating the challenges were, I would have gotten engaged much earlier.

Philanthropy is the most interesting place to be at this time in history when globalization, business innovation, and a growing population of young donors are all converging. The complexity of the issues is fascinating.”

PROJECT DESCRIPTION

The National Center for Family Philanthropy, headquartered in Washington, DC, envisioned the California Initiative for Philanthropy study as a collaborative process between the National Center and leaders of the California philanthropic community. Under the leadership of Shirley Fredricks, trustee of the Lawrence Welk Family Foundation, a distinguished and diverse group of 21 leaders was assembled as an advisory committee to steer this effort. The McElwee Group of Burbank, California was retained to conduct the study.

PURPOSE

The purposes of the California Initiative for Philanthropy were to:

- listen to the personal stories of new donors to learn what resources, information, and services were: a) most helpful in getting started; b) least helpful or lacking; and c) needed now or in the future
- identify lessons learned from the interviews to stimulate the development of new models for serving new donors in California
- disseminate the information widely to all service providers to promote and advance the use of these models in the state
- inspire complementary studies and models in other communities and states
- support the work of providers of donors services in California and in other states in building a community of engaged and effective donors.¹

Please see Appendix B for more about sample and methodology.

AUDIENCE

This study is aimed at individuals and organizations that support donors with a variety of services. They include regional associations of grantmakers, community and public foundations, lawyers, financial consultants, and estate planners, as well as professional associations, independent foundations, special-interest organizations, private consultants, business groups, individual donors, and corporations.

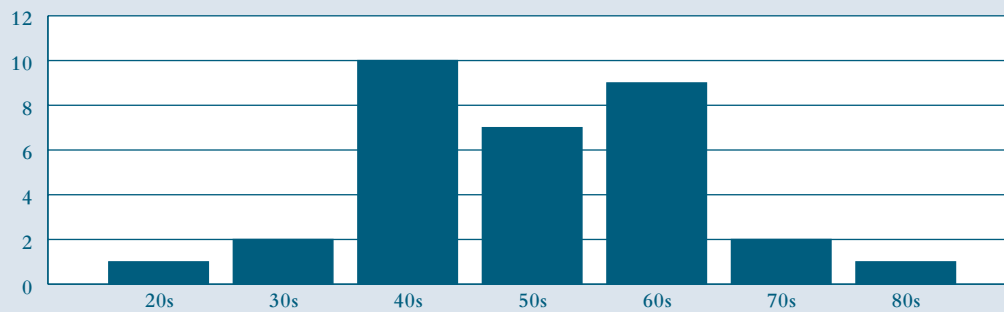
SAMPLE

The research team conducted 27 interviews with 32 individuals (17 men and 15 women). In six of the interviews, spouses or other family members chose to participate. The ethnic breakdown included 23 whites, two Latinos, three Asians, and four African Americans.

The sample was not intended to be proportionally representative of California donors. Rather the goal was to assemble a varied group of donors that included different age groups, representatives from predominant and varied ethnic groups, and inheritors as well as those with earned income. While the focus of the study was new donors, several seasoned donors and a select group of advisors were also included in the sample. One of the biggest challenges in sample selection was finding donors from different ethnic groups to participate in the study.

¹ Two other studies on donor resources were underway when this study began. *New Visions in Mill Valley, California* is conducting a national study of donor resources. *The Philanthropic Initiative in Boston* is surveying 600 California financial advisors who advise individuals on estate planning and philanthropy.

AGE OF STUDY PARTICIPANTS



INTERVIEWS

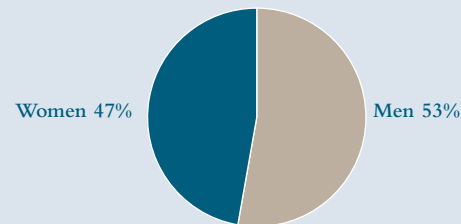
Each donor answered a questionnaire composed of 25 open-ended questions clustered around four main areas:

- motivations for and rewards of giving;
- challenges of giving;
- existing services; and
- future support needed.

The four areas suggest a natural learning progression from an initial impulse toward philanthropy to seeking assistance. This study, however, was not designed to make those connections because of the small size of the sample and the number of brand new donors.

These confidential one- to three-hour interviews were conducted in person, usually at the home or office of the interviewee. For many donors, the interview was the first time they had discussed their philanthropy with anyone other than family members or legal and financial advisors. Some, who had never discussed their giving with anyone outside their families,

GENDER OF PARTICIPANTS



felt an initial reserve in talking about it with strangers. Others didn't think of their giving as philanthropy, and a few didn't think they had much to offer. In the end, however, most felt that the interview was an educational experience, and several thanked the interviewers for stimulating their thinking about their philanthropy.

Please see Appendices C and D for information about the demographics in this sample and the complete survey questionnaire.

PART ONE

MOTIVATIONS

*Personal benefits, altruism, family legacy,
outside influences, and ethnic funding*

Understanding what motivates donors to give is key to providing services that help them realize their dreams. Donors' responses in this sample support the findings of other studies of donors' motivations. All the donors had more than one reason for being philanthropic. For convenience of discussion, donors' motivations were divided into six categories: personal benefits; altruism; family engagement; family legacy; outside influences; and ethnic funding.

PERSONAL BENEFITS

Tax benefits were a factor in everyone's story, either directly or indirectly. While it was an initial motivator for donors to establish a charitable vehicle or to increase their giving, it was not necessarily their primary incentive.

Some donors looked to philanthropy to add another dimension to their lives. This was especially true of young, wealthy entrepreneurs in Silicon Valley. Swept up in the high-tech frenzy of the late 1990s, they reached heights beyond their expectations and in record time. Yet, they still felt something lacking in their lives.

I was a big winner in my professional life, but the wealth didn't feel real to me. I was happy in my work, but I wasn't satisfied. In recent years, I've understood that there's something beyond professional success. It's called significance—taking things to the next level.

Because philanthropy is supposed to be a purely altruistic practice, donors were reluctant to acknowledge the personal benefits they derived from giving. The byproducts usually weren't the main motivators but, as one high-spirited and energetic entrepreneur admits, they were welcome. For the past few years, he has immersed himself in a capital campaign to build a much-needed school. Through his hard work and know-how, he developed a public image that, he discovered, was good for the campaign and good for his business, too.

There are advantages to funding in the community where our business is. I can use my business connections to help nonprofits and, in turn, our philanthropic activities help our business. There was another side benefit we didn't expect. We run our foundation out of our office, and our employees took an interest in our philanthropic work. I had no idea how proud they would be to see what the foundation was doing. That encouraged us to set up a matching program for board members, family members, and employees to give money to charities they want to support.

ALTRUISM

Making charitable contributions was nothing new to most of the donors. With few exceptions, they had been writing checks—some quite large—to nonprofit organizations and institutions they admired for years. By far, donors’ most compelling motivation for increasing their philanthropy was the desire to contribute to society. A few also saw a secondary benefit: inspiring family and others to give. One donor intentionally capitalized on his high profile to promote philanthropy. Dismayed to learn that many rich people gave little or nothing back to society, he designated “philanthropy and the public benefit” as one of his fund’s program areas. In addition, he used his family name in his new foundation to inspire other wealthy individuals to “conquer their inertia, get involved in philanthropy, and give at a higher capacity.”

A characteristic of the high-tech entrepreneurs was the “can-do” attitude with which they embraced philanthropy. They not only brought money to philanthropy but also an eagerness to apply their business skills to solving social problems. After spending a year educating himself about the field, a vice-president of a high-tech company said,

My impression is that experts in the field of philanthropy don’t know how to tap into the new population of wealthy young people who have money and talent to contribute. For example, I developed theories and models about how to introduce products at our company. I’d like to bring to the field of philanthropy methods that have had an impact in the business world.

FAMILY LEGACY

What was noteworthy about this sample was the number of donors who had put a cap on their children's inheritances and who had already informed their children that the bulk of their parents' estate would go to charity. One retired couple said,

We always told our children not to expect anything more than small inheritances from our estate because we refuse to deny anyone, especially our children, the right to self-determination. However, we felt strongly that they had the right to participate in how we gave away the money.

Involving their children in their giving was a powerful motivator for many donors. Besides instilling values in the younger generations, a giving program brought the family together around important social issues. Said a CEO in the entertainment industry who established a family foundation last year,

We support environmental groups in California and in my wife's home state. When we visit there, the staff likes to show us the work they're doing. That impresses on our teenage daughters how important the work of our foundation is. We also talk with them about the volunteer work we do. My wife is a tutor and I sit on a board of a non-profit organization. The kids see the pleasure that we get from this work. We don't want to force anything on them, but we hope that they are connecting the dots between the money and the results.

By contrast, some inheritors in the study told different stories of family influence. Instead of being inspired by their parents' attitudes and giving practices, they rebelled against them. A fifth-generation donor began questioning her parents' philanthropy when she was a teenager. Growing up in a wealthy family, she was equally aware of the privilege she was born into and the poverty in which so many people in their town lived. When she received her inheritance, she rejected her parents' approach to philanthropy and carved out her own niche.

My parents are very civic-minded. They sit on several boards and are very philanthropic. But I was cynical about the discrepancy between what they said they did as philanthropists and what they actually did. They were giving money away, but to what? It didn't make any sense that they donated money to my private school instead of to the decrepit schools all around us that needed the money the most. What was the logic of cycling scarce philanthropic dollars to organizations serving the privileged? The purpose of philanthropy is to seek out organizations that benefit people who are not the beneficiaries of the system. I can't live by and make decisions on the same principles as my parents and grandparents. I want to live in a society based on the principles of social and economic justice.

OUTSIDE INFLUENCES

Two communities in California—the San Francisco Bay Area and Silicon Valley—have well-developed philanthropic networks and donor resources. The Bay Area has a high concentration of wealthy political and social activists. They can connect easily with one another through established donor resources in the community. Organizations like Resourceful Women, Women Donors Network, the Tides Foundation, and the local chapter of Resource Generation, a group of donors under age 35, have turned the Bay Area into what one donor called “the great watering hole for donors interested in economic and social justice.”

Tracy Gary, a consultant and organizer who founded Resourceful Women and the Women Donors Network, influenced and mentored several of the women donors in the sample.

My ideas about philanthropy were shaped by seeing how Tracy lived her life. She was very public about her philanthropy, and she encouraged other women to be, too. To protect my daughter, I waited until she graduated from high school. Then I became a public philanthropist.

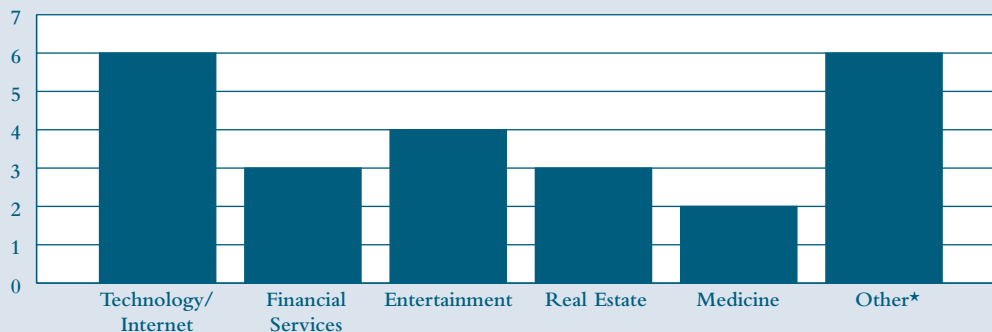
The influence that like-minded philanthropists have on one another can be profound. One donor interested in social change philanthropy was persuaded by the example of her fellow donors to double her annual giving and to be public in her philanthropy. Another said,

The most important part of my experience as a new donor has been accepting challenges from my peers to get involved financially. In turn, I issue that same challenge to others. Knowing people whom you admire and respect and who are engaged in wealth redistribution is the biggest motivation to get involved.

Silicon Valley, home to one of the largest concentrations of young and wealthy entrepreneurs in the country, has become a hub of philanthropic activity. Over the past decade, an estimated 200 private foundations were established there, and more will be created in this decade. A geographically compact area, wealthy individuals cross paths in business and social circles. It was through these networks that many donors in the sample learned about donor resources in the community.

Living in this community was one of the motivating factors in our getting involved in philanthropy. Many of our friends and business associates have new wealth, and they talk about their philanthropic projects at parties. That's how a lot of us got involved in The Foundation Incubator and SV2 (Silicon Valley Social Venture), a venture philanthropy network.

SOURCES OF WEALTH



*Other includes: 1 each in retail; beverages; plumbing; manufacturing; waste management; banking; and publishing

Donors who participated in these groups welcomed the opportunities to learn from their peers. But donors balked when peer influence took a more aggressive form: peer pressure to contribute to pet projects of friends, family, and business associates. A Hollywood studio executive who has high visibility in his community talked about the persistent pressure he is under to make charitable donations to organizations and causes that do not reflect his interests.

What motivates me to give is peer pressure: pressure from my wife, my colleagues, the school my kids attend, my business partner, from people and organizations I don't even know. It's pressure from things I'm involved with in business and in my personal life. I cannot NOT give. So, I get roped into giving to organizations and institutions and political candidates that I don't feel any connection to. I go along with it, and not unhappily. I don't regret the gifts I've made, but I'd prefer to support things I'm involved with. That may have to wait until I die.

Several donors who worked for corporations were introduced to philanthropy through their employer's corporate philanthropy. One told of having his eyes opened by a presentation at his workplace.

Working in the high-tech industry I felt that I was contributing to society by helping to build a socially conscious and great company. I had never thought about matching my growing wealth with giving. My company invited a representative from the local community foundation to speak to the employees about community foundations. She got me thinking about philanthropy as a process rather than as charity. I set up a donor-advised fund just to get things rolling.

Younger donors credited community service classes they took in high school and college for stirring their interest in philanthropy. Other donors were inspired by the philosophy and work of prominent people like Dorothy Day, co-founder of the Catholic Worker Movement, and Eugene Lang, founder of the "I Have A Dream" program.

ETHNIC FUNDING

While operating in distinct communities, the donors of Asian, African-American, and Latino heritage shared similar attitudes and practices in their philanthropy.

- They are motivated by the desire to help their own ethnic group
- They operate outside the circle of established donor resources
- They serve on numerous nonprofit boards in their communities
- They rely on their formal and informal networks for information about individuals and organizations
- They regard giving as something personal and not to be discussed outside the family.

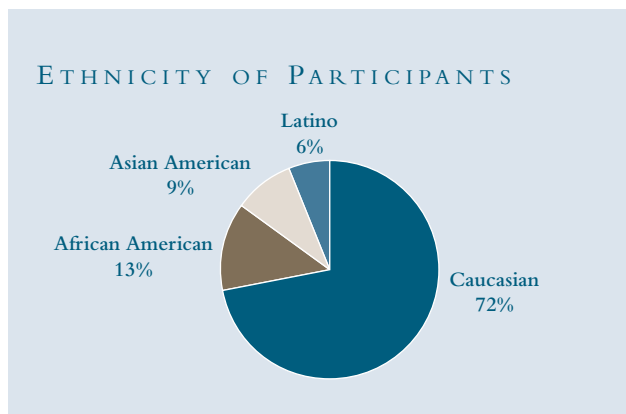
Without exception, these donors believed that funding their own ethnic groups had to be their top priority because their communities weren't the top priority of most philanthropists.

One Japanese-American donor had been interred in a relocation camp during World War II. His family lost their businesses and when the war ended, they had to start from scratch. For the next 40 years, he concentrated on building three new companies. By the 1980s he was a rich man.

My businesses were doing well, and I had time to think about my community. I joined the boards of two Japanese-American organizations where I met people fundraising for different Japanese-American organizations. I remembered how the Japanese-Americans had suffered during the war. Most were doing well now, but organizations serving the Japanese-American community needed ongoing support. I wanted to support my own kind. Los Angeles was the right place to do it because it had the largest Japanese-American community outside of Hawaii.

A Latino donor said that giving to the Latino community was a family ethic and a policy of their family business. Besides encouraging volunteerism among their employees, the family has been making in-kind contributions to the Latino community for years. The company built a database of 1500 organizations that it has supported. The database has become a clearinghouse for information about local organizations.

We've always been active in civic affairs. We're always asking ourselves: How can we contribute to the (Latino) community? What does it need? Our answer is that it needs education, political access, and an understanding of what it means to thrive in a foreign land. To go from thinking about what's good for the community to being philanthropic is a short step.



African-American and Latino donors who had escaped poverty through education were motivated by their desire to give members of their ethnic groups the same opportunity to advance. These donors concentrated their funding on targeted mentoring and scholarship programs.

Said one Latina donor,

Other donors give money to university capital campaigns and other higher education programs, but they don't earmark scholarships for Latino students. That's why we have to do it.

That sense of responsibility to support one's community resonated with an African-American donor.

Philanthropists should give the most attention to the people who are the most socially, politically, and economically disenfranchised. That's why our work is geared to inner-city African-American youth. These are the kids who need the most help, but philanthropists don't always see them as a priority in their giving.

The Asian, African-American and Latino donors shared the taboo about discussing one's philanthropy with anyone outside the family. Instead of turning to established donor resources for assistance, the minority donors tended to rely on people in their communities to tell them what services were needed and which organizations were doing the best job in providing these services. Interestingly, these donors typically didn't think of themselves as philanthropists.

One African-American donor said,

We don't use established resources because to us it's like family giving. In our community, giving has never been institutional nor is it something to talk about. We were taught that taking credit for helping others lessens its value.

PART TWO

CHALLENGES AND REWARDS

*Choosing a giving instrument, administering foundations, setting
grantmaking policies, engaging family members,
and adjusting to the nonprofit world.*

CHALLENGES

As donors moved from one stage of giving to another, they encountered challenges in how to structure their philanthropy. The challenges they identify fall into five categories: choosing a giving instrument, administering foundations and funds, setting grantmaking policies, working with family members, and adjusting to the nonprofit world.

CHOOSING A GIVING INSTRUMENT

Donors have a spectrum of charitable options to choose among, and many in this sample had already set up multiple giving vehicles. In addition, several continued to make significant personal gifts to organizations outside their fund's program areas.

Many donors depended on lawyers or financial advisors and, sometimes, friends to recommend a vehicle to them.

Others had a definite preference for one vehicle over another. Foundations appealed to donors who wanted to exercise the most control over their giving. One high-tech donor said,

When I learned about family foundations, it all clicked into place. The idea of my family working together to contribute to society felt right. But most of all, a family foundation would give me back the autonomy I had lost at the company over the past few years. In a foundation my family and I will decide what we do, and that's very appealing to me now.

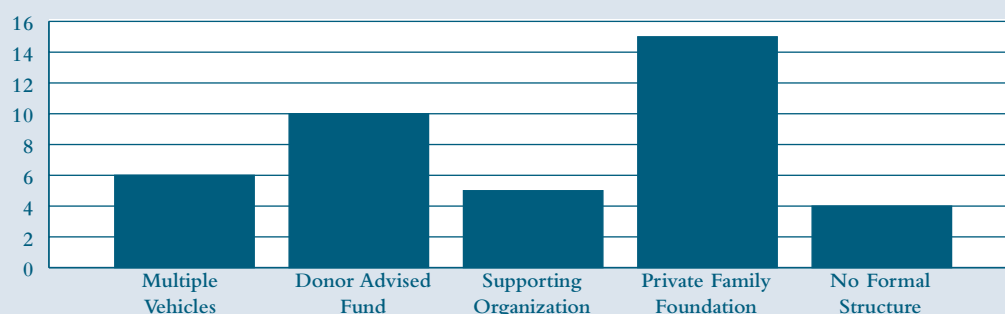
Donors who preferred donor-advised funds, on the other hand, were willing to give up some control in exchange for having a community foundation administer their grants. Besides using regional community

foundations, these donors also turned to public foundations and special-interest community foundations such as those serving women or a particular religious group. Most were pleased with the arrangement, but they reported considerable variation in the quality of services and restrictions placed on the donors by different community foundations. (This topic will be explored more fully in the next section, Existing Resources.)

Of all the charitable options, donors were most confused by or least informed about supporting organizations. One couple had set up two donor-advised funds before they even heard of a supporting organization.

We asked our lawyer how a supporting organization was different from a donor-advised fund or a family foundation, but we never understood his explanation. After a friend explained it to us, we set up a supporting organization. We liked that it bypassed the family foundation 5 percent payout rule and that we could give grants every year or give nothing in another year. One restriction is that outside board members have to outnumber family members, but that doesn't bother us.

GIVING VEHICLES USED



The CEO of a large supporting organization set up by a young high-tech entrepreneur agreed that more donors would choose supporting organizations if they understood the advantages.

Most financial and legal advisors don't know what a supporting organization is. They mistakenly believe that it benefits nonprofit organizations only. They're unaware of the advantages to the donor, especially the new donor. Besides allowing a higher percentage of donations to be tax-deductible—50 percent vs. 30 percent for private foundations—new donors can learn from the experienced outsiders who sit on the board. This is an effective way to educate family members about philanthropy that is too often overlooked.

Many donors were interested in setting up scholarship funds. One couple, however, ran into restrictions that surprised, frustrated, and disappointed them.

We had assumed that the scholarship fund would be part of our foundation. But then we learned that if we funded the scholarship fund through our foundation, we would exceed the 20 percent AGI (Adjusted Gross Income) cap on contributions donors can

make to the foundation in one year. Now we're looking at setting up a scholarship fund for students at our local college through the local community foundation. We don't think we should have to do this. We would prefer to fund our foundation at 30 percent of our AGI. It's been a real challenge finding the guidance we needed at the start.

A few donors rejected legal instruments all together, preferring to write personal checks—but in a more organized way. Said one,

We didn't want the administrative hassles of operating a foundation or having to respond to proposals. We'd rather find organizations on our own. We may change our minds later when we have appreciated stock to donate, but for now, we prefer to write checks.

Another donor had a different reason,

I didn't want the responsibility of dealing with staff or with paperwork. I support a lot of political candidates and lobbying groups, and I didn't want to be restricted on what I could give to.

ADMINISTERING FOUNDATIONS

Some donors who had set up family foundations were satisfied with their choice. They felt that it was the right vehicle for their family and their philanthropy, and they had worked out a manageable system for running the foundation. Others, however, were unprepared for the responsibilities of running a foundation.

One couple in their late sixties set up a family foundation with proceeds from the sale of their business. The foundation allowed them to simultaneously honor the memory of a daughter who had died, engage the whole family in philanthropy, and organize their giving. They had always been charitable and now, having sold the family business, they had more money to give away. What they hadn't anticipated was the workload.

I always had a staff in my business. Now all of a sudden I'm the guy doing everything. I was ignorant to think that I could run this foundation on top of all the other things I have to attend to and still be retired.

Although the couple had set up the foundation four years ago, it was still largely inactive. In fact, the couple continues to write checks to charities on their personal accounts rather than through the foundation. As a result, they ran into trouble last year for not meeting the 5 percent payout rule. Their worries about complying with the law were heightened after receiving a mailer from a service that claims to keep foundations in compliance with the law. Frightened by the mailer's dire warnings, the couple called their lawyer to find out what their legal responsibilities were. The lawyer sent them a pamphlet to read.

Other donors, too, discovered that running a foundation was more than they could handle on their own. One donor wanted to follow in her activist grandmother's footsteps. She urged her family members to fund the shell foundation that her grandmother had set up in her trust years ago. They endowed it with \$30 million, and the granddaughter volunteered to run the foundation.

I wanted the three generations to have the experience of giving away money together, but I had no idea what it entailed. Starting a foundation is as demanding as starting a business. I suggested hiring staff but the board didn't think it was necessary. After my second child was born, I stepped down. Then the board hired two full-time staff to replace me. A lot of other families are like mine; they think they should do the work on their own. It takes a while to realize that you need staff. Few families have the time to run a foundation properly and take care of their families, businesses, and other obligations.

A high-tech entrepreneur and his wife endowed their family foundation with assets of \$20 million. Because the wife was leery of hiring an outsider, their son volunteered to be the full-time director. He enjoys the work, but his biggest challenge is running the foundation singlehandedly.

I'm the only staffperson so I don't have time to be as thorough as I would like to be. Menial tasks take up a lot of time that I'd rather use getting to know the organizations we work with. I feel isolated working alone. I'd like to have colleagues around to chat with and share ideas with.

Another donor, a donor-activist and mother of two teenage sons, spends an average of 25 hours a week on philanthropy. She knows that her life would be easier if she had a staff, but she isn't sure how to allocate responsibilities.

I recently hired an assistant to input data. I could use more help, but I'm having trouble figuring out how to work with them. I'm not sure what they'd do or what I'd do, so I do the work by myself.

SETTING GRANTMAKING POLICIES

New donors quickly bump up against the grantmaking policy decisions that more experienced grantmakers wrestle with. Knowing how much to give, when to give, and for how long are ongoing dilemmas for philanthropists. The most perplexing policy decisions for donors were those posed as either/or choices: Do more small gifts or fewer large gifts have greater impact on a community? Is it better to give more at a time when the economic and social needs are greater or to preserve capital for future giving? Should grants be limited to one year or spread over several years?

An African-American family that has a long tradition of supporting the community in which their business is located struggles with finding a strategy to deal with the changing demographics of the neighborhood.

We used to support the African-American community exclusively. Even though the neighborhood has changed, we still feel we

should give the money here. But every time we think we've decided on a policy, another crisis occurs. We wonder whether we're taking the right approach or whether we should focus on long-term needs. It's confusing when needs are so broad.

One of the most difficult aspects of being a conscientious donor is learning how to say “no” to grantseekers and fundraisers, especially when the cause is worthy and the organization is doing good work. Many of the donors interviewed set up foundations or donor-advised funds to manage the many requests they received. In doing so, they expected the foundation to be a buffer between them and requests for personal donations. One donor discovered that this isn't always the case. Even though he has had a decade of experience chairing nonprofit boards and knows the importance of staying focused on mission, he finds it hard to do as a donor.

The downside of having a family foundation is that people come out of the woodwork to ask for money. Recently a friend took me to lunch and asked me to make a \$25,000 contribution to a neighborhood project. I was shocked. It really shut down the conversation. I'm trying to learn to say 'no' gracefully, but we still haven't figured out a scale

of how much to give to good friends and how much to moderately good friends. I have to develop a statement in a formal letter that defines our target areas. We try to give within our program areas, but each year we see that a huge percentage of the budget has gone to requests from friends and family.

ENGAGING FAMILY MEMBERS

Without exception, donors wanted their children to be involved in the family philanthropy. Parents of young children encouraged an interest in philanthropy by giving them charitable allowances to donate annually, talking about their projects at the dinner table, or taking them on field trips. All the parents of adult children invited them to participate in the family giving from the start. Their efforts to engage adult children had mixed results.

One couple had informed their adult children that most of their parents' estates would go to charity. They were pleased that the children wanted to take an active role in giving away their parents' money.

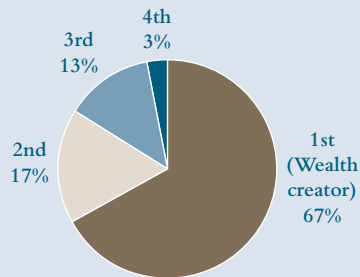
Our kids had no idea of our net worth because we had always lived modestly. They were shocked when they found out how much money we had. It took them a while to get used to giving away so much money. Their discretionary funds are almost equal in size to their annual incomes. The first

year they had some money left over, but not anymore. They're really enjoying giving to things that count in their lives. It's been such a joy for us to watch their giving evolve.

Sometimes, though, parents' enthusiasm for family philanthropy surpasses that of their children. A San Diego couple learned that what parents envision doesn't always come to pass, or at least not on the time schedule they anticipated.

We wanted to build a strong family bond around giving. It took longer than we expected to develop, but now the kids have found roles in the foundation that match their skills and talents. Not all are equally involved, but they all take an interest in the grantmaking.

GENERATION OF INTERVIEWEES' WEALTH



Another couple is having second thoughts about their decision to set up a family foundation. They had expected their four adult children to take an interest in the foundation. Their lack of involvement has sorely disappointed their parents.

We have trouble getting our sons to read anything we send them. They are too busy with their families and careers. Maybe my wife and I are at fault because we make all the decisions, but the kids haven't come knocking on the door either. We organized a family trip that would combine a cruise with a board meeting, but some of kids are already opting out of it. Now my wife and I are questioning the usefulness of the foundation for our family. Maybe going back to making personal contributions will fill our philanthropic cup.

Another father was feeling equally disappointed by his family's reluctance to get involved.

I set up the foundation to create something of value for our children and to have an activity the family could do together. Right now, I'm feeling pretty disheartened; neither my wife nor my children take much interest in the foundation. My wife is worried that we're going to give away money that we may need later, and our kids are in college. I know that they're at an age when studies and social life come first, but I thought they'd be more excited about the foundation. When I try to talk to them about it they say, 'Maybe later, Dad.' It hurts me that they're indifferent to a family project I was so excited about. I don't want to force it on them, but I'm not sure how to proceed. I feel as if I'm walking on eggshells. I want this to be a good experience for the kids, but what's the right way to get them involved? We've always been a close family. Now I worry what I hoped would bring us closer together will lead to tensions in the family.

New donors limited family involvement to their children; none had invited parents or siblings to join their boards. One couple, though, created an annual discretionary fund expressly for their family members. The couple had earned vastly more wealth than their siblings, leading to tensions in the family. Hoping to bring the family together through the shared experience of giving, they set up a discretionary fund of \$20,000 per year for each of their siblings.

The discretionary funds had a beneficial side effect that my wife and I didn't count on. One sister is a generous person, but she and her husband don't have much money. Our efforts to help them financially just made her more resentful, especially when we took vacations together. But since we started this practice three years ago, about 80 percent of the tension between us has dissipated. She sees now that we really want to do good things with our money.

ADJUSTING TO THE NONPROFIT WORLD

Coming from the fast-paced and competitive high-tech industry, the young entrepreneurial donors were unprepared for what they viewed as the gulf between the business and the nonprofit world.

My impression is that the nonprofit sector is poorly organized and fragmented. There seems to be a lot of duplication of services. The nonprofit sector doesn't seem to know how to market itself to the business community. Prominent business people who sit on nonprofit boards should talk about their experiences at business conferences or visit business schools and tell students what they do for nonprofit organizations. The gulf between the business world and the nonprofit sector has to be bridged so that people can move back and forth between them more easily.

Another high-tech entrepreneur was used to working in an environment that placed a high value on sharing ideas and pooling intellect. He was disappointed that he hadn't found the same open and stimulating atmosphere in the foundation community.

Coming from the business world, I was attracted to the potential that foundations have to play a bigger role in society. But instead I found that many family foundations are private, insular, and faceless. They're missing opportunities to influence potential donors by not publicizing what they do and why they think it's important. Large foundations, especially, should be out there telling their stories. They could play a bigger part in educating new donors by being more public in sharing lessons that they've learned from their grantmaking successes and their failures.

A go-getter entrepreneur who works in an industry where taking high-risks is a regular occurrence believes that foundations should take a bolder approach to grantmaking.

We're an entrepreneurial family. If we make an investment, we do everything we can to see that it succeeds. Our foundation applies our business model to philanthropy. We like to take chances on small nonprofits run by

people who have fire in their bellies. But I think we're the exception. My observation is that foundations are afraid to do things differently. Too many philanthropists are too polite, too cautious, and too isolated from the communities they fund. They're reluctant to take responsibility for the results of projects they fund, and then they wonder why their projects don't have more impact on the community.

REWARDS

As expected, all the donors spoke of the deep personal satisfaction they got from helping others. What was most gratifying was seeing tangible results from their grants or what one donor called “the joy of witnessing change.” Another donor said that he sleeps better knowing that his foundation is enlightening, encouraging, and empowering African-American teenagers in the inner-cities.

A Latina donor recounted a remarkable coincidence that confirmed her belief that philanthropy is all about planting seeds. She and her husband had set up a scholarship program for Latino students at their alma mater in Southern California. Years later, one of the scholarship students unknowingly applied for a job at

a company in Northern California owned by the donors' son. The son was impressed by the applicant's qualifications. But when he learned that the applicant had been a recipient of a scholarship funded by his parents, he hired him on the spot.

Our son took this young man under his wing, and he's turned out to be an excellent employee. This was a winning situation for all of us.

Many donors came to philanthropy with a secondary motive: involving their children in the family giving. It doesn't always happen as parents hope and often it takes longer than they expected. But when the generations work well together, they derive tremendous satisfaction from making contributions as a family.

Having the foundation is important to our family. We made a conscious decision to live lower on the food chain so that we could continue funding it. We moved to a smaller house and reduced our scale of living. It took a while for our kids to become actively engaged in the foundation, but it finally happened. Our greatest reward is doing this work with our children.

For others, an unexpected bonus of philanthropy was the sense of belonging to a larger community of donors. Wealth brings privilege, but it can also lead to isolation. Many wealthy people, wary that others are interested in them only for their money, narrow their social circles. But one donor discovered just the opposite happened when she decided to become a public donor.

I've broken through the isolation that many wealthy women feel. Through my philanthropy, I've developed a large and supportive community of wonderful friends from all backgrounds. Philanthropy is my life's work, my full-time job. It's a spiritual path that nourishes me in ways that I never expected.

It's been a profound experience for which I feel very grateful.

The rewards of philanthropy are not limited to the spiritual and emotional satisfactions. A vice president of a high-tech company was won over by the intellectual challenges of philanthropy.

If I had understood how vibrant the field of philanthropy was and how intellectually stimulating the challenges were, I would have gotten engaged much earlier. Philanthropy is the most interesting place to be at this time in history when globalization, business innovation, and a growing population of young donors are all converging. The complexity of the issues is fascinating.

A Southern California entrepreneur echoed those sentiments.

I didn't know anything about the philanthropic world before we started our foundation. I never imagined that it would be so much fun. I had no idea that an individual or small group could have as much impact on a community as our foundation has had. My goal now is to build up the foundation's assets to \$40 million by the time I'm 50. Then I'm going to retire and divide my time between teaching science to middle-school students and focusing on philanthropy.

EXISTING RESOURCES

*Lawyers/financial advisors, community/public foundations,
professional associations, donor support organizations,
philanthropic consultants/advisors/peers, publications/the Internet*

The majority of new donors in this sample had earned wealth. Although well-connected in the business world, many were unfamiliar with the nonprofit world. The terrain was equally foreign to inheritors who chose to forge new philanthropic ground from that of their families. Donors varied widely in their use of donor resources. Some recognized that they needed support right from the start; others turned for help only when they confronted challenges. Still others never sought assistance after establishing their charitable vehicle. This section discusses the six types of resources donors used: lawyers and financial advisors; community and public foundations; professional associations; philanthropic consultants/advisors; support organizations; and publications/Internet.

LAWYERS AND FINANCIAL ADVISORS

In many cases, professional advisors were the first to recommend that their clients set up a legal giving instrument. But what was noteworthy about this sample was the number of donors who had decided to set up a giving program before they consulted their legal or financial advisors.

Several donors were pleased with the advice that they received from their advisors. A former CEO of a major corporation said,

My wife and I talked with our estate planning attorney, our lawyer, and our financial advisor. These advisors sit on the boards of both the local community foundation and a Jewish organization. We interviewed both organizations to see which services best matched our needs. We also consulted several friends active in philanthropy to learn about their experiences. We decided to set up a donor-advised fund at the community foundation because its services were the most comprehensive.

Another CEO of a financial services company explained why he and his wife followed the advice of their estate-planning lawyer to set up a donor-advised fund at a community foundation.

We had been getting more requests for donations than we could handle. Our lawyer told us that a donor-advised fund was more efficient than a family foundation. Another advantage was that we could donate appreciated securities.

Other donors, however, were confused by their advisors' explanations of the different charitable instruments and the long-term consequences of choosing one over the other. Moreover, their lawyers hadn't informed them of the full range of choices. Several learned about charitable options they would have preferred after their lawyers had encouraged them to set up a donor-advised fund or a family foundation. An estate-planning lawyer who is knowledgeable about philanthropy and who has sat on the boards of private, public, and community foundations was interviewed for the study. He was not surprised that many lawyers were unfamiliar with the full spectrum of giving instruments.

The practice of most lawyers is broad rather than specialized. Typically, estate planning lawyers or family lawyers spend only 5 to 10 percent of their time advising on charitable choices. Because these discussions are

infrequent, their knowledge of charitable vehicles is shallower than in other areas of their practice. What's needed is a checklist or pamphlet about philanthropy basics, "What Every Advisor Needs to Know."

COMMUNITY AND PUBLIC FOUNDATIONS

Many donors in this sample had set up donor-advised funds at community or public foundations. Their assessments of their working relationships with staff ran the gamut from high praise to serious criticisms. This donor speaks for those who were pleased with the services they received:

We're happy with our decision. Now all we have to do is tell the community foundation staff about our interests, and they do the research for us. The staff is terrific. They give us all the information we need and answer all our questions.

One couple set up two donor-advised funds and a supporting organization at three different community foundations—one in California and two out of state. They learned firsthand how different one community foundation can be from another.

One community foundation is excellent. It's very well organized, follows through on everything, keeps track of our interests and objectives, and pushes the process along. When we add money, we always get an acknowledgement so that when tax time comes along, everything is ready. They understand their job and stay on top of things for the donor.

But we've had lots of problems with the other two community foundations. At one, the staff was incompetent. They didn't follow our instructions, and they sold some of our investments without notifying us. We lost \$250,000, and then they twisted things around to make it appear as if it were our fault. We complained so much that they finally got new management, but now we pay much closer attention to what they do. The other foundation gave us headaches, too. We were paying the community foundation \$60,000 a year (a percentage of assets) to administer the fund, but all they did was type up the letters. We still had to do the administrative and secretarial work to make sure that everything was sent out. After we raised hell, we got a new person assigned to us. Now I can call her and get attention immediately. I'm still doing a lot of the work, but now we feel that the community foundation is a more responsible overseer. Our experiences have taught us that we have to be assertive and demanding to get attention.

A donor who had set up a scholarship fund for low-income girls complained about the slack record keeping of the public foundation where she had had her donor-advised fund.

They were so disorganized that they were driving me nuts. I never knew how much money was in the account. I finally moved it to a community foundation, and they've been wonderful to work with. They provide me with regular quarterly reports, help me rework my brochures and, most important, they support my choice to spend down capital if necessary to meet current needs.

Whether from mistaken expectations on the part of the donor or lack of clarity about services on the part of community foundations, several donors were miffed about the “one size fits all” services the organizations offered. They signed up expecting to receive personal attention from the staff when they requested it. One complained that the generic form letters sent out in donors’ names were useless for their purposes. They needed at least six different letters for different occasions and, eventually, they wrote their own. Another donor assumed that the community foundation staff would prepare detailed research reports on prospective grantees for him to consider.

The staff defines its services too narrowly. They respond to donors’ interests, but they don’t lead. They just give me lists of names of organizations to fund. That isn’t helpful when I don’t know the organizations. I expected more direction, more depth to their analyses.

For some donors, having one donor-advised fund was sufficient. Others discovered later that they needed additional charitable instruments to realize their philanthropic goals. That was the case of a young high-tech wunderkind. He first established a donor-advised fund at the local community foundation. When the assets of that fund reached a certain level, he decided that he needed more help in selecting grantees than the community fund staff could offer. He initiated a search for a CEO and hired her to run his fund. When the assets of that fund grew even larger, he put a cap on the donor-advised fund and endowed a new private foundation. The CEO explained,

The community foundation was the perfect starting place for the donor. He got a good grounding in philanthropy and help from the community foundation’s legal and financial advisors. He is grateful for the education and experience he got there, and he will keep that fund at the community foundation. But now that he’s knowledgeable about philanthropy, he’s ready to tackle independent grantmaking.

Another donor reported a similar progression in her philanthropy. She first established a donor-advised fund at a public foundation. Recently she realized that she could accomplish other goals through a family foundation.

This public foundation has two tiers of donor-advised funds. One is a program supported service that has a 5 percent fee on grants made. The other is a program-advised

service for more active donors that charges a 12 percent fee on grants made. I chose the active model. I met with their program officers, went on site visits with them, and learned everything about grantmaking from setting a mission to evaluating grants. Of all the donor resources I've used, I learned the most from the staff at the foundation. That education prepared me to set up and run a family foundation.

COMMUNITY AND PUBLIC FOUNDATIONS (IN CALIFORNIA)
USED BY DONORS INTERVIEWED FOR THIS STUDY

California Community Foundation
Community Foundation Silicon Valley
Jewish Community Foundation
Pasadena Community Foundation
Peninsula Community Foundation

San Diego Community Foundation
San Francisco Foundation
San Francisco Women's Foundation
Tides Foundation

PROFESSIONAL ASSOCIATIONS

Many of the newest donors had not yet discovered professional associations. They were unfamiliar with established organizations like the Council on Foundations, the National Center for Family Philanthropy, the Association of Small Foundations or their local regional associations of grantmakers. The exceptions were the five donors that staffed their families' foundations. Because they required immediate help, they persevered until they found the resources they needed. But the search was often time-consuming and frustrating.

Once I discovered our local regional association, everything changed. They directed us to the local community foundation where we set up the scholarship program. It already had mechanisms in place to screen and administer scholarships, which freed me to do other things. Our RAG has been a terrific resource. The workshops I've taken on grant-making basics, ethics, and family issues have changed our approach to grantmaking. We used to make spontaneous decisions; now we're more strategic. When we wanted to know more about integrating future generations into the foundation, they helped us think that through, as well. Best of all, it's opened up a wonderful network of colleagues and contacts.

PROFESSIONAL ASSOCIATIONS MENTIONED BY DONORS	
Association of Small Foundations	
Council on Foundations	
Northern California Grantmakers	
Philanthropy Roundtable	
San Diego Grantmakers	
Southern California Association of Philanthropy	

DONOR SUPPORT ORGANIZATIONS

The major metropolitan areas in California are rich in donor resources. The huge scale of Los Angeles County, however, hinders the development of a cohesive philanthropic community; its resources are too spread out. By contrast, donor services are more concentrated in the Bay Area and in Silicon Valley. Donors there have easy access to an array of organizations offering support, ongoing education, and experiential programs.

Several women donors in this sample mentioned Resourceful Women as a pivotal organization in their development as philanthropists. It has provided emotional support and financial and philanthropic education to women with inherited and earned wealth for more than 20 years. Using a peer-learning format, Resourceful Women organizes classes and retreats. Members also form affinity groups based on shared funding interests or age-related issues. One donor, an inheritor, learned about Resourceful Women from a short sidebar about the organization in *Ms. Magazine*. When she received her inheritance, she contacted the organization. The members gave her valuable advice that she now recommends to newcomers.

They encouraged me to educate myself before thinking about giving away money. I spent two years attending their classes and learning about investing. But when I started giving money away, I still wasn't sure of what I was doing. I was lucky to have lots of experienced women donors around to talk to and learn from. Even though my best friends share my political views, they aren't donors and they don't understand the issues and

feelings in the same way that other women donors do. It's important to me to have these forums where I can talk about the social and emotional issues that come from inheriting and giving away money. Without them, I'd feel very isolated.

A spin off of Resourceful Women is the Women Donors Network, a national membership organization headquartered in the Bay Area. Also based on a peer-learning format, it offers ongoing education and a forum for exchanging funding ideas. It is aimed at women who have a higher level of commitment to philanthropy and fundraising and who give away a minimum of \$25,000 annually. One donor described how her approach to philanthropy changed after joining Women Donors Network.

Joining WDN was another leap forward. I got to learn from women who are experienced in making bigger grants, strategic in their giving, and knowledgeable about leveraging grants. Talking with other donors is a great way to stretch your thinking and learn from one other. A frequent topic of conversation is how much we give and whether we can give more. When I joined WDN I was giving away 20 percent of my income, then 30 percent, and then 40 percent. I've cut back now, but I learned that I could afford to give away much more than I had been. WDN also changed my thinking about anonymity. I was worried about my kids being kidnapped, just as my parents and grandparents had worried about me and my

siblings. But after seeing other women who had children being public in their giving, I came out, too. No one pressured me to be public; it's just part of the WDN culture for women to exercise their power and train others to be leaders.

As this donor discovered, joining one donor support organization opened the gateway to learning about other donor resources. Recently, she joined two “donor circles,” one organized by The Tides Foundation in San Francisco and the other by Global Fund for Women in Palo Alto. Donor circle members pool funds and set up a mechanism for receiving proposals and giving out grants.

I'm working on two collaborative projects in the donor circles, one on economic justice and the other on racial and gender issues. We educate ourselves about the topics and do site visits to organizations in preparation for making grants. Both these projects have a lot of staff support to help with research, so it's just a great way to learn about social issues.

A focal point for philanthropic education in Silicon Valley is The Foundation Incubator, inspired by the model of nonprofit business incubators that provide space and technical support for startup companies. The Foundation Incubator offers educational and networking opportunities to members, including workshops, peer-learning exchanges, mentoring, one-on-one coaching, and referrals to experts. The executive director explained the challenges of working with this community of donors.

This is a population of donors that wants to get moving fast, so we work hard to adapt to their accelerated learning curve. Many graduated from Stanford Business School where they were trained in presenting and critiquing information in a case study format. They like learning that way, so we've adopted that same format in our learning exchanges. These are ongoing groups of 10-12 members who meet monthly for facilitated dialogue on topics of their choice.

One new donor turned to The Foundation Incubator for guidance when she was preparing to make her first gift.

I was fretting about how to make my first grant and how much to give. I wanted to fund a program at a hospital to promote greater access to health care. The Foundation Incubator gave me a road map for how to begin. What was most important to me was finding someone-in-the-know to help me get the information I needed to set up the grant properly. The Foundation Incubator referred me to the program officer at San Francisco Foundation who specializes in health care, and that person led me to people in hospital and design firms. By the time I gave the grant, I was confident that I had made a good decision.

Several of the Silicon Valley donors had also invested in Legacy Ventures, a long-term venture capital investment program that, at a future date, returns a portion of the investment to donors to donate to charity. The organization holds periodic gatherings where investors can socialize and learn about philanthropy. That was the attraction for one new donor who wanted to meet other donors. It was through Legacy Ventures that he learned about the Rockefeller West Program, a one-year educational and experiential program for donors. At the end of the Rockefeller Program, each donor makes a \$10,000 grant to an organization and defends his or her choice to the group. Said the donor who signed up for the course,

I just finished the year, and I loved being part of it. Every aspect was outstanding: the caliber of the speakers, the intelligent and diverse group of participants, the multifaceted discussions, and the experiential trips to Thailand and D.C. More than any other program I've participated in, this one is pushing me away from my work and in the direction of full-time philanthropy.

SUPPORT/EDUCATIONAL/EXPERIENTIAL ORGANIZATIONS MENTIONED BY DONORS

Acumen Fund
Decision Education Foundation
Family Foundation Giving Network
Family Foundations Conference
The Foundation Incubator
Gill Fund
Global Fund for Women's Donors Circle
Jewish Community Foundation

Legacy Ventures
National Center for Family Philanthropy
Resourceful Women
Rockefeller Foundation West Program
San Francisco Women's Foundation
Silicon Valley Social Ventures
Tides Foundation
Women Donors Network

PHILANTHROPIC CONSULTANTS/ADVISORS/PEERS

To the newest donors, lawyers and financial advisors were the experts they turned to for advice on charitable decisions. Those interviewed were too new to the field to be familiar with professional consultants who advise donors on their giving. In fact, only three donors in the sample had used consultants. One hired a facilitator to help the board reassess the foundation's grantmaking objectives after one year; the other was referred to a consultant by her local regional association to talk about family issues. The third was a donor who used a consultant to help her plan her new foundation. This donor already had a donor-advised fund and had joined several donor groups. These experiences taught her the value of getting advice before acting. She hired a consultant to help her develop grantmaking strategies for her family foundation.

The consultant convened two brown bag meetings. She invited people working in the area I wanted to fund to tell us what they thought the biggest needs were and how to meet them. Their input helped to shape my thinking about my foundation's grantmaking guidelines and strategies.

Most of the newest donors had not yet developed networks through which they could meet and talk with more experienced donors either. A few, however, took the initiative of arranging interviews with trustees from other family foundations. One volunteered to be the executive director of her family's new foundation. She needed a crash course in running foundations so that, in turn, she could educate her family. She thought her best guides would be experienced grantmakers, and she made the rounds of family foundations in the Bay Area.

Another newcomer invested the same time in learning about running a foundation that he would invest in starting a new business. With names of foundations supplied by his banker and business associates, he traveled around the western states talking with trustees and staff and collecting samples of mission statements and guidelines. Still not satisfied that he had found a model that fit his entrepreneurial bent, he joined three professional associations to find out what other donors were doing.

When I got started, I didn't know people in the field. From my business experience, I knew the importance of developing a network of colleagues. I wanted to meet people and learn the language. I'm an iconoclast, so none of the professional organizations fit me exactly. But I accomplished my goal of developing a network. Now I know who knows who and what and where I can get straight answers.

A donor who had worked in the high-tech world accustomed to working as part of a team assembled an informal advisory group to consult with her about grants and grantmaking strategies.

These donors were exceptional in their quest for information and services. Donors who set up donor-advised funds, on the other hand, regarded the community or public foundation as a one-stop shop that would meet all their philanthropic needs. They relied on them to recommend organizations to fund and to tell them anything relevant to their philanthropy.

The situation was different for donors who had supporting organizations. These organizations require that a majority of the board members be outsiders. Often the outsiders are community foundation staff who can guide the family members and answer questions as they arise. Similarly, donors who funded in special-interest areas such as women or gays and lesbians also had an advantage. They could plug into established networks of donor resources and learn from experienced donors who shared their interests.

Some donors, however, had neither the time nor the intention to use philanthropic consultants. Two young high-tech entrepreneurs set up large donor-advised funds knowing that they did not have the time to research organizations. They hired strong, experienced, and highly knowledgeable directors to run their funds.

PUBLICATIONS/THE INTERNET

Most donors were unaware of the body of literature developed by the field over the past decade. Only a few named specific publications they had read, and surprisingly few used the Internet as a resource. The exception was the CEO of a large foundation who used the Internet as a primary research tool. But even some high-tech entrepreneurs confessed to feeling overwhelmed by all the information available on the Web. Said one,

Getting information about foundations from the Web is intimidating to newcomers to the field. We need people to help us sift through all that information to find what's reliable and useful.

PUBLICATIONS MENTIONED BY DONORS

The Chronicle of Philanthropy

Council on Foundations publications

Foundation Center's *Philanthropy News Digest*

How to Create a Giving Plan by Tracy Gary and Melissa Kohner

National Center for Family Philanthropy publications

Silicon Valley Social Ventures newsletter

The Tipping Point: How Little Things Can Make a Big Difference by Malcolm Gladwell

FUTURE SUPPORT

*Resources donors need now, in the future,
and wished they had had sooner*

Many of the donors in this sample had used at least one resource—some many more—to prepare themselves for a more organized approach to giving. This section reports on donors’ responses to questions about additional resources they could use now and in the future. They were asked to specify: 1) what resources they need now to strengthen their grantmaking, 2) what resources they might need in the future, and 3) what resources they wished they had had when they began.

Several of the newest donors said it was too soon for them to judge what more they needed. Others said they would seek assistance when their giving increased significantly or changed direction. What was

impressive was how many thoughtful, original, and practical suggestions newcomers had for improving and expanding donor resources.

ASSISTANCE DONORS WOULD WELCOME NOW AND IN THE FUTURE

ONGOING EDUCATION AND NETWORKING OPPORTUNITIES

Several newcomers were unprepared for the isolation they experienced as donors. Once they had set up a charitable instrument—particularly a family foundation—they found themselves coming up against questions and situations they hadn’t confronted before. Unaccustomed to talking to others about their giving, they had no one to help them think through their dilemmas. When told that there were organizations that brought donors together to discuss these kinds of issues, most welcomed the opportunity to meet other donors and to learn from their experiences.

Donors who were already participating in donor groups were sold on the concept. They appreciated opportunities to learn from their peers and to stretch their thinking about what their philanthropy could accomplish. While one-or-two-day workshops were

helpful, they preferred ongoing educational programs where donors could explore issues over time and in a more organized way. Women donors, in particular, enjoyed participating in donors circles and in donor support groups.

It’s hard to give money in isolation. It’s important for people who’ve acquired wealth to find like-minded people interested in philanthropy who want to explore possibilities with them.

ASSISTANCE WITH GRANTMAKING

Most donors wrestled with the eternal grantmaking dilemmas of how to make the best use of limited dollars: Should I stay with the organizations I like or find new ones to fund? Should I have an annual cycle or give grants all year round? Is it better to give a few larger grants or many small ones? Should we give more now that times are tough or work on preserving assets for the future?

One donor thought that the best people to help answer these questions were the heads of the large foundations.

I’m interested in best practices. I’m not interested in sitting around and listening to people just getting started, and I’m not interested in socializing. I want to know what the heads of the larger foundations think.

But others wanted to hear from their colleagues. Several donors talked about leveraging grants to achieve greater impact, but they weren't sure how to do it. They wanted to learn about collaborations and to hear how donors who had collaborated on grants had worked out the logistics.

I would like to see someone—maybe the local regional associations—put in place a process that would allow foundations to disseminate their findings in a particular funding area and to invite others foundations that have overlapping interests to join them in funding that area. In this model, one foundation would take the lead and be responsible for the bulk of the due diligence.

One of the thorniest challenges for donors was how to manage requests from family and friends for donations to their pet projects. This was especially hard for donors who had routinely responded to requests before they set up a donor-advised fund or foundation. Now they were trying to be more strategic in their giving, but they didn't know how to set limits without offending people they knew.

We thought having a foundation would make it easier to handle our donations but friends and family keep asking us to contribute to their favorite charities, and we still haven't figured out how to handle their requests.

MENTORS/COACHES/EXPERTS

Having mentors or experts to call on appealed to both new and more experienced donors. Some beginners liked the idea of having mentors with whom they could meet regularly, while a few more experienced donors wanted experts to help them think through the next step in their giving. The difficulty was finding the right people to work with.

We learned that having mentors is critical. Most people don't know the concept of mentors in philanthropy. It would be helpful if community foundations matched new donors with mentors.

One CEO of a foundation interviewed suggested a "rent an executive director" program for donors who set up family foundations. The executive director would work with the board for, say, three years to guide them to the next level of development. That experience, he believed, would put the family in a learning mode of asking questions and reading about the issues.

OUTREACH TO MINORITY DONORS

The minority donors were largely unfamiliar with national or local donor organizations. They felt that they knew their own communities and that they didn't need donor support groups. When they were told of the variety of organizations and services that existed, a few acknowledged that they could see their value.

There's a growing pool of African-Americans who can afford to have family foundations but who don't. The field of philanthropy has to come up with new models to address African-American giving. Why isn't there more participation? A lot more outreach and education is needed on how to approach African-Americans. They have to be convinced that they don't have to be super-rich to support nonprofit organizations.

ADVICE ON INVOLVING FAMILY MEMBERS IN GIVING

Many parents were hungry for advice on how to involve their children in the family giving. They never imagined that their children wouldn't be as excited about philanthropy as they were. When the children didn't respond as they hoped, the parents took the lack of interest as a personal rejection. They wanted to hear how other families handled similar situations. They especially wanted to hear the success stories.

I want someone to tell me the right way to get my college-aged kids interested in the foundation.

But the concern wasn't always about children. In one case, the husband and wife had differing attitudes about money and funding.

My wife is much more conservative with money than I am. She worries that I'll give away money that we'll need later. Her anxieties affect her attitudes about grantmaking. I want to fund internationally, but she wants to give locally so that we can keep an eye on what the organizations are doing.

LEGAL ADVICE

A few donors wanted legal advice on how to convert their existing charitable instrument into another form. One family wanted to know the pros and cons of converting their donor-advised fund to a supporting organization, and another was considering changing their non-operating foundation into an operating one.

Questions about ethics and conflict of interest were also of concern. One family received free season tickets from a theater they had given a grant to. They were very upset when they later learned that accepting gifts from a grantee was a conflict of interest.

INTERNET SERVICES

Several donors wanted technical assistance in setting up or updating their foundation's Web site. Those who felt overwhelmed by the amount of information about philanthropy on the Internet wanted help in evaluating it. One donor suggested a Web site that had a database of "best practices" and another wanted a site

dedicated to sample foundation documents such as form letters, application forms, and policy statements. Another wished there were a Web site where families could post their experiences in integrating the next generation into the foundation.

WHAT DONORS WISH THEY HAD KNOWN WHEN THEY STARTED

PRINTED MATERIALS

Several donors were confused by their legal and financial advisors' explanations of the different charitable instruments. Had they had a book that explained simply and clearly the differences among them, they could have asked their advisors better questions. One donor had an excellent suggestion for creating a publication using flow charts that would allow people who had different circumstances and goals to follow various options. This same donor also suggested that someone

develop something like a Zagat restaurant guide to rate publications on philanthropy and estate planning.

We need reliable people to help us sift through all the information. I would like experts in the field to list their personal favorites, say, the three best examples of mission statements or the three books that have most influenced your thinking about philanthropy.

WHAT DONORS WISH SOMEONE HAD TOLD THEM EARLIER

Some donors who set up family foundations were unprepared for the amount of work required to run a foundation. They wished that their legal or financial advisors had suggested that they talk to experienced trustees before deciding on whether a foundation was the right vehicle for their family. Had they had those conversations, they would have been better able to judge whether the family could handle the workload alone or whether they would have to hire outside assistance. They also wished that their advisors had told them about national or local donor organizations.

We wish we could have taken a class or workshop along the lines of, "So You Want to Start a Foundation," before we got started. We've been able to find the help we needed, but it's taken much longer than it should have.

We had no idea of the level of professionalism, research, and sophistication involved in giving money away correctly. We were sur-

prised by the scope and depth of the needs in this community. We had no idea that there were so many agencies and how much work it takes to know which ones are most effective.

By contrast, some donors had gotten so swept up in the excitement and satisfaction of contributing to their communities that they regretted only that they hadn't gotten involved sooner.

If I had understood how vibrant the field of philanthropy was and how intellectually stimulating the challenges were, I would have got engaged earlier.

I'm sorry that my siblings and I didn't start a foundation when my parents were alive. They concentrated on creating wealth. They didn't know the fun of developing philanthropic projects or how much impact a family foundation can have on a community.

SUMMARY MESSAGES

The generous time allotted for each interview allowed the interviewers to delve more deeply into donors' experiences in launching their giving programs. Discussions centered on four main areas: donors' motivations, their challenges and rewards, resources they have used, and resources they anticipate needing in the future. This section presents a summary of the most interesting and provocative messages culled from the donor interviews. It includes considerations for the field as well as possible action strategies to address these issues.

WHAT DONORS WANT

NEW DONORS WANT INFORMATION THAT IS PRACTICAL, ACCESSIBLE, AND PRESENTED IN PLAIN LANGUAGE

New donors noted they were often confused by explanations of charitable vehicles presented in print and by their legal and financial advisors. Besides being too technical and too legalistic, the explanations often ignored personal and family factors that led donors to choose one vehicle over another.

The books on estate planning go too deeply too quickly, bogging the reader down in legalistic information. And too often the authors give just one point of view. What would be more helpful is a flow chart mapping out different scenarios with arrows pointing families in one direction or another, depending on their circumstances. For example, if you start a foundation with a big endowment, what are the legal and organizational issues to consider? If you start with a small endowment and plan to increase it

over time, what do you have to consider? The flow chart would give prospective donors an overview of charitable options and help them to ask the right questions of their advisors.

NEW DONORS NEED COMPREHENSIVE, UNBIASED, AND VALUE-NEUTRAL INFORMATION TO MAKE GOOD LONG-TERM DECISIONS

Many lawyers and financial advisors lack knowledge of the full range of charitable options. As a result, some donors selected a charitable instrument based on incomplete information or because it was favored by their professional advisor. Only later did they discover options more suitable to their circumstances and needs.

Some donors thought that the literature describing family foundations and donor-advised funds was often one-sided. Depending on the bias of the writer, either a foundation or a donor-advised fund was depicted as superior to the other. Moreover, the literature often suggested that the primary factors in choosing a foundation or a donor-advised fund were time and size of assets. In fact, many variables must be factored into donors' decisions. Do donors and family members want to play active or passive roles? How much control do they want in selecting grantees? Do family members have the time and desire to do the work? Are they willing to hire staff? How well do family members get along? Do they want the charitable instrument to continue in perpetuity or to span the lifetime of two generations?

Further, the information new donors received about charitable options varied from one professional advisor to another. New donors would benefit from receiving commonly agreed-upon definitions of charitable options. Currently, no such user-friendly “dictionary” of charitable options exists.

NEW DONORS SHOULD BE CONNECTED TO THE NETWORK OF NATIONAL AND REGIONAL RESOURCES AT THE POINT OF ENTRY

For the same reasons that business people find it beneficial to be part of the business network in their industries, donors benefit from being connected to philanthropic networks. Few new donors, however, were familiar with donor resources when they launched their giving program. Working in isolation, they were deprived of information and colleagues that might have eased their way into philanthropy. Giving new donors even one referral at the start would point them in the direction of getting the information they need. Unfortunately, most lawyers and financial advisors—the first point of contact for new donors—lack information about national and local donor resources.

Donors who set up donor-advised funds were also isolated from a larger community of donors. Many relied solely on the community or public foundation to tell them what they needed to know. These donors, too, would benefit from exposure to a wider range of ideas by tapping into additional donor networks.

When we got started, we didn't know other funders. It took us much longer than it should have to discover our local RAG. We would have been spared a lot of frustration had someone told us about it when we set up our foundation.

NEW DONORS WHO PARTICIPATED IN SUPPORT GROUPS WERE EXPOSED TO INFORMATION, IDEAS, AND RESOURCES THAT INFLUENCED THEIR GRANTMAKING

By joining donor support groups early on, donors gained access to a wide range of information and experiences: discussions with peers, presentations by experts, site visits, publications, the Internet, and conferences and workshops. Hearing different perspectives on issues stretched their thinking and helped shape their giving programs.

The young, high-tech entrepreneurs in Silicon Valley came out of a vital work culture that emphasized an exchange of ideas and information. Social interactions—conversations, intellectual challenges, mutual excitement, and proximity—were the building blocks of innovations in their industry. As new donors, they sought the same intellectual stimulation from fellow donors in organizations like The Foundation Incubator, Legacy Ventures, and Social Ventures Silicon Valley.

Women and younger donors, in particular, sought out peer groups. They favored ongoing groups that were composed of like-minded participants and that had a mixture of new and experienced donors. New donors reported that participating in these groups significantly influenced their approach to philanthropy. They particularly valued the chance to learn from experienced donors who shared their world view.

In my experience, personal leadership is the most critical element in influencing donors' behavior. When you know people personally and you like and respect what they are doing, then you want to join them.

NEW DONORS WANT INFORMATION ABOUT “BEST PRACTICES”

Many new donors either didn't know how to find the information they needed or didn't know how to evaluate that information. They looked to experienced donors for guidance. Their first preference was hearing directly from experts. Short of that, they wanted easy access to a book or Web site to which they could turn to for answers.

Someone should develop a Web site for best practices where new donors can read about what foundations are doing right.

Even the newest donors used the term “best practices” suggesting to many that there was a “best” practice for every situation. While the field has long set some basic standards for acceptable practices, it is important that new donors understand that, as yet, there is no across-the-board consensus on what constitutes “best practices.” There are, however, many good practices that new donors can be introduced to.

NEW DONORS NEED MORE INFORMATION ABOUT THE CHALLENGES OF INVOLVING CHILDREN IN FAMILY GIVING PROGRAMS

All the parents in this sample envisioned their giving as a family endeavor. Some, however, had unrealistic expectations of how involved their children would want to be or could be. Parents might have avoided those disappointments had they been alerted to the challenges before they set up a family giving program. Legal and financial advisors would be the likely people to raise these questions with donors, but many are reluctant to discuss sensitive family matters with clients. It is important, therefore, to make advisors aware of the many books and articles on this topic that they can recommend to new donors.

Donors who have troubled histories with their children should be discouraged from thinking that a family giving program will repair parent/child relationships. One couple that was estranged from their children found a satisfactory solution to their wish to have family involvement in their foundation. They invited nieces and nephews with whom they had good relationships to join the board.

ADDITIONAL CONSIDERATIONS FOR THE FIELD

PEER-LEARNING FORMATS BREAK DOWN BARRIERS AMONG DONORS

Many of the donors interviewed for this study regarded philanthropy as a private activity to be discussed only within the family. They didn't ask their friends about their philanthropy, and they didn't expect their friends to ask them about theirs. They worried that talking about philanthropy would be construed as bragging and that it would invite even more requests for donations. The prohibitions against talking about philanthropy, however, evaporated when donors participated in groups with their peers. In safe environments that guaranteed confidentiality, they felt comfortable talking about their philanthropy with fellow donors.

COMMUNITY AND PUBLIC FOUNDATIONS AND REGIONAL ASSOCIATIONS OF GRANTMAKERS ARE NATURAL HUBS FOR NEW DONOR EDUCATION

Donor-advised funds account for a larger share of funding in California than in all other states, and that trend is likely to continue. With their large built-in audience, community foundations can play a larger role in educating new donors, especially in areas that do not have a regional association of grantmakers. In addition to offering their own programs, community foundations can turn their facilities into learning campuses—neutral sites—where other organizations can present workshops and seminars. In areas where regional associations do exist, community foundations can partner with them in presenting educational programs.

COMMUNITY FOUNDATIONS HAVE TO CLARIFY THE SERVICES THEY PROVIDE TO DONORS AND FAMILIES WITH DONOR-ADVISED FUNDS

California currently has 34 community foundations whose size and resources vary widely. Donors in this sample used only a small percentage of these foundations. Even among that small number, donors reported qualitatively different experiences. Many community foundations delivered what they promised, but some donors felt that community foundations courted them before they set up their funds and ignored them afterwards. Not surprisingly, donors were more engaged with community foundations that demonstrated a commitment to strengthening philanthropy in their communities than with community foundations whose priority was on building their own institutions.

Donors were attracted to donor-advised funds because of the services they offered: specifically, help in selecting grantees and handling administrative details. While some donors praised the services they received, others felt that the staff were not responsive to their requests.

Are donors making unreasonable demands or are the community foundations presenting themselves in ways that suggest they offer more personalized donor services than they are prepared to deliver? Community foundations can avoid these misunderstandings by stating clearly the specific services they offer and by taking care not to suggest that they can deliver more than their staff can handle.

Further, several donors reported negotiating special deals with community foundations regarding the restrictions on their donor-advised funds. These stories suggest that some community foundations are bending rules for some donors but not for others.

PROVIDERS OF DONOR SERVICES MUST MAKE A PERSUASIVE CASE FOR FEES FOR SERVICE

Donors paid willingly and handsomely to receive the best legal and financial advice for matters affecting their families and businesses. Yet, some were unwilling or unprepared to pay for philanthropic advice. For them, philanthropy was a “feel good” activity that they did voluntarily. They did not think of it as a profession that required preparation and training to do a good job. Therefore, they had difficulty justifying spending money to attend conferences and seminars. Instead of regarding the money spent as an investment in their education, they regarded it as money taken away from organizations they could have supported.

Similarly, many donors were confused by the title, “Philanthropic Advisor.” To their minds, professional advisors are lawyers and financial consultants who can be judged by their degrees, certification, and reputation. As the donor population has grown over the past 20 years, so has the number of people eager to advise them on their philanthropy. Lawyers, bankers, accountants, family business consultants, psychologists and, in some cases, donors themselves, have all offered their services as philanthropic advisors. Without credentials, certification, or word-of-mouth recommendations, new donors have difficulty determining which advisors are qualified to speak for the field. Donors have to be educated to pay for good information, but the field

also has to give them criteria on which to judge the qualifications and experience of advisors.

Some community and public foundations have begun to offer tiered programs to meet the different needs of donors who set up donor-advised funds. The Tides Foundation in San Francisco, for example, offers basic services at a fee of 5 percent on grants made and a fee of 12 percent on grants made for expanded services. It also offers a customized portfolio of services based on an hourly or per-service charge. Aside from the benefits of tailoring services to donors, packaging services in this way underscores for donors the relationship between services and cost.

NATIONAL AND REGIONAL ASSOCIATIONS NEED TO REACH OUT TO INDIVIDUAL DONORS

Several donors in this sample make significant charitable donations each year. Rather than set up a charitable instrument, they prefer to write personal checks. These donors are fortunate that the San Francisco Bay Area and Los Angeles County have a variety of support organizations where individual donors can learn alongside peers who have foundations or donor-advised funds or who, like themselves, write checks. National membership organizations and regional associations of grantmakers, however, have not yet opened their doors to individual donors. They may consider developing a track for individual donors as well. Professional organizations can also develop forums that bring individual donors together with donors who have foundations and donor-advised funds to connect them to a wider network of donors and resources.

PROVIDERS OF DONOR SERVICES NEED NEW STRATEGIES TO REACH MINORITY DONORS

The African-American, Latino, and Asian donors in this sample were all highly involved in their own ethnic communities. They served on numerous nonprofit and for-profit boards, and they all had ready access to a wide network of friends and leaders in the community. On the other hand, most were unaware of the established philanthropic networks locally and nationally.

Most minority donors felt that they could get all the information they needed about an individual or an organization by drawing on contacts within their own communities. However, when asked whether they would like to learn more about grantmaking strategies such as leveraging grants and collaborations, most said that they wished they had had that information earlier. Regional professional groups may consider extending their outreach to ethnic donors through the nonprofit organizations on whose boards they serve.

THE FIELD OF PHILANTHROPY MUST LISTEN TO YOUNG DONORS FORGING NEW APPROACHES TO GIVING

Young donors—mainly inheritors under age 30—have created their own peer support groups and their own approaches to philanthropy. Many of these young donors prefer to play active roles in the organizations they fund, and to invite community activists to join them in selecting their grantees.

I try to look at things systematically to see how race, class, and gender issues interconnect. I'm interested in multi-issue, multi-constituent work that analyzes the power structure. I want to build leadership among individuals and groups that have been excluded from power, so I fund organizations that are staffed by and serve low-income women. I don't believe in making grantseekers stand on their heads and perform tricks before giving them money; that's condescending. I give money for general operating purposes because I fund small, grassroots organizations that I know well, and I trust them to know where the money is needed.

MORE BRIDGES NEED TO BE BUILT
BETWEEN THE BUSINESS AND
NONPROFIT SECTORS

Several donors learned about organized philanthropy through their employers' corporate foundations or matching gift programs. Others worked in corporations in Silicon Valley that invited representatives from the local community foundation to tell employees about donor-advised funds. Learning about charitable vehicles in their workplaces sparked their interest in philanthropy and encouraged them to set up their own foundation or donor-advised fund.

The young high-tech donors, in particular, entered philanthropy with little knowledge of the nonprofit world. All their energy had gone into building their careers. As new donors, they wished that they had been introduced to the nonprofit sector earlier, either in business school, through their companies, or at business conferences.

When I learned about donor-advised funds through my work, I was intrigued by the idea of funding locally. It got me thinking back to my days as a social activist in the 60s and 70s and what was important to me then.

DONOR EDUCATION HELPS TO
PREPARE NEW DONORS TO MEET
THE NEEDS OF THE STATE

California faces an unprecedented state deficit and huge cuts to education, health, and social services that will affect programs for the foreseeable future. Adding to the state's burden, the population is expected to increase significantly over the next 20 years. Like most California donors, new donors in this sample give the majority of their grants within the state. To prepare them to meet the changing economic and demographic realities of the state, new donors must be well-informed, thoughtful, and imaginative. It is urgent that they be connected to the network of donor resources as they begin planning their giving programs.

POSSIBLE STRATEGIES FOR ACTION

- Develop a public information campaign to educate Californians about the impact of philanthropy on the state and the resources available to assist new donors.
- Create a California Web site listing donor resources throughout the state and providing links to national resources.
- Create common, agreed-upon definitions of charitable options to be used and distributed by lawyers, financial advisors, regional associations and community foundations for all donors at any point of early entry.
- Increase the number of ongoing, peer-learning programs.
- Develop a print or CD-Rom “user guide” that offers tips on how to assess advisors (lawyers, financial advisors, and community and public foundations) and their advice. Include information on national professional associations and regional associations of grantmakers.
- Expand the specialty area of philanthropic coaching and mentoring.
- Develop philanthropic materials aimed at a lay audience rather than at philanthropic staff.
- Modify membership restrictions and programs at professional and regional associations of grantmakers to include support for individual donors.
- Develop community foundations and regional associations as philanthropic educational centers.
- Encourage more businesses to educate high-income employees about philanthropy.
- Invite business leaders who serve on nonprofit boards to discuss the work of the nonprofit sector in business school classes, at companies, and on panels at business conferences.
- Reach out to ethnic minorities where they are: serving on the boards of nonprofit organizations in their communities.

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APPENDIX A: CALIFORNIA— A GROWING FORCE IN U.S. PHILANTHROPY

The Northeast, once the most populous region of the country, was also the birthplace of organized philanthropy. It was there where great fortunes were created during the Industrial Age and where the first and largest private foundations were formed. For almost a century, the Northeast dominated philanthropy. It still leads the country in the largest gain in the actual number of foundations and in actual dollars over the past 25 years. But, signaling a new and significant pattern, the South and West experienced the fastest growth in giving and assets during the same period. Emerging as a precursor to the future of philanthropy nationally is the state of California.

- The growth in California foundations has outpaced growth in the rest of the country.
- Forty-two percent of the state's foundations were created in the 1990s compared to 36 percent nationally.
- The assets and giving of California foundations more than tripled during the 1990s.
- The growth of foundation assets in California exceeded all other states except Washington, home of the Bill and Melinda Gates Foundation.

- California ranks second only to New York in its share of the number of foundations, foundation assets, and foundation giving.
- The nine counties of the San Francisco Bay Area and the coastal Southern counties hold 95 percent of the assets of California foundations. (By contrast, seven California counties have no foundations and eight have only one.)
- More donors are using multiple giving instruments, and they are creating them more quickly than donors did in the past.
- Donor-advised funds account for a larger share of funding in California than in all the other states.

Source: *California Foundations: Trends and Patterns*, The Center on Philanthropy and Public Policy, University of Southern California.

GROWTH OF CALIFORNIA FOUNDATIONS IN THE 1990s

	1991	1999
Number of private foundations	2,702	4,208
Foundation assets	\$19.6 billion	\$68 billion
Annual giving	\$893 million	\$2.9 billion
Share of U.S. foundation assets	12%	15.2 %
Share of U.S. foundation giving	9.7%	12.4%

Source: *California Foundations: Trends and Patterns*, The Center on Philanthropy and Public Policy, University of Southern California.

It is important to note that California's wealthy are not the only ones engaging in philanthropy. Not to be overlooked is the informal philanthropy practiced by individuals and groups. One example is the huge flow of dollars from California immigrants to their homelands. In 2001, U.S. immigrants sent more than \$100 billion abroad.² With its large populations of Mexicans, Filipinos, Southeast Asians, and Central Americans, California immigrants contributes a significant portion of that total. Informal philanthropy is also practiced widely in the Latino and African-American communities in California. Both populations have a tradition of helping out family and neighbors personally and of donating generously to their churches. Only recently have some wealthy Hispanics and African-Americans begun to form foundations.

²Source: "The Diaspora That Fuels Development," by Moises Naim, *Financial Times*, June 6, 2002.

THE STATE OF CALIFORNIA'S NONPROFIT SECTOR

Along with the rest of the country, California has suffered the economic blows of September 11th and the sharp decline in the stock market. Its problems were compounded, however, by the energy crisis, the collapse of the dot-com industry and, some would say, overspending in good times. The result is an astronomical debt of \$38 billion—larger than the combined debts of the other 49 states.

The fiscal crisis has forced the state to drastically cut its support for social programs. The entire nonprofit sector—education, health, the arts, the environment, social services—will be affected for years to come. Moreover, the state can expect little help from the federal government. It has been cutting funds for social programs for the past 20 years, and those reductions are likely to increase as Congress directs more tax dollars toward the build up of military defense and homeland security and away from nonprofit organizations.

CALIFORNIA'S DIVERSE POPULATION

With a population of 35 million, California is by far the most populous state in the nation. And nowhere is the changing complexion of the U.S. more evident than in California. It is the first state outside of Hawaii in which whites are not a majority (whites currently make up 46.7 percent of the population). It will be the first also to have a Latino majority. Now 32 percent of the population, Latinos are projected to be the majority ethnic group in the state by 2025.

Percentages, of course, blur the real picture. In a state as geographically and culturally diverse as California, regional differences can be stark. The counties north of San Francisco are almost entirely white while the Imperial Valley, California's agricultural basket in the South, is more than 70 percent Latino. San Francisco has the highest concentration of Asians while Alameda County, just across Bay, has the highest percentage of African-Americans.

California is not alone in its diversity. Today many states have multiracial, multiethnic populations. What distinguishes California is the scale of its diversity. California has the largest population of Mexicans outside Mexico, the largest Philippine community outside of the Philippines, and the largest Korean population outside of Korea, the largest Armenian populations outside of Armenia, and so on. Moreover, many enclaves of immigrants are sufficiently large and isolated to operate as parallel societies and to constitute fully developed subcultures.

Like the rest of the country, California benefited from the economic prosperity of the late 1990s. The wealth of the richest Californians increased and, simultaneously, new wealth grew at an astoundingly rapid rate. In the northern part of the state, the high-tech industry in Silicon Valley, just south of San Francisco, boomed. Multimillionaires seemed to sprout overnight, turning Santa Clara County into one of the richest and most vital communities in the nation. The economy of the Los Angeles area expanded, too, as its entertainment industry, high-tech industry, and small businesses flourished. And in many areas of the state, the skyrocketing real estate prices inflated the net worth of even modest homeowners, boosting millions of Californians into the ranks of millionaires. The result was a rapid and steep growth of wealth. According to *Forbes* magazine, in 2002, 90 of the 400 richest Americans lived in California and 31 of them were billionaires.

The state's prosperity, however, did little for those at the bottom of the income scale. California remains a state of extremes: the gap between the fabulously wealthy and the desperately poor continues to grow. A startling fact is that Los Angeles County, a major center of the region's wealth, is also the poverty capital of the nation. Eighteen percent of its residents live below the poverty level of \$18,000 a year for a family of four, and 20 percent have no health insurance. Its large population of undereducated and unskilled workers struggle to get by in a county that has one of the highest costs of living in the nation.

POPULATION COMPARISONS BETWEEN CALIFORNIA AND NEW YORK

	California	New York
Population	35 million	19 million
Population density pr.sq.mile	217.2	401.9
Ethnic groups		
White	46.7%	62%
African American	6.7%	15.9%
Asian	10.9%	5.5%
Latino	32.4%	15.1%

Sources: U.S. Census Bureau's State and County Quick Facts, 2000

APPENDIX B: THE INTERVIEWS—PARAMETERS AND METHODOLOGY

INTERVIEWING TEAM AND ADVISORY COMMITTEE

Jan McElwee assembled a team of four interviewers that included: McElwee, Nora Silver, a consultant to foundations and nonprofit organizations, Deanne Stone, a writer with a specialty in writing about family philanthropy, and Lisa Fredricks Parker, president of the Lawrence Welk Family Foundation.

DATA GATHERING

Interviews were conducted in person, usually at the home or office of the interviewee. Three interviews were conducted by phone to accommodate the interviewees' schedule. Interviews ranged from one to three hours. After completing each interview, interviewers wrote a narrative summary of the interview and recorded demographic information on a master matrix.

For many donors, the interview was the first time they had discussed their philanthropy with anyone other than family members or legal and financial advisors. Some, who had never discussed their giving with anyone outside their families, felt an initial reserve in talking about it with strangers. Others didn't think of their giving as philanthropy, and a few didn't think they had much to offer. In the end, however, most felt that the interview was an educational experience, and several thanked the interviewers for stimulating their thinking about their philanthropy.

CONFIDENTIALITY

To encourage their participation and openness, interviewees were promised complete confidentiality. No names of individuals or foundations are revealed in the report, but donors' anonymous comments are quoted verbatim.

QUESTIONNAIRE

The questionnaire was composed of 25 open-ended questions clustered around four main areas:

- motivations for and rewards of giving
- challenges of giving
- existing support networks accessed, and
- future support needed

The four areas suggest a natural learning progression: Donors motivated to carry out a particular mission encounter challenges that lead them to seek out individuals or groups to help them move to the next step and then to the next. This study, however, was not designed to make connections among the four areas. First, not all donors follow that trajectory. Some continue writing checks to organizations they supported before they set up foundations. Others follow the trajectory, but at very different speeds. One donor, for example, got off to a running start and became a presence in the field in a few years while another's foundation remained inactive for four years. Second, several of the donors were brand-new to organized giving and had not yet initiated a giving plan. Third, the sample in this study was too small to extrapolate patterns detected in this group of donors to the general population of donors. A larger study may be able to detect statistically significant connections among the four areas that predict donor behavior.

SAMPLE SIZE AND CRITERIA

For this study, donors are defined as individuals who have reached a stage in their giving when they recognize the need to be more organized, more efficient, and more effective. Furthermore, they recognize that to achieve that end they need additional information, services, or support.

The study purposefully avoided defining donors by size of assets or annual giving. For one, many new donors give small gifts when they are in the early learning stage, and others have pass-through foundations rather than endowed foundations. For another, many donors expect to increase their giving significantly when trusts mature, businesses are sold, or stock options expire. A small donor today may be a major donor a few years later. That said, it should be noted that the annual giving for donors in the sample ranged from \$40,000 to \$6.7 million.

Additionally, the sample was not intended to be proportionally representative of California donors. Rather the goal was to assemble a varied group of donors that included different age groups, representatives from predominant ethnic groups, entrepreneurs, and inheritors. With one exception, the interviewees lived in the major metropolitan areas of Los Angeles County, San Francisco Bay Area, and San Diego County where 95 percent of California's donors are concentrated.

While the focus of the study was new donors, several seasoned donors were also included in the sample. New donors offer investigators insights into the immediate experience of newcomers just finding their way through a new system. A preponderance of the new donors interviewed had not yet discovered established national and regional professional associations. By contrast, seasoned donors have a context and history for assessing their own and others' introduction to the field.

Besides donors, the sample also included a select group of advisors: a lawyer knowledgeable about philanthropy, an executive director of an organization serving primarily high-tech donors, and two CEOs of new California foundations established by the two wealthiest individuals under age 40 in the U.S.

SAMPLE SELECTION

The National Center for Family Philanthropy and Jan McElwee generated an initial list of prospective interviewees from recommendations of the advisory group and colleagues in the nonprofit field. A letter inviting participation in the study was sent to each prospective interviewee. Two weeks later, the letter was followed up with a telephone call. Identifying, contacting, and setting dates for the interviews required on average three or four calls, and a few took several months to pin down.

To reach beyond “inner-circle contacts” suggested by advisors and colleagues, interviewers asked each interviewee to recommend other candidates appropriate for the study. Only a few donors could think of anyone to recommend and only one recommendation led to an interview. This suggests that many wealthy individuals do not talk to one another about their philanthropy.

The biggest challenge was finding donors from different ethnic groups to participate in the study. California has many generous donors in minority communities, but relatively few use the established network of donor support services in the state. The difficulty in identifying minority donors illustrates the difficulty the field has in reaching and serving them.

The team conducted 27 interviews with 32 individuals—17 men and 15 women. In six of the interviews, spouses or other family members chose to participate. The ethnic breakdown included 23 whites, two Latinos, three Asians, and four African Americans. The donors reside in the regions of the state that have the major concentration of giving: Southern California (11 in Los Angeles, 1 in Palm Springs, and 3 in San Diego) and Northern California (2 in San Francisco Bay Area, 8 in Silicon Valley). One donor lives in the Central Valley.

The sources of wealth included: two real estate heirs, six high-tech executives, three finance service executives, one former CEO of a large California corporation, one real estate developer, one founder of a popular cable channel, one head of a Hollywood studio, one offspring of a legendary television entertainer, two doctors whose wealth grew dramatically through investments, one banker, one publisher, one heir to a retail fortune, one national radio personality, one entrepreneur who launched three successful manufacturing businesses, and one each from plumbing and waste management.

APPENDIX C: DEMOGRAPHICS OF SAMPLE

AGES REPRESENTED

- 1 person – 20's
- 2 persons – 30's
- 10 persons – 40's
- 7 persons – 50's
- 9 persons – 60's
- 2 persons – 70's
- 1 persons – 80's

GENDER

- 19 males
- 13 females

GENERATION OF WEALTH

- 20 first generation
- 5 second generation
- 4 third generation
- 1 fifth generation

ETHNICITY

- 23 Caucasian
- 3 Asian American
- 4 African American
- 2 Latino

SOURCES OF WEALTH

- 6 – Technology
- 4 – Entertainment
- 3 – Real estate and Development
- 3 – Financial services
- 2 – Medicine plus investments
- 1 each in retail, beverages, plumbing, manufacturing, waste management, banking and publishing

GIVING VEHICLE USED

- 10 donor advised funds
- 5 support organizations
- 15 family foundations
- 6 used multiple giving vehicles
- 4 used no formal legal structure

DATE GIVING VEHICLE ESTABLISHED

- 4 before 1960
- 2 between 1987 and 1989
- 6 between 1990 and 1996
- 10 between 1997 and 2002

CATEGORICAL AREAS SUPPORTED

- Most support for education, children and health
- Other areas supported included housing, arts, faith-based efforts, jobs, civil liberties, social services, environment
- Particular constituencies served included support for Asian Americans, African Americans, Latinos, women, and gays and lesbians.

GEOGRAPHIC AREA SUPPORTED

- All donors interviewed support organizations in California
- 17 of those donors said they also support organizations outside of California

LOCATION OF THOSE DONORS AND ADVISORS INTERVIEWED

- 10 from Northern California, including 2 from San Francisco and 8 from the Silicon Valley
- 16 from Southern California, including 12 from Los Angeles, 3 from San Diego and 1 from Palm Springs
- 1 from the Central Valley

CHARITABLE ASSET BASE OF THOSE DONORS WHO HAD AN ESTABLISHED GIVING VEHICLE

- 2 = less than \$1 million
- 5 = \$1 – 4 million
- 4 = \$5 – 9 million
- 4 = \$10 – 29 million
- 2 = \$30 – 99 million
- 1 = \$100 million +

NUMBER WHO SAID THEIR GIVING BASE IS EXPECTED TO INCREASE IN THE FUTURE

- 12

ANNUAL GIVING OF THOSE DONORS INTERVIEWED

- 3 give less than \$50,000
- 3 give \$50,000 – \$99,000
- 10 give \$100,000 – \$499,000
- 2 give \$500,000 – \$999,000
- 5 give \$1 million – \$4 million
- 2 give \$5 million +

COLLECTIVE ANNUAL GIVING BY DONORS INTERVIEWED

- The seven donors interviewed whose annual giving exceeds \$1 million collectively gave \$22.3 million in a year.
- The seventeen donors interviewed whose annual giving is less than \$1 million collectively gave \$3.8 million in a year.
- Total annual giving of the 25 donors interviewed exceeds \$26 million in annual giving.

GOVERNANCE

- 18 use governing boards
- 16 include spouses or other family members. (One is a single man who currently does not have other family members on the board.)
- 6 have established specific giving budgets designated for individual family members on that board.

COMMUNITY AND PHILANTHROPIC BOARD PARTICIPATION

- 21 donors sit on the board of directors for at least one nonprofit organization. (Many sit on more than one)
- 10 sit on the board of directors of other philanthropic organizations

APPENDIX D: SURVEY QUESTIONS

BACKGROUND INFORMATION:

- Name:
- Source of Income:
- Giving Vehicle:
- Funding Asset Size:
- Annual Giving:
- Date begun:
- Funding Interests:
- Geographic Interest:

SECTION I: MOTIVATIONS AND REWARDS OF GIVING

- How did you begin to give? How did this effort get started? What motivated you to begin? Was there a particular event or events that initiated your interest in giving? What is the story of your family's giving?
- What motivates or inspires you to give? Are there rewards that are meaningful to you? (give examples if necessary: personal gratification, connection to the community, tax advantage, tradition of giving, family name recognition)
- How has your motivation changed over time and what are the benefits, if it has changed? How have changes been reflected in your family giving?
- Has this been a learning experience? What kinds of things have you learned? What most intrigues or excites you about the giving process? What stimulates your thinking about and involvement in the giving process?

- How does your giving reflect your family values? How has family giving influenced the family dynamic and vice versa? How does the family get involved in giving?

SECTION II: CHALLENGES

- What concerns you most about the giving process? Where do your concerns stem from?
- What is considered risky for you or for your family? What does failure look like? How do you measure success?
- How does your family address perpetuity issues and continuing family involvement?
- In what areas could you use more information or support in order for you to accomplish all that you wanted to through family giving?
- What are some of the unique issues that surprised you? Have issues and concerns changed over time?
- What have been the challenges to your family and what would have been useful to assist?

SECTION III: EXISTING RESOURCES

- Where can you get the assistance you need when you encounter new issues in the giving process? How do you currently get recommendations for appropriate giving opportunities? How do you get information in a timely fashion? While there are many forms of assistance available, how do you select help when you need it?
- Have your legal and financial advisors facilitated and supported your philanthropy in the way that you wished? How have they succeeded or failed?
- Have you turned to community foundations and other public foundations for assistance? How did you select the giving vehicle you now use? Has this vehicle changed over time?
- Are there still areas where you feel you still need assistance? Do you anticipate any changing needs in the future?

SECTION IV: FUTURE SUPPORT

- Is there information that would empower you more or help to make your giving easier? Is there a particular way that this information would be most useful?
- Are there new ways that we need to address the needs of new generations? Are there ways that you work with new generations to introduce family giving?
- What might persuade you to become more involved with the organizations you support? (give examples if necessary: board involvement, better communication, etc.) Is there something that might persuade you or your family to increase family giving? How does the family set limits on family giving?

SECTION V: WRAP UP

- Do you see your family giving as forming a partnership with the organizations you support? If not, what would need to occur for such a partnership to develop? Has your family giving been influenced by these organizations?
- How do you see your relationship with other families who give? Have other family members assisted you or your family in the giving process? Have you or would you consider helping other families in their efforts to give?
- Why do you think people don't give who could, or give to the extent they could?
- What have we not learned about your family and its giving that we should know? What have we not asked?
- Has your understanding of your own family changed?
- What do you know now that you wish you would have known at the beginning of your giving?
- Who else can you recommend to interview?
- Are you glad you made the decision you did? What would you do differently now?

APPENDIX E: ADDITIONAL RESOURCES ON CALIFORNIA PHILANTHROPY

RESEARCH AND PUBLICATIONS ON CALIFORNIA FOUNDATIONS AND DONORS

California Foundations: A Profile of the State's Grantmaking Community

This is the first comprehensive study of the size, scope, and giving patterns of private and community foundations in the state of California. California Foundations also provides the first-ever statistical profiles of the foundation communities in five of the state's largest metropolitan areas.

December 2001

By Steven Lawrence

Published by The Foundation Center in cooperation with The Center on Philanthropy and Public Policy at the University of Southern California.

For more information, please go to:

[http://fdncenter.org/media/news/news01/
pr_0112a.html](http://fdncenter.org/media/news/news01/pr_0112a.html)

California Foundations: A Snapshot

This study is part of a baseline analysis from the USC Center on Philanthropy and Public Policy on the growth and impact of California foundations. The study was developed to help policymakers and practitioners to better understand the capacity, scope, and reach of California's foundation community.

December 2001

By James M. Ferris and Marcia K. Sharp

Published by The Center on Philanthropy and Public Policy at the University of Southern California in cooperation with The Foundation Center.

For more information, please go to:

[http://www.usc.edu/schools/sppd/philanthropy/
forum/papers/papers.html](http://www.usc.edu/schools/sppd/philanthropy/forum/papers/papers.html)

Irvine Quarterly

This online quarterly publication highlights important issues, lessons, and research from the work of California nonprofits and grantees of the James Irvine Foundation.

Published Quarterly by the James Irvine Foundation

To subscribe to a free email version of this newsletter, please go to:

<http://www.irvine.org/news/newsletter/IQsubscription.htm>

2001 High-Tech Donors' Study

The economic boom of the late 1990s created a new generation of wealthy professionals in the high-tech industry who made significant amounts of money in a very short time. This study digs deeper into the philosophy and characteristics of charitable giving by these high-tech executives.

By Paul Schervish, John Havens, and Mary O'Herlihy

Published by the Social Welfare Research Institute at Boston College

Read the executive summary for this report at:

<http://www.bc.edu/research/swri/meta-elements/pdf/execsumm.pdf>

REGIONAL ASSOCIATIONS OF GRANTMAKERS

Regional associations of grantmakers are local networks of family, private, and community foundations. They also often include corporate grantmaking programs and, in some cases, other giving vehicles and nonprofits. Regional associations provide guidance and support related to establishing and managing a foundation, as well as educational seminars on key trends in giving and the nonprofit field for both foundations and their nonprofit colleagues. California currently is the home of three primary regional associations:

Northern California Grantmakers

116 New Montgomery Street, Suite 720
San Francisco, CA 94105
Phone: (415) 777-5761
Fax: (415) 777-1714
Email: ncg@ncg.org
Website: www.ncg.org

Southern California Association for Philanthropy

350 South Figueroa Street
Suite 270
Los Angeles, California 90071-1201
Phone: (213) 680-8866
Fax: (213) 680-8730 fax
Email: scap@scap.org
Website: www.scap.org

San Diego Grantmakers

4270 Executive Square
Suite 200
La Jolla, CA 92037
Phone: (619) 744-2180
Fax: (619) 744-2182
Email: info@sdgrantmakers.org
Website: www.sdgrantmakers.org

COMMUNITY FOUNDATIONS

Community foundations are publicly supported philanthropic institutions governed by a board of private citizens chosen to represent the public interest and for their knowledge of the community. They administer individual funds contributed or bequeathed by individuals, other agencies, governments, corporations, and other sources.

Community foundations serve donors, the nonprofit sector and the community as a whole. Many community foundations serve as the primary information resource for philanthropic donors and advisors in local communities, and are leading proponents of new and effective philanthropy.

League of California Community Foundations

Post Office Box 1638
Rohnert Park, CA 94927
Tel: 707.586.0277
Fax: 707.586.1606
Email: info@lccf.org
Website: www.lccf.org

The League of California Community Foundations builds and strengthens California's communities by fostering collaboration among the state's community foundations. The League includes more than two dozen community foundations across the state that address the current and future needs of their communities.

LCCF's website includes a description of the role and services of community foundations, as well as profiles and contact information for the League's 28 members.

NATIONAL CENTER FOR FAMILY PHILANTHROPY RESOURCES

The National Center for Family Philanthropy publishes and makes available a variety of resources of interest to donors, advisors, and philanthropic support organizations.

Family Giving News

Family Giving News is the National Center's complimentary, monthly email newsletter providing information on important new trends in family giving and connecting readers to the latest and best resources available on family philanthropy. Previous issues have addressed topics such as generational succession, managing conflicts and family dynamics, legal and ethical issues in philanthropy, and creative family grantmaking.

To subscribe and view back issues, please go to:
http://ncfp.org/Email_Alert.html

California Guide to Creating a Family Foundation

This monograph describes California laws that govern the formation, tax exemption, and operation of family foundations formed in, or operating in, California. *Splendid Legacy* (see next page) contains an excellent explanation of the federal tax laws that govern family foundations. However, the laws of California also shape the choices that family foundations may make in that state. Together, these two resources will provide a comprehensive overview for those who create and advise family foundations in California.

By Silk, Adler, and Colvin

Family Philanthropy and Donor-Advised Funds

Why and how do donors and families use donor-advised funds? What are the different management options available for these funds? This monograph uses stories of donors and families to describe how they are meeting their charitable and family goals through one of these funds. Designed as a resource for families looking at all their philanthropic options, *Family Philanthropy and Donor-Advised Funds* presents issues and opportunities from the perspective of the donor and the family. Includes a partial listing of organizations offering advised funds, sample documents for establishing a fund, and a bibliography of additional resources.

By Joseph Foote

Splendid Legacy: The Guide to Creating Your Family Foundation

Written specifically for families and individuals, *Splendid Legacy* guides the reader through every facet of the family foundation startup process, including mission, values, family involvement, governance, funding the foundation, grantmaking, legal, management, investments, ethics, and communications. An essential reference for donors, families, and the advisors and organizations that work with them!

Edited by Virginia M. Esposito

Supporting Organizations: Options, Opportunities, and Challenges

Supporting organizations are flexible and entrepreneurial vehicles for family philanthropy. This *Passages* issue paper looks at the options, opportunities, and challenges of supporting organizations from the family's viewpoint. The paper addresses the considerations of why and how families establish these vehicles in a clear and non-technical context, and provides guidance around how supporting organizations are typically structured and managed.

By Jason C. Born

For a complete listing of National Center publications, please visit their website at www.ncfp.org.

ABOUT THE AUTHORS

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Deanne Stone is a freelance writer who specializes in writing about family foundations and family businesses. Her publications include *Sustaining Tradition: The Andrus Family Philanthropy Program*; *Grantmaking with a Compass: The Challenge of Geography*; *Creative Family Grantmaking: The Story of the Durfee Foundation*; *Hands-on Grantmaking: The Story of the Boone Foundation*; *Privacy and the Family Foundation: The Impact on Grantmaking*; *Family Issues*; and *Building Family Unity through Giving: The Story of the Namaste Foundation*. Her articles on philanthropy have appeared in *Foundation News & Commentary* and *Family Business* magazine. She holds an M.A. in education from the University of Chicago and a B.A. in sociology from Northwestern University.

JAN MCELWEE

Jan McElwee, is principal of the McElwee Group. For more than a decade she directed corporate giving and external affairs for a leading national retailer and since 1992 has headed her own consulting firm. An active member of the philanthropic community for more than twenty years, she is the former chair of Southern California Association for Philanthropy and serves as a senior advisor to many of the countries leading philanthropic institutions. Previously, she has served on the faculties of Oberlin College and Edinboro State University as well as SNDT Women's University in Bombay. She holds a Master's degree from Kent State University and a Bachelor's degree from Eastern Nazarene College.

THE MCELWEE GROUP

The McElwee Group counsels foundations, philanthropic organizations and nonprofit groups on issues ranging from funder collaboration to board development and comprehensive community initiatives. Recent clients include The University of Southern California Center on Philanthropy and Public Policy, the Council on Foundations, The James Irvine Foundation, The Southern California Association for Philanthropy, Los Angeles Urban Funders, San Diego Neighborhood Funders, Los Angeles Arts Funders, The California Endowment, The California Wellness Foundation, The Entertainment Industries Foundation, EMI-Capitol Records Foundation, and The Accelerated School of South Central Los Angeles.

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