



# Transitions in Family Foundations

Involving the entire family from the very beginning

**F**ounded in 1990 by an entrepreneurial couple, this family foundation also includes in its governance model the adult children and their spouses. The founders involved their family from the very beginning, with their grandchildren now beginning to take part in choosing grantmaking priorities. The foundation is focused and selective in its activities, running its own programs through partners, and investing a good deal of the family's time and expertise in their projects.

## GOVERNANCE

The foundation was structured using the Three Circle model. Prior to starting the foundation the founders had used this model in their family business and they recognized that the same principles should apply to a family foundation. The Three Circle governance structure is holistic, consisting of a family circle, a director's circle and an ownership (or donor) circle. Family members in the foundation are part of each circle. Attention is paid to dynamics of each area, and all are coordinated into one system.

The foundation now has three major initiatives that it helped to develop and support financially. The founders continue to lead, but all of their children are involved in the foundation, sitting on the board of directors and leading various projects.

The founders do not believe in retirement in the traditional sense. They believe that instead of retiring from something, you need to retire to something. So when deciding what to retire to, they decided that philanthropy was the right path.

For the founders, charity is writing a cheque but philanthropy is something much different. "It's as much about giving of your time and your talents as giving of your money. Your money is secondary. It's like running a business but with a bigger heart."



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## PLANNING FOR THE FUTURE FROM THE VERY START

“A lot of people look at starting a foundation like a snapshot, but it’s like a movie. You have to prepare the next generations for all of the things you’re going to do.”

The family has held formal family meetings since their oldest child was 10. They always involved them both in their business and in the foundation. It was important for them to have a family plan.

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A family plan looks at things such as possible career paths of the younger generation and how they will get there. For the older generation it asks questions such as how much will they retire on and what will they do? It should also consider new members of the family, when and if the children get married. All of these things should be considered by the family organization. Having this kind of dialogue and planning within the family will also be helpful for running a family foundation.

When thinking about starting a family foundation the founders also felt it was important to discuss what the foundation was going to do, for whom, what were the objectives, and why they were doing it.

Because they already had a family plan in place, they were able to plan ahead for the future. Twenty-five years ago the entire family researched and shared their ideas for the foundation. When they found an idea that reflected their values, passions and interests they moved ahead. Since they had been having regular family meetings, the children were involved from the very start.

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The third generation has also been involved since a very young age. Every summer the founders have a two-week-long camp involving themselves and their grandchildren. They feel that consulting them keeps them interested, and feeling as if they have a stake in the family foundation. The grandparents discuss values, ideas and current affairs with their grandchildren. Like their parents, the grandchildren are learning about governance at a young age, so they won’t be surprised if they sit on a board of directors one day.

The grandchildren, now teenagers, approached their grandparents to come up with ideas as a group. The teens were most passionate about environmental issues and chose a project within this area. The third generation is now very actively involved in determining the future of their environmental project within the foundation.



### CHALLENGES

The foundation has faced a few challenges over the years.

They find the hardest time to get the next generation involved is when they are in their 30s and 40s. They are starting families, building businesses and working around the clock.

“They have so many things on their plate. What our children have always done is they help us out wherever we need some help. As they’re getting older hopefully their businesses will get better and they’ll have a little more time. They’ve all chosen how they’re helping us and are involved in the projects they are passionate about.”

The founders never push involvement in the foundation on their children. They let family members, including spouses, come to them if they want to be involved. They will help them find a suitable role that reflects their passions and strengths.

### LESSONS LEARNED

#### 1 Start young

Involve members from the beginning if possible – the younger they start the better. If that isn’t an option then there’s no time like the present to get the family involved in the work you do. “There’s an old Chinese adage: When is the best time to plant a tree? Thirty years ago. The second best time is right now.”

#### 2 Have a family plan in place

An action plan will help you to plan for the future. If you’ve never done this before it’s a good idea to bring in a mediator.

#### 3 Let family come to you

Don’t force family members to take a role in the foundation. Let them express interest on their own. “I’ve never told anyone what to do. It’s against my principles. If none of my children had signed up for any one of the projects, I wouldn’t say a word. That’s their choice, and the same thing with the grandchildren. Will I encourage them? You better believe it. Will I demand? Never. I think all of these things have to come from the heart, not from the brain.”

#### 4 Learn to listen

Sometimes older generations don’t want to listen to younger generations. They think they have all the answers but they don’t. “The first lesson is to listen. That doesn’t mean you take everything they say and change everything because they want it so. It opens a dialogue and that’s a great way of bringing family members together.”

#### 5 Develop communication skills

Most families are not used to having a foundation so it’s a good idea to bring in a facilitator. This can help with communicating and developing a code of conduct so that everyone can speak openly and with respect. “Families have to learn to do that. We don’t yell. We listen to what the other person is saying because there’s always something good in it. We may not choose the project but it should go around the table to everyone, first adding what we see good in it, then we’ll do the negatives. We say seven positives to one negative. It helps families to listen to each other. If the older generations could be open to this it would be wonderful.”