

# How to face philanthropy's hardest question

BY DEBBIE BING

For as long as anyone could remember, philanthropy was a way of life for the Jackson family (a pseudonym; the family's case is a composite based on several client families). Through their family foundation, three generations of Jacksons had found meaningful roles shaping and overseeing the family's philanthropy; the fourth generation was just getting involved.

Over the last few years, things had become rocky within the family. The third generation had brought more family branches to the foundation board than ever before, and the oldest children of the fourth generation were just beginning to ask for their place at the table. The proliferation of interests had created increasingly diverse views about the focus of giving, spend rate and investment choices, rules of participation for family members and expectations about roles and levels of engagement among family members on the board. Some personal relationships were beginning to fray.

In addition, the recent sale of the family's real estate business meant that a new infusion of capital was likely to change the level of possible giving, and the questions had begun to circulate quietly among family members.

- How would the family foundation board work through the decisions about new allocation and investment, given how hard it had recently become just to conduct the business of the foundation?

- Could the Jackson family's foundation still provide a unifying vehicle for the family—or was it doomed to be a destructive

force in family relationships?

- What would staying together actually look like as a new generation entered?
- With an infusion of capital the family would become more visible in its giving. How did they feel about that?
- Should they stay together, leveraging their collective impact, or use this change as an opportunity to rethink the configuration and structure of their philanthropic efforts?

## Transition creates issues

Such questions used to be confined to the family business when the next generation became involved, either through ownership or through management and leadership. Family members would begin to experience their differences, such as who was in vs. not in the business, who was in what branch, etc., creating a centrifugal force that pushes against togetherness. Now, these questions are arising in family foundations as they experience their own next transition questions.

The considerations in family foundations, however, are different from those in the business context. Market forces aren't at play (except in the increase in need). Family foundation members want to make a big social impact but find it harder to make a difference directly.

One member of the Jackson family recently said at a family board meeting, "We have been at this conversation forever, and I'm tired of it. Some of us think we have to keep the foundation together to preserve our grandmother's legacy. Others of us would rather split the endowment into separate foundations. What is it going to take to just make a decision?"

Asking whether or not to stay together in the family foundation can feel like an act of betrayal. How can siblings, cousins or other family members openly explore whether they want to keep working together without damaging relationships and calling into question the shared purpose on which their philanthropic activities have been based?

At the same time, not asking the question can be damaging too, as concerns go underground, eroding connectedness as a family and effectiveness as a philanthropic organization. It feels like a real predicament—and it is. What to do?

## Getting unstuck

While every family has unique circumstances and needs, there are ways to get unstuck that can work, regardless of the particulars:

1. Before going too far, commit to exploring interests. Create a timetable for exploring issues fully, so participants understand that decisions needn't be made in one meeting. Design a series of meetings that allow people to explore assumptions, beliefs,



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aspirations and concerns. Think about who should be included, and where and when to have these conversations. (Location can make a real difference.)

**2.** Clarify your decision-making process: when, and how, an affirmative decision will be made about whether to continue philanthropic efforts together as a family. This will help keep your conversations on track.

**3.** Make good use of a trusted family member or outside adviser who is particularly skilled both interpersonally and in the ways of philanthropy. This person should serve as a connector rather than a divider. He or she can help keep you on track, ask questions, set norms and help say out loud what is too hard for others to say themselves. Often, a trusted adviser can also bring structure to the conversations—through a tool or method—to move the conversation from one that feels “hot” and personal to one that is both personal and solvable.

**4.** Bring to the surface underlying issues that are behind any given choice. Usually, family members’ differing views on specific issues are worth unpacking. These can include program commitments, rules about the involvement of spouses, beliefs about whether and how the next generation can get involved, spend rates and more. Identify the issues fueling family members’ beliefs and understand where each person stands on each of these issues, rather than just focusing on where everyone stands on the ultimate stay/split decision. This will clarify what needs to be addressed in any choice you make.

**5.** Explore alternative futures. Create narratives or scenarios (written from the future) that play out the multiple choices and feel “real” in that they illustrate a path to deal with the issues of concern. For example, create a detailed story about what the foundation will look like five years from now—working back to the present—if the board radically changes the giving strategy or changes the approach to family involvement on the board. What do you foresee as the turning points and trade-offs? Each scenario should offer a different view of the future, and should fill in the details of the choices involved in that narrative to give fam-

ily members a concrete way to imagine alternatives. Be creative and think of many alternatives. There are many ways to split or to stay together. A foundation may stay together but dramatically increase the amount of funding that is “trustee directed” to allow for individual interests to be pursued under the same overarching umbrella. Or, the family may decide to create multiple legal entities but jointly fund a legacy program that embodies shared history and commitment at an agreed-upon level.

**6.** In all of this, explicitly set out to discover the basis for your connection as a family. How does philanthropy fit, and what other ways to foster connectedness might be added or used instead?

**7.** Make a decision. Holding your feet to the fire on making a final decision—no matter how difficult—is critical. While it can be tempting to leave such decisions in limbo indefinitely, this non-choice actually further erodes the things that are most critical to philanthropic families: impact, relationships and an ability to feel powerfully engaged.

### Multiple steps are the key

This may feel like a lot of “process” for a family or board that is used to working fluidly, but multiple steps are key to making these kinds of discussions possible. And these discussions, in turn, are necessary for decision making in emotional circumstances. The result is worth the effort: a decision that is grounded in a fuller understanding of interests and ultimately owned fully by those it affects. And perhaps most important, making a decision that has been unmade for a long time can be freeing for the family and for the foundation.

The Jackson family’s process led them to a decision to move from one to several foundations, each with a clear mission and supporting mechanisms for enacting that mission, with different family groupings taking the lead in each. The family also agreed to jointly fund a new initiative that honored their grandmother’s legacy—something they discovered was important to them by working through the issues thoughtfully together. FB