



GiveSmart

Frequently Asked Questions About Philanthropy

How Do I Work with My Family to Achieve High-Impact Philanthropy?

Collaborating to accelerate social impact

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Philanthropy offers an exciting opportunity to bring your loved ones together to support a common cause. However, getting the best possible results with your philanthropy and preserving the social bonds that are important to you can sometimes require trade-offs. The solution to this challenge lies in embracing the personal nature of philanthropy without letting things get *too* personal and emotional.

In our experience, if you are serious about getting results with your philanthropy and seek to work with your family to do so, there are four explicit ways to increase your odds of success. Because each family is unique, with its own values, assets, and challenges, you will want to ensure that you work to take advantage of your assets and minimize the challenges. In particular, it's been our experience that philanthropy is not an adequate way of *solving* family problems, and in some cases may exacerbate those that exist. Therefore, it's important to consider this guidance in the context of what has (and hasn't) worked for you in the past.

1. Identify your primary objective before you begin serious giving as a family.

Is your primary objective to *serve the family*, by creating a forum for family togetherness, shared experiences, and public service? Or, is it to *serve society*, by doing all you can to create one or a few particular results with your philanthropy? Often families try to do it all; however, trying to be loyal to both objectives may lead to irreconcilable conflicts in your decision-making. You cannot, for example, perpetually please every family member and, at the same time, make the tough trade-offs inherent in pursuing an effective strategy. Of course, this doesn't have to be an all-or-nothing decision. Many donors take a portfolio approach to their philanthropy, allocating major resources to causes they are passionate about and seek results in and a smaller pool of dollars for less results-driven philanthropy, such as for family members (whether individually or as a group) to give to their passions, and/or to give back to institutions (like an alma mater) that have meant a lot to

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them. (See “[Finding Your Philanthropy Compass](#)” on GiveSmart.org for help in focusing your philanthropy.) Beware of the potential for “focus creep” here. For example, a nonprofit may recruit a family member onto its board, which can result in more major funding requests than you wish to support. It may be important to set ground rules up front (are family members who sit on your board also allowed to join nonprofit boards, for example?) to limit misunderstandings down the line.

How Decisions Are Made

A 2010 [Bank of America Wealth Study of High Net Worth Philanthropy](#) suggests that families appear to be fairly evenly split on how they approach decision-making: More than 40 percent of couples confer with members of their household and decide together; approximately 25 percent confer with members of their household, but one person makes a decision; and approximately 30 percent make decisions independently.

2. Decide whom you would like to involve (today, and in the future) in your philanthropy.

The term “family” can connote everyone from your spouse, children, and siblings to more extended relations. However, for most philanthropists, the primary question is how to involve one’s spouse and children (and potentially their spouses). There are many ways such close relatives could get involved, from holding seats (either continuous or on a rotating basis) alongside you on your foundation’s board, to being employed by your foundation (if you have one) to being an informal advisor at the dinner table. How do you imagine working with your family members as you execute your philanthropy? It is important that you think through these scenarios in advance, just so you aren’t blindsided by the complexity of those situations when they happen. Consider this cautionary tale about one family foundation that focuses on education reform. One family member (an avid bike rider) believed that the obesity epidemic in America contributed to poor education outcomes. As a result, he lobbied the foundation to build bike paths in his community. While this family member was well intentioned, he may not have been the most qualified to be making grantmaking decisions most likely to produce the results the foundation sought.

Thinking through “first generation” questions is in some ways easy, because you know your family members’ interests and strengths. Thinking through the multi-generational implications of your giving, however, can be more complex.

By the third generation, you could easily have one or two dozen adult family members, which raises questions regarding participation, succession, and roles and responsibilities, particularly the mix between family members, independent trustees, and paid staff. For more thoughts on this specific topic, see our article “[Do I Spend Down or Form a Foundation in Perpetuity?](#)” on GiveSmart.org.

3. Identify which fundamental values and beliefs will guide your family philanthropy over time.

It’s rare to find a family where all members are universally passionate about any one cause. However, agreeing to support too many causes can set you up to spread your giving too thinly to make a difference. So what do you do if you and your spouse support the arts, but your children care most about the environment? What if your brother is also interested in family philanthropy, and he is motivated to support medical research? Whose cause wins? Defining a few anchors for your family’s giving—even if doing so involves some hard conversations—is a critical step to running your family’s foundation efforts with the clarity necessary for effective resource allocation. To help you get anchored, identify and specify which people, places, problems, pathways or philosophies you and your family care about most. See our guide on clarifying your aspirations for help.

Family Philanthropy Watch-Outs

- Donors alienate family members by not considering their input.
- Parents want to involve their kids in their philanthropy, but don’t give them any decision-making rights.
- Family members are engaged in roles that are not suited to their skills, expertise and/or interests.
- Family members try to honor too many different philanthropic passions and consequently spread resources thinly.
- Donors don’t think through how much personal time they want to spend on their philanthropy, which can result in an over- or under-staffed foundation (where staff roles are undeveloped or overwhelming, or sometimes both).

4. Be clear about how resource allocation decisions will be made.

Given that foundations exist to give money away, resource allocation is directly tied to foundation effectiveness. Even with the question of who will participate (and in what role) answered, you will benefit from being clear about exactly how resource allocation decisions will be made—specifically, what organizations or causes will you fund, for how long, and with how much money? Be vigilant about maintaining this process because some very natural inclinations will threaten to break it down. For example, personal agendas may override strategy or grantmaking priorities to the detriment of results. And in a quest for consensus (and family harmony), you may all be inclined to sidestep some of the hard resource allocation choices necessary to achieve results in order to give family members what they want.

Some questions you may want to ask include:

- How will you say no to family members, because you can't possibly give everyone what they want?
- To what extent (and when) do you want to empower other family members as decision makers vs. retain control yourself?
- Are there certain decisions related to grantmaking (both amount and focus) or governance where you insist on full control?
- How do you want decision-making to evolve over time, especially as the next generation takes over?

Success Comes in Different Forms

Some philanthropists create family foundations that support one or a few causes for generations. Others opt to split their wealth, working together with a few relatives, but also allowing individual family members to pursue their own personal passions and results independently. Warren

Buffett, for example, gave each of his children money to start his or her own foundation, and set up a foundation in his late wife's name. He then pledged the bulk of his fortune to the Bill & Melinda Gates Foundation. In this way, he enabled each family member's personal passions to drive their own philanthropic strategies.

Because all philanthropy is personal, and each family unique, the process is likely to be iterative and complex. Should you need help with tricky conversations, you may wish to involve an external facilitator to support

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your wishes. Of course, you can make explicit exceptions to the rules you initially set up to guide your family's philanthropy, and from the start you can decide on a portfolio approach that allows for a mix of giving. With whatever approach you take, remember that pursuing results for society vs. family harmony is a choice, and the key to achieving results is clarity of thought and disciplined decision-making.

Additional Reading

- Charles W. Collier, *Wealth in Families*, (Harvard University, 2001).
- Amy Zell Ellsworth and Susan Turnbull, "[Across Generations: A 5-Step Guide for Creating an Expression of Donor Intent](#)," The Philanthropic Initiative and Personal Legacy Advisors, 2009.
- "[Family Dynamics](#)," National Center for Family Philanthropy, Accessed on April 24, 2012.
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- "[Giving as a Couple](#)," Rockefeller Philanthropy Advisors, Accessed on May 8, 2012.
- Susan Crites Price and Alice Buhl, "[Current Practices in Family Foundations](#)," National Center for Family Philanthropy, September 2009.
- Ellen Remmer and Amy Zell Ellsworth, "[Giving Together: A Primer for Family Philanthropy](#)," The Philanthropic Initiative, September 2008.
- "[Talking to Your Family About Philanthropy](#)," Rockefeller Philanthropy Advisors, Accessed on May 8, 2012.
- "[The Power to Produce Wonders: The Value of Family in Philanthropy](#)," National Center for Family Philanthropy, September 2010.

See the [GiveSmart.org Content Library](#) for more Philanthropy FAQs.

SOURCES USED FOR THIS ARTICLE:

- "[The 2010 Study of High Net Worth Philanthropy](#)," Bank of America and The Center on Philanthropy at Indiana University, 2010.
- Thomas J. Tierney and Joel L. Fleishman, *Give Smart: Philanthropy that Gets Results*, (Public Affairs, 2011).

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