

The rewards of family philanthropy

An NPC client once told me that every £100 his family gave away meant £100 less for his teenage daughter to spend on shoes. Which he thought was a good thing.

You may use philanthropy as a way to bring family together from around the globe.

You might find it helpful in teaching your children about the responsibility of wealth.

Or maybe, like this NPC client, you simply want to curb your teenage daughter's spending in Top Shop.

I suspect you are already aware of how rewarding giving as a family can be.

Philanthropy can act like glue, tying families together. For family businesses, it can build strong relationships with local communities where the company operates. It can draw in members of the family who aren't involved in the business side of things, by giving the family a common point of interest.

But I'm not going to dwell today on the benefits of family philanthropy.

Instead, I want to talk to you about how you can make it more enjoyable for you and for your family.

I think that philanthropy should be fun. This is the key point of my speech today. Philanthropy should be fun, it should be rewarding, and it should unashamedly make you feel good.

People have commented that the time they feel most good about their philanthropy is when they can really see they are making a difference.

A trustee of NPC once said "The good feeling that comes from writing a cheque fades rapidly if you can't see that people's lives are improving."

You have to know your giving is making an impact.

This requires putting in time and effort to your philanthropy. No one has ever accomplished anything great without putting work in.

But I'm hoping today to make it a little easier by providing ten pointers which will make your families' giving more thoughtful, more focused and ultimately more rewarding.

Point number 1: Listen to your children: find out about the causes they love

The issues you care about are probably not the same ones your children care about.

If you want to get your kids interested in giving you need to let them find and research an issue that interests them. In the next generation workshops we run for children of wealthy clients we find what gets them really excited about giving is being asked to discuss how they might use £1m to change the world.



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Now you might not want to provide your kids £1m to give away. But one NPC client did set aside a smaller pot of money for his two teenage daughters so they could give it to a charity they cared about. Discussing the charities with his daughters not only helped to build their interest in philanthropy but also gave him a much better idea of what really mattered to them.

You don't however have to follow this client's lead and set aside a pot of money for your children to give. One alternative is to encourage your children to contribute themselves by suggesting they split their pocket money into three pots; one for spending, one for saving and a third for charity. If you wished you could offer to match whatever money they give. Introduce them early to the power of leverage.

Remember though that getting kids interested in giving doesn't have to just be about the money side of things. One family chose instead to run a competition among their children to come up with a name for their family's foundation. The eldest son, won the competition.

However you do it, the important point is to involve kids. If you don't, you run the risk that your children will see the family philanthropy as disinheriting them from wealth that would otherwise be theirs, rather than as an exciting experience for them.

My second point is – **Make it democratic: involve the family in decision-making**

Different families take different approaches to managing their philanthropy. Some, like the Weston family choose to have one centralised family fund, and for all trustees to be members of the family. The family have regular meetings where they decide together how to distribute funds.

Others, like the Sainsbury family, have a dedicated pot for each adult family member. Each person is free to choose the issues they wish to support with their own pot of money. The family provides the overarching infrastructure for each trust.

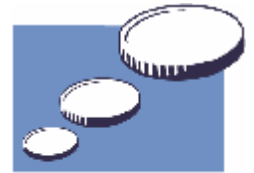
What both these families have done, in different ways, is make the process democratic. In neither case is there a head of the household dictating how funds will be distributed.

The Westons and the Sainsburys have both realised something important.

By being part of a democratic decision-making process, the younger generation are more inclined to carry the torch once older members have passed on.

Interaction doesn't have to come through boring, stuffy meetings. One well-known family makes decisions at the annual meeting of their family foundation, which forms the centrepiece of their Christmas gathering. It brings together the family, now scattered across four continents, and builds bridges across generations.

Another makes sure that all family members can be involved in decision making by having its own website. On the site family members can discuss interesting charities and post comments and questions. The family then draws up a shortlist of organisations to fund from this list of suggestions.



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Point number 3: **Do more than just writing a cheque: experience charities firsthand**

One of the best ways to get your family and children excited about philanthropy is to take them to see the work of charities. One large family, with members spread across Europe even hires a coach for the whole family to go and visit the projects they fund.

Some NPC clients use part of their family holiday to visit charities they are thinking of funding.

At one extreme is the Escapette family from Switzerland, who took their children on an epic voyage over 6 years, visiting 80 different development projects.

For a less extreme example there's Mark, the eldest son of family in London. He chose to spend part of his gap year visiting a charity the family was funding to check on its progress. On his return the family decided to continue to support the charity based on the report he was able to provide.

As well as visiting projects, your family might want to look for other ways to get involved in a charity's work. There could be members who are keen to offer skills and expertise to a charity, perhaps by becoming a trustee.

Philanthropists with useful skills or resources can have a huge impact on a charity's work. The Oxford Committee for Famine Relief was only set on the road to becoming the Oxfam we know today, after the philanthropist Cecil Jackson-Cole sent one of his business managers to become its founding Secretary General in the 1950s.

Younger generations in the family could volunteer or organise a fundraising drive for a charity. One teenager who took part in an NPC workshop, (run in partnership with a private bank), was so inspired after visiting a charity helping children with autism that he decided to run the London marathon in the charity's name. And the 9-year-old daughter of another family was so moved by their visits to Indian slums that she wrote a story about her experiences on the website of Newsround, the BBC children's news show.

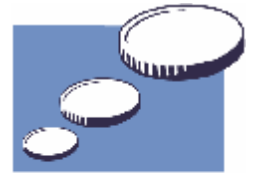
If your children want to meet other young people in their position I'd also recommend you look up a great new organisation called the Young Funding Network. It's set up by children of members of The Funding Network, which I explain more about later, and provides a fantastic opportunity for young adults to come together to fundraise for projects they are passionate about.

Point 4. **Choose a focus for your giving and learn to say 'no'**

One of the most difficult things when giving to charity is finding the power to say 'no'.

Donors feel pressurised to respond to the huge number of requests for donations. They can end up giving their money randomly and in an ad hoc way.

One couple who had been funding a wide range of causes found that, after a time, their giving had lost the excitement they had felt when they first started. It had become so boring and unfulfilling that they almost gave up completely.



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My team at NPC believes that focusing funding can increase the impact of donations. A family will get a bigger sense of achievement if you can see more clearly where the money has gone and the difference it has made.

And it can also help with the tricky problem of saying no. One donor told us that since she chose to focus her giving on disabled children she finds it much easier to turn down unsolicited requests. She simply says that the particular project falls outside her area of focus.

Choosing a focus also means that you and your family can build up more knowledge of the issues you fund, and get a better idea of interesting charities working in the area.

When one family foundation approached us it was funding across 20 different areas but hadn't sunk their teeth into tackling any of them. It was a 'jack of all trades, master of none'. After working with our consultants they chose to focus their giving on four areas, and work in-depth with a smaller number of charities. Now they feel they are able to create a much bigger impact.

But don't think that being focused means that you can never again fund charities which fall outside your chosen area.

A number of clients choose to split their funding into different pots. There is the larger pot, directed towards those charities working within the focus area, whether it be organisations helping prisoners find employment or those helping children struggling in school.

And there is your small, discretionary pot. Through this you can sponsor a friend's daughter to climb Kilimanjaro, or which aunt Mildred can dip into to support the work of the Apostrophe Protection Society. A noble cause I am sure you agree.

Point 5. **Don't get bogged down: keep it simple**

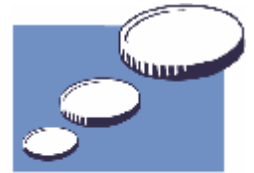
Visiting charities as a family and giving together is fun. But as you learn more about huge social problems and are faced with 160,000 odd charities to pick from in the UK alone, let alone overseas, the whole process can seem daunting.

The most important thing is not to become overwhelmed. Don't be afraid of starting small—you don't have to do a Gates and set out to tackle malaria from day one.

Make a start by finding just one or two charities working in an area that interests you. A number of organisations which can help you with this, from personal advisors like NPC or Geneva Global, to online sites like the Big Give where you can search for projects in need of funding.

You may find it helpful to read some of NPC's free research reports on issues from child abuse to literacy. These highlight some of the most successful solutions to tackling the issue and recommend a number of effective charities.

Crucially, don't get so bogged down in the actual process of grant-making that giving loses its enjoyment. It will very soon start to feel like a burden and a chore if you do.



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One donor, Mark Woodley got increasingly frustrated when he realised his family meetings were revolving only around the mechanics of grant-making. He felt they weren't learning from any of the grants they had made, and therefore weren't adapting or improving the way they were giving.

To counter this, they decided to set aside one meeting each year to reflect on what they had learnt from their grantmaking, and decided to visit each of their grantees to see how they felt the process was going.

Point 6 is – **Experiment: fund new, innovative approaches**

It is tempting to want to see concrete, immediate results as a result of your funding. Which is why some families end up only funding capital projects, like a new visitors centre or front-line services, like play equipment for disabled children.

But some of the most rewarding results come from knowing your family's funding has helped to create long-term change. This could be by helping to change a government policy. Or by helping to shift the public's opinion of a group of people or an issue.

True Colours Trust, one of the Sainsbury family stable, focuses on disabled and terminally ill children. It decided to fund a campaign for better services, rather than funding front-line work.

The trust's support helped the organisations to achieve tangible policy wins: like an extra £340m of government funding for disabled children and their families.

Don't be afraid to experiment with your giving. Why not work on building your family's knowledge of policy about an issue, such as prisoners or refugees, and think about supporting a campaigning organisation?

Or you could take a portfolio approach and fund different interventions – if your family wanted to help people with autism for example you could fund;

one charity that provides direct support to children with children with autism;

one that carries out research into causes of autism; and

another that campaigns and calls on government to commit more resources to the issue.

You could also experiment by choosing to fund new or innovative approaches.

Finally, your family could experiment by funding 'unpopular' issues that other funders may shy away from. In the field of child abuse for example, many people choose to fund the NSPCC.

Fewer choose to support The Lucy Faithfull Foundation, a small charity that helps to stop child abuse through its work with paedophiles or those at risk of abusing, achieving great results.

Point 7 – **Think about *how* you fund charities, not just which to fund**

By improving the way that they fund charities, funders can strengthen them, increasing their impact and changing the lives of the people charities help.



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In NPC's experience, funders need to take time to understand the needs and approaches of the charities they support to help improve the way those charities work.

But being a good donor is not only about building knowledge around where and what to fund; families also need to think about how they fund.

A lot of donors provide charities with the money and support they need to run a particular project. Good donors make sure that their donation covers the administrative costs of a project, and make sure that they don't leave the charity out of pocket. Great donors make unrestricted gifts, extending their support for 3-5 years, so that the charities can plan and decide how best to spend the funds.

As I mentioned before, real satisfaction and reward comes from being able to comprehend the difference your money has made. To achieve this understanding, you could consider funding the charities you support to carry out an evaluation of their work.

Evaluations benefit both charities and those funding them. They help charities to see whether a project was successful and to understand which areas they should adapt. They also help your family, the funder, to learn which interventions work well, and where your funding could be best used.

I know that it is hard to get excited about evaluations. Hard for most normal people, that is. The mere mention of the word quickens my pulse. But they are an essential part of understanding what charities and your funding has achieved.

Point 8 – **You don't have to do this on your own: team up with other donors**

Why not think about partnering with other families, or going along to networking events to meet other donors and share expertise? There are several options you could consider.

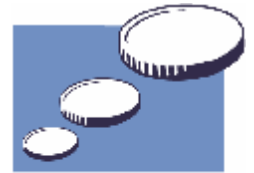
Forming or joining a giving circle is one. In such circles, people combine their funds and expertise with others to achieve greater impact.

Or attending The Funding Network, a networking forum and 'public giving circle' where members come together to co-fund charities that have been put forward by other members.

Or you could even think about piggybacking your funding on someone else. Warren Buffet did just this, choosing to pledge most of his \$40bn fortune to the Bill & Melinda Gates Foundation. He famously said;

"What can be more logical, in whatever you want done, than finding someone better equipped than you are to do it? Who wouldn't select Tiger Woods to take his place in a high-stakes golf game?"

For many areas of charitable giving, there are already funders who have set up systems that would be pointless and costly to replicate. For example, The Baring Foundation has a programme of international giving. To avoid duplicating effort, The John Ellerman Foundation joined Baring's international programme, and the foundations share a single application and assessment process. This gives Ellerman access to better expertise and processes than would otherwise be the case.



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Point 9 – **Take a step back and review your grants.**

Once you've experimented and been giving grants for a while it can be really helpful to review your giving.

Start by thinking about which of your donations have given your family most pleasure, and why. Was it because you built strong relationships with the people at the charity? Was it because family members were able to offer expertise as well as money?

Look at whether you think your money was used effectively and what your donation helped to achieve.

And don't forget to talk about what maybe didn't work so well and how you could improve things. Admit to and learn from your mistakes.

This is the time also to talk about how well you have been working together as a family. Do all family members feel that the decision making process has been fair and democratic? It can be helpful to bring in an outside party to lend an objective eye.

Our consultants have helped a number of families to review their giving. One long-established family foundation had been giving many small grants but felt they weren't creating as much impact as they could. To help the new trustees identify how they could create more impact, we analysed the family's current grants and worked with the trustees to identify the area they were most passionate about—mental health. Then we set up meetings with NPC analysts with expertise in mental health so the family could learn more about the issue.

And, finally, point 10 – **A word of warning: don't make assumptions!**

Don't assume that just because you are excited about philanthropy that your children are eager for this experience – many aren't.

But by showing that giving can be fun and rewarding, children can be encouraged to get involved.

One family NPC worked with thought their daughter wouldn't be interested in a charity visit and only took her along because they couldn't find a baby-sitter. Three days later she was still talking non-stop about the charity. It just goes to show that if you make the effort to get your children involved in your family's philanthropy you might be surprised at how rewarding it can be.

Let me give a quick reminder of my ten pointers. They are as follows:

- **Listen to your children: find out about the causes they love**
- **Make it democratic: involve the family in decision-making**
- **Do more than just writing a cheque: experience charities firsthand**
- **Choose a focus for your giving and learn to say 'no'**
- **Don't get bogged down: keep it simple**
- **Experiment: fund new, innovative approaches**
- **Think about *how* you fund charities, not just which to fund**
- **You don't have to do this on your own: team up with other donors**
- **Take a step back and review your grants**
- **A word of warning: don't make assumptions!**



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Armed with these ten rules, I believe that family philanthropy can be more rewarding. And rewarding equals fun, as well as impactful. Those two things – more fun for you, more impact on the work of charities – are profoundly valuable but attainable goals.

***Martin Brookes was speaking at the BNY Mellon Wealth Management conference 'The Family Wealth Paradigm'
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