Navigating Your Family’s Philanthropic Future Across Generations

Lessons from philanthropic families around the world

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We live in a world of unprecedented change and transformation, in which world leaders are increasingly uncertain about how to tackle the many new challenges confronting humanity. Amid the global health and economic crisis, enterprising families worldwide are reminded of the timeless truth that a business can only prosper if the community in which it resides is taken care of. However, through our work in the field of family philanthropy, we find that for many enterprising families a variety of aspects of family philanthropy remain unclear. They often ask, how can we be sure that our philanthropy is having the desired impact? What are the best ways to get engaged in and organized around our family philanthropy? How can we inspire the wider family to take up the baton and give in a meaningful way? How can we build effective relationships to tackle some of the world’s most pressing and complex challenges?

In order to promote best practice in family philanthropy, in 2017 the Mauvernay family and Debiopharm pledged to create the Debiopharm Chair for Family Philanthropy at IMD Business School in Lausanne with a donation of several million Swiss francs over 15 years. On 1 September that year, Professor Dr Peter Vogel was chosen to take up the Debiopharm Chair for Family Philanthropy. The following year, Research Fellow Dr Malgorzata Smulowitz joined to support the Chair’s vision and mission of becoming an internationally recognized center of excellence in research, education and outreach in family philanthropy and, in broader terms, “social good.”

The Chair is devoted to helping family philanthropists engage in and strengthen their philanthropic activities and to ensure that philanthropy is an integral part of the family enterprise system. The Chair’s unique contribution to the field of philanthropy is linking the academic standards and practitioners’ insights to understanding family philanthropy. We aspire to further develop knowledge in this field, disseminate best practices and provide donors with tools to strengthen analysis, decision-making processes, success indicators and governance.

For this reason, in 2019 we joined forces with FBN International to conduct a global research project entitled “Navigating Your Family’s Philanthropic Future Across Generations.” As part of this project, and thanks to the partnership with FBN, we conducted in-depth interviews with enterprising families active in philanthropy around the world. This extensive project has informed not only this report, but was also an invaluable source of knowledge for the “Family Philanthropy Navigator,” book published in December 2020.

This report marks a five-year milestone for the Debiopharm Chair for Family Philanthropy and its impact in the field. In it, we share important lessons we have learned from the pioneering philanthropic families we have had the pleasure of working with. Our hope is that it will serve as a source of inspiration for many enterprising families on their philanthropic journeys and guide them to achieving greater impact collectively.
EXECUTIVE SUMMARY

Through this study, it has become clear to us that the world of family philanthropy is incredibly diverse and complex, with many forms and variations. Our aim in presenting it is to contribute to the field of family philanthropy in at least four ways:

1. **Discussing the effect of family philanthropy on the wider family enterprise system**
   - We seek to define what impactful family philanthropy is and discuss its role and importance on the family enterprise system. More specifically, we highlight its effect on the individual, family, ownership group and business, as well as on society and the environment.

2. **Identifying and discussing tradeoffs in family philanthropy**
   - We have identified the most common tradeoffs families face throughout their philanthropic journey and showcase how seasoned philanthropists deal with them.

3. **Presenting the Family Philanthropy Navigator tool**
   - This study has enabled us to develop instructive guidelines for philanthropic families. The Family Philanthropy Navigator book, published in late 2020, is one of the practical outcomes of this work. We therefore provide a high-level description of the Navigator framework and toolkit, which aims to help enterprising families navigate the complexities of a philanthropic journey toward achieving impact.

4. **Outlining the effects of the COVID-19 crisis on family philanthropy**
   - We identify and discuss key effects of the COVID-19 crisis on the purpose, relationships and organization of family philanthropy.

INTRODUCTION

Enterprising families are uniquely positioned to play a leading role in tackling some of the world’s most complex challenges. Today, most businesses are family controlled and, as such, their contribution to the world economy and society is already substantial. Moreover, a significant majority of enterprising families are engaged in some form of philanthropy – something that may be deeply rooted in family values and passed on for generations. The youth of today seem to be wired differently to previous generations – with a genuine and profound desire to make a lasting impact on the world and to actively tackle the biggest challenges. We also observe several other trends that are transforming the way philanthropy is being done, leaving enterprising families in search for new ways to ensure that their giving is meaningful and impactful. This requires a strategic repositioning of some of their beliefs and ways of engaging in philanthropy. It is one of the reasons we decided to study the phenomenon of family philanthropy in more detail and as an integral part of the family enterprise system.

Modern philanthropy differs from that of the Gilded Age in substantial ways. The first wave of philanthropy was characterized by traditional charitable giving that often emerged from cultural beliefs or religious structures, which was the predominant form of giving until the mid-18th century.

The second wave of philanthropy came about in part because of industrialization and the rise of a new upper class, newly affluent individuals, and industrial families. Typical examples in the US would be the Rockefeller or the Carnegie families who tried to maximize the utility of grant-making. They created formal structures around their philanthropy, mainly in the form of foundations and institutionalizing their giving in a more orchestrated effort. This was the predominant wave from the mid-18th until the end of the 20th century.

Today, we see the third philanthropic wave, where the major transformations in philanthropy occur on a global scale. On the one side, we have digital technology that is empowering us as individuals as well as in our philanthropic activities. In addition, there are hyper successful entrepreneurs who have accumulated massive wealth in a short period and seek to donate significant parts of that wealth during their lifetimes. We are also witnessing a real-time global awareness of issues driven by advances in technology. Furthermore, philanthropists are putting more emphasis on global challenges, such as those articulated by the UN SDGs. Since it is no longer possible for one stakeholder group alone to tackle today’s complex challenges, the third wave of philanthropy is becoming more of an eco-system approach, requiring close collaboration among different stakeholders.
Introduction

However, research in contemporary philanthropy does not consider distinctive factors of family philanthropy such as an enterprising family’s non-financial goals or its long-term transgenerational orientation. Furthermore, many enterprising families who are successful in business do not always achieve impact in terms of philanthropy. Although they would not willingly admit it, many philanthropists experience failed grants, failed philanthropic projects or processes. They may also be faced with growing conflicts in the family or the fact that they cannot trace or measure the actual impact of their giving. Therefore, through our research, we have attempted to explore possible answers to the following questions:

1. What leads to impactful family philanthropy?
2. What are the tradeoffs, dilemmas or conundrums of family philanthropy?
3. How do families leverage philanthropy as an integral part of their wider range of activities within the family, ownership group or businesses?

In this report, we share insights collected from leading philanthropic families from around the globe. We have examined their approach to family philanthropy, opportunities and challenges, as well as the impact of their philanthropy on various levels, such as the cause, the family, business, and society at large.

Research Methodology

To identify a comprehensive and insightful sample for our study and to capture the diversity of enterprising families’ philanthropic giving, we conducted semi-structured interviews with 70 interviewees. This includes both experienced and novice philanthropists, non-foundation managers and some of their beneficiaries. The families were identified in partnership with FBN International, regional and national chapters from around the world as well as through records of families that have visited IMD over the years.

The primary source of data is information obtained from semi-structured, in-depth interviews. We explored enterprising families’ philanthropic motivations (why?), the scope of their giving (what?), the extent of their engagement (and their family’s) (who?), and the ways in which they organize their philanthropy (how?). As a result, we were able to capture distinct perspectives on family philanthropy from multiple angles, for example, that of the various generations of the same family, as well as family members from different family branches. Since our interviewees represent more than eight generations (the three oldest enterprising families interviewed are currently in their 12th, 15th and 77th generation), we were also able to capture intergenerational differences on how philanthropy is perceived and how it evolved.

Our sample represents a balanced group. Most of our interviewees (58%) have a direct involvement with their legacy family business (either as an owner, a board member or an executive). Several families we spoke to no longer own their legacy business and are now active with their family offices. Fifty-six percent of our interviewees were female and 44% male. They represent 30 countries from 6 continents (Asia, Africa, North America, South America, Europe, and Australia).
Research Methodology

We complemented the information captured from the interviews with publicly available archival data as well as through foundation reports and media articles. Whenever possible, we analyzed public materials related to the philanthropic activities of our interviewees (e.g., websites, magazine articles). These materials helped us gain general background information and a better understanding (and visualization) of the range of philanthropic activities of the family. They also enabled us to acquire information on the family’s history and augment and validate the (basic) data supplied by the family philanthropists. In addition, on a regular basis, we engaged with several family philanthropists and practitioners in a workshop setting for further feedback and validation.

See Figures 1-7 for a visual representation of our sample.

Figure 1: Sample of philanthropists represented

Figure 2: Family philanthropists by generation

Figure 3: Family philanthropists by gender

Figure 4: Family philanthropists also active in their family business
Research Methodology

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Figure 5: Family philanthropists by origin

Figure 6: Family philanthropists by country

Figure 7: Main industry of the family legacy business

Note: This data was collected via Orbis, Bureau van Dijk Database on the 58 companies where there was a match. Five percent of the families we interviewed reported not being involved in the legacy business in any way at the time the interviews were conducted.
The core goal of this study was to explore the rich diversity of enterprising families’ philanthropic activities. To reduce complexity, we provide a framework for family philanthropy, a snapshot of core tradeoffs and the key elements that can help enterprising families achieve more impactful philanthropy. Our findings advise novice and experienced philanthropists on successful family philanthropy practices.

Impactful Family Philanthropy

The definition of “family” varies from one family to another. For some, only direct descendants of the founder(s) are considered family; for others, in-laws or children from later marriages are also included. Philanthropy, however, is in essence a charitable gesture towards others.

The most effective philanthropy often features a strong ecosystem of partnerships from within and outside the family built on trust, respect and equality, where the whole becomes more important than the self. Philanthropy can become a vehicle for enterprising families to make a real difference – as a family – by securing an enduring legacy for a more sustainable world.

We therefore define impactful family philanthropy as a family’s collective act of giving to address unresolved societal and environmental challenges guided by desirable and achievable objectives. This leads to impacts in four areas: society, business, reputation and stakeholder satisfaction, and the philanthropic family itself.

The 5-Stone Model and Family Philanthropy

Based on years of experience researching and working closely with family businesses, we have found that the most successful and long-lasting families focus on five areas of health and well-being: individual, family, ownership, business, and society and environment (see Figure 8 for the 5-stone model). We believe that to thrive across generations, families must carefully consider the health and well-being of each of these areas. A good balance between the separate layers is critical to helping the family enterprise system flourish across generations.

**INDIVIDUAL**
The individual is the foundation stone. Families need to take care of everyone in the system. They must also ensure a good level of education for family members as well as an emotional connection with and an interest in the family enterprise.

**FAMILY**
Family harmony, trust, unity and, more generally, healthy relationships across the family are crucial aspects for achieving generational continuity and ensuring family enterprise longevity. Good family governance and clear protocols in areas of conflict management, decision making and feedback—all based on the alignment of family values—are essential.

**OWNERSHIP**
An ownership group that is emotionally connected, well-informed and capable of taking responsible decisions aligned with the interests of the various stakeholder groups, is a major asset of family enterprises. However, this requires strong ownership governance, discipline and an open and collaborative exchange between the owners. Healthy ownership means having a clear vision and strategy for the organization that takes into account the family’s values as well as business needs and priorities.

**BUSINESS**
Unity of the family and ownership group alone is not enough to ensure long-term success. A high-performing business is the backbone of thriving enterprising families. Running a high-performing, profitable and socially responsible business is essential for an enterprising family to ensure wealth preservation—especially if the family is growing in size over time.

**SOCIETAL AND ENVIRONMENTAL IMPACT**
A growing number of today’s enterprising families want to leverage their assets as a force for good. It can be a tough choice to de-invest from the core business, but many family enterprises are doing it. We are also seeing a growing number of enterprising families re-evaluating their core business models, embedding sustainable practices and transforming their family enterprises into more purpose-driven ones.
Enterprising families can be complex, and they exhibit behaviors and develop habits unique to their composition, dynamics and environment. Furthermore, some families are able to reap greater benefits from engaging in philanthropy as a family than others. Using the 5-stone model of a healthy family enterprise system, we showcase the effects of family philanthropy as expressed by the family philanthropists we have interviewed – both positive and negative – illustrated by selected quotes from the interviews.

**Figure 8: Family philanthropy – the 5-stone model**

- **Individuals**
  - Finding meaning and purpose beyond traditional roles and contributing to the family enterprise system in a meaningful way.
  
  "I think the satisfaction comes in knowing that you really have helped the people. We are always thinking, 'I'm making a difference' – but are you really making a difference? When you do projects that really make a difference, that's what drives me.”
  
  Male philanthropist, Europe, 2nd gen

- Developing individual talents and an opportunity for learning

  "In terms of upping my skills, this has been really good because I have to do anything it takes. Basically, to find the information that I need to create a partnership, to learn more about a problem, to solve it issues. Everything is my problem. It's quite empowering because you feel like it's yours. It makes me feel that if I do this for a little while longer, I would be a little bit more confident about running a business, because you become a little bit more resourceful.”

  Female philanthropist, Asia, 2nd gen

- Philanthropy can be treated as a "dumping ground" for family members who do not work in the business so that they have something to do

  "Some family members are there for legacy purposes, but there has to be some governance mechanisms in place so that it's not like a dumping ground for excess family members; for individual members to have something to do, or just to come up with pet projects for them.”

  Male philanthropist, Southeast Asia, 2nd gen

- Developing a feeling of personal satisfaction and "warm glow"

  "I am not necessarily interested in seeing our names on the walls of donors. It's really personal satisfaction and it really comes down to: 'Is this cause the right cause? Is it going to create an impact? What others think of it is secondary to us.”

  Male philanthropist, North America, 1st gen

  "I think the satisfaction comes in knowing that you really have helped the people. I think it is really satisfying to know that. We are always thinking: 'I am making a difference.' When you do projects that really make a difference, I think it's very satisfying. That's what drives me.”

  Male philanthropist, Asia, 1st gen

- An opportunity to live by the family values

  "We decided that our companies had to deliver a strategy and implementation plan for what they want to do for the planet, which is both environmental and social issues. As owners, we were talking a lot about corporate social value and the importance of it, but we were measuring our CEOs on solely economic results. This became a difficulty for us because we didn't 'walk the talk'. Therefore, we decided to do something about that and changed the bonus model.”

  Female philanthropist, Europe, 2nd gen
Family

Philanthropy has the potential to unite the family around a common purpose. Philanthropy can help to create meaningful narratives about the family and business, something that the older generation as much as the next gens can be proud of. Philanthropy can help in creating a shared legacy for the family belief system that giving is part and parcel of life, which ultimately helps the wider family members become better humans and better decision makers.

“It's a way for the family to come together around these projects and have a family conversation on this. We are quite proud of it. It leads to a positive mindset in relation with what the company does and what the family does in general.”

Female philanthropist, Europe, 5th gen

“The whole idea was to create something that concerned everybody in the family because when we started, a lot of people had individual projects. By the creation of this fund, we got everybody involved in something we could do together: the family members, including younger generations. The idea was to do something together and to not have everybody work in their own cell.”

Female philanthropist, Europe, 4th gen

Philanthropy can help to bring different branches of family together, beyond ownership. This is particularly important when big shareholders are no longer actively involved with the business or family to mitigate the risk that they could sell their shares (and the family could ultimately lose its control over the business).

“We have large [family] shareholders who haven't been involved and now suddenly, they are part of it [philanthropy], and they feel good. They're saying: 'I'm not going to sell my shares, I want to be part of the family.' We were afraid of them possibly wanting to sell their shares because of the loss of connection with the family.”

Female philanthropist, Europe, 5th gen

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Female philanthropist, Europe, 5th gen

Three years ago, we decided, as a family, to do a fundraising event to support construction of a new cancer department at a local hospital. This was something that triggered a family momentum and all kinds of events to get the fundraising going.”

Male philanthropist, Europe, 2nd gen

Philanthropy can help to reconcile old rivalries or conflicts, especially between different generations of a family, and it can help to unite next gens for a higher purpose, who may not even understand the root causes of an old conflict.

“If you have branches where the fathers have been rivals, it easily goes down to the next generation as well. But this [philanthropy] has tied us together and we have something common, and we forget the fights our parents had.”

Female philanthropist, Europe, 5th gen

The extended family, particularly those not involved in the business, can apply for small grants to support the charities that they are closely involved with. It is an opportunity to explore their own passions and to access resources that would otherwise be unavailable to them.

“Any family member can apply for grants for a charity that they're very involved with. We meet as a family forum on a monthly basis and discuss the grant applications that are in front of us and the giving that we want to make, and probably, on an annual basis, we will be giving 300 grand a year.”

Male philanthropist, Europe, 12th gen

“We have different grant programs at the foundation and these are driven by family members. One is the Next Gen grant program; any of the next-generation family members of ages five up to 30 or 40 are eligible to apply on behalf of a nonprofit organization for a grant from the family foundation. Then, we have another program for family members, which is the matching grant program. In this program, part of our mission is to develop a philanthropic spirit in the family members.”

Female philanthropist, North America, 2nd gen
**Principal Findings and Outlook**

**Philanthropy can help in living (and learning) the family’s values while engaging the younger generation early on in philanthropic activities. This gives them the necessary space to explore their own passions and build competencies. It can become a vehicle for sharing and experiencing family values together.**

*Female philanthropist, Middle East, 5th gen*

**All the family members are very involved. For instance, I have three children and they all know about the association. They go and play with the children at the daycare; they have created classes and activities for them, before they go to school. Our kids are very involved with those children. It allows them to identify with doing good, and I believe this will give a certain continuity to the association.*

**Male philanthropist, Europe, 6th gen**

**In large (and typically old) families, it may be that members of the younger generation don’t spend time together and get to know each other. Therefore, giving together can become an opportunity for the younger generation to work together before they eventually inherit the business and become “stuck” together as owners.**

*Female philanthropist, Europe, 6th gen*

**When I came back from Asia, I realized that I didn’t want to be on the company board because it requires skills that I’m not interested in, like finance. I was looking for other things that could be interesting to have more cohesion within the family. For my father’s generation, it was very intuitive to know who is who; no need to have a family tree to understand that. It is starting to change with my generation. We need to do more to get to know each other.**

*Male philanthropist, Europe, 4th gen*

**The next gen can learn the ins and outs of financial literacy and how to apply for and manage discretionary grants.**

*Male philanthropist, Middle East, 5th gen*

**"We are six (family) board members in the foundation and it’s not a full-time job; we meet eight times a year. We have very diverse backgrounds. I’m in finance; there are two others from a medical background; and the others work in public affairs. I like that because when we discuss donations, everybody has their own view on it, and we get to know much more. We always try to have a diverse group."**

*Male philanthropist, Europe, 15th gen*

**Philanthropy can serve as a “reality check,” helping younger generations understand the privilege and affluence that previous generations may not have enjoyed.**

*Male philanthropist, Europe, 3rd gen*

**"You should go and see the projects. It’s very important to be there and see what’s happening, because this not only gives you a good feeling about how your money is spent but also very positive ideas and feelings about the future, and that you can make a difference. I think that’s very enriching for the family, and even for the younger children in the family; it’s great to see that not everybody grows up with a silver spoon."**

**Ownership**

**Owning a business together can be divisive. For owners, experience in philanthropy can come in handy to help reflect on what is the right thing to do beyond economic factors, and it helps in preparing heirs to become responsible owners.**

*Female philanthropist, Europe, 5th gen*

**"Everybody in our family today will tell you that the foundation has done more in 10 years than the company has done in 50 years, in the sense of unifying the family, or living according to our values, something we can all unify around. It has been immensely important in our family."**
For minority family shareholders, philanthropy can become an opportunity to have their voices heard and stay involved. Typically, philanthropy is rather “democratic” in terms of decision-making and power distribution: The number of owned shares does not play as much of a determining role as in the business.

“We’re thinking about setting up a second foundation to give focus and more deliberation to social performance and philanthropic activities which would be separate from the business. Just putting things in place, like who gets to be on the board, how does one get paid, succession, outside partnerships. Because for some [family members], you can be a member of the board and top management and a shareholder as well — but not everyone; some might be just a shareholder who is thousands of miles away and has little involvement.”

Male philanthropist, Southeast Asia, 2nd gen

Setting up a trust or foundation ownership model can limit the influence of next gens on the business. If there are active heirs who are willing and able to lead the business, but the ownership rights are transferred to a philanthropic entity, it could then impact the health of the family enterprise system.

“We had a long discussion with some family members about how to ensure that this tradition of charitable giving continues for the next generation, and the generation after that. We’ve been looking at a lot of legal systems and mechanisms to see if it is possible. The conclusion that most of us had is that it’s almost impossible to legally enforce it. Unless you put everything into a trust at which point you’ve lost control of your business. It’s very hard to do that.”

Male philanthropist, Europe, 4th gen

“Later, my grandfather changed his mind and said: ‘Maybe it’s not my decision whether I should leave the firm to the foundation alone. Maybe we should keep some ownership in the family, and then a later generation can decide whether the foundation should take over. For now, the family seems capable, interested and willing, so we’ll leave the control of the firm in the hands of the family.’”

Male philanthropist, Europe, 4th gen

Business

Philanthropy can help with creating an element of one’s legacy, based on something unrelated to the profit-oriented side of the business.

“I am an artist, I didn’t go to any business school, I’m a woman, I didn’t have any credibility when I joined the board. But when I asked for that philanthropic project it changed. Today, our customers are paying a premium to have our products, compared to the other companies. I’m the one who encouraged that, who is always fighting for that. It has given me a lot of respect from the board, even if I am an artist and a woman. We are pioneers: we are the first ones in the industry to do that, and there are no other examples.”

Female philanthropist, Europe, 5th gen

Philanthropy can help to put things in perspective, creating awareness about one’s own privilege and position, and the responsibility that comes with it.

“Doing a family charter with my two sisters and a professional has helped us a lot. We asked ourselves: ‘What is important for you? What are your values? How do you see the future?’ The first value that we had was being sustainable. The second value we had was to do our best. Our best means being an example and trying to change the industry. Suddenly you have a lot of conscience about what are the problems, and where we are not doing enough. I wanted the board to go into that philanthropic project because all our business is related to [a sensitive industry]. I wanted to have a project that could say ‘Thanks’ to the ground, the earth, for what it is giving us, and something to go back, too.”

Female philanthropist, Europe, 5th gen

Running your philanthropy in collaboration with your employees can bring many benefits to the organization.

“What we really did is we have some projects where employees of ours can work; they would get a day off so they could work in a social project. That was something we did; we thought it was a good idea, to get people together. We allowed our people to do social work in their working hours, to see different things.”

Male philanthropist, Europe, 3rd gen

“Every Christmas they collect money from the employees, which they donate to a school in Africa. We have had some projects where they have collected shoes from their kids, which we have sent from the factory in big boxes to the school. The biggest impact internally in the company is the sense of purpose and meaningfulness to all the employees that comes through the school. This is also why I try to tell them every now and then what’s going on, what’s happening in the school.”

Female philanthropist, Europe, 2nd gen

Female philanthropist, Europe, 5th gen
Big family businesses tend to lack clarity about the richness of philanthropic activities across their business units and family. This can lead to duplicated efforts, wasted resources, decreased employee engagement and, ultimately, negative consequences for the health of the business.

“We have to structure more, in the company at least, how we give, how we can be more efficient and organized, because even this year, we don’t exactly know what all the [philanthropic] actions are that have been done.”

Female philanthropist, Europe, 5th gen

Often, families do not accept business values as their own family values. Any misalignment between both plays a role in decreasing the health of the business, especially if the family lives a lavish lifestyle but claims to have different values for the sake of PR and marketing.

“For my dad’s generation, the corporate values had been usurped as the family values, and they weren’t lived that way. Later, one of my cousins and I who run all this ‘three-ring circus’ said to the family: ‘We can’t force you to believe that the five corporate values are yours. We have to have our own mission. It’s okay to have a set of values for the family and a different set for the company. You’re not betraying anything.’ That’s very hard for the older generation to understand.”

Male philanthropist, Europe, 3rd gen

Society and environment

For many enterprising families, it is both a responsibility and a privilege to be able to give back in non-reciprocal and altruistic ways. Family philanthropists’ desire to serve the community and steward the planet reflects their deep commitment to improving the state of the world.

“We expect each foundation board to think a lot about how to get the most bang for the philanthropic buck: how do you get the best return on philanthropic investment? That’s quite important for us.”

Male philanthropist, Europe, 3rd gen

“We know that the consequence of what we do is very positive in terms of education, because most women who need to find water go great distances. They don’t have time to do anything else. Since we build wells and they have water, ‘next door,’ they can focus on their business and send their children to schools. We are involved in education by building wells and providing water in the developing countries.”

Female philanthropist, Europe, 4th gen

Dealing with the unintended consequences of philanthropy has proved to be a big concern of many enterprising families. Beyond the positive impact, family philanthropists want to ensure that they do not do any harm.

“I’ve had really bad experiences with the mega ones [beneficiaries]. After the tsunami in Indonesia, a large international NGO requested a lot of products: ‘All these people have lost their homes; give us shavers.’ We gave them like 20 containers of shavers. Three weeks later, I was buying them back from the wholesale markets of Indonesia, Thailand and Malaysia because all products had just been sold off for cash. We don’t work with large organizations anymore. There’s a ‘right size’ for us, especially if we’re giving products.”

Male philanthropist, Europe, 3rd gen

It’s worth bearing in mind that philanthropic plans don’t always go to plan. Many of the families we interviewed admitted experiencing failed grants, failed philanthropic projects or processes, or situations where their money could not be traced, and any impact was impossible to measure. Often, the unintended consequences of poorly managed intervention can be very harmful. This kind of collateral damage leads to substantial negative effects on society and the environment as well as on the personal reputation of the philanthropist.

“Grants might fail. Things will fail. At the end of the day, you’re working with people, and we’re only human, and it can happen. As long as you fail forward and you accept it and you learn from it. In the long run, with failure, you’ll be a better philanthropist.”

Female philanthropist, Europe, 3rd gen

Key takeaway

We find that family philanthropy can have a substantial influence on the various levels of the family enterprise system – both positive and negative. Despite its positive impact, there are common issues that enterprising families are challenged with as they embark on their philanthropic journey. As such, these can decrease the “joy of giving together.” Many of these common challenges recur in different contexts and can possibly derail a family’s passion for giving and the impact one wants to achieve for the beneficiaries. It is therefore of critical importance to align, as a family, on the overall purpose of giving before getting started.
Family Philanthropy Navigator

The art of successfully navigating family philanthropy comes with practice. The beginnings or transformations of any project or venture might seem overwhelming and difficult. It is no different in family philanthropy. To facilitate this process, we have developed a practical tool for family philanthropy, the “Family Philanthropy Navigator.” Thanks to our extensive research and experience in this domain, we have identified three core pillars of a philanthropic journey – purpose, relationships and organization (see Figure 9). Despite the fact that each journey is unique, there exists a common denominator in each. Each pillar of the Navigator consists of crucial elements with supporting questions to facilitate reflection. The aim of the Navigator is simple: to provide a one-stop, practical and interactive, step-by-step pathway that can be used by any novice or experienced philanthropist. It will enable them to begin or improve their journey in giving, no matter what their circumstances, resources or ambitions. This tool and the guidelines on how to use it are featured in our book “Family Philanthropy Navigator”.¹

**Figure 9: The core pillars of a philanthropic journey**

**Purpose**

The first pillar of the Navigator is purpose. Purpose helps to create meaning in giving. A purpose offers philanthropists a sense of direction and helps guide their paths, behaviors and goals. A purpose frames and strengthens one’s philanthropy and serves to unite and motivate a family. A clear purpose for either novice or seasoned philanthropists can serve as a compass that informs and drives philanthropic decisions and actions. A purpose in philanthropy can inspire and provide much needed momentum, resilience and a sense of achievement and meaning. Because enterprising families, as they grow and age, will share a multitude of (potentially competing) goals and interests, it is essential that family philanthropists define a clear purpose for their giving early on.

Family philanthropists give for diverse reasons and with different objectives. From our research, we see not only a large and diverse range of interests from families across the globe, but also multiple motivations for giving. Even though enterprising families can be extremely altruistic, they also enjoy other benefits of giving such as family cohesion or business reputation. It is useful to reflect on where the main emphasis of one’s motivation for giving lies and define the reasons for giving. These could be:

- **Cause first**, e.g., a passion to resolve a specific problem or challenge
- **Family first**, e.g., a way to reconcile family members and involve the broader community
- **Business first**, e.g., a tool to attract and retain top talent in the business

While a family may only be driven by one of these three sources of motivation, it is likely that the true motivation is a combination of these different factors, with an emphasis on helping others.

Principal Findings and Outlook

Triggers

The most common reason families engage in philanthropy is because they want to tackle some specific societal or environmental challenge. As such, enterprising families attempt to respond appropriately to their beneficiaries, acting as natural philanthropists. Nevertheless, families also tend to recognize other triggers that can pull or push them into engaging in philanthropy. Some of these triggers are:

1. Preserving the family tradition and values
2. Growing the business, internationalization
3. Succession
4. Willingness to give back
5. Family’s dissatisfaction with philanthropic status quo
6. Tax incentives
7. Special occasions, anniversaries

Among the triggers listed above, a willingness to preserve the family tradition and values seems to be the most common trigger for engaging in philanthropy. Successful enterprising families tend to start or renew their involvement in philanthropy when their business is growing or expanding abroad. Finally, personal or family events lead families to focus more on philanthropy that can support both the younger and senior generation.

Collective Family Goals

Motivation to conduct philanthropy is closely linked to collective family goals. These goals stem from the economic and non-economic considerations of the enterprising family. Over time, as families evolve and change, they often iterate or re-prioritize their collective family goals. This may lead to significant shifts in a family’s philanthropy. We find that the most common collective family goals driving philanthropy are:

1. Supporting the place of origin of the founder(s)
2. Preserving family uniqueness, beyond business
3. Forming effective partnerships of next generation shareholders
4. Protecting the majority ownership
5. Keeping the family engaged and connected since many of the older businesses do not allow family members to work in the business, or provide limited number of board seats
6. Professionalizing and linking corporate philanthropy and family philanthropy
7. Achieving sustainability in the family and business(es)
8. Engaging employees, sharing a purpose beyond day-to-day business

Why Not All Wealthy Families Give

An important question we encountered in multiple conversations with philanthropists is why some enterprising families give their resources generously while others choose to keep them for personal needs and wishes. We identified a number of reasons for this on the various dimensions of the cause, family and business:

Causes

- A lack of trust in the third sector and a strong opinion that it is too inefficient
- A prejudice against philanthropy, e.g., giving is for people who want to look better in the eyes of others and be more visible
- A bad experience or failure to make a real impact, e.g., with partners who did not use the grants as initially intended, or field visits to find out that the project never happened or that it was a waste of resources
- As societies advance and the needs of beneficiaries change, younger generations have put philanthropy on hold

Families

- Family conflicts, including sibling rivalry, big egos, all decisions made by a dominant family member
- Lack of interest of the wider family in the current cause and no flexibility to expand to other causes
- Lack of a greater vision or concern for wider society, beyond business
- Individual family members who prefer to focus on themselves than on others, taking time to do "soul searching" and not feeling ready to engage in philanthropy

Businesses

- Unpredictable business revenues and low dividends that don’t satisfy the needs and wishes of the family
- The assumption that the business is still too young or too small
- Already satisfied with the contribution of the business to social and environmental issues, including ESG, job creation, entrepreneurship etc

Despite many concerns, such as those expressed above, philanthropy can be a fertile ground for family engagement and innovation. If done well, it can become a safe space for multiple family generations; through storytelling and sharing experiences, family members can strengthen their relationships in an informal, yet meaningful way.

Exploring the Tradeoffs for Philanthropic Purpose

Our research has shown that there are almost as many philanthropic identities and patterns as there are philanthropists. The same question can generate a multitude of answers, which ultimately led us to integrate tradeoffs into the Family Philanthropy Navigator. These are designed to help families make important decisions with respect to their philanthropic journey.

We uncovered 13 tradeoffs that represent critical decisions in relation to the philanthropic purpose. We find that enterprising families face several tensions while exploring their reasons, causes and ambition to give. Different family members or generations often have different views and perceptions regarding the real purpose behind their giving. Therefore, the tradeoffs are presented as a spectrum with two opposing views and many hybrid solutions in between. To illustrate these tradeoffs, we provide selected quotes or insightful data.

Most philanthropists we interviewed discussed a mix of intrinsic (personal) and extrinsic (business, peer, family) reasons for engaging in philanthropy. Figure 10 illustrates these elements and their relative importance.

Figure 10: Intrinsic and extrinsic reasons for engaging in philanthropy

"I think that charitable giving comes from the value system. It's an intrinsic motivation that doesn't need validation or benchmarking. It's essentially a part of faith, and you shouldn't really compare yourselves to other people. It's about creating a balance and not compromising on family harmony or family time just for the sake of making more money to give more because you're doing all this to be a better human."

Male philanthropist, Europe, 4th gen

It is common for family philanthropy to be inspired by a blend of altruistic and “selfish” reasons. In our experience, most families who give are driven predominantly by altruism and, therefore, lean to the left of this spectrum. However, effective philanthropy requires a pragmatic approach to relationships and resource management. While philanthropy, by definition, is naturally altruistic, more and more families want to see some form of “return on investment” to ensure that they are making a difference.

Here are some selected excerpts from our interviews to illustrate the tradeoff between altruism and self-interest:

"I had a project for prototype housing for elderly monks who are disabled. It was a difficult project because the counterpart was a government agency [in a small Asian country]. They didn't really understand what I was doing. [...] I decided to quit, because, honestly, these people were not being nice with me. [...] I spoke with my mentor about it. He asked: ‘Whoever said that they should be nice to you?’ I realized that if your ego gets in the way, you will not get your project done, because you get distracted by something else. Change is hard. If you want to achieve a positive impact, you have to really stick with it and persevere, enthusiastically. That's how you put aside your personal interests, because when you have motives that have nothing to do with the project, they will inevitably get in the way."

Female philanthropist, Southeast Asia, 4th gen

"I always believe that giving strengthens the heart, makes you a happier and more contented person. That is the basic. It is also for self-interest. Then, how do I pass this belief system, which is a mind thing, to generation after generation?"

Female philanthropist, Southeast Asia, 2nd gen
Many families see giving as a way to protect and share their legacy, traditions or values, especially when it comes to involving the next generation. There may be a desire to adapt to new and changing circumstances by taking a fresh approach to family giving. After all, solutions that worked well in the past might not work quite as well in today’s rapidly changing world.

“My parents were the driving force. We look at them as this is their legacy. Now it’s part of the glue that holds the family together. It’s something that everyone can relate to. The business is so complex now that, even though all of us grew up working in it, not everybody works in the business anymore and it’s become very complex.”

Female philanthropist, North America, 2nd gen

“There’s a sort of continuous and ongoing demand to become more impactful, be more innovative, be conscious of what the organizations we fund need, be aware of what they think of us. We want to make a difference, but I don’t think we see the need for anyone to know that we played a role. If legacy is about others knowing about it, then I don’t think we care. We haven’t named the foundation after the family; we are relatively discreet but remain transparent. We simply just want to have impact.”

Male philanthropist, Europe, 2nd gen

“Climate change is my single biggest motivator. If we don’t think about this as a planet, but more of a spaceship where we’re destroying the life-support systems on board, and we don’t have any backup, what motivates me is that my children will live on this spaceship, and their children, and so on. I think that climate change goes well beyond the very basic future of humanity.”

Male philanthropist, Europe, 2nd gen

“We don’t have a proper structure, but because our value is that family comes first and we would never do something that would upset or intentionally upset or go against what a family member could want [in our philanthropy], we make sure everybody has an equal voice in it.”

Female philanthropist, Europe, 3rd gen

“The foundation has a twofold objective: it has to be impactful, and it also has to reinforce the cohesion within the family. I was really glad to see the other two families’ groups being interested and increasingly involved.”

Female philanthropist, Europe, 6th gen

“We started out purely philanthropic, giving money to NGOs that we thought were based on our values. Then, we’ve slowly taken the aim to become more strategic, connecting our corporate social responsibility or corporate social value to the strategic companies’ actually business.”

Female philanthropist, Europe, 2nd gen

“We have a plan about collecting all or some of our foundations, our family office, our businesses, and making them all into something we could become the collective impact. Because, if we could get all our resources together, we could have a really big impact. The benefits for the companies and for the family offices and foundation, is that we can all brand ourselves under this same thing, which gives a huge internal and external branding potential.”

Female philanthropist, Europe, 5th gen
Focus

Knowing the specific cause that you wish to support is one thing. But reflecting on whether you wish to go deep into one specific area or stay broad and more generic is an important tradeoff. Ultimately, it's a strategic choice. Some of our interviewees reported supporting a variety of causes (see Figure 12).

“Our approach was to basically **pick a few causes** that were important to us and to go deep in those areas, to try and **make a difference strategically**, rather than just signing a check to many different causes without really being involved.”

**Male philanthropist, North America, 1st gen**

![Figure 12: Main causes for giving](image)

Although most of the families we interviewed have a clear focus on one or a few specific causes, we find that they expand their area of focus as the family grows and generations pass (see Figure 13).

There are many ways to tackle a specific problem — from seeking to address the root-causes to reducing the symptoms. Sometimes it makes sense to focus on the symptoms, for example, backing an emergency appeal during a pandemic to provide critical support when it is most needed. Conversely, many philanthropists are keen to focus their giving on solutions that lead to lasting change.

“I did a lot of work speaking to all the leaders in the field of mental health. As a result, I landed on a strategy that did not exist at the time — providing the navigation services by the trained individuals working as intermediaries between the doctor, the patient, the support group, social workers and also the educators. These trained individuals would be associated with a hospital. We raised 5.4 million dollars over a period of just a couple of years to create that program. There are two and a half full-time trained individuals who are endowed for life, and they provide this type of service to patients with mental issues.”

**Male philanthropist, North America, 1st gen**
Principal Findings and Outlook

"The mission is to focus on children with special needs. As "special needs," we define physical or mental problems. I’m very interested in family relations, children who have no parents, or children in institutions. All these causes are very altruistic. We are also interested in research. We have a few programs in clinical research; for instance, the stress of the mother and how it will impact the child, and what can be done as prevention.”

Female philanthropist, Europe, 1st gen

As families grow larger, older and more geographically spread out, their focus tends to shift to giving at a more global level. Many families decide to distribute their philanthropic resources across multiple destinations, that is, at local and global levels at the same time (see Figure 14).

Figure 14: Giving destination

Although, many philanthropists actively engage with their beneficiaries to co-create solutions to their needs, there might be instances when, even with the best intentions in mind, they might apply the “solution push” approach. As the philanthropists in our study have experienced, less frequently, it can lead to better results.

“...We had one negative experience in Asia because we visited a place where there were very young children around – three or four years old and they were very sad. We wanted to do something with these children. We thought that we had great ideas. Then, a few months later, we understood that the orphanage didn’t want our help and that was very disappointing. I think it’s our fault, because we wanted to go too fast, and we wanted to do too much. They were not ready. They had problems inside their institution, so it was complicated.”

Female philanthropist, Europe, 1st gen

Family philanthropists see greater value in channeling their giving in a way that aligns with their business activities, perhaps to harness professional expertise and networks or to foster a more cohesive approach across the family enterprise system.

“There is a cause that we are starting to support, and that is in connection with our business. We have identified climate change as kind of a different category for the business, but also as a category for philanthropy. We are exploring how we can support climate change as an area of opportunity for philanthropy.”

Male philanthropist, North America, 1st gen

“The basic assumption of my father was that our company has a strong commitment and impact on the topic of health. He therefore decided to focus his philanthropic work on another domain. He is more on the human side and education; I’m more on the environment and climate change aspect.”

Male philanthropist, Europe, 3rd gen
In a data-driven world, an increasing number of philanthropists use data and statistics to set KPIs or targets, to ensure the effective use of resources and work towards their ambitions. However, storytelling and sharing experiences can prove just as valuable, especially when seeking support from family members or giving partners something to celebrate.

"Some programs are much more data-rich and therefore easier to assess; some are more campaign-focused and therefore the objectives are very clear and they can move on; some of them are more difficult to measure impact, and they look at other things, like capacity-building in a sector or policy change."

Male philanthropist, Europe, 2nd gen

"Child abuse is a hidden problem for the most part; you don’t have the data and understanding your impact on it can be very difficult. We generally don’t work on systems where it’s easy to measure progress, so you must inherently take bigger risks because you have to use your best judgment and use the judgment of your partners to assess how you make change. Sometimes the science and the data aren’t always there to tell you if you’re going in the right direction."

Male philanthropist, Europe, 2nd gen

"I very much want to distinguish between charity and strategic giving. I think in strategic giving, you will have more impact, you define a problem that you want to solve, you solve it, and you scale up the results, and get a sustainable impact. While charity is more like “So sorry for you, I’ll give you 100.” And maybe, it doesn’t go where it’s supposed to go."

Female philanthropist, Europe, 5th gen

"In most cases, it’s organic. Only at the end of the year, around the Christmas holidays, we sit and decide: What will we do this year, what and to whom? Whenever we have a request, or whenever we get something specific, then we discuss it, and we decide how much, when, to whom, and so on."

Female philanthropist, Europe, 2nd gen

"At the beginning, the first thing I did was giving money to a friend of mine because she was doing some research and she was going to publish a book. Therefore, she needed a little bit of money to pay an assistant. Then, I understood that it’s not the best thing to do, like a little bit here, a little bit there. It had to be more professional and much more structured. That’s why my husband and I decided to create a foundation, because we thought it was the best structure to do it."

Female philanthropist, Europe, 1st gen

Of the philanthropists that we interviewed, 5% described their giving as ad-hoc and mentioned being in the process of organizing their philanthropy. Typically, novice philanthropists start out by responding to the immediate and short-term needs of people around them and only over time organize their philanthropy in a more sustained and long-term manner.
Principal Findings and Outlook

Most of the philanthropists we interviewed highlighted their willingness to achieve a lasting impact through their giving by trying to eliminate the causes, rather than only temporarily addressing the symptoms, of social, economic and environmental problems. However, there is no one-size-fits-all model for giving. Philanthropy, whether charitable or strategic, is characterized by the desire to achieve goals for the common good. We find that there is a mix of approaches to philanthropy, and a monopoly of one of these does lead to a viable society.

“Within our family, we value and respect the ability of fluid involvement and change. If I look at my father’s choice of philanthropy, it's much more charitable, less strategic. It's more about the immediate ‘give a man a fish versus teach a man to fish.’ If I were to look at the way my mother likes to get involved, then it’s much more hands-on. She likes to be in the field, and she likes to hear the stories and be with the people.”

Female philanthropist, Europe, 3rd gen

While the younger generation of family philanthropists often seek alternative forms of giving that blend socio-economic and/or environmental with financial returns, the senior generation often remain more traditional when it comes to giving without any expectation of a financial return.

“For an entrepreneur, I think your job is never finished; you’re never a complete entrepreneur until you have a social venture that is sustainable.”

Female philanthropist, Middle East, 2nd gen

“We expect the same return on investment from our philanthropic investments as from any investment. The difference is that we don’t expect a direct monetary return. The returns come in the form of a safe child who grows up to become a responsible adult who contributes to the community.”

Female philanthropist, Europe, 5th gen

Key takeaway

Defining the why of one’s giving early in the process is a common practice among experienced family philanthropists. This can take substantial time, and some ideas will need to ripen before a philanthropist will decide to share them with other family members, and before any philanthropic activities start. Good philanthropic ideas require a deep understanding of the societal/environmental challenges. To ensure that the giving is relevant for the beneficiaries, best practice for a successful family is to spend a significant amount of time learning with partners, advisors and experts.

Key learnings and recommendations for purpose

<table>
<thead>
<tr>
<th>Have a clear purpose</th>
<th>Clarity of purpose is essential. When you are clear about your goals, everything else falls into place more easily. Even then, your aims might not be achieved if the strategy, capability and resources are not appropriately deployed in implementation. But if you don’t know where you’re going, for sure, you’re unlikely to get there.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aim to achieve a small success early on</td>
<td>Start with small and humble, yet tangible and actionable, steps so that you can celebrate early successes. There’s no value in pretending to solve all the world’s problems in a massive mission statement. An early success, even small, will help you gain trust and attention from the wider family.</td>
</tr>
<tr>
<td>Let the younger generation define their own purpose of giving</td>
<td>Accept that each generation will want to redefine the way they engage with philanthropy and that they might want to adjust the course of action, including the purpose of their giving. Just be there to support them in defining their own philanthropic journey.</td>
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**Principal Findings and Outlook**

**Relationships**

The second pillar of the Family Philanthropy Navigator focuses on the relationships that are important for a family’s philanthropic journey. Relationships play a crucial role in successful giving. In philanthropy, success depends on the strength and health of the relationships between all actors involved – within the family and outside. Because no philanthropist is an island and effective giving does not happen in a vacuum. At the very least, giving requires a relationship between the donor and the recipient.

**The relationships needed to give well**

For many family philanthropists, the immediate (or wider) family forms an integral part of the philanthropic journey. Partly, this is because many families leverage philanthropy as a vehicle to engage relatives in the family enterprise system, especially if they are not directly involved in the business. Philanthropy can be a great way to nurture family cohesion while pursuing a greater purpose together. Many of our philanthropists stated that it is important to create a network within the family and to identify “early adopters” or “allies” who believe in the shared philanthropic dream. These family members also need to have a high level of respect from other members so that they become a multiplier of the philanthropic cause.

Strong family support and partnerships in philanthropy create the conditions for a good start and sustainable results. Most family philanthropists also engage with external partners such as an experienced friend to sit on a foundation’s board, an independent advisor or an NGO to implement their projects. The majority of our interviewees highlighted that the “right” staff and ecosystem form the backbone of a successful philanthropic organization. Experienced family philanthropists strongly believe that to achieve impact on complex issues one needs to listen carefully to partners and beneficiaries. That means being aware that sometimes (intentionally or not) the dynamic of the money can affect philanthropic success if partners or beneficiaries are incentivized to say what a donor wants to hear instead of what the field “thinks” is appropriate.

**Family**

Family philanthropists in our study expressed a strong desire to tackle some of the world’s greatest challenges. Furthermore, they recognized a growing need for collective, rather than individual, action to make a real difference. Being a part of the family’s philanthropic journey is a voluntary decision of each family member. Many next gens we interviewed see it as an opportunity rather than a chore. A few families stated that being philanthropically active is an important criterion in the selection of successors to run the business. A number of others stressed a high involvement of the (core) family in their philanthropy. The intention behind a decision to involve next generation in philanthropy early on is to inspire and enable responsible owners and future heirs. Most families involve younger generations as early as possible by allowing them to join philanthropic boards as “observers” or forming special next gen committees. Becoming a philanthropist early on is what characterizes the younger generation of family members today. Next gen philanthropists start building their philanthropic profiles at the same time as their career profiles.

**Employees**

Employees are increasingly important partners in family philanthropy. Irrespective of whether they work for the legacy business, family office or other family-controlled entities, they willingly dedicate their skills to help families organize their giving. Many family businesses develop ways in which employees can contribute. Our interviews revealed some of the common practices to engage employees in philanthropy:

- Voting in the “year charity decision”
- “Give as you earn” (i.e., payroll giving)
- Serving on philanthropic committees to assess and pre-select grant recipients
- Onboarding training
- Volunteering.

**Customers**

Customers are becoming more aware of enterprising families’ philanthropy and want to see businesses actively contributing to social good. These external audiences increasingly demand more transparency and honesty about philanthropic activities. However, some enterprising families in our study are not sure how to navigate the delicate balance between communicating about their giving and being perceived as insincere while doing it. As a result, some decide to remain incredibly discreet about it. In an extreme scenario, one family we interviewed would not entertain any discussion on its philanthropic activities outside of dedicated formal meetings.

**Advisors and experts**

In general, families do not shy away from hiring advisors and experts for both strategic and specific philanthropic advice. Advisors and experts can bring valuable insights and provide a more objective evaluation of giving practices. A majority of the families we interviewed have worked with consultants to improve and accelerate their giving.

**Beneficiaries**

There is no better way to learn about beneficiaries’ needs than having a direct conversation or interaction with them. Increasingly, family philanthropists are dedicating more time and effort to meeting or making a connection with some of their beneficiaries. That said, leading philanthropists are conscious of the imbalanced power relationship between donors and beneficiaries and the need to thoughtfully navigate this dynamic.

**Exploring the trade-offs for relationships**

We have identified seven tradeoffs that represent the critical decisions with regard to philanthropic relationships. Enterprising families face several tensions while engaging with family and non-family partners in giving. When philanthropists begin to explore and understand the needs and options in terms of possible family involvement and non-family partners, the tradeoffs can help frame one’s thinking and to simplify the choices that lie ahead. The tradeoffs are presented as a spectrum with two opposing views and many hybrid solutions in between. In the next section we will elaborate on the core dimensions of relationships and illustrate the tradeoffs in each through selected quotes.
Families differ in size, complexity and dynamics. It follows that there are many ways to involve family members in philanthropy. Deciding which family members to involve can be a complicated and delicate process, requiring careful diplomacy, clarity and foresight.

**Figure 15:** Individual versus nuclear family versus wider family

**Panel 1:**

Families are of very independent people. In the family we have Catholics, Muslims, people who have no religious attachment at all, people of purely European origin, people of other origins, and different upbringings. We can unify very well around the things that we own together, but we do not want our values to be all forced into one bucket.

Male philanthropist, Europe, 4th gen

**Panel 2:**

"We are always thinking about preparing things for the future. One of the reasons, we started the next-generation advisory board is togetherness; to prepare them to take over. These kids are getting lots of hands-on leadership training by serving on a board; by serving on the next-generation advisory board, by serving on the committee. They are seeing how you work through a project; they are seeing how you work through a conflict; they're seeing how you have to organize things, how you have to drive and keep pushing. It's leadership training just by their involvement."

Female philanthropist, North America, 2nd gen

**Panel 3:**

"My vision is to include as many family members in the foundation as possible, and everybody doesn't want to sit on the board or be active all year round. As a result, we try to create different activities where family members can be active one, two, three or four days a year. When you've contributed to the foundation, and this is not just monetary; then they feel happy and included."

Female philanthropist, Europe, 5th gen

**Panel 4:**

"We are a family of very independent people. In the family we have Catholics, Muslims, people who have no religious attachment at all, people of purely European origin, people of other origins, and different upbringings. We can unify very well around the things that we own together, but we do not want our values to be all forced into one bucket."

Male philanthropist, Europe, 4th gen

"Historically, our family was active in philanthropy in a collective, multi-generational approach. However, we (the 3rd generation) have decided to do our own philanthropic work because we feel that we'd be more impactful focusing on causes that mean more to us instead of following what the previous generations of the family have in mind."

Female philanthropist, Africa, 3rd gen

Family philanthropy can focus primarily on the close-knit activity of couples or siblings, or it can stretch to include engagement across multiple generations. Both approaches have their strengths and weaknesses, and link to the purpose of giving as well as the family context and culture.
Principal Findings and Outlook

Navigating Your Family’s Philanthropic Future Across Generations

The most common mode of implementation is a mix between the hands-on and hands-off approach. To the extent that families are willing and able to execute philanthropic projects themselves, typically, their roles are reduced to board level responsibilities. Many enterprising families balance their involvement between the two, engaging where they can while hiring advisors to guide them and partners to implement their giving in concrete projects.

“*The way to control is you must be very hands-on. When we first built houses, we built them ourselves to know the cost of every single item: cement, nails, barbed wire, zinc sheets. Later, when we work with a local NGO, we tell them to go and build a house and we tell them how much it will cost. We control the cost. We don’t give them money and say: ‘You tell me how much it is.’ I met with an NGO who was building the same houses, asking three times more money than what we estimated it costs.*”

Male philanthropist, Asia, 1st gen

“*The foundation is not doing it itself. It is giving money to NGOs that own specific projects and it is asking partners if they want to give money to a specific association where they are already involved. We give 10 times a certain amount of money per year.*”

Male philanthropist, Europe, 3rd gen

As the family grows and generations pass, enterprising families decide whether they will only allow bloodline relatives to be part of their philanthropic journey, or allow involvement purely on professional qualifications and expertise, or it could mean a mixed approach.

“*When we have job openings in the foundation, we then have a process where family members and non-family members can participate. They are evaluated equally and in case they are rated equally, we prefer a family member. But we usually look for the best person for the job, independent of family or non-family, and we choose family if it is on equal terms or better than a non-family member.*”

Male philanthropist, South America, 4th gen

“*We have six board members in the foundation, and they are all family. That is very important. We all have our own interests. How it works is, when I come up with an idea to donate to organization A or B, we discuss this internally and we all need to be convinced that it is an appropriate program to invest in. I really need to convince, or sometimes there is no convincing because everybody knows the organization, but we try to get everyone involved and approve the donation.*”

Male philanthropist, Europe, 15th gen
Family philanthropists recognize the importance of engaging with partners. We find that there is no consensus on whether reactive or proactive engagement is more desired. Ultimately, both require different capabilities and processes. When family philanthropists choose a more reactive approach, they tend to develop a greater ability to make approvals, refusals or request revisions. When they choose to be more proactive, they tend to conduct research and due diligence and engage with experts to gain a deeper understanding of the ecosystem around their cause.

“We do not have calls for projects. We don’t want to be flooded with requests. We would rather go and find the projects ourselves. The director of the foundation and a member of the board are very familiar with the sector. We already had a foot in the existing projects and the challenges. Very quickly we started supporting a large project in the field of education.”

Female philanthropist, Europe, 6th gen

“We do not have calls for projects. We don’t want to be flooded with requests. We would rather go and find the projects ourselves. The director of the foundation and a member of the board are very familiar with the sector. We already had a foot in the existing projects and the challenges. Very quickly we started supporting a large project in the field of education.”

Female philanthropist, Europe, 6th gen

“What we do is about half the money is donated to projects picked by our experts, and then the other half goes to the projects we select via the call for projects, so any organization can apply for a grant with us.”

Male philanthropist, Europe, 3rd gen

“What we do is about half the money is donated to projects picked by our experts, and then the other half goes to the projects we select via the call for projects, so any organization can apply for a grant with us.”

Male philanthropist, Europe, 3rd gen

“’The corporate foundation gave a couple of times, and the company did as well, to many different very small, undercapitalized projects, and so the money never goes anywhere. It’s the salary of five people for six months, and then the thing collapses. In the end, you feel kind of cheated, because the people never got anything.’”

Male philanthropist, Europe, 2nd gen

“We all shifted very quickly to fewer restrictions on funding: often we convert project funding into core funding and restricted funding to give the maximum flexibility. Now, there’s a lot of discussion: ‘Why weren’t we doing that already? Will people keep doing it, or will they just zoom back to what we were doing before?’ I think some of that will stay around, but it’s really hard to predict how much.’”

Female philanthropist, Europe, Non-family CEO

Most of the philanthropists in our study mentioned providing restricted funding as a norm. Nevertheless, due to COVID-19, many of them decided to shift temporarily to the less restrictive approach.

“We’re going to divert part of the proceeds from our operating company that is earmarked for one cause and we’re going to split that between two other causes. That is, we will have two causes [climate change, autism] supported by the operating company, whereas entrepreneurship is currently sponsored by the holding company.”

Male philanthropist, North America, 1st gen

“We’re going to divert part of the proceeds from our operating company that is earmarked for one cause and we’re going to split that between two other causes. That is, we will have two causes [climate change, autism] supported by the operating company, whereas entrepreneurship is currently sponsored by the holding company.”

Male philanthropist, North America, 1st gen
Family philanthropists from our interviews highlighted that they are most likely to work in combination with others. Given that a foundation does not have shareholders, "clients" or an owner, it enjoys a unique freedom to act either by giving solely or in collaboration.

"We wouldn't go for any partnership. When we work with an organization, it is because we know them already through the business. The family business has been doing business for over 300 years, and there is a lot of knowledge within the company, and they have a huge network. We try to leverage that. The employees can also come up with ideas for where they would like us to donate to, or which organization they would like us to support."  
Male philanthropist, Europe, 15th gen

"Collaboration with other foundations is one of our primary modes of acting because climate change is a problem that exists at a scale that no individual foundation could take on by itself, let alone all of them together. We view collaboration as essential and inevitable if we want to succeed. That's with respect to other foundations and other funders."  
Male philanthropist, Europe, 2nd gen

"We tend to shy away from collaboration in Africa. There's a lot of tribalism, a lot of sexism, ageism; there's just all the 'isms.' People tend to prefer to do things on their own. A lot of the time, it seems like big families do it just for the benefit of the name and what it means for their brand, as opposed to genuinely helping communities. In that instance, they prefer to be on their own, to have the name of the family on the foundation, as opposed to working with and collaborating with other families, because they're sharing the glory and limelight with them."  
Female philanthropist, Africa, 2nd gen

Key takeaway
Leading any type of philanthropic activity brings with it substantial demands on family involvement through money, time, capabilities and connections. Family involvement in philanthropy cannot be taken for granted. When family members cannot fully commit, possibly due to their life’s circumstances or personal choices, external partners can fill the gap.

Key learnings and recommendations for relationships

<table>
<thead>
<tr>
<th>Find your allies within the family</th>
<th>As you are creating a network within the family, it is important that you identify &quot;early adopters&quot; or &quot;allies,&quot; who believe in you and share your dream. Ideally, this person will also enjoy a high level of respect from many family members, so that you can leverage him/her as a multiplier of your cause. It will take time and effort to create these ties, but it will most certainly pay off – for your family and, ultimately, for your cause.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support good governance</td>
<td>It is important for your partners to have good governance. They need to have strong boards, balanced out by a strong executive. To have impact, you will need strong partners with great leadership and a solid governing body. To achieve that you need to invest core funding in your partners, but it will pay off over the long-term.</td>
</tr>
<tr>
<td>Prepare for your exit</td>
<td>Plan for your exit early on and empower your partners to prevent any dependencies. Your planned and well-executed exit can help your partners thrive as they continue their journey.</td>
</tr>
</tbody>
</table>
The third pillar of the Family Philanthropy Navigator focuses on the organization of giving. This element of the impactful philanthropic journey relates to defining the resources that are required and available to philanthropists and how to manage and deploy them in the most effective way to achieve philanthropic goals. This pillar includes the governance structures and decision-making processes that can best serve a philanthropic purpose, as well as measuring and monitoring the desired impact.

### Resources
Philanthropists provide various forms of resources. While the most common type of resource given by philanthropists is money, giving is not just about money. In the broadest sense, we can differentiate between four types of resources that philanthropists give, summarized in the widely used “4T” framework: treasure, time, talent and ties. The sum of all these resources determines the most appropriate set-up and governance.

### Governance
Governance in family philanthropy, as in business, is the system of rules, processes and structures that help to direct and control an organization. Existing family and ownership governance systems often play a critical role in the philanthropic journey of many families. Our research reveals that some families structure their giving early on while others explore causes and broader family interests before establishing any formal structures. We also find that formalizing the family’s philanthropy tends to coincide with succession or changes in ownership. Factors such as values and tradition, family age and size, business cycle and dividends also affect a family’s decision to structure their giving.

The majority of experienced philanthropists that we interviewed link the success of their giving to how well their philanthropic vehicle functions. In that respect, they see both the sourcing and retaining of talent (whether family or non-family) to be of great importance. Building and maintaining a healthy and effective philanthropic vehicle involves good governance (e.g., effective board, productive committees, clear decision-making). Successful philanthropists in our study argue that best practice in governance as in a business setting helps to create a healthy philanthropic vehicle. Good governance is as important in philanthropy as it is in business.

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Impact
The families we interviewed increasingly want to be able to measure the impact of their giving although they recognize that not every measurement is useful. An impact assessment needs to be rigorous and regular. However, for many of them, it is still not clear how to measure impact well. They see data as an asset in philanthropy, enabling them to better grasp the needs of their beneficiaries, carry out more effective interventions and ensure they are on track. It also helps them to act when an adjustment is needed, and improves the way they measure impact. Most of our interviewees agree that data collected needs to be benchmarked against that of their peers or their own historical values. Even if these benchmarks might not be ideal, they foster thoughtful reflection and improved decision-making. Families from our study show a greater preference to benchmark or learn with other families rather than non-family or professionally run philanthropic vehicles.

The notion of collective impact
An increasingly important notion among enterprising families is the “collective impact,” or “total impact,” or “the total portfolio impact.” The terms capture the impact of the family, network including any type of advocacy work, impact investing, corporate social responsibility, sustainable development goals, and philanthropy. Our findings show that family philanthropists increasingly care about investing in society. They understand that charity, driven primarily by emotions, may or may not lead to achieving impact. However, they strongly believe that giving, when approached from a more holistic and strategic angle, can lead to a more positive and sustainable impact. In practice, this means that a philanthropist makes an investment in society and is looking for a return that is much more valuable than a monetary one. For instance, one of our interviewees explained that a philanthropist who invests in child protection does not expect a monetary return. Instead, the return is a balanced and healthy child who will potentially grow up to be a sensible human being who contributes to a society in which families and businesses can prosper.

Exploring the tradeoffs for philanthropic organizations
We discovered 12 tradeoffs that represent the critical decisions relating to philanthropic organizations. We find that enterprising families face several tensions when setting up or re-organizing their giving. Many enterprising families need to build an agreement in terms of who will give what and how much to bring their philanthropic journey to life. Different family members or generations might disagree on resource allocation, structuring and governance of a philanthropic vehicle. They might have their own understanding of how to assess impact and optimize giving. Therefore, the tradeoffs are presented as a spectrum with two opposing views and many hybrid solutions in between. To illustrate where our enterprising families stand on the spectrum, we provide selected quotes and insightful data for each presented tradeoff.

For many family philanthropists, a crucial decision is whether they can contribute beyond financial resources. This relates to the “hands-on” or “hands-off” tradeoff and how collaborative giving can be. Giving time, talent and ties implies more involvement in the implementation process while giving money implies relying more heavily on partners.
**Principal Findings and Outlook**

"It's like running an SME, because we have to make the bottom line. It's not like we’re getting handouts all the time. We try to find ways of being self-sustaining. Often, it becomes a mixed basket, a portion of family funds, foundation funds, government funds, some revenue. We have a pattern for every program we run, but we have to have a different profile for the same model."

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Female philanthropist, Southeast Asia, 4th gen

"In the last 10 years, the government has had a program such that any donations to universities get matching funding. In this regard, we have been donating to technical universities, to business schools over the years, and even to a vocational school for nursing."

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Male philanthropist, Europe, 4th gen

Some families organize their giving in a perpetual way, while others give in a strictly time-limited fashion. The choice in this matter will likely depend on one's motivation for giving. A perpetual model aligns with an expectation that future generations of a family will remain engaged with family giving.

"The previous way we committed to give, and would give, based on that commitment, but we realized we were creating a liability for the future. Now, we give the same amount. But to avoid creating a liability we build up an endowment and give a percentage of the endowment."

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Male philanthropist, North America, 1st gen

"When people start thinking of such activities, the best way would be to sit together with whoever is deciding and say: 'We are going in this and this direction with that specific money/a percentage of profit margin, and let’s make it a little bit more structured.' Then probably the satisfaction would be much greater and more measurable."

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Female philanthropist, Europe, 2nd gen

The family philanthropists in our conversations stressed that the most important decision they have to make is whether to set up their own philanthropic structure or to give directly to specific organizations and causes that take care of the organizational side of things.

Our interviewees reported controlling a variety of philanthropic vehicles (see Figure 17) and 3% said they were in the process of starting a formal vehicle.

**Figure 17: Family philanthropists’ main vehicles**
Families with diverging interests in giving tend to choose more than one giving vehicle (see Figure 18). Their choices are also subject to specific national laws and regulations as well as tax optimization.

### Figure 18: Number of vehicles family philanthropists give to

<table>
<thead>
<tr>
<th>Number of Vehicles</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>71%</td>
</tr>
<tr>
<td>2</td>
<td>20%</td>
</tr>
<tr>
<td>3</td>
<td>4%</td>
</tr>
<tr>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>5</td>
<td>2%</td>
</tr>
<tr>
<td>6+</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: Here we include only the philanthropists who reported controlling at least one vehicle at the time of the interview.

Most enterprising families start their philanthropic journey with a rather low profile. They gradually gain confidence in their ability to make a difference and start to feel that their reputation is less at risk. They become more willing to speak openly about their philanthropic contributions and to advocate for their causes.

“It has become very popular to boast about philanthropy. There are families who really like to splash it out right, left and center that they have given thousands of euros to some good cause, and they want to be admired by the whole world. But we may have done something at a much different level, and we don’t say anything. Sometimes it causes a bit of discussion. So far, what we’ve been able to do is simply collect and document what we’ve been doing, for the family’s reference.”

Male philanthropist, Europe, 4th gen

Most of the philanthropists we interviewed feel that it is more appropriate to give in a way that fits into the family enterprise system. Moreover, it is fairly common that the best practice in governance sourced from the family enterprise system is transferred into the philanthropic vehicle.

“We have a website for the foundation, but it is locked for external people. If it was open to everyone, we’d get many requests from people who would like to have a donation. We would like to avoid that. We are just not able to look at all these requests. There is quite a bit of due diligence involved, because you have to check if there is really a scheme behind it.”

Male philanthropist, Europe, 15th gen

“We give a lot of importance to explaining and communicating about our philanthropy. Not to brag. We already feel good about it when we have a good impact. But there are enough bad examples in our societies. I think we also need good examples for people to be hopeful. Sharing art with our employees on the walls of a factory building, we were criticized by our customers and everybody. Then, in the past few years, we have managed to communicate that whatever we are doing, we are putting into cultural causes. We also share it with everybody. It changes our ability to perform and to think differently.”

Female philanthropist, Middle East, 2nd gen

The board is made up of family members only. There are advisory members who sit at the board meetings, who are not full board members. We are the final decision makers, and with respect to the day-to-day operations, there is a professional staff. We have a self-imposed limit of 100 staff. It was something my father felt strongly about. At some point you stop being a family foundation if you have more than 100 staff. This is already pretty challenging to remain connected to what we do. There is a strong desire to remain a family foundation that’s led by the family.”

Male philanthropist, Europe, 2nd gen
"I think that you can make a good business out of corporate social value projects. For example, I would like to have a business proposition where we make profits and also do good and distribute it. That’s what I would like, but it’s small steps at a time. We started corporate philanthropy in 1980s and we didn’t get strategic about it until 2015. It takes time to develop the strategies and get everybody on the same page. I believe that businesses that will survive in the future are the ones that have integrated corporate social value into their business model.”

Female philanthropist, Europe, 2nd gen

Often, families choose causes that are in some way linked to their business (see Figure 19). This also gives employees an opportunity to participate in the business’s various philanthropic activities.

Figure 19: Philanthropic causes linked to the business

Thirty percent of the families we interviewed also own a family office. Family offices are often useful in providing administrative services to philanthropic vehicles or directly contributing with financial resources.

Leading any type of formal family philanthropic organization requires substantial family involvement and family members can play numerous roles at the board level, as advisors or hands-on managers. But as family involvement cannot be taken for granted, many families choose a set-up that allows non-family staff to fill in critical gaps.

“My grandfather founded the foundation and afterwards my aunt took it over. Starting last year, I became the new president. Then, we started to do a lot of work inside the foundation around values, strategy and procedures. Now, the board consists of five family members. The board members started committees this year, because we didn’t have any before. On the management level, we don’t have any family members.”

Female philanthropist, Middle East, 3rd gen
Principal Findings and Outlook

Navigating Your Family’s Philanthropic Future Across Generations

“It started as a vehicle for the personal giving of the founder. Over the years, philanthropy grew, a strategy was developed, and then more staff were hired. The current generation is very disengaged, even though the money is theirs. This is one of the reasons that we are professionally run. The founder planned it this way as he didn’t want to impose on his heirs to carry on his vision. He wanted them to follow their own philanthropic passions.”

Female philanthropist, Europe, Non-family CEO

The majority of the family foundations we interviewed act as grant-making foundations. Whether the vehicle is run by family only or also by non-family staff depends largely on the purpose of giving. It also depends on whether family members are willing and able to oversee the foundation or project on behalf of the rest of the family. This is particularly important when choosing an operating vehicle because when a family conducts its own charitable projects, more involvement is generally required on the management side.

“As an entity, we are both operational and grant-making. We have a couple of projects in each geography that we have seeded with the right implementing partners on the ground. Still, we oversee the start and finish of each program, including monitoring and evaluation. We also have grant-making, which we do across the three geographies, on different scales.”

Female philanthropist, Asia, 4th gen

“Most of the large NGOs work through a local NGO in the country concerned. A grant maker raises the money and gives to the grantee, who does the work. I found that there are many grant makers, but there are few grantees. I also found that, in the charity sector, there are very few good local NGOs, and what happens is that a few local NGOs will be chased by many large international NGOs. They are actually drowning with money.”

Male philanthropist, Asia, 1st gen

Family philanthropists admit that data can provide a wealth of information to guide and shape their way of giving. Unfortunately, data tend to tell only part of the story. Family philanthropists also value qualitative information, which can give additional insights beyond the numbers.

“Philanthropy is developing into a broader sense of not just giving money away. It’s risky to not measure outcome. If you don’t have any key indicators to measure, then it’s difficult to get information that can help you assess your goals. It can quickly become something that one person is very emotional about, but it doesn’t actually affect anyone else. Then the benefits are not as good as evident as they can be.”

Female philanthropist, Europe, 2nd gen

“We have monthly meetings with each of the individual projects and we review the budget together. When they submit the request for the next month’s budget, there’s an impact element, for example, of the number of surgeries, the number of people attending, etc. It depends on each project but the impact is definitely featured.”

Female philanthropist, Asia, 2nd gen

A few of our family philanthropists have established an operating vehicle or a hybrid vehicle with operating and grant-making activities (see Figure 21).

Figure 21: Families with operating/grantmaking activities

Family philanthropists admit that data can provide a wealth of information to guide and shape their way of giving. Unfortunately, data tend to tell only part of the story. Family philanthropists also value qualitative information, which can give additional insights beyond the numbers.
Family philanthropists tend to rely on external evaluation or advice to assess their impact. The main purpose of an evaluation is to ensure that one’s support is effective, efficient, relevant and produces the desired results.

“In Africa, we have a program around youth employment. There, we look at metrics, for example, how long it takes students to get placed into jobs, when they do get placed into jobs, what is their pay increase, what does their retention rate look like, etc. We build in the metrics early on [into a project], so that we can monitor the success. There is a science to it, but you [as a donor] also are responsible for defining the metrics. Sometimes, it is hard to say whether a project is successful or not, because you are the one defining what your outcomes should be. We try to have some independent evaluators come and advise on this so that we can get better at it.”

Female philanthropist, Asia, 4th gen

“The majority of our grants require the grantee to submit a final report within one year from when they receive that grant. We have systems in place to evaluate most of the grants that we provide, but it might look a little bit different, depending on the scope of the project. Something that is quite difficult to really evaluate is, for example, when you think about education: how do you really know that these students are improving, or if we’re moving the needle in what these students are learning? Some of that is out of your control.”

Female philanthropist, North America, 2nd gen

Some family philanthropists are much more cautious about investing in an organization’s development. Above all, they want a greater portion of their grants to reach beneficiaries and are very wary about the amount that goes to administration.

“My dad said in case we found any projects [during our trip to Africa] where he could help, he would prefer to do it without a middleman who, according to him, takes a big part of the funds for administration costs. He would prefer to help directly. We came to a village, where we saw their need and the potential to be involved. I was lucky to have mobile phone coverage from there, and I literally called my dad and asked: ‘How about funding the first teachers’ house for this project?’ There was no big structure, no big plan. We had no idea that it would, over the years, grow into something as big and impactful as it did.”

Female philanthropist, Europe, 2nd gen

“If you have only €100, and even though the organization that you support needs 20% to do their work, they can use that €100 more effectively. If we went to India, for example, and try to teach the children about sanitation, etc. that wouldn’t be as good, because we don’t have the network there. I think that it’s more effective [to work with a local NGO]. Therefore, we have taken the decision that we will not go and build the school ourselves or dig the well, instead, we will support experts in their job.”

Female philanthropist, Europe, 5th gen
Family Philanthropy and COVID-19

We are living in a period of constant turmoil with one major challenge or crisis following and compounding another. The current pandemic has affected many families and their businesses in various ways, with many family philanthropists directly or indirectly working to mitigate the negative consequences of COVID-19 on the communities and causes they support.

From additional interviews with several family philanthropists, we concluded that families did not decrease their giving during the pandemic. Indeed, some increased their giving amounts. Family philanthropists have been extraordinarily effective in this context, partly because they are able to bring together owners and management more quickly to address such challenges. They also tend to have a more informal decision-making process which allows for a more flexible and agile response.

Furthermore, many families took the crisis as an opportunity to reflect on their current philanthropic activities. The pandemic has had both tangible and intangible impacts on the purpose, relationships and the organization of their giving, with some families making adjustments faster than others. During our interviews, families shared with us some of the consequences of the pandemic:

- Put on hold all new philanthropic ideas or early-stage projects
- Expanded the initial purpose and scope to support communities most vulnerable to COVID-19 locally and globally
- Reflecting on adjusting the purpose of giving since the post COVID-19 will need to rebuild.

**Purpose**

**Relationships**

- Developed family impact committees to reflect on the crisis as a family
- Started embracing technology to connect instead of keeping family meetings face-to-face, while a few family branches physically moved into large facilities together to stay close
- Gave next gens a chance to find their own space in the wider family enterprise system as the senior generation needed to delegate and share more responsibilities with them
- Put fewer restrictions on funding of current partners, with extended deadlines
- Opened calls for proposals for beneficiaries who needed more financial support in the crisis
- Relationship between donors, partners and beneficiaries became more personal than before
- Provided training on fundraising and financial sustainability for partners
- Managed mental health of own staff.

**Organization**

- Pivot to digital and made leaps and bounds in digital fundraising or virtual events
- Shifted to more rapid decision making and suspended hiring new staff
- Revisited own budget for 2020, postponing some activities to 2021-2022
- Assessed the risks that the continued crisis would have on their philanthropy
- Faced substantial delays in getting work done in terms of achieving predicted targets and making progress with causes
- Suspending field visits due to travel restrictions, quarantines, social distancing.

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**Key takeaway**

Finding the right organizational set-up and structure affects whether a philanthropic journey is as successful as you want it to be. Building and maintaining a healthy and effective philanthropic organization requires principles of good governance on multiple levels.

**Key learnings and recommendations for organization**

- **Run a healthy organization**
  
  The success of your giving depends on how well-functioning your philanthropic organization is. Your staff, whether family or non-family, need to have their hearts in the right place and be committed to the cause. They must also be competent and capable of delivering what is expected of them.

- **Learn from professionals**
  
  Bring in philanthropy experts to leverage their experience and expertise to help you professionalize and accelerate your giving. The fallout of a poorly planned program can be significant, and you will want to avoid these negative consequences where possible.

- **Define your impact and measure it**
  
  Measuring impact should not be an objective but a central tool to help you to build and maintain effective collaborations. To achieve a desired impact or de-risk a philanthropic investment, you will need to integrate due diligence and follow-up processes to monitor how your money is spent. As a donor, you have a responsibility to ensure that your money is spent in the most effective and efficient way.
Navigating Your Family’s Philanthropic Future Across Generations

It is anything but easy to resolve some of the world’s greatest societal and environmental challenges. Furthermore, giving is complex and can become even more complex when giving together with one’s own family. The important thing is to choose goals and chart the course that best suits each philanthropist and their families.

Our extensive research has enabled us to identify the common denominators of an impactful philanthropic journey: purpose, relationships and organization.

What makes philanthropy purposeful and impactful?

For many aspiring and established philanthropists, the perennial question is how to successfully navigate the world of philanthropy and achieve the desired aims. We find that an impactful philanthropic journey incorporates a strong and clear purpose with a defined motivation, a clear focus, as well as a defined ambition for giving. Some of the family philanthropists we interviewed highlighted that impactful philanthropy starts with a good idea. The best ideas in philanthropy come from a deep understanding of the societal needs and environmental challenges. Our interviewees typically spend a great deal of time trying to understand what is really needed and is useful to their beneficiaries as well as what the family can provide. On that learning journey, they engage early on with multiple internal and external partners, advisors and area experts.

What makes for fruitful philanthropic family relationships?

Family philanthropy often starts as the idea of one and over time becomes a journey of many. We find that an impactful philanthropic journey incorporates strong support from the wider philanthropic family, with a clearly defined family involvement. Some family philanthropists told us that their journey takes off once the family commits to support a cause together.

What defines an effective philanthropic organization?

Turning a philanthropic idea into a tangible project means thinking about how you wish to organize your giving. A desirable, feasible and viable plan is a key element in helping enterprising families achieve impactful philanthropy. A successful plan defines what resources are required and available for giving and how you can manage and deploy them in the most effective and efficient way to achieve your own philanthropic goals. Other crucial elements of your plan should include the choice of governance, structures and decision making.

Success in philanthropy means different things to different people and it depends on individual circumstances and preferences. There are no specific “right” or “wrong” approaches to philanthropy, and any journey in giving will have wins and losses that we can learn from and share. While there are just as many ways to approach philanthropy, if approached in a thoughtful and structured way, family giving can be an impactful and engaging calling. It can become a lifelong passion as families start to see that they can make a real difference in the world. To help them navigate this journey, we have identified and discussed the 32 tradeoffs of family philanthropy.

Finally, we investigated how COVID-19 has affected philanthropic families around the world and the different ways in which our interviewees responded to the crisis – rescue, recovery or rebuilding.

We have learned that family philanthropists can play an increasingly important role in tackling immediate issues due to their more agile approach. Looking ahead, they plan to prepare flexible and sustainable funding models that will help build resilience for future catastrophes. Nevertheless, large amounts of private wealth are required to tackle the long-term consequences of COVID-19. Beyond the medical crisis, a range of serious issues have arisen including food insecurity, the loss of jobs and various challenges related to education and mental health. Enterprising families are ready to lead the necessary support.

Through these findings and insights, we hope to shed more light on the complex and challenging process of family philanthropy for enterprising families, advisors and other researchers.

Key takeaways

- Apply a holistic and comprehensive view of family philanthropy that fits with the purpose and inner workings of the family
- Nurture relationships and collaborations within and outside the family
- Leverage the resources and governance practices of the family enterprise system to better serve your beneficiaries
- Strengthen extended learning opportunities to test, validate and adopt effective approaches to impact
- Reflect on the viability, feasibility and desirability of your philanthropic plan by prototyping your idea early on.
About the Authors

Peter Vogel is Professor of Family Business and Entrepreneurship, holder of the Debiopharm Chair of Family Philanthropy and Director of IMD Global Family Business Center. He is an expert on family enterprises and leads IMD’s work in this field as Director of the IMD Global Family Business Center. He was named by Poets&Quants as one of the world’s best business school professors under the age of 40 in 2022 and included in Family Capital’s Top 100 Family Business Influencers list in both 2020 and 2022. Vogel is also Director of the IMD Global Family Business Award, which recognizes excellence in the art of building and managing a successful, sustainable and well-governed family-owned enterprise. The award was established in 1996 and is now seen as the most sought-after prize in the field of family business. He holds a Ph.D. in Entrepreneurship from École Polytechnique Fédérale de Lausanne (EPFL).

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Contributors

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Caroline Seow is Co-Founder and Director of B Lab Singapore, the Chair of Jesuit Refugee Service Singapore, and Ambassador and Contributor to the Cambridge Institute of Sustainability Leadership. Her recognition of the importance of cross-sector collaboration led Caroline to venture into the family business, impact, and non-profit space after two decades in MNCs. Starting as a Systems Engineer with IBM, her last ‘corporate’ role was Head of Marketing, Apple Asia Pacific. Today, Caroline volunteers in the intersection of business, purpose, and social justice. Caroline is an advocate of Certified B Corporations. She is working with a team of founding B Corps to transform capitalism and build a more inclusive and regenerative society. Caroline’s community work includes time spent in Indonesia, Myanmar, and Zimbabwe.

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Peter Maitgornata
The Family Business Network (FBN)

FBN is the world's leading organization of business families. "By family businesses" and "for family businesses," FBN is a safe, shared-learning space for enterprising families to flourish across generations, through the exchange of excellent, innovative and impactful practices.

Founded in 1989, it is headquartered in Lausanne, Switzerland. A vibrant community, it brings together over 4,200 business families – 18,000 individual members including 8,000 next-generation members – in 32 Chapters covering 65 countries.

Annually FBN organizes thousands of online and offline activities internationally, regionally and locally. It brings together communities tailored to different generations, roles and topics: NxG, NowGen, Polaris, Entrepreneurship, Family Office and Large Families.

FBN international and many of its chapters: