

THE FUTURE OF FAMILY PHILANTHROPY PREDICTING AND PREPARING

A Brief from the Frey Foundation Chair for Family Philanthropy.



JOHNSON CENTER
AT GRAND VALLEY STATE UNIVERSITY

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The future of family philanthropy is an uncertain one, with dramatic changes taking place both in families and in philanthropy itself. But along with the uncertainty comes possibility and excitement; along with future challenges there are energized new donors and emerging innovations that could improve family giving in ways few would have predicted just a few years ago.

Based on the candid peer conversations and insights from thought leaders that were offered during two “National Summits” on family philanthropy, this brief envisions the changes in the field, and suggests ways to adapt family giving for a better future – a future of new families, new generations, new kinds of relationships, and new methods for creating change.

CHANGING PHILANTHROPY, CHANGING FAMILIES

There is little dispute that philanthropy is undergoing a profound change. Traditional foundation grantmaking, and giving from perpetually endowed advised funds, are now just two options among a growing array of methods that family donors and social entrepreneurs can use to create impact. New organizational forms, new types of social investment, and new collaborations are part of an ambitious, boundary-blurring experiment in innovation for good. While many family donors are wary of these new approaches, looking for more information before venturing into the new spaces, others have become pioneers and are eager to share their experiences.

Family Philanthropists Innovating New Methods

Jacobs Family Foundation in San Diego: *Fostering economic development in an underserved community by giving ownership to residents through the nation's first "community development IPO."*

Nathan Cummings Foundation in New York: *Furthering a social justice mission by exerting shareholder pressure on corporations in which their endowment assets are invested.*

Cascade Engineering in Grand Rapids: *Transforming a family business into a triple-bottom-line social enterprise.*

Cousins Foundation in Atlanta: *Taking a comprehensive approach in one neglected neighborhood, partnering long-term to build multiple institutions rather than funding just one.*

Pierce Family Foundation in Chicago: *Developing a "match.com"-type system for grantees to share and swap expertise and pro bono organizational assistance.*



More and more donors are also shifting away from the traditional donor-recipient relationship, devising new ways of deeply engaging with, supporting, and learning from their funded partner organizations. These donors are providing time and talent as well as treasure, and helping their partners build organizational capacity. Place-based family foundations face this challenge in a unique way, especially those looking to collaborate with diverse local residents side-by-side in transparent, adaptive, mutually respectful ways.

We really see our grantees as part of our extended family. In Hawaii we have this concept called 'ohana.' And when you begin to shift your lens that way, the world looks very different, because it's 'How would you care for your family member? How do you work with them to empower them and to give them what they need, and to support them?'

– Levani Lipton, Executive Director
Ananda Foundation



Family philanthropy's future is also changing because families themselves are changing. For one thing, dramatic demographic trends in American society are quite literally transforming the face of the country.

The world of family philanthropy is only just beginning to recognize the full diversity of families engaging in philanthropy. These diverse family donors bring rich cultural traditions and philanthropic practices that will certainly shape—and promise also to strengthen—family philanthropy in the future.

At the same time, within donor families across all communities the inevitable generational shift is a source of constant change. These rising generations of family donors—as our research report, [Next Gen Donors](#), points out—have the potential to be the most significant philanthropists in history. They are eager to take the reins of family giving and to find a balance between honoring their family's legacy and improving their family's impact. They are interested in new strategies—even new risks—that could revolutionize family giving. But engaging the next gen is often complicated by the fact that they have less experience working and living together as family members, and are often spread widely across the country and the globe.

The reality of demographics is telling us a very different story than what it had told us back when perhaps your family foundation was started. The founder of the foundation, usually a patriarch, had the right intention. He was the person who really wanted to make a difference in his community and wanted to make a difference in the plight of those who were less fortunate than he. So now it's the same model, but how do you adapt it to the realities of the changing demographics?

– *Maria Bechily, President,
Hodes Family Foundation*

As we transitioned onto the board, there were a lot of family dynamics that we encountered. We had to think about how we would bring the family together. Because people weren't based in the same communities, there was a lot of competition. We had to do a lot of thinking about, 'how can we come together around one thing?'

– *Elenore Garton, Trustee,
Marie C. and Joseph C. Wilson Foundation*

ADAPTING FOR A BETTER FUTURE

In this time of significant change, family philanthropy needs to adapt, to take advantage of the new challenges and possibilities rather than recoil from the uncertainty. Families need to find ways to preserve what has worked while embracing what might work better in the future.

While change can be unsettling and difficult, the good news is that family donors often have some advantages over other types when facing this need to adapt. And they can learn from the experiences of other families.

Discussions at the National Summits among family donors, those who work closely with them, and other thought leaders distilled three key areas of adaptation, along with some practical action steps in each.

1

Focus on Long-term Impact.

The new methods, relationships, and strategies emerging in family philanthropy are not merely “change for change’s sake.” They are meant to increase the impact of giving. For these new approaches to work, though, family donors need to concentrate not just on impact, but on sustained, long-term, focused impact, on systems change, and targeted goals in the family’s areas of concern. The need for a long-term strategy is particularly important when the family is committed to more engaged and interactive relationships with those they support, and when the foundation is deeply embedded in a local community. At the same time, being more strategic does not necessarily mean being less family.

ACTION STEPS:

- **Provide trustees and staff with practical training in grantmaking strategy, goal-setting, and implementation.** This will help them create long-term decision processes that balance legacy, adaptation, and change while defining clear measures of long-term success.
- **Engage families and trustees in ongoing, periodic dialogues around the big issues—purpose, family passions, donor intent, and ultimate desired impacts.** Return to these issues often in the course of foundation work, not just during the strategic planning retreat.
- **Define and implement long-term strategies with community and grantee stakeholders in mind.** The strategies should promote stakeholder learning, engagement, accountability, and ownership based in trusted relationships with families and other community partners.

We spend very little time in foundation meetings talking about meeting our giving requirement for the year. Most of our time is spent talking about results, talking about what we are interested in doing in the future, and driving the change in the community. The focus is on our human capital, not our financial capital.

– Lillian Giornelli, President
Cousins Foundation



2

Connect Past to Future Through the Next Gen.

All sustained family giving enterprises must, at some point, address the “next generation” question. All successful ones do so in an intentional, sensitive way, embracing what is new about the rising generations, while connecting that to a clear and treasured family legacy. Each next generation can improve family giving even while changing it, but making the transition is never easy. It requires a careful balance of attention to lessons of the past and openness to innovations in the future. It requires being sensitive to differences among individuals in the rising generations, while emphasizing their shared commitment and shared interest in more effective giving.

[Philanthropy] has been programmed into me, in a certain sense, through my life experience. But even more recently being honored at the opportunity to come back and work hand-in-hand with my father, and work on really evolving the way that our foundation has operated for quite a while now. It’s been exciting.

– Howard W. Buffett, Executive Director
Howard G. Buffett Foundation

ACTION STEPS:

- **Pay close attention to governance processes and practices, establishing ones that combine a focus on effective giving with a focus on inclusive family engagement.** Establish managerial and administrative practices and tools that support and sustain this sort of governance.
- **Find ways for all members of the family to participate in the philanthropic process based on their own life experiences.** Embrace and celebrate the family’s diversity of talent and experience, and use it to improve giving rather than cause friction.
- **Capture and convey stories from the past that illustrate shared values of the family and help build pride in the family.** Engage the next generation in this process of capturing and conveying the family history.

Encourage your kids to follow their passions and their dreams, and to empower themselves. Be on a board, build your own resume, so that you are coming to the table feeling like you know what you’re talking about, and you have your own identity around this and your own expertise in these areas.

– Katherine Lorenz, President
Cynthia and George Mitchell Foundation



3

Collaborate and Learn Together.

The future of the field of family philanthropy, as for individual families, requires better systems for collaboration and learning across and among families. New innovations that work, and lessons learned from those that don't, must be shared. Embracing a greater diversity of family donors brings the potential for learning from a broader array of cultural traditions and practices of giving. Collaborating and learning together well, though, takes much effort and planning. Families must adopt a culture of learning around their philanthropy, while being transparent about sharing their experiences with others.

It's not about pointing fingers and saying, 'Well, you failed and you haven't,' but really about, 'How can we learn from these collective experiences so that ultimately our work is more effective going forward?'

– Liam Krehbiel, Trustee, Krehbiel Family Foundation; and CEO, A Better Chicago

ACTION STEPS:

- **Craft a proactive explanation for the value of collaboration and encourage family dialogue about that.** Encourage trustees to voice reservations about working more closely with partners.
- **Experiment small before going big, and create a learning culture within the family vehicle.** Debrief from experiments and and openly discuss failure as well as success.
- **Research best practices for collaborative models and facilitate the sharing of best practices across family foundations.** Use technology tools (social media, webinars, etc.) to facilitate this cross-family learning and networking community.

Foundations need to network. They need to find their concentric areas of focus and support those causes in a very direct and visible way. When there are overlapping areas of interest, get on board early and set an example early on for partnership.

– David Frey, Chair, Frey Foundation

About the National Summit on Family Philanthropy

The Dorothy A. Johnson Center's National Summit on Family Philanthropy is a national gathering, held every two years, that brings together family donors from across the country with national thought leaders in the field and others who work to help improve family giving. The Summits provide a chance for lively, interactive, focused, and ultimately productive peer-to-peer dialogue about a particular challenge facing the field.

The National Summit is a program of the Frey Foundation Chair for Family Philanthropy at the Johnson Center.

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