



Stories for Engaged Learning

Changing Nature of Family Boards

Three mini case studies: Same Cloth, Different Garments

While they may be cut from the same genetic cloth, family members frequently have different political viewpoints, lifestyles, and priorities. The changing nature of your family may be creating challenges to harmonious and effective governance.

Through three mini case studies and small group discussion, participants will learn why new perspectives on a family foundation board can be a good thing and explore ways to successfully balancing board diversity with philanthropic priorities. The experiences of three families demonstrate the potential value of:

- Leadership and process
- Self-reflection and honest conversation
- Donor intent
- Board membership criteria

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, mini 1: Foundation for Religion

Politics, Religion, and Donor Intent

BACKGROUND: A three-generation family foundation’s mission is to “support and advance Jewish causes domestically and in Israel.” The term “Jewish causes” has historically been viewed by the board to represent activities that protect the ability of Jewish people to “live peacefully at home and abroad.” The three third generation siblings and one spouse have traditionally supported the donors’ (their grandparents) interests. The second generation has recently withdrawn and the new fourth generation young adults have reached the qualifying age for board service. Challenges have emerged.

GENERATIONAL DIVIDE: The fourth-generation members have diverse political views about their religion and about Israel; not all practice their Jewish faith while some are conservative in their practice of Judaism. One member has married outside the faith to a Lebanese-American woman who does not practice any religion. The three fourth-generation board members, two cousins and one spouse, want to refocus the foundation’s mission on less conservative religious activities. Board meetings are filled with political debate and compromise, resulting in a grantmaking program that lacks cohesion and effectiveness.

LOYALTIES: The Foundation for Religion third generation board members want to embrace the fourth-generation members as equal partners, accepting their diverse viewpoints. However, the third generation feels especially drawn to their parents and grandparents political and religious beliefs and the donor’s intent in establishing the foundation.

Discussion

- Should the foundation’s mission be adapted to the new realities of diversity within the family? Why or why not?
- How can the board adapt to its members’ differing points of view and remain loyal to the foundation’s mission?

Case Study, mini 2: Foundation for Blood Relations

Continuity and Succession

BACKGROUND: A twelve-year-old, two generation family foundation is providing modest funding in communities of interest to its trustees. The foundation’s mission is to “support those persons most in need of basic services.” The donor’s estate plan involves a contribution of significant assets to the foundation along with his stated desire to see it continue in perpetuity and involve his grandchildren. The donor wants to develop a continuity and succession plan that includes creation of a next generation orientation and training program for grandchildren ages 18 and older.

BOARD ELIGIBILITY: The instrument establishing the foundation specifically addresses board eligibility, noting that only “blood relatives” of the donor are eligible to serve as board members. The donor’s wife, who died five years after establishment of the Foundation, suggested this language for personal reasons. Four years after the death of the donor’s wife, one of three second generation trustees and her husband, who were childless, adopted two children. These Latina siblings were ages 13 and 14 at the time and are now approaching ages 16 and 17. They join four other cousins, ages 12, 17, 20, and 21. Spouses are not included on the board.

LOYALTIES: The adoptive parents would like their children to be part of the next generation orientation and training program and to be eligible to serve as board members. Adding these young people will bring diversity of culture and experience to the board, however the language about “blood descendants” must be changed. The donor believes that loyalty to his wife’s position regarding blood relatives is paramount. The second generation is divided, with the mother of three of the third-generation members (ages 17, 20, 21) in agreement that the instrument should remain unchanged and the two remaining siblings in favor of including non-blood descendants, specifically adopted and step children.

Discussion

- Should the foundation’s founding instrument be changed to reflect the new realities of adoption and diversity within the family? Why or why not?
- What approaches could the foundation consider to include the adopted children in its governance and grantmaking?



Case Study, mini 3: The Foundation for Local Giving

Grantmaking Focus

BACKGROUND: This family foundation supports community-based projects in geographic regions where its trustees reside. Its bylaws are silent on the question of where the foundation can or should give and there is no donor legacy statement. The first generation is no longer living. A second-generation trustee recently was remarried, to a woman from Thailand who was welcomed onto the board as a trustee. Spouses are invited to join the board, but there are no other living spouses.

DISCRETIONARY FUNDS: Since the death of the donors, the second generation has apportioned the foundation’s grant budget across the remaining trustees. Each trustee is allocated an equal amount and must submit recommendations for funding annually to the full board, which is composed of the three second generation siblings and, now, one spouse. Historically, the trustees have awarded grants within their own communities, all of which are distinct geographically. The husband and wife duo would like the foundation to expand its mission to include international grantmaking, with a particular focus on Asia. The newest board member asserts that her “community” is Asia. However, the two other trustees on the board are reluctant to become involved in international grantmaking. They feel that small grants would not have much impact and are concerned about the grant funds being diverted to governmental causes.

LOYALTIES: The unmarried board members are beginning to rethink the inclusion of spouses as trustees, especially since the addition has reduced each trustee’s annual grant budget allotment, and since there are currently no other spouses. The introduction of a new spouse, after ten years of operation as a three-person board, created some underlying tension. The spouse’s robust participation in the foundation and her ideas of a broader geographic mission drove a further wedge into the sibling relationships.

Discussion

- Should the board expand the foundation’s mission to include international grantmaking? Why or why not?
- How can the board accommodate the preferences of the new board member to give within her international community?

Facilitated discussion

This set of three mini case studies 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 these stories for your own discussions as long as you give GMA Foundations appropriate, visible credit. We welcome your feedback after using them 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.