

# Giving Together:

A Primer for Family Philanthropy



How a family can unite to achieve dynamic results for communities.



**tpi**  
the philanthropic initiative

**What is philanthropy?** Fundamentally, it is an expression of your values. The most rewarding philanthropy is thoughtful, strategic and has impact. At the same time, the most rewarding family philanthropy reflects the shared values and interests of all the family members who are involved. Combining these goals successfully requires careful planning, a process crafted for your family's specific needs, and commitment on the part of family members to personal involvement.

This primer is only a first glimpse of how your family can give together. It reflects our beliefs about the best approaches to family philanthropy and represents the collective skills and client experiences of TPI's staff. The individual stories are composites of families with whom we have worked and are indicative of the variety of possibilities in family giving. If you are new to philanthropy, we hope this will help you begin your philanthropic journey in a positive and thoughtful way. For those of you who are already engaged in a family philanthropy, we hope this primer enhances your shared giving experience and increases its impact on society.

Throughout this primer, you will find references to a Workbook for Family Philanthropy, a new publication intended to complement the primer. The workbook is composed of a set of worksheets addressing many of the key questions and choices for families engaged in giving together. These will be useful for readers who favor a step-by-step approach to learning and wish to understand the full range of options before making choices. This new edition of the primer also addresses many of the concepts and questions contained in the workbook.

Finally, the last pages of the primer include a short bibliography and a list of useful resources, including other publications in TPI's Venturesome Donor series that explore more deeply some of the subjects introduced here. We invite you to visit our website at [www.tpi.org](http://www.tpi.org) and browse the full set of publications.

#### **ACKNOWLEDGEMENTS**

*This is the fourth edition of TPI's primer for family giving, which continues to be our most requested publication. It is based on our experience with wonderful clients who have allowed us to participate in their philanthropic explorations, and it has been crafted with the advice and editorial recommendations of TPI staff members and wise colleagues in the field. We particularly want to thank all who have offered their suggestions and counsel on this new edition, especially Jason Born, Deborah Brody, Barry Dym, Kate Guedj and Phyllis Rappaport.*

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# Introduction

The charitable impulse is at the heart of the human experience. While today's social problems seem bigger and more complex than ever, the opportunity exists for you to influence the world through private action. But to effect change in the world through philanthropy requires a clear focus on what you want to accomplish and how.

Sharing this exciting work with your family can enrich the experience. This is true whether you are a grandparent inviting your grandchildren to join you in making gifts, next generation trustees of a family foundation working with your brothers and sisters, or a parent thinking about how to continue and share with your children the philanthropic work that is most important to you. At its best, family philanthropy draws on the passions and concerns of each individual, provides an opportunity for all participants to learn and grow, and has a real impact on the world.

“To see our family grow in wisdom, to see them get strong in their ability to weigh difficult decisions – to make the best choice among many good choices – these are among the greatest joys of my life.”

Alan Alda\*

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\*The full text of this wonderful speech delivered to the Council on Foundations' 1995 Family Foundation Conference is available on TPI's website, [www.tpi.org](http://www.tpi.org) under "Promoting Philanthropy: Publications."

# Giving Together as a Family: Establishing Meaning and Purpose

Some donors consider their philanthropy a private, individual activity. Family giving, however, can offer a fulfilling experience unmatched by almost any other shared endeavor.



Taking the time to identify the reasons to work together as a family in philanthropy is a crucial first step that makes many of the other decisions about family involvement, decision-making and strategy easier. Some of the benefits that philanthropic families have experienced include:

- > A deepened connection to each other and to the outside world through a sense of shared enterprise
- > A chance to test and express shared values
- > An opportunity to strengthen and pass on a legacy
- > An intergenerational common ground
- > The challenge to make a significant difference
- > An odyssey of real learning for all the participants

For most families, working together effectively takes purposeful planning. While shared giving can bring you together, it also has the potential to create conflict. Outlined below are some of the fundamental steps you can take that will enable you to get off on the right foot and successfully navigate some of the inevitable bumps in the road. For some situations, however, you may find that outside assistance is helpful.

- > A clear articulation of your family's reasons for working together
- > Clarity about expectations, what you are inviting and asking your family to do
- > An invitation to participate, an agreement that each member is free to enter and leave the process, and an understanding that giving together should be a pleasurable experience
- > Recognition that although you each have individual interests, you have the overall goals and good of the family in mind
- > The assumption that you all have something to learn from each other, no matter the differences in age or philosophy
- > A plan or method for handling inevitable differences and managing conflict

## Family Dynamics and Philanthropy

Kelin Gersick, in his study of thirty enduring family foundations called *Generations of Giving*, discovered that the “foundations that take the work most seriously are in fact the ones that have the most positive impact on relationships. The participants develop a sense of true pride. There are few bonding experiences more powerful than real accomplishment as a result of challenging hard work. In more than a third of the cases, the family credits the foundation with fostering closeness and perpetuating family cohesion across branches, geography, and generations.”

“For the most part, it is not the conflict itself that has hampered grantmaking or threatened continuity in these foundations,” writes Gersick. “Avoidance of conflict can, over the long run, sap the commitment out of a family foundation. If the underlying causes of frustration are not allowed some open expression, the natural response, eventually, is to withdraw.”

### QUESTIONS FOR THE FOUNDING DONOR GENERATION

As donors who contribute the financial resources to create a new family philanthropy, you have chosen to make a substantial investment in both your family and the larger community. To maximize the return on this investment, we suggest that you begin by reflecting on several key questions to help clarify your goals for giving together. This reflection also helps you frame the invitation to other family members. Of course, your goals and perspective may evolve over time through discussions with others or even after your work together is underway. [You can consider these questions in more detail with worksheets 1 – 4 in the Workbook.]

Worksheet 1-4 >  
Interest Areas

1-4

### WHY DO YOU WANT TO INCLUDE FAMILY IN YOUR PHILANTHROPY?

As you think about why you want to include your family, you can refer to the benefits listed above. Additional reasons might include:

- > Teaching the next generation about philanthropy and critical issues
- > Encouraging next generation members to give of their own resources
- > Sharing personal philanthropic experiences and interests
- > Recognizing and celebrating the family, its history and shared values
- > Having fun together

Answers to the question “why” will begin to define “how” you want to engage others in the family philanthropy.

### WHO WILL BE PART OF THE FAMILY PHILANTHROPY?

There are no firm rules about who should be involved in a family philanthropy. As you frame your invitation, think about what “family” means to you and what kind of closeness, collaboration or independence you would like to encourage. As a donor, you may want to begin by thinking about the broad principles behind your invitation and how they relate to the goals you have identified. For instance, will you base your invitation on age, interest, experience or demonstrated ability to accomplish the task at hand? Or do you want to leave the door open to all who are interested in order to encourage full family involvement? Remember that any decisions you make at the beginning are not set in stone. They can and should be reviewed over time, in recognition of the fluidity of life, the maturity of the family, and the potential for change.

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## HOW WILL DECISIONS BE MADE?

Establishing a decision-making process is one of the first things to do as it will set the stage for everything else that follows. Although you may want your family to be part of your philanthropy, be aware of your comfort level with sharing control. In some families, the donor(s) retain the veto power over approval of gifts, while in others the donor generation's voice may be equal to everyone else's. Some families choose to work by consensus while others establish a voting procedure. The process you choose will inevitably send a message to the family. Understanding and communicating your feelings about control to other family members is crucial in developing a successful and open process.

Not all gifts or decisions need to be made through a family process, and you can establish a structure and process that encourages both individual and collective decision making. Allowing individual control over some portion of giving can create a kind of "pressure release valve" for the areas in which you are making decisions together. Finding the right balance of individual and collective activity will depend on the inherent dynamics and needs of the family.

## Ways to Give

There are many. Before choosing a vehicle we urge you to contact your legal or tax advisor(s) to ensure that you choose the option(s) that best suits your giving and planning needs.

**Direct Gifts** Direct gifts to any qualified tax-exempt charitable organization – e.g., public charities, schools, churches, etc. – can include cash, stock, real estate, life insurance, art-work and other property.

**Planned Gifts** Planned gifts include: bequests (a gift to a charitable organization via a will or trust); charitable gift annuities (a charitable gift of capital today, in exchange for a specified annuity payment to the donor or designated beneficiary); charitable lead trusts (the trust pays income to charities for a term of years, with principal typically passing to family members thereafter); and charitable remainder trusts (gifts of capital in trust for charitable purposes, with lifetime payments of income to family members or other non-charitable beneficiaries).

**Donor Advised Fund** A fund typically established by an individual or family donor at a public charity such as a community foundation or financial institution. Donors "recommend" gifts, subject to the public charity's formal approval. The public charity handles management and administrative details.

**Private Foundation** A foundation that receives most of its funds from and is usually subject to the control of an individual or family. They are typically endowed through one-time or regular gifts and must make charitable expenditures of at least 5% of the market value of their net investment assets each year in order to avoid tax penalty.

**Family Foundation** Not a legal entity distinct from a private foundation, this term refers to a private foundation that is strongly influenced by the original donor family, usually through participation as Board members or trustees.

**Community Foundation** A public foundation that receives donations from multiple private sources and manages them under community control for charitable purposes primarily focused on local needs. A community foundation's endowment may consist of numerous donor-advised funds, a general fund over which the foundation has discretion, and other funds restricted to application for a specific charity or charities or for support of charitable efforts in a particular field such as education or youth development.

### HOW MUCH WILL BE BUDGETED?

The budget for family-wide giving will depend on a number of factors including your personal financial situation and planning, the family's history of giving, and the age and maturity of your children. In any case, it is a good idea for you, as the donor generation, to establish this budget before inviting in other family members. The choice of philanthropic giving vehicle may also affect your budget.

### QUESTIONS FOR THE WHOLE FAMILY

After the donor generation has thought through the considerations identified above, you may elect to come together and engage in a discussion about both individual and shared goals for the family philanthropic enterprise. Families that take the time to clarify goals for participation find that family members are more likely to be engaged and to participate fully in the philanthropic process. You may find it very helpful to use the services of a skilled facilitator to guide the discussion and allow every family member to participate fully.

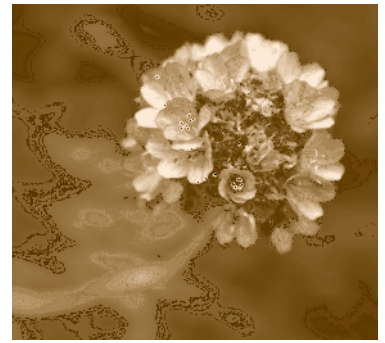
In some families, a foundation is passed on to the next generation without any preparation or guidance from the donor generation. If your family has been left in this situation, reflecting on the questions directed to the founding donor generation may give you some insight into what the donors might have been thinking and feeling.

## Generation to Generation

After the death of their parents, the four Dinneen children found themselves trustees of a small family foundation. Their parents, who started the foundation, gave the children little guidance about how they hoped the children would conduct foundation affairs, and they had not shared the workings of the foundation while they were alive. The children met to discuss the situation and reflected on their parents' philosophy and relationship both with their family and the community in which they had lived. The small family business, which had been sold and funded the foundation, had employed many family members over the years. Each of the children had worked there as young adults. It seemed clear that they were being encouraged to run the foundation together, as a way to extend the closeness their parents had always supported, and to learn new skills together. Since they lived in cities across the country and had different styles and interests, it was a challenge to work together. But with an open agenda concerning how they could operate, they were able to experiment with methods that worked for them.

# Getting Started

Once your family members have identified individual and shared goals, determined who will be involved, and how you will make decisions, there are **four basic steps** to developing a meaningful, satisfying and strategic giving program.



## 1. **First Step:** Examine the family's shared charitable values

The most fulfilling philanthropy is guided by your personal values and passions. For your family, a process of examining shared values helps you appreciate what you have in common at the most fundamental level of attitudes and beliefs. You may have different interests or lifestyles, but all families share some common values that can contribute to a real sense of shared mission. Exploring questions such as these will help you identify those shared values.

- > What values did your parents pass on to you?
- > What values do you feel you share with your family?
- > What values guide the choices you make in life?

Worksheet 5 >  
Shared Family Values

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### IN WHAT WAYS HAVE YOU CHOSEN TO GIVE IN THE PAST?

Learning about how individual family members give of their time and money is often enlightening and can reveal a surprising level of common interest. The family's discussion of philanthropic history might revolve around questions such as these.

- > As donors and volunteers, why have you made gifts of money and time?
- > What do you feel have been your most significant gifts?
- > Which of your gifts have given you the most satisfaction? Why?
- > Which have given the least? Why?

Worksheet 6 >  
Giving History

6

### WHAT RESOURCES DO YOU NEED FOR WORKING TOGETHER AS A FAMILY?

Working together as a group can be challenging in any context, whether it is in the office, at school, or as part of a team. This is particularly true for a family enterprise in which a long history underpins the relationships. There is sometimes sibling rivalry or issues between branches of the family. Feelings of jealousy or hostility are not uncommon, and family members of different ages have different needs. The clearer you can be about the issues, the easier it will be to address them directly and prevent them from getting in the way of your working together. In some cases, working with a consultant who has expertise in family dynamics can be extremely useful.



## 2. Second Step: Finding a focus

Many families choose to focus some or all of their giving on selected issue areas, populations or locations in an effort to make more of a difference. Concentrating your charitable resources in one or a few interest areas allows you to gain greater control over your giving and be proactive, rather than simply responding to requests. Selecting one or a small number of focus areas for the family is usually an extension of the process that identifies shared family passions and interests.

**HERE ARE SOME QUESTIONS TO DISCUSS AND ANSWER TOGETHER AS A FAMILY.**

- > What are your areas of interest?
- > To what issues or community institutions are you most passionately committed?
- > Are these areas of pressing, demonstrated need? Are they under-funded?
- > How much does your family know about these issues? Do you know enough to intelligently assess ways in which your funding could matter?
- > Given your family's time and resources, how many areas of interest or types of funding initiatives could you manage effectively?
- > Of all possible choices, where might your family's giving matter most?
- > What offers the greatest potential for being the most satisfying experience for you and having an impact in the community?

In all likelihood, different family members will have personal passions and interests, and it may seem like an impossible task to find a focus which appeals to everyone. We find that as long as everyone keeps the overall good of the family in mind, we can find a focus while acknowledging and appreciating individual differences and preferences. Some of the creative approaches other families have taken include:

- > finding the intersection of different interest areas
- > choosing multiple focus areas that reflect different family interests
- > assessing your focus periodically to provide a chance to either recommit or shift, based on community need and/or family interests (we recommend an initial commitment of at least 3-5 years for your focus)
- > allocating separate resources for individual and family giving
- > allocating resources for family gifts that do not fit the focus
- > experimenting with one focused project for a portion of the giving

# Finding a Focus

The Norfolk family was a large and close one, but with members spread across the country. They held a family reunion each year, which included three generations. The parents decided they would like to include the whole family in their philanthropy and thought they could introduce it as part of their reunion activity. When they polled the children and grandchildren about their interests, it became clear that while no single subject resonated for them all, a few themes emerged: early childhood education, urban environments, and the arts. However, each of the family members had additional interests about which they were quite passionate. The parents decided to honor individual interests by matching gifts made by each family group. In addition, they addressed the shared interests by creating an initiative that made grants to environmental and arts education for children in each of the communities where family members resided. Family members were then able to work together on the larger family-wide initiative.

## WHAT IS YOUR VISION, YOUR MISSION AND GUIDING PRINCIPLES?

Following an examination and discussion of values, interests and focus areas, your family may find it affirming and inspiring to develop a vision of how you would like to work together and what you want to accomplish with your philanthropic gifts. A vision statement is a picture of the ideal future state and how the world (and possibly the family) will be different as a result of your work together. A mission statement is a short description of what you want to accomplish with your giving, how and why. Both can be particularly useful when you are communicating with potential grantees and recipients. In addition, you may want to establish a set of “guiding principles” for your giving, which are descriptors of how the family wants to work with grantees, or with each other. As your family giving program develops and new family members are invited to join, these statements also provide an inspiring explanation of what the family stands for in its giving. Some families, however, find that they want to experiment with their giving before developing a formal mission statement.

Worksheet 8 >  
[Developing Mission](#)

8

Worksheet 9 >  
[Developing a Vision](#)

9

Worksheet 10 >  
[Guiding Principles](#)

10

# Creating a Mission

When the Peltons began giving together as a family they decided to focus on issues of homelessness, but they didn't feel that they needed a mission statement. They began by making grants to shelters and supportive living programs, a school for homeless children and food programs. After two years of working together, they began to develop a keener sense of what they hoped to accomplish with their giving and what their community could look like as a result of their efforts. Two of the children drafted a mission statement to articulate their intentions more clearly and shared it with the rest of the family. It said: We will end homelessness in our city. This very simple statement allowed them to think more analytically about the issue of homelessness, its causes and potential cures.

### 3. Third Step: Getting educated

Learning about issues and needs in the community and the wider world will help inform your funding decisions and improve the odds that your philanthropy will make a real difference. The learning process can also help family members develop skills and competence in new areas.

For initial information on organizations and programs that currently exist in your area of interest, the internet is a valuable tool. Many non-profits have websites which describe their mission and the work they are doing. For financial background or to identify organizations that fit your family's interests, information is available at [www.guidestar.org](http://www.guidestar.org) and [www.charitynavigator.org](http://www.charitynavigator.org). Affinity groups and foundations also have websites where you can find studies and publications about your area of interest.

Continuing to develop your focus and the knowledge base for your funding decisions can be made easier by seeking guidance from colleagues and building on their experience. Donors are often eager to share what they know and to encourage others to join them in supporting critical issues and organizations. You may choose to turn to consultants, community foundations, local United Way chapters, or others with expertise in particular areas, to inform you, share existing studies or conduct research as needed.

In addition to developing contacts with and receiving guidance from local and national philanthropic institutions, look for resources within the family. A family member with experience in a particular issue area may want to conduct research or prepare a background paper on the topic of interest.

For many, one of the best approaches to learning and exploring funding opportunities is to talk with practitioners, other funders, community leaders and advocates. Visit programs you are considering supporting, and make an effort to hear from people who are directly affected by the problems you are seeking to address.

#### Resources for learning about your interest area include

- > **Community foundations** public charities serving a particular geographic area, overseen by a local volunteer board and run by professionals with knowledge about their community's needs.
- > **Affinity groups** national or international networks of funders working together to share and increase knowledge in a particular area of interest
- > **Regional associations of grantmakers** regional networks of grantmakers that help define community issues, offer opportunities to pool resources and information, and provide professional development opportunities to their members
- > **Local foundations**, both public and private, that fund in your interest area
- > **Giving collaboratives** typically bringing together both knowledge and dollars to fund a particular issue area
- > **Non-profit umbrella, membership or research groups or government agencies**

The information you gather and the contacts you make with others in your interest area will be the first steps in building the family's philanthropic due diligence network.

# Getting Educated

The Menendez family had decided they were interested in expanding after-school and mentoring programs for children and youth in the poorer neighborhoods of their California city. However, they didn't know which neighborhoods to focus on or the extent of the needs. They decided to go to their local community foundation. Two of the family members worked with the community foundation to research both the needs of local youth and best practices in the state as a whole. With suggestions and support, they talked to experts, read studies and visited programs in the area. This work helped them discover where they could have the most impact, which neighborhoods were most in need, and what programs promised the greatest success. When they presented their findings to the rest of the family, the excitement generated by what they had learned encouraged everyone to become more involved in the subsequent site visits and organizational reviews.

## 4. Fourth Step: Organizing the effort

At this point, you are likely eager to start the work of giving. However, there are still some decisions and steps you will want to take to ensure that you are well organized and that your giving is enjoyable and effective.

You will want to refer back to *Questions for the Founding Donor Generation* and thoughts on decision-making. Family philanthropy is essentially a group process and implies a commitment by family members to work effectively together to make decisions. But for all families, it is always necessary to find the balance between individual and collective values and choice. For some families, the process is easy, and for others it involves real work to agree on ground rules and to open up candid lines of communication. Having found common ground on values and principles, you may find that coming to agreement on funding decisions is not a challenge. On the other hand, you may find that there are times when you will “agree to disagree” on particular issues. What is most important is committing to an earnest process of working together.

Discover your learning and working style, and be realistic about the time and energy you can give to the enterprise. If there are those in the family who are more engaged, encourage them and acknowledge publicly that while not everyone brings the same amount of energy, interest or expertise to the process, everyone's contribution is appreciated and welcome.

Decide on a division of labor within the family, and determine whether the family should hire staff or consultants to do those things the family is not willing to do. Having outside assistance in those areas may reduce many of the strains that can arise if family members feel that more is being asked of them than they are comfortable or willing to give.

Worksheet 3 >  
Who is in Charge?

3

## Major Roles and Responsibilities Within a Family Foundation

### Governance

- > Mission
- > Guidelines
- > Policy-setting
- > Decision-making processes
- > Trustee preparation and succession planning
- > Strategic direction

### Research

- > Needs assessments – geography and/or issue
- > Best practices in an issue area
- > Model programs

### Grantmaking

- > Generating grant ideas (proactive or responsive)
- > Screening applications
- > Due diligence, including site visits and site reports
- > Preparing docket of grant and gift options

### Assessment

- > Monitoring grantees
- > Working with grantees
- > Self-assessment

### Administration and Systems

- > Communication among trustees
- > Communicating with grant applicants – phone, mail or email
- > File management
- > Accounting/treasurer
- > Communication outside the foundation and grantees

### Investments

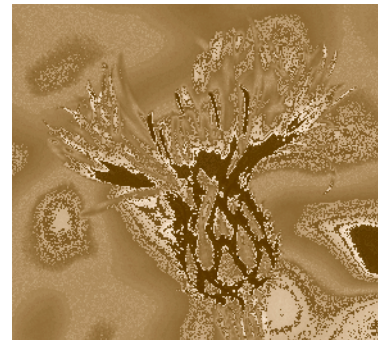
- > Strategy development
- > Selecting managers/funds
- > Monitoring

## Organizing the Effort

After the members of the Rudnick family had developed their giving focus, educated themselves on the issues and developed guidelines for their philanthropy, they needed to decide how the grantmaking tasks would be carried out. The younger members of the family held a conference call and came up with a plan for dividing up the work and keeping in communication. They suggested that each family member submit ideas for local, regional and national organizations that met their criteria and guidelines. They developed a format for presenting these initial ideas and had them available on a family website for review and comment by everyone. Through the website, they could ask each other questions about the programs. They then developed a simple rating system to narrow the list. The chosen organizations were asked to submit proposals, which were also posted on the website for family members to review. The list was narrowed, and a team was then assigned to conduct site visits so that they would have an intimate view of each organization. At an annual family meeting, the results of proposal and site visit reviews were presented, after which the family asked questions and discussed each of the proposed projects. A straw vote was taken, followed by discussion until a final decision was reached by consensus.

# Making It Work

Once you have explored the four steps described above, there are a number of other **tasks and issues** to examine.



## The Funding Process

One of the first steps in the funding process is determining an approach for identifying funding opportunities. Will you seek out exemplary projects or individuals to support? Will you publicize your areas of interest and solicit requests? You may want to publish general guidelines or challenge organizations in a more directed way by developing and disseminating a request for proposals or concept papers on a specific issue. Family philanthropy can run the gamut from making gifts only to those organizations with which family members are closely involved, to forbidding support for those same organizations, and instead looking to expand the family's experience and interests. Regardless of the approach, determine what you will communicate to potential applicants regarding your philanthropic mission, interest areas and funding guidelines.

In developing your personal criteria, you will also want to decide the kinds of activities you will or will not support. Will you focus on direct services to people in need, prevention programs, public education or advocacy work, training or scholarships? In addition, you will want to think about how to find organizations from which you wish to receive applications.

### QUESTIONS TO DISCUSS AND ANSWER WITH THE FAMILY INCLUDE:

- > What kinds of gifts do you want to make? (e.g. seed money, matching, operating, project support, capital or endowment)
- > What are your funding preferences and limitations? Size of gifts? One-time or multi-year commitments?
- > How will the family gather and share information?
- > Do you want to learn about new organizations or limit yourselves to those with which the family is familiar?
- > What key information do you need from potential grantees?
- > How do you want to communicate with potential grantees?
- > How will you respond to requests, and what will your schedule be for making decisions?

When requesting proposals, simple instructions and guidelines are best, and common proposal formats are available that can make the job easier for both you and your potential grantees/recipients. Important components of guidelines include:

- > Your family's goals for its giving
- > Focus/areas of interest
- > Types of funding (e.g., seed money, matching support, operating support)
- > Openness to non-traditional support (e.g., loans, guarantees, program related investments)
- > Areas off-limits (e.g., capital campaigns, grants to individuals)
- > Possible geographic preferences
- > Key information to be included in a request (see "Assessing Philanthropic Opportunities," below)
- > Preferred method of contact (our advice is to ask for a brief concept letter that can be followed by a request for a full proposal)
- > Funding preferences/limitations (e.g., one-time vs. multi-year funding; typical size of grants)
- > Process for responding to requests
- > Schedule for decisions

The more clearly you communicate your priorities, both within the family and to grant applicants, the more likely you will be to receive funding requests that match your interests.

Worksheet 12 >  
Size of Grants

12

Worksheet 13 >  
Creating a Calendar

13

Worksheet 14 >  
Getting it Done

14

## Assessing Philanthropic Opportunities

To increase the impact of your gifts and grants, establishing general criteria can be very useful for assessing funding opportunities. By articulating these criteria and using them as a framework for discussing potential gifts, you can learn more about your assumptions and beliefs and understand what philanthropy can accomplish and how. Over time you may redefine your criteria, and it will help define and refine your focus and approach.

Whether you are reviewing proposals or looking at organizations for other types of support, you may want to consider the following:

### **POTENTIAL OPPORTUNITY AND IMPACT**

For example, how many people will be served and what will be the impact on individual lives? How cost-effective is the project and how can funds be leveraged or made to go further? What is the time frame?

### **STRENGTH OF THE PROPOSED APPROACH**

Are the goals and objectives clear? Does the approach follow sound research with an understanding of the population to be served? Are the timelines and implementation plans realistic? Is the budget reasonable? Are there plans in place to measure the program's progress and success? Are there plans to sustain it?

### **ORGANIZATIONAL STRENGTHS**

Does a positive track record exist? Is there leadership on the board and administration that indicates success for the project? Is there a clear mission? How is staff retention and financial health? Does the organization have credibility with the population served and build on community potential and strengths?

### **POTENTIAL RISKS**

Although there are always some risks in grantmaking, are there indications that it will be too difficult for the organization to accomplish its goals? Is there excessive turnover among key people, insufficient funding, an unworkable model or approach, prolonged start-up time or lack of support from key stakeholders?

Of critical importance is whether the proposed project is congruent with your family's philanthropic interests and values.

Take time to visit the projects under consideration. See them in their environment. Site visits are invaluable to the decision-making process and they also add to your knowledge of an issue.



## The Venturesome Donor

Grantmaking is the central tool for a family philanthropy, but whether your gifts are large or small you can use a variety of tools and methods that go beyond direct fiscal support and amplify the impact of your gifts. Ways to think creatively and thoughtfully about how to make the family's philanthropic investment go further might include the following:

- > Find socially innovative leaders and support their ideas
- > Establish a partnership with an existing program in order to allow it to expand, be replicated or adapted
- > As you become more familiar with your issues of concern, help fund research and define what needs to be done, or work at designing new programs or approaches to a problem
- > If you fund research or support exemplary programs, you can publish the results or include the information on your website
- > Act in a catalytic role by convening groups with common concerns within the community, and participate in convenings
- > When the family has skills to apply, offer technical assistance to organizations, or provide resources that enable a grantee to access needed expertise
- > Understand the public policy context of your issue area so that you can identify areas for leverage, advocate or support others who advocate for system change
- > Use foundation principal for Program Related Investments (PRIs), including loans and loan guarantees
- > Create or seed a new program that fills an important gap
- > Create or join a partnership or collaborative with other funders.

Finding ways to leverage your own resources can be an important part of your support. The same colleague organizations and donors that you draw on for your education process may become partners for pooling resources. Your involvement as a creative and venturesome donor can put you and your family in a position of leadership to effect change.

## The Creative and Venturesome Donor

With their focus on land conservation and environmental protection, the Hartunian family had helped to save thousands of acres of important habitat. However, they were frustrated that they did not have the resources to do more. After consulting with some of the leading experts on land conservation as well as other private and public funders, the family elected to set up a revolving loan fund that would help land trusts with "bridge" money. These funds could be used to help land trusts conduct a public funding campaign as well as enable them to buy property quickly, where there was risk of immediate development. This arrangement allowed the family to recycle its grant money, and when necessary, it could even dip into the principal for an exceptional opportunity. In addition, the family joined an alliance of funders seeking to influence public policy toward land conservation initiatives.

## Monitoring and Evaluating Funded Projects

In strategic philanthropy, outcomes are important. Following up and assessing the results of your philanthropy helps you understand what has worked, what hasn't and how future giving should be re-directed.

Monitoring is the ongoing process of observing and reporting on programs that compares actual to planned achievement. It answers the question "What happened?" Evaluation is a periodic process that attempts to measure program impact. It answers the question "So what?"

The kind of evaluation and follow-up you do may depend on the size and scope of the grants you make as well as the time and staff available. If you are making large grants and your resources are significant, you may want to build funds for evaluation into the budget. But even donors making smaller grants can take simple steps to ensure accountability and learn from their grantmaking. In deciding upon a monitoring and evaluation approach, ask yourself:

- > What do we want to learn? What outcomes or success indicators would convince us that the philanthropic investment has been successful?
- > How do we want to learn (e.g., written reports, visits, etc.)?
- > How will the family use evaluation data to adjust future grants and further inform its giving?
- > Who else could be an audience for this evaluation. How can they learn from the findings?

One very simple and powerful way to learn from your grantees is to ask them periodically what they have learned as a result of your grant or from particular program work. Build time into meetings to discuss past grants ("What ever happened to...?"). Monitoring and evaluation are all about learning. You as a donor and your grantees can work and learn together as partners, weathering challenges and celebrating accomplishments.

Evaluation also extends to the family itself. Periodically take some time to assess how you think you are doing. Are you working well together? Is your division of labor effective? Are meetings fun or poorly organized and tedious? Are there ongoing issues or conflicts that need to be discussed in order to work together more effectively? This is an instance for which having some outside help can be useful.

# Monitoring and Evaluation

Mark Woodley was becoming increasingly frustrated. He did not think his family really knew whether any of the grants it made towards supporting youth and families had worked. It seemed as though family meetings were devoted solely to the mechanics of making grants, ignoring the potential to learn from them. He felt the family was not being an accountable grantmaker. At the next family meeting, he brought the subject up with his siblings and parents, who were receptive to Mark's concerns and suggestions. They decided to experiment with a few different approaches to evaluation and to talk with other funders to find out what worked for them. First, they agreed to devote one meeting a year to reflecting upon what they had learned from their grantmaking. Second, they agreed that they would visit with every grantee during the course of the grant to check in, find out what they had learned, and what changes they were making. Finally, they decided to explore the idea of hiring an outside evaluator to take a look at a group of six of their larger grants that supported youth development and to provide a perspective on what they had accomplished. They then shared their results with other funders so that a larger community could take advantage of what they had learned. The family was excited about the changes and looking forward to using what they learned to become better donors.

## Legal Requirements, Ethics and Transparency

Your family's philanthropic activity has the potential to demonstrate ethical leadership and be an antidote to materialism and cynicism. It is important to think of all of your philanthropic activity with an eye to the public good and to make certain that your actions live up to your values and mission.

Even for family giving that does not take place within the context of a family foundation, you will want to build constructive relationships with grantees based on mutual respect, candor and confidentiality.

- > If you are making grants to organizations, is the basis for your decision-making clear so that grant seekers are treated fairly and consistently?
- > Are you looking honestly at the needs of the population you wish to benefit, and are you listening to their voices?
- > Are your communications about your grantmaking clear and accessible?
- > Are your commitments to improving society and to your family compatible?

If you have a private family foundation, there are some clear legal requirements and rules that govern your operations. Keep in mind that the foundation receives significant tax benefits because it is created to benefit the public. The funds no longer technically belong to the family but are part of a public trust that is governed by you as a Board of Directors or Trustees.

The laws and rules governing operation can be found through a number of resources, including the Council on Foundations publication *Family Foundations and the Law* and resources at the Association of Small Foundations. One perspective you may find useful is to think of your philanthropy as private action for the public good in public space. For family foundations, some of the issues to be aware of include:

- > Self-dealing, including payment of individual family pledges and investments
- > Minimum distribution requirements, which can be seen as the “floor” for your giving, not the “ceiling”
- > Appropriate (or inappropriate) board compensation (The Association of Small Foundations’ 2003 Operations and Management Survey reported that only 23% of their members compensate board members for routine board service.)
- > Conflicts of interest, including transactions with “disqualified persons,” such as board and family members

## Ethics and Transparency

The second generation of the Charles Foundation had been working together for a number of years, and their children were now reaching an age to begin to think about joining the board. Rick Charles had three children who were all in their 30s, and he wanted to encourage them to be part of the family philanthropy. However, they were all involved in careers or had families that took up most of their time. He came up with the idea of compensating them for their time in order to encourage them to serve on the board. When he brought up the idea with his siblings, his younger sister Sandra reminded him of a conversation they had with one of their grantees the summer before. The discussion was about the board of the non-profit. At a site visit, Sandra had asked about the efficacy of the board and had been told that they recently reorganized and had a group of passionate believers in the organization. What made them so effective was their willingness to give of their time, their money, and to act as ambassadors in the community. They were a diverse group, some with resources and some with expertise in the field, but none of them were compensated for their time. She felt that the foundation trustees should be able to commit themselves as fully and selflessly to the support of the organizations they funded as did the boards of those organizations.

## Summary for Families

The process and strategies we have outlined above can help you build on your family's inspiration for giving, and the stories may give you some ideas about how different families approach the experience of working together.

The more you can align your philanthropy with your passions and values, the more likely you will be to make a difference in society through the work your family does together.

Remember that all of this takes time, patience and enthusiasm for working together. The answers to your questions will not come instantly, but the time spent will allow you to deepen your knowledge of each other and create a compelling vision for what you want to accomplish with your giving. Enjoy the process of discovery, and don't be afraid to seek outside resources for help.

Make it fun. Although philanthropy is work, it is also a fascinating opportunity to continue lifelong learning and as a family to share in an important social enterprise. Structure your giving process to take advantage of the strengths of the family, and your gifts will make a greater difference.

**The process belongs to you.**

## Keys to Effective Giving

**Use philanthropic gifts to reflect the family's highest values, greatest interests and deepest passions.** Enjoy your work together. As with any venture, you will find it easiest to give time and energy to issues you care about.

**Create a focus for giving.** It is difficult to give strategically if you spread yourself too thin. Choosing an area (or areas) of interest allows you to concentrate giving so that it has a greater potential to effect change. This narrowing of topics or themes to a manageable few (or one) also allows you to build greater expertise on a subject.

**Understand what you are funding.** Begin where you can see, touch and feel from your experience together. That will be base on which to build your philanthropic practice.

**Build on the experience and due diligence of others, and share your experience as well.** A focused giving agenda allows you to get to know other funders interested in similar topics. Use the hard work and research of others. It will be the beginning of a process that develops a network outside the family that will enhance your education and giving. The best of philanthropy often represents a collegial approach to resolving problems.

**Look to leverage your giving.** In addition to using the research and expertise of others, collaborations with other funders can enhance your impact. No single giving source can fully underwrite a program or approach to a critical issue. Nor is it healthy for the funded organization to depend on a single funder.

**Be flexible.** Look for the gaps, issues and opportunities where your funding leadership can make a substantial difference. Be a listener. Don't assume that you know in advance what is needed. Don't try to fit a square grant into a round issue or program hole.

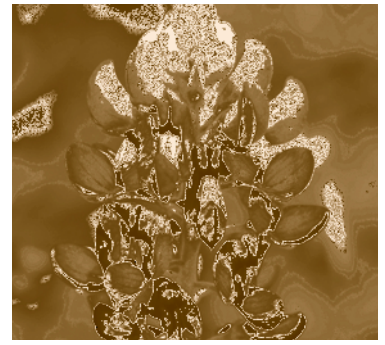
**Take risks.** Don't be afraid to think big, or to have an occasional failure. Philanthropy can be the "R & D" of society. It is a source of innovative and flexible funding for experimentation available nowhere else.

**Work with recipients as partners.** Work to enhance their capabilities. Is your gift helping to build a stronger organization, developing new leadership, or building the skills of those in the community served? If a community leader or project is worth your investment, make sure you are helping to expand the financial base and ensure long term sustainability.

**Be results oriented.** Think about what you hope to accomplish with your giving, and decide how you will know if you have succeeded.

# Resources for Philanthropy

The following organizations provide materials, education, and networking services to a wide range of independent, corporate, community, and family foundations.



## Affinity Groups

Associations of grantmakers representing a variety of different causes, issues, or population groups. Some of these provide useful materials, networking, or educational services. (List available from Council on Foundations.)

## Association of Small Foundations

A membership organization that assists foundations with few or no staff, runs a Colleague to Colleague program and organizes regional meetings. ([www.smallfoundations.org](http://www.smallfoundations.org)) Tel: 301/907-3337

## Community Foundations

A source of local and regional information, funding support and can provide administrative vehicles and services for funders.

## Council on Foundations

A membership organization that publishes a wide variety of very useful materials for family foundations, as well as conducts an annual Family Foundation Conference and periodic Next Generation Retreats. ([www.cof.org](http://www.cof.org)) Tel: 202/466-6512

## Forum of Regional Association of Grantmakers

Regional, state, or community associations of grantmaking members, many of which conduct roundtables for family foundations. ([www.givingforum.org](http://www.givingforum.org)) Tel: 202/466-6512

## Guidestar

A source of online information about operations and finances of non-profit organizations. ([www.guidestar.com](http://www.guidestar.com))

## National Center for Family Philanthropy

Conducts research, develops educational materials and programs for families and individuals. Of particular interest is a series called Passages: Exploring Key Issues in Family Giving ([www.ncfp.org](http://www.ncfp.org)) Tel: 202/293-3424

## Related Membership Organizations and Information Resource Groups

- > Independent Sector ([www.independentsector.org](http://www.independentsector.org)) Tel: 202/223-8100
- > Indiana University Center on the Study of Philanthropy ([www.indiana.edu](http://www.indiana.edu))  
Tel: 317/274-4200
- > More Than Money ([www.morethanmoney.org](http://www.morethanmoney.org)) Tel: 617/864-8200
- > Resource Generation ([www.resourcegeneration.org](http://www.resourcegeneration.org)) Tel: 617/225-3939
- > The Foundation Center ([www.fdncenter.org](http://www.fdncenter.org)) Tel: 212/860-4230
- > The Inheritance Project ([www.inheritance-project.com](http://www.inheritance-project.com)) Tel: 540/953-3977
- > The Philanthropic Initiative ([www.tpi.org](http://www.tpi.org)) Tel: 617/338-2590
- > The Women's Philanthropy Institute ([www.women-philanthropy.org](http://www.women-philanthropy.org))  
Tel: 608/270-5205

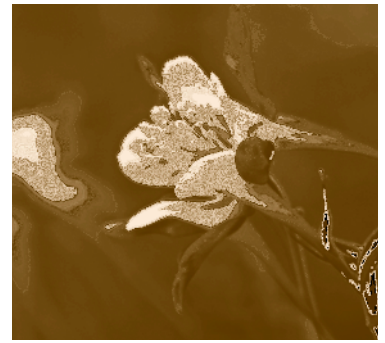
### KEY PUBLICATIONS

- > *Chronicle of Philanthropy* ([www.philanthropy.com](http://www.philanthropy.com))
- > *Family Giving News* – National Center for Family Philanthropy
- > *Family Matters* – The Council on Foundations
- > *Foundation News and Commentary* – The Council on Foundations
- > *Initiatives* – The Philanthropic Initiative ([www.tpi.org](http://www.tpi.org))



# Bibliography for Family Giving

Below is just a sampling of publications on the subject of philanthropy. For a complete listing of publications by The Philanthropic Initiative, you can go to our website, [www.tpi.org](http://www.tpi.org).



## General Information

*Splendid Legacy.* (Edited by Virginia Esposito) A guide to creating a family foundation, from mission through grantmaking and communications. National Center for Family Philanthropy, Washington, D.C., 2002.

*Family Foundation Library.* (Virginia M. Esposito, ed.) Comprehensive four-volume series: Family Issues, Governance, Grantmaking and Management. Council on Foundations, Washington, D.C. 1997.

## Giving as a Family

*Demystifying Decisionmaking in Family Philanthropy.* (Ann Shulman) How different kinds of decisions made under varying conditions and circumstances require different decision-making methods. National Center for Family Philanthropy, Washington, D.C., 2003.

*The Giving Family: Raising Our Children to Help Others.* (Susan Crites Price) Inspired ideas and real stories that can help parents, teachers and other adults instill the spirit of giving and volunteering in children. Council on Foundations, Washington D.C., 2001.

*Raising Children with Philanthropic Values.* (Ellen Remmer) Practical guidance for parents seeking to extend a tradition of philanthropy and stewardship to the next generation. The Philanthropic Initiative, Boston, MA, 2004.

*Generations of Giving: Leadership and Continuity in Family Foundations.* (Kelin E. Gersick) A study of thirty multigenerational family foundations that explores the nature and dynamics of enduring family giving enterprises. Lexington Books and the National Center for Family Philanthropy, Washington D.C., 2004.

*The Succession Workbook: Continuity Planning for Family Foundations.* (Kelin Gersick) Workbook with exercises, discussion points and tips for planning the future involvement in the family foundation. Council on Foundations, Washington D.C., 2000

## Getting Started

*First Steps in Starting a Foundation.* (John A. Edie) Guide for the establishment of foundations, including a list of references and sample documents. Council on Foundations, Washington D.C., 2002.

*The Trustee Notebook.* (Robert H. Hull) Guide for new family trustees, with a design that can help create a basic trustee orientation handbook. National Center for Family Philanthropy, Washington, D.C., 1999.

## Making it Work

### THE FUNDING PROCESS AND ASSESSING PHILANTHROPIC OPPORTUNITIES

*Grantmaking Basics: A Field Guide for Funders.* (Barbara Kibbe, Fred Setterberg & Colburn Wilbur) Provides insight and advice on grantmaking activities, including proposal review, non-profit finances and site visits. Council on Foundations, Washington D.C., 1999.

### THE VENTURESOME DONOR/NON-TRADITIONAL APPROACHES

*Global Giving: Making a World of Difference.* (Paula Johnson) For donors interested in global issues, provides comprehensive information on the institutions that can help them get involved. The Philanthropic Initiative, Boston, MA, 2003.

*Small Can Be Effective.* (Paul Ylvisaker) Essay on describing the roles of philanthropy and how small gifts and small foundations can make a difference. Council on Foundations, Washington D.C., 1989.

### MONITORING AND EVALUATING FUNDED PROJECTS

*Making a Difference: Evaluating Your Philanthropy.* (Ellen Remmer) Simple, pragmatic approaches to monitoring and evaluation. The Philanthropic Initiative, Boston, MA, 2004.

### LEGAL REQUIREMENTS, ETHICS AND TRANSPARENCY

*“Ethical Fitness: Choosing Between Right vs. Right.”* An interview with Rushworth Kidder in which he discusses his framework for resolving right vs. right dilemmas. More Than Money Journal, Cambridge, MA, 2002.

*Family Foundations and the Law: What You Need to Know.* (John A. Edie) Identifies questions that should be raised by foundations with useful explanations on subjects such as pay-out, self dealing and investments. Council on Foundations, Washington D.C., 1999.

Strategic philanthropy is a major means of social, educational, environmental, health and economic improvement worldwide. But how can it be most beneficial? How can we learn from effective and ineffective experiences?

TPI is a non-profit advisory team. It designs, carries out and evaluates philanthropic programs for individuals, families, corporations and foundations. TPI's goal is to help clients to invest in their own values, communities and societies for maximum impact. TPI is dedicated to dynamic philanthropy, a results-driven investment approach to a deeply challenging and rewarding field.



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