PRACTICES IN FAMILY PHILANTHROPY

GRANTMAKING with A COMPASS

THE CHALLENGES OF GEOGRAPHY
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by Deanne Stone
his past spring, the Board of Directors of the National Center for Family Philanthropy approved our *Statement of Values and Guiding Principles*. We believe it is important to articulate what we value and how we intend that our work will reflect our commitment to these values. It is fitting that the first statement refers to the value we place on the participation of individuals and families in private, organized philanthropy.

We value the contributions of countless individual philanthropists who generously contribute to our society’s wellbeing. We also recognize that there is great value in the donor’s decision to engage his or her family in the philanthropic process. When those who share a commitment to one another share an equally heartfelt commitment to something beyond the family—the community—both are enhanced. The motivation to engage in philanthropy—often the desire to "give back"—is the inspiration for charitable gift giving. That gift giving often takes the primary form of philanthropic dollars, badly needed social capital. But we also value the compassion and personal passion and commitment that represents the unique gifts of individual and family philanthropy. The privilege to participate in the philanthropic process and the joy that often comes from this participation are the gifts to the donor and the family.

What happens when the donor’s commitment to community is to a geographic region—when the desire to give back means giving to a particular city, state, or region? Many donors tell us that their philanthropy was intended to return some-
thing to the community that nurtured and supported the family and the family business that gave rise to the wealth. And, in the early years, when that region is the family's hometown, the commitment is relatively easy to pursue. Family members know the issues, the organizations, and the contribution they can make.

Usually though, family members start to move away. Individual members, possibly entire branches of the family, move to other parts of the country, even out of the country. Families may find themselves with dwindling numbers of family members who live in and know the community of origin.

Geography poses perhaps the greatest logistical challenge to a family's desire to work together in philanthropy. It can challenge the management and administrative structures and present real obstacles to the grantmaking focus. Many family members, sincerely respecting the commitment to the "hometown," are puzzled as to how to manage a commitment to an unknown part of the world. Also, a family that is brought up with a strong philanthropic tradition is likely to develop charitable ties to their new hometowns. They would love to see their family foundation supporting their new communities and interests.

Given the American "family on the move" and the volume of requests we get on this topic, it is fitting that the first volume in our "Practices in Family Philanthropy" series highlights the challenges of geography. This volume, like others in the "Practices" series, will focus on the management issues faced by philanthropic families and offer examples of how families are working through them. We will explore the practice of family giving while liberally featuring the stories of the families dealing with these issues. Like our other publications, we believe these stories offer the opportunity for donors and families to inspire and learn from one another.

We are indeed fortunate that Deanne Stone took up our editorial challenge: to interview families around the country and provide a thoughtful yet practical interpretation of the issues and the solutions being tested. Deanne has written extensively on family philanthropy and her sensitivity to family dynamics, grantmaking possibilities, and management options are all well represented in this volume. An exceptional group of readers provided critical feedback. Jason Born, Joseph Foote, and Robin Hettleman all contributed to bringing the monograph to publication.
Sharing a sense of history and traditions, respecting the values and intentions of the donor, and staying active and engaged in the philanthropic process are worthy goals—across time, generations, and geography. These are not easy issues so you won't find easy solutions here. What we hope you will find are the inspiration and ideas needed to set you on the path to dealing with your own geographic complexity. And it might just be that it is the path—rather than the destination—that you will find most rewarding.

After all, another one of our "Statements of Values and Guiding Principles" emphasizes that we value the pursuit of excellence in philanthropy. It goes on to note that

"While appreciating the variety of decisions available regarding structure, philosophy, and priorities, we value thoughtful, informed processes for reaching those decisions. The ability of those in the field to pursue both personal satisfaction and philanthropic excellence may well depend on the quality of the information and the educational opportunities available to them."

I hope this volume adds to your pursuit of personal satisfaction and philanthropic excellence, and I welcome your comments on this publication and others you'd like to see in the future.

Virginia M. Esposito
President
National Center for Family Philanthropy
November 1999
Family life was once defined by proximity. Extended family members lived close by, socialized frequently, and often worked together in the family business. Children grew up surrounded by grandparents, aunts, uncles, and cousins, and the sense of being a family developed naturally from their shared experiences and their identity in the community. Rooted in one place, families felt a loyalty to their home town and a concern for what happened there.

Today, family members typically live in different cities and states and, sometimes, in different countries. Some move several times in their adult lives and others divide their time between homes in different regions. Children may see their grandparents only a few times a year and hardly know their extended family members. Further splintering families are divorce and remarriage. Households are broken up and families blended, often resulting in more moves and a confusing mix of relatives, traditions, and values. With each new generation, the branches of the family grow farther apart and farther away from their origins.

Geographic dispersion is a fact of contemporary American life that has forever altered family relationships. Inevitably, it has affected family foundations, too. More and more, family board members are scattered about the country. Consider these situations. A foundation set up to serve a particular area no longer has family members residing there. A new foundation struggles to define a mission that engages and motivates family members living in different states. A fourth-generation foundation brings on to the board cousins who grew up in different parts of the country and who have little in common other than a blood relationship to the donor. A small foundation that has family members spread across the country, no staff, and a limited travel budget spends weeks juggling schedules to find convenient dates for board meetings.
Geographic dispersion presents challenges for family foundations precisely because family members are involved. It would not be an issue for private foundations run by boards made up of unrelated professionals. A private foundation that funded in one area would simply recruit board members from that area who had expertise valuable to the foundation. Family foundations are different. They want family members to be involved and they make accommodations to keep them involved, even if it means more planning, more expenses, more complications. What matters most is preserving the foundation and the family’s philanthropic legacy.

Family foundations are different in another way. When board members of geographically dispersed family foundations sit down around the meeting table, they create a special dynamic. They bring the warmth and commitment of family and a common heritage and memory; they may also bring a formality that comes from infrequent personal contact. And they may bring the foibles of all families—the rivalries, grudges, and irrational but powerful emotions that give family life its unique force. This quality forever separates family foundations from all other private foundations and indeed from every other institution in philanthropy.

This monograph addresses five topics particular to geographically dispersed family foundations:

- Geographic dispersion may warrant *reassessment of the foundation’s mission and guidelines* (Chapter One);

- The board may still want to *fund in areas where family trustees no longer live* (Chapter Two);

- Dispersed families may want to *develop formulas for grants among program areas or along family branches* (Chapter Three);

- *Communication* among board members is a key issue for geographically dispersed family foundations (Chapter Four); and

- Geographic dispersion can open special *opportunities* for family foundations (Chapter Five).

How boards manage these situations varies, depending on what the families want to achieve and the circumstances with which they are dealing. For some, engaging the interests of family members is the top priority. These boards typically broaden the geographic scope of their grantmaking, encouraging trustees to give grants to organizations in the communities where they live. For others,
maintaining a narrow grantmaking focus by program issue is the best way to manage geographic dispersion. They tend to limit the geographic area where they give and the number of program areas, too. For still others, the main goal is preserving the donors' values and legacy. Rather than seeing geographic dispersion as a cry for change, they see it as a call to renew their commitment to the mission and practices that have sustained the family and foundation over the years. These boards welcome family members who endorse the foundation's goals and often invite community members to work with the family, either as board members or advisory board members. As readers will see from the stories told in this monograph, the real challenge for family boards is balancing the needs and interests of the family and the foundation.

The information presented here was collected in telephone interviews. I started off with a short list of families I knew who were wrestling with the issue of geographic dispersion. They, in turn, referred me to other families. One of my best sources for referrals was the Internet. I placed announcements on the list serves of three organizations that work with wealthy individuals and received eight responses. In all, I spoke with trustees representing 25 family foundations around the country.

I was interested in hearing trustees' perspectives on geographic dispersion: how did it affect their foundation and their family, and what strategies did the board come up with for handling it? This monograph describes their experiences. Others may face different circumstances and choose alternative approaches. Although no family's situation will be exactly like that of any other's, I hope the variety of examples presented here will suggest possibilities on how readers can respond to their own situations.

I was fortunate to speak with thoughtful individuals who furthered my understanding of the issues, changed my thinking about some aspects of the problem, and suggested consequences and permutations of geographic dispersion that I hadn't imagined. To all those who graciously agreed to be interviewed, my heartfelt thanks.

Deanne Stone
Berkeley, CA
REASSESSING THE FOUNDATION'S MISSION AND GUIDELINES

The mission of a foundation is its central driving force. It gives the board direction on how to carry out its work and establishes goals to work toward. But when circumstances change, as they have with geographically dispersed families, boards may have to reassess their foundation's mission and guidelines. With current board members living in different locations and future generations likely to be even more geographically scattered—can they still fulfill the foundation's mission, or should the mission and guidelines be modified to accommodate the family members?

Given that family foundations are led by families, it is not surprising that the debate about the mission is often framed in either/or terms: the interests of the family vs. the interests of the foundation. Some trustees argue that if the foundation is to continue it must adapt to the changing needs of the family. After all, without interested and involved family members there would not be a family foundation. Others feel differently. They say that the mission is set by the donor and it reflects not only the donor's interests, but the family's history, values, and legacy. Therefore, it doesn't matter where the trustees live; honoring the mission comes first.

Another debate centers on the focus of the mission and guidelines: are the obstacles of geographic dispersion more easily managed by having a narrow focus or a broad one? Some say the complications of geographic dispersion are more easily managed by narrowing the focus of the foundation to a few program areas and regions. Others contend it is more easily accomplished by widening the focus to fund in communities where trustees live and allowing trustees to pursue more easily program areas of their choice.
The trouble with all “either/or” debates is that they encourage people to take a stand on one side of the fence or the other. Instead of seeing the whole picture, they see only half of it. If the family’s interests were paramount, the foundation would do a poor job of serving its communities. But if the foundation’s mission were not endorsed by the board, family members would lose interest in participating. The same is true of the narrow vs. broad focus debate. If the mission and guidelines are too narrow, they may exclude family trustees who have different values and interests. If they are too broad, the grants may be spread too thinly and lose their effectiveness.

Most family foundations are set up to run in perpetuity. This means that trustees have the dual responsibility of executing the mission and keeping the family engaged in the work of the foundation over the generations. The most enduring foundations are those that find ways to blend the needs of the family and of the foundation. Some family foundations included in this monograph have achieved that balance; others are still wrestling with the issue. As always, no template fits all. An approach that works well in one foundation may fail in another. Chapter One presents five perspectives on defining mission and guidelines when the board is geographically dispersed:

- Missions based on program areas,
- Preserving the original mission,
- Narrowly focused missions,
- Broadly focused missions, and
- Missions based on individual trustees’ interests.

**MISSIONS BASED ON PROGRAM AREAS**

Most family foundations strive to define a mission that encompasses the values and preferences of the family trustees. That task can be more complicated when family branches grow up in different parts of the country and do not know one another well. It can also lead to rivalries when family members living in different regions maneuver for mission and guidelines that would benefit projects they support in their own communities. To avoid such divisiveness, many foun-
ations schedule retreats where family members can explore their philanthropic interests and identify underlying shared values. This step is preliminary to writing or revising missions and guidelines that are acceptable to all the trustees.

The Merck Family Fund in Boston was established in 1954. The foundation, which has assets of $79 million, operated without staff until 1992, when its nine trustees decided that the foundation needed a tighter focus. Its trustees hired a consultant to help them redefine their mission. They spent one year thinking about what mattered most to them before they reached consensus.

The trustees identified two areas as their top priorities: protecting the environment and encouraging community building in urban areas. The trustees live in Massachusetts, Connecticut, New York, South Carolina, New Hampshire, and Vermont. In contrast to foundations that fund in areas where their trustees live, the Merck board chose to use income levels and demographics as criteria for their community building grants. Initially, they targeted seven U. S. cities where they felt their funding would have the most impact. Managing grants across the country proved too ambitious, and the board later narrowed its geographic focus to three cities on the east coast.

Jenny Russell, the executive director, says that for the Merck Fund geographic dispersion is not an issue. "It doesn't matter how spread out the family members are because the program areas define the geography, not the other way around. The fact that there's some overlap with some of the cities where board members live doesn't hurt, but it's not the primary consideration for us." Even the location of the office isn't an issue. The foundation used to be headquartered in Maryland. When Russell, who lives in Boston, was hired as executive director, the board was supportive of moving the office to the northeast where several board members were living.

Like the Merck Fund, the Needmor Fund prefers not to make geography a factor in determining its mission. The Fund, located in Boulder, Colorado has assets of $30 million. Its board members live in seven states across the country, and the board chose to unite its scattered trustees with a common mission. The foundation funds community organizing and social justice issues with the goal of giving disenfranchised people a voice in their own communities. The Needmor Fund gives nationally but it sets aside 50 percent of its funds targeted
for two cluster areas: Louisiana, Mississippi, and Alabama in the deep south and the border region of Texas, New Mexico, Arizona, and California in the southwest. The board selected those states because it felt that was where community organizing was most needed and where it was least funded. No family members currently live in those states.

**NARROWLY FOCUSED MISSIONS**

The Laird Norton Endowment Foundation in Seattle is a small foundation that has assets of just under $5 million. The board members of this fifth-generation foundation live in Washington, Utah, Michigan, and Maine. They decided the foundation could best accomplish its goals with a narrowly focused mission.

Since its inception, the foundation has changed its name three times and its mission at least twice. Originally, it funded religious and educational institutions, primarily in Minnesota where the family had a lumber business. Later, when the business expanded to include the Pacific Northwest, Alaska, and the southwest, the foundation widened its grantmaking field to include all the states. It wasn't until 1975 that the board changed its mission to reflect the family's forest industry heritage by funding forestry education and conservation programs.

In 1994, Patrick de Freitas, a family member, took on the job of board president because he wanted to see the foundation effect social change. He suspected that its grantmaking was off target but he wasn't sure why. Only when he attended a lecture sponsored by the Pacific Northwest Grantmakers Forum did he grasp the problem. "I don't remember the speaker's name or much of what he said, but when he used the term 'drive-by philanthropy', light bulbs went off in my head. That's what we had been doing. Our focus was too broad for us to be effective."

De Freitas asked himself what was the most dynamic thing happening in the field of forestry and his answer was sustainable forestry. He presented his case to the board members for discussion. They further refined the focus and, in 1997, voted to fund for the next four years only those organizations working to set standards for sustainable forestry. Narrowing the focus of the mission, says de Freitas, helped the foundation control the geographic dispersion factor.
“We live in different places,” says de Freitas, “but we’re all thinking about the same issues. After reading so many proposals on the same topic, we have a better grasp of the issues and how to address them. Now we know more about sustainable forestry than half the foresters in the country, and that makes us feel good.”

De Freitas points to two other benefits of having a narrowly focused mission. It has elevated the quality of debate at board meetings because the board members are better informed. As a result, the discussions are more stimulating, and the trustees get more enjoyment from being on the board and coming to meetings. Moreover, given the nature of sustainable forestry projects, site visits are less critical. This is an advantage for a small foundation like Laird Norton that has a limited travel budget and only one part-time staff person. Although the foundation pays for trustees to attend two allocation meetings a year, it cannot afford to send them on site visits in different states. On the occasions when a visit is in order, de Freitas asks the trustee living nearest to the site to go there.

When the Sheehan Family Foundation was established in Duxbury, Massachusetts in 1994, geography was not a factor in the family’s decision to narrow the funding focus. At the time, the trustees—Elizabeth, Meg, and Ann Sheehan—lived in the same vicinity. Only later did Elizabeth move to England.

The trustees’ father, the president of the family business, L. Knife and Son, endowed the foundation with $1.5 million in company stock, and each year he makes an additional donation of $250,000. The Sheehan sisters, all activists, wanted the foundation to take a strategic approach to grantmaking, and they spent months working with a consultant to develop a model that satisfied their goals. They settled on two program areas—education and the environment.

The foundation limits funding to two to three major projects at a time, and continues the funding for five to six years to give the projects enough time to yield results. Its geographic focus is equally narrow. The family targeted southeastern Massachusetts where their great-great-grandfather started a wholesale beer distribution company based in Plymouth 100 years ago. The family took particular interest in the city of Brockton, an impoverished and underfunded community with a large immigrant population. It is the company’s best market, and the family wanted to contribute something to the city that has been so generous to them.
Elizabeth and Meg are the driving forces behind the grantmaking. Meg, an environmental lawyer, is responsible for the environmental projects—watershed and open space protection in the southeast Massachusetts region. Elizabeth, a physician's assistant, handles the educational ones. Sophisticated community activists, they have made it their business to get to know key players in southeastern Massachusetts. In six years, they have built partnerships with local organizations, joined boards, and leveraged funds from individuals and government to promote their projects. Elizabeth spent almost seven months working with a consultant, community leaders, and an expert in the field of early childhood development whom she hired as program director to design educational programs, the foundation's effort to give children from low-income families access to quality preschool programs.

Then, in early 1998, Elizabeth's husband, a British diplomat, was transferred to London. As it happened, the foundation's narrowly focused strategic model was perfectly tailored to the job of a commuting grantmaker. Because it funds relatively few projects and continues funding them over a period of years, Elizabeth knows the key people well enough to stay in touch with them by telephone and e-mail. Moreover, having a paid professional directing the project relieves Elizabeth of day-to-day responsibilities. What she is needed for is lobbying at the community, state, and federal levels and, for that, she schedules quarterly visits to Brockton for two weeks at a time to work on foundation business. Being married to a foreign service diplomat means moving every four years. Traveling between London and Boston is manageable, but if her husband were to be assigned to a spot even farther away, Elizabeth would resign and ask one of her seven siblings to take her place.

**BROADLY FOCUSED MISSION**

In contrast to the narrowly focused missions of the Laird Norton and Sheehan Foundations, other geographically dispersed family foundations prefer a broadly based mission that encourages family members to solicit proposals in the communities where they live. Sandy Buck of the Horizon Foundation in Ipswich, Massachusetts says that for his family a wide focus was absolutely essential. The family members live in New Jersey and Massachusetts and have varied interests. "We wouldn't have a foundation without it. My family members simply wouldn't have the same commitment or involvement in grantmaking." The board of the Hillsdale Fund in Greensboro, North Carolina agrees. Their four-
SAMPLE LETTER ANNOUNCING
CHANGE IN GRANTMAKING

Dear Name:

I am writing to notify you, as a past grantee of The Stocker Foundation, that regretfully, we will no longer be funding in Bexar County, Texas.

Our policy is to fund the geographical areas and the communities where our trustees reside. The trustee who lived in San Antonio moved from the state in June 1997. Our last distribution for grants in Bexar County occurred at our March 1998 allotment meeting.

We would like to think we made a difference in the years we directed funding to the San Antonio area. We were pleased to be able to partner with so many fine organizations to enable them to develop and implement programs that fulfilled their mission of enriching the arts and educational programs, assisting the physically challenged to lead more independent lives, to fill in the gaps for the socially and economically disadvantaged. It has been a pleasure working with you and your organization.

We wish you the very best in achieving the goals you set to fulfill the mission of your agency.

Sincerely,

Jane Norton
Executive Director
teen family board members live in nine different states. Sin Boney, the foundation's administrative vice-president, says that their grantmaking is all over the map and that's the way they like it. "We fund a diverse assortment of organizations spread all over the country. That's more interesting to us than funding strictly locally."

The Stocker Foundation in Lorain, Ohio intentionally chose a broad mission that allows them to fund an eclectic range of programs. While they give highest priority to programs for families and children, they also fund the fine arts and a broad category of organizations that promote programs to help people help themselves. "We chose an approach that reflects the changing times and the changing environment," says Jane Norton. "It gives us flexibility and, we think, serves us well."

A small foundation with assets of $2 million, the foundation originally funded only in Lorain. But when family members began moving away, Beth Stocker, one of the donors, reconsidered the geographic limitation and decided it did not make sense. She agreed that Lorain deserved the biggest cut of the pie because that is where her husband Paul had his business; she also believed that family members should be involved in their local communities and that the foundation should make grants where they live.

A DISSENTING VOICE

Nearly all of the families profiled in this monograph have found that establishing and maintaining a broad mission is an effective way of dealing with geographic dispersion. The one dissenting voice is a fourth-generation family member whose family board recently invited three members of the fifth generation on to the board. The 12 board members live in 10 cities in seven states and, for the past year, they have solicited proposals from organizations in their own communities. Awarding small grants in so many cities concerns that trustee. "By spreading our grants around, we're not having much impact anywhere," she says. "I feel like a curmudgeon when I bring it up because the younger generation is enthusiastic about grantmaking, and the foundation is definitely bringing the generations closer together. But there's a danger of family foundations serving the interests of the family more than the needs of society, and I think we're heading in that direction."
Currently, three generations sit on the Stocker board: Beth Stocker, her three daughters, and three grandchildren. Norton and her mother live in Lorain, her sisters in Tucson, her niece in Las Cruces, and her sons in Cleveland. One grandchild has already moved three times since she has been on the board, forcing the family to set policy regarding the foundation’s obligation to a community when a trustee moves. They decided that funding would not begin in the new community until the trustee has lived there for one year and, to avoid leaving grantees in the lurch, it would continue for one year after the trustee has moved.

When the third generation takes over, it is possible that no family board member will be left in Lorain County. A provision in the foundation’s charter, however, states that a certain percentage of funds will always be distributed there. One option the board has considered is setting up a permanent fund within a community foundation that will carry the foundation name and designate the funds for Lorain now and forever.

MISSION BASED ON INDIVIDUAL TRUSTEES’ INTERESTS

Sometimes when the family branches live far away from one another and have distinct funding philosophies, styles, and interests, the trustees may be unable to find a common mission. In that case, they may tailor a mission to the specific interests of individual family members. That is what The Leighty Foundation did. This small foundation with assets of $7 million is headquartered in Colorado Springs, where the founder’s daughter lives. Jane Leighty Justis is the foundation’s part-time executive director and program officer.

Ike Leighty, the founder, lives in Waterloo, Iowa. He focuses much of his attention on youth and education, as well as the promotion of philanthropy. His son Bill and his wife are immersed in environmental issues in Alaska. His daughter Jane Leighty Justis and her husband live in Colorado and concentrate on promoting volunteerism and women’s philanthropy.

Justis appreciates the independence trustees have to pursue their longstanding interests. “I’m using Colorado Springs where we live as my laboratory for developing better ways to promote volunteerism, provide training, and bring more women into philanthropy. What’s exciting is that by taking what we learn and sharing it with others, we can leverage funds from our small foundation to make a difference on a national scale.”
With the three family branches working in three different program areas in three separate states, the foundation has a different image in each community. "If you ask a person in Alaska what The Leighty Foundation does, you'll get a different answer from what someone in Colorado will tell you. That could be confusing if we all lived in the same place, but living so far apart it actually works in our favor. We have the luxury of having the foundation look like us in our part of the country."

The Durfee Foundation in Santa Monica, California takes a similar approach to grantmaking but for different reasons and in a different way. The foundation, established in 1960, has assets of $25 million. Three trustees live in southern California, one in northern California, and one in New York.

The foundation's broad mission, influenced by the personal philosophy of the founder, Stan Avery, the founder of Avery Dennison, is to promote individual endeavors that benefit society. That philosophy extends to trustees as well as grantees. After serving on the board for one year, the trustees, assisted by the executive director, are invited to develop programs that reflect their special interests. Unlike The Leighty Foundation which funds in the trustees' home towns, the Durfee Foundation focuses its grantmaking primarily in the Los Angeles region where Avery lived and built his business.

The current board is composed of one second-generation member and four third-generation members. One board member, a physicist, started a program to give high school students gifted in the arts and humanities an opportunity to spend two intensive weeks during the summer working with scientists at research stations located in the United States and abroad. Another, a musician, created music fellowships to offer support to virtuoso performers living in Los Angeles to engage in apprenticeship training of promising young musicians. A third, a lawyer interested in promoting nonprofit organizations and the arts, combined her interests by setting up a program giving grants to art students to create works of art for community nonprofit organizations in the Los Angeles area.
FUNDING IN AREAS WHERE FAMILY TRUSTEES NO LONGER LIVE

Today, it is not uncommon for family foundations to find themselves funding in geographical areas where no family trustees live and, for that matter, where no future generations are likely ever to live. In some cases, trustees have no say about where grants are given; the donors of those foundations left instructions in their trusts legally binding successive generations to distribute funds in a particular place. More often, though, trustees voluntarily continue the practice of funding those communities out of respect for the donors. Usually it is the place where the donors lived and prospered, and the entire family feels a debt of gratitude to the area.

No matter how good their intentions, however, many successor trustees learn that it is not always easy to keep such a commitment. Third- and fourth-generation trustees may no longer live in the donors' community—indeed, some may never have lived there—and find it difficult to sustain interest in a geographic region they do not know and to which they lack any personal connection. Moreover, they are unsure of the best way to continue serving it.

One family wrestling with that dilemma is the Holley Foundation in Detroit. Since its inception in 1944, the foundation has funded organizations that fall under a broad mission of helping disadvantaged young people receive an education. The three second-generation trustees allocated the largest portion of funds to Michigan, where the donor had lived and where one trustee resided, and divided the rest between the home towns of the other two trustees. Today, the circumstances are far more complex. The size of the board has quadrupled: currently, three family members from each of the three branches plus three non-family members serve on the board. The 12 trustees live in seven
states. Furthermore, the family members, who grew up in different towns, don't know one another well and, predictably, have diverse interests. What's more, none of the family trustees lives in Michigan.

The board has scheduled a series of retreats to consider its role in southeastern Michigan philanthropy along with the philanthropic interests of its geographically dispersed board members. Barbara Frank, the foundation's president, is optimistic about the outcome. Working in its favor is the board's commitment to the foundation and the positive energy the trustees bring to their discussions. "What unifies us is our admiration for our grandfather and our shared memories," says Frank. "He was a generous and creative man, and we all want the foundation to reflect his spirit."

Those who strive to honor the donors' attachment to a community say that their biggest challenge is staying sufficiently well-informed about the area to make good grantmaking decisions. Chapter Two explores how geographically dispersed boards have responded to this challenge, including:

- Educating trustees about the community,
- Drawing on community resources,
- Bringing non-family community members onto the board,
- Setting up separate funds,
- Taking legal action to change the trust, and
- Spending out the corpus.

EDUCATING TRUSTEES ABOUT THE COMMUNITY

When family trustees live outside the community in which the foundation funds, the board must make a special effort to keep board members connected to the area. Besides circulating information about grantees and local developments affecting the foundation's program areas, many foundations look for opportunities to educate out-of-town trustees about what is happening locally.

Board meetings are ideal occasions for inviting local experts to address out-of-town trustees. David Bergholz, executive director of the George Gund Foundation in Cleveland, uses three of his board's quarterly meetings to educate the board about the greater Cleveland community. Although none of the family mem-
bers currently lives there and nothing in the bylaws ties the foundation to the area. The family still chooses to award grants primarily in Cuyahoga County in northeastern Ohio where the founder, George Gund, and his wife raised their six children.

The Gund Foundation is blessed with abundant resources. With assets of $500 million and annual grants of more than $20 million, the foundation—the largest private foundation in Ohio—plays a critical role in local philanthropy. Its prominence in the community allows it to attract prestigious guest speakers for board meetings, such as the mayor, school superintendent, or local college president. The Merck Family Fund, too, takes advantage of board gatherings to educate its trustees. In fact, at a recent retreat held in New Hampshire, the staff invited sixteen local presenters to talk to the board about forestry, one of the foundation’s key program areas. The large gathering of presenters prompted one board member to comment that the retreat was more like a congressional briefing. Smaller family foundations, too, can invite knowledgeable local people to speak at their board meetings. Civic leaders, college professors, and community organizers would welcome the opportunity to address a foundation board about trends in their program areas and developments in their community.

Some geographically dispersed foundations organize educational tours to engage and educate out-of-town trustees about the community in which the foundation funds. Organizing tours requires careful planning but the payoff is high: trustees spend time together outside the boardroom and have a productive time doing it. Most important, they usually finish the tour feeling reinvigorated about the work of the foundation and what it can accomplish.

During the Gund Foundation’s June quarterly meeting, Executive Director David Bergholz takes trustees and senior staff on a tour of the city to visit four or five grantees and to point out developments in the city. The tours spark the family’s interest in the foundation’s local agenda and give the trustees a better understanding of what the foundation is doing. “Driving around town in a van visiting grantees is a favorite activity of the trustees,” says Bergholz. “They enjoy it. They get to meet the grantees and see the range of projects the foundation funds. We have a solid educational experience and always end the day by doing something that builds relationships, like having a social dinner or even going to a ball game.”
The board members of the Frost Foundation, headquartered in Santa Fe, live in New Mexico and Louisiana, the two states where the foundation funds. Mary Amelia Whited-Howell, a family member and executive director of the Frost Foundation, says that tours are one of the most effective and enjoyable ways to inform board members about what is happening in each other's state.

The foundation, with assets of $45 million, funds social service agencies working with low-income children and families in Louisiana and New Mexico. To educate board members about the similarities between people living in poverty in northern New Mexico and rural Louisiana, Whited-Howell takes board members from Louisiana on tours of New Mexico and those from New Mexico on tours of Louisiana. Before each trip, she handpicks organizations and neighborhoods to visit that best demonstrate the needs of the community.

Whited-Howell's efforts to educate her out-of-town board members don't stop there. She also hosts an annual party at her home in Santa Fe to which she invites the Louisiana board members to meet the grantees from New Mexico. "Louisiana people understand how to communicate at parties," she says. "It's a Louisiana thing to get to know people over good food and drinks. They're comfortable doing it and the contacts they make there are meaningful to them. I wish I could invite the Louisiana grantees, too, but it's too expensive to bring them all to Santa Fe."

DRAWING ON COMMUNITY RESOURCES

Besides educating her board, Mary Amelia Whited-Howell draws on a variety of resources to keep herself abreast of developments in the two states where the foundation makes grants. In the past, the foundation distributed most of its funds in Louisiana; now it divides grants between the two states. When family is involved, fairness can easily become an issue. Whited-Howell is sensitive to that possibility and tries hard to maintain an equal balance of grants between New Mexico and Louisiana so that family members in one state don't feel that their area or interests are being slighted.
Running the foundation as she does with the help of a part-time assistant, Whited-Howell naturally comes across promising organizations and projects in New Mexico where she lives. Not surprisingly, then, she submits more proposals to the board from her state than the Louisiana board members do from theirs. To rectify the imbalance, Whited-Howell has redoubled her efforts to increase grants in Louisiana.

"I'm always asking myself if I'm doing enough for Louisiana and whether I've explored enough options," she says. "I try to stay on top of the issues by reading newspapers and doing a lot of telephone work. I visit Louisiana as often as I can and when I'm there I make it my business to meet people and cultivate contacts." As a result of her efforts, she now initiates more proposals from Louisiana than the board members who live there. Among her best sources for leads are other family foundations with which she has built relationships, a nonprofit association the Frost Foundation supports, and local community foundations.

Like many geographically dispersed family boards, the Frost Foundation has discovered a valuable resource in community foundations. A community foundation is a public charity set up to support charitable organizations in a particular region. It distributes money, primarily contributed by individual donors who have established funds within the community foundation. To ensure that the donors' money is well spent, the community foundation must keep its fingers on the pulse of the community. Its program officers get to know the nonprofit organizations in the area and reach out to the larger community, convening briefings for leaders from the private, public, and nonprofit sectors, and building networks of people who care about and are involved in the community.

For small foundations such as the Holley Foundation that rely almost exclusively on family volunteers, organizations such as the Community Foundation for Southeastern Michigan, the Council of Michigan Foundations, and the Association of Small Foundations are troves of information. "We pick their brains about organizations doing good work," says Barbara Frank, the foundation's president. "The Community Foundation for Southeastern Michigan is particularly helpful because the staff know a lot more about what's happening in the community than we do and give us some of our best leads."
It isn’t only small foundations that use the services community foundations offer. Jenny Russell says that the Merck Family Fund has graduated from using community foundations as sources of information to enlisting them as advocates to build community support for programs the foundation is promoting. “We fund in Providence, Boston, and New York City. In Providence, the community foundation is the largest player in philanthropy and a natural partner to help us reach our goals.”

Community foundations are often storehouses of information about their local areas. For geographically dispersed boards that don’t have the time or means to investigate organizations as thoroughly as they would like, community foundations can be invaluable resources. Besides sharing information about individual organizations, they can link up funders who have similar program interests. These connections can be a boon to small family foundations, providing trustees who might otherwise be isolated from the community with colleagues and potential funding partners. Small foundations that want to leverage their funding can join with other small foundations in giving grants to the same organizations.

Community foundations have burgeoned in the past decade and, while all are happy to share information about organizations with callers, they are not equally prepared to handle more time-consuming requests. Some community foundations have affiliate memberships for family foundations. For a fee, they will act as program officers, researching organizations and sending out regular mailings apprising family foundations of developments in the community and of organizations that might interest them. Newer and smaller community foundations, however, may not have the staff or resources to respond to individual requests. Family trustees would be wise to check with the community foundations in the regions where they fund to learn about the programs and services they offer.

INVITING NON-FAMILY COMMUNITY MEMBERS ONTO THE BOARD

Some geographically dispersed foundations maintain close contact with an area by recruiting non-family members from that community to serve on the board. They often start by inviting the people they know—friends of the family and business associates. But when the family has lived away from the area for a long
time, their best candidates may be individuals who have expertise in their program areas and special knowledge of the community. Compatibility is always a factor, of course, and boards need to spend time with candidates before inviting them to be sure they are a good fit with the family and its culture.

The Holley Foundation depends on non-family trustees to provide a bridge between the current trustees and the city where the donor lived and established his business. George M. Holley, who along with his brother Earl invented the Holley carburetor, set up the foundation in Detroit in 1944. Historically, the foundation has given most of its funds in southeastern Michigan. Because none of the nine family trustees lives in Detroit, the board reserves three seats for non-family trustees living in the community. Previous non-family trustees were friends of the donor or of the Holley family and all were interested in continuing the Holley legacy; current non-family members are all active in philanthropy in southeastern Michigan. “The third generation is not as familiar with what is happening in Detroit as we would like to be,” says Barbara Frank, Holley’s granddaughter. “The non-family trustees give us a perspective on Detroit that we need.”

The Beveridge Foundation, located in Boca Raton, Florida, is one of several foundations that rely on non-family board members to inform them about the donor’s hometown. Stanley Beveridge, the founder of Stanley Home Products, now Inesco Corporation, lived in Springfield, Massachusetts. His children and grandchildren were born and raised there, too, but by the 1980s, they had all moved away. Only one still lives in Massachusetts, but in the eastern half, and the others reside in Florida, New Hampshire, Rhode Island, and California.

The foundation originally brought non-family members on to the board to serve as a compensation committee. Philip Caswell, the sole staff person of the foundation, is also a family member. The family wanted to avoid putting family trustees in the awkward position of evaluating Caswell’s performance. It didn’t take long for the board to recognize that these individuals—established businessmen who reside in Springfield and have wide contacts in the community—had more to offer the foundation than advice on compensation. Today, they act as scouts for the foundation, reporting on developments in Springfield and sending clippings of newspaper articles about topics they believe will interest the trustees. Every other month, Caswell comes to town to meet with them and to check out organizations they have recommended.
The outside board members are invaluable resources for the foundation, but Caswell worries that finding qualified candidates acceptable to the family may not be so easy in the future. Although the members of his generation moved away more than a decade ago, they have maintained their contacts in Springfield. Outside board members have all been friends of the family and one was a former employee of the company founded by the donor. Two, however, are likely to retire soon, and the board would like to replace them with board members in their thirties and forties. The problem, as Caswell sees it, is not in identifying promising young candidates; it is finding ways for the family to get to know them in a relaxed social setting without telling them that they are being considered for board membership. “We’ve had a few flops in the past when candidates mistook invitations to meet with the family as invitations to serve on the board,” says Caswell. “They assumed it was a done deal and were offended when we didn’t select them.” Cultivating relationships with prospective non-family trustees will likely be more difficult for the fourth generation, none of whom grew up in western Massachusetts.

**SETTING UP A SEPARATE FUND**

By and large, the trustees included in this sample wanted to continue funding the community targeted by the donors. At the same time, they recognized that future generations might not feel that commitment as strongly because they will be farther removed from the donors. Born after their deaths, they may know little about the donors or the communities where they lived. To ensure continuous support for the place close to the heart of the donors, some geographically dispersed family foundations are setting up separate funding vehicles such as donor-advised funds and supporting organizations.

The Leighty Foundation funds primarily in the three states where the trustees live, but the trustees all feel a special attachment to Waterloo, Iowa, the family’s home town and the home of the founder, Ike Leighty. It is also the location of the family business. Engineered Products Company, Inc., which he sold to the employees a few years ago. Leighty, now in his eighties, is still in good health and active in the foundation. Several years ago, he established a donor-advised fund with the local community foundation, and funds in Waterloo through both The Leighty Foundation and the donor-advised fund. He sees the relationship with the community foundation as helping to ensure the quality of ongoing support in the community after his death.
Setting up a donor-advised fund has yielded benefits the family hadn’t anticipated: working with the director of the community foundation became a learning experience for the whole family. Part of her job is doing due diligence in making grants from the donor-advised funds, and she is generous in sharing her thinking with the family. The result is that out-of-town family members not only learn about the issues and organizations in Waterloo, but they also apply what they learn about grantmaking to the funding they do in their own communities.

The Needmor Fund established a different kind of relationship with the Toledo Community Foundation. Toledo was the headquarters of Champion Spark Plug, the company started by the family of Needmor’s founder. Although Needmor funds nationally, a separate pool supported by annual donations was set up for Toledo with less rigorous criteria than the national pool. A few years ago the board decided that rather than continue to fund groups that couldn’t compete in the national pool, they would work with the Toledo Community Foundation to build the capacity for community organizing in Toledo. An advisory board made up of local family members and non-family community members was created to oversee a program to develop community organizing skills in poor areas of Toledo. Needmor donors pledged $95,000 a year for three years and the fund itself added $5,000 per year for a total of $300,000 used to bring resources to Toledo and provide grants to organizations pursuing an organizing strategy. Needmor hopes that by involving knowledgeable, well-connected people on the advisory board, a funding stream to support community organizing might be built as well.

The Beveridge Foundation in Boca Raton, Florida, faces a different situation and is contemplating a different solution. When the donor set up the foundation, his principal motivation was to provide for a 250-acre public park he had established in Westfield, Massachusetts, near his hometown of Springfield. The Beveridge Foundation is its sole funder, and maintenance on the park, which includes playing fields, wetlands, and trails, now runs about $1 million annually.

Past and present family trustees take great pride in the park; for them, supporting it has been a top priority. Future generations, however, may not feel equally responsible for it, a risk that is increased by the fact that the foundation’s current articles of incorporation do not obligate them to do so. To ensure that the park is always taken care of, Philip Caswell, the board president, has begun researching the board’s options.
In the past decade, the Beveridge Foundation's assets have soared to $56 million, giving it options it didn't have before. The board has considered taking $20 million from the corpus to set up a supporting organization within the Community Foundation of Western Massachusetts and designating that the proceeds be used to maintain the park in perpetuity. One drawback to that plan is the matter of control: in a supporting organization, non-family members must outnumber the family members on the board. Currently, the Beveridge Foundation family board members also sit on the park's board. If a supporting organization were formed, they would have to give up control of the funds and some family members are not sure they are ready to do that. The board will debate the matter at an upcoming board meeting.

Occasionally, family foundations are unable to keep the foundation going because of lack of family participation. Sometimes family members living at a distance from one another drift farther and farther apart until not even the foundation can hold them together. Other times, family members lose interest in the foundation because they don't share the same values or because the family has exhausted its pool of family members. In those cases, the foundation may choose from a number of options, including spending out or evolving into an independent foundation run by a professional staff.

**TAKING LEGAL ACTION TO CHANGE THE TRUST**

On occasion, donors leave instructions in their trusts designating a specific community as the recipient of the foundation's giving. When conditions change in that community and successive generations find it difficult to identify worthy organizations to support, they may be forced to go to court to try to change the trust. While none of the foundations included in this monograph faced that predicament, the famous battle over the Buck Trust in Marin County, California has become a cautionary tale.

When Mrs. Buck, the donor, set up her trust, she stated that income be used to assist poor families in Marin County. At the time the trust was set up, Marin County was not so wealthy and the trust was not so large. Some argued that had Mrs. Buck known the true value of her estate, she would have wanted the bulk of it to be distributed in neighboring counties, which, unlike Marin, were beset by social problems. The San Francisco Foundation, where the trust had
been established, took the case to court. After a long, painful, and expensive battle, the trust was upheld and removed to a new foundation.

The publicity surrounding the Buck trial brought the issue of donor intent to the forefront of the philanthropic community. For some, the case was a warning bell to donors to state explicitly their intent to ensure that their wishes are followed. For others, it was a lesson in the dangers of writing a mission so narrow that successors would have difficulty carrying it out. Restricting giving to one community is especially problematic in the age of the geographically dispersed family; many families believe that family members should be able to give in the communities where they live. Beyond geography is the matter of control. Donors may prevent successors from subverting their wishes by legally restricting the foundation's grantmaking, but their effort to exert control after their deaths may instead lead to unanticipated problems for the foundation. Above all, the Buck case is a call to donors to use good judgment in setting their mission.

SPENDING OUT CORPUS

Most family foundations are set up in perpetuity. Because the foundation has symbolic and practical significance for the family, it is a difficult decision to close it down. Most trustees search long and hard for alternatives before taking the most drastic measure of spending out the endowment. Occasionally, however, some trustees believe that firsthand knowledge of the community is absolutely essential to their grantmaking and make it a condition of eligibility for serving on the board. That was the position taken by one foundation in the southwest.

The board was composed of the donors' daughter, then in her mid-eighties, two granddaughters, ages 64 and 59, and three community activists. The three women had lived their entire lives in the city where the donors had built their fortune, and they were deeply involved in community affairs. The sudden death of the donors' 59-year old granddaughter awakened her mother and sister to the urgency of planning for the foundation's future, something they had put off discussing. After 25 years on the board, grantmaking was second nature to them; they felt they could work more efficiently alone than with the younger genera-
tion, the donors' three great-grandchildren who knew next to nothing about the community. They had moved away after graduating from college and returned home only for the Christmas holidays. Although they claimed that they wanted to serve on the board, they took no initiative in learning about local issues.

The current trustees worried whether the great-grandchildren could maintain from afar the high standard of grantmaking that had been its trademark. After weeks of deliberation, the trustees concluded that the foundation's primary obligation was to the community and that living in the city was essential for board service. Reluctantly, they chose to shut the foundation's doors, giving their grantees two years to look for other funders and themselves time to decide how to spend out of the corpus.
FORMULAS FOR DIVIDING GRANT ALLOCATIONS

The geographically dispersed foundations in this monograph varied widely in their approaches to dividing grant allocations. In an effort to be scrupulously fair—or in some cases to avoid family squabbles—some foundations devised precise mathematical formulas for dividing funds among geographic and program areas. Others took the opposite approach: they operated without any rules or policies. Somehow, discussions about formulas never came up in those families, and the grants the boards allocated were accepted without opposition.

Each family foundation has its own distinctive culture, traditions, style, and values that color how it operates and the choices it makes. Deciding on formulas for dividing allocations is no exception. The formula the foundation settles on says something about the family’s values and attitudes regarding money, their ideas about fairness, and their family relationships. Some families handle money matters well; others fight intensely over money. Geographic dispersion forces many family foundations to reconsider how it distributes its funds, and the issues that arise suggest that dividing grant allocations is not merely a matter of formulas. It can also involve profound and powerful emotions.

Chapter Three looks at six approaches geographically dispersed foundations use to allocate grantmaking funds:

• Award largest percentage to the donors’ community

• Divide funds among program areas

• Allocate funds without a formula

• Divide funds by family branches
• Divide funds among communities where trustees live

• Provide discretionary funds

**Award Largest Percentage to The Donors’ Community**

Loyalty to the place where donors lived and prospered was a strong sentiment among the family trustees interviewed for this monograph. The affection and respect that trustees of the Beveridge, Stocker, and Leighty foundations feel for the donors is reflected in their commitments to continue funding in the donors’ community. Some, including the Beveridge and Stocker Foundations, have begun thinking about setting up separate charitable vehicles to ensure long-term funding. The Leighty Foundation and Needmor Fund have already established donor-advised funds within community foundations.

The Ethel and W. George Kennedy Family Foundation uses a plan that commonly serves as a model for others. The foundation has assets of $31 million. The largest portion of funds is reserved for the community where the donors lived, and the rest is divided among the communities where family trustees live.

George Kennedy, the founder, moved to Miami in 1924, where he established his business and where he and Ethel raised their six children. His daughter, Kathleen, the foundation’s managing director, says that she and her five siblings feel strongly that the foundation should stay true to their parents’ lives: they made an impact on Miami and so should the foundation. Recently, the board narrowed the foundation’s guidelines to restrict unsolicited grant proposals to Dade County. Because one family trustee lives in North Carolina and a non-family trustee is in Tennessee, the board approved a motion to fund proposals initiated by trustees living in those states and in the towns in Florida where the other trustees live. But, they all agree that the lion’s share of their giving belongs in Dade County.

The Stocker Foundation follows a similar model. The largest percentage of funds goes to the donors’ home town of Lorain County and a somewhat smaller percentage to Tucson where two second-generation daughters live; the remainder is divided between the two cities where the third-generation members live. With only three grandchildren on the board, this funding model has worked well. But how will the pie be divided when all eight grandchildren serve
on the board? Currently they live in Cleveland, Seattle, Las Cruces, Albuquerque, San Francisco, and Brazil. Given the third generation’s peripatetic bent, Jane Norton, a daughter of the donors, suspects that when they take over it may make more sense to use a funding model based on common interests rather than on geography.

The Beveridge Foundation also gives the greatest portion of funds to the donor’s community, but with a slight variation. Of the $2.5 million it gives annually, the board takes $1 million off the top to maintain the park the donor created in Westfield. The remaining $1.5 million is divided in two parts. One half goes to two counties in western Massachusetts and the remaining $750,000 is awarded to organizations in the communities where the six family trustees live. With that money, grants are made strictly on the basis of merit. “We consider whatever comes over the transom,” says Philip Caswell. “If we like it, we fund it. There’s no quibbling about where the grants are made because the trustees feel a sense of fairness about how the votes go.” Even though the board doesn’t track how much money is awarded to each community, the individual family trustees do. At a recent allocations meeting, for example, there was a preponderance of grant requests from New Hampshire, and Caswell recalled that it was the family member from New Hampshire, not the others, who asked that the imbalance be corrected.

DIVIDE FUNDS AMONG PROGRAM AREAS

The Gund Foundation and the Merck Family Fund divide their funds by program areas. The Merck Family Fund allots roughly 60 percent to organizations that protect the environment and 40 percent to organizations working on community building in urban areas. The percentages used by the Gund Foundation for dividing funds among its six program areas—community development, civic affairs, arts, environment, education, and human services—are also fixed. Although David Bergholz, the executive director, checks in annually with the trustees to see whether they want to make adjustments, the amounts allocated to each program generally vary little from year to year.

Typically, the guidelines of a family foundation designate program areas and the board awards grants to organizations that fall within those areas. The Durfee Foundation in Santa Monica has devised its own system. On the whole, the Durfee Foundation functions with a minimum of rules, and its approach to
dividing funds among programs is no exception. The foundation gives away a little more than $1 million annually. As mentioned earlier, each trustee creates his or her own program and is responsible for overseeing it through each funding cycle. The amount allocated to each trustee's program varies considerably, yet family members have never competed over money for their programs. The science program, now about 10 years old, is the foundation's only national program. Because recruiting, selecting, and assigning 70 students to research stations is more work than the trustee can handle on his own, the foundation hired a nonprofit organization to administer the program. Last year, the board allocated $300,000 to the science program. By contrast, the music program is new and still in a trial period. It received $125,000 to operate for the next two years. What makes the Durfee trustees unusual is that they do not put a dollar value on their programs; rather, they accept that programs so different in design and scope require different budgets to achieve their goals. This approach to cutting up the pie works well for the Durfee Foundation because the family is remarkably free of rivalries; it would likely lead to conflict if tried by less harmonious families.

ALLOCATE FUNDS WITHOUT A FORMULA

The Horizon Foundation was established in 1997 with assets approaching $9 million. The all-family board—the donors, two sons, and two daughters-in-law—live in New Jersey and Massachusetts. The foundation has a broad mission that encompasses family trustees' interest in the environment, leadership training, art history, and programs for children. Besides funding in the counties where family members live, it also supports four counties in Maine where the parents have a summer home and where the brothers attended camp as children.

Sandy Buck, a second-generation family member and full-time staff person, does most of the work of the foundation. With fewer than two years of grantmaking under its belt, he says the board is reluctant to set any hard rules regarding division of funds because it is still working to get its grantmaking on track. One hurdle is the imbalance of proposals. Because the foundation is Buck's full-time obligation, he initiates more programs from Massachusetts where he lives than the other trustees initiate from New Jersey where they live and work. Buck hopes to correct that imbalance by working more closely with the Princeton
Area Community Foundation, a community foundation in Mercer County, New Jersey. A second hurdle is the matter of geographic limitations. Buck's brother and sister-in-law have a second home in Idaho and they want to add that county to the eight counties in which the foundation already funds. Buck doubts that the foundation is ready to expand its funding areas. "We already have a lot on our plates that we haven't addressed thoroughly enough. Tracking eight counties is enough. If we add another, I may suggest subtracting an existing one." The family will take up the matter at an upcoming board meeting.

As to the best method for dividing funds among geographic areas, Buck says that, for the present, the board decided not to restrict itself concerning geography in any way. "If we think a proposal is good and it falls within the guidelines, then we fund it. We've decided to let it happen where it's happening best," says Buck. "Of course, the board may change its mind if some counties keep getting more grants than others. But we're a new foundation and it takes time for nonprofits to learn about us. I'm hoping that we'll see more interest soon from the underrepresented counties."

The board of the Mustard Seed Foundation in Arlington, Virginia has managed to allocate grants amicably for sixteen years without a formal policy for dividing the funds. The foundation gives primarily start-up grants to individuals or organizations doing Christian ministry mission education. Eileen Bakke, the board's chair, says that the fact that 12 family board members live in six states has no bearing on where the foundation funds: it has never linked grants with geography. In fact, 50 percent of the grants go to international programs.

The foundation was endowed with stock from AEJ Corporation, owned by Eileen's husband Dennis. Each year the business makes additional contributions to the corpus. In recent years, the contributions have increased substantially and the foundation is now giving away between $4.5 to $5 million annually. "We're lucky to have plenty of money to give away," says Eileen Bakke, the board chair, "but even when we had less, our board members never had feelings of territoriality about our grantmaking. We certainly have particular interests we lobby hard for, but we've never had rivalries over how much money went to which community. We're more interested in the merits of the proposals."
The foundation has another reason for avoiding formulas for dividing funds. Currently, three generations of the Bakke family serve on the board, and both sides of the family are represented. “Our goal is to build board unity,” says Eileen. “We want to create the feeling that we are one family working together. We’re not concerned about working our ways to divvy up the grants among individuals, communities, or programs. We’re generalists and our grantmaking reflects that philosophy.”

**DIVIDE FUNDS BY FAMILY BRANCHES**

Having the right to select their own program areas was important to The Leighty Foundation trustees. At the same time, they wanted to work together as a family board and educate one another about organizations and issues in their communities. To accomplish both aims, they devised a two-tier system for awarding grants. The foundation gives away about $350,000 a year. Fifty percent is designated as discretionary funds and divided among the family branches. Because Ike Leighty is the founder, he gets the largest share, 30 percent; the families of his son and daughter each get 10 percent to give away as they choose. The other 50 percent is reserved for proposals that family trustees have solicited from their communities and presented to the board. “The two-tiered system gives us the best of both worlds,” says Jane Leighty Justis. “We have discretionary funds that each family branch can give away, and we have other funds that need board approval.”

Unlike The Leighty Foundation, which took steps to preserve family unity, the second generation of the Ralph Smith Foundation intentionally wrote policies that, in effect, created separate funding domains for each family branch. Ralph Smith established the foundation in 1952. When his three children took over the foundation after his death, they established the practices of reserving one board seat for each family branch and dividing funds equally among the branches to allocate as they saw fit. Harriet Denison, a third-generation family member, says that the second generation chose this system to avoid family disagreements.

Denison, who lives in Portland, Oregon, has one seat on the board; her uncle, who lives in Tucson, has another. The third seat is rotated among her aunt’s three sons based in Kansas City and Atlanta. The foundation has assets of $22 million, and once a year the trustees get together in Kansas City to discuss the foundation’s investments with their banker and to decide how much money they can give away.
Last year it gave away $1.2 million, or $400,000 per branch. Foundation law requires that all grants be approved by the board as a whole. Because the whole board doesn't get together for allocation meetings, they circulate a letter listing the grants for each board member to approve. The grants are then reviewed by the bank to make sure the organizations have 501 (c) (3) status.

In effect, the three branches of the family function as mini-foundations. The Portland branch operates most formally. It has its own pseudo board (Denison, her mother, brother, sister and sister-in-law), mission, guidelines, and due dates for proposals. It describes itself as proactive in its approach to supporting small grassroots organizations working for systemic and institutional change. The other two branches function more informally and generally support established organizations. Denison's uncle gives each of his children a discretionary fund and gives away the rest himself. Her aunt, although no longer on the board, follows a similar system with her three sons.

Denison takes a pragmatic view of this arrangement. "Our values and funding interests are so different that it would be difficult for the three branches to function as one board. Maybe because we're an older foundation, we don't have the romantic notions about keeping the family together that I hear from other foundations. I didn't grow up with my cousins, and we don't have much in common. Those in my family branch, however, are very close. We get along well and enjoy working together. It would get pretty messy if the branches tried working together."

In cases where family members are far apart in funding interests and geography, some families prefer to split the foundation into separate legal entities. The Jules and Doris Stein Foundation did just that in December 1997. Doris Stein set up the foundation in 1981 after the death of her husband, the founder of MCA Corporation. The foundation had assets of $60 million and no stated mission other than Doris' wish that her four children—two from her first marriage and two from her second—become actively involved in the family's philanthropy. To motivate them, the foundation created a matching gift program. Each member of the second generation received a discretionary fund of $250,000 annually to give away as they chose on the condition they matched that amount with $25,000 of their own money. The 10 third-generation board and advisory board members were each given discretionary funds of $75,000, which they matched with $7,500 of their own money.
The result was that the fourteen family members developed fourteen separate giving programs. While Doris’ wish for her children was realized—the family members are all passionate about their giving—the discretionary fund approach set the stage for the division of the foundation. With family members living in seven states and following their own interests, it was difficult for the foundation to track and evaluate grants. The four family trustees—two second generation with lifetime terms, two third generation with five-year terms—decided it would be easier to function separately. After paying off existing grant obligations, the corpus was divided equally among the four family units, with each receiving $16 million to start their own foundations. Although the family members within each branch still do not all live in one place, they are less spread out than before and better able to limit the program areas they fund.

With assets of $22 million, the Ralph Smith Foundation is large enough to have followed the same road as the Stein Foundation. Asked why it hadn’t divided into three legal entities, Denison said there was no reason to do so. “My branch of the family doesn’t feel a need to change the system. The kind of funding we do is a good match for what the state needs and what our board does best. Oregon doesn’t have a lot of foundations, and we have carved out a funding niche in the state.”

The Ralph Smith Foundation is not alone. Other geographically dispersed foundations, too, opt to function as separate entities under one umbrella. In some cases, the foundation is too small to divide or the family doesn’t want to deal with the legal hassles of splitting up. In others, the families feel a loyalty to the donor to keep the foundation together. Whatever the reasons, the board of directors is the legally recognized governing body of the foundation. The family branches or individual members may be operating separately, but they are still legally responsible for one another’s actions.

DIVIDE FUNDS AMONG COMMUNITIES WHERE TRUSTEES LIVE

The founding board of one Florida family foundation was composed of the donor, his wife, and three of their four children. Later, one of the second-generation members retired and four third-generation family members came on board. The eight family members currently on the board live in five states—Oregon, Colorado, Missouri, Pennsylvania, and Florida—and the
foundation office is located in Sarasota, Florida, where the donor and his wife now live. When the foundation began allocating funds, it divided the money equally among the trustees to distribute in their communities. But when the number of trustees grew from five to eight, the donor suggested a new formula on the grounds that his and his wife's allotment had dwindled to the point where they couldn't sustain their commitments. Moreover, he felt that younger family members new to grantmaking were not ready to give away large sums.

The family worked out a new formula for dividing the money based on trustees' years of experience: first-year board members get $10,000 each, second-year board members get $50,000 and board members who have served three years or longer get $75,000. Last year, for example, the money was divided as follows: Of the $700,000 the foundation gave away, $200,000 went to a multi-year grant to a prominent school of journalism for investigative reporting. Four trustees got $75,000 each, one trustee got $50,000, two trustees got $25,000, and the first-year board member got $10,000. The remaining $90,000 was used to pay multi-year grants.

PROVIDE DISCRETIONARY FUNDS

One of the most popular ways to stimulate and engage family members' interests in grantmaking is by giving them discretionary funds to distribute how and where they choose. The practice makes particularly good sense in geographically dispersed families, especially when funding is tied to a community where family members no longer live, the foundation has a narrowly focused mission, or when the younger generation members have little enthusiasm for the program areas.

The Jules and Doris Stein Foundation was unusual in its practice of designating most funds as discretionary and dividing them equally among the trustees. More commonly, foundations set aside a small portion of their giving for discretionary funds and divide them among family branches, as The Leighty Foundation does, or among individual board members, as the Free Foundation in Houston prefers. Its board members—the donors, Norman and Shirley Free, their three children and their spouses, and four grandchildren—reside in four states. The foundation, which has assets of $15 million, funds locally, nationally, and inter-
nationally. To keep board members connected to their own communities, trustees receive an annual discretionary fund of $25,000 to give away as they choose. Other families use discretionary funds to stimulate interest in philanthropy in young family members long before they are old enough to join the board. When family branches live far apart, this practice can help to forge links among young cousins who don't know one another well. Years later when they come together, they will at least have shared the experience of making charitable gifts when they were young.
COMMUNICATING AT A DISTANCE

owadays it is relatively rare to find family members who all live in the same community where the foundation funds. If present trends continue, those foundations are likely to be even more rare in the future. Most family foundations are already dealing with the challenges of communicating at a distance, and they have found a friend in technology. It brings together family members living around the country at little cost or inconvenience. It enables them to transmit printed information quickly and to receive updated news of the foundation and grantees with a click of the computer keyboard. And it allows them to stay in touch as often—or more often—than they would if they lived in the same town.

What technology can never do is substitute for face-to-face communication. It is one thing to take care of routine business by conference call or e-mail. It is quite another thing to confront some of the sticky emotions that geographic dispersion can trigger. Decisions about major issues—how and where grant monies will be allocated or whether or not the foundation’s mission and guidelines should be amended to accommodate the needs and interests of far-flung family members—are rarely purely organizational matters in family foundations. Rather, they touch on family members’ feelings about themselves and their sensitivity to how they are regarded by other family members. The heart of communication is good listening. To listen well requires more than hearing words. It involves observing individuals, facial expressions and body language and being sensitive to the group’s dynamic. Those aspects of communication are muted or lost without personal contact.
Chapter Four looks at how geographically dispersed family foundations are adapting to communicating at a distance in three areas:

- Arranging board meetings
- Keeping trustees informed
- Screening grantseekers

**ARRANGING BOARD MEETINGS**

It is not uncommon for family foundations to pay the expenses trustees incur to attend board meetings. When the board is large and trustees live far apart, however, bringing everyone together can be costly and making arrangements time-consuming. While larger family foundations are more often able to afford to prepare and conduct quarterly board meetings, smaller foundations usually limit the number of board meetings to one or two a year, and some bring the whole board together on alternate years only.

To cut costs, the Laird Norton Endowment Foundation schedules its meetings on weekends. By staying over on a Saturday night, trustees are eligible for reduced fares. The weekend meetings also are more convenient for trustees who have full-time careers and cannot miss work. One family foundation board from Florida, however, voted down weekend board meetings. The third-generation trustees of the board, who all have children under age five, either would have had to arrange for childcare at home or take the children with them. In fact, getting everyone together proved so difficult that the board decided to hold allocation meetings by conference calls. Trustees are invited to attend the annual board meeting in Sarasota, Florida, where the foundation is headquartered, but they are not required to come. In the four years that one family member has been a trustee, she remembers the whole board meeting only once and that was for a retreat. “It’s not an ideal situation,” she admits, “but with eight trustees spread across the states, we’ve had to learn to work around the geographic barriers.”

This foundation is not alone. For more and more family foundations, conference calls are the order of the day. With a large board of 12 family members to transport, the Mustard Seed Foundation controls expenses by restricting formal meetings to once a year. “It wasn’t only the money,” says Eileen Bakke. “It was people’s schedules. It’s hard to get together when everyone works and some have
small kids.” The foundation used to discuss grant proposals at its annual meeting and strategic planning and philosophical issues on conference calls. In recent years, it reversed the pattern. Now the board finds it more efficient to hold their allocations meetings by phone and save their face-to-face meetings for exploring “big picture” issues.

The Mustard Seed Foundation has six funding cycles a year, and it conducts all its business by conference call. Every six weeks, the staff sends out notebooks filled with 25 to 40 proposals for the board members to read before the meetings. The conference calls are held on Sunday nights, the most convenient time slot for their members. They spend three hours going through each proposal. “The conference call format works amazingly well,” says Eileen, “but board members must be well prepared or they can’t follow the conversations. Occasionally the conversation gets chaotic because we can’t see one another and a few people may start talking at the same time but, overall, it works smoothly and we get our work done.” Holding meetings by conference call did not appeal to the junior board. The cousins, who range in age from 12 to 18 and who live in different regions, are more comfortable with computers and prefer to hold meetings on the Internet.

Controlling expenses that come with geographic dispersion is more difficult for small foundations like the Holley Foundation. Its 12 trustees live in nine states. They get together twice a year in Detroit to conduct foundation business, so meeting expenses receive regular scrutiny. The foundation’s small size eliminates such options as hiring staff or paying for trustees to make site visits to different states. The board’s plan to use an outside consultant and hold one or two retreats over the next two years will temporarily increase expenses. A major issue on the agenda is geographic dispersion. “We all agreed that the retreats are critical and worth the extra cost,” says Barbara Frank, the foundation’s president. “We have major decisions to make about the future of the foundation, and we can’t do it alone.”

KEEPING TRUSTEES INFORMED

Advancing technology has been a boon to geographically dispersed family foundations. In fact, many families would find it difficult to function without it. While answering machines and fax machines allow families to share and exchange information, more and more trustees are turning to the e-mail, web sites, and instant messaging to communicate among themselves and with grantseekers.
Patrick de Freitas, president of the Laird Norton Endowment Foundation in Seattle, remembers how much time he used to spend duplicating packets to mail to his nine-member board. Now, e-mail is his principal means of transmitting information. He sends reports about the foundation's activities and assets, and shares his ideas on everything from board development to the purpose of philanthropy.

When de Freitas added a scanner, he tapped into another means of managing information. The foundation office receives dozens of magazines each month on topics related to its funding area, sustainable forestry. In the past, the magazines collected dust before being discarded, Now de Freitas culls the most relevant articles, scans them into his computer, and forwards them to the whole board simply by striking one key on his computer. "My job is to keep the board members informed," says de Freitas. "What they do with the information once they get it I can't say. But I don't worry about overloading them with information because all they have to do is delete what they don't want to read."

The Horizon Foundation in Ipswich, Massachusetts holds family meetings three times a year. In between, Sandy Buck still finds that the telephone is the best way to keep family board members and grantseekers informed. But he also knows that if his family's young foundation is to create a public presence, it must have a presence on the Internet. To bring the foundation up to speed technologically, Buck set two goals for 1999: to create a homepage for the foundation and to help his parents become computer literate. Like many other members of the younger generation, Buck is nudging his parents into cyberspace to ensure they stay current on foundation business.

When the Horizon Foundation posts its homepage, it will have plenty of company. Family foundations increasingly use web sites to provide grantseekers and members of the public (including other foundations) with information about their mission and guidelines, listings of previous grantees, and forms for applying for grants—information that trustees and staff used to have to mail out or recite over the phone.

The technologically sophisticated Beveridge Foundation created a web site (www.beveridge.org) that guides grantseekers through a series of screens to determine whether they fit the foundation's guidelines. Every proposal must have a board member to serve as its sponsor, and grantseekers who are eligible fill out a preliminary grant proposal on the web site, which is automatically forwarded to the trustee in the grantseeker's geographic area. The trustee logs onto
the web site, reviews the preliminary grant proposal and indicates on the web site whether the grantseeker should receive the formal grant proposal package to submit and whether the trustee will serve as an advisor or sponsor.

If no trustee thinks the formal grant proposal package should be provided the grantseeker or agrees to serve as either an advisor or sponsor, the foundation office is notified automatically by e-mail by the web site and the grantseeker is subsequently advised by e-mail of the decision. If one trustee agrees to serve as either an advisor or sponsor, the formal grant proposal package is mailed to the grantseeker. Later, the advisor/sponsor will conduct an on-site evaluation of the grantseeker, usually with the president/executive director of the foundation, and will report the results at the next board meeting along with any recommendations.

Besides communicating regularly by e-mail, the Beveridge board also uses a “chat” software called Instant Messenger (only one of several such programs). Before board members can chat with one another, they must all download the program onto their computers. Once the software is in place, board members have only to log online to receive messages. The receiver is alerted to an incoming message by an audible signal, and the message appears in a small window in the corner of the computer screen. The receiver types a response to the sender who then answers, allowing the two to trade “live” messages at the keyboard.

Between e-mail and Instant Messenger, Philip Caswell, the foundation’s president, says he communicates with one or more trustees every day and sometimes several times a day. The foundation also has a private web site to which board members may gain access with a user name and password known only to them. Caswell uses the private web site to keep board members informed about the foundation’s internal affairs. Every Friday he posts a revised list of rejected proposals, and every month an update on foundation assets. “The web site is fun,” says Caswell. “Board members like checking in to see what’s happening, and they log on regularly.”

SCREENING GRANTSEEKERS

The geographically dispersed families profiled for this monograph varied greatly in the processes they used to fund grantseekers. They ran the gamut from limiting screening to a review of proposals and some telephone calls to meeting in person with every grantee. Sending board members on-site visits to different parts of the country is expensive, and every dollar spent on travel and lodging is
a dollar not available for grants. At the same time, site visits can be both educa-
tional and rewarding for trustees, and can make them better board members for
the long term. Geographically dispersed boards have to decide how they want to
spend their money. Do they send trustees on site visits around the country or do
they limit trustees to site visits in their own communities? For some foundations
it is a strictly financial decision. For others, such as the Needmor Fund, it is a
philosophical decision that goes to the heart of their beliefs about the purposes
of their grantmaking.

The Needmor Fund’s eight board members live in seven different states. The
foundation gives nationally, and board members participate in some of the site
visits. Because of the foundation’s policy of making site visits to organizations
before it awards grants, it established a significant budget for travel expenses.
“Our goal is not just to get money into the community,” says Molly Stranahan,
a family trustee, “but to give grants to the most effective groups. We don’t know
who they are until we visit them because a lot of groups look different in person
than they do on paper.” Site visit expenses average about $400 on grants aver-
aging $20,000 in the national pool, an amount that might trouble some grant-
makers. Stranahan, however, justifies the expenditure, “We consider the money
spent a good investment and part of our education as grantmakers. Seeing the
groups up close helps us make better decisions and be better resources for the
groups we meet.”

Sending trustees on site visits to other regions is beyond the budgets of small geo-
graphically dispersed foundations. When these foundations have no paid staff,
trustees must act as program officers—identifying, researching, and selecting non-
profit organizations in their areas. As a result, trustees may have firsthand knowl-
dge of the organizations in their communities but they have to rely on their fel-
low board members for information about organizations in other communities
where the foundation funds. The value of those reports varies, depending on the
trustees’ knowledge of the community and program areas, the thoroughness of
their research, and whether they know what to look for when doing site visits. It
is this realm—maintaining uniform and high grantmaking standards—that can
be most problematic for geographically dispersed foundations.

To ensure that trustees have some familiarity with one another’s communities.
The Leighty Foundation often rotates board meetings among the three states
where trustees live. The trustee hosting the meeting sets up site visits with a
select group of grantees and, time permitting, organizes gatherings at which
grantees and out-of-state trustees can get to know one another. The Stocker Foundation also alternates locations of its board meetings, which gave Jane Norton, the former executive director and daughter of the founders, a chance to meet with grantees in other cities. Norton arrived a few days before the meetings to do site visits, either alone or with the trustee living in that town.

While many trustees lament that they cannot do more site visits, others feel that they could learn almost as much about organizations outside their area by gathering information from a combination of sources: researching websites, calling grantseekers for additional information, and checking with funders and organizations in the communities where the grantseekers are located. Good sources of information include the local United Way, regional associations of grantmakers (RAGs), and local foundations. In fact, one longtime trustee said that he had stopped doing site visits altogether. "I discovered that I can find out more about an organization by talking to the program officers at the local community foundation than I can in a one-hour site visit. Usually, they've visited the organization several times and can tap into extensive networks in the community to get inside information about the organizations." The trustee was quick to add that he doesn't advocate doing away with site visits. "It's always important to meet the people running the organization and to see the programs in action, but I'm not sure how much site visits really reveal about the organization."

In general, the trustees interviewed for this monograph believed that their screening processes gave the board adequate information to evaluate grantseekers in different locations. This was especially true for the trustees of The Leighty Foundation, who had worked together for many years and trusted one another's judgments. "We use a standard application form that we worked hard to develop and that gives all the information we need to review proposals," says Jane Leighty Justis. "After working together for 10 years, we know how one another thinks and the kind of research we do." While Justis admits that she will never know as much about environmental issues in Alaska as her brother and sister-in-law do, she is confident of her ability to evaluate proposals and to ask the right questions.

Trustees of geographically dispersed family foundations sometimes feel that, by funding in many communities, their grantmaking can lose its focus and its punch. Some worry that their foundations are diluting the impact of their grantmaking. Others complain that the discussions at their allocation meetings have become perfunctory because only the person making the presentation has any
familiarity with the organization under review. Says one trustee, “It’s hard to get excited about an organization you’ll never see. After a while, the reports all start to sound alike. Everyone sits there and pretends to be interested. We listen politely, ask a few predictable questions, and then move on to the next proposal. I can’t remember when a proposal was voted down; in fact, I don’t think it ever happened.”

Perfunctory allocation discussions are not limited to geographically dispersed boards. Many boards find themselves going through the motions of reporting and voting on grant proposals. Allocating funds is the trustees’ most important task, and one that has far-reaching consequences for the organizations seeking funds and the populations they serve.

Two trustees who spoke off the record described more serious concerns: incidents of possible self-dealing and conflict of interest that occurred because of the difficulty of monitoring the grantmaking choices of family members living far away. In the case of possible self-dealing, the members of “branch A” questioned the legality of the grants recommended by an individual in “branch B”. The two family branches disagreed over the seriousness of the charges. “Branch B” dismissed the individual’s activities as harmless while “branch A” worried about the legal repercussions of those grants and their responsibilities as board members. The dispute led to a falling out along branch lines and, eventually, to a division of the foundation into two separate entities.

In the possible conflict-of-interest case, one family member was found to be recommending grants to organizations that he felt would boost his standing in the community and, in turn, promote his business. The experience led the board to write a code of conduct that all board members were required to uphold or risk dismissal from the board. Fortunately, incidents of actual self-dealing and conflict of interest are rare and by no means exclusively a problem of geographically dispersed family foundations. They do, however, illustrate the extra burden on trustees in geographically dispersed foundations to establish strict grantmaking standards and keep apprised of what one another is doing in the communities where the foundation funds.
CHAPTER FIVE

OPPORTUNITIES FOR GEOGRAPHICALLY DISPERSSED BOARDS

The preceding chapters focused on the challenges that confront family foundations dealing with geographic dispersion. There is no denying the added complications of operating a foundation when family members live far apart. But as the examples given illustrate, the obstacles are not insurmountable. When tackled thoughtfully and forthrightly, most boards find ways to accommodate the interests of the foundation and the far-flung family members. In doing so, some also discover hidden benefits to geographic dispersion. This chapter looks at ways family foundations can capitalize on the opportunities presented to them:

• Promoting cross-fertilization of ideas and practices
• Strengthening family ties

PROMOTING CROSS-FERTILIZATION OF IDEAS AND PRACTICES

Funding organizations in different regions affords foundations the chance to promote the cross-fertilization of ideas and practices between regions and among grantees. With many nonprofit organizations understaffed and financially strapped, they have little money left for professional development. Sending staff to out-of-town conferences or workshops is a luxury that few can afford. As a result, people working in the same field often miss out on opportunities to learn from their colleagues’ successes and mistakes. Some foundations that fund
more than one geographic location have recognized that they are in prime positions to orchestrate contacts among grantees who might not otherwise meet.

One such foundation is the Frost Foundation. On several occasions, Mary Amelia Whited-Howell has brought together grantees from Louisiana and New Mexico. In her role as foundation director, she regularly travels back and forth between the two states scouting for organizations doing good work and visiting grantees. It was evident to her that the indigenous poor in New Mexico and Louisiana faced similar problems, and she looked for ways to link up organizations from the two states that worked with these populations. She saw her opportunity a few years ago when the Frost Foundation sponsored a Welfare to Work initiative in Louisiana. Its goal was to help organizations working with the poor understand the consequences of the new federal law and the effect it would have on their clients. The foundation hired consultants who were experts on welfare reform to brief the staffs of these organizations and offered to facilitate and fund programs that would alleviate problems the poor would face as a result of the new law. Instead of taking off as Whited-Howell had hoped, the initiative floundered; the organizations that were supposed to provide the services were themselves disorganized.

Frustrated by the lack of progress, Whited-Howell selected six nonprofit groups in Louisiana which she thought had the potential to be leaders in the campaign. She invited them and their counterparts in New Mexico to attend a two-day seminar in Santa Fe to discuss ways to strengthen their organizations. The seminar, led by organization consultants hired by the Frost Foundation, achieved what Whited-Howell had hoped: it got the Louisiana groups off dead center. “The seminar was their salvation,” says Whited-Howell. “They had uninterrupted time to talk with the consultants about the problems their organizations faced and to hear from their peers in New Mexico who had worked through similar situations.”

When Whited-Howell visited the Louisiana groups months later, she was delighted to see that they had instituted changes recommended at the seminar. Some had revised their programs and others had reorganized their boards and developed central intake departments. One even found a new home. “This is what grantmaking is all about,” says Whited-Howell, “getting people out of the rut they’re stuck in and exposing them to people and ideas that help them see their situation in a new way. In this instance, having our feet in two states contributed to the success of this endeavor.”
Bringing together groups from different cities to exchange information and strategies is integral to the Merck Family Fund’s grantmaking philosophy. This past spring it invited a sophisticated youth group from Boston, Alternatives for Community and Environment (or ACE), to share their successes with a less experienced youth group in Providence. The Boston group described an event it had organized in neighboring Roxbury to protest the exhaust emissions from city buses idling their engines in residential areas. The group’s research revealed that Roxbury had an asthma rate five times the rate of the state. To publicize their findings, the group’s members walked the streets wearing surgical masks and issuing tickets to bus drivers. The campaign won wide media coverage, and the information they gathered was integrated into a program adopted by the public schools.

“We’re interested in community building,” says Jenny Russell, Merck’s executive director, “and what better way is there to do it than by bringing groups together? The skills people need for organizing are the same regardless of the issues, but their efforts won’t succeed unless they have a certain level of education and motivation.” The Merck Family Fund is currently experimenting with ways to foster that education and studying the results. Last year, it hired a leadership development organization to work with all their grantees in the southeast in a week-long organizing training workshop for executive directors. The workshop was followed by a one-year program to provide ongoing services to the participants. Besides gaining helpful skills, says Russell, the participants got to know one another and to develop a regional network of colleagues to whom they can turn for assistance.

While small foundations may not have the money or staff to transport groups from one state to another, what they learn from funding in different communities can inform their grantmaking and move them to a higher level. This is what Sandy Buck has learned in the two years the Horizon Foundation has been funding in eight counties in New England. “I think having a foot in several counties is an advantage. I don’t want to get so caught up in what’s happening in my community that I’m not paying attention to what’s happening elsewhere. This way, I keep my ear to the ground. I’m always looking for exciting things happening in one county and thinking about how we can bring those good ideas to the other counties where we fund.”
Larger foundations, such as the George Gund Foundation in Cleveland, often have the resources to promote cross-fertilization on a large scale. The Gund Foundation's principal area of giving is Cuyahoga County, Ohio, where the family has its roots, but the foundation has also developed national interests. In addition to funding local groups, it supports think tanks and advocacy organizations working on major public policy issues. David Bergholz, the foundation's executive director, says, "Our national perspective helps us to be more thoughtful about what's happening locally, and our local work stimulates our thinking about larger issues. It's a wonderful exchange, and we're lucky to operate in both worlds."

STRENGTHENING FAMILY TIES

That family members live apart from one another does not imply a lack of family feeling. Quite the opposite. Living apart often makes individuals more aware of the importance of family and the need to work harder to maintain connections and preserve family traditions. Some family boards organize get-togethers outside the foundation, such as summer vacations at the family camp and cousins clubs. Others look for ways to combine family and foundation activities, typically by coordinating family retreats with foundation board meetings. The guest list for the retreat may be limited to the families of board members or include the entire extended family. It should be noted that while some foundations pay for the airfare and lodging of board members, very few pay the travel expenses of other family members.

Retreats may be planned for a weekend or for an entire week to give family members plenty of time to relax and enjoy one another's company. Retreats are often the only times family members can get together outside the boardroom, and many take advantage of the opportunity to talk about the history of the family as well as the foundation. Home movies, videotaped interviews, and old-fashioned story telling capture everyone's interest and reinforce the feeling of being one family. Sometimes, they can even inspire family members who do not know one another well to keep the family legacy alive through the foundation.

Passing on family values is a good way to build family identity and loyalty in the younger generation. Providing them with hands-on grantmaking experience is an even better way to introduce them to the work of the foundation. The Frees Foundation in Houston is doing just that. Besides creating a junior board to
introduce the younger generation to philanthropy and to link the cousins living in different cities, it also looks for opportunities to strengthen ties among family members who live far apart. The foundation gives some grants in Central America, and in 1998 the women and girls serving on the senior and junior boards traveled together to Guatemala. The purpose of the trip was to educate themselves about microenterprise opportunities for women and to investigate specific programs in girls, education the foundation might support. In the process of traveling and learning together as equals, says Nancy Frees, they also deepened family bonds.

The Leighty family, too, works hard to cultivate the younger generation’s interest in philanthropy and draw them into the work of the foundation. Because the entire extended family has few opportunities to relax together, the board reserves time at their family meetings for family members to talk about their passions and what most concerns them. “These are the important conversations all families need to have,” says Jane Leighty Justis. “It’s in talking about our dreams that we really get to know one another and learn from one another. We especially want to hear what’s on the minds of the younger generation and to let them know that we value and welcome their ideas.”

For many geographically dispersed families, the foundation is the only meeting ground. Growing up in different parts of the country, family members may see one another only on special occasions—weddings and funerals—or at annual holiday dinners. But it is the foundation that brings family members together regularly and holds them together over time. That is the experience of the Needmor Fund. The large Stranahan family—six in the second-generation family members and sixteen in the third—is spread out around the country. After watching several of his children go through divorces and seeing his grandchildren grow up and go their separate ways. Duane Stranahan, the donor, was concerned that the family would split apart. Hoping that the foundation would hold them together, he invited the grandchildren to participate in the foundation and gave them free rein to express themselves. His plan worked, says his granddaughter, Molly Stranahan. “My generation is a very diverse group. We grew up in different parts of the country and have different interests, values, and politics. The foundation gave us a reason to get together and a common project to work on. If we had just met socially, we never could have developed the kind of friendships and respect we got from working together on common goals.”
While most families work hard to reinforce connections among far-flung family members, some also admitted that they appreciate the interludes between meetings. Nancy Frees was one of several trustees who viewed geographic dispersion as an indirect boon to strengthening family relationships. She is a family member and sole staff person of the Frees Foundation, and she is frank about enjoying working on her own in the Houston office. The family holds face-to-face board meetings every other year and coordinates that meeting with a one-week retreat. In between, they have conference calls. “We’re not on top of one another all the time, so when we get together we really enjoy being together. We want to keep everyone excited about the grantmaking and to keep the foundation going in perpetuity. This way we keep things from getting too intense.”

Kathleen Kennedy-Olsen, managing director of the Ethel and W. George Kennedy Family Foundation in Miami, echoes Frees’ words. She and her five siblings live in different cities. “We’ve gone through some difficult times, but over the past 12 years we’ve learned how to work together as professionals and to make more efficient use of our time. Having some space in between helps, and now when we get together we really enjoy one another’s company.”

Jonathan Frieman, trustee of the newly established JoMiJo Foundation in Marin County, California, already shares the sentiments of Frees and Kennedy-Olsen. Last year, Frieman persuaded his two brothers who live in Denver and Chicago to set up a foundation and endow it with money they received in a trust from their maternal grandfather. The name JoMiJo combines the first syllables of the brothers’ first names. Frieman volunteered to take the lead role in the foundation. He does all of the work and they meet twice a year to decide on grants by consensus. Frieman emphasizes that he and his brothers get along well and find working together very fulfilling. “But I’m glad I’m here in Marin and they’re in Chicago and Denver. That way I can rely on them without having them right on top of me.”
Family foundations are no more immune to the forces of change than families themselves. Over time, families are subjected to the most stressful kinds of events: deaths and illnesses of family members, divorces, and conflicts between the generations or among individuals and family branches. Foundations, too, must adjust to organizational changes stemming from changes in the family and the evolving needs of the communities they serve. Through it all, trustees find ways to keep going, to modify the foundation to serve the family, the foundation, and the community. The families profiled in this monograph are further testimony to the capacities and resiliency of families and family foundations to adapt to new conditions and circumstances.

Advancing technology has enabled far-flung trustees to work around geographic barriers, but most agree that it is not the same as meeting in person. Conference calls and e-mail are excellent tools for taking care of business and moving through an agenda with speed and efficiency. But taking care of the basics is not enough. Family boards need time for leisurely conversations, the stuff from which the most original ideas often spring. Most families are aware of the importance of spending time together and plan annual weekend or even week-long retreats to combine foundation work and relaxation. The temptation for geographically dispersed foundations, especially those with limited funds, to rely more and more on technology as the primary means of communicating may grow with time. The challenge for them will be to know when it is expedient to use technology and when it is best to meet face-to-face, regardless of the cost and the inconvenience.

The stories presented in this monograph illustrate that the approach a family takes to managing geographic dispersion matters less than its resourcefulness in blending the needs of family and foundation. The question is not “either/or” but rather how best to meet the needs of both. Boards that succeed in doing both
are the ones most likely to prosper over time. The key to continuity for geographically dispersed family foundations is the same for all family foundations: finding a mission that embraces the family’s core shared values and that coincides with the needs of society. When trustees are motivated by an idea they believe in and can see the results of their hard work, they will want to be part of the foundation—no matter where they live. Trustees’ enthusiasm is contagious, and when the older generation is excited about the foundation’s work, the younger generation will likely be, too. A captivating mission and dedication go hand in hand and are mutually reinforcing.

Finally, with family board members scattered around the country, many family trustees find themselves on their own in looking for worthy organizations to fund in their communities. They need not be alone. Just as nonprofit organizations are invigorated by cross-fertilization, so are the trustees themselves. Today they have more and more resources at their disposal to further their education and connect with a network of grantmakers in the regions where they fund: The National Center for Family Philanthropy is a good place to start for those interested in opportunities available in their area or nationally. The encouraging news from this study is that family foundation trustees can overcome obstacles that geographic dispersion poses, and they can do so with benefits to the family, to the foundation, and to the ultimate recipients of the donors’ generosity, whatever that community might be.
BOARD DISCUSSION QUESTIONS ON THE ISSUE OF GEOGRAPHIC DISPERSION

Situations of geographic dispersion force families to raise fundamental questions:

• What are the best strategies for governing and managing the foundation when family trustees are scattered about the country?

• How can we carry out our mission when family trustees are living in different parts of the country, or does the mission need to be revised?

• Do we need to change our criteria for membership on the board?

• How can we maintain uniformly high grantmaking standards at a distance?

• Do we define geographic limits for grantmaking based on traditions, community need, or where trustees live?

• If we decide to give grants where trustees live, how many times can the funding pie be cut without undermining the effectiveness of our grantmaking?

• Is it realistic to expect trustees to share responsibility for running the foundation or will one person have to assume major responsibility?

• What are the most effective and cost-efficient ways to stay in touch and conduct business at a distance?
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The Meadows Foundation

Jane Norton
Stocker Foundation

Jane Pierson
Cavanaugh, Hagan & Pierson

Evy Kay Ritzen
The Meadows Foundation

Jenny Russell
Merck Foundation

Elizabeth Sheehan
Sheehan Family Foundation

Molly Stranahan
Needmor Fund

Mary Amelia Whited-Howell
Frost Foundation
The National Center for Family Philanthropy, a nonprofit 501(c)(3) organization, was established in September 1997 by a group of family philanthropists to encourage families and individuals to create and sustain their philanthropic missions. It is the only national resource center that focuses solely on matters of importance to families engaged in philanthropy and their effective giving.

Through research, educational materials, and programs, the National Center helps families, donors, and those that advise them to:

- Better understand their roles and needs based upon their personal motivations and family values, relationship, and enterprises;
- Make their philanthropy as effective and meaningful as possible for them and their communities; and
- Realize their desire to make a difference in the world around them.

The National Center also informs the larger public of the value of private philanthropy.

1220 Nineteenth Street, NW, Suite 804
Washington, DC 20036
Phone: 202.293.3424
Fax: 202.293.3395
www.ncfp.org