



Balancing Individual and Family Interests in Collective Giving: Question and Answer with the Authors

Collaboration Vs. Individuation

Based on your research, do you have a point of view about which is "better"—the collaborative model or the individualistic model? Could you successfully have both in one foundation to achieve multiple goals?

This is really the crux of the question(s) we were exploring—and hopefully you will find that the report answers these questions! Short answer: if you can make collaboration work it is likely to be a better experience and more enduring... but it is not the right approach for every family. And yes, you can successfully do both through a single family foundation...with several caveats! The key point is that you need very clearly defined boundaries delineating personal and collaborative giving, and that family collaborative work remains primary (and that discretionary giving remains secondary).

Participation By Later Generations

Should all descendants be given an opportunity to be involved? Do you have thoughts about participation by all vs. the option to participate by everyone?

We DO have thoughts on this issue! We talk about it on pages 18-19, and again in the conclusion. Obviously, if a family foundation is going to continue as the family expands, it won't work to involve everyone, all the time; to succeed, families will need to be selective and institute processes to manage inclusion (e.g., terms and term limits, opportunities for participation beyond board service, etc.). But that shift in mindset from "let's build a foundation that includes everyone" to "let's build the board this foundation deserves" can be a tough transition.

How do you avoid branch representation when you have a large number of G3?

We discuss this in the report (page 40). In general the gist is that you most effectively address demographic expansion with a shift from an individualistic mindset of entitlement and allocation of influence (by branch) and instead select participants based on merit—i.e., their ability to effectively fulfill a clearly articulated set of expectations and competencies. We realize this is easier said than done. G2s often cannot imagine selecting among the next generation, and there are often not any clear or agreed-upon standards that you would use to assess potential board members. Defining these expectations and competencies is a critical first step—along with an understanding that not everyone will (or should) participate all the time.

To effectively make this transition, families usually couple a selection process with defined experience, processes, and structures to ensure rotation (terms and term limits, etc.) alongside a mindset shift to a "culture of rotation." In this culture, there is an expectation that you step up and serve when you have the time, interest, and ability, but step aside and create room for others when you are no longer able to

do so. This helps prevent over-identification of leaders with the Foundation, which helps continuity and succession planning (see Leadership section in report).

Branch representation is a system to divvy up influence (usually along G2 lines, which become increasingly irrelevant over time). This is a concern in more individualistic models, but much less so in collaborative ones. If the foundation's primary business is supporting projects of interest to family/board members (individualistic model), then people will of course jockey for a role (and then stay in it), and that culture of rotation is harder to create. This is also a big part of why a collaborative model is critical for long-term continuity.

Finally, at LGA (Lansberg Gersick Advisors), we look at the entire governance map of a family enterprise, and we find that engagement for those who want to be involved can often broaden to roles in other governing entities (e.g., a Family Council, the Education Committee, the Family Gathering task force, etc.).

Was there an age or age range at which G3 expressed more of an interest in participating in collaborative philanthropy?

We did not analyze the age of respondents in relation to their interest in collaboration, so we can't definitively answer this. But we can share, from anecdotal data and experience, that many younger family members are more enthused about collaborative philanthropy and less enthused about individualistic giving. (See pages 38 and 46 for more on this). With the best of intentions, people tell next gen members to "follow their passions" (in philanthropy, in work, etc.), but this is often really paralyzing, particularly at a formative age when people are trying to define themselves and their relationship to wealth. Being seen as a philanthropist isn't all that appealing for a lot of younger family members. We often find—and found in this research study—that they are eager for support in their giving, along with the chance to work with and learn from others.

Geography and Place

Is it healthy to avoid a goal of honoring active family members' commitments to their (now) home communities? Do you distinguish between mission-consistent but geographically dispersed discretionary programs and simply "whatever each trustee wants to do"?

As we write in the report, it's common for G2 to perpetuate the individualistic model of their parents, which includes funding in their local communities. That can become (even more) problematic as the family disperses over the generations: what was two or three local communities is suddenly 15.

So, this question around geography surfaces the larger theme of our report: just because the generation before you operated that way doesn't mean you, the rising gen, should too. In the case of geography, there were several families in this sample that "grandfathered in" some programs in the places G2 members lived, but then made an intentional decision in G3 to focus on a single place (or, in a few cases, no place at all). We'd also add that we didn't really differentiate between "mission-consistent but geographically dispersed discretionary programs" and simply "whatever each trustee wants to do." Though the former nominally has some parameters around it, both are essentially predicated on the same principle: the decision about what to fund rests with an individual participant.

The idea of limiting giving to geographic areas where the family members live and work seems counter to what we know to be true: that all philanthropy is personal. It seems it would be unfulfilling if a family didn't give in the community they call home. Can you speak to this?

Hopefully our report can help clarify this. We essentially found that it was important for people to have a venue for their personal philanthropy, AND/BUT that it should not be a collective one (or, if that personal giving took place from a collective family foundation, it was done within very clear boundaries).

One motivation for giving is to support the causes and places you're closest to—but, as our research makes clear, it's not the only one. Many of our participants chose to participate in the family foundation primarily because they wanted to be part of a shared family effort, doing something meaningful in the world together. That impulse to do something together is in tension with the impulse to support your own philanthropic agenda—and indeed is at the heart of most conflicts in family philanthropy. If families continue to perpetuate a model where everyone gets to do their own thing through the family foundation, it will inevitably splinter over time. And while that message is often not well understood by G2s, G3+ tends to understand why that needs to be the case.

Personalities And Politics

How do personality types correlate with the collaborative model? Are there personalities that are more likely to “poison” the system?

We didn't look specifically into personality types, but—as is hopefully clear in the full report—collaboration is not everyone's (or every family's) cup of tea. While we did find that participants in this study who were engaged in collaborative family foundations had more positive experiences than those engaged in more individualistic models, it is also absolutely the case that the best path for some families and/or individuals is not to collaborate—either by creating a foundation that allows for more autonomy (recognizing the fact that continuity will be difficult), dividing it up, or choosing an option that allows those who desire more autonomy to have it.

The solution really needs to be driven by the aspirations of the participants. If there's a strong minority (person or group), sometimes the best path is to figure out a way to grant them autonomy (e.g., “carve out”). If, on the other hand, there's simply not enough collective will to put the effort into collaborating—because it does take effort—then a solution which allows for peaceful co-existence (which can take different forms) is probably best.

The reality is that some people, for any number of reasons, including personality, don't want or aren't capable of the sorts of compromise, negotiation, and empathy collaboration requires. You have to be able to listen, understand, and respect someone else's opinion. Some people find that to be =effort to be well spent for the rewards, others don't. We find that, for those who are motivated to understand themselves and others, that personality assessments, individual coaching, and team development work can be additional effective tools to implement.

What is an example of ideological differences? Does this mean along political divides, or issues?

Hopefully the report provides more guidance on this question. We let participants self-define this in the survey (we asked about ideological alignment with the foundation, and with their family). Generally, interviewees spoke of political differences.

Mission And Legacy

The mission statement is supposed to be the “North Star” that guides a family’s shared giving — can you speak more to the role of mission in guiding family philanthropy (especially if the founder is deceased)?

Our report speaks to this issue (see page 28). We would also direct you to Chapter 6 of *Generations of Giving* which has even more data on the importance of clear mission statements.

What’s often not clear in the families we work with is who has the authority to decide on the fundamental questions of purpose, values, and vision. Typically, during their lifetimes, this is relegated to the founders (primarily). In some families, the explicit or implicit wishes of the donor(s) remain paramount in driving decisions, whereas, in others, future generations have more latitude to chart the course. There’s nothing inherently right or wrong about any one approach, but the data in *Generations of Giving* make clear that a clear and specific mission is correlated with more effective governance and perceptions of impact.

What did you learn about how future generations find their way into mission-driven legacy foundations?

In terms of how next gen members “find their way” into legacy foundations, it really depends on the family/institution. In some families in this sample, there were hundreds of family members, formal next gen preparation programs, and rigorous selection processes. In others with smaller families there was an expectation (and often obligation) that everyone participate—which led to its own set of issues. We hope you’ll find that our report provides some answers to this question, especially our section on the next gen (page 46) and findings related to next gen interest in collaboration (page 38).

Individual Giving

How do you balance when family members have significant resources of their own outside the foundation?

Our research touched on the issue of wealth disparities (page 27), though there is certainly more to say on this topic. Typically, those with fewer personal resources tend to put more pressure on the collective family philanthropy for their own individual philanthropic agendas, and that was the case in some of the families in our sample. But there were exceptions to that, as well. Our guidance is to be very clear about expectations regarding where that personal philanthropy should take place and establish firm boundaries. And make sure everyone understands the trade-offs: if the family foundation becomes the place for everyone’s personal philanthropy, it won’t continue into later generations. That may be a price people are willing to pay, but they need to be clear about that outcome.

Limited-life Philanthropy

When you excluded limited-life foundations from your sample, did it then include any foundations that have the option to spend down? They're operating continuously, but not restricted by their charter from spending down. If so, how did their responses compare with perpetual foundations?

We didn't have any foundations in our sample that were restricted from spending down in their charter. All the foundations in our sample had current leadership that was interested in maintaining continuity, though some were confronting the reality that the future would likely not include all branches and/or an intact foundation. (Your question begs the larger question of what we mean by "continuity"—we took that to mean that the "legacy foundation" continues to exist with some family participation, though that didn't preclude division, carve outs, etc.). None of the participating families in our current study were actively contemplating spending down.

Decision-making and Impact

What kinds of resources or frameworks for decision-making are family foundations using for intergenerational decision making?

Amy Shulman's NCFP paper on Demystifying Decision-making does a good job answering this question. Our colleague, Kelin Gersick, has more to say on this issue in his book *Generations of Giving*. A common challenge for philanthropic families is the lack of clarity (and agreement) about authority: who gets a say in which decisions, and what sort of say do they get? Often the process doesn't reflect the realities of that authority, e.g., it may be a democratic process with majority rule, but in reality the founder makes the decisions. A lot of the consulting work we do is to help families get clear about real authority and understand the pros and cons of different decision-making approaches. In essence, there is always a trade-off between control and engagement: we believe that the only currency which really buys commitment and engagement is authority. So, people need to understand, when they retain control, that a likely outcome is reduced engagement from other stakeholders.

I think it is difficult for family foundations to really know the "quality" of their philanthropy, but can you speak about strategies that make family members feel positive about the impact of their investments?

For a host of reasons, we didn't attempt to measure the "quality" of the family's philanthropy (see page 20 on "Defining Success" for more on this). As a general rule, for the families in this research where there were higher ratings on perceptions of impact, there were also more focused philanthropic priorities, and family members could see, over time and in aggregate, the ways that their giving was moving the needle—or at least felt as if that was the case. Perceptions of impact were a lot lower in more individualistic models, where people are generally looking at the impact of individual investments.

In terms of strategies that families use to make people feel connected to the work and positive about the impact of their investments—that was outside the scope of this research. But from what we've seen in families with a more professional and collaborative model (and where there is likely to be less direct involvement with grantees and applicants), the most effective families use a combination of approaches

to this issue, marrying more quantifiable metrics (where possible) with direct interactions and experiences.

Most critically, we think shared and experiential learning is key to success—families that put shared effort into learning experiences like site visits, conversations with experts, and reflective discussions are, in our experience, far more likely to develop and maintain widespread commitment and enthusiasm for the work.

Grantee Relationships

Is there anything in the findings about how an individualistic approach creates confusion among grantees in the community regarding how the foundation operates or hinders the foundation's reputation or effectiveness in the community?

We didn't gather data from external audiences so we can't answer that. But from our decades of consulting to philanthropic families, this is definitely an issue, particularly when family members are directing grants to similar places/organizations/issues, and/or when they are directing grants to organizations doing opposing work (we have some powerful examples of families supporting opposing sides of charter school campaigns, conflicting social science research, etc.). Some of this can be managed by communications/messaging. But it's symbolic of the larger issue we flagged, which is the inevitable problems that arise when families use a shared pool of resources to support individual rather than collaborative giving.

On defining success, where would you include the perception of the grantees working with the family? In other words, is success possible if the grant process or relationship with the grantor is challenging/strained/inefficient?

Obviously, defining success in philanthropy is a HUGE topic that was well beyond our scope. For the purposes of this research, we didn't include grantee perceptions in our metrics of success—see page 20 of the report for more on how we defined success for this study.