

TOMORROW'S DONORS

Engaging the next generation of family philanthropists
by David Malone



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'The last few decades have seen escalating private wealth built on the success of global markets and capital flows, and with it the creation of many new family foundations.'

INTRODUCTION

Family foundations have long been the main giving vehicle for many philanthropists; from the major historical players of the 20th Century – such as the Rockefellers and Carnegies in the United States, and the Rowntrees and Boschs in Europe – to more recent philanthropic donors hoping to make a lasting, positive mark on the world with the help of their loved ones.

The last few decades have seen escalating private wealth built on the success of global markets and capital flows, and with it the creation of many new family foundations across the globe, both in the traditional heartlands of philanthropy and in new locations, often with differing political, fiscal and cultural contexts. Research shows that foundations are the most popular vehicle for philanthropic giving among the wealthiest donors¹ and that significant growth in family foundation charitable spending is taking place. In the US² and UK alone, family foundation spending between 2006 and 2007 (in terms of real growth) had risen by 33.5% and 10% respectively³ equating to well over £3.8billion and £1.8billion being distributed in each country.

At the political level also, a growing realisation that philanthropy can make a significant contribution to building better societies⁴ is forming, reflected in the actions of many governments around the world developing policies that actively encourage a culture of giving.

This is heartening news for the future of charitable giving, but it does little to tell us about the motivations, experiences and perceived benefits of engaging in philanthropy from those family foundations presently acting as catalysts for change. Current understanding relies heavily on sparse, sporadic and anecdotal evidence, as well as the testimony of some well-known names.

As Price and Buhl⁵ in their paper for the National Center for Family Philanthropy comment, “many assumptions have been made, both good and bad, about how family foundations operate,” but little is truly known about the motivations, decisions and governance structures that lie behind these foundations. This paper seeks to help deepen our current understandings of family philanthropy; highlighting the challenges and opportunities that this form of giving can bring, and shedding new light on what can be learnt from those involved in developing the next generation of family philanthropists, or, as we call them in this paper, “tomorrow’s donors.”

¹ NPC 2007 referenced in Pharoah, C. (2009) *Family Foundation Philanthropy 2009*, UK, Germany, Italy, US, p.14

² Based on the largest 100 charitable family foundations in the US

³ From Pharoah, C. (2009) *Family Foundation Philanthropy 2009*, UK, Germany, Italy, US, p.9

⁴ Breeze, B. (Jun 2009) *Natural Philanthropists: Findings of the Family Business Philanthropy and Social Responsibility Inquiry*, Institute for Family Business with Community Foundation Network p.13

⁵ Price, C. & Buhl, A. (2008) *Current Practices in Family Foundations: A Study in Support of the Pursuit of Excellence Assessment Process*, National Center for Family Philanthropy

FAMILY GIVING: AN OVERVIEW

Whilst all philanthropic families are different, the models through which they conduct their giving tend to fall into three main categories:

The Family Foundation Model:

Family foundations are generally independently governed institutions, with private assets, often in the form of permanent endowments, used by the family to promote 'the public good' in its many guises. They tend to be funded principally by the personal gift of a family or family business, often with the donor or family members having a position on the board of directors⁶. More than half⁷ of all independent foundations in the United States are family foundations, having substantial donor or donor-family involvement. Less than a fifth of these have assets over 5 million dollars yet in 2007 they accounted for 56 percent⁸ of all dollars given by independent US foundations, and their number is growing. At present, around a third of all family foundations currently operating in the US have been founded within the last ten years. Family philanthropy in the United Kingdom is also flourishing. Despite family expenditure (in real terms) being lower than that found in the US, family foundation philanthropy actually constitutes a higher proportion of giving activity in the United Kingdom, equating to more than one third of the overall landscape (38%), compared with 17% in the US⁹.

The Family Business Model:

The family business model allows a family to carry out its grantmaking activities through the corporate foundation or corporate philanthropy programme of their family business. Although found the world over, this model is particularly popular in areas such as Latin America and the Middle East, where the formal separation of business and philanthropic endeavour is, historically, less distinct.

Other Family Giving Models:

Other forms of family-giving tend to be more varied and modest in scope. Good examples include philanthropic families involved in the creation and funding of family funds within community foundations, as well as a host of other, less structured philanthropic activities; such as forming giving-initiatives around the kitchen table. These giving models can work as an important springboard for younger family members embarking upon their first steps toward greater engagement in their family's philanthropic activities.



⁶ Price, C. & Buhl, A. (2008) *Current Practices in Family Foundations: A Study in Support of the Pursuit of Excellence Assessment Process*, National Center for Family Philanthropy

⁷ Ibid

⁸ Ibid

⁹ Pharoah, C. (2009) *Family Foundation Philanthropy*, 2009 UK, Germany, Italy, US.

FAMILY PHILANTHROPISTS

Most philanthropists hope to pass on more than just their financial wealth. They wish to create lasting change, often as a way of articulating a legacy that is reflective of their values.¹⁰ Engaging in family philanthropy can be a powerful teaching tool for philanthropists, helping them to explore and strengthen their core values with those closest to them. Often it is these values that will continue to guide the development and direction of a trust or foundation long after its founder has gone. Research carried out in both the United Kingdom and the United States suggests that establishing a charitable family trust or foundation can be an effective vehicle for philanthropic families to add focus to their giving. As Beth Breeze observes in research carried out by the Institute for Family Business¹¹, the formalised structure of a family foundation can help to enable a systematic, collective process for charitable giving that replaces the more traditional (and often less effective) ad hoc approach to family-based giving, which is often centered around members dealing individually with informal requests.

Creating a structure for family giving has several benefits: most notably it can help harness the professional and personal skills of each member involved in the foundation, and help to reinforce family ties, providing additional opportunities for members to meet, interact and discuss non-operational issues – all of which can add to a shared sense of history, reciprocity and ownership. Indeed, as the findings of the Family Business Philanthropy and Social Responsibility Inquiry¹² show, engaged family philanthropy is often experienced as a positive means to explore, identify, and rally around core family beliefs. While every philanthropic family is different, having an overlapping set of involved stakeholders sharing a collective mission predisposes each family foundation to greater philanthropic potential. Having a structure that enhances the personal and professional involvement of each stakeholder not only increases the likelihood of the foundation's success in the long term, but can also be a catalyst for positive change within the family. Yet as Beth Breeze comments, viewing families as 'naturally philanthropic' entities has both advantages and disadvantages: giving activities are more likely to be resilient if they are innate, but a lack of conscious cultivation sometimes means they are not undertaken in a very structured or strategic way.



¹⁰ Gersick, K.E. (2006) *Generations of Giving: Leadership and Continuity in Family Foundations*, Lexington Press, p.44

¹¹ Breeze, B. (Jun 2009) *Natural Philanthropists: Findings of the Family Business Philanthropy and Social Responsibility Inquiry*, Institute for Family Business with Community Foundation Network

¹² Ibid

TEACHING STRATEGIC SKILLS

The most important 'assets' a foundation has are its individual members. In a family-driven philanthropic environment it is particularly important for all parties to feel involved and accountable as stakeholders in the success of the foundation's mission. Family foundations can be hugely beneficial as a constructive and engaging 'real-life operation', particularly for younger members keen to practice and develop their experiences of responsibility and accountability. These strategic skills, once learnt, are as applicable to future leadership roles as they are to effective philanthropy, as both require skilled communication, problem-solving and an understanding of delegation. Inter-generational involvement in philanthropy in particular provides an environment that is rich in learning opportunities and distinctly unique; a positive and encouraging arena within which younger generations are encouraged to form, challenge and implement their thoughts and skills. In this respect it is easy to see why family-involved philanthropy is an increasingly attractive prospect to donors with a mission. Family foundations can become microcosms of the larger business world and a safe, resource-rich place in which tomorrow's donors can develop core competencies, honing their skills for future leadership whilst making an impact on the wider world.



'The most important 'assets' a foundation has are its individual members.'

EFFECTIVE GOVERNANCE

Philanthropic families often take an informal approach to giving, but those that do take the more structured route tend to share governance models with similar characteristics. According to Collier¹³ in his study on wealth in families, structured family foundations tend to work with multiple generations around the table, and have an agreed upon communication model that allows for effective interaction, helping participants navigate generational differences within the foundation. Balancing the priority of each family member's individual interests with enhanced intra-family communication is a difficult balancing act but one that can be aided with several agreed upon governance facilities:

A Collaboratively Defined Vision Statement

Successful family philanthropy has the flexibility to comfortably accommodate the needs, predispositions and interests of individual members whilst operating within a shared collective vision. Having a defined vision statement or charter, which lays out the foundation's overall mission, its objectives and purpose can be an incredibly useful tool for structuring project proposals that 'slot into' the overall function of the foundation. This strengthens the message and the quality of a family foundation's output, creates an umbrella of 'shared ownership' and can help to safeguard the 'essence' and future stewardship of the model.

Structural Clarity

Clarity of mission is just one aspect of transparent family philanthropy, it also relates to a clear understanding of the family dynamic, how it works, the values that underpin its motives, and creating a structure to best facilitate those needs. Examples vary widely, from hierarchical board meetings held across cities and countries, to structured discussions around the kitchen table, but what matters is creating a governance structure that works best for all parties involved. This can include agreeing when and how meetings take place, working from a set agenda, and instilling processes that allow structured discussion and debate to form. This is important to do because a foundation can only arrive at a collective decision through the articulation of individuals views. Fostering structural clarity reduces the opportunity for outside factors to infiltrate meetings and safeguards effectiveness. As Jay Hughes comments in his piece of family governance: "If a family wants to survive for a long time, it is critical that it evolve a governance structure appropriate to itself to afford an opportunity to make those decisions that need to be made jointly."¹⁴



¹³ Collier, C.W. (2003) *Wealth in Families*, Harvard University

¹⁴ In Key Facts on Family Foundations (Jan 2007), Foundation Center

‘Doing philanthropy in a family setting allows family members to demonstrate and pass on their knowledge within a constructive environment.’

Facilitating Cyclical Learning

Each member of a philanthropic family brings his or her own personal strengths to the table. Effective family philanthropy can help identify and nurture individual expertise and strengthen learning opportunities for the family as a whole. Doing philanthropy in a family setting allows family members to demonstrate and pass on their knowledge within a constructive environment, creating a forum within which knowledge can be disseminated, shared, and built upon. This not only strengthens a philanthropic mission, it also deepens a family’s inter-generational understanding of each other. This finding also appears in the BNP Paribas/Campden Research Global Family Philanthropy Report¹⁵ which identifies family philanthropy as a useful way of closing the generational divide and helping the next generation to learn about the world they will inherit both inside and outside the family. Family foundations are unique in the sense that they can often, and with ease, harness the professional and personal skills of a great many members, including retirees, and as such have the opportunity to make better, more informed decisions collectively.

Creating Rigour

Developing discipline and accountability in family philanthropy encourages a culture of trust and interdependence that can help drive a mission forward. Opportunities to present findings, debate issues and bring about action encourages individuals to use their personal skills, support discussion and challenge each other in ways that are integral to the successful evolution of any organisation. Done constructively, family members can exert a unique form of peer pressure on one another; one that is personal enough to expect best practice yet informal enough to give constructive criticism with far less fear of creating misunderstanding. Instilling a degree of process can have very positive connotations for family philanthropy. Encouraging family members to express their thoughts strengthens interconnectedness, helps to highlight areas for development, and encourages good management. As one major survey reviewing family foundation practices in the United States¹⁶ reveals, over two thirds of family foundations discuss donor values or intent at least once a year. The same study revealed that more than eight in ten had a formal process for accepting, reviewing, and deciding on grant requests. While these statistics are location-specific, their message is universal – having review processes in place that create common understanding can help to glue a foundation together, strengthening the linkages between both family members and the grantees they seek to assist. These can be especially important anchors for family foundations to ground themselves with during times of transition and upheaval.

¹⁵ BNP Paribas/Campden Research Global Family Philanthropy report (2009) *Giving Through the Generations: Demanding impact, building unity, securing legacy*, Campden Media: London

¹⁶ Price, C. & Buhl, A. (2008) *Current Practices in Family Foundations: A Study in Support of the Pursuit of Excellence Assessment Processes*, National Center for Family Philanthropy.

OPENING DOORS, AVOIDING CONFLICT

Ensuring a strong and lasting form of family philanthropy is, in large part, linked to the degree with which older generations successfully welcome and incorporate their next generation of donors. Put simply, a family foundation cannot develop without new advocates ready to carry the family mission into the future. Creating an environment in which intergenerational cooperation can develop is pivotal as each generation develops within its own experience and understanding of the world. In many instances experiences and viewpoints will vary across the generational lines and carry with them the potential to impede family decision-making. For intergenerational family philanthropy to work, stakeholders must find ways for members to share and engage within and between each stratum of the family's philanthropic hierarchy; helping to create a sense of collective ownership and enthusiasm for what the family foundation does. It is important to remember that next generation philanthropists are not the initiators of their own philanthropic journey; therefore creating a culture of care and commitment amongst tomorrow's donors should be something that is nurtured rather than forced. Some foundations, recognising the importance of their younger family members' future engagement go on to establish semi-formal structures, such as junior boards, as a way of gradually involving their future donors in decision-making processes. Junior boards with limited power and less financial reserves can be an excellent introductory mechanism through which younger generations can learn and become stakeholders in the success of the family's philanthropic giving. Responsibilities in turn can be gradually increased as maturity, commitment and competence grow.

Similarly, setting aside discretionary funding reserves that allow individual family members to explore and develop their own philanthropic interests can help galvanise family philanthropic-drive as a whole, and help to mediate some of the trade-offs that working in a group dynamic inevitably brings. Ultimately what matters most is the way in which philanthropic discussions are framed and experience shared. As a consequence of this, a growing body of literature and advice is emerging aimed at families who are considering or embarking upon a philanthropic journey together, some of which are highlighted in the 'useful resources' section of this paper.

'For intergenerational family philanthropy to work, stakeholders must find ways for members to share and engage within and between each stratum of the family's philanthropic hierarchy.'



PASSING ON VALUES

Perhaps unsurprisingly, having a strong set of values tends to be one of the driving forces behind those involved in philanthropic giving. Indeed, statistics reveal that family businesses, often the precursor to family foundations, have a greater propensity to support charitable causes than non-family businesses.¹⁷

However, evidence suggests that families engaged in philanthropy have an additional motivation for giving – the belief that it can help them to bring about positive change both in the world and in their family.¹⁸

As Beth Breeze in her study looking at philanthropic family businesses in the UK observes, families tend to find that “philanthropy strengthens family businesses and strengthens business families.”¹⁹ Philanthropic business families tend to foster close ties with their local communities and give locally. Family businesses are also more likely to sustain their giving during economic crises, since they view their giving as an essential component of their interaction with their chosen community rather than as an optional extra.²⁰

Done well, engaging in socially responsible activities can have reputational benefits for family business, foundation and the family name. Family philanthropy in this sense can become a values arena, one where senior family members get to articulate, demonstrate and pass on their core beliefs to the incoming generation. This is particularly beneficial for donors who plan for their children to continue the work of the family foundation; providing an entry point from which tomorrow’s donors can get to grips with the ethos, vision and operational procedures of their family’s foundation and add to its development and growth long before the process of legal transference begins. Equally, within the wider context of inheritance, engagement in family philanthropy can become a touchstone for younger individuals to learn about the practicalities of financial management, and experience first-hand the value and transformative power of money.

‘Evidence suggests that families engaged in philanthropy have an additional motivation for giving – the belief that it can help them to bring about positive change both in the world and in their family.’



¹⁷ 87% compared to 80% based on a 2005 survey. See Breeze, B. (Jun 2009) *Natural Philanthropists: Findings of the Family Business Philanthropy and Social Responsibility Inquiry*, Institute for Family Business with Community Foundation Network p.14

¹⁸ Breeze, B. (Jun 2009) *Natural Philanthropists: Findings of the Family Business Philanthropy and Social Responsibility Inquiry*, Institute for Family Business with Community Foundation Network p.15

¹⁹ *Ibid* p.47

²⁰ *Ibid* p.10

EXPERIENCED GIVERS

Through a series of interviews conducted by the Institute for Philanthropy with several philanthropic families from our global network, many of whom have taken part in our donor education programmes, the following case studies offer a unique insight into some of the motivations, developments, and experiences of six very different family foundations currently engaged in giving.

‘We were lucky that from a very young age our parents instilled in us the importance of helping others and the value of money. There’s always been a lot of giving.’



Clare and Thea Mathias
Hummingbird Trust (United Kingdom)

Clare Mathias decided to set up a family trust as a way of involving her three daughters, Thea, Abby and Sassy in her and her husband Chris's philanthropy. Clare had always known that she wanted her children to become engaged stakeholders in her family's giving, but was unsure as to when the process should begin.

That day became apparent four years ago when her eldest daughter, Thea, came home from school and admitted to having taken part in an organised minute's silence for reasons that she hadn't known or enquired about. As Clare explains, at that moment she knew it was time for her children to become informed participants in the world; aware of what was happening around them, and concerned enough to ask questions. Shortly after, the Hummingbird Trust was born.

After some initial resistance toward the idea, Thea, now 17, admits that taking part in family discussions based around what the trust's mission might be, and having her suggestions taken seriously from the outset, quickly changed her opinion on the idea of Hummingbird Trust and the role it could play in her life. Her father's Indian heritage, coupled with a female-focused family dynamic helped her to quickly come up with a suggestion for their focus: supporting organisations that work to prevent the trafficking of girls and women in India. This now forms an integral part of Hummingbird Trust's mission and the family works with an advisor who helps them carry out research and connect with relevant projects in India.

Clare has been bowled over by the dynamism of her children and their ability to use the Trust as a vehicle to articulate their philanthropic interests. Watching her youngest daughter Sassy successfully advocating for animal welfare projects in central Africa at only nine years old was, Clare says, inspiring. "I didn't even know she could use powerpoint!" she admits. Clare believes that the family's commitment to incorporate each member's values into the way their trust is run plays a large part in its success. Trust meetings, she says, are "a space in which we're all equal," and add to a sense of shared ownership.

'Clare has been bowled over by the dynamism of her children and their ability to use the Trust as a vehicle to articulate their philanthropic interests.'



Together the family has collectively defined the Hummingbird Trust's mission and objectives and in doing so, their trust has become a unique forum in which they can discuss their values. They now hold regular meetings with an agenda and minute-taking, and have a formal mission statement and constitution laying out its key principles which project proposals are built upon. The Hummingbird Trust has also created opportunities for the family to get together, talk, and learn about a wide range of subjects – from medicinal pricing, to the dangers threatening the survival of wild Okapi, and debates on the pros and cons of direct service provision. Clare believes that engaging her children in the family's philanthropic model has improved the quality and impact of their grantmaking. "We have five different opinions about everything," Thea points out, "and that sparks debate that makes everyone question things more."

Introducing her children to philanthropy at such an early stage has, according to Clare, also given her and her husband the opportunity to teach them essential skills for managing wealth in the future. It provides a useful platform upon which discussions about money and its value can constructively take place. "Hummingbird is a useful backdrop for teaching the girls the value of money," she comments. This awareness of creating value, Clare says, also inspired her to join the Institute for Philanthropy's The Philanthropy Workshop and further develop her own philanthropic skills with a view toward becoming a more effective grantmaker.

Thea too has found that engaging in family philanthropy has provided her with useful skills and experiences that she has applied to her own life. "It's made me much more open minded. I think I have a wider perspective on the world and an understanding that's not available to a lot of my friends and peers. It's also made me more driven because I want things to change, and it's given me the confidence to question what I'm being told." Her recent application and admittance to read Economics and Management at Oxford University for example, was strengthened by her ability to draw on her informed experiences visiting projects funded by Hummingbird Trust in India. "What the interviewer saw was the passion I have for what I'm doing," she says.

As Clare neatly sums up, "It's raised our whole game. I really think when we make decisions now, the quality is significantly enhanced."



Barbara van Beuren, Steve Glascock, Alex Glascock
van Beuren Charitable Foundation (United States)

The van Beuren Charitable Foundation, based in Newport County, Rhode Island, was established in 1986 by John and Hope van Beuren. Their foundation works to build ‘community value’ by protecting and preserving Newport County’s unique sense of place, and improving the quality of life for its residents.

For Barbara van Beuren, a second generation board member, the development of her parents’ foundation has been an ongoing process: “When the Foundation was originally set up in the mid 1980s it was really as a means of fulfilling my mother’s philanthropic intentions, then in the mid-1990s, not long after I had completed The Philanthropy Workshop, I began to take what had been informal and formalised it.”

The van Beuren Charitable Foundation now has a family-defined mission and a voting family board. “My father is a businessman and wanted the Foundation to be run like a business – it’s a way of keeping it professional,” Barbara comments, “so now we work with an executive director, have an agenda, take minutes, and have grant, finance and audit meetings.” The family is also working with a view toward the future; tailoring an internal programme aimed at training the next generation of board members – something both Barbara and her husband Steve are keen to see develop as their own son, Alex (20) begins to dip his toes into the operation. “Recently participating in meetings has been a good experience for me,” Alex comments; “It’s quite complicated in some ways and there’s still a lot for me to learn but it’s very interesting. I’m actually the first member of my generation to step into the Foundation, the first to see how it works.”

‘It gives you more latitude to really go after issues when you’re all in agreement.’

Barbara and Steve's willingness to explore issues at the ground level has played a part in shaping their own family's philanthropic views. "My mother was an anthropologist who lived and worked in Malawi," Steve comments, "so there's a history on my side of getting down and dirty. We wanted the kids to see important parts of the emerging world as well as the more obvious places like Europe." Alex and his sister, Adrienne (18), have over the years accompanied their parents on trips to various parts of the developing world, including East Africa. They have also undertaken trips of their own: "Alex personally volunteered at a Tanzanian orphanage for two summers in a row," Barbara notes, "and Adrienne visited Senegal, spending six weeks working on community service projects and living with the villagers there." At home too, a sense of community involvement has been encouraged. Adrienne has recently been elected Community Service Head at her school for a second year, while Alex, as part of his work on the family's cattle farm, has attended local farmers' markets – something he feels has helped increase his own understanding of some local issues and enterprises that the van Beuren Charitable Foundation aims to assist.

The family also places great emphasis on collaboration, funding only projects that all of the board members can agree upon. "If the board can't agree on a project then we leave it as something for individuals to pursue separately, outside of the Foundation's work," Barbara comments. "It's worked well so far, but we're at a real point of transition in terms of people's interests. The question we're having to ask ourselves right now is how we manage divergence and keep the Foundation united. It'll be interesting to see how that evolves within the broader family – it's going to be a challenge," she admits. One tool that their foundation has at its disposal is an in-built allocation of small discretionary funds for each of its members. These can be donated individually to projects that fall outside the van Beuren Charitable Foundation's broader remit. "It's quite a helpful approach we've found, it provides something of a buffer in terms of people's interests," Steve adds.

However, both Barbara and Steve believe that the best form of giving happens when the whole family gets behind an idea. "It gives you more latitude to really go after issues when you're all in agreement," Barbara comments, "and when you do have an effect and it's working, it's amazing." They also agree that engaging in philanthropy has brought an added dimension to the broader family's interactions, "Getting together as an extended family and working collectively on things that we're interested in is good for the family dynamic. It's also a great way for us to reflect on how fortunate we are and strengthens our obligation to give something back."

Steve's advice for other parents considering family philanthropy is concise: "If you want to do it with your kids, then the earlier you start the better. There's only so much time someone going to college can commit to." "And family members should not feel obliged to take part if they don't want to," Barbara adds; "You have to believe that they're responsible enough to make their own decisions. You don't want to force it; lead by example and encourage involvement."

Alex's commitment to the family's philanthropy is however, clear; "I don't know how the Foundation is going to develop but I do know that I definitely want to be involved in its future, and that my sister is going to play a big role too. I'm just looking to learn more right now."





May and Tammy Makhzoumi
Makhzoumi Foundation (Lebanon)

May Makhzoumi hails from a family with a history of giving. She recalls being exposed from a young age by her mother, a former Red Cross worker in Lebanon, to the importance of helping those less fortunate than herself. This ethos of altruism has trickled down into the work conducted by her own family's foundation.

The Makhzoumi Foundation, established in 1997 after some 7 years of civil war in Lebanon, works to empower Lebanese citizens and improve their career prospects. The Foundation has since established agriculture, microcredit, and IT training schemes across the country and also runs civic awareness and healthcare programmes to assist Lebanese development.

From the outset May has been keen to include her daughter, Tammy (27) in family giving. "I remember going to charity events with my mother at a young age, maybe 10 or 11," Tammy comments, "and people would donate prizes to help raise money. To me, at that time, it seemed like a normal thing to do." Her mother's desire to give appears to have rubbed off: Tammy became a charity representative in her school, has worked in soup kitchens, and coordinated fundraising events for charity events such as Children in Need. A recent graduate of the Institute for Philanthropy's Next Generation Philanthropy programme, she is now beginning to grapple with the mechanics of her own family's foundation.

May likens the Makhzoumi Foundation to having a 'fourth child', but admits that creating a coherent and accountable structure with clear aims, objectives and a mission was, at first, daunting. "The main problem we generally encounter is over-enthusiasm, particularly from my husband and son who run the family business," May comments, "and especially for project proposals; often for new centers in new locations which are not accounted for in the budget." Marrying optimism with practicality is an important task, she says. "We have a yearly budget with goals and objectives that need to be met; in this way we treat the Foundation like any other business – we try to avoid wasting money, promote accountability and keep to our aims." To help do this the Makhzoumi Foundation has an executive board which, due to the geographic dispersal of its members, converges mostly via the internet, meeting face to face annually.

'The main problem we generally encounter is over-enthusiasm.'



The family's dynamism and openness to suggestions is, May feels, one of its key strengths. "Our foundation is pretty new, so we're quite open in terms of taking on new ideas. Voices are heard and we try to fit them into what we do – we like to think about solutions." Tammy agrees with her mother's analysis: "Often suggestions happen informally when I'm with my parents and they're always welcomed."

For May, the benefits of her family's engagement in philanthropy are twofold: "With the family it's about teaching the children about responsibility and carrying on the family good. We work with no personal agenda; we want to help people become better at what they do; adding benefit to the society. With the Foundation it's seeing what you're creating together day after day as people succeed at their work. People coming and saying 'thank you' for the change you've made', or seeing the staff so dedicated to what they do, it's these things really that give you joy and satisfaction."

Engaging in family philanthropy has also provided the family with practical skills that have helped them to develop their understanding of complex issues, and implement projects with partners. "Dealing with larger organisations as partners such as with the EU and UN, has given us a different perspective on things," May reflects; "You realise you're not alone in this, and that it's good to work with others to reach a common goal."

Family members receive newsletters and updates wherever they are in the world as a way of keeping them in the loop. For May it is important that her three children, who are all members of the Makhzoumi Foundation, feel involved in its development. As Tammy's own involvement deepens over time, her mother hopes that she will become more engaged in the formal aspects of how their foundation operates. She offers some salient advice for other families considering taking a philanthropic journey together: "Involve your children from the start, I'd say. Give them a broad idea of what it is you're trying to achieve and why. Instill in them the importance of sharing wealth, but don't press them too hard," she adds; "Work with family members who show an interest." Tammy agrees that motivation is key, "You can get involved with other charities and volunteer organisations from a young age and get a grasp on what is happening out there, and then bring it to your family's attention. It depends on what you as an individual want to do, there's more than one way to give. That's a very important tip though; you've got to want to do it. It's all about giving time and caring. We were lucky that from a very young age our parents instilled in us the importance of helping others and the value of money. There's always been a lot of giving."

When asked if Tammy sees her engagement with the Makhzoumi Foundation increasing over time, her response is telling, "The Foundation is very important to me – it's a part of my future."



Sir Ian and Garreth Wood

Wood Family Trust (United Kingdom)

Sir Ian Wood's philanthropy has long been linked to the history of his three businesses, collectively known as the Wood Group, an Aberdeen based company specialising in energy industry services around the world. Until recently however, his giving had been conducted without a strategic vision.

In response to these concerns, and with the help of a chief executive and a small team of professional staff, Sir Ian launched the Wood Family Trust (WFT). Founded in 2007, WFT provides targeted giving for long-term change through its three investment programmes, concentrating on the stimulation of economic activity in sub-Saharan Africa, international volunteering, and the development of young people in Scotland.

Sir Ian's youngest son, Garreth (31), who is also a WFT board member, is determined to help those less fortunate than himself. A successful businessman in his own right, founding the Signature Pub Group with his brother Nic at the age of 25, he has long been involved in carrying out his own charitable activities. Garreth views his family's trust as a way of structuring and extending his own interest in giving, and has been particularly involved in the Wood-backed Youth and Philanthropy Initiative (YPI) in Scotland.

YPI, launched in Canada by the Toskan Casale Foundation and directed in the UK by the Institute for Philanthropy, is an active citizenship programme run in schools across the United Kingdom and North America, raising awareness amongst young people of the role strategic philanthropy can play in supporting civil society. Being a part of the family's YPI involvement in Scotland has, says Garreth, given him the opportunity to "try and influence young people at a local level," – something he feels passionately about. This passion extends to his involvement in the Get Into programme, a Prince's Trust initiative providing training routes into employment for disadvantaged youth in the UK. Garreth feels playing a role in such programmes has helped him "grow as an individual who can understand and communicate well with people."

One thing Garreth particularly values about his involvement in family philanthropy is the opportunity it gives him to learn from his father in a professional setting. "Dad's had a very successful business career," Garreth comments, "and we've never really been privy to that, in the sense that I don't get to sit in a boardroom with him and listen to him discuss and debate problems." The Wood Family Trust has, he feels, opened a window through which he gets to see his father's professional skills in action. "It's been nice to sit in meetings and work through problems together; it's given me an insight into how he thinks," says Garreth.



'The value of having a family trust is that the work continues, it's not just associated with one person – and that's important.'

Despite father and son's mutual admiration for each other, there have at times, they admit, been instances where conflicting matters of opinion have had to be worked through. One such disagreement stemmed from WFT's involvement in Africa and discussions on how it can best aid the people it seeks to help. Africa is an extraordinarily difficult place in which to create lasting change, Sir Ian comments, where WFT has taken a strategic, upstream approach to the work that it carries out in the region; concentrating on projects that encourage development and economic activity over time. Garreth was, however, more drawn to their trust taking an immediate aid-based approach and admits that reaching a compromise required much reflection. "In the end we agreed that there was a need for both aid and longer term intervention, and I've started to come around to that more strategic way of thinking, realising it's not always about the heart, which is what I'm often guilty of."

One of the factors that Sir Ian feels has assisted his son's ability to work collaboratively in WFT's decision-making processes is Garreth's participation in the Institute for Philanthropy's Next Generation Philanthropy programme. The programme provides younger generations of family philanthropists with the opportunity to hone their philanthropic skills; expanding their understanding of conceptual giving frameworks and providing practical advice from professionals in the field. "Garreth definitely came back from the programme more thoughtful and strategic about the process," his father says. Garreth too has found that deepening his understanding of philanthropy in an environment separate from his trust and amongst peers with similar motivations was a very valuable experience: "I really enjoyed being around other people my age who were in a similar situation to me. It was a learning curve," he agrees.

For Sir Ian, establishing a family trust was in many ways a way of exercising his personal beliefs. "We all have some responsibility for our fellow citizens in the world," he comments. With Garreth's help and input Sir Ian hopes that WFT will go on to achieve even more in the future: "the value of having a family trust is that the work continues, it's not just associated with one person – and that's important. It's what I'd like to see happen," he says. Fortunately, an ongoing commitment to the Trust is something that both men share; "My intention is to be involved with the Wood Family Trust for the long term," says Garreth.



Jane and Ian Meyer
T&J Meyer Family Foundation (United States)

Ten years ago Jane Meyer and her husband, Tim, decided to establish their own foundation. Since then The T&J Meyer Family Foundation has been working to alleviate human suffering through effective and sustainable giving, primarily focusing on areas of education, healthcare and the environment.

“My husband and I wanted to give back to the world after years of working,” says Jane, “and we wanted our children to play an important part in helping us do that. It has been a way of showing them our values and sharing what we feel is really important.” Their engagement in the family’s philanthropy has a practical element to it also: “It is a good exercise for them to work together ; and it will help in the future should any of them decide to work in the family office,” adds Jane.

Professionalism is something Jane and her family place a high priority on in their work. With this in mind and with the help of her son, Ian (28), Jane set about restructuring the T&J Meyer Family Foundation in 2006 to make it a more accountable and focused outfit. Helping to clarify their foundation’s mission and structure, “really took the family foundation forward,” says Ian, “we went from writing cheques at the kitchen table to becoming a much more professional, pro-active organisation.” The board now works from an agenda, meets four times per year, and has a voting system for proposals. Jane believes her children’s involvement strengthens the Foundation’s work: “The children bring a very fresh and interesting dynamic to how we look at things,” says Jane, “with younger people nothing is impossible, and that sense of optimism helps to keep our work motivated,” she adds.

Promoting an environment of clear and open discussion is something Jane feels strongly about: “Everybody has to have a voice when you do this, so developing patience is important. It can sometimes be a challenge in that sense – but we find we work well together.” Ian agrees with his mother’s analysis: “Developing respect for people and their ideas as individuals is vital. As in any professional set-up, some people are naturally more forceful characters than others, so making room for clear communication is key.” Despite the potential pitfalls of working in a family dynamic, Jane believes children have become closer as a result of working together: “In some respects I do see all of this as a bonding mechanism for them,” she says, “and I think they enjoy having that aspect in their lives.” “It’s also been a great educational tool for us,” adds Ian, “especially the travel aspect; interacting with different countries, cultures and their languages. It takes you out of the world you know.”

‘Working on areas such as policy and strategies, and hiring and managing staff all adds up to a big learning experience. You get to be hands-on in different areas.’

Ian has been impressed by some of the people he has met in the field: “I have been able to meet some great minds as I have been doing this,” he says, “and I am amazed by how much scope there is to create change out there – it’s a big sandbox to play in if you want to,” he adds.

The family have found that working together has helped them navigate some of the more difficult areas related to project funding: “I think one of the biggest things we are learning together is how to divide the best projects from those that read well but are not impactful, the true and transparent work from the hype. This is something you get better at over time,” Jane comments. She also believes the T&J Meyer Family Foundation’s evaluation processes have been strengthened by Ian’s involvement: “Ian has been really incredible since he came on board as an advising trustee; he’s been very hands-on in terms of what we do. It has made a real difference to how we approach things.” Having been encouraged to play a role in restructuring their foundation, Ian feels his operational understanding of organisations has deepened: “Working on areas such as policy and strategies, and hiring and managing staff all adds up to a big learning experience. You get to be hands-on in different areas.”

Jane is equally enthusiastic about her relationship with the Foundation’s staff and the role they play in its work: “All of our paid employees are under 32; it’s a very young team and helping them develop professionally is a very rewarding aspect of running the Foundation.”

Jane hopes her children will continue to embrace the Foundation’s work and take it into the future. Ian’s view on this prospect is promising: “Really, the core thing underlying all of this comes from our parents; what we’re doing is related to them. The Foundation does what we as their children have always been taught to do – to be aware of others and help those less fortunate than ourselves. Those strong core family values have been ingrained in all of us, so it makes sense that we’d want to be involved in the Foundation’s future.”





Jane and Jacob Toll

The Robert and Jane Toll Foundation (United States)

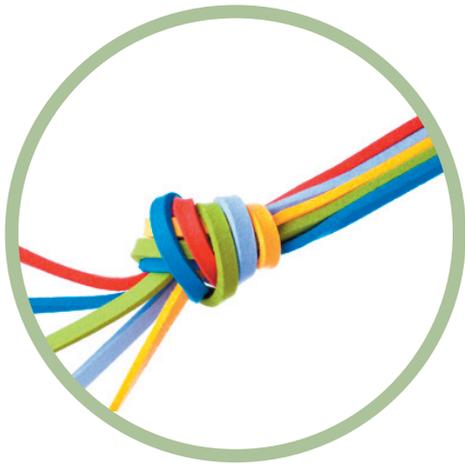
Jane Toll and her husband Robert, who have long intended to pass on The Robert and Jane Toll Foundation to their five children, were keen to see that they develop the necessary skills needed for effective grantmaking before the process of legal transference began.

In order to help achieve this aim, Jane and Robert decided to endow a second fund, The Five Together Foundation, and hand it over for the children to administer alone. “We wanted them to be independent,” says Jane, “we didn’t want to say ‘you have to care about what we care about.’ We put some minimal restrictions on what they could do, but beyond that it was up to them.”

Jacob, who is the youngest of Jane’s children, was 27 when the Five Together Foundation was launched, and believes that in creating an independent foundation his parents have given him a unique opportunity to learn and develop effective philanthropy on his own terms. Together he and his siblings have designed a governance structure for their foundation, in which half of its 5% annual payout is set aside as a group fund, to be allocated in consensus; the other half is split five ways to be used at the discretion of each member. “We do all the research and due diligence ourselves,” says Jacob, “and I really like the opportunity to search on your own, discover different causes and learn in different ways.”

For Jacob the set-up works well - it encourages collaborative work yet allows space for each brother and sister to also follow his or her own initiative. Although The Five Together Foundation has focused its group funding on disaster relief, education and youth empowerment projects, Jacob and his siblings have also managed to tailor their discretionary funding to a plethora of causes connected to each member’s personal interests.

‘I really like the opportunity to search on your own, discover different causes and learn in different ways.’



Jacob attributes some of his success to embarking on a steep learning curve, taking part for example in the Next Generation Philanthropy programme, which he feels has helped him to develop some core competencies as a donor. He now feels confident carrying out due diligence on organisations, conducting site visits, and evaluating his own grantmaking. Putting his training into practice has also provided him with further opportunities to learn as a donor. “In doing site visits to projects I support, I’ve learned about the different ways that organisations work, and due diligence too is a learning process in itself,” Jacob adds.

One project both mother and son have supported collaboratively is Seeds of Peace, whose flagship programme brings together young leaders from warring countries in a summer camp environment; here participants learn about each others’ cultures and experiences, and practice conflict resolution. Jacob’s own involvement has paid dividends, with Seeds of Peace approaching him to become a member of the organisation’s young leadership committee. Today, he is Vice President and Events Chair of the Peace office, organising five events per year to promote and raise funds for the organisation’s work. It’s a role he feels passionate about: “In essence it’s about bringing knowledge and awareness to people, and I think that’s really the key to solving a lot of social problems.”

Learning about social issues and making change was, in many ways, a natural part of Jacob’s upbringing. He recalls many occasions when his parents involved him in their philanthropy: “I was exposed specifically to certain non-profit organisations,” he reflects, “but I also remember just talking about a lot of these things as we were growing up.” Jane, however, makes clear that teaching her children the values that inform her philanthropy was “never a conscious decision, it’s just who we are, how we lived and what they saw, and we were very lucky that they embraced it.”

Both Jane and Robert have been impressed by the dedication and commitment their children have shown toward embracing their own philanthropic interests through the Five Together Foundation. “We’ve been really thrilled with what they’ve done,” says Jane. “Now that we’ve seen how responsibly and thoughtfully they’ve taken it on, we feel confident about increasing their foundation’s endowment in the future.”

TEN TIPS FOR PHILANTHROPIC FAMILIES

Below, we offer ten tips for families that are considering or in the process of embarking upon a philanthropic journey together. This advice draws from conversations with current family philanthropists and leading thinkers in the field.



1. DEFINE YOUR MISSION

Explore the essence of what your family's philanthropy is about and put it on paper. Collaboratively defining what the family is seeking to achieve will help you structure, communicate and carry out your work effectively, avoid misunderstandings, and create a sense of shared ownership amongst those who are actively engaged. It is also equally important to revisit the family's mission when a new generation comes to the table, helping younger members of the family to effectively engage with and contribute to its philanthropy.



2. KNOW YOUR MOTIVATIONS

It's important to understand what the driving forces behind your giving are. Good questions to ask include: To what extent do you view philanthropy as a means of uniting your family around a shared activity? Are you better suited to creating change individually or collectively? Do the family have shared philanthropic interests? Having a clear and honest understanding of where your motivations lie will help shape how your giving can be most effective.



3. MIND THE GAP

Family philanthropy involves stakeholders who can span several generations. Effective family philanthropy takes into account the opinions of all involved and promotes inter-generational discussion. Listening to each other and learning to respect and navigate familial differences in opinion is one of the cornerstones of successful family giving. Put another way, in order for a family to know where it's going it must first know where it is coming from.



4. MAKE IT RELEVANT

Taking an active role in family philanthropy requires real commitment. Young people in particular are increasingly time-poor; therefore it is essential that older generations create structures within their family-giving model that can engage the incoming ones.



5. CONSIDER A JUNIOR BOARD

Creating a junior board or next-generation committee (with smaller financial resources) within the family's philanthropic model can be an effective way of engaging younger generations in the family's philanthropic mission – providing newcomers with firsthand, practical grantmaking experience before they move up into the broader governance process.



6. THINK ABOUT DISCRETIONARY FUNDING

Setting aside additional funding outside the 'collective pot' for individual members to explore their own particular philanthropic interests can be a useful way to accommodate personal growth within the umbrella of the family model, which in turn can strengthen the core work that the family works together on.



7. CREATE TIME TO DISCUSS YOUR VALUES

Much of what philanthropy does is driven by deeply held values and beliefs. These can sometimes become hazy or unclear as time progresses and the wheels of your philanthropic vehicle begin to create their own momentum. Consider incorporating processes that set aside time for your family to convene and share its experiences. Scheduled family retreats can be a useful way for the family to reconnect, assess how far it has come, where it wants to go, and helps to instil a sense of pride and legacy in all involved.



8. DON'T FORCE IT

Building anything of real and lasting worth takes time. Have patience and embrace the inevitable changes and mistakes that will happen along the way; they're all part of the learning experience and will strengthen your philanthropic mission in the long-term. Equally, don't force younger members of the family into doing work they do not want to do. If the right opportunities are made available to them then those who wish to take up the mantle will do so naturally, in their own time. Remember – philanthropy and optimism go hand in hand.



9. SEEK ADVICE

Embarking on a philanthropic journey of any kind can appear daunting at first, but you are not alone. There exists a wide range of sources that you can identify and draw from. These range from informal discussions with peer networks, to working with philanthropic advisors or taking part in donor education programmes such as the Institute for Philanthropy's The Philanthropy Workshop (TPW) and Next Generation Philanthropy (NGP) programmes.



10. STICK WITH IT

This is what families do. Allow time for collaborative decision-making; anticipate problems and work through conflict. Remind yourself and others why you're doing this together. Family engagement can be deeply rewarding, but for any success in your philanthropy, commitment and perseverance are key.

‘What is perhaps most impressive about this form of philanthropy is its ability to create new generations of informed, engaged stakeholders.’

Conclusion

Family philanthropy is, in many ways, a multi-faceted extension of personal giving. It provides those involved with a unique opportunity: the chance to create and shape a philanthropic model that supports and encourages their family’s interests.

From the literature and case studies presented in this paper it is clear that effective family philanthropy creates a forum, something separate from the subtle intricacies of everyday family life, in which members are encouraged to share their views and learn from each other as individuals. This can be a deeply rewarding experience for all involved. It can also be a useful teaching tool, an effective way of passing down values and sharing experience with future philanthropists. Younger members also will invariably bring their own strengths to the table, often providing new ideas and outside perspectives that can help to keep the family’s mission focused, relevant, and engaged with the wider world.

As with any form of giving that transcends the individual, the effectiveness of a family’s philanthropy is closely linked to its governance model. Family cohesion is, in many respects, key to success. In light of this fact, the most successful philanthropic families strive to:

- Monitor and strengthen the clarity and focus of their mission;
- Address issue areas that all members can agree upon;
- Encourage the younger generation’s involvement without forcing the issue; and
- Promote individual engagement with charitable work.

The benefits of engaging in family philanthropy are undoubtedly numerous, but what is perhaps most impressive about this form of philanthropy is its ability to create new generations of informed, engaged stakeholders, many of whom will become future catalysts for change in the world.

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ABOUT

The Institute for Philanthropy

The Institute for Philanthropy

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

OUR VISION

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

OUR MISSION

We work to increase effective philanthropy in the United Kingdom and internationally. We do this by

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

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