



Philanthropy in Complex, Multi-Generational Families:

Balancing Individual Preference with Collective Purpose

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NATIONAL CENTER FOR
FAMILY PHILANTHROPY

EXECUTIVE SUMMARY



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INTRODUCTION

Families have many goals for their family philanthropy: to meaningfully contribute to positive social change, foster a spirit of generosity in family members, serve as “glue” that strengthens family connections, create a family legacy, etc. For many families, a family foundation—a collective entity that provides a unifying family philanthropy experience—is core to the achievement of these goals. Yet as families become more complex over time, so too does their philanthropy: more people, more philanthropic interests, more vehicles to address those interests. The family foundation becomes one part of a family philanthropy system.

This research examines the ways that families work together in their philanthropy over time. In particular, it considers how the family foundation’s design and operation is informed by—and informs—the family’s philanthropic activities that take place outside of it. Our hypothesis was that “successful” family philanthropy (with success defined as philanthropy that is impactful, strengthens family relationships, and provides a rewarding experience for participants) requires a balance between *integration* and *differentiation*. This inherent tension plays out in all aspects of a family system; in philanthropy, it presents as a pull between **individualistic** philanthropy (i.e., giving as an expression of *individual participants’* interests) and **collaborative** philanthropy (i.e., giving as a shared expression of *families’* priorities). We were interested in understanding the ways that families utilize the many tools at their disposal to address these dual aims. The purpose of this study is to help families understand how they can design their family philanthropy—including, but not limited to, the family foundation—to best meet their goals.

Study design: The research included surveys and interviews with members from twenty US-based family philanthropy systems. Each system included a legacy foundation and at least two other philanthropic vehicles and was in the second generation of leadership or later. In total, researchers conducted 82 interviews from 2018-2022, and 58 respondents completed the survey. A collaborative composite score was assigned to each of the participating family systems and used in the data analysis.

THE EVOLUTION OF COMPLEX FAMILY PHILANTHROPY SYSTEMS

Family foundations commonly begin as vehicles for their founders' giving and evolve to include other members with other interests. At some point in this evolution—typically catalyzed by factors such as generational transition, passing of founders, and increases in assets—families face an “inflection point,” and are forced to define the primary purpose of the family foundation. Some continue on a path of *individuation*, whereby the goal of the family foundation is to support the personal philanthropic priorities of family members. Others opted to transition to a *collaborative* approach, seeking to create a common philanthropic vision and minimize individual influence.

The transition factors that stimulate this change in the family foundation often spur the creation of additional philanthropic outlets outside of it, to meet the increasingly diverse interests of the expanding family. The families that opt for a more collaborative model in the family foundation—limiting the ability of family members to use the family foundation to further their personal philanthropic interests—create other venues for their members' personal philanthropy, ranging from creating new foundations to implicit norms that personal giving is to be addressed through personal resources.

FINDINGS

Our research found that the creation of a robust family philanthropy “system” was important to provide outlets for families' increasingly diverse philanthropic interests. The families that most successfully perpetuated a collective family foundation over generations established different vehicles for different purposes: they had firm boundaries around collaborative and individual “pots.” Conversely, the families that struggled had less clearly defined purposes for their philanthropic vehicles; that ambiguity grew into a source of significant tension over time.

The availability of other philanthropic outlets affords family members the autonomy in their personal giving that they desire. Despite recognizing the benefits of aligning their personal giving, participants in this research rarely chose to do so. They had a very strong desire for autonomy and privacy in the giving that took place outside of the collective family foundation and were willing to sacrifice perceived efficiency and effectiveness for the ability to “do their own thing.”

That autonomy in personal giving plays a critical function in the family's collective giving. By providing family members with an opportunity to attend to their own interests, it puts less pressure on the family foundation to meet those needs and enhances families' ability to work together in their collective giving.

This research also examined how family foundations' purpose and design affected success, paying particular attention to the balance of individual and collaborative work within the institution. Key findings related to the *family foundation* include:

- **Collaborative family foundations provide a more rewarding experience for participants.** While the vast majority of participants enjoyed their experience participating in the family foundation, felt that it increased their personal giving, and felt closer to their family as a result, participants from more collaborative family foundations had a more positive experience. They reported higher levels of family cohesion, effective governance, and impact on communities served. They also reported lower levels of tension between individuals and branches in the family, and between personal and collective interests.
- **Individuated family foundations have limited life spans.** Family foundations predicated on supporting individual members' interests do not have sufficient gravitational pull to meaningfully engage family members over time. At best, it is simply not worth members' effort to take part; at worst, it creates a contentious environment that worsens family relationships. That being said, collaboration is not the right approach for every family, nor is continuity of the family foundation necessarily the best outcome. But if families do have aspirations of continuity for the family foundation, they must adopt a collaborative model to achieve it.
- **Satisfaction with the family foundation is not dependent on it reflecting personal interests or geography.** A common assumption is that, to engage family members, family foundations must adapt to reflect their expanding interests and locations. Our research indicates that is not the case: family members were just as satisfied with their experience when the philanthropy reflected their personal interests as when it did not. And participants from place-based family foundations generally had a more favorable experiences than their geographically-dispersed peers—regardless of whether they lived where the foundation focused its funding. What engaged and excited these participants was not the ability to fund their personal interests, but rather coming together with their family members to learn and engage in meaningful work.



Participants from place-based family foundations generally had a more favorable experiences than their geographically-dispersed peers—regardless of whether they lived where the foundation focused its funding.

- **Families can work together in their philanthropy despite ideological differences.** The growing ideological divisions felt throughout society were experienced by the families in our sample. That being said, a number of families in our sample with ideologically diverse members were able to collaborate in their family foundation by being intentional about design and management, seeking out areas of common ground and relying on venues outside of the family foundation to address giving that was likely to be divisive.
- **Later generations have an increased desire for collaboration.** Many assume that collaboration becomes harder for future generations, who share fewer common experiences, are less familiar with the founders, and face greater disparities in life stages and wealth. Yet the reality is that cousins (G3+) are more likely to want to work together than their G2 counterparts. Later generations' distance from the wealth creation, and the fact that they are less integrated in other aspects of the family enterprise, enhances their desire and ability to collaborate. Many families experience tensions in the second generation, but if they are able to overcome those dynamics they often find that their successors are better able to work together.
- **Collaborative leadership is critical.** In the narratives of most of the families in this study, there was a seminal leader that emerged during the “inflection point” to advance a vision for a collaborative family foundation. These “collaborative champions” were typically G2 or G3 family members who made the case to embrace change and involved the next generation in the creation of the new iteration of the family foundation. Once they made the choice to pursue a collaborative approach, many families engaged a professional staff leader or consultant who played a formative role helping the family define their collective vision.



LESSONS

Based on the findings of this study, we offer the following key suggestions to families interested in creating and sustaining successful family philanthropy:

- 1. Define different spaces for different purposes.** Healthy family philanthropy systems include opportunities for both individual and collaborative philanthropy. They have clearly delineated arenas for these different activities, with the appropriate processes and structures to support their defined purposes. Families can help define these boundaries and stave off the intrusion of individual interests into the collaborative family philanthropy by providing resources—funding or support services—for personal giving.
- 2. Limit individuation in the family foundation.** Families interested in creating a collaborative family foundation must avoid putting in place individualistic processes and structures. We recommend that families keep discretionary giving to a minimum so that it doesn't erode collaborative giving and resist the temptation to cater to individual interests. They should also avoid branch representation governance structures that are embedded in an individuated model of family philanthropy, and that encourage members to identify with their branch rather than the family as a whole.
- 3. Prepare the next generation for the work you want them to do.** Families interested in creating multi-generational, collaborative family foundations should be intentional about how they prepare and engage the next generation and avoid strategies that focus primarily on individual giving. Instead, provide them with opportunities to work together and integrate them into the work of the family foundation, so that they can learn the skills of negotiation, compromise, and communication that collaboration requires.
- 4. Attend to the business of being family.** Family foundations can strengthen family bonds, but they cannot “fix” family rifts—and can in fact provide a forum for unhealthy dynamics to fester. Families need to dedicate time to creating healthy relationships—outside of the family foundation— if they are ultimately to succeed in any collective activities.

Healthy family philanthropy systems include opportunities for both individual and collaborative philanthropy.



CONCLUSION

The structural and strategic evolution that philanthropic families undergo is mirrored by a more fundamental evolution in mindset. The most successful families in our research—those who were most energized and engaged by the quality of their philanthropy, who felt closer to their family due to their participation—had shifted from a sense of *ownership* to *stewardship* of the family's philanthropic capital. As they got further from the wealth creation, they no longer saw the family foundation as “their money,” with participation an entitlement or obligation, but rather a public trust in which participation is a privilege and responsibility. Conversely, the families that maintained a more individualistic model were grappling with how to scale the model to their expanding family, where members were entitled to a “share” of the family foundation.

It is important to note that family philanthropy is only one piece of a larger landscape for families. Beyond traditional philanthropy, philanthropic families have myriad ways they can utilize their wealth to contribute to society: including the ways they operate their businesses, invest assets in the family office, and use their networks to elevate issues. These are all expressions of a family's philanthropic identity and allow for much greater impact than a family can achieve through grantmaking alone. Additionally, thinking comprehensively about the many ways that families utilize wealth for social benefit provides more opportunities for family members to participate in ways that best align with their talents and interests, and it puts less pressure on the family foundation to carry the full weight of the family's cohesion and legacy.

To view the full report, please visit NCFP's [website](#).

Credits

ABOUT THE AUTHORS

Ashley Blanchard is a Partner at Lansberg Gersick Advisors, and the head of the firm's Philanthropy practice. A seasoned advisor to philanthropic families, she is passionate about helping families create philanthropic institutions that have a meaningful impact in the world, and in so doing, strengthen family relationships and deepen participants' generosity. At LGA, she helps families define their collective vision for their philanthropy, and then build the governance, operations, and programs to support that vision. Herself a family foundation trustee, Ashley has particular expertise working with family foundations undergoing generational transitions, when matters of purpose, values, and strategy come to the fore. Beyond traditional philanthropy, she works with families to consider the ways that they utilize wealth to achieve their social impact goals, integrating these activities into their broader enterprise continuity plans.

Wendy Ulaszek is a Clinical Psychologist, specializing in working with family systems, developing the next generations, and succession planning. Partner at Lansberg Gersick Advisors (LGA), and head of Leadership Coaching, Wendy works with members across the family enterprise to design and implement needed, sustainable governance. Wendy is an FFI Fellow and coaches at the Kellogg School of Management Leadership of Family Enterprise programs. In addition to her advising and coaching work, she recently co-lead a research study funded by the National Center of Family Philanthropy (NCFP), examining the balance of individual and collaborative multi-generational philanthropy. Wendy's work reflects her deep interest in the complex tasks of ambidextrous leadership (helping leaders define their purpose, and develop perspective-taking to understand the needs of family and the business), especially within multi-generational family enterprise. Wendy lives in Connecticut, and enjoys travelling, semi-vigorous hiking, reading, and attending the diverse sports events of her active teenagers. Passionate about family business advising work, she has treasured the opportunities to work with and witness the continuity of enterprising families across four continents.

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Lansberg Gersick Advisors (LGA) is a trusted advisory and educational partner to owners of the world's leading family enterprises. We help families and their enterprises succeed from generation to generation. Since 1997 we have advised families on all aspects of enterprise continuity, as they face complex generational transitions. Our global team combines bespoke advice and education to support the world's leading family businesses, family offices, and family foundations. We ground our advisory work in research and thought leadership and are the originators of theories and concepts that are widely adopted throughout the family enterprise and family philanthropy fields.

ABOUT THE NATIONAL CENTER FOR FAMILY PHILANTHROPY



NCFP is a network of philanthropic families committed to a world that is vibrant, equitable, and resilient. We share proven practices, work through common challenges, and learn together to strengthen our ability to effect meaningful change. Our range of programs and services support family philanthropy at its many points of inflection and help families embrace proven practices and advance momentum.



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