



LEGACY FAMILY OFFICE®

Mission Critical: Make Philanthropy Count

Have you ever wondered why some families are able to do more “good” with their philanthropic activities than others? Or why some families seem active in many causes and yet are not able to make an impact with any of their altruistic activities?

Establishing a cohesive philanthropic mission can provide an anchor-point for a family and can help overcome many challenges with a collective focus on the impact the wealth will have. By bridging the generational gap, a philanthropic mission can help to enhance communication, reduce conflict, and serve as the foundation for successful family philanthropy.

To make an impact, a family should have a cohesive philanthropic mission embraced by all.

ISSUES IN FAMILY PHILANTHROPY: AVOID “SPRINKLING”

Often times, one of the challenges families face in their family philanthropy is focus. Many families have an altruistic culture with deep involvement in their communities, and yet their efforts are sprinkled among various charities and “causes” that each family member may champion. This can lead to little impact in any particular area, which we call “sprinkling,” and can deepen generational divides that already exist in some families.

Families who intentionally establish a mission and vision for their wealth and their philanthropy can overcome this. They become a unified force by allowing their capital to make a stronger impact in the philanthropic mission of the family members. The first generation (G1) and subsequent generations have unified goals and objectives, thus providing them with endless opportunities for engagement and communication. Successful families find a way to honor the legacy of the past while creating a legacy for the future.

It is important to note that “involving the kids” does not mean adding the next generation to a static organization, but rather shifting the paradigm to become a multigenerational system that embraces the gifts of each generation. The more a family is able to do this, the better prepared it will be to evolve both as a family and in its philanthropy.

ENGAGING THE NEXT GENERATION

A significant challenge for many families in establishing a family philanthropic mission is that the younger generations (G2, G3, G4) do not always see eye-to-eye with the generation that created the wealth (G1). They often have difficulty communicating, and collective decision making can be a significant challenge.

So how can a family overcome communication challenges to establish a philanthropic mission and vision? The first step is a conversation. Hold a family meeting with all active generations to discuss what impact each family member actually wants to have with his/her wealth. Sometimes a professional may be needed to help facilitate and moderate the conversation, but the results can be fruitful!

The family’s philanthropic mission can be basic or complex.

HERE ARE TWO EXAMPLES :

- *The philanthropic mission of the Smith Family is to financially support organizations that help children, adults, and seniors in need obtain physical and mental health care and related human services, including food, shelter, clothing and education in the Boston area.*
- *The philanthropic mission of the Smith Family is to provide leadership in the field of mental retardation and service to persons with mental retardation, both those born and unborn, and their families.*

FAMILY PHILANTHROPY

After establishing the family’s philanthropic mission, many successful families establish some type of family giving vehicle like a Family Foundation. Whatever the chosen vehicle, family philanthropy can be a great tool to increase financial literacy and develop financial leadership within the next generation of family leaders. It can also provide an opportunity to transmit values to younger generations, establish a family tradition of giving back, and develop deeper family ties.

OTHER BENEFITS OF FAMILY PHILANTHROPY INCLUDE:

- *Each generation has an opportunity to learn, personally and professionally.*
- *The family becomes more educated and proactive about the critical issues that impact local and global communities.*
- *The family members develop skills to work more effectively with individuals of different ages, beliefs, and experiences.*
- *The family explores new and innovative ideas.*
- *Younger generations bring the family members up to speed on new technology and communication.*
- *The next generation learns that it's not all about them.*

CAVEAT

Giving away money in an intentional and proactive way is difficult; it often involves significant power dynamics and inter-generational family dynamics that can be sensitive and explosive. While the majority of philanthropy experts recommend that donors engage the next generations, and do so as early as possible, there may be some families that struggle. It is important to remember that every family is unique and has its own journey.

COMMON CHALLENGES

Many families experience roadblocks in their efforts to establish this kind of family-wide initiative. There is often a disparity in philanthropic knowledge across generational lines, differences in which causes to champion, and making everything even more complicated, different generations prefer different means of communication.

This can lead the rising generation of family members to feel isolated from the wealth. Upon joining the philanthropy program, some family members may even experience philanthropic culture shock.

SOME COMMON CHALLENGES AND DIFFERENCES INCLUDE:

- *Conflicting views and interests arise in the family's grantmaking process.*
- *Next gen is interested in innovative philanthropy.*
- *Next gen is typically more strategic in their giving.*
- *Next gen wants to invest deeply in funded organizations.*
- *Young people are typically busy at various stages in their lives with children, work and other obligations.*

To overcome these challenges, families should be flexible and approach challenges and differences with an open mind and willingness to compromise.

HOW?

- *Consider providing day care / young children's activities for families with young children during Family Foundation meetings.*
- *Family dynamics such as sibling rivalry and historical parent/child conflicts can easily transfer to the family philanthropy context. In these situations, bringing in a trusted, experienced facilitator can be very helpful.*
- *Engagement should be structured and professional, with set dates for family meetings, structured agendas and even outside facilitation to help the process.*

SUGGESTIONS FOR NEXT GEN MEMBERS GETTING INVOLVED IN FAMILY PHILANTHROPY

Next generation wealth owners often have a completely different set of skills/advantages than what G1 or G2 may have. Rather than alienating them because they communicate differently or have different priorities, we suggest bringing them into the fold, including them in the conversations, and making them a part of the philanthropic process.

Families should thoroughly explore and leverage the strengths, skills, talents and passions of each family member and give each member opportunities to learn.

HERE ARE SOME SUGGESTIONS WE'VE SEEN SUCCESSFUL FAMILIES EMPLOY:

- *Discuss the mission, legacy and donor intent with the family. Spend time learning about the founders (especially if they are still alive).*
- *Define board responsibilities and decision-making authority.*
- *Look for areas where your interests and values overlap with the family mission and with the next generation's interests and values.*
- *Discuss what expectations the family has of members of the Family Foundation.*
- *Encourage questions.*
- *Disagreement should be respectful and constructive.*

HERE ARE SOME SUGGESTIONS WE'VE SEEN SUCCESSFUL FAMILIES EMPLOY:

- *Change can bring great impact. Successful families are willing to evolve.*
- *Change happens with the speed of trust. Minimize antagonism to establish trust.*
- *Seek out opportunities to learn.*
- *Join a peer networking group of young philanthropists.*
- *Share information about the history of American Philanthropy and giving philosophies (i.e. identity-based, social justice, strategic and venture philanthropy).*
- *Discuss the history of the wealth, how it was generated, and what that means for its legacy.*
- *Provide technical information such as how to read a financial statement, legal documents and about other technical information the family members will encounter.*

ENGAGE THE YOUNGSTERS EARLY

We often hear families ask when they should start engaging their children in the philanthropic process. We say, the earlier the better! It's never too early to start, and families who embrace this process from the beginning often find it easier than families who wait.

Families can start getting heirs involved at some level at a very young age – tools such as grandchildren's grants and sub-committees can help teach skills and the general process early. By exposing young children to philanthropic efforts early, it becomes part of their mindset, and makes it easier for them to understand the family's mission as they grow up. We've found many ways of including children as young as four or five years old in the family's mission.

HERE ARE A FEW WAYS WE'VE FOUND TO ENGAGE HEIRS EARLY:

- *MAKE IT FUN!*
- *Openly discuss the family's history and wealth story.*
- *Bring children to site visits to various organizations currently supported by the foundation and those to be considered for future support.*
- *Share the family's philanthropic mission with young children. Put it into language they can understand, and they will often have a firm grasp of your family's intention.*
- *Help them understand that philanthropy is part of having money – help them start the “Spend, Save, Share” system with their allowance money.*

FAMILY PHILANTHROPY SUCCESSION

Eventually, it will be time to pass the baton. This can be one of the main challenges a family will experience because giving up control is difficult for many of us. Families might want to think about ways to share and trade power rather than transfer it.

SOME CRITICAL CONSIDERATIONS INCLUDE:

- *Is the senior generation motivated to share power and make sure everyone has a voice? If not, the next gen will lose interest in family philanthropy and will find other places to use their talents and skills.*
- *Ultimately, true engagement of the next generation will mean sharing control and power, and it is important for everyone to prepare for that transition.*
- *Fulcrum of power and control should shift slowly over time, allowing heirs to be deeply engaged and fully prepared to take the reigns of leadership.*
- *We believe that the best family philanthropy happens when every generation has a seat at the table.*

The best time to engage the next gen is early and before the death of the founder. This gives the next generations the opportunity to work alongside the senior generation while learning how to be a successful philanthropic leader. This also gives senior members the opportunity to find new yet equally meaningful roles. With thoughtful preparation and a willingness to embrace new adventures together, families can pass the baton to a new generation of philanthropic leaders who will carry on the family's rich tradition of giving.

If we may assist you in your philanthropy journey, please feel free to contact our office.

FAQS AND RECOMMENDED RESOURCES*

1

WHY SHOULD YOU ENGAGE THE NEXT GENERATION IN YOUR PHILANTHROPY?

The Bridgespan Group. “How Do I Work with My Family to Achieve High-Impact Philanthropy?” <http://bit.ly/2rESMb7>

Goldseker, Sharna and Michael Moody. “Introduction: The Most Significant Philanthropists Ever.” Generation Impact: How Next Gen Donors Are Revolutionizing Giving. Hoboken: Wiley. 2017. pp. 1 - 20.

Tuan, MT. “Families and Philanthropy: An Overview for Donors.” Goldman Sachs Philanthropy Fund. April 2016. <http://bit.ly/1YaKPCC>

2

HOW DO THE NEXT GENERATIONS THINK ABOUT THEIR PHILANTHROPY?

BNP Paribas Wealth Management. “Passing the Torch: Next Generation Philanthropists.” April 21, 2017. <http://bit.ly/2j54KnO>

Callahan, David. “Chapter 5: Disrupters.” The Givers: Wealth, Power, and Philanthropy in a New Gilded Age. New York: Alfred A. Knopf. pp. 112-135.

Callahan, David. “Chapter 9: Heirs to Influence.” The Givers: Wealth, Power, and Philanthropy in a New Gilded Age. New York: Alfred A. Knopf. pp. 212-234.

Esposito, Virginia. “Who Are the Next Generation of Major Donors?” The National Center for Family Philanthropy Family Giving News. February 2013.

Goldseker, Sharna and Michael Moody. “Chapter 8: Living Values Seamlessly.” Generation Impact: How Next Gen Donors Are Revolutionizing Giving. Hoboken: Wiley. 2017. pp. 175-191.

Goldseker, Sharna and Michael Moody. “Chapter 9: On the Shoulders of Giants.” Generation Impact: How Next Gen Donors Are Revolutionizing Giving. Hoboken: Wiley. 2017. pp. 193-213.

Goldseker, Sharna and Michael Moody. “Chapter 10: Fielding a Multigenerational Team.” Generation Impact: How Next Gen Donors Are Revolutionizing Giving. Hoboken: Wiley. 2017. pp. 215 - 237.

3

HOW CAN YOU ENCOURAGE THE NEXT GENERATION IN THEIR PHILANTHROPY?

Exponent Philanthropy. Teen Philanthropy Café series. <http://bit.ly/2A2KlfJ>

Goldseker, Sharna. “Top Ten Tips for Charitable Advisors on Engaging the Next Generation.” <http://bit.ly/2spSNzq>

National Center for Family Philanthropy. “Planning Participation by New Generations.” Passages Issue Brief. Family Philanthropy Transitions: Possibilities, Problems and Potential. Winter 2015. pp. 10-13.

Price, Susan Crites. “Engaging the Next Generation.” Splendid Legacy: Creating and Re-Creating Your Family Foundation. National Center for Family Philanthropy. pp. 252 - 265.

4

HOW CAN YOU TRANSMIT YOUR VALUES (AND NOT JUST YOUR ASSETS) TO THE NEXT GENERATION?

“The Rockefellers: A Legacy of Giving.” <http://bit.ly/2qyWPBy>

The Bridgespan Group. “Finding Your Philanthropy Compass: A Guide for Donors.” <http://bit.ly/2rUpmp0>

Rockefeller Philanthropy Advisors. “Talking to Your Family About Philanthropy.” <http://bit.ly/25MfubU>

Tuan, MT. “Getting Started with Your Philanthropy: An Overview for Donors.” Goldman Sachs Philanthropy Fund. April 2016. <http://bit.ly/1UheLeP>

5

HOW DO YOU MANAGE DIFFERENT PHILANTHROPIC PREFERENCES BETWEEN GENERATIONS?

Rockefeller Philanthropy Advisors. “Next Gen Philanthropy: Finding the Path Between Tradition and Innovation.” <http://bit.ly/2rhrnbX>

6

HOW CAN YOU KEEP THE NEXT GENERATION ENGAGED IN PHILANTHROPY?

Kaufman, Joanne. “Learning to Bridge a Generation Gap in Philanthropy.” The New York Times. July 14, 2017. <https://nyti.ms/2vl8dDc>

National Center for Family Philanthropy. “Planning Participation by New Generations.” Passages Issue Brief. Family Philanthropy Transitions: Possibilities, Problems and Potential. Winter 2015. p. 10.

National Center for Family Philanthropy. “Tips for Ensuring Good Transition Management.” Passages Issue Brief. Family Philanthropy Transitions: Possibilities, Problems and Potential. Winter 2015. pp. 17-18.

National Center for Family Philanthropy. “Transition to the 2nd Generation.” Passages Issue Brief. Family Philanthropy Transitions: Possibilities, Problems and Potential. Winter 2015. p. 9.

National Center for Family Philanthropy. “Transition to the 3rd Generation.” Passages Issue Brief. Family Philanthropy Transitions: Possibilities, Problems and Potential. Winter 2015. p. 9.

Robles, Angelo J. “Working Across the Generations w/Sharna Goldseker & Danielle Oristian York.” Family Office Association Q&A. <http://bit.ly/2rNByHe>

Serini, Paul. “Coming to the Work as Equals.” Exponent Philanthropy, May 8, 2017.

* GOLDMAN SACHS PHILANTHROPY FUND, JANUARY 2018

ADDITIONAL RESOURCES

NEXT GENERATION PROGRAMS/ORGANIZATIONS/RESOURCES

EXPONENT PHILANTHROPY NEXT GEN FELLOWS PROGRAM

www.exponentphilanthropy.org/event/nextgen-fellows-program

The Next Gen Fellows Program is a 6-month training fellowship encompassing over 50 hours of learning for dynamic leaders roughly 18-35 years old who are involved in all types of foundations as current or soon-to-be trustees or staff. The program is designed for deep learning and peer networking to prepare the next generation for leadership roles.

RESOURCE GENERATION

www.resourcegeneration.org

Organizes young people with wealth and class privilege in the U.S. to become transformative leaders working towards the equitable distribution of wealth, land, and power.

THE PHILANTHROPY WORKSHOP

www.tpw.org

Provides ongoing strategic philanthropy education and networking to inspire individuals and families to give better. With offices in San Francisco, New York, and London, the TPW member network of more than 425 philanthropists is the largest of its kind and unique to the field of philanthropy as the foremost influencers of strategic and innovative philanthropy in the global community.

21/64 NEXT GEN DONORS

2164.net/we-offer/convening

At Next Gen Donors, participants explore the messages and legacies they were raised with, articulate their current values, and develop their own philanthropic analysis and capacity for strategic giving and investing moving forward. Next Gen Donors offers retreats, ongoing in-person and online learning opportunities, as well as a peer network for its members; and, it helps other organizations build next gen networks for their own constituents.

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