

Family Philanthropy: Thriving Through the Generations



Today's family foundations seek to strike a balance between making a difference and building an enduring legacy. In fact, Foundation Source's recent family engagement survey finds that 77% of our clients view family engagement as equal to or more important than impact. What are the inherent challenges of engaging the next generation of family leadership? And what types of successful strategies can help make the most of those opportunities ahead?

Foundation Source recently hosted a webinar to discuss ways to make giving a family affair. We also explored how to navigate family dynamics, manage leadership transitions and encourage connections across generations, so that your shared mission continues.



Panelists included Miki Akimoto, chief impact officer at the National Center for Family Philanthropy; Basem Hishmeh, trustee and president of The Muna & Basem Hishmeh Foundation; and Deborah Bussel, founder of Bussel Philanthropy Associates and president and director of the Shepherd Broad Foundation. Gillian Howell, head of client advisory solutions at Foundation Source, led the discussion.



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Howell: Engaging the next generation can be a great opportunity for a family foundation and its continued legacy. What is the power of this opportunity—and what are its possibilities?

Akimoto: Engaging the next generation presents an incredible chance to really think deeply about the shared history and values of your family. It's a way of connecting across generations with both the stories that matter to your families, as well as the values that you're expressing through your philanthropy.

It's also this amazing moment for so many families to see and shape future roles of rising members of their generation, determining each family member's individual strengths to contribute and lead. It's an opportunity to think about how roles can shift and evolve within the family.

Importantly, this progression brings a diversity of viewpoints to the table. Research shows that the more diverse your decision-making body is, the better decisions you make. And so, as you're beginning to involve the next generations—each of whom will have a rich diversity of different experiences and education—you learn more and gain insights that can enhance your grantmaking and lead to increased impact. For family foundations, this moment presents an amazing power of an opportunity.

Busse: When you bring on the next generation and when it works, it's as rewarding an experience as you can have in life, as a group and as a family. In the case of the Shepherd Broad Foundation in Miami, it's important to us that the values underpinning the foundation and philanthropy are values that we want our children to embrace and pass on.


There's something about creating this bond around working with others for the common good. It's powerful. And why not share this with your loved ones and those close to you? Passing on that bond gives next generations and future generations the opportunity to lead meaningful lives that make contributions to the world. That's a gift.

Hishmeh: How do we create the passion in children and grandchildren now in the next generation? Other than the values that we inherently give to them, I see an opportunity to give them responsibility for the funds that they donate.

As part of the sustainability of our foundation, we decided we'd start early in "training" our children and grandchildren in giving, because that was very important to us. Both children chose a charitable organization for the foundation to fund. As the grandchildren became of age, they also each had an organization that they could select. And that started out basically from around middle school onward. The funding amounts were smaller, but nevertheless, they became a part of the selection process and follow up.

Our experiment is: Whereas right now the big amounts have been given by my wife and I, my son and my daughter have given the next level of funding, and the grandchildren, the lowest. We free up enough funding so that they can actually give meaningful amounts to the organizations they choose. I think that automatically gets them more engaged with each organization.

Another important responsibility we share is that we get involved with the organizations we fund. We don't just write checks; we attend events, we participate and we monitor them as a family team.




Howell: What are the challenges of aligning your values and interests with your family's philanthropic priorities?

Bussel: You may not have identical values to those of family members, so it can take some work to recognize and identify what your shared values really are. Reaching that point means taking stock of individual interests and beliefs and then creating a common, shared vision from which you all can move forward. Having different views is a given; the task is to figure out how to align different perspectives in the best ways.

It's a big challenge. And it's something you must work at throughout the life of the foundation. It changes over time as new family members come in.

A key is being able to communicate about it effectively. There are different dynamics in family and communication styles, and the foundation is merely a mirror of the family culture and dynamics. And as in all families, there's always some dysfunction somewhere in that picture. So, being able to acknowledge that and navigate around it is really important—but it's also a challenge.



Howell: What barriers do you see in engaging the next generation and what are the strategies to help overcome them?

Akimoto: As you bring on next generations, aligning everybody back to the philanthropic purpose is critical. You now have an expanded group of family decision-makers talking about what we're all trying to accomplish—and agree on. If you don't stop and have agreement about values, vision, purpose and direction, everything else becomes infinitely more difficult and challenging. It's one of those starting points where there's a stumbling block. And the remedy is really to step back and be willing to have that conversation and make space for it. Don't try to make it a checkbox exercise, but really take the chance to hear everyone's voice. That way, everybody is equally anchored.

At the National Center for Family Philanthropy, we use a framework called the [Family Giving Lifecycle](#). It identifies seven points of inflection that family philanthropies go through during their lifespan and repeat over time. Joint engagement on purpose is the first one, and another is governance. It's one of those things that's easy to overlook. But you need to ensure that you have the policies, people and practices in place for clear decision-making ahead. It's governance structures that will help you in moments of transition, where you have planned, or sometimes unplanned, transitions on foundation boards and in governing bodies.

And then there's an assessment and learning piece that should be baked in. What kind of information will you consider as a family, as a governing board? And how do you use that ongoing education assessment information to keep learning and moving forward in furtherance of your philanthropic purpose?

All these things are ways to begin thinking about how to avoid common stumbling blocks.

Hishmeh: In planning and managing transitions—as we are beginning to do—illuminating and identifying roles is a crucial discovery process. One thing I’ve learned in my business career is that if you want something to be done right, give it to somebody who has the passion for it. Because if you force it on them, it doesn’t get done right. So, this is the avenue we’re taking as we approach family leadership responsibilities and transition key roles ahead.

Howell: How do you manage through the difficult conversations and family dynamics—are there best practices you can share?

Akimoto: There’s the old joke, “when you’ve seen one family foundation, you’ve seen one family foundation.” That being said, there are certain patterns of things that arise, and one of the dynamics that comes up a lot is tension as you begin to bring on new generations. It naturally creates a mixed group, in which some people feel more empowered to make decisions and others feel less so. Family foundations that have been run solely by their founding generation, for instance, may find it difficult to transition to a more democratic process as new generations come on board.

That’s why a more formal onboarding process is often preferable over, say, just family discussions, to smooth those crucial transitions. It can be hard to step into a leadership role if you feel that you don’t have clear authority to question, challenge and make decisions. So, having governance practices and decision-making structures in place brings more objectivity to a process that can be subjective—and that gives next-gen family leaders a solid base to lean back on in terms of how to engage, integrate and contribute.

There are also those moments that require developing the muscles to deal with uncomfortable situations, of learning to know how to agree to disagree, but move on and feel okay about it. Having the discipline to go back to the philanthropic purpose—asking how we make the grants that have the most impact and effectiveness towards reaching our mission—is another way to help propel the conversation around some of those rockier subjects.

Howell: What are your thoughts about having outside directors mixed with the multi-generational family members on the board?


Busse: We had a point in our history when my grandfather brought in an outside director. Sometimes doing so can depend on the family dynamic. Sometimes outside people put everybody on good behavior, i.e., less contentious family board meetings. But you shouldn’t look to outside people to fix your family communication. I would say firm up what’s most important to the family, the values they want expressed out in the world and how to operate. Get that right first—before you bring on outside people. Then, realize that goals for an outside role must be clearly understood; it’s not easy for an outside person to walk into a family setting.

There can be value in bringing on certain expertise that can really help you make better funding decisions in specific arenas. But that’s a little bit further down the road when you really know there’s an area that you want to be focused on and how to go about accomplishing it.

Hishmeh: I would add that I think it depends on the age and stage of the foundation. Our direction right now is to keep it as a family thing. We need to drive that the sense of giving and payback is very important to us as a family. But I could foresee an outside advisor coming in handy in the future. We have financial advisors, operational advisors and legal advisors. So, we use skills where we don't have them.

Akimoto: Our [2020 Trend Study](#), which was a statistically significant sample of family foundations, found that the majority of foundations have at least one outside director. It's a trend that's changed dramatically from our previous study. But it's also something that a lot of family foundations are really grappling with.

The point about making sure you're crystal clear why you're bringing that person on and making sure the board is ready to hear and engage with outside voices is critical.



Howell: How do you break away from longstanding donation and grantmaking relationships to explore other organizations in the hope of engaging the younger generation?

Akimoto: From a strategic grant-making perspective, or just a general grantee management perspective, it's really important that you have a thoughtful strategy for winding down old relationships or longstanding relationships with grantees. This happens when foundations shift their position, or in cases where you may be a place-based grantmaker and the next generation is in other places and expanding grantmaking out to other geographies.

Winding down relationships should be done with a lot of communication, potentially using a strategy like a tail-off grant with a three-year off-ramp. This way you're reducing the amount of the grant so there's not a sudden shock to the grantee's budget.

Hishmeh: We had an experience with a couple of organizations that we had to walk away from. And we did give them a final three-year grant to say, "This is your chance to plan for not having us on board after that."



Howell: Any other best-practice advice to share?

Akimoto: Don't forget to have fun. This is a responsibility, but it's also a privilege and a joy.

Hishmeh: Enjoy watching the next generation develop and grow. It's a gift.

Bussel: Whether you're actively bringing on the next generation or not, be mindful of what you're doing. It's setting the stage for what the next stage will be, whatever that is.

This is a condensed, edited version of the conversation. Get the full insights of our panel by watching the entire video of our roundtable discussion [here](#).

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Foundation Source **empowers people and companies to create a better world** through philanthropy. As the nation's largest provider of foundation management services, we're a trusted source for philanthropic expertise. We invest in industry-leading technology for private foundations and offer a configurable suite of administrative, compliance, tax and advisory solutions that meet you where you are in your philanthropic journey.

For more than two decades, we've worked with individuals, families, boards and professional advisors to preserve legacies and make giving easier. Today we are proud to support **more than 2,000 unique foundations** and have facilitated over **\$10 billion in charitable aid**. With a 98% retention rate, we are honored to have earned the trust and loyalty of our clients.

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