

Engaging Families in Philanthropy 3.0

A woman scrolls aimlessly through the Charity Navigator® website, looking for reputable organizations to support with the remaining \$20,000 her foundation must grant before year-end.

A married couple stays up late, discussing fears that their privileged teens lack compassion for others and are insulated from the challenges of the real world.

A man nearing the end of his life looks at his children and grandchildren and wonders if he has done enough to pass on to his heirs the values he holds so dear.

Setting the Tone

When people think of philanthropy they typically envision affluent people writing large checks to nonprofit organizations, but the true scope of philanthropy has far greater impact and complexity. Etymologically, the word philanthropy refers to the love of humanity or promoting the welfare of others. Clearly, philanthropy is not just for ultra-high-net-worth families, and it is not limited only to the transfer of financial capital.

A common and limiting misconception is that philanthropy is only for the very wealthy. There are many forms of giving, and many individuals and families find ways to engage not just with their money, but with their time and talents.

When we think of philanthropy as “giving and sharing with others,” it allows us to embrace a much more complex model that includes more than just financial capital. We can engage our philanthropy across all the capital areas: financial, intellectual, social, human, and spiritual.¹In fact, many families we work with insist on active involvement with the key organizations they support financially, both to establish a relationship with the organizations and to better understand their needs.

An additional benefit of their direct involvement with the organizations they support financially is the opportunity to involve the rising generation in family philanthropy.

Rising generations (Millennials and Generation Edge) view philanthropy as a way to create meaning and purpose and to be actively involved in applying their values. If they are only involved in writing checks, they will feel disconnected and are likely to disengage from the process.

They see active philanthropy as a tangible way to

¹ Richard J. Orlando. Legacy: The Hidden Keys to Optimizing your Family Wealth Decisions. Legacy Capitals Press, 2013. Print. - Chapter 6, “Giving and Sharing,” discusses philanthropy through the lens of contributing from all areas of capital: financial, intellectual, social, human, and spiritual.

by
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put their mark on the world and make a positive impact on society.

Philanthropy Today

If philanthropy is much more than reviewing grant requests and writing checks to charitable organizations, why is it that many individuals and foundations have operated for years without greater strategy around their efforts?

Today, with technology enabling us to track the effectiveness of donations, both individuals and foundations are asking how to make a bigger, longer lasting impact on society. As a result, a new kind of philanthropy has emerged.

Known in philanthropic circles as “Philanthropy 3.0” or “entrepreneurial philanthropy,” this more targeted approach aims to make a lasting change to society. Instead of throwing money at an ongoing social problem, Philanthropy 3.0 seeks to address the root of the problem and eradicate it. Instead of applying a bandage to cover the wound, it seeks to cure the underlying cause. In lieu of simply writing a check, it requires a greater level of involvement and collaboration for collective impact with partners who might include the government, community foundations, civic organizations, and maybe even

other private and family foundations.

To genuinely effect change, families in philanthropy may choose to go beyond funding to actively lobby, initiate, and award scholarships; commission surveys and research; create documentaries

to sway public opinion, and more. One great example of Philanthropy 3.0 in action had its roots in the Community Foundation of Elmira-Corning and the Southern Finger Lakes in upstate New York. The idea germinated in a broader discussion about how to eradicate poverty in Chemung County in 2006. Through research, the Community Foundation learned, not surprisingly, that education was a huge contributor to economic success. Further analysis revealed that frustrations within the school system began even before primary school.

Young children in Chemung Country were not ready to enter kindergarten, and teachers spent their time on socialization skills and trying to catch up a



wide swath of their new students each school year.

There was a high rate of children repeating grades, and some children never really caught up and dropped out of the system by high school. As the Center for Human Services

Research (SUNY Albany) report ² points out, the Chemung County School Readiness Project (SRP) was launched to “significantly increase the percentage of children who enter kindergarten in Chemung prepared to learn and function successfully in school. Through grassroots, county-wide collaboration, organizers of the SRP aimed to create a comprehensive and coordinated array of services to meet the needs of children ages zero to five and their families.

All activities associated with the SRP fall into four core service areas: early care and education; parent learning; healthcare; and home visiting.

The key indicator of program impact is the readi-

² Chemung County School Readiness Project 2011: Kindergarten Cohort Evaluation Report Kenneth Robin, Psy.D. Michael Barton, M.A. Center for Human Services Research School of Social Welfare University at Albany June 2012

ness level of children entering kindergarten in the school districts of Elmira, Elmira Heights, and Horseheads.”

“ **Effective philanthropy requires a lot of time and creativity the same kind of focus and skills that building a business requires.** ”
Bill Gates

For the extended Houghton family (founding family of what is now Corning Incorporated) and one of their family foundations, The Triangle Fund SRP was a perfect partnership.

The Triangle Fund’s Mission states that “The Triangle Fund is a family foundation that supports programs which foster collaborative relationships among families, schools and communities and which provide opportunities and nurturing environments for disadvantaged youth in Steuben, Chemung, and Schuyler counties in New York State.”

The Triangle Fund partnered not only with the Community Foundation, but with the local United Way, The Corning Foundation, and other area private family foundations to extend the success of

SRP beyond its initial goals and its reach to other counties. Fast forward to 2017, and SRP is a success story, thanks to the entrepreneurial philanthropy approach of family foundations, the Community Foundation, and other community partners.

This family and many others have learned that a multigenerational family philanthropy plan-with strategic investments across the capital areas-makes lasting change, reflects their values, and creates a living legacy. Investing time to create a family philanthropy plan with greater strategy and focus is invaluable.

Family Philanthropy Plan

What would embracing entrepreneurial philanthropy really mean for charitably-minded families? At the start, this new approach requires a commitment to multi-generational input; otherwise, the first disagreement that exposes differing opinions will become cause for the veteran generation to take back the reigns. All family members must commit to the core belief that each individual has skills and perspectives that will strengthen the family across generations. For example, consider a grandfather watching the recent social media buzz around the ice bucket challenge benefitting ALS. His first instinct might be to judge the rising generation as impulsive and arbitrary in their approach to

philanthropy. With a commitment to multi-generational Philanthropy 3.0, however, he might instead find a sense of curiosity about this innovative approach and consider the best way to leverage the unique perspective of his 20-something granddaughter, who has grown up in a world where viral philanthropic movements are perfectly normal, not wildly innovative.

A Philanthropy 3.0 mindset combines the synergistic potential energy of the grandfather, who stabilizes the board with the core values at the heart of the organization’s mission and vision, with the granddaughter, who bursts status quo mindsets and keeps the family at the front edge of innovation.

The challenges of multi-generational philanthropy are well worth the outcomes, not just for the ways



they impact the community, but for the positive influence they have on the family itself. Philanthropy 3.0 families are adept at leveraging opportunities to develop leadership in the rising generation within the context of philanthropy. From site visits to junior board meetings, these high-functioning families seek every opportunity to create teachable moments in every aspect of their philanthropy, understanding that the rising generation is the future of the family legacy.



Of course, with the busyness of life and other responsibilities, it can be easy for veteran board members to simply tackle required tasks on their own, excluding younger family members in the in-

terest of efficiency. In fact, a Philanthropy 3.0 approach does require more time, focus, and effort as multiple generations seek to unify varying perspectives in an aligned approach to giving. Next, a family philanthropy plan requires greater vision to achieve alignment. In order to drive toward a single purpose, Philanthropy 3.0 requires getting everyone together to refine the vision of the family members, including what problem they want to solve. As you can imagine, this conversation differs from past approaches and may require facilitation. For business-owning families, entrepreneurial philanthropy requires family leaders to employ the same skills they use at work, perhaps even tweaking the “secret sauce” that makes their business successful and applying it to their philanthropic efforts.

Family philanthropy occurs within many contexts, and the structure of each family’s philanthropy plan should be as unique as they family itself.

This entrepreneurial giving approach can be applied at every level, and it isn’t just for those families who have established foundations, formal philanthropic structures, or grants worth hundreds of thousands of dollars.

For example, our firm has a relationship with one family who sits down around the kitchen table quarterly to discuss how to spend a collective \$1,000 of personal grant money. The parents make the contribution of money, but their two teenagers have a

strong voice in the decision-making process. For example, during one meeting the parents suggested giving the money to a local non-profit startup, while their teen son advocated for offering the funds to a family at school whose home was recently destroyed by a fire. Frequently, discussions like these bring up opportunities for the family to offer their time and talents to community needs.

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Another client family with a similar multi-generational focus invites their children into annual family meetings when they reach the age of 14, marking this as the age to elicit the voice of the next generation and pass on the family’s core values of planned annual giving. Using these family-focused, albeit informal, approaches to philanthropy, these families display a distinct respect for the voice of the rising generation, which allows them to leverage the unique strengths and insights of these younger family members for the benefit of both the family and the communities they serve.

Jointly, they decide where to best allocate their resources based on their unique family mission, vision, and values.

Values, Mission, Vision

Values are truly at the heart of philanthropy - but how can a family define their changing, multi-generational values? How often should a family review its Philanthropy Plan to ensure that it is aligned with its values and priorities and to confirm that its mission and vision are still relevant? After all, the world does not stand still, and philanthropy should not be static either.

A family's Mission and Vision Statements should define its philanthropic scope and direction. To continue to engage the rising generation, these statements must have relevancy, but remain true to the family's values. We recommend formally and comprehensively reaffirming values and revisiting the Mission and Vision statements at least once every three to five years at a minimum, with a 10-year deep dive. (After all, within the span of a decade, a generation of children comes of age!) Typically, this is best accomplished during a family meeting with multiple generations in attendance.

There are numerous ways to start and channel these conversations during the family meeting.

A discussion of family values is much more inte-

ractive and fun when all generations engage in the discussion. Many families bring family values to life by talking about the family's current and past involvement with causes and charities in the community. We have worked with several families that begin each annual family meeting with a roundtable reading of the family's Mission Statement and what it means to each of them.

If this is a topic that your family has not addressed in a long time, you might consider using a facilitator to guide the discussion, and perhaps introduce group activities, questionnaires, or other exercises to get conversation flowing.

Consider the following questions to begin:

Are family values and vision well known and easily articulated by family members, including the rising generation?

Is your giving still relevant to the family and true to your stated values?

Is your family still deeply and positively engaged in the cause or causes your family has identified?

What kind of progress has your family made toward effecting a solution to any identified causes you choose to support? Is this issue still relevant?

(Perhaps you've solved the original problem you set

out to resolve. This is a nice dilemma to have!)

In what other capacity do you need to be involved in order to address the issues your family cares deeply about?

Wrapping It Up

Consider again the individuals described at the beginning of this article. With good intentions, they are each bound within the constraints of old models of philanthropy, and though they desire to stretch their impact, they are unsure how to proceed. With your own understanding of Philanthropy 3.0, what suggestions might you propose for each of them to move towards a more multi-generational, strategic approach? Families that have a heart for philanthropy want to make a difference with their investments of financial, intellectual, social, human, and spiritual capital.

These are often very busy people who want to leverage their investments of capital for an impactful return. Strategic planning for a Philanthropy 3.0 approach to giving can exponentially increase beneficial impact, while offering many side benefits to families interested in preparing the rising generation for philanthropy leadership roles. Like a failed New Year's resolution, strategic planning can fall victim to needed requirements of time, commitment, and

follow-through. A carefully constructed family philanthropy plan will provide direction for charitable giving that is in concert with a family's values, mission, and vision. It will reflect the thoughts and ideas of multiple generations. By engaging actively across generations, and within the community, any family can make a significant impact on our world and leave a beneficial legacy for generations.

10 Next Steps for Families and Foundations Ready to Engage in Philanthropy 3.0

1. Engage younger generations by giving them a voice.
2. Create, refine, or review your statements of Values, Mission, and Vision.
3. Identify the cause(s) that you want to address.
4. Make a statement about the cause that is clear and concise. For example, "We want to wipe out childhood hunger in the region."
5. Research the problem you want to solve.
6. Consider the key stakeholders affecting the problem you want to fix. Engage the family (and foundation staff, if applicable) and discuss best approaches to tackle the issue.
7. Discuss ways to engage the best organizations and individuals to help you carry out your agenda.
8. Create a collaborative plan that engages these organizations and individuals.
9. Continually assess progress and adjust plans as necessary.
10. Consider bringing in an external facilitator to guide family discussions about setting or reviewing the direction of your family philanthropy.