

The Founder's Hopes: From Values to Vision

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By Virginia Esposito

ABSTRACT: This introductory chapter to *Splendid Legacy* asks philanthropic founders to consider several key questions: What are your underlying values and motivations and how do they shape your philanthropic goals and dreams? What are you trying to accomplish? How would you like to be involved in and manage your giving? And how would you like to bring others into this work - including members of your family?

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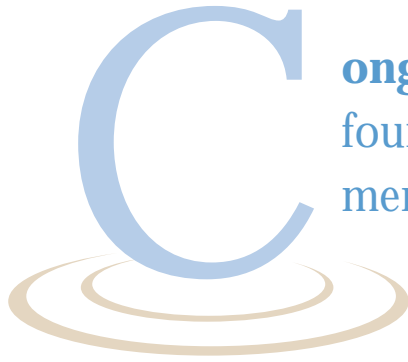
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THE FOUNDER’S HOPES From Values to Vision

by Virginia M. Esposito



Congratulations! You're establishing a private grantmaking foundation and you've decided to share the process with members of your family. The potential to meet and support wonderful people and organizations doing important work fills you with anticipation; you'll have the opportunity to contribute to society in ways few ever experience. You are about to enjoy what the late family foundation trustee, Paul Ylvisaker, called a "rare privilege." You've begun to appreciate what a tremendous personal responsibility and awesome public trust your new venture represents. And then, the self-questioning begins:

- Should I put my trusted legal advisor on the board?
- Who will help with staff duties?
- Should I accept proposals or seek out grantees?
- Should my foundation exist in perpetuity?
- How will I manage investments?
- Should my foundation make a few large grants or a greater number of smaller ones?

And so on.

As you begin to look for answers to these and the other questions you will likely have, you will quickly discover that no "one size fits all" solutions exist. Founders, families, and the community interests they serve determine the individual character of every family foundation.

Practices that work well for one family — even one with similar asset size and program interests — may not work for you. But that doesn't mean you have to start from scratch or even that you're on your own. Although the perfect solution for one family foundation may not be right for you, knowing the range of common practice is a great benefit. When you consider all the foundation policies and practices detailed in this guidebook, you will likely find some that feel like they might work for you. Or, you might even decide to experiment with a new way of doing things that no one has tried before.

But, by what measure will you make those decisions? And, how can you make

sense of all the issues that surround such decisions?

No ready-made answers fit all situations, but a set of questions does exist that can provide a framework for considering all your philanthropic options and opportunities. By thinking through your feelings and wishes about each of these questions — either alone or together with those you hope to involve in your new endeavor — you will be designing a blueprint for the foundation you are creating. And although you may not yet know how you feel about all the options (you may not even know all the decisions you must make), the best place to start is with the motivation that brought you to create the foundation in the first

place. Some of the questions and issues you will be addressing include:

- Questions of values: understanding what inspires and motivates you;
- Questions of mission: linking decisionmaking to your goals;
- What are you trying to accomplish?
- How would you like to be involved in and manage your giving?
- What is your giving style and what are your giving interests?
- Questions of family involvement: bringing others into this work with purpose and integrity;
- Creating a community of concern;
- What kind of support will you need?
- Creating a splendid legacy.

Questions of Values: Understanding What Inspires and Motivates You

Why are you interested in philanthropy and community involvement?

At the heart of your decision to start a family foundation — and the best place to start your philanthropic inquiry — is determining what motivated you to take the initial step. Why are you interested in philanthropy and in being involved in your community? Your motivation is likely to play a big part in determining what you'll do and how you'll do it.

For some, establishing a private foundation came about as a result of financial planning. Our American public

policy, including our tax code, encourages private initiatives for the public good. But tax planning alone may not be enough to sustain the energy and commitment a family foundation requires. As a California donor once reported, “taxes got me in the door, but they didn't keep me in the room.”

Consider other motivations that may be at play. What is it — in your character, background, and experience — that prompted you to pursue a charitable mission? In talking with hundreds of donors, six personal characteristics are most often mentioned:

- **Faith and spirituality.** Every religious or faith-based tradition includes tenets that encourage concern for others. Whether referred to as charity, tzedakah, sadagah, or even love — traditions of faith call on those who share a spiritual heritage to give to others. More and more, donors are articulating the spiritual link between their faith and the decision to give as well as to the choices they will make in that giving.

- **Traditions.** Many foundation founders talk about the family traditions that shaped their charitable conscience — even if they are the first member of their family to create a foundation. A fourth generation family foundation trustee remembers the three boxes on her childhood bookshelf. Each box held an equal portion of her allowance: one-third for spending; one-third for savings; and one-third for charity. Her earliest understanding of money was that it had three, equally important, purposes. A Texas donor talks about his family tradition of celebrating holidays by participating as a family in a volunteer, community service project. Whatever your particular traditions, they play a powerful role in initiating a lifetime commitment.

- **Mentors.** Most of us can point to people in our pasts who had a profound impact on our lives. A grandparent, a parent, a relative, a teacher, a colleague, or a neighbor — someone who provided encouragement at an important

“To give away money is an easy matter and in any man's power, but to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man's power nor an easy matter. Hence, it is that such excellence is rare, praiseworthy, and noble.”

— ARISTOTLE

moment, counseled during a difficult situation, helped with a career move, or taught simply, but deeply, by personal example. Interviews with foundation donors reveal that most mentors are an immediate family member (often a grandparent) and that a great many are not persons of great wealth.

- **Personal interests and experiences.** Many founders note that their philanthropic point-of-entry came through an issue of special, personal importance or an event that was deeply felt and, therefore, transforming. A lifelong interest in the arts or the environment might motivate the desire to give dollars and time. A personal experience such as the death of a loved one to breast cancer or receiving a much-needed educational scholarship are examples of life events that can lead someone to appreciate the value of pri-

vate giving and compel them to charitable action.

- **Community involvement and volunteering.** Many entrepreneurs who eventually become generous philanthropists were active in their communities long before they had the potential or inclination to give away significant amounts of money. Some speak eloquently about volunteer experiences that began in their childhood. Volunteering at a homeless shelter, serving as a docent for a museum or historical site, serving on a nonprofit board, or sharing a family custom of working at a soup kitchen at Thanksgiving — all indicate a charitable inclination and can also indicate a philanthropic tradition to come.
- **Business skills and experience.** In a 1998 series of interviews with new donors, many mentioned that a busi-

ness colleague who was already an active donor prompted their interest in philanthropy. The willingness of their colleague-donors to talk about their experiences had encouraged them to think about what they might accomplish as a donor. The power of these stories may be an indication that the 21st century workplace will play a role in stimulating charitable interest and provide a ready-made network of philanthropic support — much like churches, temples, and mosques have done in the past. One of the great opportunities family foundations often offer donors is the chance to use their business skills in different ways and for different purposes. Just as your education, professional skills, and experience contributed to your financial success, they may now be used to contribute to your community in a different way.

What Donors Name as Guiding Values

The sum of these possibilities — personal influences, interests, and experiences — together with the source of inspiration and motivation for charitable giving may very well be your guiding values. Compassion, justice, fairness, and respect for others are just a few of the values most frequently named by donors as guiding values.

Interestingly, in cases where family members and others inherit responsibility for a foundation where no specific instructions have been left behind,

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Eight Degrees of Charity from the Least to the Most Meritorious (Mishneh Torah)

8. Giving grudgingly;
7. Giving cheerfully, but less than you should;
6. Giving after being solicited;
5. Giving without being solicited;
4. Giving to a recipient unknown to you who knows you;
3. Giving to a recipient you know who does not know you;
2. Giving to an unknown recipient who does not know your identity; and
1. Helping a needy person become self-supporting by a gift, loan, or entering into partnership with or providing work for him or her.

“Over time, family members change and program priorities change; what holds the family and its philanthropy together is the legacy of its values. This legacy provides continuity and our donor family believes it is that continuity — the family values — that gives the family philanthropy its special character.”

— BRUCE SIEVERS executive director, Walter and Elise Haas Fund (1983-2002)

many successfully engage in a process of considering the donor's values. Values can offer insight and guidance as to the direction of the philanthropy. Similarly, in the second and third generations of family foundations, when a family is trying to determine what they can best pursue as a family, understanding both the founder's and their own shared values can be more helpful than the more elusive process of finding shared program interests.

Questions of Mission: Linking Decisionmaking to Your Goals

*What are you trying to accomplish?
How would you like to be involved in and
manage your giving? What is your giving
style and what are your giving interests?*

Just as you had many motivations for considering establishing a family foundation, you probably had just as many — usually more than one — reasons to follow through. There are hundreds of decisions you'll make about your foundation and your grantmaking. Understanding your goals — what you

are trying to accomplish — is critical to making sense of those decisions.

A West Coast family foundation donor regrets the first few years of his family foundation. He recounts how he stumbled through his grantmaking pretty much in the same way he had before the foundation was established. He reports he had been, “sold his family foundation as a financial planning tool.” He had no idea what it was, what it could do, or what he wanted to do with it. In this case, a single, external factor had prompted the formation of the foundation. After several years, he met another donor who introduced him to a family foundation conference, grantmaking colleagues and the world of possibility. Together with his family, they

began a process of thinking about what they wanted to do and how they wanted to do it. Today, they are enthusiastically active in managing their foundation, in working with their grantees, and in finding creative grantmaking opportunities.

What Are You Trying to Accomplish?

When hundreds of family foundation donors were asked what they hoped to accomplish through their foundation, the responses were strikingly consistent. Six of the most often cited responses were:

- **Give back.** Without a doubt, most donors said they hoped to give back. For some this meant giving back in a universal sense; they have been fortunate, and hope to share that good fortune with others.

“One day Alice came to a fork in the road and saw a Cheshire cat in a tree. ‘Which road do I take?’ she asked. ‘Where do you want to go?’ was his response. ‘I don’t know,’ Alice answered. ‘Then,’ said the cat, ‘it doesn’t matter.’”

— LEWIS CARROLL, *Through the Looking Glass*

For many, it meant giving back to the community where the family grew up and prospered. In such cases, donors wanted to acknowledge and show appreciation for the region that is the family's, and therefore, the foundation's hometown. In a recent survey by the Council on Foundations, about two-thirds of the family foundations in the survey sample stated that they make grants in the county where the wealth was made. Many of today's second- and third-generation family foundations, particularly those whose family members have moved away, perhaps entirely, from the hometown, are balancing the goal of giving back to their hometown with the logistical constraints of their current situation.

- **Create a vehicle for working with family.** Some of the great advantages of choosing a family foundation include: the opportunity to accomplish something for and with your family; to instill a charitable ethic; to promote individual volunteering and giving; to balance issues of great wealth and privilege with social concern and responsibility; to raise responsible, community-minded children; to create a legacy of family giving that may extend over several generations; and to provide a place where the family can work together on issues of great importance — beyond the circumstances of the family and other family enterprises.

“Building a Foundation on the fragile relationships that characterize any family is a precarious enterprise, but the returns are worth the risk and all the tensions that go with it.”

— PAUL YLVISAKER

In choosing to establish a family foundation, a donor implicitly acknowledges two sets of goals: goals for sharing the experience with family members and goals for their community involvement. The ongoing dynamism and challenge is to keep those goals in balance and in context. Family is intensely personal and complex. The decision to serve a foundation involves a significant personal commitment — a commitment to a public trust and to an institution created as a result of public policy to serve a public good. The potential conflicts of this dynamic are obvious. But so should be the joys and benefits. After all, it is this same dynamic upon which our own democracy depends.

- **Express your values and explore your interests.** The values we profess and cherish guide our everyday decisions and actions. Our personal interests often drive our career choices and how we spend our free time. Philanthropy is a remarkable opportunity for those who wish to give practical expression to their values or

to explore a special interest beyond a career or hobby. The pursuit of social justice or an interest in advancing medical research both can be sources of charitable purpose.

- **Avoid taxes.** Yes, among all this talk of donors who come to philanthropy out of selflessness and greater purpose, some also come principally as an estate-planning vehicle. And if it starts that way, isn't our tax policy doing exactly what the framers intended? Those trying to get a private philanthropic tradition started in other countries envy the fact that the American system encourages such action. But, as noted above, although an effective catalyst, taxes are poor motivation for sustaining a philanthropic program. And, although tax benefits may be sufficient to keep the interest of the original donor (who enjoyed the tax advantage), other motivations are required for succeeding generations.
- **Use your talents and skills for a different purpose.** Although donors may have been very successful in a

profession or business, many are very new to grantmaking. As a consequence, they may be uncertain about the “rules” and feel a little hesitant about moving forward. Still, most have enormous confidence in the talent or skill that helped make them successful. You may see great possibilities in applying your skills to the nonprofit world. The communications entrepreneur may want to contribute that expertise, the investment banker can lend that skill, and so on. One of the many unsung gifts of high technology donors is their real appreciation for the back-office costs nonprofit organizations face. Donors who know the value of computer systems, phone service, and websites may be more likely to understand the value of making grants for operating costs.

- **Support the people and institutions that have been important to you.** Many donors establish a foundation to provide a framework or structure for their giving. They have been active in the community, in their church, their alma mater, and involved in a variety of causes. All of this involvement has provided the opportunity and reason for their giving. The advent of a foundation doesn't change that; donors know what issues and institutions they believe are important and intend to continue to support them. Consider the new foundation donor who makes a generous gift to her university or the donor whose foundation makes a grant

to the homeless shelter on whose board he has served for many years. Your goal for your family foundation may include support for causes you have supported for some time; whether and how you are made aware of other opportunities and what will happen in future generations may be questions you want to consider.

Regardless of the goal or goals founders may have for their family foundations, they often cite one other intention: to make a difference. What this means varies from donor to donor. For some, it implies specific kinds of grants and measurable outcomes. For others, it may be the more intangible, but just as personally satisfying, feeling that comes from trying to do something worthwhile. And, although the desire to make a difference may not come with step-by-step instructions, the implied potential and promise make it the perfect goal and hope for a new family foundation.

How Would You Like to Be Involved in and Manage Your Giving?

Now that you've had the chance to consider why you're doing this and what you hope to accomplish, the next question is *how*. The question of your personal involvement is important. Your personality, time constraints, style, and the availability of a trusted network of family members and advisors are all likely to determine your preferences. Similarly, the management style

you've brought to other tasks, business pursuits, even your home life, will likely be reflected in your management of the foundation. A few questions to get you thinking:

- **Are you a hands-on person?** Many entrepreneurs are successful because of their careful attention to detail. They see every aspect of their business through and are involved in every decision. Most “first generation” foundations report that founders continue that hands-on approach when they take on their role in the family foundation. Other founders like to provide general guidance (set policy, review procedures, take part in the voting, etc.) but are content for others to play an equally or even more active role. Still others take a hands-off approach: they are content to see others with the passion, interest, or time take the lead and give shape to the foundation's future. Understanding your own style — with both candor and integrity — can have an important effect on early management of the foundation and how others learn and participate in the process.
- **Are you more comfortable with a formal or informal atmosphere?** As a new donor, you may prefer the comfort of structure and procedure. Some donors like forms, want to see a set grants schedule, and find having a well-specified plan helps in effective decisionmaking. Others see their

foundation as an opportunity to be responsive and spontaneous. You like to get a phone call about a promising new nonprofit and go off to visit them. You want to make grants as need and opportunities arise. In either case — or more likely some combination of the two — understanding your style and communicating it appropriately to those involved with the foundation are fundamental to many other management decisions.

- **Will your decisionmaking be donor driven, by consensus, or democratic?** Many family foundations begin life with a strong — dominant — patriarch or matriarch. Others take their foundation participation cues from their expected roles in the family or other business matters. But even in cases where the founder genuinely wants the full participation of others, fellow trustees, advisors, and family members may defer to the founder out of respect and affection.

In other family foundations, making decisions by consensus allows for both good discussion and minimal hard feelings. In such cases, decisions will be reached based on what all agree they can live with. Board decisions are reached by mutual consent and no one is so uncomfortable as to “veto.” In the democratic family foundation, majority vote rules the day and the decision. No extended discussion or process, although the

potential for “you vote for mine, I’ll vote for yours” always exists.

- **How long will the foundation exist?** It has only been in recent years that the life expectancy of family foundations has become a frequent topic for discussion. In the past, it was assumed that donors chose to create private foundations — in part— because of the ability to establish a permanent philanthropic legacy. In fact, when the rare family foundation chose to spend down over a predetermined, limited time, or split into multiple, smaller foundations, it was generally considered to be the result of some problem or failure. No more.

Overwhelmingly, founders still say they created their private family foundation with the intention that it exist in perpetuity, but it is increasingly common for founders to raise the question of perpetuity in the earliest years of foundation existence. And you, the donor, do have options.

One option is to establish the foundation for a limited period. Some founders who want to make a significant impact on a problem or program area choose to concentrate giving in a specific timeframe; 10 years is a common example of such a timeframe. Others choose to establish the foundation for their lifetime, their lifetime plus 10 years, or the lifetime of their children. These donors

are interested in an experience that can be shared with those they know and love. They may also feel that those who knew them can best carry out their intentions for the foundation.

Those who choose to establish their foundation in perpetuity are warmed by the thought of something that links the family across time and generations, creating a legacy of giving for their family and the good work they will do over the years. These families are challenged to consider goals and policies that can stand the test of time when establishing the foundation. For example, a policy that every blood relative should have the opportunity to serve on the foundation board may not be workable with a foundation established in perpetuity.

- **Do you like to work collaboratively or independently?** In this case, your preferences may indicate whether you seek donor collaboratives and other opportunities to work together with other funders or choose “to go it alone.”
- **Do you want to seek out or be responsive to grantmaking opportunities?** Some donors are very active in their communities and know the organizations or types of organizations they want to fund. They may enjoy the exploration process of matching their interests with possible grantee organizations. Others claim

that the great learning and fun in the giving process is hearing about all the wonderful things nonprofit organizations are doing. The “over the transom” applications provide the interest and the appeal of funding. Both cases imply different time demands and management strategies.

What Is Your Giving Style and What Are Your Giving Interests?

As you prepare to make your first grants or learn more about the process by doing, earlier questions of goals and involvement prepare you for very specific decisions about grantmaking. None of these decisions is hard and fast. You may choose to have a foundation “toolbox” that allows you to make many different kinds of grants to many different kinds of organizations for many different reasons. Still, it may be helpful to understand your options because they can provide good guidance for your grants review and send clear messages to those you hope to fund.

- **Are you more interested in issues or institutions?** Some donors are driven to contribute to the arts, public education, or other program areas of special interest. Others feel most comfortable getting to know and support institutions and organizations — a university, nonprofit clinic, or children’s museum might be the recipient of regular support. Your preferences will determine the kind of background information you’ll

need to make grants, and the relationships you develop.

- **Do you want to fund special projects or operating costs?** At some point you are going to think about how to focus spending of the precious philanthropic dollars you steward. Will you choose to fund only the special programs and projects nonprofits offer? Or will you go beyond?

Some donors believe their philanthropic dollars are best spent taking advantage of these project opportunities. Because they see how limited their grants dollars are, they don’t want nonprofits to come to rely on them for support of day-to-day operations.

In recent years, grantmakers have focused attention on the need to ensure that good nonprofits have the organizational capacity to do good work. Some have added grant dollars to a project to help with marketing and communications, human resources and fundraising — even general operating support. After all, they reason, what good does it do for the women’s shelter to run a great prenatal healthcare program if they can’t pay the light bill? Other foundations are doing both: they make a special project grant and add a percent on top for general administrative costs/overhead.

- **Seed grants or sticking with it?** Some foundations love being in on

the beginning of a great thing. They have a tolerance for risk and the sense of possibility to help something get started. Others prefer to identify a number of grantee organizations and stick with them. They fund them over a longer period — even when times are bad — reasoning that it may just be during the bad times that a good organization needs help the most.

Family foundations are more likely to be loyal to a grantee over a longer period than other types of foundations. Yet some family foundations worry that providing funding over too long a period may generate a feeling of dependency; the grantee may take the foundation funding for granted and not seek new funding sources. A confounding dilemma until your experiences reveal the pattern you’re most happy with.

- **Will you identify grantees or accept proposals?** The answer to this question plays a major role in determining the kind of grantmaking you’ll do and the management you’ll need. Accepting proposals means communicating your interests and availability to prospective grantees and having a system in place to manage the proposal review process. Seeking out grantees requires a greater effort to research your interests and relevant organizations.

Questions of Family Involvement: Bringing Others into this Work with Purpose and Integrity

Whom would you like to involve? Why? How? And, what kind of support will you need?

The fact that you've chosen to establish a private family foundation suggests that you plan to include family members in the enterprise. You have other options if that is not your intention. You might have chosen to be an individual advisor to a fund in a public foundation or established a private foundation for your lifetime. You could have endowed a favorite nonprofit organization directly. Or you might have created a private foundation or other giving vehicle and involved members of your business or personal circle, community leaders, or program experts in your areas of interest. Many other possibilities are available to help you achieve your charitable goals — each rich in potential.

You may also wish to share in the joy and responsibility of the foundation — and the decisionmaking process — with non-family members. Most family foundations report having a non-family member on the board, usually a trusted legal, financial, or business advisor. Many others involve non-family members not only as trustees but also as staff, advisors, consultants, and contract help.

Identifying your trusted circle of advisors or governors is a critical early step. And, because this area of establishing the foundation deals directly with those you love and value, this is often an especially significant source of concern, not just in the early days of the foundation but also in ways that can play out over many generations.

Many donors report that they were asked to name board members before they had a chance to give serious thought to what they needed and were looking for in the governing body. For this reason, and natural inclination, many founders focus first on who is going to serve and less on why they will ask them to serve and how they might provide that service. Countless founders don't share their intentions to name close individuals as trustees and advisors much less share their reasons and hopes for doing so.

Creating a Community of Concern

In surrounding yourself with the expertise, encouragement, and energy you'll need to fulfill your charitable purpose, family foundation trustee David Dodson says you are “creating a community of concern.”

As you create your community of concern, think about all the possible voices

that can add to both the quality of the process and your ability to serve your community:

- **The founder.** While seemingly obvious, few founders actually think about the role they want to play, particularly with regard to others. How will power and responsibility be shared? How well understood and articulated are your intentions? What are your expectations for adherence to your giving patterns and interests after you step down? Who will chair the foundation board? What sort of leadership plan — including identifying future leaders, training, and transition planning — would you like to see?
- **Spouses.** Frequently, a donor couple rather than an individual donor starts a family foundation. If that is the case with your foundation, how will you work together in leadership roles? Will you serve as equal leaders or will authority rotate? Are intentions and plans jointly established? What about succession? And, a sensitive and difficult question: what happens in the event of divorce or death?
- **Children.** The decision to involve children in the foundation may present both the most complicated and rewarding issues you'll face as you consider foundation leadership and involvement. As parents, we want to ensure that our children have a good home, a good education, and some

Suggestions for Involving Others in the Family Foundation

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| <ul style="list-style-type: none"> ▪ Be clear about the roles and expectations each person will play. Writing down roles and expectations and making them understood — even before the invitation is extended — can save confusion and pain later on. | <p>responsibility as a public trust — early and often. Appointing family members to the board can be the first time that individual family member's interests might compete with the philanthropic interests of the giving program.</p> |
| <ul style="list-style-type: none"> ▪ Consider developing a statement of board qualifications and expectations. The universe of people that might be included is vast; it may not seem like it in the earliest days of the foundation, but it gets larger as time goes on. Board qualifications can help family members and others understand what they must bring to the table; board expectations can help them understand what they must do in service to the foundation. | <ul style="list-style-type: none"> ▪ Consider setting a terms and rotation policy for service on the board. Such a policy can help to renew the giving program, refresh the participants, and allow many more people to participate. |
| <ul style="list-style-type: none"> ▪ Plan early. Determining whether your children's spouses will be eligible for board service, or age limits for board membership, is always easier when neither possibility is in the immediate offing. It becomes more difficult when you're talking about real possibilities and real people. If you are forced to create policy in the face of an immediate need, you don't have the chance to consider thoughtfully and objectively what's in the best interest of the foundation. At that point, it becomes very personal, very awkward, and potentially very painful. | <ul style="list-style-type: none"> ▪ Recognize that there are lots of ways others can be involved — beyond board service. Committee membership, site visit participation, and advisory boards are just a few of the creative ways founders have engaged a creative circle. If participation in the philanthropy is perceived to be limited to board service, sheer logistical constraints will force you to disappoint many people. Moreover, you'll also miss the opportunity to engage a range of thoughtful, experienced voices. |
| <ul style="list-style-type: none"> ▪ Visit the question of managing both your hopes for your family and the giving — reinforcing the foundation's | <ul style="list-style-type: none"> ▪ Consider engaging an experienced family foundation consultant to help you and your board work through these issues. Working with someone who is familiar with foundation practices, and sensitive to family dynamics and process, can help you to get off to a good start, set the stage for the quality of your future interaction, and let you participate fully in the conversation. |

measure of financial well being — the good things. But we also want to ensure that we do what we can to raise good children. Founders speak movingly of their hope that the foundation can provide an experience that fosters generosity, community involvement, empathy, and responsibility.

All these good intentions can be realized, but success is most likely if children are well introduced to the foundation and the family shares the goal of community service. At what age should that introduction occur? Opportunities abound for introducing children to giving and volunteer-

ing beginning in early childhood. They can appreciate the message of *The Giving Tree*, understand why you're leaving for the weekend to attend a foundation retreat, participate in a community service project or go along on an age-appropriate site visit ... the possibilities are as

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Creating a Community of Concern: Reflections of a Family Foundation Trustee

David Dodson, a trustee of the Mary Reynolds Babcock Foundation, a family foundation in North Carolina, and a close observer of the Irwin-Sweeney-Miller family giving programs in Indiana, observes that a family's values and motivations are critical to the family foundation. But, he continues, the great purpose of a family foundation should not be the perpetuation of family interests but the impulse to be of value to something beyond the family circle.

Dodson believes that what characterizes the two family foundations he knows best are the curiosity and compassion with which they approach their foundation work. What families choose to commit to and support should reflect their passions, he advises. But it doesn't end there. Dodson encourages creative family foundations to ask themselves how they can take what they care about and use it to build a community of concern that is alert and responsive to changing circumstances. What the family knows and loves is the logical place to begin a rich process of philanthropic inquiry into what the community needs and how they can serve it.

Dodson notes that the Miller and Babcock families don't seek to perpetuate old ways of doing things but strive in each generation to understand the needs and opportunities facing their communities of interest. The issues may change or they may stay the same, but what a family foundation perpetuates is their posture of caring and compassion.

Dodson observes that the family foundation that is able to construct a view of their giving with the community to be served firmly in the center is able to surround that core with an even more vibrant family circle. He says that such families are motivated to be of service outside the family and are likely to be both curious and compassionate in identifying ways to use their assets.

Those assets may even include advisors and networks outside the immediate family. He cites his fellow Babcock trustee, Carol Zippert, and her assertion that family foundations can include those who are members of the "family of blood" and those who are members of the "family of the heart" — related by interests and values but not genealogy. But, he cautions, if families think a foundation may be the instrument to save a troubled family, this is not it.

endless as your imagination and commitment. Begin when you think it appropriate for your family, but don't wait too long.

Between the ages of 18 and 35, your children are working on their education, establishing careers, even starting families. Free time and vacation days are in short supply. Build a community conscience in them early, and work with them to determine if their busy schedules and a role in the foundation can peacefully and satisfactorily co-exist. If that's not possible, let them know they'll be welcome when their circumstances and interests change.

Sadly, it is all too common that adult children of foundation donors only "discover" the family foundation and their responsibility for it — a recipe for confusion, distress, even resentment — in their 40s and 50s. They may even be dealing with the death of a parent. What may be most sad is the opportunity missed; the opportunity parents and children might have shared in building a tradition of charitable service.

Will all your children serve? Will there be opportunities to inform and involve them beyond board service? Will there be a board qualifications/expectations process or will all children serve based on birthright? What about adopted or stepchildren? And, again, a related but painful question: how does the philanthropy affect

other financial plans for or expectations of the children?

Open communication about money matters can prevent a situation where adult children feel anger that their “inheritance” was the philanthropy rather than a personal bequest, and they didn’t know about it. Visiting troubling issues of power, money, and poor communication on a nascent foundation distorts and detracts from the public purpose and will likely torpedo the founder’s hopes for a family endeavor.

- **Parents.** In an era of great fortunes made by the young, founders may wish to involve family, but have not yet committed to a partner or had children. These donors often involve their parents in the process. Parents may have long histories of community involvement, they may have retired and have more discretionary time available for philanthropic initiatives, and philanthropy may represent a wonderful new way for an entrepreneur and his or her parents to work together and get to know one another in a new, rewarding way. In such cases, again, role clarification is critical because the normal parent/child power dynamic may be altered.
- **Other family members.** In some cases, donors reach out to siblings, nieces, nephews, and cousins to involve them in the giving. This, too, can be a rewarding experience. Issues

of qualifications and responsibilities are much the same as they are for your children. A particular difference may arise in cases where the only significant family wealth is the founder’s and that wealth will pass only to the founder’s direct line. Then, sensitive issues can arise: power; prestige; even the ability to take time off and pay one’s own expenses to participate in foundation meetings and activities.

- **Legal, financial, and program advisors.** The counsel offered by your circle of advisors is key to success. But what role will they play? A board role can be enormously helpful as advisors lend the expertise that strengthens your deliberations and builds your confidence. Advisors can also dominate if they use their expertise to “shut down” discussion. All new donors need expert legal and financial advisors. Program advisors can help by adding expertise in the areas to be funded. Talk candidly with your advisors about your relationship and your need for their guidance. Determine if the boardroom, an advisory committee, or a consultancy/contract is the best way to access that guidance.
- **Friends and colleagues.** An increasing number of donors engage business colleagues and trusted friends early in their philanthropy. Respect and trust gained over the years become important sources of encouragement and support.

- **Community representatives.** As a foundation donor, you have the extraordinary chance to engage those the philanthropy will seek to serve. If you’re working in another part of the country (or world) or with a community or population group with which you are unfamiliar, the voices of your constituency groups can be powerful: keeping you both informed and sensitive to special circumstances and new developments.

What Kind of Support Will You Need?

Once your closest circle, your community of concern, is in place, the work of the foundation can begin. (A world of resources, educational offerings, and colleagues await you.) You will determine how grantmaking, governance, and finances will be managed. You’ll also quickly realize that the field of organized philanthropy offers an increasing array of programs and services for grantmaking foundations.

A few questions to get you thinking about your support network:

- **What kind of staffing and administration will you need?** Based on your grantmaking goals, costs, and personal preferences, options can range from an office with multiple staff members dedicated to managing the giving, to shared staffing, or a part-time administrator, to taking advantage of the family business or family office. Law

Katharine Mountcastle, daughter of the founder of the Mary Reynolds Babcock Foundation, was once asked what it was like to have Paul Ylvisaker on the board of her family's foundation. Ylvisaker, internationally respected for his philanthropic experience and wisdom, was standing with Mountcastle and the questioner expected to hear a gushing tribute to his profound influence. "Oh, that's easy," she quickly replied. "We all behave better when he's in the room."

- firms, community foundations and other public foundations, banks and other financial institutions, and many entities offer opportunities for foundation administration and support.
- **Will family members be available as staff — on a volunteer or paid basis?** Staffing with family members can provide wonderful synergy and continuity because family members often find it easy to trust those who share the heritage and circumstances of the family and the foundation. Still, the choice of family staff can also raise difficult questions of performance, accountability, and power sharing.
 - **What kind of legal, financial (including investment management), and other organizational expertise will you need?**
 - **How will expertise in the programs areas or communities you intend to fund be accessed?** Are advisory boards, guest speakers, community panels, or other options of interest to you?
 - **How can the experiences of other foundations and families be helpful to you, and how will you reach out?** Your fellow foundation founders, trustees, and advisors are a generous group of people in every sense of the word. They are always willing to share their experiences, offer an idea, and welcome you to this important work. Regional and national associations of grantmakers, affinity (special interest) groups, donor collaboratives, and giving circles are just a few of the communities of grantmakers available to you.
 - **How will you stay in touch with the nonprofit world?** Will you encourage your family and trustees to serve on

boards and as volunteers? What about associations and organizations of nonprofits or those that specifically encourage grantmaker/ grantee communications and learning?

- Pages and pages of resource material — both in print and on the web — are available to you. **How can that material be prioritized given the time you have available to read through it?**

Creating a Splendid Legacy

The framework of questions detailed in this chapter offers you a way to think through your hopes and your intentions. In a study and book on the development of family foundations to be released by the National Center for Family Philanthropy, researcher and author Kelin Gersick calls this critical early phase, *Mission and Dream*. He links the thoughtfulness of this phase to the path the family foundation will travel in succeeding generations.

"Providing the guidance of a statement of donor intent is not the 'dead hand of the past' as many claim. It is, once again, a 'helping hand' that provides insight into the values, vision, and purpose of the foundation."

— CHARLES HAMILTON Founder, The Hamilton Foundation

You are, in effect, articulating what some people have called *donor intent*. This has been a much-debated concept in past years. Some see donor intent as the “dead hand” (implying that the wishes and interests of founders can’t possibly be relevant to current and future stewards). Others see it as “sacred shackles” (implying that there can’t possibly be a good reason to re-visit, re-interpret, and renew the founder’s vision).

Both positions miss something special to family foundations: the glorious complexity of motivations and hopes: some profound, others quirky, some perfectly understandable, others surprising or even puzzling. It is this complexity, so personal to each founder and so relevant to his or her interests and choices, that guides the governance, grantmaking, and management of the foundation. In starting this venture by considering — once again — your motivations, hopes, and dreams, you will discover the vitality, the commitment, and ultimately, the contribution of your philanthropic participation.

A richer and more dynamic phrase to describe these dreams is donor legacy. It gets to the heart of what you are trying to accomplish ... and why. It can speak to your hopes for those you would like to be involved ... and why. The dreams for the communities to be served — the grantmaking strategies and the program interests — can be found by exploring your hopes for the

legacy you are about to create. And whether you will choose to articulate very definite intentions or choose to leave little specific guidance, legacy speaks to the process of renewal that reenergizes the foundation with each new family member, trustee, grantee, advisor, and colleague.

Moving On

Having moved from values to vision, you are now ready to proceed from vision to action. In the next chapter, you will see how the building blocks of your family foundation — a values statement, a mission statement, and a plan for family involvement — can be put in place. Your work will be illuminated by the experiences and stories of dozens of families who have gone before. As you move into this new and rewarding place, the hopes and strengths of your family will guide you each step of the giving way.