

Effective Governance: Principles, Policies, and Practices

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Description

Family philanthropy is rooted in the act of collective decision making—one that is often codified in a formal governance structure. But what is governance and how can a family adopt its framework to effectively guide their philanthropy? Governance consists of three elements—principles, policies, and practices—that define who makes decisions and how decisions are made. Families that are intentional about developing a governance framework are better prepared for decision making and can work more collaboratively together. Learn about effective governance structures and explore the principles, policies, and practices necessary to ensure good governance in a family philanthropy effort.

Replay Link

View the webinar [replay here](#).

Summary and Resource List

Definitions and Key Phrases

Family governance is the management of the complex structures, legal and emotional relationships among family members, and the direction in which the family seeks to go over time. An effective family governance system is built upon understood principles, policies, and practices.

- **Principles:** Why are you doing this work?
 - A family must devote time and energy to understanding and articulating what the family stands for.
- **Policies:** What are the parameters?
 - Families with ongoing giving programs, whether formalized in a family foundation or not, should consider whether written policies would be helpful to guide the process of their giving.
- **Practices:** How do you approach the work?
 - It is important to develop a set of accepted practices that support their principles and policies.

Family governance mechanisms are the building blocks of family governance.

- **A family council** is generally a small group of family members who are elected or appointed to become the central leadership group on the family's side of its collective endeavors.
- **A family assembly** serves the purpose of having all family members gather together, connect, and learn, whether or not they are in philanthropy, business, or another endeavor together.
- **A family constitution** is usually the document that the family has collectively written to determine what it wants to be in the world and how it is going to operate together as a group.

Terms and definitions sourced from the webinar transcript and [*The Purpose and Power of Family Governance*](#) by Patricia Angus.

Webinar Takeaways

There are three phases of development in the family governance system, and families can move through them after acknowledging where they are.

- The three phases of development are: chaos, coordination, and cohesion.
 - Chaos describes a system of principles, policies, and practices that have sprung up to meet the needs of the family, but have not necessarily been planned or organized in a way to support the long-term strength of the system.
 - Coordination is when family members begin to take a look at the bigger picture and set up some systems in a coordinated and more formal structure.
 - Cohesion is marked by an integrated system that facilitates long-term goals, integration of family members across generations, and sustainability.
- One of the most important things a family can do is acknowledge which phase they are in.
 - Often, a crisis or transition catalyzes a family to examine what phase they are in; if possible, it is best to have these conversations before that significant event takes place.
- Moving ahead through chaos and coordination is possible, but it cannot be forced.
 - It needs to be led by the family and inclusive to be successful, but an outside facilitator is often helpful to guide the family through this process.

While a family philanthropy or broader family governance system provides an opportunity for connection, a family cannot depend solely on the structure to ensure togetherness and inclusivity.

- Giving together with your family naturally provides a space to convene around common values and interests, but at the end of the day, relationships tie families together.
- Families should find other venues for connection outside of the philanthropy so as to build these relationships and not overexert the

An effective family governance system benefits the family, their philanthropy, and sector at large.

- A cohesive structure aids the family in working more effectively together towards long-term goals and understanding the shared principles, policies, practices that support this work.
- More effective family structures in turn lead to a stronger philanthropic sector—it is easier to focus on shared goals for social impact when there is an effective governance framework in place.

Resources

Resources on Effective Governance

- [Building the Board Your Foundation Deserves](#) (NCFP, 2018)
- [Family Governance Meets Family Dynamics: Strategies for Successful Joint Philanthropy](#) (NCFP, 2007)
- [Family Ties: Multigenerational Family Foundation Board Engagement](#) (Center for Effective Philanthropy, 2017)

- [The Four Principles of Purpose-Driven Board Leadership](#) (SSIR, 2021)
- [From the Balcony: Perspectives and Reflections on Trusteeship](#) (NCFP, 2013)
- [Governance Essentials: An Orientation for Family Foundation Board Members](#) (NCFP, 2021)
- [Policy Central: Board Meetings, Board Job Descriptions, and Rotation Policies](#) (NCFP, 2021)
- [The Purpose and Power of Family Governance](#) (NCFP, 2021)
- [Splendid Legacy 2 - Chapter 8: Good Governance: The Foundation Imperative](#) (NCFP, 2017)

Stay tuned for the upcoming *Passages Issues Brief: Enhancing Your Family Philanthropy with The Family Governance Pyramid* by Patricia Angus. A copy will be shared with all webinar attendees following publication.

Contact Information for Panelists

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Featured Speakers



Patricia M. Angus, JD, MIA, TEP, is Founder and CEO of Angus Advisory Group LLC, an [Adjunct Professor](#), founding Managing Director of the [Global Family Enterprise Program](#), and Faculty Director of Enterprising Families Executive Education at Columbia University's Graduate School of Business. A recognized thought leader in the field, she has provided legal and strategic advice to global families and firms with multi-generational businesses, trusts, and philanthropy, for over two decades. She is prolific author, with publications including the highly acclaimed [The Beneficiary Primer: A Guide for Beneficiaries of Family Trusts](#) and [The Trustee Primer: A Guide for Personal Trustees](#).

Ms. Angus practiced law at trusts and estates boutique Hughes and Whitaker (now Day Pitney) and Coudert Brothers international law firm (now Baker & McKenzie). She was Principal and Chief Wealth Advisory Officer of Shelterwood Financial Services LLC and Family Wealth Advisor at GenSpring and JP Morgan Private Bank. She has developed and launched two graduate level courses at Columbia University Graduate School of Business focused on family enterprise and wealth, including a global immersion trip for MBAs. Ms. Angus has also launched Columbia University's [Executive Education Program](#) for family enterprises.

Ms. Angus has served on the board of directors of global single family offices, and has advised many others. She serves on Advisory Boards of *Trusts & Estates* and the Carter Center. She is a fellow of and faculty member for the Family Firm Institute (FFI), where she served on the editorial advisory board of *The FFI Practitioner* and holds an Advanced Certificate in Family Wealth Advising and a Certificate in Family Business Advising from FFI. She is also a member of the Society of Trusts & Estates Practitioners (STEP), and in the past was chair of the governing board of the Collaboration for Family Flourishing and a member of the advisory Board of the NYC Family Enterprise Center. She has written numerous articles on topics including family wealth, businesses, trusts, estate

planning, philanthropy, and women's issues, and frequently speaks at industry and family events.

Ms. Angus has been named one of the Top 50 Women in Wealth Management by *Wealth Manager*; a Rising Star by *Private Asset Management*; and Top 50 CEOs in Private Client, Power Women, and Top 100 North American Wealth Advisers by *Citywealth*. In 2015, Angus Advisory Group LLC was a finalist for Family Business Advisor of the year by UK-based STEP. In 2019, Ms. Angus received a Family Firm Institute Achievement Award in the Field of Family Enterprise, the Interdisciplinary Award.

She received a B.A. *cum laude* from Amherst College, a Masters in International Affairs with a concentration in International Law and Organizations from Columbia University School of International and Public Affairs, and a J.D. from George Washington University Law School.



Virginia M. Esposito, is the founding president of the National Center for Family Philanthropy. In January 2020, Ginny transitioned to the role of Senior Fellow to focus her efforts on research, writing, and consulting with families.

For more than 35 years, Ginny has worked to advance private philanthropy through research and education. For 30 of those years, she has focused on the family philanthropic experience, promoting values, vision, and excellence across generations of donor families. Ginny was editor and principal author of the first edition of *Splendid Legacy* and of *Splendid Legacy 2: Creating and Recreating Your Family Foundation*. Her research publications include *The Power to Produce Wonders: The Value of Family in Philanthropy* and *The Family Foundation CEO: Crafting Consensus out of Complexity*. Ginny also edited, and was principal author of, the four-volume *Family Foundation Library* and numerous articles and issue papers on family philanthropy.

She has presented at hundreds of programs for and about donor families throughout North America and on four other continents. In addition to her work on family philanthropy, Ginny edited *Conscience and Community: The Legacy of Paul Ylvisaker*, the writings and speeches of the late foundation trustee, educator, and dean of the Graduate School of Education at Harvard University. She has served on boards and committees for organizations including Great Nonprofits, the Binational Commission on the Nonprofit Sector (US and South Africa), the Commission on the Future of Public Education (Public Education Network), Committee on Ethics and Accountability (Independent Sector), the Philanthropy and the Black Church Project, and Strengthening Native American Philanthropy. She currently serves on the board of directors of the John M. Belk Endowment.