



Stories for Engaged Learning

Choosing and Preparing Your Grantmaking Successors Case study: The Clare Foundation

One of the greatest sources of joy and opportunity, anxiety and frustration for philanthropic families may be the transfer of wealth, responsibility and values from one generation to the next. This interactive session will delve into the particular challenges and best practices for succession in family foundation governance.

Through a case study and small group discussion, participants will learn about generational succession that honors a donor's legacy and reflects the family's values. The experience of the Clare family will serve as a framework for discussing:

- Designing an effective governance structure
- Selecting board members
- Engaging the next generation
- Adopting a collective mission and goals

Stories for Engaged Learning is a collection of case studies rooted in the practical experiences of family and private foundations navigating the challenges of creative effective philanthropy. Designed specifically for facilitated sessions at conferences, board meetings, and retreats, the case studies captivate the imagination and fuel active participation.

GMA Foundations consultants employ these stories to deliver fast-paced, useful workshops for groups of varying size. Contact Mary Phillips mphillips@gmafoundations.com for additional session descriptions and facilitation options.



Case Study: The Clare Foundation

Planning for Continuity and Succession

BACKGROUND: In 1942, Clare Jackson established the Clare Foundation as her personal charitable vehicle. Upon Mrs. Jackson’s death forty years later, the foundation was endowed with \$10 million and 55-year old Robert Jackson assumed responsibility for his mother’s foundation, running it in much the same way. In 1998, Robert died and responsibility passed to Clare Jackson’s six grandchildren, Robert’s three children and his sister Ruth Jackson Smith’s three children, aged 35 to 46, all but two of whom lived in Pittsburgh.

THE THIRD GENERATION: The foundation’s trust instrument allowed for up to eleven board members. Clare’s grandchildren decided to adopt a governance structure in which there would be seven directors – Clare’s six grandchildren and a long-time family friend, Ruth Jackson Smith’s attorney, Peter Knox, age 56. Only Pittsburgh residents would serve as officers since the foundation’s giving was dedicated to Pittsburgh. Clarence Jackson, Robert’s oldest child at age 46, was elected president. The new board decided to divide the Clare Foundation giving into three “purses,” one for each family branch to allocate and the third for the board as a group to distribute. Special consideration was given to institutions in which a family member had a leadership role. The Clare Foundation operated congenially for twenty years.

Refer to the Jackson family tree on next page.

THE FOURTH GENERATION: Blessed with good health, the board members focused on grantmaking and other philanthropic pursuits and had not considered the foundation’s future leadership. In 2018, concerned with preserving his grandmother’s legacy, Clarence began reading about family foundation succession and considered adding four new positions to the board for younger family members. The thirteen cousins in the fourth generation ranged in age from 15 to 38; seven of them lived in Greater Pittsburgh.

On the eve of his 66th birthday in July 2018, Clarence Jackson sat at his desk preparing for the foundation’s annual meeting. He had spent a few days calling each of the other trustees about a new topic on the agenda – a succession plan. Clarence was surprised by some of the reactions to the idea of involving the fourth generation. His cousin Robert had no children and was against including the next generation while the current generation was still active. Another cousin, Michael, had young teenagers and did not want them to be involved in talking about money. Clarence’s own siblings differed in their opinion about the appropriate age for involving the “kids,” with one favoring immediate involvement at age 21 and the other suggesting that 40 was the right age.

Clarence realized that this issue was a much bigger subject than he had imagined. He placed one more phone call, to a trusted advisor.

Discussion

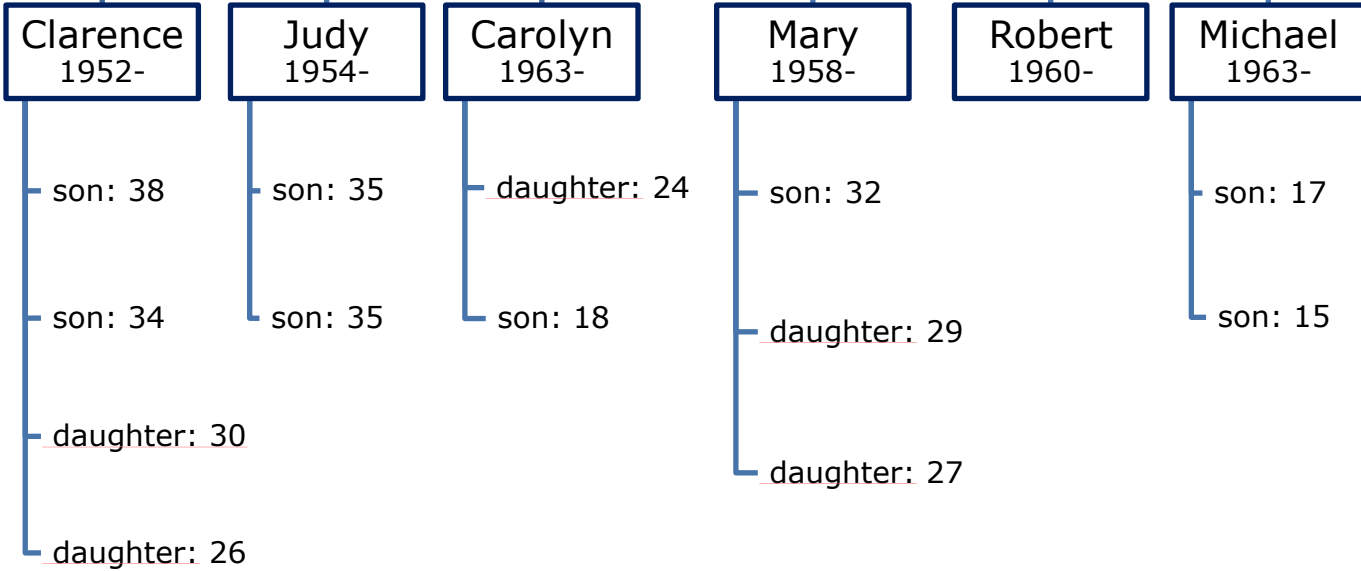
- A. What issues does the Clare Foundation board need to address as they consider a plan for succession?
- B. If the board decides to integrate the next generation into the work of the foundation, in what ways could they do so?

The Jackson Family

Clare P. Jackson
1902-1982

Robert Jackson
1927-1998

Ruth Jackson Smith
1930-2011



Facilitated discussion

This case study is a tool for sparking deeper conversation among trustees, family, or peers in philanthropy when employed by an experienced facilitator as part of a *Stories for Engaged Learning* workshop.

You are free to use this case study for your own discussions as long as you give GMA Foundations appropriate, visible credit. We welcome your feedback after using this as a tool for family or board engagement.

Contact Mary Phillips at GMA Foundations, mphillips@gmafoundations.com to discuss the suitability of *Stories for Engaged Learning* workshops to your needs, additional case study topics, and GMA consultants' facilitation services.