

Philanthropy

# WHITE PAPER 02

○ Institute for Philanthropy

Research conducted by Institute for Philanthropy  
for Credit Suisse

FUNDING AS  
A FAMILY:  
Engaging the  
Next Generation  
in Family  
Philanthropy

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# Executive Summary

While grantmaking as a family can take as many different forms as families can themselves, models for family philanthropy do fall broadly into three categories. The family foundation model enables families to create a formal structure for their grantmaking, in which a board made up principally of family members will oversee the activities of a philanthropic foundation. In the family business model, a family will carry out its grantmaking through the corporate foundation or corporate philanthropy program of a family business. The final category brings together other models for family philanthropy, including the creation of a family fund at a community foundation and a host of more informal activities, such as family giving initiatives organized around the kitchen table. In these latter initiatives, younger generations are often invited to take the first steps towards learning about their families' philanthropy, in preparation for deciding if they want to become more deeply engaged in the future.

Although it is also found in the USA and in Europe, the family business model is particularly prevalent in Latin America, and other parts of the world where the family foundation model is still emerging. The USA is home to the largest number of family foundations in the world, and more than half of the independent foundations in this country are family run. The UK has the second largest number of family foundations, and British family foundations make a significant contribution to the funding of this country's nonprofit sector. The presence of family foundations is also notable in Germany and Italy.

Engaging the next generation in family philanthropy can bring many benefits, both to families themselves and to their grantmaking. Philanthropy creates a forum for families to pass down values and build legacy together, and to address issues around wealth and inheritance. It also provides an opportunity for family members to practice collaborative decision making, a collective skill that can be useful in other areas of family life, particularly for business families. Family foundations offer younger generations the opportunity to develop key professional skills, around communication, teamwork and financial management. Engaging the next generation in family philanthropy can also act as a catalyst for the reexamination of philanthropic mission and approach, as younger members of the family bring new ideas and experiences to the family's grantmaking.

Family philanthropy can also bring challenges, especially as older generations seek to engage younger members of the family in their grantmaking. The generation gap and the different life experiences of children and grandchildren can lead to conflict and differences of opinion around philanthropic mission and strategy. Families operate according to different family cultures, and it can be helpful to identify tendencies in the ways that family members relate to one another when seeking to involve the next generation in the family's philanthropy.

In the second section of this White Paper, a series of case studies with 'family pairs' (such as a mother and her son, and a grandfather and his granddaughter) from the USA, Canada, the UK, India, Brazil and Mexico provide recommendations for philanthropists and their advisors on how to successfully engage the next generation in family philanthropy. The philanthropists in these case studies talk about the benefits that working together has brought to their families

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and their philanthropy, and how they have overcome the challenges inherent to funding as a family. The creation of junior boards or next generation committees within family philanthropies emerges as a helpful technique for giving younger generations the experience needed to move into roles of greater responsibility in family foundations. The provision of discretionary funding to enable different family members to pursue their own funding interests alongside those of the family as a whole is also a common practice. Families featured in these case studies talk about the value of philanthropy advisors, next generation philanthropy programs and peer networks as a source of support and advice. They stress the importance of making the time and space to discuss family values and to work collaboratively on designing a mission and objectives for the family's philanthropy. The families featured here also emphasize the need to respect the timeframe of younger family members around if, how and when they want to step up to a deeper involvement in their family's philanthropy, stressing that philanthropy is better seen as an opportunity than an obligation for the next generation.

Most importantly, these families demonstrate that the key to the successful engagement of young people in family philanthropy is the building of open, honest and respectful communication between generations. When younger family members feel that their contributions to the family's philanthropy are valued and their feelings and opinions respected, disagreements are more easily overcome, and grantmaking becomes a means of bringing families together in pursuit of a common philanthropic mission.

# Introduction and Welcome

To our clients and friends:

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We have been privileged to serve the wealth management needs of the world's wealthiest individuals and families since 1856. Our success in the areas of private banking, investment banking and asset management is founded on our ability to integrate our capabilities and to adhere to the values that first defined us over 150 years ago; provide outstanding service, deliver tailored solutions, and to maintain the highest level of expertise and client focus.

Last year, we released the white paper *Smart Funding in Tough Times: Philanthropic Funding in an Economic Downturn*. The paper examined the impact of the economic downturn on philanthropy in the USA, and provided recommendations for philanthropists and their advisors on charitable giving during the recession. Following its success, we are now pleased to present this second white paper, *Funding as a Family: Engaging the Next Generation in Family Philanthropy*, again produced in collaboration with the Institute for Philanthropy.

This new white paper explores family funding in a variety of contexts, including the family foundation, the family business and a host of more informal giving schemes designed to help younger generations learn about philanthropy. All of these types of family philanthropy can bring great benefits to both families themselves and to their giving. However, they can also be accompanied by many challenges, especially when it comes to engaging younger generations whose philanthropic concerns and approaches may differ from those of their parents and grandparents. This paper provides a series of recommendations for philanthropists and their advisors on how to overcome these challenges, illustrated by ten intergenerational case studies of 'family pairs' (such as mother and son, or grandfather and granddaughter) who are part of families from the USA, Canada, the UK, India, Brazil and Mexico. These case studies explore techniques for collaborative decision making, for sharing and defining family values in the pursuit of a common philanthropic goal and for building the capacity and confidence of younger generations to step up to positions of greater responsibility within their families' philanthropies.

We think the case studies featured here provide inspiring examples of how families around the world are working together to build thoughtful and effective family philanthropies. We hope that you will find this white paper useful in developing your own family philanthropy, or advising others on how to do so.



Bill Woodson  
Managing Director, Head of Family Wealth Management  
Private Banking USA, Credit Suisse Securities (USA) LLC

# Family Philanthropy in the USA and Beyond

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Family foundations around the world are not only a long standing and established institution dating back to the 19th century, they are also highly adaptable and can adopt many models, each as unique as the family which gave life to it.

Families that maintain ownership of a successful family business will often carry out their philanthropy through a corporate philanthropy program or foundation, established within the business itself. This model is particularly common in parts of the world such as Latin America (as can be seen in the case studies featured from this region), but is also found in the USA and in Europe. In other cases, families will establish a foundation with no direct connection to the family business, preferring to keep these two realms separate from one another. Finally, philanthropists who do not have family businesses — or have recently sold a business — may engage their families in their philanthropy through the creation of a foundation, a family fund at a community foundation or even an informal giving program organized around the kitchen table.

While the presence and contribution to society of family philanthropy is recognized around the world, the United States has long been established as the country best known for the work of its family foundations. A survey conducted by the Foundation Center in 2007 recognized 40,200 independent foundations with measurable donor or donor-family involvement in the USA.<sup>1</sup> These family foundations represent more than half of all independent foundations in the country, and account for similar shares of independent foundations' giving, assets, new gifts and bequests from donors. In the same year, the Foundation Center also established that family foundations spent \$18.5 billion on philanthropy in the USA, an estimated share of 56% of all independent foundation giving in 2007. The survey also showed a rising trend for the creation of new family foundations, with numbers rising over 5% from 35,693 in 2006.

Giving patterns reported in the same paper demonstrated that education was a top priority for family foundations in the USA in three out of four major regions (the Northeast, Midwest and South), indicating flexibility and responsiveness to the needs of local communities. The largest family foundations in the USA, however, were more likely to provide funding for the environment and animal welfare, health, religion and the social sciences, than independent foundations overall. At the same time, these larger family foundations were less likely to give to arts and culture, education, human services, international and public affairs.<sup>2</sup>

The UK has the second largest number of family foundations in the world. A study of the 100 largest family foundations in the UK, conducted by the ESRC Research Centre for Charitable Giving and Philanthropy at Cass Business School in 2009, indicated that their total spending amounted to £1.2 billion (\$1.8 billion). Despite the fact that this sum is significantly smaller than in the USA (the same study stated that comparative spending in the USA was \$7 billion), family foundations are an important part of the UK's voluntary sector landscape. In fact, the study shows that, after removing the grants of the Bill and Melinda Gates Foundation in the USA and the Wellcome Trust in the UK, the contribution of the top 100 British family foundations as a percentage of the total charitable giving of all UK foundations was 25%, well above the equivalent figure of 11% in the USA.<sup>3</sup>

<sup>2</sup> Ibid.

<sup>3</sup> Pharoah, Cathy (2009) Family Foundation Philanthropy 2009, UK, Germany, Italy and the US, ESRC Research Centre for Charitable Giving and Philanthropy, Cass Business School, pp. 9–18

<sup>1</sup> Foundation Center (January 2009) Key Facts on Family Foundations, [http://foundationcenter.org/gainknowledge/research/pdf/keyfacts\\_fam\\_2009.pdf](http://foundationcenter.org/gainknowledge/research/pdf/keyfacts_fam_2009.pdf)

8 Beyond the USA and the UK, data on family foundations becomes more scarce. Cass Business School's 2009 study reported donations of €724.8 million (\$987.6 million) among the 100 biggest German family foundations, making Germany a significant player in Europe. German foundations tend to have smaller assets than in the UK, and in 2006 almost 50% of family foundations in this country owned assets of less than €250,000 (\$340,733). Family foundations are also present in Italy, where they constitute 12% of the total number of foundations, which has been estimated at 4,720. Recent trends in Italy, however, indicate that the growth of family foundations has been on the up, with one third of the 90 largest family foundations in the country having been established between 1990 and 2000. The same study reported spending of €90 million (\$123 million) by these 90 Italian family foundations, although due to the incomplete nature of available data, caused in part by the privacy surrounding family foundations in this country, this can only be an estimation.<sup>4</sup>

Through its visionary nature, the family foundation is the perfect starting point for social involvement among younger generations. Based in deep ethical commitment, a foundation forms a core within philanthropic families. Depending on the wishes of its founders, a family foundation can either live long and prosper well into the future or disperse and cease to exist after a time in the form of a spend down. Foundations are as organic as the families that constitute them. Their grant-making capacities and objectives may fluctuate depending on different phases in the family's history, numbers of deaths and births, the geographical location of family branches and whether new generations are included in the process of philanthropy. As Sharna Goldseker, Vice President of the Andrea and Charles Bronfman Philanthropies argues, "incorporating the next generation into the foundation does not mean that children enter a static system; instead, their very presence requires the foundation to adapt."<sup>5</sup>

While family businesses, like any company, must be performance driven, family foundations are values driven. Foundations provide a focus and structure for the implementation of their founder's philanthropic vision, and can be a means of uniting even very extensive families around common ethics and values-based goals. This is possible not only through their legal and formal structure but also through their ethical core. For business families, a foundation can also be a means of passing down family values to younger generations who are not directly connected to the work of the business, and may never be.

Often, a family foundation is also set up with an emphasis on preserving family legacy through philanthropy. A foundation's vision can help to give younger generations focus, guidance and a sense of purpose connected to the family's past. As one young philanthropist remarks, "we're following his (our grandfather's) vision. We've grown up hearing him talk about the environment and that theme seems to be reflected in our own giving interests."<sup>6</sup> The process of defining the mission statement and grantmaking activities of a family foundation, for which families often employ the help of outside experts, can be a collaborative journey in which families have the opportunity to examine the values which have shaped their history, and think about how they can work together to ensure those values are carried into the future. As the National Center for Family Philanthropy advises, "the mission helps the family set a course that transcends generations".<sup>7</sup>

4 Ibid. pp.18-40

5 Goldseker, Sharna (January/February 2006) Beyond Duty and Obligation, Foundation News and Commentary, Vol. 47, No. 1

6 de Baca, Samantha (Spring 2009), Next gens plough their own philanthropic furrow, Campden FB, No. 42, p.71

7 Peckham, Virginia (2000) Grantmaking with a Purpose, Mission and Guidelines, Practices In Family Philanthropy, National Center for Family Philanthropy, p.9





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# Engaging the Next Generation

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## Benefits for families and their philanthropy

## The question of how best to involve younger generations in family philanthropy is an issue that has attracted much attention among philanthropic commentators in recent years.

If much of this literature is concerned with the challenges of involving the next generation in philanthropy, there is also much discussion about the many advantages that can come from bringing younger family members on board. Members of the next generation introduced in the right manner into the family foundation environment can bring benefits for philanthropy itself, for families and family businesses and for the next generation.

Many families put a great emphasis on bringing a new generation of philanthropists into a family foundation, and this event often marks a point when a family makes the decision to introduce changes into their giving. This process can often result in a more strategic and focused philanthropy. At the point of bringing in new family members, foundations inevitably grow and often require restructuring in the shape of a new mission, a re-definition of philanthropic focus or board structure. Young family members participating in the extended philanthropic networks characteristic of their generation may also bring new ideas to the family's philanthropy, concerning strategy, impact and best practice in grantmaking. This is their contribution to assuring high standards of family philanthropy and a means of earning their place in the foundation. As one young philanthropist remarks, "I've often posed this question at the foundation: Am I the most qualified person to serve on a board or is there somebody more qualified? Does being a family member give me the right to be on it or should it be something that's earned because of what I've done, how I've been involved, and my knowledge of the issues?"<sup>8</sup>

Restructuring a family foundation by bringing in new generation members can lead to a boost in expertise and depth of vision around a family's philanthropy. When family boards decide to implement structural changes, they often bring in the help of outside experts and decide to deepen their own knowledge of their foundation's focus. Engaging young people in family philanthropy can also bring families together, making family foundations more cohesive, which in turn allows for better decision making and smoother foundation life as a whole. This process not only strengthens a family's philanthropic vision through increasing the number of contributing adults, it can also strengthen the family as a whole. Next generation members are able to develop the confidence to make their contribution, and to develop the leadership skills needed to take the family's legacy into the future.

The activities of family foundations can be an excellent form of preparation for the future engagement of younger family members in professional life, giving the next generation the opportunity to acquire important skills and experience. Sharna Goldseker argues that, "with a college course comes a syllabus, and with any job comes a job description. The family foundation board does not have to be an exception."<sup>9</sup> Clarity around what is expected of new board members will help younger generations to acquire professional skills in the family foundation context.

Discussions at family foundation board meetings are good training ground for cultivating openness, respect for others and their opinions, and the skills needed for resolving conflict, all

<sup>8</sup> Goldberg, Alison, Pittelman, Karen & Resource Generation (2006) *Creating Change Through Family Philanthropy*, p.19

<sup>9</sup> Goldseker, Sharna (August 2009) *What will really engage the next generation?*, Family Giving News, <http://download.2164.net/PDF-newsletters/NCFP%20Sept%202009%20article.pdf>

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of which are skills that are transferable into business life. Having the confidence to voice their opinions at a family board meeting, for example, gives young people the opportunity to learn how to communicate, work in a team, and negotiate decision making processes.

Experiences such as having to argue the case for or against a grant or an organization within an emotional family environment also teaches members of the next generation important conflict resolution skills. In addition, learning about a foundation's budgets and being given the opportunity to work directly with discretionary funds gives young people valuable training in financial management.

Family foundations are also a forum for encouraging communication and trust between different generations. As each generation grows up with a different experience of the world, participating in family philanthropy becomes an important way for different family members to engage with their family history. Family philanthropy can help strengthen the bonds between different generations and give younger members of the family the opportunity to learn 'on the job', by absorbing the experience and expertise of their predecessors. This opportunity makes young people feel valued, and boosts their confidence to express and develop their views, within and beyond the context of the family foundation.

Being invited to participate in the family foundation makes younger members of the family feel included in the decision making processes of their parents and grandparents. In their book *Creating Change Through Family Philanthropy*, Alison Goldberg and Karen Pittelman point out that, "for many families, talking about money is off limits."<sup>10</sup> Bringing younger generations into discussions concerning the family's philanthropy can help families to address other issues concerning wealth and inheritance, and give young people a sense of participation and closeness to the family and its values.

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Taking a seat on the board of a family foundation board marks a phase of mature engagement of a young person in their family's philanthropy. However, preparation for this time can begin much earlier in a child or young person's life.

As Sharna Goldseker argues, "the earlier

you communicate family values and practices and invite young people to cultivate their own interest in giving back, the better prepared they will be for their imminent roles."<sup>11</sup> According to Charles W. Collier, this preparation can begin in childhood by introducing practices such as philanthropic allowance schemes and conversations on philanthropy.<sup>12</sup> These are early ways to help children learn about giving, and to instill a responsible approach towards money and its value.

Young people appreciate the opportunities a family foundation can provide and which otherwise they may not be privy to. Through the work and connections of family foundations, they are able to expand their views and have access to specialized knowledge and experiences. As one young philanthropist remarks, "I think that a lot of things that are associated with privilege are the things that I value. It's great to be able to call people up on the phone who know a lot about a subject and ask them to talk to you about it. Those kinds of networks and connections are great."<sup>13</sup>

Participating in a family foundation signals growing independence and maturity on the part of younger generations, and can present young people with a sense of purpose. Members of the next generation are not only looking to carry on the family legacy, but also for ways to contribute to their own local communities and to contribute to causes that they care about. As one young philanthropist says, "through the foundation it is possible to do so many things to create change. I'd like to find ways to more actively support the gay community in the area.

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10 Goldberg, Alison, Pittelman, Karen & Resource Generation (2006) *Creating Change Through Family Philanthropy*, p.45

11 Goldseker, Sharna (January/February 2006) *Beyond Duty and Obligation*, Foundation News and Commentary, Vol. 47, No. 1

12 Collier, Charles W. (2006) *Wealth in Families*, p.55

13 Goldberg, Alison, Pittelman, Karen & Resource Generation (2006) *Creating Change Through Family Philanthropy*, p.31

Unless you are in a university, there are no resources available. I'm going to create a survey for high schools to learn about what students want. The foundation has relationships with the guidance counselors at all high schools so I can talk to them."<sup>14</sup>

### Challenges and how to overcome them

Changing times require different approaches to philanthropy, and next generation philanthropists will have had different life experiences from those of their predecessors. Younger members of the family will be unlikely to have participated in key family experiences of older generations, such as the process of setting up a family business, and they may well have enjoyed privileges that were not available to their parents when they were growing up, such as excellent educational opportunities and the chance to travel the world and learn about global issues. A survey conducted by the National Center for Family Philanthropy in 2008, for example, established international giving at 21% among US family foundations, a trend which was expected to rise.<sup>15</sup> Most importantly, next generation philanthropists are not the initiators of their own philanthropic journey, rather they are on the receiving end of the opportunity to become involved in the work of their families' foundations.

Family foundations, however, cannot develop their work into the future without new members. It is paramount, therefore, that in order to secure the life of a family foundation, next generation family members are introduced into the philanthropic process by their predecessors. Not only do enduring family foundations depend on the participation of younger generations, they must also find the right way to engage younger members of the family in their work. It may not always prove to be the case that children and grandchildren will follow in their parents' footsteps naturally, without guidance and assistance. As Sharna Goldseker points out in an article entitled *What Really Will Engage the Next Generation*, parents and grandparents will

have greater success in involving younger generations in their philanthropy by not assuming their involvement, but actively stretching out a hand and making them feel like a valuable addition to the life of the family foundation. When a specific invitation is extended, younger generations feel valued for who they are and what they can bring to the table. Goldseker suggests that parents and grandparents tell younger members of the family, "I'd like to invite you to the family foundation board meeting because we want you to learn why philanthropy is important to us and to see how we give."<sup>16</sup>

It is also important that older generations remember that philanthropy exists in both a family and a global context. Despite the fact that a family foundation has naturally strong links to family legacy, and that part of its mission will be to keep the family's values and vision alive, each new generation will also be influenced by their own life experience outside of the family, and will bring new approaches and ideas to the table. Sharna Goldseker argues that, "the post-Baby Boomer generations in America have grown up with access to opportunities across race, religion, class, sexual orientation and even global boundaries that previous generations did not have. Technology has become more than TV in the living room but a way in which community is formed, connections made and communications conveyed. The experiences these 20- and 30-somethings bring, the vocabulary and skills they draw on, the diverse social circles they move in, the questions they pose, all require a shift in the way our federations operate. Are we willing to adapt how we operate for the sake of who we want to engage?"<sup>17</sup>

Having grown up in a society characterized by the presence of the internet and free access to information, younger generations will be less likely to respond well to the "do as you're told" approach and instead will thrive in an environment where they are allowed to explore and nurture their own interests and vision. Without disregarding family traditions, next generation

14 Goldberg, Alison, Pittelman, Karen & Resource Generation (2006) *Creating Change Through Family Philanthropy*, p.62

15 Quoted in Pharoah, Cathy (2009) *Family Foundation Philanthropy 2009*, UK, Germany, Italy and the US, ESRC Research Centre for Charitable Giving and Philanthropy, Cass Business School, p.48

16 Goldseker, Sharna (August 2009) *What will really engage the next generation?*, Family Giving News, <http://download.2164.net/PDF-newsletters/NCFP%20Sept%202009%20article.pdf>

17 Goldseker, Sharna (November 2007) *Engaging young philanthropists means opening up the process*, The Jerusalem Post, 6, <http://www.acbp.net/About/PDF/ARTICLE-Engaging%20Young%20Philanthropists.pdf>



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philanthropists will benefit most from an approach where the vision of the foundation's founder is explained and adhered to, but also where they are able to extend and develop that mission. Through a supported and organic process, younger members of the family can be encouraged to find their own commitment and vision within the family mission.



Many family foundations aware of the benefits of involving younger generations in their philanthropy have devised schemes of gradual participation. These may involve activities such as inclusion in a trip abroad to visit grantees in another country, or even just open and regular communication about the family's philanthropic activities. Even carrying out philanthropy in the name of a younger member of the family can help engage next generation interest. Family philanthropy consultant and author Kelin E. Gersick tells the story of the board member of a family foundation in the USA and his philanthropic grandmother, who instead of spoiling him with gifts, informed him of the charitable acts she undertook in his name. "I have always seen grandma as eccentric but wonderful," he recalls.<sup>18</sup>

Some foundations recognizing the need for younger family members' engagement establish more formal structures, such as junior boards, as vehicles for gradually involving the younger generation in decision making processes. This allows for children and young adults to be part of the team without the burden and responsibility of making decisions on major aspects of the foundation's grantmaking. Junior boards can be an excellent introduction system for younger members of the next generation, but it is also important that this lower level of responsibility is gradually increased, and that younger members of the family are in time included in decision making at a higher level if they are to be properly engaged in the foundation's work.

Introduction of the next generation, done in an open and supportive manner, will bring many rewards to a family foundation.

This kind of introduction process allows for the transition from a parent-child relationship to peer-to-peer relations in the family foundation context. Dr. Stephen R. Treat, CEO of the Council for Relationships, says that to be asked for input at a young age, and to be listened to and taken seriously, makes a great difference in the way people then choose to participate in a family enterprise.<sup>19</sup>

Rather than taking a passive and disinterested role in the work of a family foundation, adult children who are not only physically invited to the table but who are also invited to bring their own values, experiences and skills will feel engaged as valuable people. The invitation to participate as a peer can catalyze young people's commitment to the foundation for years to come.

For younger generations, the various elements of a family foundation's work can seem complex and daunting at first. Next generation philanthropists must learn how to take part in collective decision making processes, consider the opinions of other board members that may be different from their own, work with budgets and communicate with a variety of grantees, all within the context of the foundation's mission. A gradual and supported process of integration into the foundation and its working methods will make each individual feel confident of his or her own abilities and leadership skills. Family dynamics can also make decision making an emotional process in family foundations, and conflict may arise during board meetings, where family members may feel compelled to push against the wishes of others either in order to have their voices heard or to defend their understanding of the family's vision and legacy. Many successful family foundations treat conflict as an opportunity to go deeper into particular issues in order to find consensus, enabling them to build confidence for the resolution of future disagreement.

<sup>18</sup> Gersick, Kelin E. (2006) *Generations of Giving*, p.192

<sup>19</sup> As quoted in Goldseker, Sharna (August 2009) What will really engage the next generation?, *Family Giving News*, <http://download.2164.net/PDF-newsletters/NCFP%20Sept%202009%20article.pdf>



Families wishing to engage younger generations in their philanthropy — and members of the next generation wanting to get involved — often find it useful to draw on the support of philanthropic advisors, donor education services and peer networks of next generation philanthropists. Advisors can provide advice for dealing with conflict and design bespoke family retreats to help families explore their values and legacy, and create a mission and objectives for the development of their philanthropy. The Institute for Philanthropy's Next Generation Philanthropy program gives young people skills, knowledge and confidence for hands on engagement with their families' grantmaking, and peer group networks of next generation philanthropists provide forums for young funders to share their experiences and learn from one another. The list of useful resources at the end of this paper provides contact details for a number of such initiatives.

A story told by Sharna Goldseker in her article *Beyond Duty and Obligation*<sup>20</sup> illustrates well the benefits to be gained when families sit down together to discuss the values and motivations for their philanthropy: "I met a grandfather who funds scholarships in his local community and his granddaughter who wanted to fund legal services for immigrants. On the surface, they have different funding interests; however, at their root, the same value of providing opportunities for those in need motivated them. In fact, the granddaughter said she learned that value from her grandfather. It may not always be the case that values are the same across generations, but the process of unearthing those underlying values will foster dialogue across generations and prepare younger funders for future decision-making."

A gradual and supported process of integration into the foundation and its working methods will make each individual feel confident of his or her own abilities and leadership skills.

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<sup>20</sup> Goldseker, Sharna (January/February 2006) *Beyond Duty and Obligation*, Foundation News and Commentary, Vol. 47, No. 1, <http://www.foundationnews.org/CME/article.cfm?ID=3520>

# Finding the Right Model for Successful Family Philanthropy

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In his book *Generations of Giving*, Kelin E. Gersick distinguishes four dimensions of family culture.<sup>21</sup> Families which operate on the hierarchical model are strong on clarity of authority and efficiency, but may lack mechanisms for empowerment and participation, which characterize the democratic model of governance. The latter type of family, on the other hand, might be slower in the decision making process, partly due to the fact that individuals possess the power of veto.

There are also differences in how generations identify themselves in terms of generational and branch loyalties. The 'vertical' family

model favors branch identity and loyalty across generations, making it difficult to create a sense of extended family and a unified family vision. The 'horizontal' model enables family members to identify with one another on a generational level and to create loyalty across branches, but may encounter difficulties when trying to admit a new generation of philanthropists into decision making. Some families work in a more intimate way, preferring the 'enmeshed' model, which allows for the development of a sense of belonging, but may thwart independence and privacy. At the other end of the spectrum, the 'disengaged' model supports independent philanthropic thinking, but may leave its members feeling isolated and disconnected from the family mission as a whole. Finally, some families work in an affective and expressive manner, allowing decisions to be made through intuition. In contrast, families which operate according to the 'cognitive' or 'reserved' model are strong on decision making and on avoiding conflict, but may experience problems with unexpressed feelings and not being able to acknowledge the pleasure of their own accomplishments.

Most family foundations start out not as a family enterprise, but as the initiative of one single individual.<sup>22</sup> For this reason, most multigenerational foundations begin to operate with the hierarchical model at first, which has as its priority the implementation of the founder's vision and interests. At this initial stage, a foundation may therefore not require many formal structures and will often be simply a vehicle for that individual's philanthropic activities, rather than a fully fledged organization with a structured mission and practices.<sup>23</sup>

As mentioned above, involving younger generations in the family foundation often triggers a process of addressing the

21 Gersick, Kelin E. (2006) *Generations of Giving*, p.196

22 Ibid. p.54

23 Ibid. p.80

structure and strategy of a family's giving. It is often at this stage of transition that families realize the need for more structure, governance and guidelines, which will make their giving more effective. Due to the emotional nature of families, it might be difficult to develop this process with family members alone. Some families therefore employ the help of outside experts who are able not only to guide the family through the drafting of their mission and governance structure, but also to offer direction and objectivity. As one philanthropist says, "intellectually our family is fine together, but we are strong personalities and everybody wants to take over and start talking ... It's really wonderful to have a facilitator because she keeps us on task."<sup>24</sup>

Many families recommend creating a neutral space, such as a retreat, to conduct discussions on the development of a foundation's mission. Such spaces enable family members to relax outside their every day routines, and are conducive to openness and bonding between family members who normally may spend a lot of time apart. As the same philanthropist remarks, "... you need to get away and really focus. At the office we get so sidetracked."<sup>25</sup>

If family foundations are to carry on into the future, the introduction of younger generations is a necessary part of foundation life. The transition may vary from family to family, as each one will decide on a process suitable to their needs and the wishes of their founder. In the process of bringing in members of the next generation, a hierarchical set up will often give way to a collaborative one, due to the fact that the founder alone will no longer be undertaking all the foundation's tasks.

Aware of the need for the gradual and supportive introduction of younger family members into the foundation, most families opt also for gradual education and handing over of responsibility for philanthropic resources to the next generation. Some family foundations set up bodies such as junior boards, and others may choose to create next generation or discretionary funds where younger members are allowed to distribute small grants

according to their individual wishes and preferences. The experience of participating on a junior board and having the power to distribute their own funds helps next generation philanthropists prepare to become strong decision makers and to learn how to work as part of a collaborative team.

<sup>24</sup> Peckham, Virginia (2000) *Grantmaking with a Purpose, Mission and Guidelines, Practices In Family Philanthropy*, National Center for Family Philanthropy, p.22

<sup>25</sup> Ibid. p.22

# Funding as a Family: Recommendations for Philanthropists and their Advisors

18



Engaging the next generation in a family's philanthropy can come with its challenges, but when younger members of the family are supported and encouraged to take a role in their families' grantmaking, the benefits for both families and their philanthropy can be huge.

In the pages that follow, we outline three scenarios for next generation involvement in family philanthropy, each one illustrated by a series of intergenerational case studies. In the first, we look at family foundation models, in which members of the younger generation have stepped up to the board of their family's foundation, or been offered the opportunity by their parents to create a foundation of their own. In the second, we focus on business families in which young philanthropists are taking an active role in the corporate foundation or corporate philanthropy program of their families' businesses. In the final set of case studies presented here, we explore cases in which the children and grandchildren of deeply committed philanthropists are taking the first steps towards learning and engaging with their families' grantmaking — in their own innovative and original ways — in preparation for deciding if they want to be more formally involved with their families' foundations in the future.

Each case study features an intergenerational family pair (such as a mother and her son, or a grandfather and his granddaughter), with young philanthropists who range in age from 16 to 35. The people featured come from around the world, with examples from the USA, the UK, India, Canada, Mexico and Brazil, but their accounts of engaging the next generation in their philanthropy show much common experience. One thing they all share is a deep respect for the ideas, beliefs and perspectives that the younger generation bring to the table when invited to take part in their families' philanthropy, and an openness to learning from — as well as teaching — the next generation in the process of sharing the values that inspire their giving.

We hope that the experiences of the philanthropic families presented in the case studies that follow will inspire and inform you about the many ways in which families can engage the next generation in their philanthropy, and how the challenges that can stand in the way of such engagement can be successfully overcome.

## 20 Family foundation philanthropy

Just as every family is different, no two family foundations are the same, and the process of involving members of the younger generation in the work of a family foundation must be tailored to fit each one. The case studies in this section look at four very different families and their foundations. In the case of the Mathias family in the UK, Thea (17) has been involved in her family's foundation, along with her parents and two sisters, since its creation, while Katherine Lorenz (31) recently took a place on the board of the family foundation created by her grandparents, alongside eleven other members of her family. While Garreth Wood sits on the board of his family's foundation in Scotland alongside his mother and father, Jacob Toll and his four brothers and sisters run their own foundation in the USA, endowed by their parents but administered independently by themselves.

Within the diversity of experience presented by these young people and their parents and grandparents, certain lessons stand out. In the examples seen below, older generations have placed an emphasis on creating a supportive environment in which younger generations can express their views and have their opinions heard. They have also found ways to resolve disagreements around how and where their grantmaking should take place, be that through the provision of discretionary funds to individual family members to enable them to follow their own interests, or by addressing differences of opinion openly and honestly in order to find solutions. The value of donor education, philanthropy advisory services and networks is also a running theme, and in the case studies in this section, philanthropists in all generations have benefited from the support and advice of peers and professionals in developing their philanthropy together.

### Case Study: JANE AND JACOB TOLL USA

Jane Toll and her husband carry out their philanthropy through The Robert and Jane Toll Foundation. They fund mostly in the area of education to a diverse portfolio of grantees, from the University Of Pennsylvania to the Say Yes to Education program (a K-college support program for low income students and their families). Jane and Robert intend to pass the foundation down to their five children in the future, and are keen that they learn the skills needed for effective grantmaking now in preparation for that time. In order to help them do so, they decided three years ago to endow a second fund, The Five Together Foundation, and hand it over to their children for them to administer on their own. "We wanted them to be independent," says Jane, "and we didn't want to say 'you have to care about what we care about.' We put some minimal restrictions on what they could do, but beyond that it was up to them. We have no sense of legacy about any of this, and we just thought the dynamic would be better if we weren't in charge."

Jacob, who is the youngest of Jane and Robert's children, was 27 when The Five Together Foundation was created, and his brothers and sisters ranged in age from 31 to 39. They designed a governance structure for the foundation, in which half of its 5% annual payout is set aside as a group fund, to be allocated by the siblings in consensus, and the other half is split between the five of them to be used at the discretion of each one. Jacob says this system works well, as it creates space for both group decision making and for each brother and sister to support causes that they care about individually. While the foundation has focused its group funding on disaster relief, education and youth empowerment projects, Jacob and his siblings have tailored their discretionary funding to a variety of causes connected to their own personal interests.

Jacob believes that, in creating an independent foundation for their children, his parents have given them a unique opportunity to learn the skills needed for effective philanthropy on their own terms, in preparation for the bigger responsibility of taking over their parents' foundation in the future. Jacob says, "we do all the research and the due diligence ourselves, and I really like that opportunity to search on your own, discover different causes and learn in different ways." Jacob has drawn support for this process from a number of training courses and peer groups of young philanthropists, including 21/64's Grand



Street network of next generation Jewish philanthropists and the Institute for Philanthropy's Next Generation Philanthropy program, which has taught him essential skills such as how to carry out due diligence on organizations, conduct a site visit and evaluate his grantmaking. Putting this training into practice brings further opportunities for learning. Jacob reflects that, "in doing site visits to projects I support, I've learned about the different ways that organizations work, and due diligence is a learning process in itself."

One grantee organization that both Jane and Jacob support through their philanthropy is Seeds of Peace, a non-profit organization dedicated to empowering young leaders from regions of conflict with the leadership skills required to advance reconciliation and coexistence. Jane explains that serendipity led the Toll family to discover Seeds of Peace, when the organization's founder, the journalist John Wallach, rented the property next to the family's summer home. The

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Jacob says this system works well, as it creates space for both group decision making and for each brother and sister to support causes that they care about individually.

visionary work carried out by Seeds of Peace — whose flagship program brings young leaders from warring countries together to attend summer camp, where they learn about each others' cultures and experiences and practice conflict resolution — soon captured the family's interest. A long and committed funder-grantee relationship was born, that has seen the family — and especially Jane and Jacob — become deeply involved with the organization's work over the years.

When Jacob was 18 he spent part of his summer working in the office at the Seeds of Peace camp, and in the years that followed he began teaching waterskiing and other sports, often bringing young Americans from his own summer camp (where he also taught watersports) to meet the young 'seeds'. In 2007, Seeds of Peace approached Jacob and asked if he would come on to the organization's young leadership committee. Today, Jacob is Vice President and Events Chair of the organization's Junior Board, and he spends around half of his week in the Seeds of Peace office, organizing five events per year to promote and raise funds for the organization's

work, including comedy shows, documentary screenings, outreach activities and an annual Peace Market. In addition to these young leadership activities, he has now been a waterfront director at the Seeds of Peace camp for the past three summers. Jacob's commitment to Seeds of Peace comes from an appreciation that "in its essence, it's about bringing knowledge and awareness to people, and I think that's the key to solving a lot of social problems. These are kids from warring countries, who don't ever get the chance to meet each other. Meeting someone from the other side and realizing that they're a person and making a connection with them is such a valuable experience. It really broadens their horizons and it's very transformative." Jane adds that, "we've reached the point with Seeds of Peace where we can now see that this approach really does work. The early 'seeds' are now young adults who are working to make peace and bring their communities together."

Learning about social issues was a natural part of Jacob's upbringing, and he remembers many occasions when his parents involved him in their philanthropy. When they first began to support the Say Yes to Education program (mentioned above), he remembers, "there were various events where I interacted with the kids on the program, so from grade school age I was kind of wrapping my head around what, why and how my parents were trying to do something like that. So I was exposed specifically to certain non-profit organizations, but I also remember just talking about a lot of these things as we were growing up." Jane says that teaching her children the values that inform her philanthropy was never "a conscious decision, it's just who we are, how we lived and what they saw, and we were very lucky that they embraced it."

Jane and Robert have been impressed by the dedication their children have shown in developing their philanthropy through The Five Together Foundation, and by the way they have embraced the opportunity that it represents. "We've been really thrilled with what they've done," she says. "Now that we've seen how responsibly and thoughtfully they've taken it on, we feel confident about increasing their foundation's endowment in the future."

Case Study:  
**CLARE AND THEA MATHIAS**  
 UK and India

Clare Mathias and her husband Chris always knew they wanted to involve their three daughters in their philanthropy, but were unsure about the right time to do so. Then, around four years ago, Thea came home from school and announced that her class had observed a minute of silence that afternoon. When Clare asked her what the silence had been for, she didn't know. Clare decided then and there that she didn't want to leave her children's involvement in philanthropy to chance any longer. A few months later, she held a meeting with Chris, Thea and her sisters Abby and Sassy (who were 14, 12, and 9 at the time) and the Hummingbird Trust was born.

Thea remembers that, at first, she was rather resistant to the idea of being involved in Hummingbird. After an argument with Clare, however, she began to realize how important the idea was to her mother, and agreed to take part in a series of discussions with the family about what the trust's mission might be. During these conversations, Thea came up with a suggestion for Hummingbird's focus: the trust would support organizations that work to prevent the trafficking of girls and women in India. As Chris is from India and the family is predominately female, this choice seemed instinctively right to everyone. Thea says that being so actively involved in the decision making process about Hummingbird's mission and having her suggestion taken seriously began to change her attitude towards the trust. Over time, she became increasingly engaged with the trust's work. A key moment, she says, took place on a family trip to India to make a series of site visits. At one of the projects, she recalls, "I met a girl who was my age, and my color, and could not have lived a more different life to me. I just thought, the only difference between us is that you were born there, and I was born here, and it could have been the other way round. And I realized, this is why it's important."

The Hummingbird Trust now has a mission statement and a constitution laying out its key principles, and holds regular meetings with an agenda and minutes. The family

also works with an advisor who helps them carry out research and connect with relevant projects in India. Clare believes that part of Hummingbird's success is due to the family's commitment to incorporate their values into the way the trust is run, as well as in the choice of organizations it supports. Hummingbird meetings, she says, are "a space in which we're all equal, a chance for me to put aside the fact that they're my daughters and they haven't tidied their rooms, and for us to really try to treat each other with respect, giving everyone the opportunity to speak." Through the process of deciding on the trust's mission and objectives, Hummingbird has also become a unique forum for the family to talk about its values. "I could never have imagined having a discussion about family values other than through that medium", says Clare.

Clare and Thea both agree that Hummingbird has created opportunities for the family to talk and learn about a huge range of subjects that they might not otherwise have addressed, from generic medicines to the pros and cons of direct service provision versus government intervention on social issues. The family also invites speakers to their meetings to talk about topics relevant to their funding. "Our meetings are phenomenal," says Clare, "we'll be talking about financial management and Sassy will say, 'what are interest rates?' So we'll have a discussion about interest rates. I've been blown away by the intelligence and curiosity of the girls."

Thea believes that doing philanthropy with her family is also giving her skills and experiences that will be useful in building her own career and making life choices over the coming years. "It's made me much more open minded," she says. "I think I have a wider perspective on the world and an understanding that's not available to a lot of my friends and peers. It's also made me more driven because I want things to change, and it's given me the confidence to question what I'm being told." While writing her application for a place at university, Thea was able to draw on her experiences visiting the projects funded by Hummingbird in India, and later this year she will be starting a degree in economics and management at Oxford University. A further benefit of introducing the girls to philanthropy at such an early age, says Clare, is that it has given herself and Chris the opportunity to teach them essential skills for managing wealth in the future. "The Hummingbird Trust has really helped us to have conversations with the children about money," she says, "and to sow some seeds about the value of money and its alternative uses."

There have been times, over the Hummingbird Trust's life, when members of the family have disagreed about how the trust's funds should be spent. True to the family's values of giving all members an equal voice in deciding on Hummingbird's work, however, the family has looked for ways of resolving these differences. One example came early in the trust's life when Sassy, who was 9 at the time, announced that she wanted to give to animals. Although the rest of the family was not interested in funding in this area, they asked to hear more about her idea. Sassy proceeded to make an impressive PowerPoint presentation on a number of animal protection issues, which led to the



family voting unanimously to help the Okapi through a grant to the WWF (World Wide Fund for Nature). This sparked an agreement that each child could have a small personal allowance to use for causes outside the main focus area. In another example, Clare proposed to the trust that it support a charity working in one of the hidden pockets of poverty in the family's local community. Thea was strongly opposed to the idea, feeling that Hummingbird's money could go so much further in India than in the UK. The disagreement led to a family discussion about community, which revealed feelings about Clare's relationship to her local community in

the UK and Thea's sense of connection to the communities the trust had been funding in India. In the end, Clare and Chris decided to fund the local UK project independently of the Hummingbird Trust, out of respect for Thea's position. Clare reflects that, "the danger of having a family initiative is how the family interacts and resolves differences, but I think that experience really taught me a lot of respect for my daughters."

Clare believes that engaging her children in the family's philanthropy has improved the quality and impact of their grantmaking. From one perspective, it has given her a sense of responsibility to the girls that has inspired her to develop her own learning about grantmaking, by, for example, joining The Philanthropy Workshop at the Institute for Philanthropy. From another perspective, both Clare and Thea believe that working as a family has led them to become more strategic because, in Thea's words, "we have five different opinions about everything, and that sparks debate that makes everyone question things more." As Clare explains, "I suppose that's a way of saying it's raised our whole game. I really think when we make decisions now, the quality is significantly enhanced." For example, The Hummingbird Trust is currently looking at funding a conference in Calcutta on child trafficking, something that Clare says she and Chris would never have thought about doing before.

Clare wants her daughters to make their own decisions about how involved they will be with the Hummingbird Trust in the future, but feels that their experiences so far have given them the means to make those choices in an informed and intelligent way. At the moment, however, Thea's commitment is absolute. "All you need to know," she says, "is that I was not keen when we started, and now I want to carry on and have my kids do the same thing." "And that," says Clare, "is praise indeed!"

Case Study:  
**GEORGE P. MITCHELL AND  
 KATHERINE LORENZ**  
 USA

George P. Mitchell, now 90, and his late wife Cynthia began to do philanthropic work nearly 30 years ago, and founded the Cynthia and George Mitchell Foundation in the mid 1990s. Although George has supported many different causes over the years, he has a particular interest in environmental sustainability. “I used to go to The Aspen Institute every summer,” he recalls “and Buckminster Fuller (the American architect, author, inventor and futurist) came there and spent four days lecturing. He gave me an interest in what’s happening to the world. He said, if we can’t make the world work now with six billion people in it, what will we do in 2050 with nine billion? That’s why sustainability is so important.”

In 2004, George decided to encourage his children and grandchildren to step up and take a greater role in the foundation. With ten children — nine of whom have children of their own — this was no small project. But the second generation of the Mitchell family rose to the challenge, and launched a year long strategy exercise designed to involve everyone in the family over the age of 21 in planning the foundation’s future. With the help of strategic philanthropy advisors, the family held two retreats and a series of meetings. All members of the family met one on one with the advisors and participated in a series of interactive workshops, focused on helping the family define the future mission and governance structure of the foundation. A central part of this process involved carrying out interviews with George and watching and listening to old video footage and tapes of both George and Cynthia, in order to better understand their values and beliefs and their hopes for the family’s philanthropy.

George’s granddaughter, Katherine Lorenz (31), recalls that the strategic planning process was “one of the best experiences I’ve ever had with my family. The third generation had never participated in the family business, so this was the first time we’d been involved in family decision making. While it was focused on the foundation, it brought up a lot of issues to do with family business and family dynamics, and made us all articulate and listen to a lot of things that we wouldn’t have normally. It was a really amazing process of bringing us all together and thinking about my grandparents’ legacy.”

The planning process culminated in a decision to focus the foundation’s mission on sustainability, with particular reference to renewable energy and water. Katherine recalls that “we did all of this really thoughtfully as a family, and almost everything was decided unanimously.” Environmental sustainability was not only a central concern of George’s, but also closely connected to the business interests of oil and natural gas through which the family’s wealth had been generated. Having chosen this mission, the family decided to focus its first cycle of grantmaking on the issues of energy and climate change, and initiated a period of research and learning with a series of experts in these areas. In 2008, the new, extended board of the Cynthia and George Mitchell Foundation made its first major grant — a three year commitment to The Energy Foundation, a partnership of major donors working to advance energy efficiency and renewable energy — and introduced a second funding stream, focusing on the issue of water.

The family also completed its strategic planning process with a clear and sophisticated governance structure in place. The Cynthia and George Mitchell Foundation now has twelve board seats. George occupies one, and ten serve as ‘family unit’ seats, allocated to each member of the second generation, or one of their children (these seats can also be occupied by other family members at the discretion of a vote, if no one in that family unit chooses to occupy them). The final place on the board is a rotating ‘grandchild seat’, always occupied by a member of the third generation. In addition, all family

members over the age of 25 are invited to board meetings, and although non-board members don't have the right to vote, the family makes sure that all are given the chance to speak and have their opinions heard. The family sees these first years of greater family involvement almost as a period of training, designed to test out the foundation's new structure in preparation for future growth of its funding portfolio.

Katherine currently sits on the board of the foundation as the representative of her family unit. With her family's philanthropic spirit and dedication to bringing about social change,

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“The third generation had never participated in the family business, so this was the first time we'd been involved in family decision making.”

Katherine Lorenz

it is perhaps no surprise to learn that Katherine's career path has already led her to co-found a non-profit organization, Puente a la Salud Comunitaria, which works to eradicate malnutrition and advance food sovereignty in rural Oaxaca, Mexico (where she lived for nearly six years) through the integration of amaranth into the local diet. Katherine is Deputy Director for the Institute for Philanthropy U.S., and a graduate of The Philanthropy Workshop, and is as such well versed in the practice of strategic philanthropy. The chance of taking up a position on the board of her family's foundation, however, seemed like a particularly special opportunity. “I think there's real opportunity for leverage and impact in our family's foundation, and I couldn't imagine not taking that up and helping

to create the greatest possible impact. It's also a unique opportunity from a career standpoint, and a chance to give back a lot through the family in a way that's very exciting.”

Being involved in the work of her family's foundation has also given Katherine unparalleled experience in group decision making, which, she says, can be a difficult aspect of family foundation governance. “It can become very emotional,” she says. “Trying to separate yourself from the emotions, yet keeping in mind the long-term goals, has been a really important learning experience for me.” In such a big family, difficulties in coming to agreement around funding decisions might be expected, but Katherine and George are pleased to report that disagreements are usually quickly resolved. The foundation's provision of some discretionary funding for each member of the family is a help in this respect, but Katherine explains that there is also a deeper issue at stake in unifying the family. “I think we all see this as a way to honor my grandfather,” she says, “and so that's the real driver behind what we're doing. That means we're more able to leave our personal issues behind and focus on what we're trying to do as a family in honoring him.” Katherine is now in the process of setting up a ‘G-Next’ committee, to engage third and fourth generation members of the family, aged 15–30, in the foundation's work. For the time being, she says, much of this committee's work “is about learning who we are as a family and the values we'd like to pass down, and thinking about legacy,” in preparation for greater involvement in the foundation's grantmaking activities in the future.

For George, the biggest joy of engaging the younger generations of his family in his philanthropy has been “seeing that a lot of the family has found an interest in doing this. I hope we'll get a reputation as a family for being really involved in issues such as water and land,” he says, “and in doing projects that have a real influence. The joy will be seeing some of that accomplished.”

Case Study:  
**SIR IAN AND GARRETH WOOD**  
 Scotland

The motivation for Sir Ian Wood's philanthropy is closely tied to the history of the Wood Group, a Scottish family business working in the oil and gas industry in fifty countries around the world. Sir Ian explains that, as his business has steadily globalized over the last 15 years, he has felt a growing sense of responsibility towards improving conditions for the disadvantaged in the countries the Wood Group works in. For many years, the Wood Group carried out charitable activities without a particular strategy, until Sir Ian decided it was time to design a strategic focus for his grantmaking and think more seriously about the impact he wanted to make at home and abroad. Sir Ian, his wife Lady Helen Wood and their son Garreth (31) launched the Wood Family Trust in 2007, and set about deciding on its mission and programs. With the help of their chief executive, Jo Mackie, and a small team of professional staff, the Wood family have developed three investment programs, concentrating principally on the stimulation of economic activity in Sub Saharan Africa and the development of young people in Scotland.

Garreth, the youngest of Sir Ian's three sons, has always held a particular interest in philanthropy and helping others, which he attributes to the experience of falling seriously ill with meningitis at the age of 16, and his good fortune in making a full recovery. Throughout his teenage years and especially after the founding of his own business at the age of 25 (the Signature Pub Group, which he runs with his brother Nic) Garreth had always carried out charitable activities, and he saw the Wood Family Trust as a way of structuring and extending that interest. He has been particularly involved in the youth programs that the Wood Family Trust supports in Scotland, which he says hold a

special attraction for him because of "the opportunity they offer to try and influence young people at a local level."

One such program is the Youth and Philanthropy Initiative (which was launched in Canada by the Toskan Casale Foundation, and is directed in the UK by the Institute for Philanthropy). YPI is an active citizenship program run in schools, which raises awareness among young people of philanthropy's role in supporting civil society. Garreth has spoken at school assemblies to young people taking part in YPI about his own involvement in philanthropy, and helped to judge the presentations made by the students about their chosen charity at the end of the program. Garreth has also been very involved with the Get Into program, run by The Prince's Trust, which provides industry specific training and direct routes into employment for disadvantaged young people in the UK. Garreth has not only provided training placements for young people on the program in his own pubs, restaurants and hotels, but has also been working as a mentor for trainees. This has been a challenging learning experience which has taught him much about the lives of these young people and how they can best be supported to take advantage of the opportunities the program provides for them. Garreth says these experiences "all help me to grow as an individual who can understand and communicate well with people."

While Garreth has found himself naturally drawn to the Wood Family Trust's work in Scotland, his involvement in the programs the Trust is working on in Africa has been more complicated, and an area in which he and Sir Ian initially found themselves in disagreement. Sir Ian had always wanted the Trust to take a strategic, upstream approach to its work in Africa, concentrating on the development of economic activity, but Garreth returned from his first trip to Africa to assess how the Trust might go about designing its work there with a passionate conviction that the Trust should be providing immediate aid as well as investing in this longer term approach. These differing viewpoints led to much discussion between father and son about the Trust's strategy, but both have made



the effort to listen to each other's perspective. Garreth reflects that, after much discussion, "we agreed that there was a need for both aid and longer term intervention, and certainly I've started to come round to that more strategic way of thinking, realizing it's not always about the heart, which is what I'm often guilty of."

A particular influence on Garreth's learning about strategic philanthropy has been the Institute for Philanthropy's Next Generation Philanthropy program. Sir Ian recalls that Garreth, "definitely came back from the program more

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These differing viewpoints led to much discussion between father and son about the Trust's strategy, but both have made the effort to listen to each other's perspective.

thoughtful and strategic about the process," and Garreth himself says that "I really enjoyed being around other people my age who were in a similar situation, on a learning curve as I was." Both Sir Ian and Garreth also agree that the Trust's work in Africa provides a great opportunity for learning about the challenges of bringing about long-term change in the developing world. Garreth says, "I've sat at a few lunches and listened to five or six different people with five or six completely different approaches on how to deal with a problem," and as Sir Ian points out, "Africa is extraordinarily difficult, and sharing challenging issues with colleagues — whether they're family or not — is a very interesting and exciting thing to do."

Sir Ian doesn't see the Wood Family Trust as a break from the family's previous activity, but rather "an evolution of what was happening in the family already. Garreth and I have meaningful discussions on business, and we have meaningful discussions on charity, and they're quite similar. You try to rationalize any differences and find an agreed way forward, and it's all just part of the close family bond that exists between us." One of the things Garreth particularly values about doing philanthropy as a family through the Trust is that it gives him the chance to learn from his father in a professional setting. "Dad's had a very successful business career," he says, "and we've never really been privy to that, in the sense that I don't get to sit in a boardroom with him and listen to him discuss and debate problems. So it's been nice to sit in meetings and work through problems together, and it's given me a little bit of insight into how he thinks. It can be difficult when we have completely different opinions, but we do listen to each other and he does take on board my thoughts and feelings. So we'll continue to have colorful debates going forward I'm sure!"

Both Sir Ian and Garreth agree that running the trust without the family's involvement "wouldn't be nearly as much fun!" and for the future, Sir Ian says, "I would be very happy if Garreth would pick this up and run with it. The value of having a family trust is that it continues, it's not just associated with one person, and that's what I would like to happen." Garreth assures his father that, "my intention is to be involved in the Wood Family Trust for the long term," and says "I'm just very much on a learning journey right now and looking forward to taking it further."

## 28 Family business philanthropy

In this section we look at how business families have successfully engaged younger generations in their family philanthropy, through the work of the corporate foundations and philanthropy programs of a variety of family businesses. Carrying out philanthropy in this context provides younger family members with the opportunity to engage with the work of the family business, to learn and demonstrate the values that have guided its development over the generations, and to practice skills that will help them to play a part in ensuring its success in the future. It also provides a forum for multi-generational business families to work together outside of the business context, in pursuit of a common goal that reflects the core values of their family.

In the three very different examples, Valerie Gordon and her father Grant Gordon talk about how their fifth generation family business is actively working to encourage members of its youngest generation to get involved in the company's corporate philanthropy program, while Lorena Guillé-Laris explains how her role as director of the corporate foundation of her family's business in Mexico is both an unparalleled professional opportunity and a chance to ensure that the values of her family and the legacy of her great-uncle are preserved for the future. Finally, Isabela Pascoal Becker and her father Luís Norberto Pascoal talk about the mutual learning experience of running a corporate family foundation together in Brazil.

### Case Study: GRANT AND VALERIE GORDON UK

Grant Gordon and his daughter Valerie (who is 25) are deeply committed to developing their philanthropy as a family. Firstly, they are members of the fifth and sixth generations of a successful family business, with a broad corporate philanthropy program. In addition, Grant, his wife Brigitte, Valerie and her two sisters have recently created a family fund at the Thames Community Foundation in London, of which Grant is also chair. Finally, in his role as director general of the Institute for Family Business (the UK chapter of the Family Business Network), Grant is working to share information and promote best practice on family business philanthropy in the UK. Valerie also supports her father in this role, and at the last Family Business Network conference, she and one of her cousins chaired a roundtable discussion on next generation philanthropy.

Grant explains that the root of all these activities lies in the history of his extended family. Growing up in Scotland, where the family business William Grant & Sons was founded in 1887, he remembers being taught about social responsibility as a key value of both the family and the business. Grant has carried that value throughout his career and in bringing up his own children. "I think that in order to really have meaning in our lives, we need to be responsible citizens," he says. "We need to recognize that there are a lot of people in society that are not as privileged as us. We can't solve all the problems of the world, but as responsible business owners we do have a role to play."

William Grant & Sons' philanthropy program is run by the family itself, with the hands on involvement of around twenty family members spanning three generations. The program focuses on five areas: Scottish culture and heritage, support for charities working with alcohol and addiction, the creation of employment, education and training opportunities for disadvantaged young people in Scottish communities, an open fund for causes which individual family members have a particular commitment to, and a recently formed next generation committee. This latter initiative was designed by the family to support the sixth generation — and younger members of the fifth generation — to get involved in the company's philanthropy, and to encourage them to spend more time working and being together in preparation for taking on responsibility for the business in the future. Valerie has played a central role in getting the next generation committee off

the ground, and it currently has around twelve members, all between the ages of 18 and 30. The group has decided to focus on the creation of a bursary scheme to help high achieving young people in Scotland support themselves through university, who wouldn't otherwise have the finances to continue their education. Valerie says the committee came to this decision because, "one thing that we all have in common is that, from an education perspective, we've all been given amazing opportunities through the success of the business. Being able to give that to other young people was something we all felt strongly about." The next generation committee is starting off with a small amount of funds, with the potential to grow if it can show the family that it has designed a good working model.

Grant's interest in community projects — the area with which he is most engaged in the company's funding — led to his involvement with the Thames Community Foundation in London, where he, Brigitte and their three daughters live. The



idea of setting up a family fund at the community foundation is a recent one, and designed to replicate some of the experiences of the company's funding program in a smaller, nuclear family setting. The family has decided to concentrate its funding on small, grassroots charities giving support to elderly people, and has been carrying out research into organizations doing this work in their own local community. Working through both her family's community foundation fund and the family business philanthropy program, Valerie has been able to apply many of the skills she learnt on the Institute for Philanthropy's Next Generation Program. "I always come

back to the program and what I learnt," she says, "when I'm reading funding proposals, or for example when we've been trying to find a common theme that we wanted to support. It meant I could say to the others, 'well we can do that actually, or we could find of way of doing it like this.' The program helped to make sense of everything."

Both Valerie and Grant agree that philanthropy is a great way for younger generations to develop leadership and professional skills. "Although I'm working now," says Valerie, "when I was at university I had never been to a business meeting or had to negotiate anything, I didn't know how you went about these things. If you get younger generations who are still at that stage involved in philanthropy, the benefits can be huge. Also just getting everyone together and reaching consensus is a real learning experience." Valerie also reflects, however, that a successful next generation philanthropy committee does "need someone who's committed to organizing it. My cousins live all over the country and some live abroad," she says, "so it's difficult getting everyone together and communicating with that many people, and making sure that you've gathered everyone's views."

Grant and Valerie's experience has also shown them that philanthropy can bring great benefits to business families, which often face particular challenges in engaging younger generations in the work of the family business. Valerie points out that, "most of the family members won't end up working in the business at all, so this is an important way to be involved. It creates an alternative working environment for the family." Grant also reflects that, "in a business family environment, people tend to look upon other people in meetings and think, does that person understand anything about business? And if they don't, there can be a slightly negative reaction and that person's opinions might not be so valued in the meetings. With family business philanthropy, people are on a level playing field. There's a feeling that we're all equals in this together and we can all make a contribution."

Most importantly, says Grant, "one of the hidden benefits of this kind of engagement by families into philanthropy is that it's a great way of encouraging communication, and we all know that the starting point for trusting families is to communicate well. It really is a great forum for talking together, for sharing projects together and for sharing passions together."

## Case Study:

**LORENA GUILLÉ-LARIS AND  
ALEJANDRO RAMÍREZ MAGAÑA**

Mexico

Lorena Guillé-Laris (30) is director of the Fundación Cinépolis, the corporate foundation of the Mexican family business Cinépolis, of which her second cousin Alejandro Ramírez Magaña (39) is chief executive. Cinépolis is the biggest chain of movie theaters in Latin America — and the fifth biggest in the world — with over 2,000 screens throughout Latin America and India. It was founded in 1971, by Alejandro's grandfather Enrique Ramírez Miguel, a visionary lawyer who founded the company when he received a cinema in payment for some legal work. Since its inception, Cinépolis has always taken its social responsibility very seriously, but over the years its work in this area has gradually professionalized and become more strategic. In 2008 the company decided to build a formal structure for its philanthropy through the creation of a foundation, that would focus on issues particularly relevant to Cinépolis's core business.

When the company began looking for a director for the new foundation, Lorena was already well known for her work in the Mexican third sector, and was running the corporate social responsibility program at Gamesa-Quaker (a food products company owned by PepsiCo) through the Gamesa-Quaker Foundation. Lorena was headhunted for the role of director of the Fundación Cinépolis by the company's human resources team, without them realizing that she was a member of the family. Alejandro and his colleagues interviewed other candidates for the position alongside Lorena, but even following the strict criteria in place for family members wanting to join the company, they decided that Lorena was the best candidate for the position. Alejandro took the proposal to the Board, and they agreed on Lorena's inclusion in the company. Over

the last two years, Lorena has developed the mission and programming of the foundation, and today, she and her team run programs in the three main areas of visual health, education through the art of film and community development. Among other work, the foundation helps people in the poorest regions of Mexico to recover their sight through the provision of cataract operations, and each year invites over 120,000 people in poor indigenous, rural and urban communities to visit the company's movie theaters.

Lorena says that Alejandro (who was named a young global leader by the World Economic Forum in 2008 and has always had a strong commitment to social issues) was the driving force behind the creation of the Fundación Cinépolis and its development. Lorena also says that he has been a personal inspiration and guide to her as she has forged her own career in this field. While she was still at university, Lorena remembers, she and Alejandro spent much time discussing Mexico's social issues and the work of its third sector, and so, she says, "when I was invited to come and work for him it felt like a great opportunity." Working together at Cinépolis, says Lorena, "I feel like he's not only my boss, he's also my coach. He has such clear vision, we only need to have one meeting and he clarifies everything for me. I'm learning from Alejandro every day, from his ethics and experience and the trust he puts in me."

One challenge for Lorena since she took on her role as director of the foundation, has been balancing her identity as a family member with the task of showing her professional capability in the new position. While the family has always been very supportive of her in this, Lorena has been determined to prove she is up to the job. Her efforts have paid off, and she reports proudly that in the excellence awards scheme that the company runs to highlight its best employees — based on rigorous evaluation of their work — she has won awards for the last two years, and that out of the twenty-eight services the company offers, the work of the foundation is currently rated second best by the company's internal evaluation scheme.

Lorena sees the foundation as an expression of the values of Cínepolis, and of the family that created and still runs the business today. One of the company's corporate values, she says, "is 'to be like popcorn', which means that eating one piece of popcorn is nice but that eating a whole box is better! This reflects the idea that we are stronger working together than on our own." Lorena remembers that it was the company's founder, her great-uncle, who passed down many of its values to the younger generations of the family, through his kindness, the way he treated people and offered them assistance, and his contributions towards the development of the town

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where he and his family lived. Lorena was very close to him and her great-aunt, and used to spend several weeks almost every summer at their home as she was growing up. "People remember him with a lot of love," she says.

For Lorena, the opportunity to use her professional skills to help her family's business contribute towards the development of Mexican society, and to keep alive the values that have inspired the last three generations of the family and the business, is a very rewarding one. "I know better than anyone what Alejandro and the company are trying to achieve with this foundation," she says. "I was present at the openings of many of the new cinemas when I was a child, I saw close up the hard work that went into building the company, and now I'm able to transfer this feeling into everything I'm doing at

the foundation. I feel real passion and commitment to the company, and I feel very proud and fortunate to have had the opportunity to develop the foundation's mission and philosophy." Lorena remembers a conversation she had as a teenager with her great-uncle beside the swimming pool one summer, when she was staying at his and her great-aunt's home. "He said to me, 'I know you are very smart Lorena, and one day you'll work with us in the company'," she recalls. "I remember I said, 'Ok, I'd like that, but only when I'm very good at something.' When Alejandro called to say I'd got the job at the foundation, I knew that day had come and that dream had come true."

## Case Study:

**LUÍS NORBERTO PASCOAL AND  
ISABELA PASCOAL BECKER**

Brazil

Luís Norberto Pascoal has played a key role in the strategic development of Brazil's philanthropy sector over the last two decades. His family's business, the DPaschoal Group (one of the country's biggest distributors of automobile parts, which is also active in other areas including coffee exports), runs a corporate foundation, the Fundação Educar DPaschoal, which is recognized as a leader in the field of Brazilian social investment philanthropy. Luís says that his vision for investing in social change is one that was passed down to him by his parents, aunts and uncles as he was growing up, and that led to his early involvement in the work of nonprofit organizations in the family's city of Campinas, São Paulo State. Here, working on a project for street children supported by the Inter-American Development Bank, Luís learned about the importance of strategic philanthropy and of networking organizations to work in partnership with each other. It was while studying abroad at Harvard Business School, however, that Luís was to develop the mission that has informed his philanthropy ever since: an impassioned belief that only through investing in education could Brazil tackle its social inequalities and work towards a prosperous and successful future.

In 1989, Luís, with the public education concepts he had learned at Harvard, brought together the family directors of the DPaschoal Group, with a proposal to consolidate their charitable activities through the creation of a strategic foundation with a focused mission. Today, Luís is president of the foundation and his daughter Isabela Pascoal Becker (35) is its director. Isabela coordinates the foundation's investment into Brazilian education through three major programs. These focus on the development of young

leaders in schools within the public education system, the provision of training and an awards scheme for the development of social initiatives among university students and the promotion of early reading and literacy through the production and distribution of educational children's books. In a country where the majority of children have limited access to books, this latter program aims to provide every Brazilian child with a book of their own. The foundation has already produced 140 different titles and distributed 32 million books around the country, and plans to reach 100 million. The foundation also provides seed money for the development of new initiatives in line with its mission, such as a recent awards scheme that showcases best practice among judges within Brazil's legal system who are working well with the country's statute for the rights of children and adolescents.

The Pascoal family has demanding criteria for members of its younger generations who want to work in the family business. After studying business administration at Harvard University Extension School, however, Isabela was able to meet the family's requirements, and took responsibility for overseeing the creation of the DPaschoal Group's coffee export company, Daterra, in Miami in 2003. Isabela was still living in Miami when the Educar Foundation became in need of a new director in 2007, and after discussion with the family and her father, Isabela decided to return to Brazil to take up the post as a volunteer alongside her work at Daterra.

Isabela says that the opportunity to run the foundation is a very special one, not only because of her passion for its work, but because she has "always seen the foundation as a way of making the values of our family and the business tangible and meaningful. I grew up hearing from my grandparents about how the business began and about the ethics that underlie its work," she says, "and I think to a great extent it's through the work of the foundation that these values will endure into the future. I've always thought that whatever I do with my life, in some way I will want to be present in the foundation to make sure that happens." Luís agrees that the foundation serves



an essential role in articulating the family's values and making sure they are passed down through the generations, as both the family and the business grow. He reflects that, "working in the foundation, family members learn the values of citizenship

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and respect. Both my two daughters and all my nieces and nephews have a very ethical outlook, based on these values, and this helps the business move forward." He also points out that, "employees need to trust and respect those who are leading the business, and we need to demonstrate our values in order to build that trust."

Luís explains that the transmission of values that takes place through the foundation is mirrored at a smaller level within the nuclear family context, where he and his wife have always taught Isabela and her sister by example, taking an active part in the life of the local community and their school as they were growing up. Isabela also remembers that small, philanthropic acts were always a regular and natural part of day-to-day life

with her parents and grandparents. "I grew up hearing about social responsibility and its importance," she says, "and philanthropy was always very present in my family." Luís is clear about the connection between philanthropy, financial privilege and his family's values. "Wealth alone doesn't make you happy, and more money isn't going to make my life any better," he says, "but if every Brazilian has a book and has a desire to read that book and to learn, then Brazil will definitely be a better place. So after a certain point, the wealth of families and businesses needs to be invested adequately in social projects."

Isabela says that working at the foundation has often been challenging, and that having to negotiate and communicate with different stakeholders on a variety of projects has been an important learning experience. There have also been times when she and her father have disagreed about aspects of the foundation's work, but she says that it's never a problem when they argue, and that he is always open to listening to her point of view. "I really respect my dad and I know he has much more experience than me, especially when it comes to strategy and the big picture," she says. "We're a team, he has so much knowledge about the development of the third sector in Brazil, and I bring experience about what's happening today, in terms of other foundations and projects and what they are doing. We work together, and it's a great exchange."



### Other models for family philanthropy

In this final series of case studies, we look at families taking the first steps to teach their younger members about the philanthropy of older generations. While the philanthropists featured in this section — Mimi Frankel and Ralph Taylor in the USA, and Julie Toskan-Casale in Canada — are all deeply committed, strategic grantmakers with many years of experience working through their own family foundations, their message to those wishing to engage their children and grandchildren in their philanthropy is clear: younger generations will come on board if and when the time is right, and should not feel obliged by their families to do so. While giving younger family members the space and time to decide if and how they want to become involved in their families' grantmaking, these philanthropists and their children and grandchildren have found a variety of original ways to engage with and learn about philanthropy, and the values that inspire their families to practice it.

### Case Study: JULIE AND ALEX TOSKAN-CASALE Canada

Julie Toskan-Casale is no stranger to working in a family environment. After the sale of MAC Cosmetics, the company she founded with her husband Victor Casale and brother Frank Toskan, Julie decided to put the skills of this hugely successful family team to work on a different initiative, and created the Toskan Casale Foundation in Canada in 2001. Today, Julie, Victor and Frank are the foundation's three directors, and have worked together to develop Julie's inspirational idea for its flagship program, the Youth and Philanthropy Initiative (YPI). YPI is an educational program that gives young people, ages 14–16, hands-on experience of philanthropy and empowers them to participate in the development of their communities. Run through secondary schools, it gives students the opportunity to learn about and fund grassroots organizations in their local area. In YPI, students work in teams to learn about problems in their communities, to identify the nonprofit organizations that are addressing those problems, and how to assess their effectiveness. They are then given training in presentation skills and advocacy, and the winning team in each class is given \$5,000 by the Toskan Casale Foundation to grant to the organization they've been working with. YPI currently operates in over 200 schools in Canada, and has expanded to the UK, where the Institute for Philanthropy now runs the program in nearly 70 schools in England and Scotland, with the support of Credit Suisse and the Wood Family Trust.

Julie and Victor's three sons, Chris (19), Alex (16) and Lucas (14) have all participated in YPI in their own school, and Julie reflects that they have all helped to shape it by bringing home their experiences of taking part in the program. "The boys have all gone through the initiative," says Julie, "so I've been able to get some really great, very honest feedback directly from them and their friends, on what it's like to visit the organizations and make the presentations on their behalf, and generally be taken seriously in this adult environment."

When Alex took part in YPI, his team picked a local food bank as their chosen organization, and Alex has stayed involved with the food bank ever since. One evening in 2007, in the run up to Halloween, the family came up with a great idea around the dinner table. Rather than go trick or treating as usual, they could use Halloween night as an opportunity to collect donations for the food bank. Alex set to work inviting his friends to develop the idea with him,

and soon had a team of ten and a new philanthropy initiative, named 'Trick or Treat, Food to Eat'. A week before Halloween, Alex and his friends distributed a brochure to all the homes in their area, explaining the scheme, the work of the food bank and what kinds of donations were most needed. Then, on Halloween night, they visited all the homes and collected the food, which they later delivered to the food bank.

In its first year, Trick or Treat, Food to Eat collected 900 pounds of food. In 2008, Alex and his friends collected 1200 pounds of food, and last year, they visited 700 homes and collected an impressive 1700 pounds of food, and a second team of friends also rolled out the scheme in a neighboring area. For the last two years, Alex has also persuaded a local bank to match fund donations to the scheme, giving \$1 to the food bank for every pound of food collected, and reports that people in the community "have told me they're donating 'heavy foods' to make the most of the bank's contribution!" Alex says the reaction he and his friends get from people in the community "is very positive, we get parents running up to us on the street telling us what a great thing we're doing. If people aren't at home when we arrive, they'll come and bring the food to our house. And we've had some media attention in the newspapers too."

Alex says that Trick or Treat, Food to Eat has been a real learning experience, and he's very proud of the initiative's success. "I've never run something like this before, something this big," he says, "so that's new for me, to organize something like this and make it work." Julie also points out that the initiative is a great way to learn about how projects develop, and says she and Alex have had important discussions about how big he

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## Julie and Victor's three sons ... have all participated in YPI in their own school ...

wants the program to become, and how he will gather support from others to help it grow. Julie says, "when I see outcomes like Trick or Treat, Food to Eat, or when I hear about stories of the other kids developing their own initiatives or looking for different ways to fundraise for organizations, it just confirms for me that what we're doing by getting them involved, engaged, and thinking about community is the right thing to do."

Julie believes that a lot of the values at the heart of the family and their philanthropy come from her and Victor's early experiences, growing up as the children of Italian immigrants to Canada. "Vic and I didn't grow up in a family with a lot

of money," she says. "We worked really hard, we had numbers of jobs, we borrowed for schooling and it wasn't easy." It seemed natural, as a result, that when, "through the success of our business, we found ourselves with more resources, that we would use them to give back to people in our community and to help those less fortunate." Julie says that, while she and Victor have always talked to Alex and his brothers about their own childhood, they've never sat down to discuss their values explicitly with them. Rather, says Julie, "I think we've just lived our values, and the boys are learning by example what we really believe strongly — integrity, honesty, compassion, accepting diversity, looking at the needs of others and treating people how we would want to be treated ourselves."

Julie is keen that Alex and his brothers learn about and understand her work at the Toskan Casale Foundation, but wants it to feel like a natural part of the family's life rather than something they feel pressured to participate in. "I'm always coming home and sharing stories about what it's like to manage the foundation, I talk to them about all the sorts of issues that I'm experiencing and how I handle things," she says. "I think they probably know the ins and outs of running a foundation, not because I've sat down and taught them formally, but just because I talk to them about my day." Julie also stresses that she and Victor didn't start the foundation with the intention of it being something that their children would carry forward. Although she says it would be wonderful if Alex and his brothers did want to get more involved in the future, Julie knows from her own experience how important it is to be passionate about a philanthropic idea in order to take it forward successfully.

In fact, Julie believes that obliging her children to take over the running of YPI and the foundation would in a sense "deprive them of the opportunity to develop and shape something of their own. I know that I value the work that I do with YPI so much because it's my vision," she says, "and I bring 110% to it because it's something that's come from me. I'd love them to have that same feeling, to be able to get behind something, start it from nothing and grow it themselves." Julie would prefer that Alex and his brothers see the foundation as a potential home for the development of their own philanthropic initiatives, if and when they would like to bring ideas forward. "To be there to support and guide your children in their philanthropy and provide assistance when they ask for it is really important," she says, "but not to try and do it for them." Alex sees the idea of developing an initiative of his own with the support of the Toskan Casale Foundation as "an awesome opportunity" and says, "in the future, I would love to do something like that."

Case Study:  
**MIMI AND ISAAC FRANKEL**  
 USA

When Mimi Frankel's husband Bud sold his business in 2000, the couple saw the opportunity to dedicate more of their time and resources to philanthropy, and invited their two sons to help create a family foundation. Choosing a mission was not an easy process, as the family had many different interests, but with the help of philanthropy advisors they worked together to design an inclusive mission statement. The Frankel Family Foundation opened in 2002, and now works through three funding streams: environment and conservation, refugees and displaced persons, and Jewish and Israeli issues (focusing particularly on projects working towards peaceful co-existence between Jewish and Arab citizens in Israel, and combating anti-Semitism).

Soon after the foundation was up and running, Mimi and Bud began to think about how they could start to teach the third generation of the Frankel family about philanthropy, in order to prepare their grandchildren to take a role in the foundation in the future. Isaac, who is now 18, recalls an early initiative where he and his sister were regularly allocated a small amount of money to donate to an organization of their choice. For several years, Mimi and Bud also used gift-giving as a way of teaching their grandchildren about philanthropy and social issues, giving Isaac and his sister the opportunity to choose alternative gifts at Christmas and Hanukkah from Heifer International's catalogue of donations, that help children and families around the world receive training and animal gifts that help them become self-reliant.

One year, however, when Isaac was a young teenager, he announced that he didn't want to make the donation. "We

had been doing it for a couple of years and I understood the purpose of it," he says, "but I just felt I wasn't really investing much into it. I think for me there's something about how you give. If I'm helping a person directly I feel good about it, but if I'm just donating money I don't. It's like the difference between telling someone to go help somebody rather than helping them yourself." Mimi recalls that she was very upset at the time, but "then I realized, if it's just not working for him, then good for him for saying he doesn't want to do it. You can't force this, it has to come on its own, and it's going to come on his timetable, not mine."

Mimi began to think about how she could demonstrate to Isaac where her own motivation for philanthropy came from, in a way that would be more meaningful for him. As a young boy, Isaac was very interested in paleontology, and since the age of eleven Mimi had taken him on several dinosaur digs. One year, when Isaac was nearly 16, Mimi suggested that they do a different trip together. She asked if he would like to go to Rwanda, to visit some of the organizations and projects that she had come in contact with through her work with the foundation. "I decided that I wanted to take Isaac to Africa," says Mimi, "and he wanted to go. But I didn't want him just to go on safari. I wanted him to get a sense of what some of the countries in Africa are like, of the people, how they live, and the problems they face."

Isaac and his grandmother visited two refugee camps and a number of projects, including a clinic working with HIV/Aids and the Millennium Village Project (designed by the Earth Institute at Columbia University, which invests in agriculture, health, education and infrastructure in African villages). Isaac has many memories of the trip and the people he met, especially the children and young people who, he remembers, were always friendly and full of energy, despite the difficulties they were facing. He was also deeply impressed by the ingenuity of the people he met. One group of children, he remembers, had "created a makeshift bike that was made completely out of carved wood. It was amazing." Now, says Isaac, "I think

about the trip all the time. If anything has changed since I got back, it's that when I see people on the news and in other countries, it's easier for me to imagine what they're feeling. I know they're experiencing things that are horrible and reacting to them in the same way that I would if I was in that situation."

Mimi reflects that involving the family in her and Bud's philanthropy has given them a forum to think about their values and how they are passed down through the generations. Mimi recalls that, during the retreats carried out in preparation for creating the Frankel Family Foundation, she and Bud were

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"I think for me there's something about how you give. If I'm helping a person directly I feel good about it, but if I'm just donating money I don't."  
Isaac Frankel

delighted to discover how aligned the whole family's values were. "It was rewarding for Bud and me because evidently we have been able to pass on some of the values that we hold to our children," she says, "and I would hope that they would then pass them down to their children. I think that being involved in the foundation has made that value structure much more important and dynamic." The family's values are seen not only in their philanthropy but also in other parts of their lives. Isaac's father is a doctor and worked in Haiti with the victims of the country's recent earthquake, and has been actively involved in many projects in the family's community, including a long-term commitment to the local zoo. Isaac reflects that, "there's a difference between a family that has a

lot of money and chooses to keep it all to themselves, and a family that's done a lot of good things for the community. I've had a wide variety of reactions to people finding out that I come from a wealthy family, and being able to share that my family doesn't just keep all the wealth to itself can be a help for me.

Mimi says that it's been essential for her and Bud to develop their philanthropy now, together with their children and grandchildren, because "this is the time when we have the opportunity to share our values and concerns, and let them know where we're coming from." Although Mimi hopes that her grandchildren will want to carry on the foundation's work in the future, she believes that they must make this decision for themselves. Isaac says that, while he doesn't want to get involved right now, "I do have a very strong feeling that at some point I'm going to start being more involved in this. It's definitely something I want to see continue, because I know that there's a lot of good things being done and I don't want that to stop. It's also a very cool family tradition."

There's no doubt, says Mimi, that involving the family has taken her and Bud's philanthropy to a different level. "If we had just done this as our little project and not involved our two sons, it would not have had the scope or the depth it has today." Also, she says, "I think the foundation has brought our family much closer together," something that Isaac agrees with. "It's kind of like having a unifying force and reason behind everything," he says, "and sharing common interests across generations," adds Mimi. "It's been a most positive experience."

Case Study:  
**RALPH AND FRAN TAYLOR**  
 USA

Ralph Taylor and his son Fran come from a long family tradition of philanthropy. Both father and son, however, have received this tradition with open and innovative minds, and are in the process of taking it forward in their own particular ways. While Ralph acted as an advisor to the Spencer T. and Ann W. Olin Foundation in the late nineties, most of his philanthropy before and since has been channeled through his own foundation, the Metanoia Fund. The Metanoia Fund supports breakthrough social technologies that enhance the efficacy of multi-stakeholder processes and outcomes. Much of its work in the past has been concerned with corporate and government accountability and mission related investment, supporting the development of projects such as the Global Reporting Initiative, the Greenhouse Gas Protocol Initiative and the Access Initiative. Metanoia's current focus, says Ralph, is "how to make international development assistance more accountable to the intended beneficiaries of that assistance." In pursuit of this aim, the Fund works in partnership with organizations such as iScale (a networked social enterprise that creates and develops innovations for scaling impact to address the world's most pressing social problems), of which Ralph is also board chair.

Although Ralph is often not directly involved with his own parents' philanthropy, he does believe that his mother's vision and approach to problem solving anticipated his own. "My mother had an MBA and a PhD in education and she was interested in public school reform," he says. "She didn't have any specific reform agenda, but she was interested in the process by which you could set conditions for meaningful and deliberate reform to occur. Likewise, a lot

of my philanthropy has been about the processes by which you set the conditions for the reform of systems."

Ralph's long-term commitment to setting the conditions for the reform of systems through philanthropy has meant that Fran (who is now 23) and his brother have grown up with a subtle awareness of an unusual brand of engaged, hands-on philanthropy. It has also, however, instilled in Fran an understanding that effective philanthropy capable of bringing about real and enduring impact must be fuelled by passion and dedication, self-awareness and discernment on the part of the philanthropist. Fran recalls that, "when I was younger, particularly during my college years, I felt like I had a certain obligation — because I had money — to follow in Dad's footsteps. But this was a feeling of obligation to an un-directed and un-channeled kind of philanthropy, philanthropy as a broad idea, and actually that isn't appealing to me because it has no direction." In a recent conversation, Fran recalls, "Dad rather jokingly said "Fran, don't go into philanthropy, it's not worth it!" and I really took that to mean it's got to be fun for you, you've got to want to do it, you can't just feel like this is some obligation that you have to do. That was a very important moment for me." As Ralph explains, "the general approach I have had is not pushing philanthropy on my children, but leaving the door open for when they want to walk through it. Witnessing how difficult and time consuming the practice of my kind of philanthropy can be has made me understand that it really is a calling and it is not the kind of thing that you can demand, or even suggest, your children do."

There is no doubt, however, that Ralph's philanthropic work and the values that drive it have been an important influence on Fran, and have opened doors to key opportunities as he begins to make decisions about his own career. Fran is currently living in Laos, working for Digital Divide Data (DDD), a social enterprise that he learned about at The Skoll World Forum at Oxford in the UK, which he attended, along with his father, as a Metanoia Fund trustee. DDD provides world-class IT services to publishers, libraries, content hosts, academic



researchers and businesses around the world through an innovative social enterprise model. The model creates opportunity for young people trapped in the cycle of poverty in Laos and Cambodia to earn competitive wages and complete their education through working in DDD's business. Fran explains that, "DDD hires on disadvantaged and disabled young people and simultaneously provides them with scholarships for higher education. The problem with the poverty cycle is that even with scholarships, many young people can't go to school because they need to work to support their families. DDD provides them with a salary and pays for their schooling, so they can support their families and get the education they need for successful careers in the future."

At DDD, Fran is currently designing a sports video analysis program. The work combines his passion for sports with the opportunity to develop new skills in a challenging and exciting professional context. While the job is also a chance to learn at close hand about the workings of a social enterprise

model, Fran sees it first and foremost as a professional opportunity, and says that "the primary motive was getting a job with a lot of responsibility, dealing with a topic, sports analysis, which I was very interested in. I've never really seen it in the same light that I have considered philanthropy in the past — as something I had to do because I was in a position to help — but rather as something that I actually enjoy."

Ralph's commitment to his philanthropy has always gone alongside an attempt to give his children some perspective on their financial and intellectual legacy, and of the choices they have at their disposal. Fran is a graduate of the Brookline public schools, and as Ralph explains, "he pretty much enjoyed living a life that children from any well educated, stable family at the public school were living." Of all the values influencing Ralph's own decisions and that he has striven to convey to his children, he says, "I suppose the strongest was that you are free to live your own life however you want, and that is a wonderful responsibility to embrace."

While Fran is not yet sure what kind of connection he will want to have with his father's philanthropy in the future, he says "I certainly will always take an interest in what he's doing and I will want to be involved at some level." True to his belief that philanthropy must come from a full heart and dedicated mind, and his desire to see his children make their own choices in life, Ralph is happy to let Fran work out with time what this involvement might look like. As he says, "I commend approaching philanthropy as a gift rather than an obligation; a gift that rewards persistence, patience and openness to some personal change."



# Conclusion

## 40 The case studies show the diversity of experience of family philanthropists around the globe.

These funders span three generations, and are developing their family philanthropy in a host of innovative ways, be that within family foundations, family business philanthropy programs or more informal models. We can, however, identify a number of common themes — highlighted in the literature reviewed in the first section of this paper — running through the experience of funding as a family, regardless of the model each family chooses to adopt for its philanthropy.

Our case studies show that engaging young people in family philanthropy brings a host of benefits for younger and older generations alike, and for the development of families' philanthropic mission and activities themselves. Family philanthropy emerges in our case studies as a means of uniting families around common values and interests, of building family legacy that will last long into the future and of honoring older family members. When done thoughtfully, family philanthropy can provide a forum for different generations to practice collaborative decision making, and learn to value and respect each other's views and opinions. In business families, philanthropy creates an alternative and democratic context for family members to work together, and provides a means of demonstrating the values of businesses and the families behind them. In addition, family philanthropy provides an opportunity for the next generation to develop skills around financial management, teamwork and negotiation, and to learn about the pressing social issues that face the world today.

Few family initiatives of any nature can avoid the impact of emotional family dynamics, and family philanthropies are no different. Our case studies show, however, that families who are committed to open and respectful communication between different generations, to learning from their disagreements and to seeking the advice and support of professionals will always find ways to resolve conflict, making the experience of doing philanthropy together a richer and more meaningful one for older and younger members of the family alike.

At its best, family philanthropy provides families with an opportunity to reinvigorate their grantmaking, inviting the contribution of fresh and original ideas and approaches from younger generations, and bringing families together in pursuit of a mission inspired by common values. We hope that the experiences of the philanthropists featured here will inspire you to follow suit, and explore ways of your own to engage younger generations in your grantmaking.

# Useful Resources

## 21/64

www.2164.net  
110 East 59th Street, 26th Floor  
New York, NY 10022  
212 931 0129

## Association of Small Foundations

www.smallfoundations.org  
1720 N Street, NW  
Washington, DC 20036  
202 580 6560

## Council on Foundations

www.cof.org  
2121 Crystal Drive, Suite 700  
Arlington, VA 22202  
800 673 9036

## Family Business Network

www.fbn-i.org  
23, Chemin de Bellerive  
B.P. 915  
1001 Lausanne  
Switzerland  
Next Generation Network:  
www.myng.org  
+41 79 731 38 50

## Foundation Center

www.foundationcenter.org  
79 Fifth Avenue, 16th Street  
New York, NY 10003  
212 620 4230

## Institute for Philanthropy

www.instituteforphilanthropy.org  
100 Broadway, 17th Floor  
New York, NY 10005  
212 513 0020

2 Temple Place  
London WC2R 3BD  
United Kingdom  
+44 207 240 0262

## National Center for Family Philanthropy

www.ncfp.org  
1101 Connecticut Avenue, NW  
Suite 220  
Washington, DC 20036  
202 293 3424

## Next Generation Philanthropy

www.instituteforphilanthropy.org/content/Next-Generation-Philanthropy

## Resource Generation

www.resourcegeneration.org  
Resource Generation  
218 East 18th Street  
New York, NY 10003  
646 723 2231

## The Philanthropy Workshop

www.instituteforphilanthropy.org/content/The-Philanthropy-Workshop

The Institute for Philanthropy acts as a forum for the development of new ideas and produces original and practical research on a range of issues ...

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#### About The Institute for Philanthropy

The Institute for Philanthropy is one of the world's leading organizations providing international donor education. They believe that if you give people the capacity to give, the skills, knowledge and networks to do so effectively, then they will increase the size and impact of their giving. They work closely with a global network of over 200 wealthy families, and partner with companies, trusts, foundations and schools. The Institute for Philanthropy acts as a forum for the development of new ideas and produces original and practical research on a range of issues, including the management of charitable assets, philanthropy during the economic downturn and funding for core support. They also convene gatherings for learning with leaders in the field, including accomplished philanthropists and academics.

#### Their Vision

The Institute for Philanthropy looks towards a world in which philanthropists from around the globe have the skills to make significant contributions to the pressing issues of their time, in their own giving and in networks and partnerships with others.

#### Their Mission

They work to increase effective philanthropy in the United Kingdom and internationally by:

- Providing donor education
- Building donor networks
- Raising the awareness and understanding of philanthropy

[www.instituteforphilanthropy.org](http://www.instituteforphilanthropy.org)

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Institute for Philanthropy U.S. is a 501©3 Public Charity.

**Bill Woodson**

Bill Woodson is the Managing Director for Credit Suisse Securities (USA) LLC's Wealth Planning Group, a forty-person practice that provides investment consulting and family office services to wealthy families, private foundations and endowments. Bill came to Credit Suisse from Merrill Lynch, where he was a member of Merrill Lynch's Private Banking and Investment Group and oversaw an integrated investment advisory practice for ultra-high net worth families ranging in net worth from \$25 million to \$2 billion.

Prior to joining Merrill Lynch, Bill was one of the first ten employees at myCFO, an integrated wealth management and technology firm started by Jim Clark (Netscape) and John Chambers (Cisco Systems). At myCFO, Bill ran one of the firm's largest multi-family family office practices and served as the CFO for myCFO Securities, LLC. Bill also worked for a large multi-national family office with forty employees and offices in Hong Kong, Vancouver and San Francisco. Bill began his career as a CPA at Arthur Andersen, where he spent a decade providing domestic and international tax advice to wealthy executives, families and business owners.

Bill has a master's degree in accounting from New York University's Stern Graduate School of Business and a bachelor's degree in economics from the University of California, Irvine. He is a frequent lecturer on wealth management and has published a number of articles on the subject. Bill co-founded and is a past President of First Graduate, a mentoring charity that helps young people finish high school and become the first in their families to graduate from college. He also served on the board of The Fulfillment Fund, a college access program for inner-city school children. Bill is a current or past member of the American Institute of Certified Public Accountants (AICPA), the Hoover Institution at Stanford University, the Estate Planning Councils of San Francisco and Chicago, the Woodside School Foundation, the Investment Management Consultant's Association, and Beta Gamma Sigma (the national honor society for graduate business schools).

**Bill co-founded and is a past President of First Graduate, a mentoring charity that helps young people finish high school and become the first in their families to graduate from college.**

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