

# Balancing Individual and Family Interests in Collective Giving

**FINDINGS AND LESSONS FROM LGA/NCFP STUDY**

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# Agenda

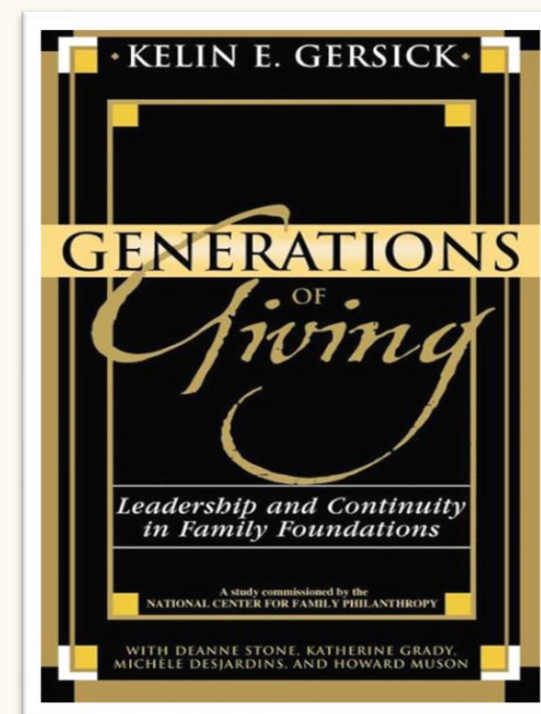
- Introduction
- Presentation of research findings
- Q&A

# Family Philanthropy = Family Glue



# Purpose of this research

- **Common aspiration:** Bring the family together to improve the world, strengthen relationships, nurture generosity
- **Families become more complex** over time: more people, perspectives, philanthropic outlets
- Goal of this research: Better understand how families can successfully work together in their philanthropy over generations
  - How does the **entire philanthropic system** support or impede productive family engagement?
  - What is the optimal **balance of collective and individual giving**, and what are the best structures for the work?





# Methodology



- Data from **20 US-based family philanthropy systems**
  - 82 interviews (typically, 2 family + one staff)
  - Survey: 58 respondents
- **Criteria: Complex family philanthropy systems**
  - Legacy foundation + other significant organized giving
  - Mature family philanthropy systems: no living donor, multi-generational
- Selection bias: Relatively **large family foundations** (by assets and participants)

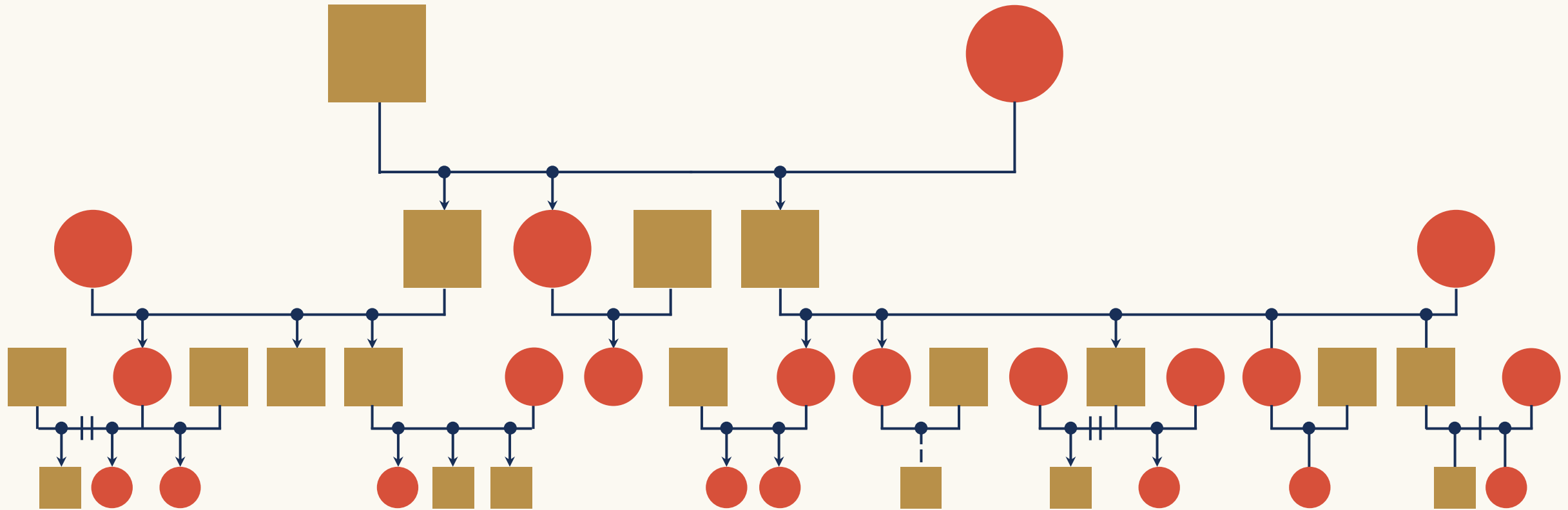




# Family Philanthropy Development

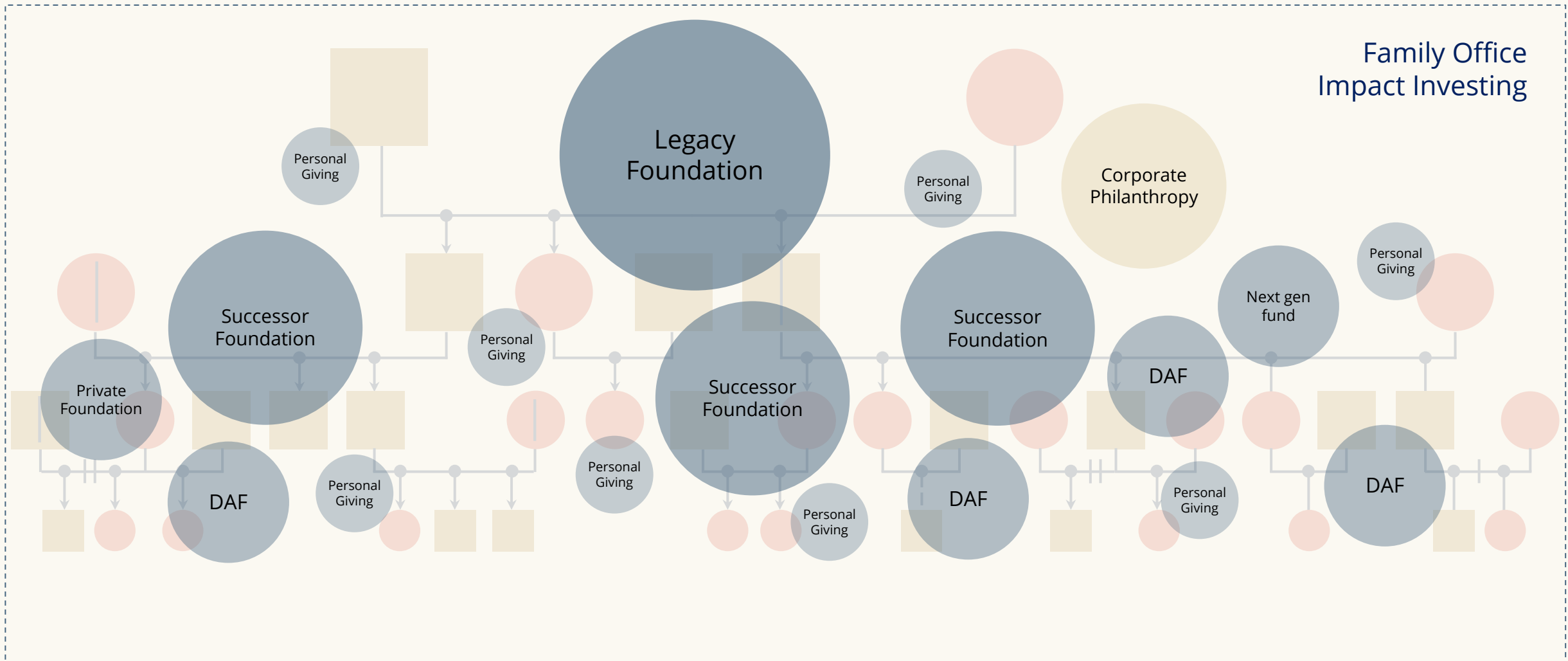
**How do complex family philanthropy  
systems evolve?**

# Families become more complex over time



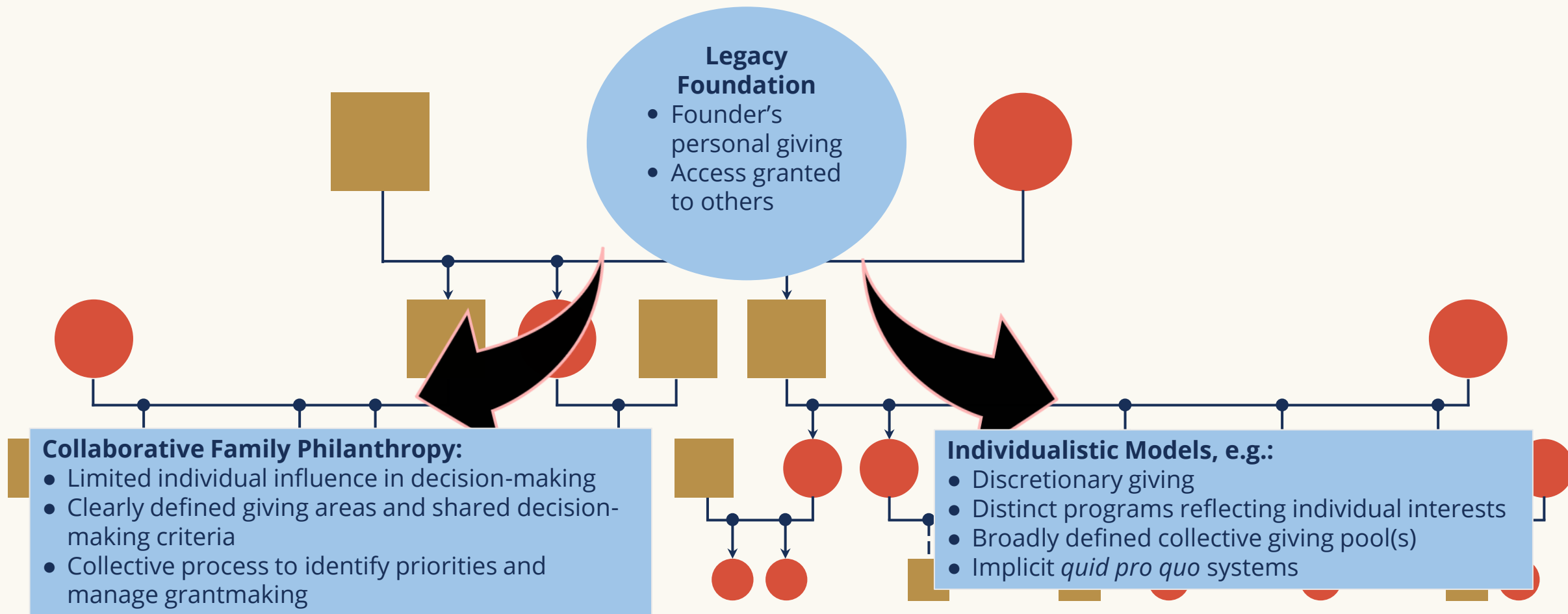


# So does their philanthropy

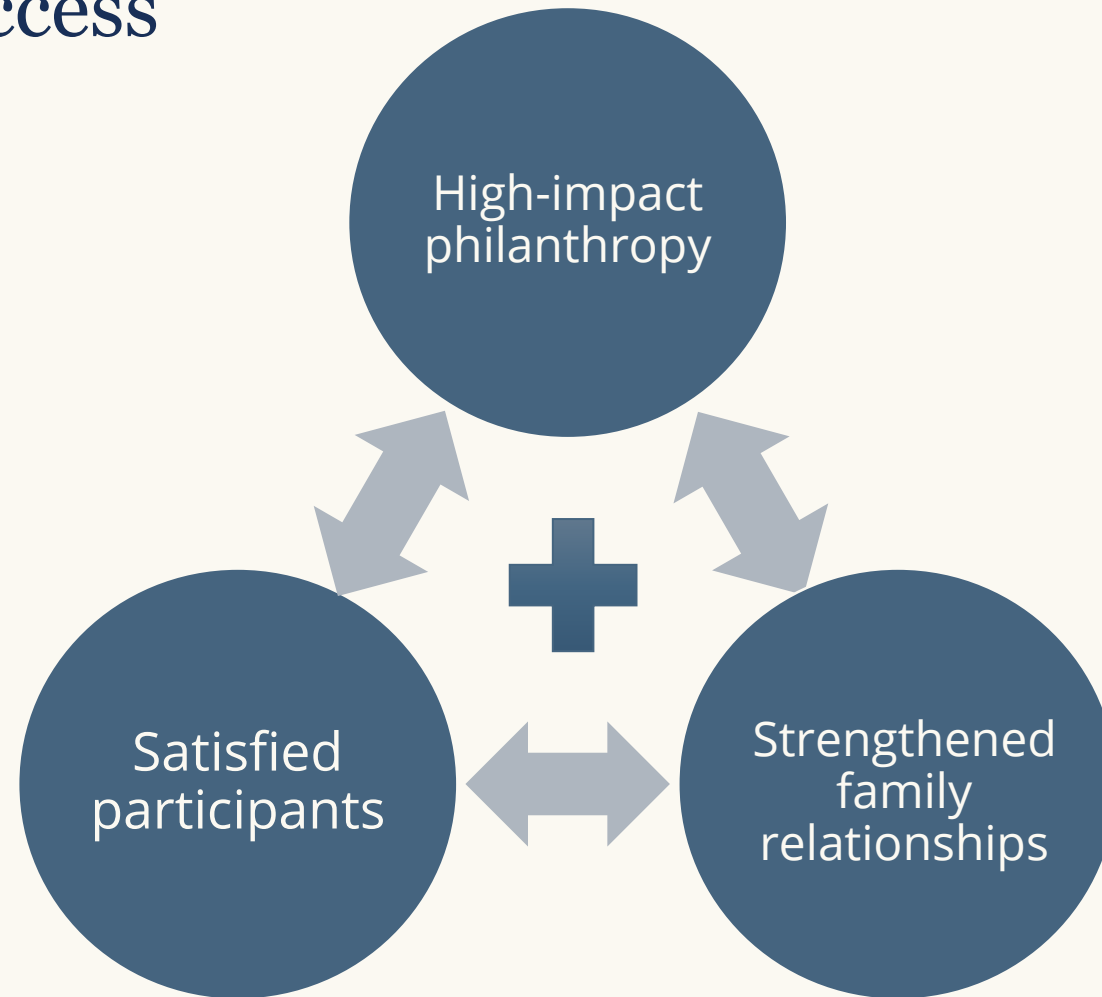




# Family foundations face an inflection point



## Defining success





# Findings, Part I: Family Philanthropy Systems



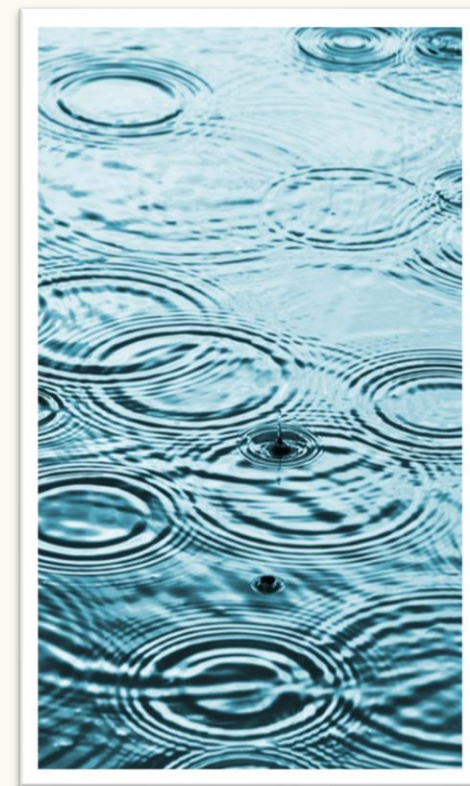
# There is a strong desire for autonomy in personal giving



- Despite professed interest, it was rare for participants to collaborate in individual giving
  - Participants had a strong desire for autonomy and privacy in individual giving
    - Desire to “just be family” and avoid areas of disagreement and judgment
    - Implicit norms protect autonomy in individual giving
  - **More collaboration in individual giving in families with more of it**
- **Takeaway:** People deeply value the ability to support their personal interests outside of collective giving

## Individual giving *outside* of the legacy foundation facilitates collaboration *inside* of it

- **Events which catalyzed inflection point often result in increased wealth and personal philanthropic capacity**
    - Increased ability to fund personal interests outside of the family foundation
    - Creation of additional vehicles
  - **The degree of collaboration *in the legacy foundation* was related to philanthropic resources *outside* of it**
    - Families with more collaborative legacy foundations tend to have more vehicles, more giving outside legacy foundation, more support services for personal giving
- **Takeaway:** Personal philanthropy *outside* the joint philanthropy can serve as a release valve, increasing the chance for effective collaboration *inside* of it





## Findings, Part II: Family Foundations



# Collaborative family foundations provide a better experience for participants

- **Most participants have positive experiences participating in their family foundations**
    - Strong personal satisfaction, family cohesion, increased personal philanthropy
  - **Participants in more collaborative family philanthropy had more positive experiences than those in individuated models**
    - Higher satisfaction, family cohesion, effective governance
    - More likely to be personally philanthropic as a result of participating in family foundation
    - Lower levels of tension
    - More effective philanthropy
- **Takeaway:** Collaboration provides a better experience for participants, with stronger family relationships and greater perceived impact

# Individuated family foundations have limited life spans



- **“Peaceful co-existence” becomes more difficult over time**
    - Must further “divide the pie,” resulting in decreased motivation and engagement
    - Competition for limited resources results in conflict
    - Informal structures that work for G2 are difficult to perpetuate as family grows
  - **Shifting from individuation to collaboration becomes harder to do as the system becomes more entrenched**
- **Takeaway:** If your family has aspirations of continuity, don’t wait to build a collaborative model

# Significant discretionary giving undermines collaboration

- **Some discretionary giving may keep personal preferences from interfering with collective giving**
    - Participants reported higher ratings in variables related to personal influence, e.g., desire to be known as a philanthropic leader, philanthropy reflects personal interests
  - **But much erodes commitment to collaboration.** In foundations with higher % of discretionary giving, respondents reported:
    - Lower ratings in variables associated with family cohesion, continuity, and impact
    - Higher tensions between individual interests and the collective philanthropy in the foundation, and greater ideological divisions
- **Takeaway:** Discretionary giving enables individual expression; at higher levels, this exacerbates—rather than relieves—tensions

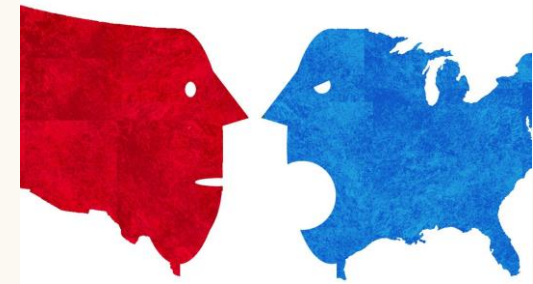


# Satisfaction with the family foundation is not dependent on it reflecting personal interests or geography

- **Myth: Engagement is driven by interest in funding priorities and physical proximity to the giving**
  - **Reality: Participants' satisfaction with their experience was NOT related to whether the family foundation giving reflected their personal interests or their geographic location**
    - Equal satisfaction when giving reflected place/interests as when it did not
    - Lower levels of tension in place-based foundations
- **Takeaway:** True satisfaction in collective family philanthropy comes not from advancing personal interests, but from participation in collective and meaningful work

# Families can work together across ideological divides

- **Participants all reported growing ideological divisions**
  - **But ideological differences do not mean that collaboration is impossible**
    - No relationship between participants' satisfaction and the degree of ideological division in the family
  - **Families addressed ideological differences in different ways:**
    - Some opt for autonomy, others choose to narrowly focus on areas of common ground
  - **However, it is less satisfying to be a minority voice**
    - People who felt the family philanthropy did not reflect their ideological perspective were significantly less likely to find participation satisfying
- **Takeaway:** Families are able to work together across differences if they have the desire to do so



# Later generations have an increased desire for collaboration

- **Myth: Desire to collaborate decreases as family members grow less connected over time**
  - **Reality: Interest in collaboration *increases* in later generations**
    - G3+ were much more likely (vs. G2) to be interested in working with family members and to feel closer to family as a result of participation in the foundation
  - **Challenging dynamics common to G2 are often *not* inherited by their kids**
- **Takeaway:** G3+ participants are *more* eager to work with family members than their parents



# Collaborative leadership is critical

- **Effective leadership was correlated with high performance**
  - **Critical role of the “collaborative champion” who led effort to transition**
    - Succession risk: This leader could become overly-identified with the foundation, ultimately creating obstacles for next gen leadership
- **Takeaway:** Strong leadership is necessary to transition to collaborative model, but families must develop successors to achieve continuity







# Lessons

**What can families that aspire to create and sustain collaborative family philanthropy do to increase the odds of success?**

# Define different spaces for different purposes



- **Draw clear lines between personal and collaborative giving**
  - Identify separate venues for personal giving, and provide support for it
  - Avoid “individuation masquerading as collaboration”
- **Invest in building a collaborative model**
  - The values, processes, infrastructure that allow family members to effectively work together

# Limit individuation in the family foundation

- **Avoid the temptation to cater to individual interests (including geography)**
  - Instead, offer family members the opportunity to co-create a shared vision
- **Limit discretionary giving**
  - >10-20% of overall foundation giving
  - Not very significant relative to personal giving capacity
- **Avoid branch representation structures**
  - Cause members to prioritize identification with branch rather than the family as a whole
  - Ossify around family structures that become less relevant over time
- **As necessary, solve for current problems with targeted fixes**, e.g., increased giving outside the legacy foundation, different discretionary policy for G2, “carve out” for strong minority voice

# Prepare the next gen for the work you want them to do

- **Avoid next gen engagement tactics that are primarily individualistic**
  - Collaborative strategies help develop necessary skills and build relationships
  - Create “Next gen collaboration funds”
  - Directly integrate them in the collaborative philanthropy (e.g., committee or board membership, board learning seats)





## Some final thoughts

- **Shift in mindset as family philanthropy evolves: from ownership to stewardship**
  - “Ownership” mentality prevalent in earlier generations converts to sense of pride in, and responsibility for, family legacy and public trust
  - Liberated from sense of ownership, later generations are far more inclined to collaborate
- **Widen the lens beyond family philanthropy**
  - Traditional philanthropy is only one way families use wealth for social benefit
  - Thinking comprehensively about the “impact” puts less pressure on the family foundation

## More to come

- Executive summary on NCFP and LGA sites; full report released mid-April
- Please feel free to contact us with any questions:
  - Ashley Blanchard: [Blanchard@lga.global](mailto:Blanchard@lga.global)
  - Wendy Ulaszek: [Ulaszek@lga.global](mailto:Ulaszek@lga.global)

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- Study participants
- Advisory Committee: Ginny Esposito, David Haas, Lex Sant, Sharon Schneider
- NCFP: Miki Akimoto, Jason Born, Maggie McGoldrick, Nick Tedesco
- LGA: Kelin Gersick, Gabriel Hernandez, Lisa Lazarus, the entire team

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In particular, LGA strongly recommends that the client family consult with legal counsel with respect to all legal matters. We specifically do not make legal or investment recommendations, and in no case should any of our work be relied upon as a substitute for qualified legal guidance.

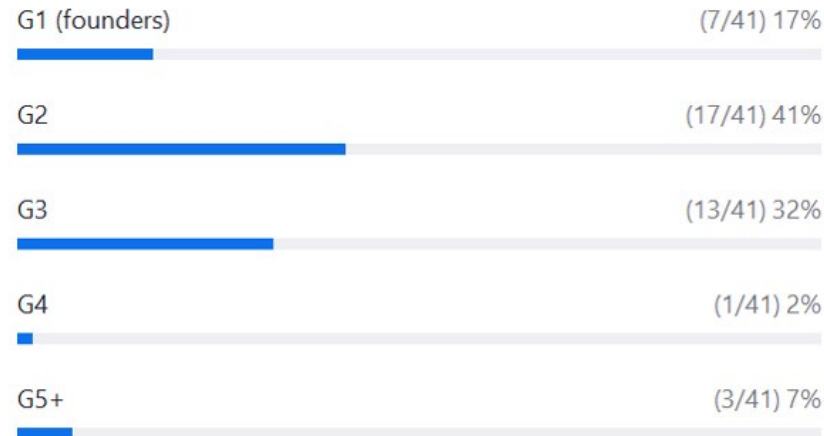
# POLL RESULTS: Balancing Individual and Family Interests in Collective Giving

## Poll #2: What Generation are you

Poll | 1 question | 41 of 141 (29%) participated

1. Poll #2: If you are a family member, what generation are you? (Single Choice) \*

41/41 (100%) answered



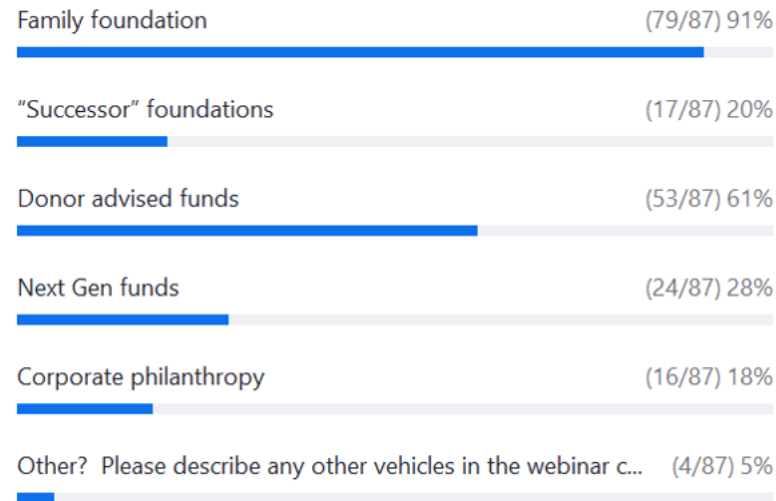
# POLL RESULTS: Balancing Individual and Family Interests in Collective Giving

## Poll #3: What vehicles do you use?

Poll | 1 question | 87 of 140 (62%) participated

1. Poll #3: Which of the following vehicles does your family use in its philanthropy? (check all that apply) (Multiple Choice) \*

87/87 (100%) answered





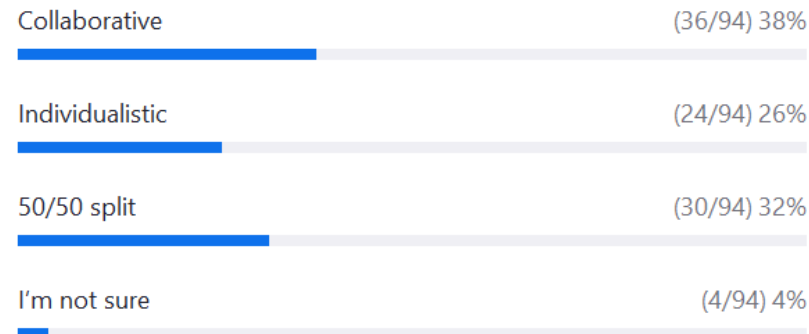
# POLL RESULTS: Balancing Individual and Family Interests in Collective Giving

## Poll #4: Collaborative or Individualistic?

Poll | 1 question | 94 of 142 (66%) participated

1. Poll #4: Is your family foundation primarily collaborative or individualistic? (check one) (Single Choice) \*

94/94 (100%) answered



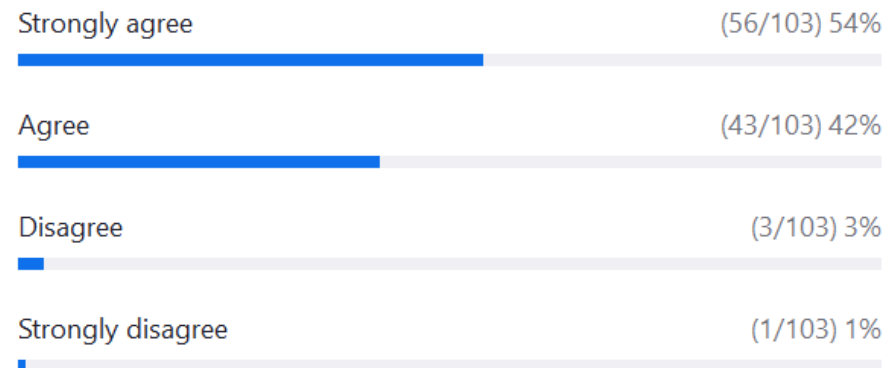
# POLL RESULTS: Balancing Individual and Family Interests in Collective Giving

## Poll #5: Descendants opportunity

Poll | 1 question | 103 of 143 (72%) participated

1. Poll #5: Rate your agreement with the following statement: "It is important that descendants have an opportunity to participate in the family foundation." (Single Choice) \*

103/103 (100%) answered



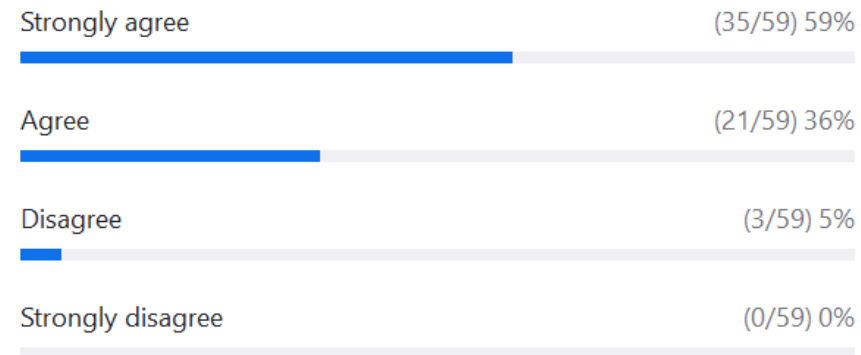
# POLL RESULTS: Balancing Individual and Family Interests in Collective Giving

## Poll #6: Enjoy participation?

Poll | 1 question | 59 of 144 (40%) participated

1. Poll #6: Rate your agreement with the following statement: "I enjoy participating in my family foundation." (Single Choice) \*

59/59 (100%) answered



# POLL RESULTS: Balancing Individual and Family Interests in Collective Giving

## Poll #7: As a result of my participation...

Poll | 1 question | 52 of 144 (36%) participated

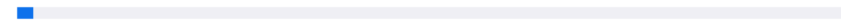
1. Poll #7: As a result of my participation in my family's foundation, I am... (Single Choice) \*

52/52 (100%) answered

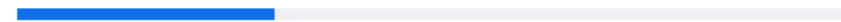
More personally philanthropic (32/52) 62%



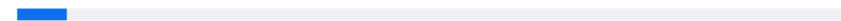
Less personally philanthropic (1/52) 2%



Probably no difference (16/52) 31%



I'm not sure (3/52) 6%



# POLL RESULTS: Balancing Individual and Family Interests in Collective Giving

## Poll #8: Offer discretionary giving?

Poll | 1 question | 65 of 140 (46%) participated

1. Poll #8: Does your family foundation offer discretionary giving (including matching grants)? (Single Choice) \*

65/65 (100%) answered

