



Philanthropy in Complex, MultiGenerational Families:

Balancing Individual Preference with Collective Purpose

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Executive Summary

INTRODUCTION

Families have many goals for their family philanthropy: to meaningfully contribute to positive social change, foster a spirit of generosity in family members, serve as “glue” that strengthens family connections, create a family legacy, etc. For many families, a family foundation—a collective entity that provides a unifying family philanthropy experience—is core to the achievement of these goals. Yet as families become more complex over time, so too does their philanthropy: more people, more philanthropic interests, more vehicles to address those interests. The family foundation becomes one part of a family philanthropy system.

This research examines the ways that families work together in their philanthropy over time. In particular, it considers how the family foundation’s design and operation is informed by—and informs—the family’s philanthropic activities that take place outside of it. Our hypothesis was that “successful” family philanthropy (with success defined as philanthropy that is impactful, strengthens family relationships, and provides a rewarding experience for participants) requires a balance between *integration* and *differentiation*. This inherent tension plays out in all aspects of a family system; in philanthropy, it presents as a pull between **individualistic** philanthropy (i.e., giving as an expression of *individual participants’* interests) and **collaborative** philanthropy (i.e., giving as a shared expression of *families’ priorities*). We were interested in understanding the ways that families use the many tools at their disposal to address these dual aims. The purpose of this study is to help families understand how they can design their family philanthropy—including, but not limited to, the family foundation—to best meet their goals.

Study design: The research included surveys and interviews with members from twenty US-based family philanthropy systems. Each system included a legacy foundation and at least two other philanthropic vehicles and was in the second generation of leadership or later. In total, researchers conducted 82 interviews from 2018–2022, and 58 respondents completed the survey. A collaborative composite score was assigned to each of the participating family systems and used in the data analysis.

THE EVOLUTION OF COMPLEX FAMILY PHILANTHROPY SYSTEMS

Family foundations commonly begin as vehicles for their founders' giving and evolve to include other members with other interests. At some point in this evolution—typically catalyzed by factors such as generational transition, passing of founders, and increases in assets—families face an “inflection point,” and are forced to define the primary purpose of the family foundation. Some continue on a path of *individuation*, whereby the goal of the family foundation is to support the personal philanthropic priorities of family members. Others opted to transition to a *collaborative* approach, seeking to create a common philanthropic vision and minimize individual influence.

The transition factors that stimulate this change in the family foundation often spur the creation of additional philanthropic outlets outside of it, to meet the increasingly diverse interests of the expanding family. The families that opt for a more collaborative model in the family foundation—limiting the ability of family members to use the family foundation to further their personal philanthropic interests—create other venues for their members' personal philanthropy, ranging from creating new foundations to implicit norms that personal giving is to be addressed through personal resources.

FINDINGS

Our research found that the creation of a robust family philanthropy “system” was important to provide outlets for families' increasingly diverse philanthropic interests. The families that most successfully perpetuated a collective family foundation over generations established different vehicles for different purposes: they had firm boundaries around collaborative and individual “pots.” Conversely, the families that struggled had less clearly defined purposes for their philanthropic vehicles; that ambiguity grew into a source of significant tension over time.

The availability of other philanthropic outlets affords family members the autonomy in their personal giving that they desire. Despite recognizing the benefits of aligning their personal giving, participants in this research rarely chose to do so. They had a very strong desire for autonomy and privacy in the giving that took place outside of the collective family foundation and were willing to sacrifice perceived efficiency and effectiveness for the ability to “do their own thing.”

That autonomy in personal giving plays a critical function in the family's collective giving. By providing family members with an opportunity to attend to their own interests, it puts less pressure on the family foundation to meet those needs and enhances families' ability to work together in their collective giving.

This research also examined how family foundations' purpose and design affected success, paying particular attention to the balance of individual and collaborative work within the institution. Key findings related to the *family foundation* include:

- **Collaborative family foundations provide a more rewarding experience for participants.** While the vast majority of participants enjoyed their experience participating in the family foundation, felt that it increased their personal giving, and felt closer to their family as a result, participants from more collaborative family foundations had a more positive experience. They reported higher levels of family cohesion, effective governance, and impact on communities served. They also reported lower levels of tension between individuals and branches in the family, and between personal and collective interests.
- **Individuated family foundations have limited lifespans.** Family foundations predicated on supporting individual members' interests do not have sufficient gravitational pull to meaningfully engage family members over time. At best, it is simply not worth members' effort to take part; at worst, it creates a contentious environment that worsens family relationships. That being said, collaboration is not the right approach for every family, nor is continuity of the family foundation necessarily the best outcome. But if families do have aspirations of continuity for the family foundation, they must adopt a collaborative model to achieve it.
- **Satisfaction with the family foundation is not dependent on it reflecting personal interests or geography.** A common assumption is that, to engage family members, family foundations must adapt to reflect their expanding interests and locations. Our research indicates that is not the case: family members were just as satisfied with their experience when the philanthropy reflected their personal interests as when it did not. And participants from place-based family foundations generally had more favorable experiences than their geographically-dispersed peers—regardless of whether they lived where the foundation focused its funding. What engaged and excited these participants was not the ability to fund their personal interests, but rather coming together with their family members to learn and engage in meaningful work.



Participants from place-based family foundations generally had more favorable experiences than their geographically-dispersed peers—regardless of whether they lived where the foundation focused its funding.

- **Families can work together in their philanthropy despite ideological differences.** The growing ideological divisions felt throughout society were experienced by the families in our sample. That being said, a number of families in our sample with ideologically diverse members were able to collaborate in their family foundation by being intentional about design and management, seeking out areas of common ground and relying on venues outside of the family foundation to address giving that was likely to be divisive.
- **Later generations have an increased desire for collaboration.** Many assume that collaboration becomes harder for future generations, who share fewer common experiences, are less familiar with the founders, and face greater disparities in life stages and wealth. Yet the reality is that cousins (G3+) are more likely to want to work together than their G2 counterparts. Later generations' distance from the wealth creation, and the fact that they are less integrated in other aspects of the family enterprise, enhances their desire and ability to collaborate. Many families experience tensions in the second generation, but if they are able to overcome those dynamics they often find that their successors are better able to work together.
- **Collaborative leadership is critical.** In the narratives of most of the families in this study, there was a seminal leader that emerged during the inflection point to advance a vision for a collaborative family foundation. These collaborative champions were typically G2 or G3 family members who made the case to embrace change and involved the next generation in the creation of the new iteration of the family foundation. Once they made the choice to pursue a collaborative approach, many families engaged a professional staff leader or consultant who played a formative role helping the family define their collective vision.



LESSONS

Based on the findings of this study, we offer the following suggestions to families interested in creating and sustaining successful family philanthropy:

- 1. Define different spaces for different purposes.** Healthy family philanthropy systems include opportunities for both individual and collaborative philanthropy. They have clearly delineated arenas for these different activities, with the appropriate processes and structures to support their defined purposes. Families can help define these boundaries and stave off the intrusion of individual interests into the collaborative family philanthropy by providing resources—funding or support services—for personal giving.
- 2. Limit individuation in the family foundation.** Families interested in creating a collaborative family foundation must avoid putting in place individualistic processes and structures. We recommend that families keep discretionary giving to a minimum so that it doesn't erode collaborative giving and resist the temptation to cater to individual interests. They should also avoid branch representation governance structures that are embedded in an individuated model of family philanthropy, and that encourage members to identify with their branch rather than the family as a whole.
- 3. Prepare the next generation for the work you want them to do.** Families interested in creating multigenerational, collaborative family foundations should be intentional about how they prepare and engage the next generation and avoid strategies that focus primarily on individual giving. Instead, provide them with opportunities to work together and integrate them into the work of the family foundation, so that they can learn the skills of negotiation, compromise, and communication that collaboration requires.
- 4. Attend to the business of being family.** Family foundations can strengthen family bonds, but they cannot fix family rifts—and can in fact provide a forum for unhealthy dynamics to fester. Families need to dedicate time to creating healthy relationships—outside of the family foundation— if they are ultimately to succeed in any collective activities.

Healthy family philanthropy systems include opportunities for both individual and collaborative philanthropy.



CONCLUSION

The structural and strategic evolution that philanthropic families undergo is mirrored by a more fundamental evolution in mindset. The most successful families in our research—those who were most energized and engaged by the quality of their philanthropy, who felt closer to their family due to their participation—had shifted from a sense of *ownership* to *stewardship* of the family’s philanthropic capital. As they got further from the wealth creation, they no longer saw the family foundation as “their money,” with participation an entitlement or obligation, but rather a public trust in which participation is a privilege and responsibility. Conversely, the families that maintained a more individualistic model were grappling with how to scale the model to their expanding family, where members were entitled to a “share” of the family foundation.

It is important to note that family philanthropy is only one piece of a larger landscape for families. Beyond traditional philanthropy, philanthropic families have myriad ways they can utilize their wealth to contribute to society: including the ways they operate their businesses, invest assets in the family office, and use their networks to elevate issues. These are all expressions of a family’s philanthropic identity and allow for much greater impact than a family can achieve through grantmaking alone. Additionally, thinking comprehensively about the many ways that families use wealth for social benefit provides more opportunities for family members to participate in ways that best align with their talents and interests, and it puts less pressure on the family foundation to carry the full weight of the family’s cohesion and legacy.



Introduction

Asked about their hopes for their family's philanthropy, many describe something like this: family members for generations to come, sitting happily together around the decision-making table, taking satisfaction from their contribution to work that moves the needle on pressing issues of the day. Families organize their philanthropy to achieve these mutual goals of effective giving, participant satisfaction, and strengthened family relationships. They create structures and processes to integrate the different aspirations of the participants and build on their shared ones. Over time, they adapt the design in response to the increasing size, complexity, and diversity of the family, as well as evolving social needs.

This research looks at the ways that families work together in their philanthropy in the face of these changes. What enables some families to effectively cooperate, over multiple generations, with positive family relationships, deep engagement, and high-impact giving—while others do not? What can we learn from families that have created philanthropic legacies over three, four, five—even six—generations?

We believe that the answers to these questions lie in the way that families balance the tension between *integration* and *differentiation*. This inherent tension plays out in all aspects of a family system; in philanthropy, it presents as a pull between **individualistic** philanthropy (i.e., giving as an expression of *individual participants'* interests) and **collaborative** philanthropy (i.e., giving as a shared expression of *families' priorities*).

This study builds on the seminal research done for *Generations of Giving* (2006), a joint project of the National Center for Family Philanthropy (NCFP) and Lansberg Gersick Advisors (LGA).¹ In *Generations of Giving*, Kelin Gersick and researchers from LGA explored governance and leadership over time in family foundations. *Generations of Giving* focused on the family *foundation* as the unit of analysis; the current research

¹ Gersick et al, 2006.

re-examines continuity and succession in family foundations within the *broader landscape of a family's philanthropy*, including all the ways that families give: the legacy foundation, successor foundations, donor-advised funds (DAFs), individual giving, family-guided corporate giving, impact investing in the family office, and more.² The explosion of the use of these philanthropic vehicles in the past three decades, coupled with massive intergenerational wealth transfer, means that affluent families are giving in many more ways, both collectively and individually. We are interested in understanding how the different components of complex family philanthropy *systems* enable effective family philanthropy.

Our hypothesis was that families' abilities to work together effectively in their philanthropy is dependent not only on the way they design their collective family foundation, but also in how they structure the philanthropic activities *outside* of it. We further hypothesized that, as they evolve, the most successful families will use an expanded range of philanthropic vehicles to meet the individual and collective aspirations of their more complex membership.

Our research was guided by specific questions including:

- How do families manage to work together successfully in their philanthropy in the face of the family's growing complexity (i.e., more people, perspectives, generations, places)?
- How can families design family philanthropy systems—including, but not limited to, the primary "family foundation"—to support their goals for their family's philanthropy? How do the design and functioning of the family foundation affect the family's philanthropic activities outside of it—and vice versa?
- How can families determine the right balance of collaborative and individual giving—and the best structures for that collaborative and individual work?
- What can founders and their successors do to facilitate productive family engagement in collective philanthropy?
- How can families best navigate generational transitions and engage new generations in collective family giving?

It is important to note that we are not assuming that perpetuity is *better* than limited lifespan philanthropy. But for those who *are* interested in continuity, our hope is that this research will help them better understand the dilemmas they are likely to face so that they can make more intentional choices and avoid some common pitfalls that make it harder for families to work together down the road.

² See *Appendix A: Glossary* for definitions of terms



Study Design

METHODOLOGY

To address these research questions, LGA researchers invited members from 20 philanthropic families to participate in a series of interviews and surveys.

In 2018–2019, LGA selected and interviewed stakeholders from nine philanthropic families. The results of that pilot study were released in a 2019 report.³ In 2021–2022, we expanded the research to include 11 more family philanthropy systems, for a total of 20 cases.⁴

In each family system, we conducted interviews with and surveyed multiple stakeholders, typically at least one staff member and two family board members from different generations. In total, we completed 82 interviews, and 58 participants responded to the survey.⁵

We used a mixed methodology, combining qualitative and quantitative data analysis, to identify key findings. Because this was a smaller, non-longitudinal study, we were limited in our ability to determine causality. Rather, we identified significant correlations and looked at key trends in the data—coupled with our decades of experience working with philanthropic families—to answer the research questions.

³ Gersick, Ulaszek, et al, 2019.

⁴ One case was ultimately excluded from the research because it did not meet participant criteria.

⁵ We promised all of our participants confidentiality and do not identify the families or individuals who participated in this research. All materials and interview notes collected as part of this research were handled exclusively by LGA researchers, and all analyses, cases, and reports were aggregated so that the sources of the reported results remain anonymous. In this report, we have altered interview quotes and specific details in order to protect participants' anonymity.

Each participating family philanthropy system met the following **criteria**:

- Existence of a legacy foundation
- Significant organized giving outside of the legacy foundation: at least two or more other philanthropic activities, such as successor foundations, significant individual giving (through foundations or donor-advised funds), or family engagement in corporate philanthropy
- Leaders in the second generation or later, with no living founding donor(s)
- Multi-generational: at least two generations engaged
- US-based philanthropy, with primarily grantmaking (vs. operating) foundations

Within the selection parameters, we strove for diversity in the sample in terms of the size and complexity of the family; the age of the foundation and generational representation; and the size and scale of philanthropic endeavors (as measured by assets, total giving, and staff).

That said, our sample was not intended to be reflective of the field of family philanthropy. Most foundations in the US are small (assets under \$1 million) and created as vehicles for the founders' giving; they are not designed for family engagement and many do not last beyond the second generation. This study focused on larger, more "mature" (i.e., beyond the founding donors and with multigenerational participation) family philanthropy systems. We believe there is much to be learned from the strategies and structures these families use to organize their philanthropy.

CHARACTERISTICS OF OUR SAMPLE

Of the 58 survey respondents, two-thirds were family members and one-third were staff. The family respondents were seasoned veterans of their family's philanthropy: 46% had been involved in the legacy foundation for 20+ years and 33% for 11-20 years. Twenty-five percent of the family participants were from G2; 48% from G3; and 27% from G4+.

The legacy foundations ranged in size from \$19 million to over \$10 billion in assets. The newest foundations were in the second and third generations of leadership, while the most mature were in generations five and six. See Table 1 for an overview of the legacy foundations.

Table 1.

LEGACY FOUNDATION OVERVIEW				
	# of Board Members	# of Staff Members	Endowment (in millions)	Annual Grantmaking (in millions)
Minimum	6	3	\$19	\$2
Average	12	21	\$1,567	\$56
Median	10	7	\$451	\$20
Maximum	35	117	\$10,961	\$354

VARIABLES

Our analysis included additional variables to address the aforementioned research questions. Through surveys and interviews, we examined participants’:

- Motivations and aspirations for participation in their family philanthropy
- Satisfaction with their participation
- Perceptions of the impact of their family philanthropy, effectiveness of governance practices and leadership, and family dynamics (including family conflict/tension)
- Philanthropic interests and ideologies
- Involvement in different philanthropic vehicles

We asked about their experiences with and perceptions of the different vehicles in their family philanthropy system: the legacy foundation, successor foundations, and other vehicles with which they are involved.

One core aspect of our analysis was to examine the difference between more individualistic and more collaborative family foundations. To do this, we used a combination of qualitative and quantitative factors to form a “collaboration composite scale” and scored each family foundation based on this metric. This included survey questions related to collaborative practices; interviewees’ descriptions of the family foundation’s decision-making processes; and an analysis of the clarity and specificity of the foundations’ mission statements and funding areas. Additionally, since most family foundations in our sample had aspects of both collaborative and individualistic giving (e.g., most had some form of discretionary or matching giving), we considered the relative proportions of collaborative and individualistic giving in the scale.



Evolution of Complex Family Philanthropy Systems

All of the family philanthropy systems in our sample had a similar developmental progression, described below.

THE CONTROLLING TRUSTEE ERA

As described in *Generations of Giving*, most “family foundations” are not created to be *family* foundations per se, but rather are established by founders to support their own interests. Founders may have aspirations of family engagement in the foundations they establish, but they are often vague and distant. Over time, these “controlling trustees” come to involve their children in the foundation, granting them access to some philanthropic capital to support their own priorities. The family may even identify some organizations or issues on which there is shared interest. But there is ultimately a primary decision-maker, and the emphasis is on autonomy.⁶

AN INFLECTION POINT: THE CHOICE BETWEEN INDIVIDUATION AND COLLABORATION

Over time, these foundations shift from being the founder’s foundation to a true family foundation.⁷ This transition often coincides with the death of the founder, when the G2 siblings⁸ must determine how best to operate the foundation in the absence of the founder.

In most families in our sample, the autonomous model established by the founder continued into the second generation. Following the founder’s death, the siblings ran the foundation as it had been run by their parent(s), each supporting their own

⁶ Gersick et al, 2006. Chapter 3: *Choices and Challenges for the Controlling Trustee Foundation*.

⁷ Ibid.

⁸ See *Appendix A: Glossary* for definitions of terms regarding generational references

interests, as well as some legacy projects of importance to the founder and/or family projects for which there was shared support.

This worked fine until it didn't. Typically triggered by a combination of factors—the death of the founder(s), sale of the family business, geographic dispersion, increase in wealth, increased *disparities* in wealth, maturation of the third generation—families came to a point when they realized that the old way of doing business was no longer working—or soon would not work—for the current reality of the family.

Many participants spoke of an **inflection point: a moment in the foundation's evolution when the family recognized that the family foundation of the future would not look like the family foundation of the past.** It would require more formal structures and procedures, a more democratic form of governance, and in most cases, more professional support.

Undergirding these choices was a core dilemma: the choice between individuation and collaboration. Should they stay the course and expand the individualistic model to accommodate a growing family? Or should they change course and develop a more integrated, collaborative model? Our research suggests that the choice families make at this juncture—and the structures and processes they put in place to support that choice—is a significant determinant of continuity.

The concept of individualism versus collectivism is a central component of family systems theory.⁹ This tension—

between an individual's desire to be their unique self and also be part of a family collective—permeates all aspects of a family system, including family philanthropy. Specifically, 'differentiation' is described as the capacity of an individual to function autonomously by making self-directed choices, while remaining emotionally connected to the intensity of a significant relationship system.⁹ Family systems theory further states that a careful balance between the collective ("enmeshment") and the individual

("disengagement") is needed for optimal family functioning. We posit that family philanthropic systems can organize themselves in a way that reflects this balance.

In individualistic family philanthropy, the goal is to support the personal philanthropic priorities of family members. The family foundation provides resources (money, education, support services) so that they may support the issues and organizations they care about.

In these individuated family foundations, the fundamental design principle is the fair allocation of influence among the participants. These families endeavor to maintain peaceful coexistence, creating structures and processes that allow for mutually respectful, individualized grantmaking under a shared family foundation umbrella. In practice, this can take different forms: discretionary giving for each participant; program areas reflecting members' unique interests; or informal *quid*



⁹ Triandis et al, 1998, Kerr and Bowen, 1988.

pro quo systems designed to ensure that each participant gets his or her fair share. Regardless of the structure, these models enable a high degree of individual influence within defined parameters (e.g., certain dollar amounts or domains).

In contrast, families that opt for a collaborative approach seek to create a common experience for family participants, with a collective philanthropic agenda. Rather than enabling members to “do their own thing,” these models attempt to minimize individual influence and instead create a shared purpose and vision for the family’s foundation.

These collaborative family foundations tend to share the following features:

1. They engage in **collective planning**¹⁰ to define the foundation’s purpose, values, and funding priorities, as well as its operational and governance aspects. This is sometimes formal and sometimes more of an organic evolution, but the end result is the same: a shared understanding that the foundation is not intended to support personal interests, as well as a commitment to a set of collectively-determined priorities.
2. They have clear and specific funding **strategies** and accompanying funding guidelines which serve as a decision-making framework: family members (and other internal and external audiences) understand what the foundation funds (and doesn’t fund) and why. By collectively determining focused funding priorities, these families minimize the opportunity for individual influence presented by broad funding mandates. Grants are proposed (by either staff or family members) and assessed based not on individual members’ interests and advocacy, but on their alignment with these collectively-determined criteria. Additionally, these funding priorities evolve over time, typically becoming more focused with each reiteration.
3. They invest in **increased professionalization** and the delegation of some grantmaking functions to staff. This not only helps realize the expanded aspirations of the family’s philanthropy, but also serves as a mechanism to minimize individual influence. Ultimately, one of the key features of these models is that the members who participate in them understand—and agree to—the goal of collaboration. They make a proactive choice to be part of a collaborative process, recognizing that it limits their ability to advance personal interests.

Though the events that prompted this moment varied, interviewees frequently spoke about the stressors that accompanied it: competing priorities, leadership struggles, battles over the interpretation of donor intent, disagreements about how to handle geographic dispersion. At the same time, this moment forced important conversations about participants’ hopes and dreams for the family philanthropy. With the benefit of hindsight, participants recognized the inflection point for what it was: an opportunity to make a collective and intentional choice about the future. For some families, this transition happened quickly: interviewees could point to a particular meeting or discussion where the family decided on a future direction. For others this was a more gradual evolution and occurred over the course of several years. But in nearly all cases, participants spoke about a moment or period where a choice was made about individuation versus collaboration: whether they should

¹⁰ For a description of this process, see Gersick et al, 2006. Chapter 6: “Mission and Dream: Investing and Reinventing the Foundation.”

handle the family's growing diversity by allowing for more autonomy or pull the growing family together around a shared set of priorities. And they recognized that this choice fundamentally altered the family foundation's trajectory.

Most families in this study chose collaboration. For more than half, this transition occurred during the second generation's leadership and coincided with the integration of the third generation; for some others it occurred when the third generation took the reins; and in a few it occurred during the founders' leadership. These families decided that the individualistic way they had been working was not going to serve their family or foundation well in the future and chose to fundamentally alter the way they worked. A related driver in this decision was the concept of "impact:" they recognized that perpetuating an individuated model would result in more "scattershot" philanthropy and instead agreed that they could be more effective by focusing their giving on a few areas.

To support these collaborative models, these families invested in professional support. They hired staff who could help lead the family in planning to determine their shared priorities, and then support the collective processes required to manage this collaborative approach (e.g., grant committees, shared learning opportunities). In delegating more grantmaking functions to these professionals, family members were seeking not only their expertise in philanthropy and relevant content areas, but also a way to minimize the degree to which individual members could influence grantmaking decisions.

Similarly, a number of families in this sample added nonfamily directors after they transitioned to a collaborative approach (10 of 19 family foundations in the sample had nonfamily board members). In addition to bringing a different perspective than that of the family board members,¹¹ these nonfamily directors helped ensure fealty to the shared vision and minimize the pull for individuation.

A minority of families in this sample chose a different path: they opted to maintain the individuated purpose of the foundation. As Gersick notes in *Generations of Giving*, for these families, "the foundation is not a high enough priority to compel the work of negotiation that such integration required. For others, they were simply too different, and the potential or reality of conflict was too high." These families decided that the best path for them was coexistence; as one research participant stated, "*We now strive for harmony without unity*".¹² They adapted the structures and processes for an expanding family, formalizing practices to fairly distribute access to influence in the family foundation, such as establishing branch governance models or setting discretionary allocations.

Finally, it is worth noting the unique conditions of philanthropy that make both collective and individuated models viable alternatives. To be effective in a family business, families have to develop a unified mandate. In other words, the business will fail and everyone loses if they cannot get their act together and determine a common purpose. That's not the case in philanthropy. Philanthropy is an expression of values and priorities, which can be deeply personal. The "market" (such as it is) is completely happy to accept a differentiated agenda. In family philanthropy, the primary driver for collaboration is the family itself.

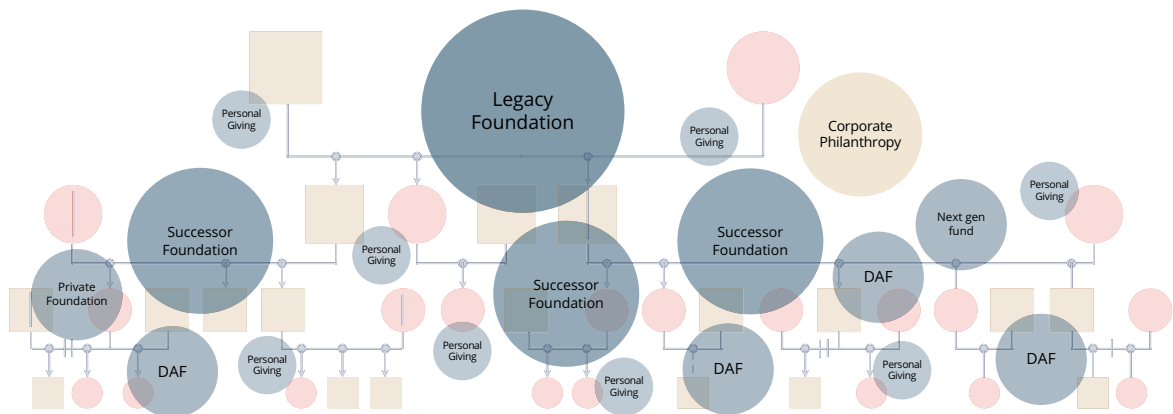
¹¹ Foote and Allen, 2011.

¹² Gersick et al, 2006. Pg. 147; Gersick et al, 2019.

EXPANSION OF THE FAMILY PHILANTHROPY SYSTEM

As one might expect, as families become larger, the ways that their members engage in philanthropy expand. The families in this study engaged in philanthropy through many different vehicles (see Figure 1).

Figure 1: Complex family philanthropy system



To understand the transition to a collaborative family foundation and to a complex family philanthropy system, it's important to consider the context. As noted earlier, the inflection point for many families was often triggered by events such as the death of the founder(s) and sale of a key business. These events, though destabilizing, resulted in increased wealth in the family, which expanded members' personal capacity for giving. It was during this inflection point that the majority of families in our sample created "successor funds:" separate foundations or donor-advised funds created either by G2 family members themselves, or by the founders for their children, intended to provide an outlet for the siblings' personal philanthropy. In a few cases, founders created separate foundations/funds for their own philanthropic interests—essentially moving them out of the legacy foundation—to enable the transition to a collaborative family foundation.

Indeed, in the vast majority of families in our sample, **the choice to collaborate in the family foundation was coupled with increased philanthropic capacity outside of it**, i.e., the development of a mature family philanthropy system—be it through a formal structure like a successor foundation or increased personal giving. The message to family members was not, *"You can no longer support efforts that are important to you,"* but rather, *"The family foundation is no longer the venue through which you support those personal priorities—but there are other places for that work."*

As families expand and create more vehicles to reflect their increasingly diverse interests, locations, and lifestyles, the family foundation becomes a less central component in the family philanthropy system. A smaller proportion of the family is actively involved in the legacy foundation, both due to demographics (more family members and a finite number of meaningful roles) and the availability of other philanthropic outlets that allow for more flexibility and better align with members' priorities. Indeed, in these later-stage philanthropic families, the goal of the family

foundation shifts from inclusion (i.e., *“Let’s create a family foundation that will involve all family members.”*) to effectiveness (i.e., *“Let’s create the board this foundation deserves and attract the best family participants for the job.”*). Participation in the foundation is no longer an obligation, expectation, or entitlement, but rather a privilege, responsibility, and opportunity for those who have the interest, capacity, and talent to contribute to its mission. As one interviewee said, *“Our goal is not that everyone wants to be on the board, but that everyone is proud of the work we do.”*

That being said, the families in these mature family philanthropy systems used a variety of strategies to keep family members informed about, and engaged in, the family foundation. These ranged from opportunities to serve on foundation committees (grants, investment,¹³ etc.), rotation systems for board seats, and inclusive family meetings and communications, often as part of larger family enterprise governance systems. Though an analysis of family engagement strategies is beyond the scope of this report, it is worth noting that the families that seemed to best sustain broad family engagement in the legacy foundation established a “culture of rotation.” They typically engaged family members at relatively young ages but recognized that family and career development meant that members could not effectively serve on committees or boards for sequential decades, the way many of their parents and grandparents had—nor was that an attractive proposition for the next generation. Rather, they normalized the process of stepping on and off boards and committees as life circumstances and interests changed, either through formal term limits or culture change. As one interviewee said, *“We think it’s great when someone puts up their hand and says, ‘I have time and interest to serve on the grants committee now.’ And we also think it’s great when someone says, ‘I have other priorities in my life, this is important work, and I can’t commit the time and energy to do it well right now.’”*

Another hallmark of these mature family philanthropy systems is the provision of support for family members’ personal philanthropy. In 70% of the families in our sample, there were resources provided to support family members’ giving, typically in the following areas: investments, administration, finance, legal, grantmaking (e.g., grant administration, research support). This was usually provided through the family office, though in some cases it was provided by the family foundation or family business.

Finally, in the largest and most enduring family philanthropy systems (by virtue of assets, time, and engaged family members), this evolution was repeated over time. Several of the legacy foundations in our study began as successor foundations, created to provide an outlet for personal giving when the family foundation no longer served that role. The purpose of these foundations then expanded from enabling their founders’ giving to involving founders’ descendants, ultimately coming to serve as a collaborative family foundation for a branch or a generation of the larger family. In these examples, family members continued to engage not only in their branch’s or generation’s philanthropy, but also in the multiple philanthropic venues of the broader family.

In sum, the families in our study created not just family foundations, but networks of philanthropic outlets. The form and function of the components evolved over time to adapt to the changing family and environment. We next examine the findings related to practices that enabled families to work together effectively not only in the collective family foundations, but in their broader philanthropy systems.

¹³ See Gersick, Ulaszek, Feliu, and Carlson, 2019, for more discussion of the unique attributes of social impact investing committees.



Defining Success

Before going farther, it is important to clarify how we define “successful” family philanthropy. There are different dimensions by which people measure success in family philanthropy, including:

- **Family relationships:** Family members feel closer to one another, and more positive about their relationships, as a result of taking part in philanthropy together
- **Personal satisfaction:** Family members feel that their participation is valued and valuable, and brings them fulfillment.
- **Impact:** The foundation is effectively using philanthropic dollars to create meaningful change.

Many would suggest that the first two goals—family relationships and personal satisfaction—should be secondary to the third. Foundations are, after all, public trusts: their tax-exempt status is dependent on the idea that these tax-subsidized philanthropic dollars go to effectively meet pressing social needs. Families are stewards of these public resources, but the moment these dollars enter a private foundation they cease to be “their money.” Ultimately, the success of a public trust must be measured by the impact it is having on the world—not the degree to which they make participants feel good or unify a family.

The challenge, of course, is that notions like “effectiveness” and “impact” are entirely subjective—and hotly debated in philanthropy, and within philanthropic families. Philanthropy is values-driven work, and so people can come to many different and valid conclusions about what should be the top priorities for philanthropic dollars. And it is exceedingly difficult to measure success, especially in philanthropy that focuses on long-term, complex, systemic issues. None of this is a surprise in a field where there is almost no accountability, competition, or feedback. Funders get to determine what’s

worthy of their support, and also how good a job they're doing.¹⁴

For these reasons, we're limited in our ability to equate "success" with "effectiveness"—as important an outcome as it is. But we did assess and measure participants' *perception* of the effectiveness of their philanthropy: the extent to which they felt it was making a meaningful difference in the world, their belief that it was addressing important issues.

And our research found correlations between participants' perceptions of the impact of their family philanthropy, and their personal satisfaction and family relationships. Respondents who felt that the family foundation was having a meaningful impact on the communities served were more likely to rate their experience of participation in the foundation highly, and more likely to feel that the family gets along well with respect to their participation in the foundation.

While this is not a longitudinal study, we do have some hypotheses about causality, as supported through our qualitative data. In families where members perceive the philanthropy to be highly effective, it becomes gravitational: family members want to participate because the work feels important and worthy of their time and energy. This shared and energizing experience helps connect family members, who recognize that they are accomplishing something together that they could not do on their own.

We also surmise that causality can go the other way. The collective process provides some measure of accountability that's otherwise missing in philanthropy. Families working together hold themselves to a higher standard than they might individually. They use their collective skills, experience, and intellect to grapple together with challenging dilemmas—a process which improves the quality of the philanthropy and their decision-making.

In sum, our definition of successful family philanthropy includes all three of these variables: perceived impact, personal satisfaction, and positive family relationships. As one interviewee said, *"I enjoy being part of [the family foundation] because it's clear we're making a real difference. If we just wrote checks to stuff people felt good about, it wouldn't be worth the effort... I'm not sure what I'd be contributing."* Said another, *"What's fun for me is to come together with my family to wrestle with complicated issues... and see how we might help solve them. That's very rewarding."*

Additionally, our experience tells us that these factors must be balanced. Focus too much on family togetherness and engagement and the philanthropy becomes a thinly-guised excuse for family reunions, with watered-down "lowest common denominator" philanthropy that is acceptable to all but inspires no one. The emphasis on inclusion means it's often difficult to get anything done, and that inefficiency, coupled with an experience light on substance, leads to disengagement.

Alternatively, families that singularly emphasize impact run the risk of creating foundations where content expertise becomes the currency for participation, leaving most family members without a meaningful governance role. Additionally, focusing only on impact can neglect the family side of the equation, risking a scenario where family issues undermine the quality of the work. Again, the ultimate result is disengagement.

¹⁴ Giridharadas, 2018.

In successful family philanthropy, these three factors are mutually reinforcing: people derive satisfaction from taking part in work that is making a real difference and grow closer to family members from this positive shared experience (see Figure 2).

Figure 2: Defining Successful Family Philanthropy.



For many of the families in our study, continuity was an explicit or implicit goal. A number of participants had a vision of their children and their children's children working harmoniously in service of a greater purpose, and 82% of survey respondents "wanted their descendants to have an opportunity to participate in the foundation." Indeed, continuity is a marker of success, since foundations that fail to provide rewarding experiences for individuals, enhance family relationships, or do meaningful work are not likely to generate sufficient interest and engagement to be sustained. But continuity in and of itself is not "success;" merely keeping a family foundation going that fails to achieve the three aforementioned goals is not accomplishing much of value.

Indeed, many families determine that the best path for them is *not* to continue the family foundation. Some opt for an intentional "limited life" approach, choosing to spend down their assets in a defined period of time in order to achieve their goals.¹⁵ Others decide that their philanthropic vision would be best served by transitioning to an independent foundation (i.e., no family members involved in governance or management roles). And still others determine that they would do better work, have a more satisfying experience, and get along better if they engaged in philanthropy individually. Indeed, division or dissolution is the fate of the majority of family foundations, and the best course of action for many.¹⁶

¹⁵ Stone, 2005.

¹⁶ Fawcett, 2022.



Findings–Part 1: Family Philanthropy Systems

In this section, we examine the ways that family philanthropy *systems* inform how members work together in the family foundation, and vice versa. In the following section (Findings, Part 2), we look specifically at practices that support and hinder continuity in family *foundations*.

A central finding of this research is that **the families that successfully perpetuated a collective family foundation over generations established different vehicles for different purposes**. They adapted the purpose and form of those vehicles to the dynamic nature of the family over time. Conversely, the families that struggled had less clearly defined purposes for their philanthropic vehicles, blurring collaborative and individualistic aims; that ambiguity grew into a source of tension over time.

PARTICIPATION IN FAMILY PHILANTHROPY RESULTS IN INCREASED PERSONAL GIVING

If the ability to support one's personal interests outside of the collective family philanthropy helps people better collaborate inside of it, it seems that relationship also works in the other direction: participation in the family foundation increases family members' personal giving.

Seventy percent of survey respondents said they were more personally philanthropic as a result of their involvement in the family foundation. Interviewees spoke frequently about how their experience with the family foundation had taught them about philanthropy, and how they were able to apply those lessons to their own giving, feeling more confident and excited about giving as a result. As one interviewee said, “[Through the family foundation] I learned a lot about grantmaking that I apply to my own giving. How to read a financial statement, how to be a good

funder.” In particular, interviewees frequently cited the impact that professional staff had on their own development as philanthropists.

However, there was a difference between the experiences of family members in collaborative and individualistic family foundations: survey respondents from more individualistic foundations were less likely to say that they were more personally philanthropic as a result of their participation in the family foundation. In interviews, several people noted that their involvement in the family foundation displaced personal giving. As one interviewee said, *“It’s probably true that I give less personally because I rely on the foundation’s discretionary grants for a lot of my personal giving.”*

TAKEAWAY: A common goal of family foundations is to catalyze the personal philanthropy of family members, and there is good reason to think they do that—though the link is less direct than one might think. *Family foundations contribute to increased personal philanthropy not by providing funds for it—which can actually reduce personal philanthropy—but by providing members with the training and education they need to become confident philanthropists.* For families interested in supporting the development of independent philanthropists, the collaborative family foundation can be a useful training ground.

THERE IS A STRONG DESIRE FOR AUTONOMY IN PERSONAL GIVING

For the past decade, there has been much discussion in the field of philanthropy about the increased impact and efficiency of collaboration among funders.¹⁷ Indeed, many interviewees in this study spoke of the *theoretical* benefits of aligning their personal giving with that of other family members. They saw value in co-funding projects and sharing information about opportunities of mutual interest; connecting with family members around shared passions; strengthening the family’s philanthropic legacy and reputation; improving operating efficiencies; and deepening family relationships.

Despite those espoused benefits, in actuality we found little evidence of collaboration or coordination among family members in their personal giving. Instead, we found that participants had a strong desire for autonomy in their individual giving (both discretionary giving inside the family foundation and giving outside of it, including direct personal gifts or through other foundations and funds). Most survey respondents agreed that *“people tend to keep their individual giving to themselves,”* and many interviewees said that they rarely spoke with others about their personal giving—even siblings and cousins with whom they were close. Indeed, people wanted autonomy and privacy in their personal giving; they did not want others to be aware of what they were supporting.

What’s the reason for this discrepancy? Why do participants so value the ability to do their own thing that they willingly sacrifice perceived impact and efficiency?

¹⁷ See also Tedesco and Moody (2022); Griego and Schneider (2018); and Powell et. al (2021).

In interviews, many spoke of a desire to “just be family” in their interactions outside of the collective philanthropy. They spent so much time and effort working together in the family foundation—and, in many cases, the family business, family office, and other endeavors—that they wanted the freedom to connect over things other than philanthropy outside of it. As one interviewee said, *“I love working with my cousins in the family foundation... It’s a major commitment and we take it seriously. But when I’m not wearing that hat, I just want to be family. If I’m with my siblings on vacation, I want to talk about other stuff.”*

Participants also discussed a desire to steer clear of discord. Families had carefully constructed the family foundation’s giving to avoid topics that might cause conflict, and participants didn’t want to surface them outside of that arena. As one interviewee said, *“I love my brother, but we’re not on the same side of the political aisle. We don’t really talk about it... I’d just rather not know what he gives to personally.”*

Some worried that they would be judged for their personal giving, especially if it was not perceived to align with the priorities of the family foundation. According to one interviewee, *“Our family foundation is very strategic; we support systems change. My personal giving is more charitable. I support things I’m involved with... but it’s more check writing. And equity [a core value of our family’s philanthropy] isn’t front and center in my personal giving, honestly.”*

Indeed, many families had implicit norms to protect autonomy in individual giving, such as the avoidance of solicitation between family members. In several families, we heard variations of a similar story: a new family member (in-law) sent an email to family members asking for support for a charitable endeavor with which he or she was involved, in violation of the unspoken rule against this behavior. This request was typically met by silence (and some behind-the-scenes conversations among family members), alerting the new member to the violation. Though this prohibition may be perceived to be unsupportive and uncharitable, the families we spoke with put these norms in place to clearly delineate personal and shared activities. Breaches in this wall were seen as threats to family harmony. As one interviewee noted, *“I’m sure it was a fine organization, and I’m glad she was involved... But just imagine what would happen if we all started asking one another for money for our pet projects. It would be a disaster.”*

That being said, there were some families in our sample where it was more common for members to align their personal giving, and these families shared some characteristics. They tended to be larger families with significant individual *and* branch philanthropy: they had more family members with whom to identify shared interests and more resources available to support them. They also had more robust systems and structures in place to support individual giving, which they used to support these joint efforts. For example, these families were far more likely to have family offices with dedicated philanthropy support staff who could help identify common interests among family members. Even in these families, participants stressed that collaboration was a choice, not an expectation nor obligation, and should occur organically; they resisted any perceived effort to coerce it. As one staff member said, *“I might say, ‘Did you know your cousin is also supporting arts education?’ I might tell them about the kinds of grants they were making. But I would never suggest they co-fund something... though they’ve done that kind of thing on their own. They really like to remain private about it, even within the family.”*

Finally, our experience working with philanthropic families suggests that collaboration in personal giving occurs more often among family members who are less involved in the joint family philanthropy. The current study design did not allow us to explore this question in much detail, as most participants were involved in the legacy family foundation, but we speculate that these family members have less of a need to demarcate their personal giving from collective giving and have not exhausted their “collaborative energy” on the family foundation.

TAKEAWAY: While family members are aware of the benefits of coordinating their personal giving, their desire for autonomy outweighs their desire for impact and efficiency. But as we discuss in more detail below, autonomy in family members’ personal giving serves a purpose in the family philanthropy system by establishing clear lines between personal and collective domains.

For members who do aspire for alignment of personal giving, there are ways that families can support it, such as by providing matching grants for projects that family members co-fund. However, given the strong preference for autonomy, families should be aware of doing things that may be perceived as forcing collaboration, as this may ultimately undermine the overall success of collaborative family philanthropy efforts.

INDIVIDUAL GIVING *OUTSIDE* THE FAMILY FOUNDATION FACILITATES COLLABORATION *INSIDE* OF IT

Our research suggests that autonomy in personal philanthropy is related to collaboration in the family foundation: the opportunity to do their own thing *outside* of the collective family foundation enables family members to better collaborate *inside* of it.

In the survey, families with more collaborative family foundations had more philanthropic vehicles, a higher proportion of giving outside of the legacy foundation, and more support services available for personal giving. In other words, there was a correlation between the degree of collaboration *in the family foundation* and participants’ philanthropic capacity *outside of it*.

In interviews, participants spoke about how they differentiated between their roles as a board member of the family foundation and a philanthropist outside of it. Their ability to address issues of importance to them in their personal giving meant that they did not feel the need to exert pressure on the collective giving to do so. As one interviewee put it, *“Having the ability to support the stuff I care about [outside of the legacy foundation] frees me up to show up as a board member focused on the foundation’s mission... There’s less risk that people push their own agendas because there’s another place you do that work. It’s very clear.”* Said another, *“I care a lot about climate change, but it’s not the focus of our family foundation. If I didn’t have another way to support it, I might advocate that we focus on it... [since] there’s a good argument that everything else we’re doing won’t matter if we don’t solve it... [But] our foundation has a long history of doing work in education and the arts, and many of us are funding climate action personally. The foundation can’t be all things to all people.”*

Conversely, families with family foundations that were more individualistic tended to have less philanthropic activity outside of the foundation (fewer vehicles, less total giving). These families had not invested in the development of family philanthropy **systems**, with other outlets for personal giving, because the family foundation played a central role in expressing personalized philanthropic interests.

THE ROLE OF WEALTH DISPARITIES

Why do some families opt to support individual giving through a family foundation and have a less robust family philanthropy infrastructure? We believe that part of the answer has to do with the family's wealth and how it gets distributed among members over time.

As time goes on, most families experience increasing disparities in wealth between branches and/or members. Though we did not ask directly about overall family assets or individuals' net worth as part of this research, we did observe a correlation between individualistic family foundations and families with less *relative* wealth. For families with less access to philanthropic capital overall, and/or where the family foundation was large relative to individual members' giving capacity, members tended to rely more on the family foundation for their personal giving. They thus became invested in maintaining the status quo because they do not have other outlets to absorb their personal philanthropy and opted for a more individualistic family foundation.

For similar reasons, we also found that family members with less wealth relative to others often advocated for more individualism in the family foundation; in a few cases, wealth disparities were a contributing factor to the creation of separate branch foundations earlier in the family philanthropies' evolution.

However, there were some notable exceptions to this pattern. In a few cases, the pressure for individuation (current or previous) came from branches with *more* wealth that had played a significant role in the generation of the wealth in the family enterprise. These members pushed for more control over the resources based on a sense of ownership, i.e., "*We created the wealth so we should have a greater say in its distribution.*"

Interestingly, the later-stage families in our sample (i.e., those in G4+) often had significant disparities in participants' wealth but did not experience this tension. In these cases, the collaborative nature of the legacy foundation had been well-established in previous generations; participants understood at the outset that the family foundation was not intended to express their personal interests.

TAKEAWAY: Providing the ability to do one's own thing *outside* of the joint family philanthropy enables people to be more collaborative *inside* of it, acting as a release valve to ensure that personal agendas do not interfere with collective aims. ***Families that want a collaborative model of family philanthropy should make clear that personal interests are to be tended to separately from the collective family philanthropy, regardless of other factors (leadership in the wealth creation, subsequent wealth disparities among family members, etc.).*** Moreover, they should consider ways to support the independent philanthropic efforts of family members, such as by providing funding (i.e., through DAFs or successor foundations) and/or support services for personal giving (see pages 13-14).



Findings–Part 2: Family Foundations

In the prior section, we examined the ways that the design and operation of family philanthropy systems effect the functioning of the family foundation. In this section, we delve more deeply into the functioning of the family foundation, exploring how its internal purpose and design affect success and continuity, paying particular attention to the balance of individual and collaborative work within the institution.

A CLEAR PURPOSE FOR THE FOUNDATION IS CRITICAL

As previously noted, by providing different venues for philanthropy with different purposes, family philanthropy systems enable families to clarify the boundary between personal and collective activity. Our research suggests that the same principle holds true for family foundations: in order to succeed, family foundations must develop a clear and singular purpose.

By purpose, we mean a shared understanding of why the foundation exists, and specifically why it exists as a *family foundation*. As Gersick describes in *Generations of Giving*, the fundamental question families must address is, “Why are we doing this?” The dilemma of individuation versus collaboration is at the crux of this question. To what extent is this foundation designed to further individuals’ philanthropic agendas versus the collective dream of the family?¹⁸ As noted previously, family foundations often have aspects of both collaborative and individualistic models, but in order to be successful, *one must be primary*. Lack of clarity and/or agreement on this issue has been central to nearly all of the conflict in the philanthropic families we have worked with, as well as those in this research.

Family foundations’ mission statements and funding guidelines are typically designed to be externally facing and often do not specifically address this issue, but they do provide evidence of how families have resolved this dilemma. More individuated

¹⁸ Gersick et al, 2006. Chapter 6: “Mission and Dream: Investing and Reinventing the Foundation.”

foundations' missions are typically quite broad and may reference family influence, e.g., "supporting work of importance to family members" or "making grants in the places where family members live;" their funding guidelines tend to be similarly general, e.g., the arts, environment, health. Conversely, collaborative family foundations are more likely to have mission statements with clear focus areas, e.g., "improving early childhood education," "enhancing the quality of life in the East Bay." And they are more likely to have funding guidelines which specify their goals and strategies in those areas.

TAKEAWAY: Many family foundations have aspects of both individual and collaborative giving; the trouble arises when participants are not clear and aligned on which takes precedence. One organization cannot have two equal—and competing—purposes. Boards are frequently presented with dilemmas that require clarity on this matter. For example: When the endowment declines and you reduce your grants budget, do you cut the core or discretionary grants? How do you handle the vocal family member with the minority viewpoint? To succeed, it is critical that families understand this dilemma and make an intentional choice about when individual or collaborative giving takes precedence.

COLLABORATIVE FAMILY FOUNDATIONS PROVIDE A BETTER EXPERIENCE FOR PARTICIPANTS AND ARE PERCEIVED TO BE MORE EFFECTIVE

Many involved in family philanthropy hope that it will serve as "glue," connecting family members across generations and branches. And indeed, participation in a family foundation appears to do just that: 70% of survey respondents felt closer to family members as a result of participating in the legacy foundation, and 90% of survey respondents reported that they enjoyed their experience participating in the foundation.

But there was a difference between participants' experience depending on the model of family philanthropy: participants from more collaborative foundations reported more positive experiences than those in more individuated foundations. They were more likely to be satisfied with their experience and reported higher levels of family cohesion, effective governance, and impact on communities served. They also reported lower levels of reported tension between individuals and branches in the family, and between personal and collective interests.

These findings echo data from *Generations of Giving*, where LGA researchers found that foundations with clear and specific mission statements—a marker of collaboration—were more likely to have high ratings in all aspects of organizational performance, as well as family process variables: *"The more clear and thoughtful the mission, the higher the ratings on family collaboration, enthusiasm, positive dynamics, and the foundation's likelihood of continuity."*¹⁹

These findings are also consistent with data from NCFP's 2020 *Trends* study, in which researchers found that family foundations that self-identify as "very effective" in the three aspects of their work that survey measured—operations, impact, and

¹⁹ Gersick et al, 2006. Chapter 6: "Mission and Dream: Investing and Reinventing the Foundation." pp. 187 – 188.

family dynamics—placed significantly more emphasis on group decision-making—and far less emphasis on “the interests of individual board members” to influence the foundation’s giving approach.²⁰

Our data make clear that participants in more collaborative family foundations report having more positive experiences and greater perceptions of impact. We posit that causality goes both ways. It makes sense that families with greater tension would opt for an individualistic approach that minimizes joint decision-making. But there is also reason to think that the act of collaborating in family philanthropy *leads* to improved family cohesion.

Decades of research on competition and collaboration make clear that collaboration engenders collaboration:²¹ Working together strengthens family relationships by providing a forum in which family members learn to negotiate, compromise, and find common ground. By working together in the foundation, family members have an opportunity to view one another outside of their typical roles in the family or enterprise and share the experience of doing good. In our work with enterprising families, we have seen the ways that exercising these “collaborative muscles” can have a ripple effect in other aspects of the family system, from the family business to the holiday table. As one participant said, *“I’ve gotten to know my cousins by working with them in the foundation... We didn’t grow up spending holidays together... But this experience has made us a lot closer. I know them as adults... And so now when something comes up in the family business it’s easier for me to talk to them about it because we have a relationship.”*

TAKEAWAY: While all forms of collective family philanthropy can result in a positive experience for participants, stronger family relationships, and perceptions of impact, collaborative family philanthropy offers particular benefits—both within and outside the family foundation.

INDIVIDUATED FAMILY FOUNDATIONS HAVE LIMITED LIFE SPANS

Our research validated an observation from our work with philanthropic families: continuity becomes very difficult for family foundations that are primarily focused on supporting the philanthropic interests of individual participants. These models often work fine in the first and second generation but do not scale to the expanded family.

One of the reasons for this is demographics. In these families, a primary motivator for participation in the foundation is access to philanthropic resources to support members’ personal philanthropic priorities. As the family expands, more interests must be represented in the family foundation; unless the assets expand at a rate that meets or exceeds the family’s growth, members receive ever-shrinking slices of the pie (access to dollars, authority, influence), such that it eventually becomes an insufficient incentive for participation.

Additionally, the individuated nature of these models requires minimal collective governance—by design—but also provides fewer opportunities for meaningful joint activity. A common theme in interviews with members from more individualistic

²⁰ NCFP. *Trends*, 2020.

²¹ Deutsch, 1973.

models was frustration with inefficiency. As one interviewee said, *“I’m not sure it’s worth the effort of getting on a plane—or even a Zoom call—to rubber stamp other peoples’ grant requests. We never say no.”* Over time, members see that they could achieve the same aims more efficiently by doing away with the collective governance.

Individuated family philanthropy can take different forms, ranging from discretionary and matching giving on the more formalized end of the spectrum to informal and implicit *quid pro quo* arrangements (e.g., “I’ll support yours if you support mine.”). Below we discuss specific challenges related to different forms of individuated family philanthropy.

THE DISCRETIONARY GIVING BALANCING ACT

We are often asked about the optimal balance of discretionary and collective giving in the family foundation. Discretionary giving can honor members’ service and serve as a release valve, keeping personal preference (and areas of potential conflict) from interfering with collaborative giving. However, if discretionary giving grows to be too large a portion of the family foundation, it can erode the focus on collaboration by becoming a primary motivator for participation, ultimately working against continuity.²²

While our data can’t provide a definitive answer to this question, it can provide some guidance. Two-thirds of the foundations in our sample had some form of discretionary giving (including matching gifts), ranging from <1% to 60% of the overall family foundation budget. The majority of those that did not have discretionary giving had significant individual and/or branch giving outside of the family foundation.

In the foundations with a higher proportion of discretionary giving (>20%), respondents reported significantly higher levels of personal influence: they were more likely to say that their participation in the family foundation gave them influence beyond what they can achieve individually; they had a greater desire to be known as philanthropic leaders; and they were more likely to believe that the philanthropy reflects their personal interests. This makes sense, as they are directly informing funding decisions.

However, they were also less likely to be interested in continuity and had lower perceptions of the foundation’s impact and family cohesion. They were also much more likely to report tensions in the family and philanthropy.

This data is consistent with NCFP’s 2020 *Trends* study, where researchers found that self-reported “very effective” family foundations were significantly less likely to allow discretionary giving by board members.²³

In sum, while there may be some benefits to limited discretionary giving, at higher levels it undermines the collaborative purpose of the family foundation, causing people to focus more on their own interests than the shared mission.

²² For a discussion of the pros and cons of discretionary giving, see Draper (2004) and Price (2011).

²³ NCFP. *Trends*, 2020.

BEWARE INDIVIDUATION MASQUERADING AS COLLABORATION

Discretionary giving can threaten continuity by eroding commitment to collaboration over time; more ambiguous forms of individualistic family philanthropy can threaten continuity by providing an environment where family tensions can flourish.

These types of family-directed collective giving involve family members making grant recommendations; so long as requests fit within broad guidelines, they are eligible for support. There is then a participatory process to determine which projects receive support.

This model is very common in the informal sibling stage of family philanthropy, when siblings support one another's requests in keeping with the practice established by their parent(s). There are typically implicit rules which stipulate that members should not propose "too many" grants to ensure "fair" access to the grant dollars, and the supply of available philanthropic dollars is generally aligned with demand for requests from the limited group of participants (siblings).

As the family matures this model gets harder to sustain. To be inclusive, families expand the pool of participants and develop more formal voting processes. Typically, the decision-making body is the board, but some families allow the entire family "membership" to vote on fellow members' proposals. The intent is to encourage participation and commitment, but the frequent result is frustration, ill-will, and conflict, as family members are forced to compete over limited resources.

This subjective and competitive process was the source of significant tension in several families in this research. Participants described "factions" and "back-room dealings" to line up support for projects ahead of votes. Absent clear and substantive criteria, voters often focused on the person proposing the grant when making funding decisions; one interviewee called the process in her family a "popularity contest." Another said, *"We generally support projects from next gen family members... [because] we want to be supportive... There are a few people who are greedy... and submit way too many grants."*

The fundamental challenge of this model is that it blurs collective and individual objectives: it is **individualism masquerading as collaboration**. By using collective processes—e.g., allowing many family members to submit requests, democratic voting—families attempt to create a shared experience. The problem is that the fundamental purpose of the endeavor is individualistic—to support members' proposed projects. The mismatch of process and purpose results in tension and, quite commonly, conflict and ill-will. For example, through a process like that described above, one family foundation with a broad focus on education ended up supporting grants to opposing sides of a charter school campaign proposed by a brother and sister. This was not only ineffective but exacerbated existing tensions in the family.

Individualistic models—be they rigidly defined discretionary models or more ambiguous ones like those described above—are increasingly difficult to manage as the family expands. In our experience, it is extremely difficult for individualistic family foundations to survive past the third generation of leadership; we know of none in the fourth generation of leadership. There were two individualistic foundations in this sample in G2-to-G3 leadership, and they were struggling with declining engagement and increasing tensions, with participants questioning the feasibility of continuity.

Division or dissolution is the natural course for individualistic family foundations. In some cases, family members determined that “coexistence” is simply not worth the effort. Why bother coming together to do work that is fundamentally personal? In these families, there is often an amicable break up, typically along family branch lines, to enable more efficient implementation of individual giving. More complex are the families that have blurred individual and collective giving, and/or where there is a division between members who favor an individualistic approach and others who favor collaboration. In these cases, the division process can be quite contentious.²⁴

To be clear, division or dissolution of the family foundation—the inevitable extension of individualistic family philanthropy—are not necessarily bad outcomes. Division enables the philanthropy to continue with less stress on the family; dissolution gets philanthropic resources out the door where they’re needed. But division and dissolution negate the opportunity for that shared impact and family experience many families desire.

TAKEAWAY: *Families with aspirations of continuity—those for whom “success” includes family members across branches and generations working together in their philanthropy—must create a collaborative model in order to realize that vision.* Family foundations predicated on supporting individual members’ interests do not have sufficient gravitational pull to meaningfully engage family members over time. At best, it is simply not worth their effort to take part; at worst, it creates a contentious environment that worsens family relationships.

Additionally, our experience working with philanthropic families, coupled with the experiences of the families in this study, suggests that it is more difficult to make the transition from an individualistic to a collaborative model later in the family foundation’s evolution. Participants from the individualistic family foundations in this study (both in G2-to-G3 transitions) shared similar concerns: they knew the system wouldn’t work in the future but could not figure out how to change it. At this point, the model had been in operation for decades and there were many participants invested in the status quo.

As one interviewee said, “It’s how we’ve always done it and I don’t think people could imagine a different way of doing things at this point.” Said another, “People are pretty wedded to getting grants... I don’t think they’d be happy if we cut that back.” As noted earlier, these families had not invested in the creation of venues outside of the foundation for individual giving, and the wealth dispersion meant that some or all members were reliant on the foundation for their personal giving. If families are committed to developing a collaborative model for their family foundation, they should do it as early as possible, before the expansion of the family and dispersion of wealth makes it more challenging to pivot.

That being said, there are examples of families that make the transition from individualistic to collaborative family philanthropy in the third generation, and even into the fourth generation—including some in this research. These families had to address the realities of a large(r) family with varied interests: some of whom were excited about the prospect of a new way of operating and others who were committed to the individuated approach. In a number of these cases, families opted for a solution that provided different options to accommodate those different interests. For example, in several families in this research, some portion of

²⁴ Fawcett, 2022.

the assets of the family foundation had been carved out into a separate foundation or donor-advised fund to accommodate a family member who was opposed to shifting to a collaborative model. Others allowed older generations to maintain larger discretionary allocations but ended the practice for younger ones. The goal in these cases was to leave the legacy foundation intact so that it would exist for future generations to work together.

SATISFACTION WITH THE FAMILY FOUNDATION IS NOT DEPENDENT ON IT REFLECTING PERSONAL INTERESTS OR GEOGRAPHY

One of the reasons families resist adopting a collaborative model is fear of decreased participation. People assume that in order to get people involved, you must adapt the giving to reflect their interests or location. Indeed, this was how many G2 members became involved in the foundation—being granted access to resources to support their own interests—and so it is understandable that they think they must replicate that model to engage their own children.

Our research indicates that participants' satisfaction with their experience in the family foundation was not dependent on the giving reflecting their personal interests. Survey respondents were just as likely to have a positive experience if the foundation's priorities were aligned with their own as if they were not.

In interviews, participants affirmed this: they spoke of the satisfaction that comes from working together toward a shared goal, having greater impact by aligning resources around common purposes, learning together about new areas, and discovering shared interests. As one person said, *"What's been most rewarding for me is coming together with my family to learn about issues where none of us are experts... It levels the playing field to learn together."* Said another, *"There's no shortage of important topics we could focus on... but we've chosen to focus on things where we can really move the needle, and we've developed a real passion for this work together."*

Similarly, participants' physical proximity to the family foundation's giving did not affect their satisfaction. Most foundations in our sample were place-based,²⁵ with varying levels of family still living in those places today. All the families in our sample were facing increasing geographic dispersion.

As with programmatic issues, it is often assumed that people will be more engaged and satisfied if the family foundation supports organizations in their local communities. Indeed, several senior generation and some nonfamily staff interviewees expressed concerns that next generation members would want the place-based legacy foundation to expand support to the places where those next-generation members lived.

However, there was no relationship between respondents' satisfaction with their participation in their family foundation and their physical proximity to the place where the foundation focused its giving. In other words, people were just as satisfied when the philanthropy was in their own backyard as when it was not. This was particularly true for later generations (G3+), who were less likely to live locally but more satisfied with their experience of participation.

²⁵ Defined as "committed to a particular geographic region, typically aligned with the source of the wealth creation," as reported by survey participants.



Respondents from the place-based foundations reported lower levels of tension among family members and across branches, and between individual and collective giving goals, as well as lower levels of ideological differences among family members.

While participants' location relative to the focus of the funding was not related to their satisfaction, having a geographic focus was: there were significantly higher levels of participant satisfaction in place-based foundations compared to non-place-based ones. Respondents from the place-based foundations reported lower levels of tension among family members and across branches, and between individual and collective giving goals, as well as lower levels of ideological differences among family members. Not surprisingly, these place-based foundations tended to be more collaborative than their geographically-dispersed peers, where giving was often directed by family members to the places where they lived.

Interviewees spoke about the benefits of going “deep and narrow,” and how the geographic focus allowed them to make a significant difference in a defined place; of remaining connected to a place that has historical meaning for the family; and of giving back to the communities that helped generate the family's wealth. As one interviewee said, *“I never lived in (this town), but I know it has a lot of needs... We can't possibly make grants in every community where our family now lives and have any real impact...”* Said another, *“I feel some responsibility for our family to invest in (this town), since the people there are the source of our wealth.”*

TAKEAWAY: With the best of intentions, family foundation leaders offer family members the chance to support their own passions in order to engage them, assuming that dilution is the price you pay for engagement. Yet the opposite turns out to be true: over time, this sort of individuation results in frustration, conflict, and ultimately disengagement.

Our data make clear that true satisfaction in collective family philanthropy comes not from advancing personal interests but from joint participation in meaningful work. Geography provides a helpful organizing principle. As one interviewee said, *“It's a given that we fund in [city]. If we didn't have that central tenet, I don't know how we'd agree on what to do.”*

As families expand, it becomes less likely that their foundations' focus will align with the personal philanthropic priorities of their members. We heard resoundingly from those we spoke with in this study that that was okay. They did not participate in their family foundation because it reflected the issues dearest to them; they chose to participate because they wanted to work with fellow family members, learning about and contributing to important issues together. It didn't matter if those weren't “their” issues—what mattered was that they felt that the family foundation was doing something useful to address them, and that they could take part. Participants were willing to minimize their own philanthropic agendas for the sake of collective impact and family connection and cohesion.

FAMILIES CAN SUCCESSFULLY COLLABORATE DESPITE IDEOLOGICAL DIFFERENCES

The growing ideological divisions felt throughout society were experienced in the families in our sample: two-thirds of family survey respondents indicated that there were “significant ideological differences among members of the family”—and 90% of staff respondents indicated the same. Many participants noted that these divisions had become more pronounced in recent years. And not surprisingly, there was a strong correlation between reported ideological differences and tension in the family.

That being said, the existence of ideological differences did not mean that collaboration was impossible. Several of the most collaborative family foundations in our study had families with significant ideological divisions. They were intentional about designing and managing their philanthropy in ways that accommodated those ideological differences.

Families in the study addressed ideological diversity in different ways. Some chose an individualistic approach to minimize joint decision-making among people with differing ideologies. Others went the opposite direction, narrowing the focus to issues on which the family could find common ground. Said one interviewee, *“We’ve intentionally chosen our funding areas because they’re things we can all agree on.... There are plenty of things we might not agree on, but in the foundation, we really try to steer clear of stuff that’s likely to be controversial.”* Not surprisingly, the families that chose this approach had more robust family philanthropy systems outside the family foundation. Members from families with greater ideological diversity also indicated a higher propensity for privacy in their personal giving.

In other words, with thoughtful design and management, families can create foundations that enable productive engagement for ideologically diverse families, and provide satisfying experiences for participants. Indeed, participants from families with significant ideological differences were just as likely to find their experience in the family foundation to be satisfying as those from families with ideological homogeneity.

However, this experience is not likely to be equally satisfying for all family participants. Family members who felt the shared family philanthropy did not reflect their ideological perspective were significantly less likely to find their participation satisfying compared to their ideologically-aligned counterparts. In other words, it’s hard to be the minority voice. Though participants may be able to find satisfaction and meaning from work that is not aligned with their personal interests, it is much harder to do so when the giving runs counter to one’s worldview.

Participants from families with significant ideological differences were just as likely to find their experience in the family foundation to be satisfying as those from families with ideological homogeneity.



As a result, in many families in this study, the members whose ideological beliefs ran counter to the perspective expressed in the family foundation simply chose not to participate in it, or to play a limited role, e.g., service on a committee. They opted to spend their time on personal giving aligned with their values, occasionally with other family members with shared interests.

Yet there were several families in this study for which ideological division was a source of great stress. The common characteristic in these families was that the vocal minority—an individual or a few members—was animated by deeply-held moral convictions. Frequently grounded in religious beliefs, these family members felt a moral obligation to influence the foundation’s activities. Despite having access to other venues for their personal giving, these members remained involved in the family foundation and continuously exerted their minority viewpoint, frustrating the majority.

For example, in one family in the G3 leadership stage, a member had become deeply religious. She served on the board of the family foundation and a successor foundation. Despite the fact that the successor foundation was larger than the family foundation and operated in a discretionary fashion—and that she was able to award more than \$200,000 in grants through that vehicle—she continued to vocally oppose work in the family foundation that was widely supported by others. She felt she had a moral obligation to voice her concerns and believed—though others in the family did not—that her views aligned with those of the founders.

This was a painful experience for everyone involved, and they were in the process of trying to figure out a solution. They had offered to increase her share of the successor foundation in exchange for stepping off the family foundation board (she had declined that offer) and were now considering carving out a portion of the corpus of the family foundation for her personal giving. As one family member said, *“It doesn’t feel right, but I want to preserve the peace, and she’s clearly not going away.”* Because this member had significantly more children than others in her generation, and these children shared her religious beliefs, the family felt that this dynamic was likely to be perpetuated in future generations.

There is a meaningful difference between family members saying, *“this is not my priority”* and saying, *“this is morally wrong.”* In the former instance, family members were able to find satisfaction in work outside of the family foundation that aligns with their worldview and interests; in the latter, members felt compelled to voice their minority view, despite the ongoing frustration this caused all involved. As one member with strong religious beliefs not shared by others in his family said, *“It’s not that I want them to support the things I care about... I don’t want the foundation to fund things that are doing harm...”* In these cases, families’ efforts to compromise couldn’t overcome deeply entrenched and opposing moral belief systems.²⁶

²⁶ Haidt, 2012.

TAKEAWAY: Philanthropic families are not immune to the growing polarization we see in broader society; indeed, the values-based nature of philanthropy can make this fertile territory for ideological rifts. Despite that, our research found that families can work together in their philanthropy across ideological divides. The most successful families in this regard shared some common characteristics:

- **There was shared clarity regarding the collaborative purpose of the family foundation. They tended to be later-stage foundations that had resolved this issue in prior generations;**
- **There were other outlets for individual giving, and collective giving tended to be a smaller piece of overall family giving;**
- **There were other opportunities to engage as a family beyond philanthropy, so that opting not to participate in the family foundation did not equate to not participating in the family; and**
- **There were decision-making processes that respected and integrated different perspectives, so that those differences didn't inhibit their ability to get things done. For example, they had moved away from decision-making by consensus and had developed voting systems which balanced inclusivity with efficiency (e.g., majority votes on lesser decisions and supermajority votes on more significant ones).**

LATER GENERATIONS HAVE AN INCREASED DESIRE FOR COLLABORATION IN THE FAMILY FOUNDATION

Many assume that collaboration becomes harder for future generations, who share fewer common experiences, are less familiar with the founders, and face greater disparities in life stages and wealth. In our work with families, we often hear siblings express concerns about their children's prospects for cooperation: *"If my siblings and I are struggling to work together in the foundation, and we all grew up in the same household, how are our kids ever going to make this work?"*

Yet the reality is that cousins (G3+) are more likely to want to make it work than their G2 counterparts. Indeed, our research indicates that interest in collaboration *increases* in later generations: 90% of G3+ survey respondents indicated a strong interest in working with family members, compared to 80% in G2. And 82% of G3+ *felt closer to family* as a result of participation in the foundation, compared to only 30% of G2 respondents. There are several reasons for this.

We know from the literature on family governance that siblings often have complex dynamics marked by sibling rivalries and competition.²⁷ As Gersick describes in *Generations of Giving*, following the Controlling Trustee role played by their parent(s), it can be very challenging for siblings to come to agreement on a leadership model.²⁸ For many families—including many of those in our sample—the immediate transition to G2 leadership following the death of the founder was marked by sibling disagreements, and in some cases families were not able to resolve these issues until the third generation took charge.

²⁷ Gersick et al, 1997. Pp. 39 – 47.

²⁸ Gersick et al, 2006. Pg. 117.

Additionally, siblings' natural inclination is to perpetuate the family foundation in the individualistic manner of the founders; their experience is that the foundation supports work that is important to them. They are also closer to the wealth generation and more likely to work in the family enterprise than later generations, which furthers a sense of "ownership" that impedes productive collaboration. In our interviews, G2 family members were far more likely to use possessive descriptors (e.g., "my grants") and to talk about "shares" of the foundation than later generations.

G3+ distance from the wealth creation was a source of anxiety for some G2 interviewees, who worried that next-generation family members did not sufficiently understand the founders' values or interests. However, this distance is likely an asset when it comes to collaboration: G3+ interviewees did not share their parents' sense of ownership and were thus more open to compromise. As one said, *"It's not 'my money,' the way my parents' generation thought of it. I didn't earn it, so I don't have the same proprietary feelings they did."*

Additionally, the sibling dynamics that can make collaboration so challenging in G2—sibling rivalries, high emotionality—are often not replicated in their children, who have much less intense relationships. G2 members are often tightly integrated: for the preservation of their own and their children's wealth, they must collaborate in the family business, family office, trusts, shared real estate, etc. For them, the family foundation is one more venue in which they must negotiate and compromise.

Their children tend to be far less connected: they are less likely to work together in the family business, serve in governance roles, share assets. Later generations also have a larger and more diverse ecosystem of family enterprise opportunities—including, but not limited to, family philanthropy: more boards, operating companies, trusts, etc. They are able to select the roles that work best for them. And with more people to populate these family entities, you avoid the burnout common in the

sibling stage, when the same group of family members serves in all governance realms.

Perhaps counterintuitively, the fact that later generations are less integrated is beneficial, giving them the interest and energy to collaborate in the family philanthropy. For them, the family foundation offers a welcome opportunity to form and deepen relationships with family members, which they might not otherwise have. Participation is a *choice* in a way it was not for their parents. As one G4 family member said, *"We sold the family company before I was born and I never lived in (our family's hometown). For me, the foundation is a way to connect to the family and the legacy of my great-grandparents... That's a big part of the appeal."*



Thus it is not surprising that participants in later generations indicated a stronger desire for collaborative family philanthropy than those in G2. In nearly half of the families in the sample, the siblings were not able to develop a true collaboration; this transition didn't happen until G3 leadership. In some of these cases, the foundation transitioned to a collaborative form once the G2 members were no longer involved. In other cases, the foundation operated with a bifurcated model of significant autonomy for G2 members (e.g., higher discretionary giving levels for G2 members or shifting some assets to G2-controlled successor foundations) and a collaborative approach for the "core" giving, overseen by G3+ members.

In fact, there were two families in our sample where the tensions among the G2 siblings were so significant that they didn't speak and had sued one another over aspects of the family enterprise. Despite these dynamics, their children opted to work together in the family foundation and saw their collaboration as a way to heal family rifts. As one G3 member said, *"It was too painful for my mom to remain engaged, but my cousins and I didn't have that baggage. We looked at it like, that's our parents' stuff, but it doesn't have to be our stuff."*

Finally, despite their more collaborative tendencies, later generation family members are not ignorant about their families' dynamics. In the survey, they were far more likely than their G2 counterparts to identify tensions between individuals' philanthropic interests and the collective philanthropy of the legacy foundation and to report significant ideological differences among family members.

It's not that G3+ members don't see these differences; in fact, they see them more clearly than their parents. Rather, these differences don't carry the same weight for them and so don't diminish their desire to work together. They accept that people bring different experiences and worldviews to the work and understand that finding commonality is a goal of the whole endeavor. As one G5 interviewee noted, *"I've had a very different upbringing than my cousins and sometimes that's clear in board meetings. But it's also what makes this so interesting... I get to know these people that I otherwise wouldn't connect with."*

THE PROBLEM WITH BRANCH REPRESENTATION GOVERNANCE MODELS

We caution families against putting in place systems and structures to address G2 dynamics which have lasting impacts on later generations. During the transition from the Controlling Trustee to collective family philanthropy, families often make choices about the purpose and structure of the family foundation that are designed to ensure the "fair" allocation of influence among the G2 siblings, such as policies which require equal representation on the board from each family branch or provide significant discretionary funding to each sibling. While these structures may help solve the G2 tensions at hand, they hamstring future generations' ability to collaborate.

An in-depth analysis of branch representation governance structures is beyond the scope of this study, but our data—coupled with our experience working with philanthropic families—suggest that these models ultimately do not serve families or foundations well. This architecture perpetuates the branch model across generations, "freezing" the system in the sibling stage in perpetuity. But talent, interest, capacity, and expertise are not distributed equally among branches. In branches with fewer members, people serve on the board regardless of performance or interest, creating a sense of entitlement or obligation. In branches with more members, capable and interested people are shut out of service. The eventual result is often diminished engagement and governance capacity.

Additionally, over time, the psychological connections among family members often move away from the branch concept as an organizing principle; age cohorts, geographical location, education, and affinity of interests become much more important than the familial “line” for later generations. Creating barriers which force later-generation family members to identify with their branch rather than the whole family runs counter to the objective of creating family cohesion, and ultimately undermines continuity.

In this research, four families had branch representation systems, including two of the more individualistic foundations. The other two families, in the third and fourth generations of leadership, were currently working to undo these structures, as they felt they no longer served their foundations.

TAKEAWAY: In general, family members’ desire to work together in the family foundation *increases* over time. The fact that later generations are less integrated in other aspects of the family enterprise actually enhances their desire and ability to collaborate. This is good news for families interested in continuity. The challenge is to weather the storms frequent in the second generation so that later generations are afforded the opportunity to work together.

COLLABORATIVE LEADERSHIP IS CRITICAL

A common characteristic of the more successful families in this study was strong leadership. In the survey, effective leadership was correlated with high performance: participants who felt that the legacy foundation had effective leadership were significantly more likely to report that general governance was effective and that founders would be pleased with the work of the foundation.

Effective leadership was particularly critical to help these families make it through the inflection point discussed earlier. In interview after interview, people spoke about a seminal leader who led the family through this complex transition process. These “**collaborative champions**” were typically G2 or G3 family members who advocated for a collaborative approach, making the case to other family members to embrace change for the sake of continuity, and involved the next generation in the creation of the new iteration of the family foundation. This leader often came to serve as the board chair or, in a few instances, CEO.

There was also a common narrative among the families in this research regarding the role of professional staff. During the individualistic phase of the family foundation, they typically had limited staff capacity, with staff administering board-directed giving mandates. Once these families chose a collaborative form of governance, ushered in by the “collaborative champion,” they often hired a new kind of professional leader. This leader (could be an employee or consultant) was responsible for working with the family to build the collaborative foundation they had envisioned, leading the family through a process to develop shared values, programmatic priorities, and the governance and operating processes to support them. These first nonfamily “**collaborative CEOs**” had a profound effect on the family foundations in our sample, shaping the programs and operations in ways that defined the foundation for decades.

On occasion, families reported challenges associated with the succession of these formative leaders—both the “collaborative champion” and the “collaborative CEO.” These leaders tended to serve for long periods and could become over-identified with the foundation, inhibiting succession. We heard stories about the “collaborative champion” board chair who, despite advocating for next-generation engagement, had a hard time letting go, or had defined the role so expansively that few in the next generation could imagine assuming it. We also heard stories about foundations being “lost” with the departure of the initial “collaborative CEO” who had shouldered so much of the weight for the family’s collaborative work.

TAKEAWAY: Strong leadership is necessary to transition to a collaborative family foundation. Without a credible family member to “make the case,” it is difficult for families to generate the propulsion necessary to transition operating models. There then must be a talented and trusted leader who can help the family define and realize their collaborative vision. While these players are necessary to get families “over the hump” of transition, it’s important that families proactively attend to succession if they are to achieve their stated desire for continuity.





Lessons

Given these findings, what can families that aspire to create and sustain collaborative family philanthropy *do* to increase the odds of success? How can they structure their family foundation, and the philanthropic activity that takes place outside of it, to realize that dream of a multigenerational, multi-branch family foundation?

DEVELOP DIFFERENT VEHICLES FOR DIFFERENT PURPOSES

Family systems theories tell us that healthy family systems balance the push and pull of individuation and collectivism, and that was certainly born out in this research: healthy family philanthropy *systems* include opportunities for both individual and collaborative philanthropy. Moreover, they need clearly delineated arenas for these different activities, and the appropriate processes and structures to support their defined purposes.

Put differently, there can be many goals for family philanthropy; two common goals are 1) instilling a spirit of generosity in family members and encouraging their personal giving; and 2) creating cohesion among family members by providing a shared experience. These are both wonderful objectives, but they are different—and in fact conflict. As we saw repeatedly in this research, blurring the lines between personal and collective giving results in tension and conflict.

- **Define different spaces for different purposes**

The most successful families in our sample had a range of different vehicles with clearly demarcated and differentiated purposes, each with their own operations and activities. Participants understood what work was to take place through which venue: what projects fit the

family foundation's guidelines, what they were expected to support on their own. Most members chose not to integrate their personal giving, sacrificing efficiency (and possibly impact) for privacy and autonomy—which actually increased their desire and ability to collaborate in the family foundation.

- **Invest in building a collaborative family foundation**

This research affirmed our belief in the many benefits of collaborative family philanthropy. But collaboration is hard work, and it is not the right course of action for every family. It requires creating systems and processes to support collective decision-making: establishing values and norms; formalizing operations; engaging in planning to identify priorities and to develop strategic grantmaking programs; and increasing professionalization.²⁹

More critically, it requires collective desire, and a willingness for participants to subvert their individual agendas for the sake of a common one. Family members must understand and embrace the idea that the family foundation is not the place for their personal giving, but rather the place to come together as a family to do work that is meaningful, with equal voices around the decision-making table. The first step is for the family—and the individual participants in it—to make that critical choice. A subsequent step is to make that decision explicit and integral to all aspects of the family foundation's operations.

- **Support giving outside of the family foundation**

If a goal of the family's philanthropy is to encourage members to personally give, families should provide support for them to do so *outside of the collective giving*. This can take many different forms. Some families in this study allotted members dedicated philanthropic capital through the creation of separate foundations or donor-advised funds; other families simply made clear that family members should use their personal wealth to support their personal giving. Most families also provided access to services to assist with personal giving, sending a strong message that this work was important, and was to occur separately from the family foundation.

²⁹ Gersick et al, 2006. Chapter 6: "Mission and Dream: Investing and Reinventing the Foundation."

Family members must understand and embrace the idea that the family foundation is not the place for their personal giving, but rather the place to come together as a family to do work that is meaningful, with equal voices around the decision-making table.



LIMIT INDIVIDUATION IN THE FAMILY FOUNDATION

If a family has hopes of continuity in the family foundation, avoid creating or perpetuating a model that prioritizes individual interests. Individuated family foundations have a limited life span.

- **Avoid the temptation to cater to individual interests**

Many families attempt to engage the expanding pool of family members by doling out influence, enabling people to support their personal communities and interests. But this approach doesn't effectively scale, and over time it is insufficient to compel engagement. Moreover, this type of individualistic-but-collective giving often devolves into tension and conflict. Instead, offer family members the opportunity to co-create a shared vision—a proposition which has particular appeal for G3+ family members.

- **Limit discretionary giving in the family foundation**

Families should limit discretionary giving in the family foundation so as to avoid blurring the line between personal and collective giving. While there may be some benefits to limited discretionary funding, there appears to be a “tipping point” where the pull of personal giving outweighs that of collaboration; we recommend that families limit discretionary giving to no more than 20% of the family foundation's total giving.

Discretionary giving becomes problematic when it becomes the primary driver for participation rather than an honest desire to collaborate with family members. So beyond limiting the proportion of discretionary dollars relative to collective giving, we recommend limiting the value of discretionary allocations so that they are not disproportionately large relative to personal philanthropic capacity. Discretionary giving should be an acknowledgement of participants' efforts—not the reason they come to the table .

Some specific guidance related to discretionary giving:

- Cap discretionary giving: limit both the percentage and the absolute dollar value of discretionary gifts
- Ensure allocations are not disproportionate relative to members' overall average giving capacity
- Use matches (versus outright discretionary gifts) to avoid displacing personal giving
- Limit eligibility to those providing service (board and committee members); this ensures that the pool of participants doesn't expand commensurate with family growth
- **Avoid branch representation governance models**

Branch representation governance structures impede future generations' ability to collaborate by forcing them to prioritize identification with their branch rather than the family as a whole. This runs counter to the collaborative function of successful family foundations. It can be difficult to roll back these structures once they are entrenched. As necessary, families can solve for current tensions with shorter-term fixes, such as different levels of discretionary funding for G2 and G3+ members.

PREPARE THE NEXT GENERATION FOR THE WORK YOU WANT THEM TO DO

Collaborative family foundations provide G3+ family members with opportunities to build relationships and learn together. Families should be intentional about how they engage their next generation to ensure that they are building the next generation of collaborative leaders.

- **Avoid individualistic next-generation engagement tactics**

It is common practice in many families to welcome new members into the philanthropy by giving them access to discretionary grant dollars. The hope is that through this process, next-generation participants will learn to be effective philanthropists and deepen their personal commitment to an issue. This sends the message that the family foundation is an outlet for personal philanthropic expression—resulting in confusion when that is not the case.

Moreover, as we heard repeatedly in these interviews, this individualistic approach is not enticing to many next-generation family members. They are often in a stage of early adulthood where they are figuring out their professional and social identities and wrestling with how to think about their inherited wealth. Identifying as a philanthropist—internally or externally—can be an uncomfortable prospect. They feel ambivalent about doling out grant dollars, but don't want to be thought of as ungrateful or lazy if not participating.

As one next-generation interviewee said, *“It’s uncomfortable... to leave my job for these meetings I don’t tell anyone about. Then it’s like, ‘you have \$5,000 to give away.’ That’s a lot of money. I feel guilty if I don’t spend it, but I don’t really feel like I know what I’m doing... I don’t want to give grants to organizations where my friends work because that’s awkward, but then I feel bad about that.”*

- **Create opportunities for next-generation collaboration**

Collaborative family philanthropy is a more appealing prospect to many next-generation members because it is not focused on their own identity as philanthropists. It provides them a cohort with which to learn about philanthropy and process the feelings about wealth and privilege that philanthropy commonly raises.

If the purpose of the family foundation is collaboration, families should capitalize on next-generation members' interest in this work and involve them in ways that further that goal: deepening relationships, learning to work with others with whom they may not see eye to eye, developing the skills of compromise and negotiation. For example, a few families in the study had discrete “next-gen funds” where they worked together to develop funding priorities and processes. Many others simply integrated next-generation members into the work of the family foundation through committee or board service (including “learner’s seats” on the board), participation in meetings and site visits, etc.

ATTEND TO THE BUSINESS OF BEING FAMILY

Family dynamics permeate all aspects of the family enterprise and philanthropy system; what happens in one arena affects the others (family businesses, family office, trusts, family holidays, etc.). Families need to dedicate time to creating healthy relationships if they are ultimately to succeed in any collective activities. As one interviewee stated, *“We do our best to keep the family tensions out of the foundation’s board deliberations and bring them to the attention of the family council instead.”*

- **Be realistic about the power of family philanthropy**

Philanthropy is often seen as a lower-stakes forum for members of enterprising families to work together (versus the family business, trusts, etc.). Indeed, family philanthropy can provide a venue for families *with positive relationships* to come together and strengthen those bonds, and it can create relationships among less connected family members. Collaborative family philanthropy in particular can enhance participants’ relationships, which pays dividends in other arenas of the family enterprise.

But family philanthropy cannot fix difficult family dynamics. In fact, its subjective nature can provide fertile ground for differences to become magnified and unhealthy dynamics to fester. Families need to have realistic expectations about the benefits—and limitations—of family philanthropy.³⁰

- **Create other venues to “just be family”**

One of the reasons family members preferred to keep their personal giving private was their desire to have spaces that were not focused on family “business.” For enterprising families, it is important to separate the work of the family from the business—including philanthropy. If the foundation becomes the primary way families come together, it can become a source of obligation and/or entitlement. Many families in this research had other venues in which they addressed “the business of family,” and used forums like family assemblies, family meetings,³¹ family reunions, and other informal get-togethers to focus on building and maintaining healthy family and ownership dynamics.



³⁰ Stone, 1994.

³¹ Grady and Ulaszek, 2022.

LESSONS FOR FOUNDERS INTERESTED IN CONTINUITY

In most of the families in our sample, the transition to collaborative family philanthropy occurred after the founder was gone—and indeed was often triggered by the death of the founder. But founders interested in continuity can take measures to increase the odds that the family will work together productively long after they are no longer at the helm:

- **Be explicit about—and model—your goal of collaboration**
Establish a collaborative model from the get-go: take your personal philanthropy out of the family foundation and set expectations that personal giving is to be done separately. Consider providing resources—funding and/or support services—for that purpose.
- **Make explicit the principles which are most dear to you but avoid rigidity in approach or philanthropic priorities**
Clarity about your aspirations for your family's philanthropic legacy and the values that animate your giving (and life) can serve as useful guidance for future generations. But future generations must have latitude to develop philanthropy which reflects their collective vision and responds to internal and external changes.
- **Remember that obligation is not a productive motivator**
Pressuring your kids and grandkids to take part in the family philanthropy can be detrimental to the whole endeavor. While it is respectful to account for their schedules and competing priorities, being too accommodating sends the message that the work is unimportant and/or that their participation is required. Rather, make the expectations clear and let family members know that they are welcome to participate if and when they are able to meet them.
- **Build the next generation's collaborative leadership capacity**
To create a collaborative model during your lifetime, work to share authority—choosing not to speak first when all eyes fall on you, letting the next generations wrestle with challenging issues, trusting them to take risks and make mistakes. The goal is to help build your family's capacity to lead and work together after you are gone.



Conclusion

FROM OWNERSHIP TO STEWARDSHIP

This study focused on how families can best design their philanthropy systems—and the family foundations embedded in them—to create impactful giving, positive experiences for family members, and stronger family relationships. We examined the ways these systems adapt to families’ development: the strategies, practices, and structures they put in place and revise as needed over time.

Yet the most important transition these families make is not structural or strategic; it’s a mindset shift. Undergirding the evolution of the vast majority of families in this research was a change in how family members thought about their philanthropic capital, from a sense of *ownership* to a sense of *stewardship*.

As noted earlier, it is quite common for early generations in philanthropic families to feel proprietary about the money in the family foundation. After all, at one point not so long ago, it was “theirs”—or at least the founders.’ (Of course, the minute those dollars are put into a private foundation they stop being “theirs” but instead become a public trust, matched by public dollars.) In our experience working with philanthropic families, it is common for G2 family members to think of the family foundation as one more component of the family enterprise, and its corpus as their inheritance, diverted to a private foundation. Other G2s may feel that they are simply stewards of the donors’ wishes,³² an “ownership by proxy” that can result in tensions related to different understandings of donor intent.

In contrast, members of later generations are more likely to view their role as stewards of their family’s philanthropic legacy, and of resources committed to furthering the public good. Further removed from the wealth generation, the personal sense of ownership tends to diminish and is replaced by a sense of stewardship. As we heard repeatedly from G3+ interviewees: “*It’s not my money.*”

³² Gersick et al, 2006. pp. 84-89

And the work of defining that legacy and purpose requires collective action. As one interviewee said, *“I take seriously my role as a trustee of a public trust... We have a responsibility to think not about what’s best for our family, but for the world. And I actually think we do a better job of that together than we would on our own.”*

AN EXPANDED VIEW OF FAMILY PHILANTHROPY

This research considered family foundations as part of larger family philanthropy systems, examining the ways that family foundations are influenced by activities in the larger philanthropy system, and vice versa. Yet the family foundation is only one piece of the family philanthropy landscape, and family philanthropy—in the sense of the traditional grantmaking that we have been referring to throughout this report—is only one piece of a family’s societal contribution. As families expand, so too do the ways they can use their wealth and position to improve the world.

Throughout our interviews, participants surfaced ideas and questions that went beyond philanthropy, considering the ways that they—and their families—could use the wealth they have amassed to improve the world and create a legacy of impact that extends far beyond their family foundation(s). This includes examining questions such as: *What businesses are we in and how do we operate and govern those businesses? How do we invest our money—the foundations, our trusts, our personal wealth? What work do we do, what leadership roles do we hold, and how do we put our education and networks to use?* These are all expressions of a family’s philanthropic identity and allow for much greater impact than a family can achieve through grantmaking alone.

As an example, take the Rockefeller family, now in the fifth and sixth generations of leadership. The family is well-known not only for its prolific philanthropy, but also for the commitment to public service of so many of its members. More recently, by divesting from fossil fuels throughout Rockefeller philanthropies, the family used its position to disrupt the wealth management market.³³

Additionally, thinking comprehensively about the many ways that families use wealth for social benefit puts less pressure on the family foundation. Many of the challenges experienced by the families in this study stemmed from resting the weight of the family’s cohesion and legacy on that single institution—weight that became too much to bear in the face of families’ growing complexity. It also frees members up to contribute in the ways that best align with their talents and interests. Traditional grantmaking may be compelling for some, but others will no doubt find more satisfaction from contributing in other ways.

For example, we worked with a family foundation in the G2 to G3 transition phase, where the engagement of the next generation was a paramount concern to G2 family members. Each hoped that their children would serve on the family foundation board, and nearly all opted to do so. But there was one G3 family member who was not involved in the foundation. He had a demanding career in foreign service in the Middle East, which did not lend itself to attending regular in-person board meetings. This was a source of sadness for his parents, who desperately wanted to work with him in the foundation. The irony was that a primary focus for the foundation was Arab-Israeli relations, and this G3 member

³³ Schwartz, J. 2014.

had focused his career on this very issue; he had been deeply influenced by his grandparents' commitment to Israel and was literally trying to increase peace in the Middle East. While proud of their son's career, his parents couldn't help but express their disappointment about his choice not to participate in the foundation. When considering the engagement of the next generation, families should keep in mind that direct participation in the family foundation is by no means the only way to make a positive difference in the world.

A FINAL THOUGHT

Throughout this project, we had the privilege of meeting with dozens of incredible family philanthropy leaders. They thought deeply about the challenges and opportunities that come from marrying family and philanthropy. They were committed to collaboration—building consensus, negotiation, compromise—but didn't shy away from addressing challenging family dynamics. They believed in the positive impact of family philanthropy—for the family, for the world—yet were deeply committed to the stewardship of a public trust and the responsibility that brings. They recognized and appreciated individuals for who they are and used that understanding to unify them around a common vision. These leaders played a powerful role building and sustaining their family's commitment to philanthropy, instilling in the *family a sense of connection without a sense of ownership*.

These leaders also understood that the family foundation was part of a larger family philanthropy system, which was part of a larger family system. They viewed issues through a systemic lens and looked for balance in the interplay of all the parts. They were *ambidextrous leaders*,³⁴ embracing the dynamic nature of family philanthropy and the tensions that are inherent in it: between individuation and collaboration, honoring the past and adapting for the future, meeting the needs of the family and the needs of the public. They knew that these tensions could never be resolved and saw their role as proactively managing them.

We are grateful to these leaders, and to all of the supporters of this study, for their wisdom and candor. As one participant stated: *"It would no doubt be easier to do this on my own. But we do a better job when we do it together... We push ourselves to be better than we would be on our own. Plus, it's a lot more fun to do with my family."* We hope this research helps families who choose to work together do so productively and thoughtfully, experiencing the joy that comes from working together to create a better world.

APPLY THIS RESEARCH TO YOUR FAMILY PHILANTHROPY

The companion guide to this research report helps you make its lessons actionable. It includes an assessment tool to help you determine the degree to which you are operating individualistically or collaboratively, and your family members' interest in and readiness for change, and provides exercises and tools that help you meet your objectives. You can find it on the [NCFP website](#).

³⁴ Lansberg & Ulaszek, 2017.

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Credits

ABOUT THE AUTHORS

Ashley Blanchard, MPP, is a partner at Lansberg Gersick Advisors (LGA), and the head of the firm's family philanthropy practice. A seasoned advisor to philanthropic families, she is passionate about helping families create philanthropic institutions that have a meaningful impact in the world, and in so doing, strengthen family relationships and deepen participants' generosity. At LGA, she helps families define their collective vision for their philanthropy, and then build the governance, operations, and programs to support that vision. Herself a family foundation trustee, Ashley has particular expertise working with family foundations undergoing generational transitions, when matters of purpose, values, and strategy come to the fore. Beyond traditional philanthropy, she works with families to consider the ways that they utilize wealth to achieve their social impact goals, integrating these activities into their broader enterprise continuity plans.

Wendy Ulaszek, PhD, is partner and head of leadership development at LGA. She holds a PhD in clinical psychology, with a specialization in succession planning, family systems, and development of the rising generation. Wendy's work reflects her deep interest in the development of ambidextrous leadership (helping family enterprise leaders define their purpose and develop perspective-taking to understand the needs of both the family and the work of the business or family foundation). She enjoys coaching family enterprise leaders at the Kellogg School of Business and is an FFI Fellow. Her consulting work involves the design, implementation, and sustainability of sound family governance which will serve the family enterprise for generations to come. Her work has given her the opportunity to work with families throughout North America, Central and South America, and Europe. Wendy lives in Connecticut with her family.

ABOUT LANSBERG GERSICK ADVISORS



Lansberg Gersick Advisors (LGA) is a trusted advisory and educational partner to owners of the world's leading family enterprises. We help families and their enterprises succeed from generation to generation. Since 1997 we have advised families on all aspects of enterprise continuity, as they face complex generational transitions. Our global team combines bespoke advice and education to support the world's leading family businesses, family offices, and family foundations. We ground our advisory work in research and thought leadership and are the originators of theories and concepts that are widely adopted throughout the family enterprise and family philanthropy fields. Learn more about LGA by visiting lga.global.

ABOUT THE NATIONAL CENTER FOR FAMILY PHILANTHROPY



NCFP is a network of philanthropic families committed to a world that is vibrant, equitable, and resilient. We share proven practices, work through common challenges, and learn together to strengthen our ability to effect meaningful change. Our range of programs and services support family philanthropy at its many points of inflection and help families embrace proven practices and advance momentum. Explore our resources, all rooted in a Family Giving Lifecycle, by visiting www.ncfp.org.

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Appendix A: Glossary

Family foundation: A private foundation or fund which includes the founder and/or the founder's descendants

Collective (or joint) family philanthropy: Family philanthropy in which there are multiple family participants and a shared pool of resources; decision-making may be “collaborative” or “individualistic” (or some combination of the two):

- **Individualistic:** Collective philanthropy in which individual participants have significant influence and relative autonomy in decision-making
- **Collaborative:** Collective philanthropy which prioritizes shared decision-making and limits individual influence

Continuity: Perpetuation of the collective family philanthropy

Legacy family foundation: The original foundation created by the founders

Successor foundations: Additional foundations founded and governed by family members, often the children of the founders

Individual giving: All personal giving that is conducted outside of the formal structure of legacy or successor foundations and is primarily influenced by individuals

Generational references (G2, G3, etc.): We use G2 to connote “second generation,” referring to the sibling stage of family development. G3 refers to the cousin stage, and G3+ refers to the cousin stage and beyond (complex cousin stage). We recognize that not all families adhere to this taxonomy: in some families in our sample, for example, the third generation had a single branch of siblings.

Appendix B: Questions for Families to Consider

One of the most critical elements for success in family philanthropy is adaptation. Rigid adherence to doing things the way they have always been done—be it out of a desire to stay true to the donor’s wishes, to steer clear of conflict that change may cause, or simply to avoid fixing something not currently broken—is a recipe for problems down the road. An openness to reimagining the future is necessary for continuity.

To help families in that process, they should consider the following questions. These questions—simple as they are—are rarely asked explicitly in family philanthropy:

1. How important is it that your family engages in philanthropy *together*? Why?
2. What messages did/do you hear from others in your family about why you engage in philanthropy together?
3. Looking at your overall family philanthropy “system,” what entities exist? What are the purposes of the various entities?
4. In what ways is your family’s philanthropy collaborative? In what ways is it individualistic? What is the purpose of these different approaches for your family?
5. Do you think that there is clarity and agreement among members of the family about the purpose(s) for your family’s philanthropy? Why or why not?
6. When you imagine your family philanthropy in 10 and 20 years, what does that look like? What is the work the foundation is doing? What work is the board doing? Who’s participating, and how are they participating?
7. What aspects of your family’s philanthropy are important to maintain going forward? Why?
8. What aspects of your family’s philanthropy feel like they’re not functioning effectively now? Why?
9. What challenges are you currently facing? What challenges do you anticipate in the future?
10. Who should be part of shaping the family’s future philanthropy? What roles should these different groups play?

Appendix C: Case Studies

The following cases were developed to exemplify themes from our research and provide a more in-depth portrait of the dilemmas philanthropic families face, and the different ways they address those dilemmas. They are not based on any one family but rather are composite stories, based on the experiences of multiple family philanthropic systems.

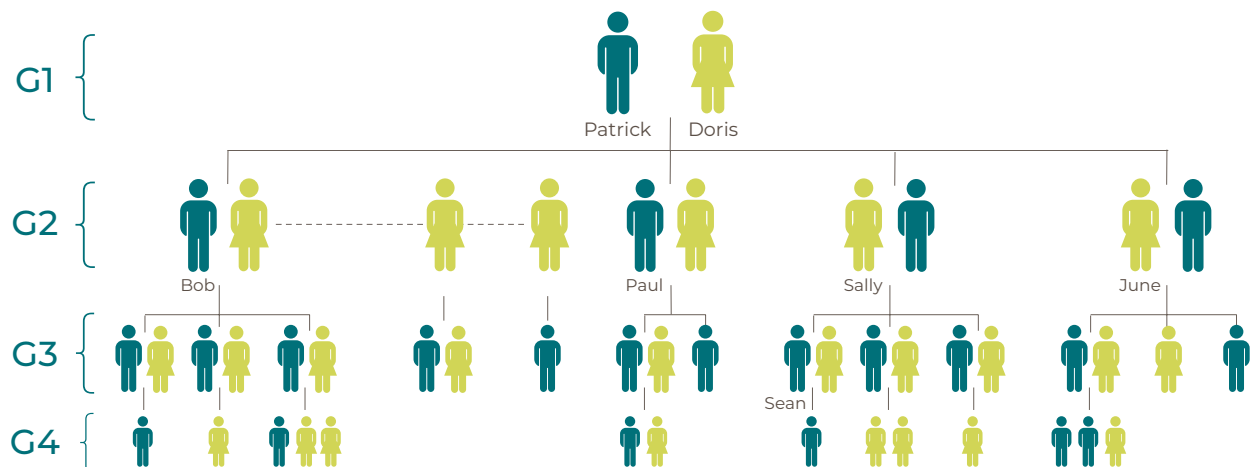
We hope that families use these cases as an engagement tool: read the case, jot down your thoughts, come together to discuss the case questions and, most importantly, grapple together with issues relevant to the development of your own family philanthropic system.

As you review these cases, consider the following questions:

1. What transition factors was this family experiencing? What triggered their inflection point?
2. What options might they have considered? What are the pros and cons of those options?
3. How might they have utilized the broader family philanthropy system to address their challenges?
4. What issues do you see on the horizon for this family?
5. What components of this case speak to you and your own family's philanthropy? What are some ways your family could resolve current identified challenges?

CASE #1: The Moore Family

Summary: *The case depicts a 2nd generation sibling partnership that is struggling to work together; they experience much tension and conflict. The 3rd generation, however, is demonstrating an ability to collaborate.*



PART A

During his lifetime, Patrick Moore was a philanthropic man. When not running his successful investment firm, he and his wife, Doris, were active in many organizations in St. Louis, where they raised their four children: Bob, Sally, June, and Paul. Patrick established a family foundation as a vehicle for their giving, actively contributing to it through the growing success of his business.

As the foundation got larger, Patrick and Doris encouraged their children to make suggestions for organizations to support, and they would generally approve their requests. The siblings officially joined the board in their 40s, though Patrick and Doris continued to make the important decisions. Each sibling developed their own small funding domain, reflecting the organizations and issues dearest to them, each roughly working with an eighth of the annual grants budget (Patrick's and Doris's giving accounted for the other 50%). Board meetings were brief and infrequent, with the board "approving" a spreadsheet of grant requests that Patrick and Doris had already endorsed.

Doris was a loving and involved mother, adored by her children. She served as the glue for the family, able to unify her children and keep conflict to a minimum. When she died, the family began to spend less time together on holidays and other gatherings. At this point, Patrick sold the company and was spending most of his time on philanthropic pursuits; he hoped the foundation would help keep his children connected.

When Patrick died, the assets of the foundation grew significantly. Patrick had made clear that he hoped that the foundation would continue to support some of the projects most dear to him and Doris, but that still left far more money for the siblings to fund their own interests. Patrick's passing also significantly increased the wealth of the siblings and their children, and two of them created their own foundations to expand their personal philanthropy.

For the next few years, the siblings operated in relatively harmonious coexistence, each with their own giving domain, as well as a "legacy fund" to support Patrick's and Doris's projects. But several years after Patrick's death, simmering tensions between the siblings boiled over. Bob, the second oldest, had made a series of bad investments, resulting in a significant decrease in his personal wealth. This investment involved his brother Paul, who subsequently threatened legal action against Bob. Bob also began requesting larger grants from the foundation, and his siblings believed he was using the foundation to fulfill personal pledges he was no longer able to meet—violating self-dealing rules. Bob had always played it fast and loose with rules, and they were concerned he might get them in legal trouble.

In addition, the siblings were not aligned on what to do with several family properties. There were fights over valuation and how time would be allocated to share properties, which often devolved into debates about who best understood their parents' wishes about the real estate—and the family foundation.

It was during this fraught period that the third generation of cousins entered adulthood. The siblings had all hoped their kids would join them in the foundation—and this had been an explicit wish of Patrick and Doris. At their parents' encouragement some G3 would occasionally put forth a proposal for support, and they began inviting G3 family members to attend board meetings. They even invited some of the older G3

members who had expressed the most interest to join the board (two of Sally's kids and two of Paul's kids). But the tension between the siblings was palpable, and the cousins—most of whom did not know one another well—watched from the sidelines, reluctant to step into the charged board dynamics.

One of the first G3 board members was Sally's son Sean. One of the oldest cousins, he had completed his masters' degree in public policy, was working at a nonprofit organization in St. Louis, and was interested in philanthropy. The meetings were enlightening for Sean: he had not realized how large the foundation was and saw so much potential for what it could do for the St. Louis area. Yet he was frustrated by the scattershot approach and lack of any real strategy. The foundation was supporting a wide range of organizations reflecting the founders' and siblings' varied interests, ranging from major symphonies and capital projects at universities to global microfinance and grassroots organizing groups across the nation. While each may be a strong organization, he felt the foundation was "leaving a lot of impact on the table."

Sean had additional conversations with his mom and some cousins, who got excited about his ideas for a more strategic approach. They discussed the idea of focusing on St. Louis, which appealed to a number of cousins—even those who no longer lived there—and addressing the needs of the town's low-income residents. Sean did research and shared reports on community needs, demographic trends, and the local nonprofit sector.

By this point, June had stepped off the board. The tensions with her siblings had made it too difficult for her to participate in the foundation. She and her husband had established their own foundation, which had grown substantially through contributions from their own earnings (June was a partner at a law firm and her husband ran a successful construction company), and she felt it simply wasn't worth the headache to remain involved. But her two children were excited about the discussions around "revitalizing" the foundation, and she was supportive of the idea.

Bob, however, was not interested in this proposed new strategy. He felt very committed to continuing support for the organizations he had long-funded through his "share" of the foundation and was not—as he put it—"willing to take a haircut." More generally, he was not interested in developing a shared focus. The foundation had always been a vehicle to support family members' personal interests, and he had no interest in changing that model. With their passing and the increased assets, he



felt he should have the opportunity to expand the scope of his giving. Moreover, his interests were somewhat eccentric, including deep sea exploration and the restoration of Nepalese temples. He didn't have much interest in the types of St. Louis poverty initiatives that were being discussed.

At the annual board meeting five years after Patrick's death, Sean and the other G3 board members proposed the idea for a "next-gen fund" that would give them some freedom to develop a funding initiative. They requested a relatively modest sum. Sally and Paul were very supportive and suggested a modification: rather than a discrete next-generation fund, they proposed that a significant portion of the foundation's giving go in this direction. It would be a multigenerational effort, and they would put most of their "allocations" toward it. There was a lot of excitement about the prospect of a very different kind of Moore Family Foundation—one that could really move the needle on critical issues and that would truly bring the family together.

Bob voted against the proposal.

Discussion: What options can the family pursue at this point?

PART B

As a compromise—and after much debate—the board agreed to "carve out" one-fifth of the foundation's assets (representing a "share" for each sibling, plus the legacy giving) and put them into a newly-established foundation which Bob would control. In exchange, Bob would step off the board. Many board members were unhappy with this solution, and it created an even larger rift between Bob and his siblings. But Bob made clear he would not go quietly—threatening legal action and negative publicity—if he did not receive what he felt was "fair." In the end, Sally and Paul were emotionally exhausted by the ordeal and simply wanted it over, so they could turn to the next chapter of work with their children, nieces, and nephews.

Over the course of the next decade, the Moore Foundation developed and implemented a thoughtful strategy to address poverty in St. Louis. They hired an executive director from one of their grantee partners with deep knowledge of the area. Over time, the board's role shifted from identifying and reviewing grants to considering staff recommendations and refining the strategy. The board was energized by learning together and seeing the impact they were having on the community.

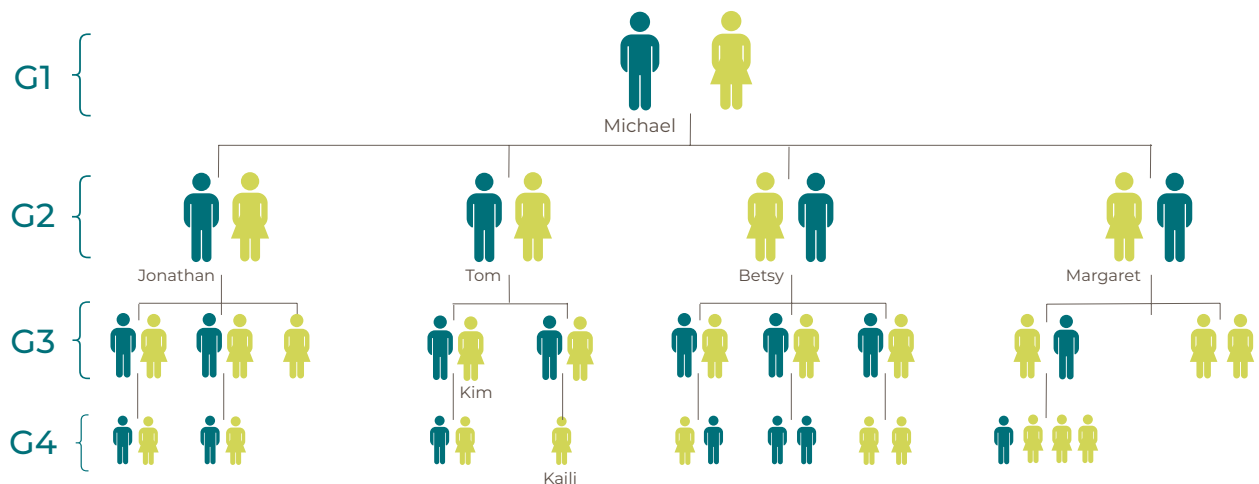
Several years after that fateful board meeting, Sally stepped down as board chair and Sean assumed the role. He had a strong relationship with the executive director and was well respected by his cousins. He made a point to reach out to his younger cousins to keep them informed about the foundation's work and involve them when the opportunity arose. Bob's children, in particular, were tricky: he had six children from three marriages, and none had spent much time with their other cousins (or, in some cases, one another): there was a 25-year age gap between the oldest and youngest, and two of them were raised in Mexico by their mother. But Sean found that Bob's kids were eager to learn more about the foundation (they knew little about it from their dad) and connect with their cousins, aunt, and uncle.

Twenty-five years after Patrick’s death, the Moore Foundation is looking at another round of transitions. Sally is the last G2 member on the board, which now consists of ten members (with representation from each of the G2 branches). The G4s are now in their teens and twenties, and two have joined the board. Sean remains the chair but is thinking about succession. He knows he should step down and let someone else lead—a younger cousin or even a G4 member—but he is so deeply invested in the foundation he is, by his own admittance, having a hard time letting go. The G3 members want to involve the next generation—they know from experience what an important force the next generation can be to revitalize the foundation—but are protective of what they’ve built and wrestling with how to integrate them. As Sean said, *“We want them to have the same opportunity we had to build something together. And we truly want them to have meaningful roles and challenge us. But at the same time, we don’t want them to throw the baby out with the bathwater. We worked hard to create the foundation we have today.”*

Discussion: What issues can you imagine on the horizon for the Moore family? How might they effectively address those issues?

CASE #2: The Bloom Family

Summary: The case depicts the challenges that stem from perpetuating individuated collective family foundations in the face of the family’s expansion.



PART A

Michael Bloom had four children. His eldest son, Jonathan, ran the real estate and investment business, where his second oldest son, Tom, also worked. Their two sisters, Betsy and Margaret, did not work in the family business. At the urging of his lawyer, Michael created a foundation, which he used to make his charitable gifts. When Michael

died, the foundation's assets grew significantly. Tom took over leadership of the foundation—as had been discussed with his father—and the four siblings joined the board.

The siblings all lived in Washington, DC and shared a number of interests. They continued to fund the organizations that had been dear to their father, as well as the immigrant-serving organizations that had helped their grandparents when they arrived from Europe. They supported national organizations focused on causes they all cared about—civil rights and justice—as well as organizations that were more personal to each sibling: their children's schools, organizations where they served on the board, organizations in communities where they had second homes. They didn't have—or feel the need for—formal guidelines that limited the types of projects they would support, or any clear division of resources. There was an implicit understanding that there was a “core” group of organizations they collectively supported, including “legacy” organizations of their parents and grandparents, and that each sibling would have the ability to allocate an equal “share” of the remainder.

When their children got older, the siblings decided to add them to the board. They wanted them to know the joy they had experienced working together in the foundation, and they felt that it was what their father would have wanted. With the addition of their 10 children (all of the G3s opted to serve), there were 14 people on the board. Recognizing the need for more structure with the expanded board, the siblings established discretionary funding for board members—significant shares for themselves, and smaller shares for their children, which could increase based on length of service. The remainder of the budget—about 50%—would go toward “core grants,” which board members could propose. It was understood that the existing organizations that the siblings had long supported would remain part of the “core grants,” but that still left a sizeable share (about 25%) for new grant requests. There were no funding guidelines for the core grants, but there was agreement that family members should recommend grants that they felt would be of broad interest to the family members and avoid grants that could be “controversial.”

For the next two decades, the G2 and G3 family members worked reasonably well together in this informal manner. Grants recommended by G2 members accounted for most of the core grants, but G3 members increasingly nominated projects for core grant support. During this period, Jonathan and Betsy passed away; the availability of their discretionary allocations, combined with the favorable market conditions, provided additional resources for the increasing discretionary allocations of the G3 members, as well as an expanded core grants budget. In general, there was enough funding available for the projects board members proposed; the board would often “shave off” a bit from grant requests, but rarely declined a proposal “sponsored” by a fellow board member.

Thirty years after Michael's death, the board decided to include the fourth generation in the foundation. All members older than 21 were eligible to serve on the board. Six members immediately joined, and over the next decade eight more joined (fourteen out of the eligible seventeen members). Now in his 80s, Tom remained active as board chair (Margaret passed away), presiding over board meetings of 25 members. The family maintained the roughly 50-50 split between discretionary grants and the “core” grants, which remained broadly defined.

With the addition of new board members, the system that had served the family well for four decades began to unravel and tensions flared.

Some G4 board members questioned why the foundation supported some long-time grantees—many holdovers from Betsy, Margaret, and Jonathan—that no one seemed particularly interested in. They voted to significantly reduce grants to some of these organizations—a move which was supported by some G3 members but angered Tom.

There were several incidents that tested the board’s implicit prohibition of support for “controversial” issues. During a catastrophic disease outbreak in Nepal, a G3 member recommended a grant to a Catholic aid organization—one of the few doing work in the outbreak zone. This recommendation caused much debate, as several family members did not want to support a Catholic organization due to stances on gay rights and abortion.

Several years later, a member recommended a grant for get-out-the-vote efforts in advance of the 2016 election. Though the foundation had historically supported a number of progressive advocacy organizations, a few family members—all of whom were on the more conservative end of the political spectrum—objected to what they saw as the “political” nature of this grant. They felt the foundation should steer clear of supporting politics to avoid causing discord among the family.

The board had historically made decisions via consensus and approved nearly all grant requests, but with 25 people with varied interests now active in the core grants program, it was increasingly difficult to maintain these practices. There was not enough money available to fund all the proposed projects, and people grumbled that some family members routinely requested more than their “fair share” of core grants.

Whereas the board had historically easily approved most core grant proposals, heated discussion was now a common feature of board meetings. Members debated the merits of each core grant, everyone using their own set of decision-making criteria. Some members preferred grants that were focused on systems and policy change while others felt it was important to transform individual lives. Some preferred to focus on domestic organizations while others felt their money could go further in the developing world. Frequently, members would suggest that proposed grants were better suited for discretionary funding—though it was unclear what was supposed to fall into which category.

Lacking clear guidelines, members tended to support projects from family members with whom they were close and shared common interests. Several members described the process as a “popularity contest.” There was also a high degree of “horse-trading,” with members agreeing in advance of board meetings to approve one another’s grant requests. “Blocs” emerged among family members with similar interests and ideologies, and which cut across family branches. It was ripe territory for family tension to bloom, and there were some particularly difficult dynamics between some family members that frequently flared up (including between siblings, between children and parents, and among the cousins).

These tensions weren’t limited to the foundation. The family remained connected through shared ownership in properties which provided income that many members relied on for their livelihood. Among the various issues that surfaced during this time, a group of family members accused other family trustees of negligence and threatened legal action.

During this time, Tom passed away and was succeeded by his eldest daughter, Kim, as chair. Kim was well-liked and committed to helping the family work together more productively, but did not command the deference people had shown Tom. With Tom's passing, tensions boiled over. Two G3 members found the process so stressful that they stopped attending board meetings but did not want to step off the board given their significant discretionary allocations—which exceeded their personal giving.

Following a particularly difficult board meeting, Kaili, one of the oldest G4 members, emailed the board. “It is past time,” she wrote, “to acknowledge that this isn’t working. Rather than bringing us together, this foundation seems to be tearing us apart.” The board agreed to hire a consultant to help them figure out a path forward.

Discussion: What options should the family consider at this point?

PART B

Working with the consultant, the board considered a range of options: creating discrete funding portfolios focused on areas where there was shared interest; reducing the board size through term limits; branch representation governance structures, etc. The majority of G3 members and some G4 members made it clear that they would not consider any options that reduced their discretionary funding—now in the \$25,000–\$50,000 range. For many board members, this was a significant sum and exceeded what they were giving personally. While some board members liked the idea of greater strategic focus, others resisted this idea. Moreover, given the state of family relations, people had a hard time envisioning a way for the board to productively engage in a process to develop strategic priorities.

Ultimately, the board decided to pursue an entirely discretionary model and do away with the core grants program. They considered dividing the foundation along branch lines but there was significant inter-branch tension, so this was an unappealing option for many.

In this new system, several members who desired even greater autonomy opted to simply request a grant to a donor-advised fund and minimize interaction with the board.

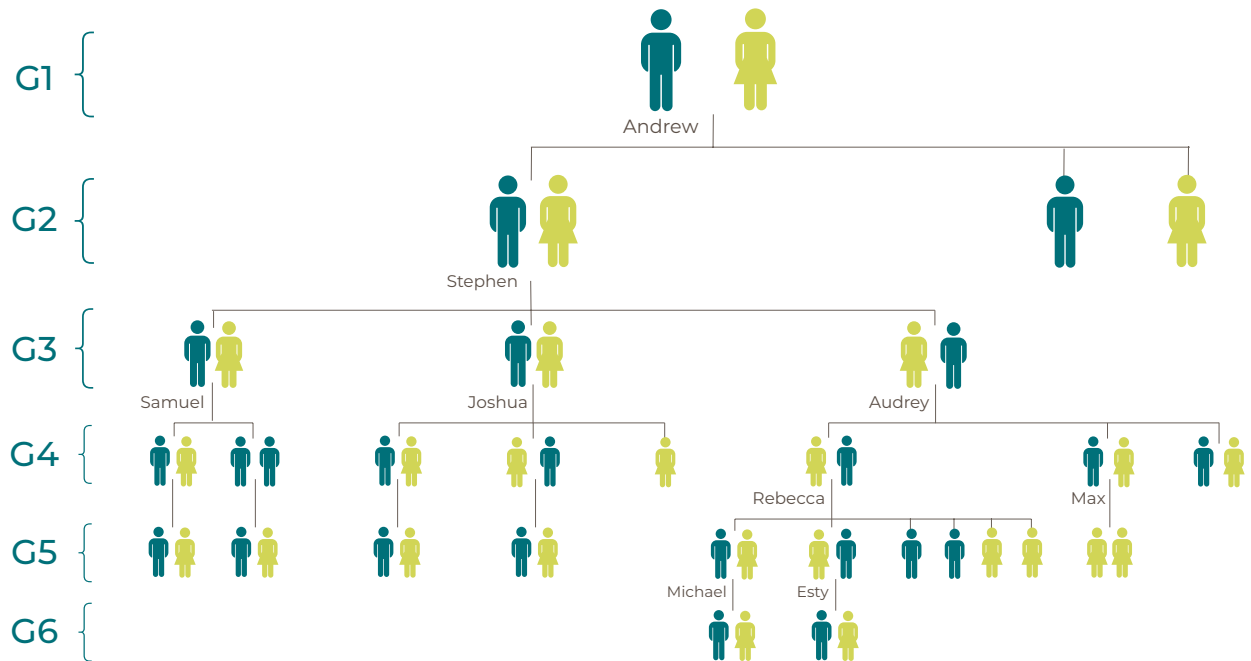
There are some clusters of family members who occasionally come together across branch lines to support areas of shared interest, but this happens much less than people had hoped. The family recently decided to increase professional support, and part of the charge of the consultant is to support collaborative efforts.

In reflecting on the process, Kim shared that she could see no other viable alternative but was still saddened by the outcome. “If we had gotten ahead of this and made changes back when it was just my generation, we could have avoided a lot of heartache. We looked to how our parents did it and we did it that same way. By the time we realized we needed to make a fundamental change, it was too late. People weren’t going to make the hard choices and give up control.”

Discussion: Given the realities of this family's dynamics, could you imagine different—and better—outcomes? Better for whom? What would it have taken to achieve those outcomes?

CASE #3: The Jacobs Family

Summary: This case depicts a family philanthropy system with a well-defined legacy family foundation and mature successor funds. Significant ideological differences are beginning to affect the family's ability to work together in the legacy foundation.



PART A

Andrew Jacobs created his wealth in steel and was one of the leading industrialists in Pittsburgh in the early 1900s. He had three children, and his eldest son Stephen ran the family business after his passing. Over the course of the 20th century, it diversified into many different industries, and during the 1950s, the three branches separated their family business interests. Stephen's two sons, Samuel and Joshua, took leadership roles in a new family investment business, and in the 1970s created what would become a family office to manage their financial affairs, as well as those of their sister, Audrey.

In the late 1950s, Stephen created a foundation for his personal philanthropy. Over time, he came to involve his children, and used the foundation as a way to share with them his commitment to the issues and organizations he cared about. He also allowed them to support organizations with which they were personally involved.

By the 1980s, the assets of the foundation had grown significantly. At that point, Stephen had eight grandchildren, with great grandchildren on the way. He was interested in creating a family foundation that would bring his family together over generations and create a lasting legacy for the Jacobs family. He drafted a donor intent letter to document his values and priorities, but recognized the importance of granting future generations the ability to interpret this guidance in their own way.

At the same time, he established three successor foundations for his three children. He made clear that this was to be the venue for their personal giving and that the Jacobs Family Foundation was to be a multigenerational collective endeavor. Similarly, he established a separate foundation to support some of the organizations he once supported through the family foundation, but recognized as being of less interest to his children and grandchildren. He pushed to include some of his grandchildren—the elder ones in their 20s and 30s—on the board. Through a collective planning process, Samuel, Joshua, Audrey, and five of their children identified two areas where they felt the foundation could have a meaningful impact, aligned with the family's values: economic development of Western Pennsylvania and mental health. By then in his late 80s, Stephen was not closely involved in this process but took great pleasure in attending portions of board meetings and watching two generations of his family work together for a common philanthropic purpose. When he passed away in the late 1980s, the Jacobs Family Foundation was operating as he had hoped it would: multiple generations working together to move the needle on important issues.

The family learned together about their funding priorities, eventually hiring a nonfamily CEO and other professionals with philanthropy and content expertise to manage the family foundation. During the 1990s – 2000s, some of the G3s joined the board of the foundation, while others rotated off as their life circumstances changed.

Meanwhile, the siblings each chose a slightly different approach for their successor foundations. Samuel involved his two children in their teens, eager to replicate the multigenerational model of the Jacobs Family Foundation and work closely with his children. His branch developed their own funding priorities, and Samuel and his wife addressed their personal philanthropy outside of their branch foundation.

Joshua chose not to involve his three children in his branch foundation, and he and his wife used it to support their personal philanthropic interests.

Audrey involved her three children in her branch foundation from the get-go. Recognizing that her children were very different and had few common interests, she opted for a discretionary model: she and her husband used half the funding for their interests, while each child received one-sixth for their individual giving.

By the 2010s, the G3s were in their 50s and leading the Jacobs Family Foundation. Audrey passed away in 2005, Samuel was in failing health and was no longer involved with the foundation, and Joshua served as an emeritus member. Audrey's son Max became the board Chair, and the board was composed of ten members: five each from G3 and G4, representing all three branches.

One of the G3 board members was Rebecca, Audrey's eldest daughter (and Max's sister). In college, Rebecca had traveled to Israel and met her husband, embracing the Orthodox Judaism of his family. They relocated back to the US and had six children. Rebecca's son, Michael, and her daughter, Esty, also served on the board.

Most in the Jacobs family considered themselves to be on the left side of the political spectrum, though the family generally tried to maintain political neutrality in the Jacobs Family Foundation's work. Indeed, the Foundation's priority areas—economic development and mental health—were selected in part because they appealed to family members with different political perspectives, including Stephen, who had been more conservative than his children.

But during the 2010s, it became harder for the family to steer clear of ideological conflict. In 2015, several board members proposed that the foundation adopt a more explicit focus on racial justice and dedicate more resources to communities of color in Pittsburgh, where they concentrated their giving. Rebecca and her children opposed this proposal. At the same time, Rebecca advocated for funding to address Anti-Semitism and Jewish causes, which she believed were more aligned with her deceased grandfather Stephen's interests. Many family members were strongly opposed to this proposal, both because it was outside of the foundation's funding areas, and because they saw it as advancing a pro-Israel agenda with which many were not aligned.

Board meetings, once pleasant and consensus-based, became quite heated. Rebecca, Michael, and Esty were frequently outvoted by other board members, and they voted together as a block against proposals that did not align with their beliefs. Additionally, they frequently proposed projects that others felt were not in keeping with the values or priorities of the foundation. The family knew that the constant head-butting needed to end but couldn't determine the best approach.

Discussion: What might you do at this juncture to address the challenges stemming from different ideologies?

PART B

To accommodate Rebecca and her children, the board increased funding to combat Anti-Semitism, but declined a number of Rebecca's grant recommendations that they felt were "anti-Palestine." This helped the family find some common ground, but—to the board's frustration—did not eliminate Rebecca, Esty, and Michael's refusal to cede to the majority's interests.

In their branch foundation, Max and his brother attempted to accommodate Rebecca. They offered to increase her share of the giving, which by this point had become quite significant: the annual budget was more than \$1 million annually, divided equally among the three siblings. They would take one-quarter and allow her to direct the remaining half of the giving, in exchange for her agreeing to step off the Jacobs Family foundation board.

But Rebecca wouldn't go for this proposal. Indeed, she often didn't spend all of her discretionary allocation in the successor foundation. As she told her brothers, she felt compelled to make sure that the Jacobs Family Foundation was aligned with her understanding of her grandfather's values, and her moral belief system.

After a particularly fraught board meeting, Rebecca wrote to the board with a new proposal: she and her children wanted a "carve out" from the Jacobs Family Foundation. They asked for one-quarter of the assets (since Rebecca and her six children and four grandchildren accounted for one-quarter of the family members at this juncture) to be moved into a new foundation which they would control.

The board vigorously debated this proposal. Some felt that they should simply vote Rebecca, Esty, and Michael off the board. They recognized that this would likely sever the relationship between Rebecca and her children with the rest of the family but were deeply frustrated at her unwillingness to compromise. The foundation was a public

trust, they reasoned, and it was unfair for family members to feel they had a “right” to control it.

Others—including Max and his brother—felt it was a necessary step to try to maintain some family harmony. They didn’t like it, but if that was what was needed to keep the peace they could live with it. They wanted to be done with the turmoil that had plagued the Foundation in recent years so that they could go back to the collaborative work they enjoyed. It was simply not worth it, they reasoned, to further the rift with Rebecca’s family.

After a heated discussion, there was a vote. The majority of the board voted against Rebecca’s proposal, and made clear that they would not re-elect Rebecca, Esty, or Michael for subsequent terms on the Jacobs Family Foundation board. Rebecca and her children resigned from the board in protest.

Max and his brother supported Rebecca’s proposal and remained on decent terms with her and her children, though this experience weakened the already delicate relationships between the cousins. Since this incident, the other branches have had very little contact with Rebecca’s branch beyond the annual family office meetings, which are now quite strained.

More recently, two of Rebecca’s younger children have developed closer relationships with their cousins. They have expressed interest in one day joining the Jacobs Family Foundation board. The rest of the family is open to this possibility, so long as there is a clear alignment of values.

Discussion: Given the realities of this family’s dynamics, could you imagine different—and better—outcomes? Better for whom? What would it have taken to achieve those outcomes?



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