

Family Foundation Boards: Managing Generational Dynamics

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Difficult Questions

- How do families organize themselves to accomplish philanthropic goals while respecting their members' personalities and family cultures?
- How do families plan for and accomplish continuity in their philanthropic organizations across time and across generations?
- How do the senior generation and next generation prepare for and manage transitions?

The *Generations of Giving* Research Project

- 5-year study of 30 multi-generational family foundations in the US and Canada founded between 1921 and 1992
- Extensive case analyses (250 interviews in 35 states and 4 provinces)
- Leading to a model of foundation development



Types of Family Foundations

Controlling Trustee Family Foundation

A controlling trustee(s) sets the mission and manages the philanthropic work.

Collaborative Family Foundation

Family directors work together to direct and manage the philanthropic work

Family-Governed Staff-Managed Family Foundation

Family and non-family directors work together to govern; professional staff manage the philanthropic work

Controlling Trustee Family Foundations

- One dominant trustee or trustee couple
- Other family and non-family directors may be involved, but defer to Controlling Trustee(s)
- Absent, vague, or implicit mission
- Minimal differentiation between governance and operational roles
- Lasted from a few months to decades

Controlling Trustee Dilemma

Founder's Purpose vs. Family Dream

A foundation that is primarily intended to achieve a particular consequence in the world – offering a legacy of impact.

OR

A foundation that is primarily intended to achieve a particular process in the family – offering a legacy of opportunity.

Collaborative Family Foundations

- No single trustee in control - governance by a group of family members or representatives
- Beginning steps toward formalization and articulation of mission
- Focus on avoidance of conflict, and balancing collective and individual initiatives – concern about branch representation
- Moderate differentiation between governance and operational roles

Collaborative Family Dilemma

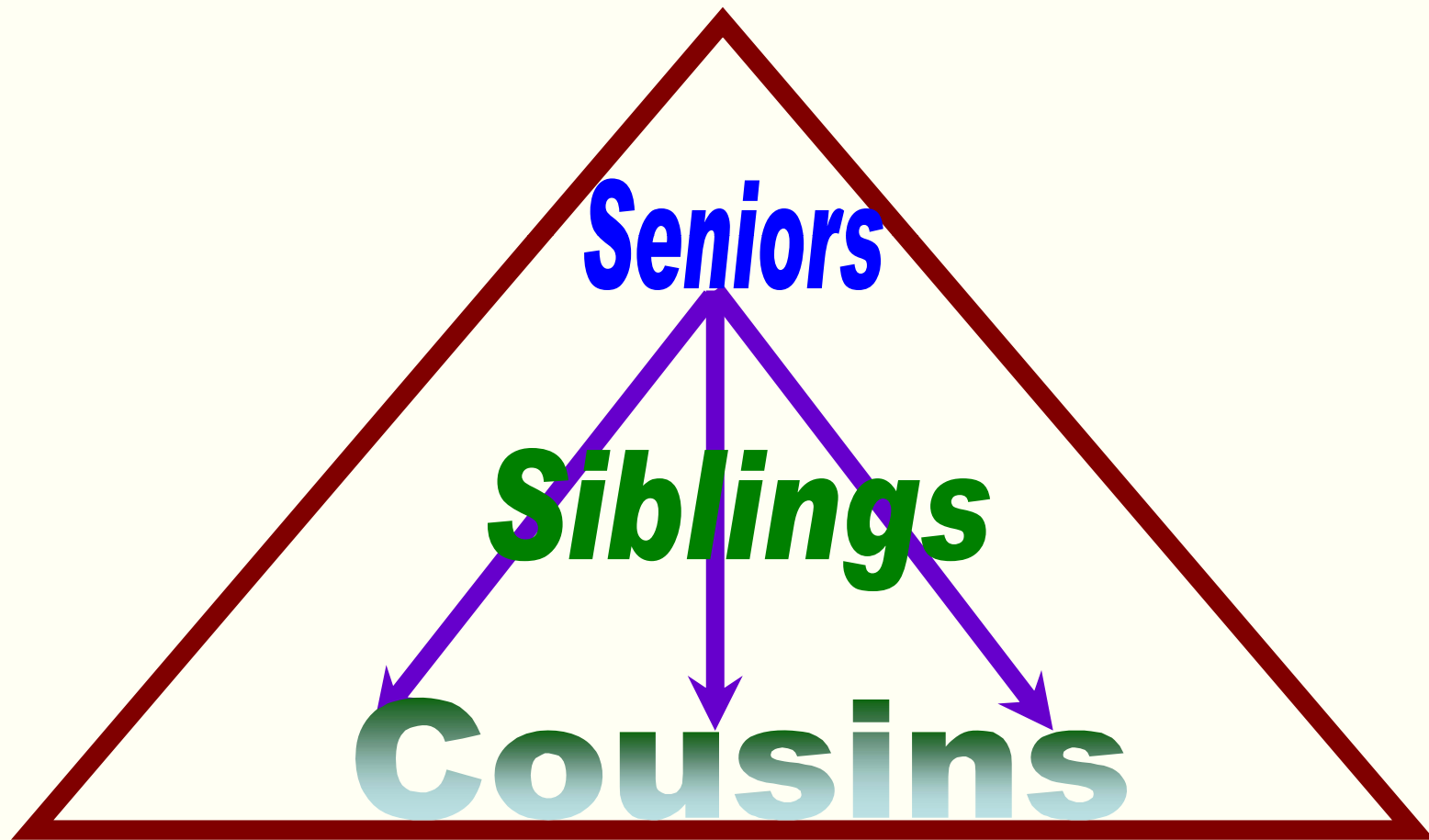
Co-Existence vs. True Collaboration

A process of
mutually respectful,
individualized
grantmaking.

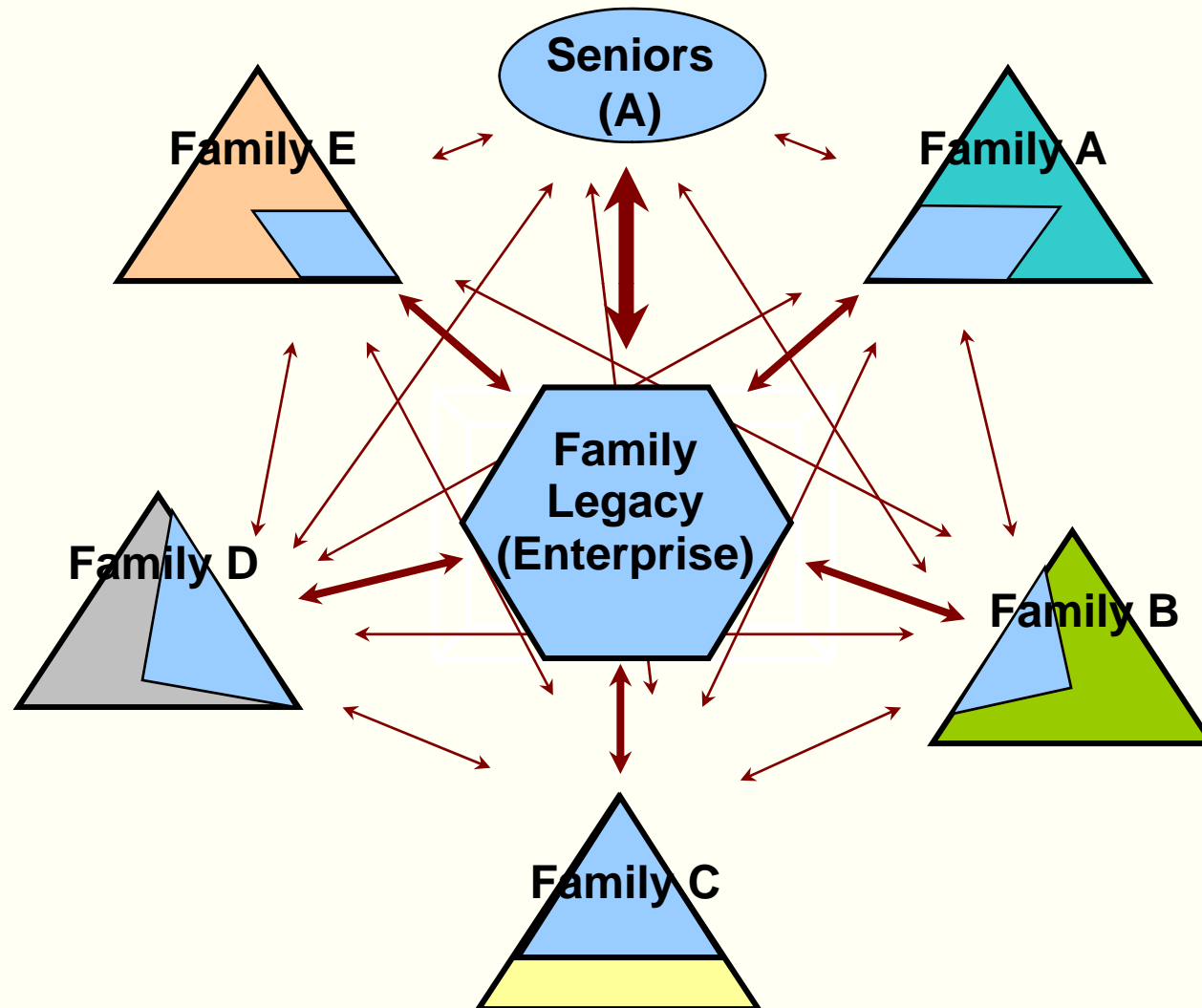
OR

A shared Dream,
supporting truly
collaborative
grantmaking.

The Multi-Generational Stage



The Network of Families Stage



The Expansion Dilemma of Family Foundation Governance

Where do you
want to be?

Inclusive

- Rotating roles
- Encouraging open expression, but not forcing resolution of divisive issues
- Decentralized discretion on representation
- Inviting all interested to participate
- Blurring distinction between family and foundation

Efficient

- Inviting only the most able and prepared to participate
- Long-term service
- Efficient, task-focused process; moving to resolution, and majority rules
- Centralized criteria for service, term limits,
- Clear distinction between family and foundation

Family-Governed Staff-Managed Family Foundations

- Formal rules and procedures for family representation -- a “stewardship” identity
- Adequate, independent staffing
- An articulated mission and grantmaking procedures
- Focus on effectiveness, strategy, and policy
- Maximum differentiation between governance and operational roles

Staff-Managed Foundation Dilemma

Family Control vs. Family Blessing

Family actively determines mission, priorities, and discretionary strategy.

- Family maintains some direct involvement in grantmaking

OR

- The staff designs, manages, and implements the grantmaking and other program.

Collaborative vs Staff-Managed Governance Roles

Collaborative

Family develops vision, mission and strategies

Frequent board meetings

Family active in grantee relations

Detailed board or committee review of proposals



NATIONAL CENTER FOR
FAMILY PHILANTHROPY

Staff-Managed Family-Governed

Family develops vision, mission and reviews strategies.

Semi-annual or quarterly board meetings

Staff manage grantee relations, develop grant reviews and usually make recommendations.

Succession/Continuity

- Succession reflects the sequential aspect of the transition, as one thing needs to end and be “succeeded” by something new.
- Continuity refers to the part of the present world that needs to be preserved in the new era.
- Both are needed in proper balance.

The Succession Dilemma

- Seniors are staying active and living longer.
- Next generations are marrying and having children later.
- Next generations may choose or need to develop a career or earn an income.

The Role of Seniors

- Assure that the family discusses and clarifies the philanthropic values that are the family's legacy (continuity).
- Provide opportunities for the next generation to learn.
- Actively initiate and plan for succession.
- Trust the next generation in the way that you were trusted—or wished to have been trusted—by your elders years ago.

Resources for Next Gen Learning

- The Giving Family: Raising Our Children to Help Others, Susan Crites Price, Council on Foundations.
- Opportunity of a Lifetime: Young Adults in Family Philanthropy, National Center for Family Philanthropy (ncfp.org).
- 21/64, website (21/64.net)

The Role of the Next Generation

- Respect and honor the senior generation.
- Get as much related experience and education as you can.
- Be clear about what you can and can't do and responsible about doing what you agree to do.
- Develop a life and interests besides the foundation.

Possible Models

- Discretionary grants for next gen??
- Next gen board; expanded role.
- Transfer leadership to the next gen.
- Increase the number of next gen members on the board.
- Establish an Emeritus category.
- Establish a Senior Council.

Personal Reflections

- Think about your role in helping to strengthen the family and the foundation.
- What can you do to support future leadership? What can you do now to best help both those who need to let go, including possibly yourself, and how can you support those who take charge? What can you do to encourage shared leadership?

Final Thoughts

- Times of transition are both a challenge and an opportunity for all family members.
- By being thoughtful, creative, caring, listening and deliberate in their succession planning, family members can together assure the continuity of the foundation.