



# Philanthropy and Social Engagement

THE RAFFLES LEGACY LEARNING CENTRE



THE RAFFLES LEGACY LEARNING CENTRE  
Educating Legacy Families Across Generations





## INTRODUCTION

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### **Outstanding Philanthropy**

‘The generosity that causes people to use their wealth on others’ behalf is a wonderful expression of humanity at its best, and it can bring enormous joy into a donor’s life. But generosity alone is rarely sufficient if you aspire to leave a legacy of exceptional results. Outstanding philanthropy is distinguished by what it achieves as well as by the act of charity itself...

Give Smart p 2



# CONTENT

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Key Contributors

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Module One : Understanding Your Family History of Philanthropy

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Module Two : Aligning philanthropic strategy with family purpose, vision and values

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Module Three : Selecting initiatives and defining success

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Module Four: Fulfilling Family Commitments

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Module Five : Designing High Impact Action Plans

Module Six : Working Effectively With Grantees

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Module Seven: Outlining programs of Social Engagement

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Module Eight : Measuring progress and maximising impact

# INTRODUCTION

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**Course Reading: Strategy for the Wealthy Family  
Principle 6 pp 325-347,**

**Recommended Reading  
Give Smart: Philanthropy That Gets Results  
by Thomas J. Tierney and Joel L. Fleishman with Nan Stone**

Pub by Public Affairs  
Available on Amazon  
Summary and Introduction

Charity, philanthropy and personal engagement in broader social causes are an important part of our lives, and therefore an important part of our personal priorities, financial plans and shared family activities.

Generosity to help those less fortunate than ourselves can be seen as a major element of our family legacies, and our individual personal and spiritual development.

**Philanthropy is as much about who a family is as what that family does.**

The spirit of charitable giving stretches far back in history as one of the oldest and most positive characteristics of human civilization. Evidence has been found in Egyptian tombs over 4,000 years old of gifts from the wealthy to the poor.

Many of us as individuals, and as part of a greater family, want to leave the world at least a little bit better off as a result of our passing, sharing an appropriate proportion of the benefits we have received in the very privileged lives we may live.

Throughout time and across virtually all religions, saints, prophets and sages have encouraged wealthy individuals to extend a generous hand to those less fortunate.

- The Christian religion exalts the trio of faith, hope and charity as supreme virtues, with charity the most highly valued.
- The fierce Native American tribe of the Sioux, famed as warriors and participants in of one of the great North American indigenous cultures, cited the four supreme virtues of bravery, fortitude, wisdom and generosity as the four cornerstones of belief and action.
- The mandated practice of generosity, known as Zakat, is one of the five pillars of Islam.
- In Buddhism, the transcendent virtues include: patience, humility, charity, energy, wisdom/knowledge, contemplation/meditation, virtue/purity, and charity.
- Of the eight endeavours from the principles of Jainism, helping others is one of the first mentioned
- The Gita encourages the adherents of Hinduism to pursue a set of prescribed divine qualities, known as Daivi-Sampat, which are the manifestation of the four fundamental virtues; among these divine qualities is alms-giving.

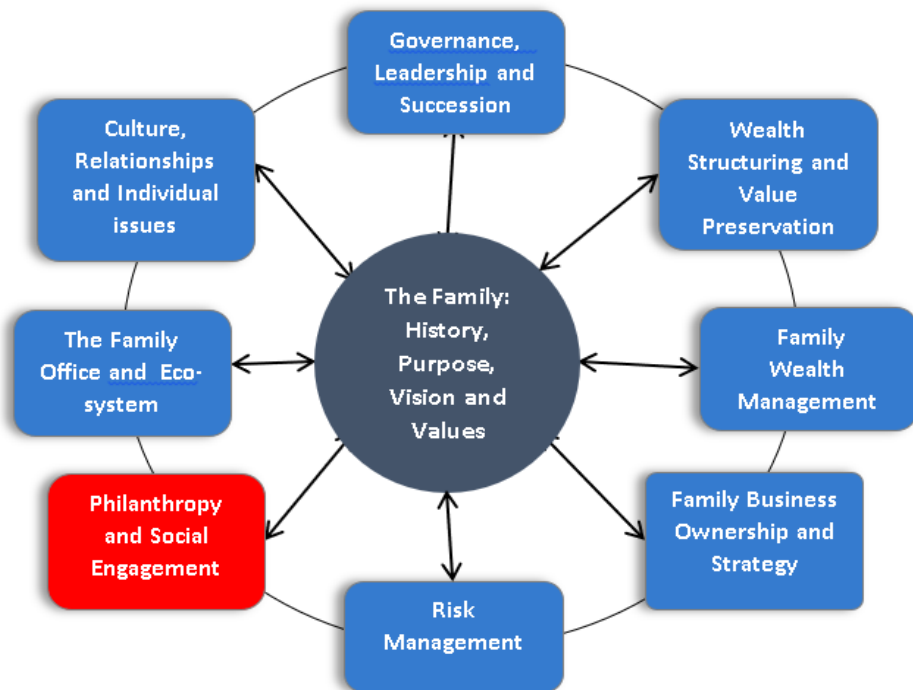
# INTRODUCTION

**Legacies of generosity and sharing are often the greatest legacies of all.**

- For many families, their philanthropic activities are the most important source of their identity, unity, and personal reward. In responding to the question ‘what makes your family different from others?’ it is often the philanthropic side of family life which comes first in a description of what makes a larger family both unique and special.
- For family leaders, philanthropy is an obvious avenue to pursue a number of concurrent objectives. It can provide a link to the past, bring all members of a family together in the present, and can provide useful lessons in values, family meaning and identity for the future.

**The only true wealth we have is that which we give away**  
-Marcus Aurelius

## Family Philanthropy as a Cornerstone of Legacy



# INTRODUCTION

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## Integrated Eight Step Approach

The approach taken here in this course is both broad and deep, providing guidance on how to set goals and achieve the best possible results. The course is built around an effective eight-step model which begins with high level family purpose and ends with a practical measure of progress against pre-set of objectives and specific goals.

Those eight interrelated steps are:

1. Understanding your Family History of Philanthropy
2. **Aligning Philanthropic Strategy with Family Purpose, Vision and Values**
3. Selecting Initiative and Defining Success
4. Specifying Family Commitments
5. Designing High Impact Action Plans
6. Working Effectively with Grantees
7. Defining Programs of Personal Social Engagement and Corporate CSR
8. Measuring Progress and Maximizing Impact

Rethinking the traditional ways of giving

### A Link to the Past

As captured in the pages of the book Family Legacy and Leadership: Preserving True Family Wealth in Challenging Times (pp x-x) Philanthropic activity can play many roles, including providing a link to the founder of the family fortune and his or her vision of the charitable focus of the family legacy.



EXAMPLE

**A Platform to Unite the Family Across Generations and Genders**

In addition to linking the family with its past, philanthropic activity can tie a family more closely within and across generations. Either by bringing together different generations on a charitable board, or by allocating a sum to be directed by members of the same generation sitting on their own board, families have found philanthropy to be an ideal platform to unite all members of the family behind a common cause and create a sense of shared accomplishment.

In many cultures, a family foundation or philanthropic initiative is one of the few activities in which women can play an equal, or even a leading role, to their male counterparts. Although this limiting role definition is eroding quickly, the involvement of female members of the family in philanthropy can bridge the gender gap as effectively as it bridges the generation gap.

**A Platform to Convey Values and Philosophies**

By donating or investing family funds, time and reputation behind a chosen cause, the family leaders are demonstrating to the members of the family and to the greater world that the family is about much more than financial wealth; charitable activity can be a highly visible aspect of the Family Promise and living proof of the family values that demonstrate a real commitment to a greater world.

**Weaving Philanthropy into the Family Fabric**

Every family has the same opportunity to develop its own charitable programs, no matter what the scale of the family wealth. For most people, being part of a family means learning the family culture and passing the family's values through the generations. If philanthropy is part of a family's ethos and identity, most parents agree that there are many ways to incorporate the concept as well as the practice of giving in day-to-day life.

*"The best way to raise responsible children with wealth may be to first make sure we are responsible adults with wealth."*

Even beyond the element of giving, the management of funds for a philanthropic purpose can be a solid learning experience for younger members of the family. Because the needs of a foundation can be planned out for many years in advance, the portfolio management process provides an education for those who eventually move on to the management of more substantial family funds.

Looking into the Past

# INTRODUCTION

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- Questions
- Why
- How much
- Efficiency
- Control
- Honoring commitments
- Questions answered in modules

What would our collective world look like without individual and family philanthropy?

## Traditions and Reasons for Giving

The establishment of a culture of generosity in a family is a major accomplishment and is also likely to be consistent with many of the elements of both family history and the future-oriented Family Promise. The ethical virtues of giving, and the impact such generosity can have on a family’s stature, sense of common purpose, unity and well-being, make philanthropy an essential part of any legacy planning exercise.

Although religion is fading as an influence on many wealthy families, the personal history of the family wealth creator and the ethic that created the original wealth often have religious or cultural origins that can be honored by sharing the wealth these foundations provided.

Most systems of belief make specific mention of the value and virtue of generosity towards the less fortunate: The Christian religion exalts faith, hope, and charity as supreme virtues, with charity the most highly valued; the practice of generosity, zakat, is one of the five pillars of Islam and charity is one of the transcendent virtues in Buddhism.

### Faith and Giving

“If anyone has material possessions and sees his brother in need but has no pity on him, how can the love of God be in him?

1 John 3:17–8

No matter in what part of the world, or within which system of greater belief a wealthy family lives, the consideration of acts of generosity is, in all likelihood, a fundamental element of the religious and ethical fabric of that family’s history.

The ten percent solution: If one were forced to set a target of generous donation, based on a range of experiences and situations, 10% (of annual income or one-time capital grant) appears to be a common number which appears in the history of many wealthy families and in many learned, moral and spiritual tracts on philanthropy.

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“Acquirers’ and Inheritors’ Dilemma”, Dennis T. Jaffe and James A. Grubman, The Journal of Wealth Management, 2007.

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One endorsement for this 10% target comes from the Reverend Thomas Binney, who wrote in his 1865 collection of sermons

*'...If anyone lays down for himself the rule of devoting a tenth of his income to God, he does well...It is to be remembered, however, that for some, a tenth of their income would be too much, while for others it would be far too little.'*

A tenth is a fair proportion, as things are, for the great masses of the middle classes, with average incomes tolerably competent to their position; but it is not an amount which can be equitably applied to extreme cases on one side or the other; - the struggling and the necessitous, - the opulent millionaire,- the very poor or the very rich.'

## **An Age of Industry and Generosity**

Many great philanthropists emerged from the entrepreneurs, financiers and investors who achieved prominence in Europe and the United States during the Industrial Age, which took place roughly from the end of the American Civil War in 1865 to the outbreak of World War I in Europe in 1914.

Such iconic philanthropists as John D. Rockefeller, Louis Harkness, Henry Ford, John Pierpont Morgan, and Andrew Carnegie set new standards for their era in giving away significant percentages of their hard earned assets. The positive impact of their investments in philanthropy are still being felt today.

## **American Generosity**

Americans have long been noted for their generosity and community spirit. As a result of America's unique religious and economic history (and, no doubt, aided as well by the fiscal system), American philanthropy involves a relatively high percentage of the national population.

Many noted business families have made multi-billion dollar philanthropic contributions. Some of the larger foundations include the Bill & Melinda Gates Foundation, the Ford Foundation, the J. Paul Getty Trust, the Robert Wood Johnson Foundation, Lilly Endowment Inc, the William and Flora Hewlett Foundation, W.K. Kellogg Foundation, David and Lucille Packard Foundation, and the Andrew W. Mellon Foundation, and the John D. and Catherine T. MacArthur Foundation.

While these foundations are among the largest, other families of varying categories of wealth, varying degrees of prominence and with varying degrees of public exposure, have made substantial contributions to many charities, communities and worthwhile causes, gifts which serve to enhance both the world surrounding these families and the legacy of the generous family itself.

## **Gates and Buffett - a Modern League Apart**

Bill Gates, well known as one of the world's wealthiest individuals, may have blunted the edge of his reputation as a hard-edged capitalist by his highly-publicised activities in Africa and elsewhere with the Bill and Melinda Gates Foundation

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The combined contributions to charity of friends and chess mates Bill Gates and Warren Buffett now total nearly \$65 billion. Warren Buffet's contribution to various charities of shares in Berkshire Hathaway worth \$37 billion, out of a total personal fortune of \$44 billion, included a staggering \$31 billion bequest to the Gates Foundation.

Although Warren Buffett and Bill Gates may be entrepreneurs and philanthropists on an extraordinary scale, they are not alone in America as generous benefactors of charity. Nearly 90% of American households make some contribution to charity each year, with a large number contributing time and effort as well as funds to local, national and, increasingly, international charities.

Great philanthropy is distinguished not by the sheer size of a gift or grant, but by what it accomplishes. Give Smart p 21

### Andrew Carnegie

Despite his intensely commercial approach to business, Andrew Carnegie eventually became one of the great heroes of global corporate philanthropy, declaring that it was 'a sin to live poor or to die rich'.

Carnegie put great effort into addressing 'The problem of our age', which, in an article entitled *Wealth*, written by Mr Carnegie for the June 1889 edition of *The North American Review*, he defined as 'the proper administration of wealth, so that the ties of brotherhood may still bind together the rich and poor in harmonious relationship.'

True to his word, Andrew Carnegie dedicated his fortune to a number of social causes, ranging from world peace to education to public parks. Carnegie's greatest gift may be the building of a network of more than 2,500 free lending libraries around the English-speaking world, with the majority being built in towns around the United States. The first library was built in Andrew Carnegie's home town of Dunfermline in Scotland, in 1883. The last library grant was made in 1919, toward the end of the golden era of library building in America.

At the time of the last grant, there were more than 3,500 libraries in America; more than half of them had been built with Carnegie money. Contrary to common perception, the Carnegie name did not appear on any of the thousands of library buildings he funded. Rather, Carnegie had inscribed over the entrance the simple motto 'Let there be light'.

Himself a self-made man who had been the beneficiary of access to the books in personal libraries in his native Scotland, Carnegie founded an empire of learning and giving which was very much in line with the highest order of charity in the tzedakah tradition – helping poor people to become independent and to achieve their own ambitions.

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## European Cousins

The grand American philanthropists of the Industrial Era were matched in spirit and largesse by a number of European entrepreneurs and their families. Many of these great families left substantial ownership stakes and even, in some cases, total ownership, to foundations set up to benefit their company's workers and other defined social causes.

Among the ten largest European Foundations are many bearing the names of their founding families. In order of endowment, these foundations include the Wellcome Trust, Fondazione Hans Wilsdorf (Montres ROLEX) Geneve, Robert Bosch Stiftung, Bertelsmann Stiftung, Sandoz Fondation de Famille, and the Calouste Gulbenkian Foundation. All are multi-billion dollar bequests, with the Wellcome Trust alone exceeding \$15 billion in value.

Other great European family philanthropists, noted more for their annual giving rather than for the size of an endowment, have included the Friedrich Ebert Stiftung (Germany), Aga Khan Foundation (Switzerland), Knut och Alice Wallenbergs Stiftelse (Sweden). Bertelsmann Stiftung (Germany), Wolfson Foundation (UK), Garfield Weston Foundation (UK), Vehbi Koc Foundation (Turkey), Henry Smith's Charity (UK), King Baudouin Foundation (Belgium), Alfried Krupp von Bohlen und Halbach-Stiftung (Germany) and the Jacobs Foundation (Switzerland).

## The Third Son

Asia is still, primarily, a collection of developing economies in which charity is focused on family, clan and community. With the great rise in wealth in the region, and a growing sensitivity to the value of charitable contributions, Asian philanthropy is showing many of the signs of similar development, albeit at a lagging pace, of their western counterparts.

Li Ka-Shing, in donating one third of his wealth to charities, many of which were related to his native China, stated that he was making the contribution to his 'third son'. For some Asians, historically sensitive to future generations of male heirs, thinking of philanthropy as an additional 'son' is an interesting model adapted to explain the sense of obligation and investment in a broader societal future.

The Li family bequests will help a broad set of beneficiaries, most of whom will never be known to their generous benefactor, and many helped to become more independent, in line with the highest order of generosity as propounded by Maimonides nearly 800 years before this substantial gift was given.

## Creativity and Impact

Not all giving is traditional and straightforward. Many of the philanthropic gifts that have the greatest impact were, in their time, speculative ventures by creative families with no certainty as to their outcome.

Such well established institutions as the Nobel Prize were once innovative ideas with no certainty as to their impact. Alfred Bernhard Nobel even remarked at the time of founding the eponymous Nobel Prize: 'I intend to leave after my death a large fund for the promotion of the peace idea, but I am sceptical as to its results.'

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In 1891, ten years before the first Nobel Peace Prize was awarded to Jean Henry Dunant, founder of the Swiss Red Cross, Leland Stanford, a California tycoon, and former State Governor, decided the West Coast needed an educational institution to rival Harvard and Yale. As a result of his creative thought, the excellent university which bears his name today was opened.

Carnegie-Mellon University and many other institutions of higher learning, were all generously endowed by wealthy families as a means to influence the future for the better.

Today modern philanthropists are searching for new approaches which will have an impact as far reaching as their philanthropic predecessors to improve the state of the world in ways which are creative, innovative and untested. The measurement of success for this type of creative effort may be felt only in generations to come, but will be a direct result of investments made today to shift the attitudes and consciousness of a large number of people toward critical societal issues.

## **Philanthropy and family unity**

Especially in families which no longer have a substantial family business to create a sense of common interest and common cause, a structured set of charitable activities can bind a family together with a renewed sense of purpose for the future; by creating a platform of philanthropic activity, and associated wealth management activities to ensure the continuity and enhance the scale of activity, insightful patriarchs, matriarchs and family leaders can create a foundation for shared activity that will extend out across many future generations.

*As Anatole France once wrote: 'A hero is someone who does what he can.'*

Legacies of generosity and sharing are often the greatest legacies of all.

For many families, their philanthropic activities are the most important source of their identity, unity, and personal reward. In responding to the question 'what makes your family different from others?' it is often the philanthropic side of family life which comes first in a description of what makes a larger family both unique and special.

For family leaders, philanthropy is an obvious avenue to pursue a number of concurrent objectives. It can provide a link to the past, bring all members of a family together in the present, and can provide useful lessons in values, family meaning and identity for the future.

**Philanthropy is as much about who a family is as what that family does.**

## The Skoll Foundation

The generosity and creativity of The Skoll Foundation stand out as a model for creative social entrepreneurship and impact of funding.

Jeff Skoll, the Canadian-born former President of eBay, has endowed a large foundation which contributes to a mix of activities which includes:

- providing funds for movies through an arm called Participant Media, a venture that has funded such high impact films as An Inconvenient Truth with Al Gore and Syriana with George Clooney
- funded a global forum at Oxford University on social entrepreneurship
- established a series of global awards to reward social entrepreneurs with particularly attractive ideas

Distinguished by the magnitude of the giving and the creativity of the young principal, the Skoll Foundation reflects an active intellectual engagement and application of personal attention which is more and more common with the young technology company entrepreneurs active in philanthropy.

## Bridging the Wealth Gap

One of the more concerning trends at a macro-economic level is the increasingly large difference between those at the high end of the wealth scale and those below them. A few decades ago, this gap was defined as the gap between the 'haves' and the 'have nots'. Today, with mega-billionaires taking an increasing share of the global wealth pie, there is a new issue arising, described as that between the 'haves' and the 'have yachts'.

As this gap increases around the world, visible generosity may also contribute to the reduction in social friction and the risk of a societal short-circuit, perhaps brought about by a deep economic crisis of one kind or another: political backlash, increased taxes, rising security risks and other unwanted consequences of the wealth gap may, at least in some small measure, be mitigated by the generosity of the few for the benefit of the many.

## The Pledge

One manifestation of the desire of the 'have yachts' to contribute back to the societies that provided the context for the accumulation or continuity in great private wealth is 'the Pledge'. This initiative, started by Bill Gates, Oprah Winfrey and others (tbc) focuses on those with more than \$1 Billion in private wealth, and commits them to leaving at least half **of their wealth to philanthropic causes, either during their lives or in their estates.**



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## No Other Source of Solutions

At a very high level, there is no alternative to the wealthy of the world stepping in where the old system of community, church and state have failed to provide the resources and the know-how to solve problems that are capable of being solved. There are far more opportunities for societal improvements than there are government programmes and existing charitable resources.

With opportunities to prevent avoidable deaths and to provide improved education, clean water, vaccinations for needy children, health care for the elderly and a vast array of other beneficial causes, the lack of any alternative is a reason in itself to step up to a more active role in philanthropic contribution.

In addition to the practical benefits of philanthropic engagement, there is also a very personal benefit to sharing family wealth, which goes to the heart of who we are as human beings, and what we do to create meaning and value in our individual lives.

By sharing what we have, and by thinking about others rather than just about ourselves, we create a different relationship with the greater world and add an extra dimension to the lives we have been born into. As the greater forces of the universe create opportunities, between which we have the free will to choose, the choices we make and the actions we pursue will define who and what we are.

If we choose to act in a manner consistent with the higher values we set for ourselves, we will be contributing, both to our families and to our own personal legacies, acts of selfless contribution and generosity which will stand both good stead over many generations of family accomplishment and memory.

## Range of Historic Approaches to Philanthropy

The approaches of wealthy families to philanthropic contributions and activities range from the highly organised to the highly individualised, each with different implications for the family concerned.

**Random personal contributions:** In this traditional and relationship-driven model of giving, individuals within a wealthy family make contributions to charities of their choice, with little forethought and without any common strategy or plan. Individuals are free to give money to any charity or activity that is felt to be in line with that individual's values and objectives. Money may go toward art galleries, schools, women's rights groups, men's rights groups and all kind of charitable institutions which, while perhaps good in themselves, do not follow any common patterns, are not characterised by any sharing of understanding or approach, and may miss out on the opportunity to consolidate effort and understanding to increase impact of the well-intended contributions.

Often impulsive, a situation where a family decides, implicitly or explicitly, to adopt a philanthropic pattern of random individual gestures gives a high degree of freedom to individuals, but may, on the other side of the coin, reduce the ultimate impact of those contributions.

**Common causes:** At a second level of charitable contribution, a plan will exist in which prior thought is given to the charitable activities of a family. Unlike the random individualised approach, a planned approach will very likely lead to a greater commonality of donations and a greater understanding on the part of the donor of the impact of the family's generosity.

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Any audit of this approach focus purely on ensuring that the funds were allocated to activities within prescribed categories of charitable activity, and that all funds were properly deployed according to the wishes of those who established the gifts.

Results oriented approach: Going one step beyond the internal audit to make sure that funds are allocated as expected, there are families who require audits to make sure that there is not just proper allocation at the initial phase, but also a maximum delivery of dollars within the target areas of contribution and a measurable – and maximised - impact from the resources deployed

In this case, going beyond the three prior approaches, it is not just the money which arrives at the target destination, but the impact that money has achieved, which is most valued and checked. In the case of a charity focused on cataract reduction in the Himalayas, for example, the measure of impact achieve is not how many dollars arrive in Bhutan, Nepal, China or India, but is rather how many operations were performed and how many individuals would be able to see after the operation who were not able to see before.

Family Philanthropy Integrated with Family Business: In some cases, reflecting the understanding that charitable contributions can be effective contributors to the brand value or long term strategic success of a business, some families integrate their philanthropic activities with their business activities. This may be particularly true in an emerging market where a small amount of philanthropic money can have a substantial community impact, thereby improving relations with local communities and national governments alike who can support the development of the family business. These business contributions might or might not be coordinated through a Family Office which is engaged in philanthropic activities in areas outside the immediate business-related investments.

Businesses may also operate to high standards of corporate responsibility as a form of social engagement, assuring compliance with the highest standards in areas of workplace safety, corporate governance, environmental protection, food security, gender diversity, customer safety, product quality and all of the other attributes of good business; some go even further by actively donating a portion of profits, or even sales, to worthy causes not directly involved with their commercial business system.

## **A thousand points of light**

In these times when there are so many challenges to our collective wellness and long term welfare, it is obvious that there is no person or organisation strong enough to put in place a comprehensive set of solutions to the many problems that beset us. Poverty, pandemics, divided nations and unprecedented threats to democracy on a global scale are but a few issues that call out for leadership and engagement to find a better way forward from where we are today.

Although there is no panacea to this collected set of human challenges, there are countless opportunities for legacy families, and the individuals within them, to contribute substantially to that better way forward in one or more areas. Even further, those individual points of light in a tempestuous time can, brought together, create a powerful illumination on that pathway for all to see.

A thousand points of light can be a wonderful set of individual experiences, but also create a consolidated impact that is far greater than the sum of its individual parts.

# Module 1

Understanding Your Family History of Philanthropy

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Key Questions

Video Lessons and Summaries

Selected Reading

TBC

Example/Template

TBC

End of Module Checklist

TBC



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**Seneca quote:**

Generosity, sharing and charity are valued as an essential element of a worthy life by almost every religion and culture in the world.

Within the foundation concepts of most systems of religious belief and attendant practice can be found specific mention of the value and virtue of the wealthy practicing generosity during the course of one's earthly life.

The virtues of giving and the impact such generosity can have on a family's stature, sense of common purpose, unity and wellbeing, elevate philanthropy to be an essential part of a comprehensive strategy for a wealthy family.

The usual questions of who, what, when, where, why and how can usefully be posed in the contemplation of making a one-off gift or setting up a long-term institution such as a family foundation or separate trust. Every answer to every question will be entirely unique, and the who question needs to be posed both in the context of who should make the gift and to whom it should be given.

**Supporting Documents:**

Full Document Architecture (with highlights)

FDA video with MHD

Ethical Will (mentioning Philanthropy)

Ethical Will video

[Note: An ethical will is intensely personal. It always addresses the most important insights and experiences of an individual's life. Ethical wills can take many forms, ranging from short handwritten notes on general topics to long, detailed and professionally made videos.

The form should be decided after the content is defined, and the best way to communicate with the relevant audiences – current and future – understood.

In addition to a traditional will transferring financial and other tangible assets, an ethical will balances that inheritance with a non-financial gift of personal wisdom and best wishes to all members of future generations of the family.

Although each ethical will is different, as the associated reading shows, this one is provided as an example of what one might look like to get you started on the journey.

Perhaps the first, and possibly most useful question you can ask as you reflect upon the content of your own ethical will is what you would have liked to have received from your own parents, family relatives (or important non-family member individuals) and ancestors before them.

A second question is to ask your own children, grand-children, and other relevant recipients of the ethical will, is what they would most like to hear from you, and how it could best be presented for use with their own children and future generations, perhaps even yet unborn, beyond them.

One easy idea would be to draft a statement in some written form and then read it on a video recording, with Q&A afterward by younger members of the family...']

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### **Example /Template:**

Family history of philanthropy and Assessment: Philosophy, Approach, Key Initiatives and Results

### **Videos (16:53)**

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/pete-peterson/role-of-philanthropy-pete-peterson's-leadership-o> (1:42)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/melinda-gates/her-parents'-values-how-melinda-gates'-upbringing> (2:44)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/rakesh-bharti-mittal/giving-back-to-the-society-is-an-obligation,-says> (1:15)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/bernie-marcus/indulging-family-interests-bernie-marcus-establish> (2:19)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/david-rubenstein/advantages-of-a-modest-background-david-rubenstein> (1:46)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/jean-and-steve-case/lessons-in-hard-work-what-jean-and-steve-case-learn> (0:49)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/pete-peterson/lessons-from-dad-pete-peterson's-father's-dinner-w> (2:08)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/ted-turner/learning-philanthropy-how-ted-turner-became-a-phil> (1:12)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/tom-steyer/inspired-by-early-role-models-how-tom-steyer-was> (1:33)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/mike-milken/mike-milken-describes-the-frustration-he-experiences> (2:14)

### **Supplemental Reading**

<https://www.bridgespan.org/insights/library/philanthropy/starting-your-philanthropic-journey-exploring,-exploring>

### **Questions**

<https://www.bridgespan.org/insights/library/philanthropy/frequently-asked-questions-about-philanthropy/what-are-the-five-most-common-traps-i-should-avoid>

<https://www.bridgespan.org/insights/library/philanthropy/six-questions-to-more-effective-philanthropy>

<https://www.bridgespan.org/insights/library/philanthropy/frequently-asked-questions-about-philanthropy/which-legal-structure-or-structures-should-i-use-t>

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### **Key Takeaways:**

- Perhaps the most important cornerstone of legacy is philanthropy and social engagement within the communities in which we operate and live.
- Philanthropy helps give meaning to individual lives and sustainably helps communities and causes.
- The purpose of philanthropy is to share wealth to create a substantial, enduring, positive change in areas that are meaningful to the family and its values, which in turn help unite the family.
- Philanthropy has a positive impact within the family and in the community at large.
- Creating a philanthropic foundation or initiative can lead to positive family stature and promote good causes, altruism and respect both within the family and the community.
- Historically, philanthropic efforts focused on religion (churches), education and medicine (hospitals) in what was called “checkbook philanthropy”.
- Now families have a world of new philanthropic opportunities and are not interested in simply writing checks, but in getting their families involved with causes meaningful to the family
- Because of the complexity of modern philanthropy, carefully consider each stage, have clear goals and targets, calculate the estimated return on your investment (this may not be monetary) and monitor results closely.
- Philanthropy is much more than an investment strategy and an asset allocation model when done the right way.

### **Questions for Leaders of Legacy:**

1. What has been your family philosophy and history with regard to philanthropy?
2. Do you have an agreed (documented and organized) approach to giving and a strategy – with agreed objectives and specific metrics - for your philanthropy?
3. Are you satisfied with what you have done, and with what your future plans are likely to achieve?
4. How do charitable activities align with and support the family’s broader legacy goals?
5. Who in the family is best suited to lead and support the family’s philanthropy?
6. Does the family have the right commitment, consensus, organization, processes and measures of success to underpin its philanthropic aspirations?
7. Do you have specific processes and measures to ensure you are maximising your impact – on the family and grantees alike?

# Module 2

Aligning philanthropic strategy with family purpose, vision and values

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Key Questions

Video Lessons and Summaries

Selected Reading

TBC

Example/Template

TBC

End of Module Checklist

TBC



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Clarifying your values is also the best way we know to ensure that your philanthropy will continue to express what matters most to you.

Give Smart p 41

As with other elements in legacy strategy for your own family, the family's core beliefs, aspirations and values provide the foundation and guidance for investment and action in the area of philanthropy and social engagement. Ensuring that the full program in these areas is consistent with where the family want to go, who the family want to be and how the family want to operate is an essential part of a successful philanthropic endeavor.

The process of understanding and alignment begins with the family's history and current activities in the area. A second step is to review the documents and statements essential to the future direction of the family. These documents, described in other courses as well, are the family's philosophy of wealth, the statement of family purpose and vision, and the values and guiding principles that provide a reference on how the program will unfold.

These fundamental issues, once clearly stated and agreed, will provide the answers to many questions, both specific and general.

### **Why Give?**

Perhaps the most difficult question in the who, what, when, where, why and how is the why question. Why should a family, even one in the higher categories of wealth, give away money to people they do not, and probably never will, know?

#### *Moral and philosophical reasons*

In the first chapter of this section, the virtue and spiritual value of charitable acts was reviewed; even including some systems – notably the Judaic and Islamic, along with Mormon and others – for whom charitable contributions are considered an individual obligation, or at least part of a system of obligations to which righteous men and women are expected to uphold.

Each family will have to decide for itself what it stands for, what makes it unique and to which set of values it subscribes. Within the context of those wider decisions, the role of charity can be more precisely defined: if a family's sole purpose on this earth is to maximise its income at any cost and spend those moneys lavishly upon its members, then there is no role for charitable engagement.

On the other hand, if a family wishes to pursue a more balanced and complete way of life, then it will need to consider with thought and consultation the best way to integrate the chosen philanthropic activities within its own strategy and operations going forward.

#### **Philanthropy and family unity**

Especially in families which no longer have a substantial family business to create a sense of common interest and common cause, a structured set of charitable activities can bind a family together with a renewed sense of purpose for the future; by creating a platform of philanthropic activity, and associated wealth management activities to ensure the continuity and enhance the



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scale of activity, insightful patriarchs, matriarchs and family leaders can create a foundation for shared activity that will extend out across many future generations.

The result will be a more unified family acting on a firm set of values, focused on a laudable set of common initiatives, enhancing family respect and establishing institutions and practices which can endure long after the sale or dissolution of a family business.

### **No Other Source of Solutions**

At a very high level, there is no alternative to the wealthy of the world stepping in where the old system of community, church and state have failed to provide the resources and the know-how to solve problems that are capable of being solved. There are far more opportunities for societal improvements than there are government programmes and existing charitable resources.

With opportunities to prevent avoidable deaths and to provide improved education, clean water, vaccinations for needy children, health care for the elderly and a vast array of other beneficial causes, the lack of any alternative is a reason in itself to step up to a more active role in philanthropic contribution.

### **To Whom Should Our Family Give?**

The selection of the causes, organisations and forms of charitable donation (gift, loan, transfer of stock, income interest, capital interest, foundation, trust, insurance settlement and other structures relating to the form of gift) are entirely the province of the family and its members.

Family history, future vision, values, the personal experience of family members or results of an objective analysis of need and potential impact of a gift, can all contribute to the determination of a worthy case for a family's philanthropy.

#### *Potential impact*

The importance of engaging the wealthy and their families in the effort has been explicitly spelled out by many pundits, with xxx perhaps being one of the most eloquent:

*'Although problems of poverty far outweigh problems of affluence, we cannot solve the enormous social problems we are facing without the financial resources, skills and knowledge of the rich. That is why the healing of the wealthy plays a vital part in healing our society. If empathy and understanding [of the wealthy, by the poor] can begin to grow where there has been only hatred and fear, we may yet find a way to save our country from financial and spiritual bankruptcy'*

Prominent development economist Jeffrey Sachs, seen by many to be a future Nobel Prize candidate for his work in developing economies, publicly stated that the world's rich could do more than the G-8 grouping of the world's most developed economies to eliminate poverty in the world.

Joining such wealthy celebrities as Bono, Bob Geldof, Angelina Jolie, Richard Gere and others, a raft of wealthy families and individuals are changing the face of charity, and influencing the future of the world as a result.

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## Family Philanthropy and Individual Purpose

According to the astute words of Winston Churchill: 'We make a living by what we get, but we make a life by what we give.'

In addition to the practical benefits of philanthropic engagement, there is also a very personal benefit to sharing family wealth, which goes to the heart of who we are as human beings, and what we do to create meaning and value in our individual lives.

### The Gospel of Wealth

In a short article published in 1884 (tbc) Andrew Carnegie set out his own views on his 'Gospel of Wealth' to serve as a guide for other wealthy men of the Industrial Era in America. His words, reflected in actions during, and after, his accomplished life still stand as valuable input to leaders of legacy families today:

This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial results for the community... and also adding

...the man who dies leaving behind many millions of available wealth, which was his to administer during life, will pass away "unwept, unhonored, and unsung," no matter to what uses he leaves the dross which he cannot take with him. Of such as these the public verdict will then be: "The man who dies thus rich dies disgraced."

By sharing what we have, and by thinking about others rather than just about ourselves, we create a different relationship with the greater world and add an extra dimension to the lives we have been born into. As the greater forces of the universe create opportunities, between which we have the free will to choose, the choices we make and the actions we pursue will define who and what we are.

If we choose to act in a manner consistent with the higher values we set for ourselves, we will be contributing, both to our families and to our own personal legacies, acts of selfless contribution and generosity which will stand both good stead over many generations of family accomplishment and memory.

As Anatole France once wrote: 'A hero is someone who does what he can.'

The approaches of wealthy families to philanthropic contributions and activities range from the highly organised to the highly individualised, each with different implications for the family concerned.

There is, of course, no set answer to the questions of when to give, how much to give, to whom and how one can give and why to give.

In part, the answer is driven by the category of wealth, the availability of funds, the disposition and number of individual family members involved and other factors specific to an individual wealthy family

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## When to Give?

Many wealthy families, make simple annual contributions to philanthropic causes; other families take a more ad hoc approach, making generous contributions on a less systematic basis, with the timing, destination and type of charitable contribution varying with the attitudes, interests and economic vicissitudes of the family and its individual members.

Some major gifts may be made at a time of major events in the history of a wealthy family – the sale of a business, the passing of leadership to a new generation or the establishment of a foundation as a result of one or more family member's passionate interest.

While the form and efficiency of giving will vary, one point mentioned by some of the bolder philanthropists, often in a rueful tone, is to avoid giving away money that is not yet tangibly in hand. More than one intended (and proud) bequest, upon which grateful recipients were legitimately counting, has had to be reversed or reduced as a result of events which had an unexpected and large negative impact on family wealth, which occurred after the original promise was made.

It may be better for all concerned if only 'real money' is pledged, or if future money is allocated to specific opportunities but not entirely relied upon by the intended recipient until the money is in the (philanthropic) bank.

## How Much to Give?

Almost every religion, from the Mormon Church of Latter Day Saints to Islam to Christianity, encourages or requires acts of generosity and material giving, yet there is no agreement on the amount that any individual or family should give:

- The Mormon Church requires tithes of 10% of after tax income to the church.
- The Church of England encourages its members to give between 1 and 5% of their income to charitable causes.
- Other UK institutions encourage a donation equivalent to at least 1% of income.
- Islam has an established target described as zakat which specifies that 2.5% of savings and valuables are seen as an appropriate level of charitable donation.
- The Jewish tradition of tzedakah recommends a 10–20% donation of after-tax income, with the exact percentage dependant on the wealth of the individual, and the tithes balanced between contributions for religious purposes and contributions to the poor.

However, even with this solid foundation of spiritual and religious beliefs and practices, philanthropy still remains a limited concept for many wealthy families.

A few facts from recent research quoted in 'More than Money' bear out this perspective:

- Only 20% of rich people make charitable bequests.
- Households in the United States earning in excess of \$100,000 a year give a lower percentage of their income (2.5%) than those who earn \$10,000 a year (3.6%)
- Estimates are that the lifetime giving of the more than 2,500 households in America with a net worth exceeding \$100 million, totals less than 0.5% of net worth.

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With such low levels of considered giving, any family which actively sets out to establish an alternative family model, leading to a more philanthropic family legacy, will already be differentiated from the vast majority of its economically advantaged brethren.

### *The ten percent solution*

If one were forced to set a target of generous donation, based on a range of experiences and situations, 10% (of annual income or one-time capital grant) appears to be a common number which appears in the history of many wealthy families and in many learned, moral and spiritual tracts on philanthropy.

One endorsement for this 10% target comes from the Reverend Thomas Binney, who wrote in his 1865 collection of sermons

‘...If anyone lays down for himself the rule of devoting a tenth of his income to God, he does well...It is to be remembered, however, that for some, a tenth of their income would be too much, while for others it would be far too little.

A tenth is a fair proportion, as things are, for the great masses of the middle classes, with average incomes tolerably competent to their position; but it is not an amount which can be equitably applied to extreme cases on one side or the other; - the struggling and the necessitous, - the opulent millionaire,- the very poor or the very rich.’

Many go far beyond this target, with Warren Buffett only the largest of many generous benefactors who have given the bulk of their family wealth to charity.

### **How to Give?**

The process of allocation of charitable contributions, while a different kind of exercise from a financial asset allocation process, can have many structural elements in common: (source?)

- a vision needs to be set
- the scale, type and timing of gifts, and funds to be invested, have to be specified, along with the investment manager (in case of a capital grant), and after taking the advice of tax and other advisors
- an ‘investment’ process is determined, with non-conflicted advisors helping to oversee the entire process, along with an organisation or individual capable of overseeing the process.
- an ‘investment’ profile is determined to establish what sort of charitable contributions are to be considered and with what type of anticipated return
- an allocation model is prepared, which sets out the overall allocation of resources across different class and type of ‘investment’
- tactical allocation decisions are made within the strategic charitable categories and programmes selected with an eye to maximising the positive impact at the lowest possible cost
- a reporting and control system with a clear accounting for administrative costs needs to be set up

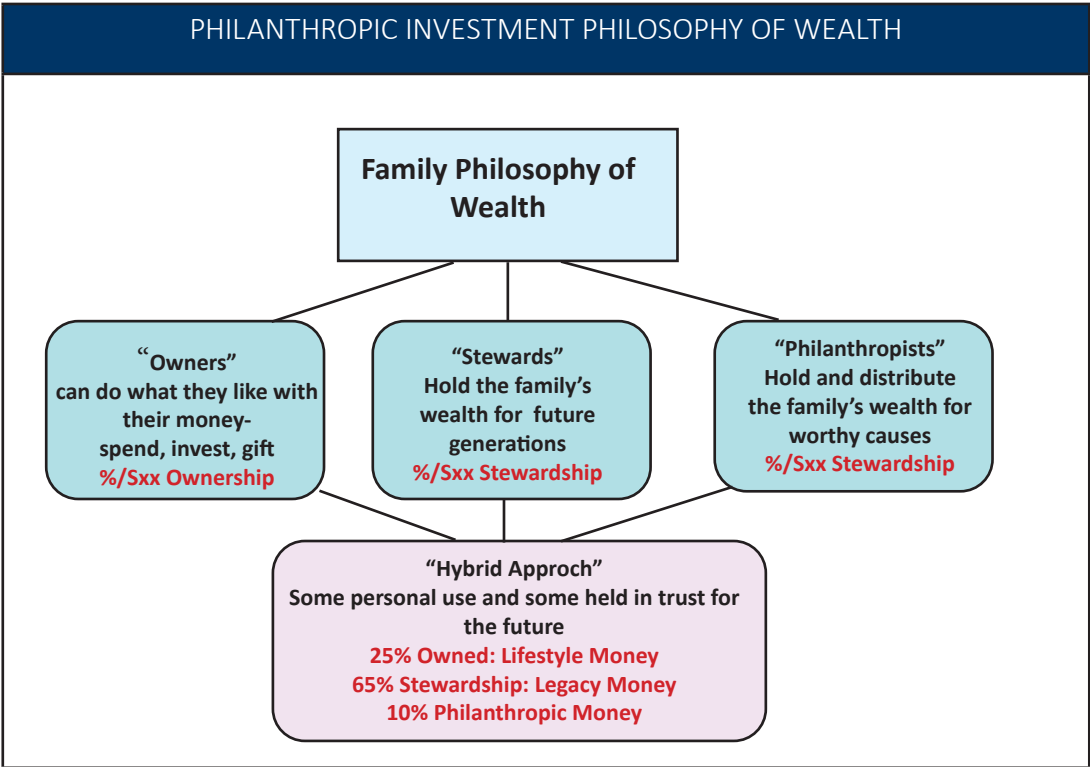
By following this best practice approach from the highly experienced world of investment management, social investments can also be made by wealthy families, acting as ‘social entrepreneurs’, who can have an enormous impact a selected cause, or set of causes, with their well thought through use of philanthropic funds and activities.

*Long-term view*

Even going beyond the achievement and measurement of impact as the donor originally intended, some far-sighted philanthropic families are looking to develop programmes themselves which are designed in such a fashion as to have the highest positive impact at the lowest possible cost over the longest possible time frame.

This type of engagement, which requires more than just contributing funds and auditing results, requires a deeper engagement by members of the family and, possibly, professional advisors, in order to develop the most effective mechanisms for creating and measuring long term positive societal change.

**Family Philosophy of Wealth**



## FAMILY PURPOSE: THE 'WHY'

### Statement of Family Purpose

Our shared purpose is to be a united and harmonious family that contributes to the enduring success of a family enterprise, the creation of the widest possible set of individual opportunities for our family members to match their own capabilities and interests, and the creation of a substantial philanthropic legacy in our home country which shall be passed on to future generations.

This will require all members of our family to commit to

- Be effective owners of our business interests
- Create long term value for all our stakeholders and benefit the communities in which we live and work
- Aspire to create something significant together which is greater than anything we could accomplish alone
- Carry forward the traditions and values of a name worthy of respect

## FAMILY VISION: THE 'WHAT'

### Vision Statement

- I. The Cuscaden Family will work together to preserve and build our **highly respected family business**, applying the values of hard work and thrift: we shall develop **a unique approach** to our family business ownership, governance and management so there is **an appropriate place for every family member in our family business**.
- II. We shall **create a substantial family philanthropic enterprise** to support the education of women and children in the world's ten poorest countries, with each family member spending a minimum of six months working in this charity before reaching the age of 25
- III. We shall develop **an approach to family education** that builds on our multi-cultural roots to be highly engaged citizens of the world, reaffirming in each generation our collective reputation as **"capitalists with a conscience"**

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## VALUES AND GUIDING PRINCIPLES

Value	Guiding principles
<b>Integrity</b>	Speaking honestly at all times Keeping our word, honoring our commitments
<b>Unity</b>	Staying together and building bonds of trust Acting in a manner that puts family first
<b>Effort</b>	Working hard; using time effectively: going 'the extra mile' when needed
<b>Responsibility</b>	Taking ownership for resolving issues Setting and maintaining high standards Donating 10% of our profits to worthy causes

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Add generosity and social impact

## GENEROSITY: SHARING AND CARING

The Ethical Will

Insert...

### Videos (9:52)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/bernie-marcus/better-than-diamonds-bernie-marcus-describes-philanthropy> (1:44)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/ratan-tata-keeps-business-mindset-for-philanthropy/ratan-tata-philanthropy-made-him-more-sensitive> (1:09)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/david-rubenstein/philanthropy-has-helped-david-rubenstein-move-past> (0:57)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/eli-broad/contemplating-legacy-eli-broad-weighs-the-impact> (1:12)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/melinda-gates/balancing-family-and-philanthropy-melinda-gates-on> (1:05)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/melinda-gates/finding-my-lifes-purpose-melinda-gates> (1:19)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/jean-and-steve-case/in-philanthropy-be-yourself-jean-case-learned-that> (1:16)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/stanley-druckenmiller/sheer-joy-what-philanthropy-has-brought-to-stanley> (2:07)

### Supplemental Reading

<https://www.bridgespan.org/insights/blog/government-and-philanthropy/pam-omidyar-and-the-science-of-giving>

<https://www.bridgespan.org/insights/library/philanthropy/clarifying-your-aspirations>

<https://www.bridgespan.org/insights/library/philanthropy/frequently-asked-questions-about-philanthropy/should-i-give-anonymously-or-publicly>

### Questions

<https://www.bridgespan.org/insights/library/philanthropy/frequently-asked-questions-about-philanthropy/how-do-i-work-with-my-family-to-achieve-high-impact>



# Module 3

Selecting initiatives and defining success

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Key Questions

Video Lessons and Summaries

Selected Reading

TBC

Example/Template

TBC

End of Module Checklist

TBC



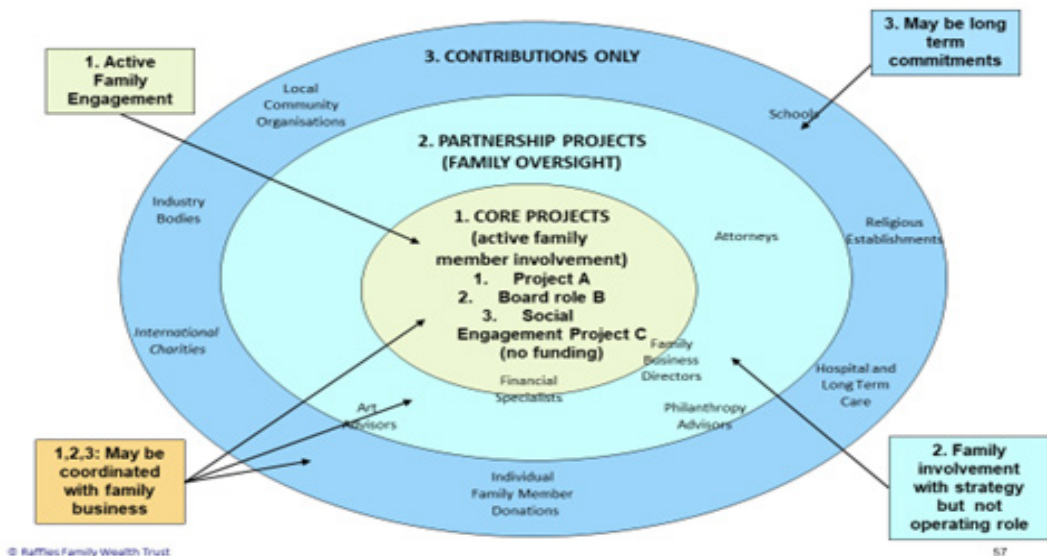
Finding and following up on good philanthropic initiatives is no easy task. It is often difficult to ascertain the impact of proposed investments in social causes, to determine how efficient or effective are the administrators and what impact can be expected on the family and the recipients of family generosity.

By considering all of the elements of effective philanthropy in the broader context of family strategy, a wealthy family may be able to achieve a far greater impact in the areas selected for charitable grants or activity – and ensure that the impact on the family is as deep, long lasting and as positive as possible.

#### STEP BY STEP

Setting the overall goal and targeting specific results for philanthropy

## 6. PHILANTHROPY



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The temptation to do everything and satisfy everyone may generate accolades, but it rarely generates results.

Give Smart p 31

Benefits of focus

Clarity of purpose

### **Defining success**

Not all giving is traditional and straightforward. Many of the philanthropic gifts that have the greatest impact were, in their time, speculative ventures by creative families with no certainty as to their outcome.

Such well established institutions as the Nobel Prize were once innovative ideas with no certainty as to their impact. Alfred Bernhard Nobel even remarked at the time of founding the eponymous Nobel Prize: 'I intend to leave after my death a large fund for the promotion of the peace idea, but I am sceptical as to its results.'

Today modern philanthropists are searching for new approaches which will have an impact as far reaching as their philanthropic predecessors to improve the state of the world in ways which are creative, innovative and untested. The measurement of success for this type of creative effort may be felt only in generations to come, but will be a direct result of investments made today to shift the attitudes and consciousness of a large number of people toward critical societal issues.<sup>31</sup>.

The era of 'checkbook philanthropy' is fading fast, with the new breed of philanthropists and wealthy families of all categories far more concerned about the process, dispensation and impact of their charitable contributions. The traditional form of giving, where a benefactor's role ended with the delivery of a check for clearly philanthropic endeavours, often in the 'Big Four' areas of education, health care, religion and poverty relief, is fading away in favor of a more demanding and engaged group of philanthropists.

By applying tough standards for impact, and perhaps even giving money on an outcome-determined basis (for example contributing a set amount of money per successfully completed cataract operation rather than a general contribution to a national or regional eye care programme) many wealthy families are using their philanthropic intentions to apply strict selection criteria to ensure a maximum input is made in societal impact for the charitable contribution paid out.

Many modern entrepreneurs, profiting commercially from a focused approach to investment and a results orientation to operations, have imported the central aspects of that culture to the business of generosity. A whole new vocabulary has arisen with regard to the role of the 'social entrepreneur'. Labels include the 'philanthropreneur', the 'social venture capitalist', the 'social entrepreneur' and other new vocabulary created to bridge the worlds of commerce and giving

Step	Criteria or Output
1. Build expertise, decide on areas and forms of support to grantees	Short description of interest: selectors (e.g. women's education in india), grant from and size (e.g. grants up to three year grant of \$ 100k per year
2. Publicize interest, solicit proposals- and start to build focused long term brand	Marketing materials and short proposal form circulated
3. Assemble long list of initial proposals	List of proposals assembled and analyzed
4. Filter I : All applications reviewed against initial criteria	Specific criteria and assessment metrics: selected proposals with constructive advice to those not chosen
5. Focused list	:Short list of submission, detailed project proposal form sent out
6. Filter II: Detailed criteria applied	Review of detailed submissions (inc work plans, team bios, costs, definition of success, milestone, etc), interviews
7. Selected final list	Final list of proposals
8. Final due diligence	References, verification, final detailed session with board to develop detailed proposal and test working fit
9. Announcement of selected proposals	Publicize awards build band and begin next annual round of proposal solicitation
10. Review process and note potential improvements for next year	Amendments to process noted and changes made in forms, etc as advised

**Deep knowledge and realistic assessment of the potential for change**

**Good intentions not enough to maximise social benefits, need to work at the intersection of good will and hard headed realism :**

**Definition of success: outputs vs outcomes (nets story) perverse outcomes from WoR**

### **Avoiding the Fire-Ready-Aim syndrome**

Approaching philanthropy with humility and an inquiring mind will help avoid avoidable problems, as well as put your resources to best use. And while the information relevant to your area of interest will necessarily be situation specific, there are some general questions we recommend asking:

- How do the people who are most deeply involved with this issue – the people you’re aiming to serve – understand it?
- Who else is actively engaged in addressing this issue?
- What is already happening out in the world that appears to be working? What doesn’t seem to be working, and why?
- What do experts have to say about why the issue persists?
- What have others tried in the past, and what lessons have they learned?
- Does the issue seem ripe for tackling now?
- Are there specific kinds of help that would be particularly useful? For example, are there organizations that merit expansion (scaling up), because they’ve shown they can tackle this issue successfully? Conversely, are there a lot of open questions that might be addressed by innovation and small-scale experiments (seeding the field)?

Give Smart p 72

### **better proposal and approval processes**

- Definition of strategy
- Define organisation
- Ancient knowledge fighting too many battles, scattering forces,
- Building a brand
- Pete Petersen, Liechtensteins (Prince Max) Buffetts (power balance between men and women)

### **Educating women: The great multiplier**

#### **A prize winning approach**

10x investment

For many generations, philanthropy was pursued as a hobby, or seen as an activity in which the details were a distraction for the founding entrepreneur or succeeding generations in many wealthy families; there was no systematic approach or strategy involved.

The result was a kind of disengaged act charity which operated primarily as a series of checks being written for charities whose operations and impact were neither quantified nor audited by independent experts.

There is a saying that ‘New Philanthropy is Big Philanthropy’.

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While true for the wealthiest of individuals and their families, there is also a new spirit of philanthropy spreading across all categories of wealth, stemming from a generation of baby boomers who have made substantial amounts of money at relatively early ages.

Not only is this new spirit of philanthropy potentially large and widespread in its sources of contribution, it is focused on an ambitious social agenda and characterised by a hard-headed approach to the creation of tangible value for the money 'invested'; as such it provides very clear answers to the how and where question of philanthropic activity.

New philanthropy is also effective philanthropy.

Many modern entrepreneurs, profiting commercially from a focused approach to investment and a results orientation to operations, have imported the central aspects of that culture to the business of generosity.

A whole new vocabulary has arisen with regard to the role of the 'social entrepreneur'. Labels include the 'philanthropreneur', the 'social venture capitalist', the 'social entrepreneur' and other new vocabulary created to bridge the worlds of commerce and giving.

### **Range of Approaches to Philanthropy**

The approaches of wealthy families to philanthropic contributions and activities range from the highly organised to the highly individualised, each with different implications for the family concerned.

#### *Random personal contributions*

In this traditional and relationship-driven model of giving, individuals within a wealthy family make contributions to charities of their choice, with little forethought and without any common strategy or plan.

In this model, individuals are free to give money to any charity or activity that is felt to be in line with that individual's values and objectives. Money may go toward art galleries, schools, women's rights groups, men's rights groups and all kind of charitable institutions which, while perhaps good in themselves, do not follow any common patterns, are not characterised by any sharing of understanding or approach, and may miss out on the opportunity to consolidate effort and understanding to increase impact of the well-intended contributions.

Often impulsive, a situation where a family decides, implicitly or explicitly, to adopt a philanthropic pattern of random individual gestures gives a high degree of freedom to individuals, but may reduce the ultimate impact of those contributions.

#### **Spent as Agreed**

At a second level of charitable contribution, a plan will exist in which there prior thought is given to the charitable activities of a family. Unlike the random individualised approach, a planned approach will very likely lead to a greater commonality of donations and a greater understanding on the part of the donor of the impact of the family's generosity.

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Any audit of this approach focus purely on ensuring that the funds were allocated to activities within prescribed categories of charitable activity, and that all funds were properly deployed according to the wishes of those who established the gifts.

### **External Targets Met**

Going one step beyond the internal audit to make sure that funds are allocated as expected, there are families who require audits to make sure that there is not just proper allocation at the initial phase, but also a maximum delivery of dollars within the target areas of contribution. This approach will require generous donors to understand the full costs of the organisations to which they are making their contribution, in order to understand what percentage of their total contribution eventually ends up in the hands of those who will benefit from their gift.

In some cases, fund raising expenses, audit expenses, overhead expenses, travel and entertainment expenses for charity or fund raising activities, can consume up to 50% of every dollar contributed.

Even three star charities in the USA use up approximately 10% of funds contributed for administrative and overhead activities. In this case, an audit is usually performed on external efforts to understand how much money arrives at the target destination, not just an internal review of how much leaves the accounts, and into which accounts it is paid.

### **Impact Achieved**

A new impact-specific or 'outcome-specific' approach to philanthropy would target philanthropic investment to achieve the maximum impact from the donation. In this case, going beyond the three prior approaches, it is not just the money which arrives at the target destination, but the impact that money has achieved, which is most valued and checked. In the case of a charity focused on cataract reduction in the Himalayas, for example, the measure of impact achieved is not how many dollars arrive in Bhutan, Nepal, China or India, but is rather how many operations were performed and how many individuals would be able to see after the operation who were not able to see before.

This business-like approach to outcome-specific programmes may link results achieved to future contributions.

This results focus to giving is increasingly being taken up by wealthy families as a way of ensuring that charitable contributions achieve the impact the donors intend

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.Videos (9:52)

**A. Choosing areas of focus**

**B. Defining Success**

### **Defining Success (9:52)**

<https://www.bridgespan.org/insights/library/philanthropy/frequently-asked-questions-about-philanthropy/what-is-impact-investing-and-why-should-or-shouldn>

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/david-rubenstein/progress-metrics-david-rubenstein-measures-success> (1:01)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/melinda-gates/melinda-gates-believes-measuring-results-comes-down> (1:40)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/michael-j-fox-and-deborah-w-brooks/defining-success-debi-brooks-and-michael-j-fox> (2:56)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/tom-steyer/a-pearl-harbor-for-the-energy-field-tom-steyer-say> (2:47)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/risa-lavizzo-mourey/a-balanced-score-card-how-risa-lavizzo-mourey-measures> (1:28)

### **Supplemental Reading**

<https://www.bridgespan.org/insights/library/philanthropy/defining-success>

<https://hbr.org/2009/11/galvanizing-philanthropy>

### **Questions**



# Module 4

Fulfilling Family Commitments

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Key Questions

Video Lessons and Summaries

Selected Reading

TBC

Example/Template

TBC

End of Module Checklist

TBC



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## **For what am I accountable?**

Or better: Defining family commitments and accountabilities

### **The End of 'Checkbook Philanthropy'**

## **What are my responsibilities?**

### **Time and money**

### **Personal engagement as potential multiplier (also SE)**

## **What resources will I make available?**

### **Philanthropic risk and social return**

**Failure and valuable experience – neg experiences teach us, but want to avoid wasting resource by stepping on the same land mines stepped on by others before us**

### **Right objectives, right resources, right approach, right people**

For many generations, philanthropy was pursued as a hobby, or seen as an activity in which the details were a distraction for the founding entrepreneur or succeeding generations in many wealthy families; there was no systematic approach or strategy involved.

The result was a kind of disengaged act charity which operated primarily as a series of checks being written for charities whose operations and impact were neither quantified nor audited by independent experts.

The era of 'checkbook philanthropy' is fading fast, with the new breed of philanthropists and wealthy families of all categories far more concerned about the process, dispensation and impact of their charitable contributions.

By applying tough standards for impact, and perhaps even giving money on an outcome-determined basis (for example contributing a set amount of money per successfully completed cataract operation rather than a general contribution to a national or regional eye care programme) many wealthy families are using their philanthropic intentions to apply strict selection criteria to ensure a maximum input is made in societal impact for the charitable contribution paid out.

## **1. Defining and honoring family responsibilities and commitments**

- a. Defining family role and reputation
- b. Funding
- c. Personal engagement
- d. Organisational support
- e. Representation
- f. Networking

---

## **Ted Turner, others**

### **Separate Foundation**

For families in the higher net worth brackets, a formal foundation may be established to set aside capital, as well as income, to make annual or longer term contributions to a defined set of charitable causes. For both tax and other reasons, some families will have a separate endowment, foundation or philanthropic board which oversees philanthropic activity.

The purpose of setting up a dedicated charitable foundation as a separate legal entity may be a strategy to achieve one of many objectives. In the first instance, the allocation of funds to charitable activities can guarantee that, for future generations yet unborn, the benefits of an individual, or an individual family's, generosity will long be felt.

By allocating and transferring funds to a separate legal entity, usually in the form of a charitable trust, or its equivalent, a wealthy family can ensure that their philanthropic objectives are pursued, no matter what the fortunes of the commercial and family wealth outside of the trust funds.

A second objective of establishing an independent vehicle to hold and manage trust monies is the ability to identify and implement a proper wealth management strategy for the philanthropic funds allocated by the family. It may well not be appropriate for such a charitable trust to take high-risk investment decisions which will only pay out over the long term if the needs of the charity are to make a defined annual contribution to cover operating costs of an orphanage, art gallery, educational institution or other charitable purpose in need of a constant flow of income.

By aligning the philanthropic objectives of the family in wealth management strategy with the foundation's financial resources, there can be an alignment of investment performance, both income and capital, and the charitable strategy to achieve the ends are met as intended by the original generous donors.

A third purpose of establishing a foundation is to ensure proper governance and a dedicated management team are put in place to pursue the objectives on a low-cost, high impact basis; and also to ensure that any allocated capital is well managed.

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## CUSCADEN FOUNDATION Summary Document

### HISTORY

The James and Catriona Cuscaden Memorial Foundation was established to honor the founders of the Cuscaden Group of companies and ensure that their charitable legacy was protected for all future generations who could benefit from their generosity.

### MISSION

The purpose of the Foundation is to support women's healthcare, and primary and secondary school education for both boys and girls in selected poor countries, in particular those where the Cuscaden family businesses have operated for many years.

James Cuscaden himself grew up with little formal education and wanted to ensure that part of his legacy went to provide a good head start in life for those who otherwise might not be able to afford schooling. He further wanted to honor the contributions to his business success made by his mother, Mary, and his wife, Catriona, by providing medical care for women and young girls who otherwise might suffer with treatable illnesses and injuries. In all cases, the purpose of the Foundation grants will be to help beneficiaries to create and lead independent and productive lives.

**ENDOWMENT AND SUPPORT** Funding for the Foundation will come from a one-time lump-sum contribution from the Cuscaden family equal to 20% of the family's net worth, made in the form of transfer of ownership of shares in the various family businesses. Further contributions will come from the various Cuscaden operating entities who have an obligation, so long as the Cuscaden family retains a controlling position in their ownership structure, to contribute 10% of pre-tax income to the Foundation unless there are extraordinary circumstances that would render this obligation either illegal or counter to the interests of the Foundation, or the family business, in the longer term.

Support to the selected causes will be determined by the trustees of the Foundation upon the recommendation of the professional staff of that organization. Support will be provided in the form of grants, loans, investments, and other forms of financial support to yield the highest possible impact for each dollar spent. The principles and approaches of effective "performance philanthropy," "social entrepreneurship," "outcome-specified" programs, or "philanthropeneurism" will be respected and developed to ensure the largest long-term impact is made in the areas selected for support from funds available.

**FOUNDATION VALUES** In pursuing our purpose, and in respecting the rules set down to govern our operations, the following values are highlighted as part of our system of belief and action:

- the highest standards of integrity and honesty
- transparent accounting and accountability
- close liaison with community leaders in the areas of our donation
- pursuit of "high impact" philanthropy, measuring results from each grant or loan
- conservative management of Foundation funds by professional fund managers

- 
- complete independence from family business operations
  - avoidance of conflicts of interest
  - creating a great place to work and grow for all our colleagues
  - cost consciousness in all aspects of our operations
  - always focusing on giving a hand up, not a hand-out.

## FOUNDATION GOVERNANCE AND COMPLIANCE

The structures and principles of the systems of governance will be world class at all times and in all areas, in compliance with all standards and obligations as set down in the following documents:

1. Charter and Mission Statement
2. Articles of Incorporation and Trust documentation
3. Bylaws of the Foundation
4. Committee Terms of Reference—including Investment Committee policies and procedures
5. Standards of Independence
6. Trustee Compliance Manual and Code of Ethics
7. Staff Compliance Manual and Codes of Conduct and Ethics
8. Investment (grant and loan) Procedures Manual.

## THE FOUNDATION TEAM

The Board of Trustees will be made up of seven members, of whom at least three must be direct descendants of James and Catriona Cuscaden, including one who will serve as Chair of the Foundation. The Trustees, who will all be appointed to a series of staggered three-year terms by the Cuscaden Family Council, will at their sole discretion determine all policies and make all decisions with regard to investment, distribution, management, and operations of the Foundation. No Trustee will be required to resign from the board without a 75% vote of the remaining Trustees.

The dedicated management team will be made up of individuals of the highest available capability and with the highest respect for the values and objectives of the Foundation. Each staff member will serve at the pleasure of the Trustees and no contract longer than three years will be allowed. Conflicts policy: There will be no activities or investments by the team which could constitute a conflict of interest as outlined in the relevant Foundation documents.

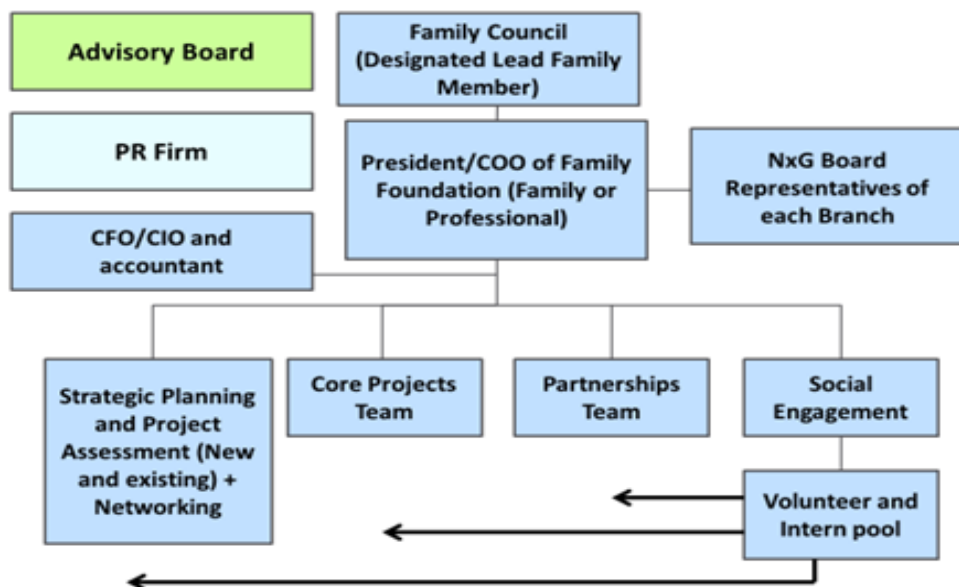
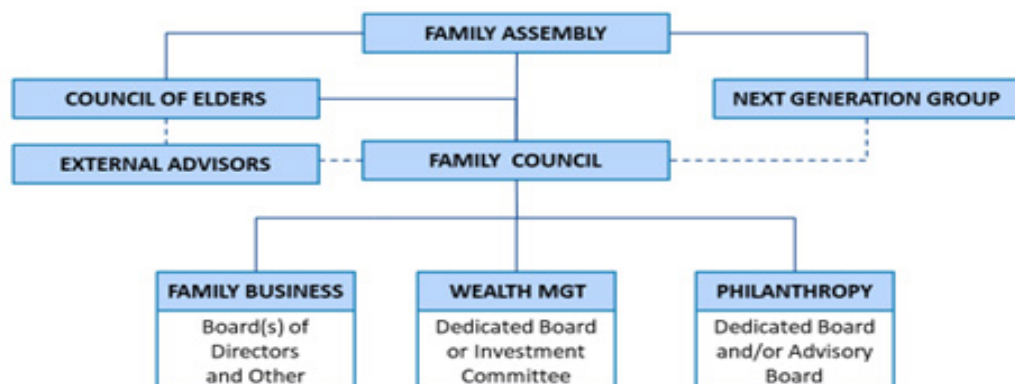
## PLANNING AND REPORTING

Each year, the management will present to the Board of Trustees for their approval a long-term strategic plan, an annual operating plan and monthly income/distribution and cost targets. In addition, each month, and on an annual basis in full detail, the management team will be required to provide an audit of the effectiveness of past donations and any lessons learned from those that failed to achieve their initial objectives. No funds may be disbursed in the absence of a plan agreed by a two-thirds majority of the Trustees.

## COST CONTROL

The costs of the Foundation, including all salaries, bonuses, overheads, and out-of-pocket expenses, will be capped at 10% of annual income. An annual audit by a credible accounting firm will be undertaken as part of the standard operation procedure of the Foundation.

## 2. FAMILY GOVERNANCE STRUCTURE



## LEADERSHIP TIME ALLOCATION

Area of Activity	Current Time Allocation (%)	Desired Time Allocation (%)	Needed Change
Family Leadership and Governance	2	10	New Constitution needs to be finalized
Wealth Structuring	5	10	New Trust Structure needed
Wealth Management	25	20	Establishment of Asset management Board
Family Business Ownership and Strategy	65	25	Strategy to focus portfolio Non-family CEO
Philanthropy	2	5	Need to move to new outcome specific model
Family Culture, Relationship and Individual Issues	5	5	
Risk Management	2	5	
Family Office and Eco-system	2	10	Need to add Geneva FO Expand network
Next Generation Education	0	10	Specific personal plans and strategy needed
Generational Transition and Leadership Succession	0		

### Structuring Assets and Aligning Investments to Serve Multiple Purposes

Family wealth almost always has multiple purposes, and substantial wealth carries with it the potential to serve multiple generations as well. As such, the structuring and oversight of family wealth should clearly reflect these different purposes and support the realization of a family's purpose, philosophy of wealth and long-term financial objectives.

Careful planning can help ensure that family wealth and philanthropic largesse is successfully protected and preserved across many generations and through many economic challenges. While not all risks and disasters can be anticipated and managed in advance, a sound approach to the structuring and administration of family assets can provide protection from many of the established patterns and risks that have brought down wealthy families over time. Effective structuring can thus enhance both an individual life and the collective future of the family.

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Decide on appropriate structures to serve family, tax, reporting, and control issues. In the context of overall portfolio and family objectives, minimizing current and future taxes is one of the major traditional purposes of family asset structuring, although not the only one. The list of structuring objectives is long, and the practical opportunities available for structuring to achieve those objectives—trust, foundation, corporate, will, custodial account—varies enormously by country and the nature of its financial scale, legal, and judicial systems.

## Trusts

Essentially, trusts can be thought of as three-way contracts that regulate the relationships among the settlor, the trustee, and the beneficiary. One of the mainstays of Anglo-Saxon tax and estate planning, the trust is a well-established approach to long-term wealth structuring, where each trust has a set life and operates to a set of general principles and specific documents, usually including a deed of settlement (establishing the trust) and a letter of wishes (guiding its operation). Trusts are well-suited to manage tax and transfer wealth effectively, build in future distribution of funds in line with the specific wishes of an individual, delay transfer of funds if certain conditions are not met, and achieve a whole host of other purposes.

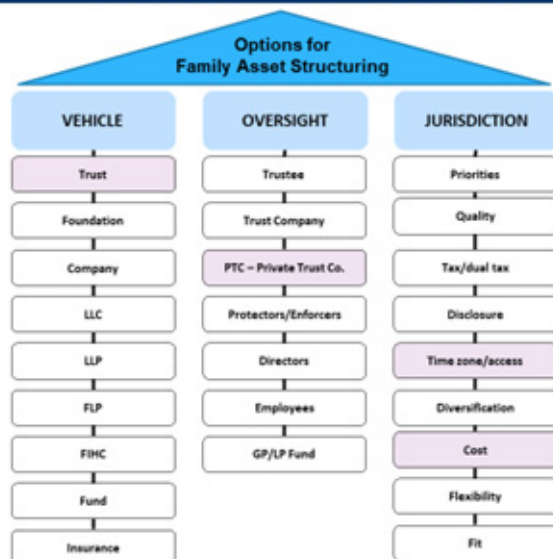
A typical trust with multiple objectives could, for example, transfer available funds (after taxes, portfolio costs, and inflation) to an intended beneficiary only upon that person's reaching the age of 25 or 35 and completing a degree from an accredited university. Matching Form to Purpose Trusts can take many forms. They can be onshore, offshore, special purpose, foreign grantor, revocable (allowing the settlor to cancel the trust), or irrevocable. Many favorable tax treatments require a trust to be irrevocable to qualify for tax exemptions.

As each structure is set up, there is an opportunity to align the investment content with its broad purpose. Trusts in need of income can best benefit from income-generating assets such as corporate bonds, dividend stocks, property, infrastructure investments, energy projects, and other similar financial and real assets. However, entities set up for multigenerational wealth preservation and growth could focus more on long-term investing, with a portfolio of different stocks or manager styles (or market exchange-traded funds), longer-term (and hence higher-yielding) bonds, and adding a larger portion of alternative assets and property investments, creating a portfolio that takes on more risk and is characterized by less liquidity.

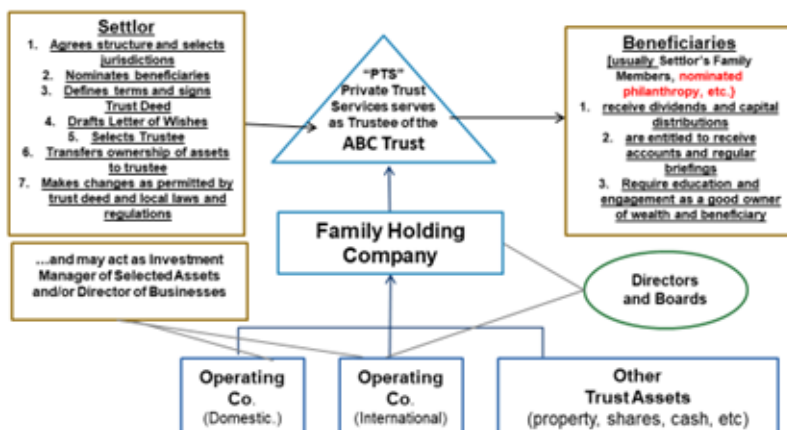
Examples of different approaches to investment to achieve different purposes can be found throughout this book, and family investors would be well counselled to review the purpose of a trust or bequest and ensure that the structure, process of administration, risk management, and portfolio of assets are all fully up to date and aligned with the fundamental purpose of the family involved.



## FAMILY FOUNDATION STRUCTURING ASSETS



## 3. WEALTH STRUCTURING: TRUST AND CORPORATE STRUCTURE



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## Investing Foundation Funds

Just as in the case of the best private investment approach for a wealthy family, the processes, considerations and reporting obligations for a foundation should be formal and disciplined. A separate investor profile and set of investment objectives should be established. In all likelihood, the need for income may be higher, and a need for capital preservation may rise up the list of priorities when compared to the family's non-philanthropic investment objectives.

The net result of a new investor profile and set of objectives may be a lower appetite for risk, a more conservative policy with regard to growth and volatility, and a tighter control on the set of fund managers selected for investment management mandates in defined sectors.

Most successful family approaches to wealth management for charitable institutions address the following considerations: Are there any limitations on investment, for example prohibitions on alcohol, gaming or other investments? Does the portfolio need to have a certain type of fixed income instrument representing a pre-determined proportion of the portfolio? Are there any charitable or distributions built into the trust documents or other family regulatory systems- for example the need to distribute 5% of capital or a minimum income to charitable or family beneficiaries?

By combining the answers to both sets of questions – policy and institution – the wealthy family will be ready to set in place an appropriate approach to the management of charitable funds, including:

- An understanding of the background and any implications for future investment
- Any limitations and/or obligations related to the investment funds
- A determination of short and long term investment objectives
- A defined investment process
- An explicit asset allocation model with an integrated view of investments and use of funds
- A philosophy of manager and investment selection
- Reporting and benchmarking

Once the past, present and future sources of funds are clearly understood, any limitations or obligations need to be understood and their implications reflected in the final approach to management of the charitable funds.

In addition to financial resources, there should be a parallel allocation of non-financial resources, including the time to be invested by appropriate family members to the charity and the charitable wealth management activities.

## Hidden Benefits

One of the hidden benefits of a professional approach to the management of foundation funds is the example it sets for the allocation of foundation funds to various charities.

If there is a highly professional approach taken to funds management, with excellence in allocation, manager selection and follow-up reporting, these same disciplines are likely to flow through to the other side of the organisation- maximising the societal return on funds invested- an outcome that benefits everyone in the process of generous giving.

## Videos

(21:01)

Funding current expenses

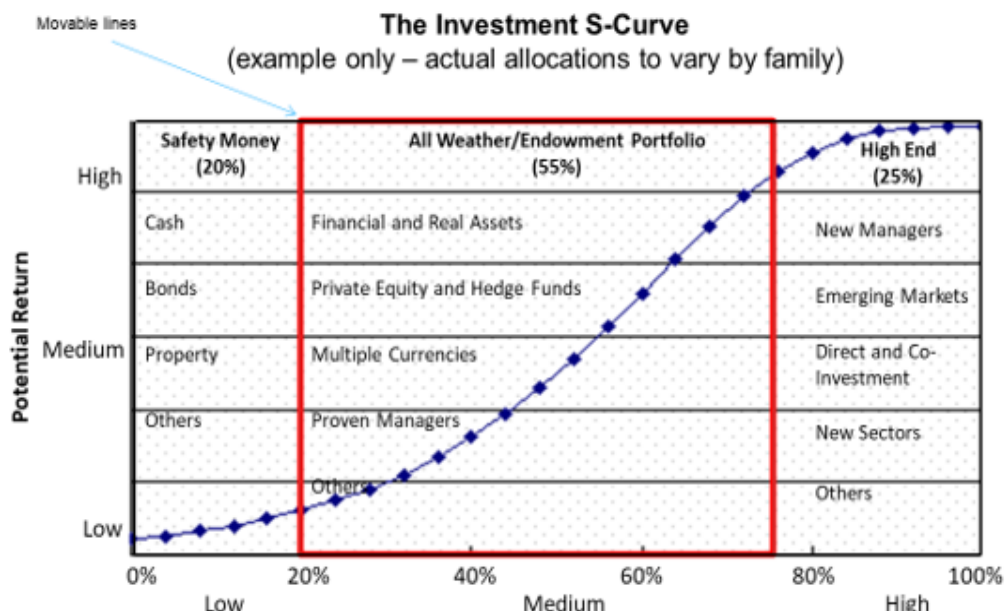
Providing long term value for Future Needs

### PHILANTHROPIC FOUNDATION INVESTOR PROFILE AND OBJECTIVES

Contents	Yes	No
1. Are you short and long term objectives set?		
2. Is your investment philosophy (active vs passive) defined?		
3. Is your investor profiles established for each family portfolio?		
4. Are you happy with your strategic asset allocation and tactical ranges as currently set?		
5. Do you have a good process to make and monitor decisions on individual investments-both to buy and to sell?		
6. Are your approaches to risk and cost management sufficient?		
7. Is your overall performance vs benchmark satisfactory?		

- Allocate the family capital into the buckets. Families then need to determine how much goes where and how high a priority each objective represents. Unfortunately, there is not much science to the answer. It depends very much on each family's goals and an estimate of the future cash flow (and current net present value of capital) required to fund the defined goals. c07.indd 106 18-07-2013 14:01:33 Structuring Assets and Aligning Investments 107
- Outline the appropriate investment strategy for each goal/category. Investors need to determine what the best investment strategy is to their overall goals for each pool, based on the current and anticipated capital market environment

## PHILANTHROPIC FOUNDATION INVESTOR INVESTMENT ALLOCATION OVERVIEW



- Ensure that assets are clearly allocated to suit the philanthropic needs of the committed grantor, and that appropriate assets are selected to fund future capital and income requirements. The various individual portfolios are optimized at the family level. Investors need to ensure that the overall portfolio makes sense from a risk, return, and diversification standpoint once the various buckets are totaled up.

## PHILANTHROPIC FOUNDATION RELEVANT ASSET CLASSES



### Charitable Funds Integrated with Business

In some cases, reflecting the understanding that charitable contributions can be effective contributors to the strategic success of a business, some families integrate their philanthropic activities with their business activities. This may be particularly true in an emerging market where a small amount of philanthropic money can have a substantial community impact, thereby improving relations with local communities and national governments alike who can support the development of the family business.

These business contributions might or might not be coordinated through a Family Office which is engaged in philanthropic activities in areas outside the immediate business-related investments.

Businesses may well operate to high standards of corporate responsibility, assuring compliance with the highest standards in areas of workplace safety, corporate governance, environmental cleanliness, diversity, customer safety, product quality and all of the other attributes of good business, but some go even further by actively donating a portion of profits, or even sales, to worthy causes not directly involved with their commercial business system.

It should be noted that business-related philanthropy is not limited to the emerging markets. For many, many decades, support of opera, art gallery, educational institutions and other philanthropic contributions in the developed world have been linked to positive benefits for families and family businesses.

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## Videos (xxx)

[https://www.bridgespan.org/insights/library/remarkable-givers/profiles/carrie-avery/buying-\\$11-million-with-\\$75k-carrie-avery-makes-s](https://www.bridgespan.org/insights/library/remarkable-givers/profiles/carrie-avery/buying-$11-million-with-$75k-carrie-avery-makes-s) (2:23)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/pierre-omidyar/don't-start-a-foundation-pierre-omidyar-ignores-e> (2:54)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/ratan-tata-keeps-business-mindset-for-philanthropy/tata-trusts-seeks-more-holistic-philanthropy> (1:54)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/bernie-marcus/not-scattershot-bernie-marcus-spent-time-defining> (2:43)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/eli-broad/an-entrepreneurial-ap-proach-eli-broad-is-always> (1:56)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/michael-j-fox-and-deborah-w-brooks/an-unusual-combination-debi-brooks-says-the-fox-f> (1:23)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/bill-draper/comparing-for-profit-and-nonprofit-entrepreneurs> (1:25)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/peter-and-carolyn-lynch/hundred-bagger-ambition-carolyn-and-peter-lynch> (2:56)

[https://www.bridgespan.org/insights/library/remarkable-givers/profiles/stanley-druckenmiller/\\$100-million-one-time-grant-stanley-druckenmiller](https://www.bridgespan.org/insights/library/remarkable-givers/profiles/stanley-druckenmiller/$100-million-one-time-grant-stanley-druckenmiller) (1:38)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/mike-milken/marketplace-solutions-how-the-milken-institute-cr> (1:49)

## Supplemental Reading

[https://acumen.org/wp-content/uploads/2017/09/From-Blueprint-to-Scale-Case-for-Philanthropy-in-Impact-Investing\\_Full-report.pdf](https://acumen.org/wp-content/uploads/2017/09/From-Blueprint-to-Scale-Case-for-Philanthropy-in-Impact-Investing_Full-report.pdf)

# Module 5

Designing High Impact Action Plans

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Key Questions

Video Lessons and Summaries

Selected Reading

TBC

Example/Template

TBC

End of Module Checklist

TBC



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### **Inspired action**

**Dear children, let us not love with words or tongue but with actions and in truth."**

**1 John 3:17–8**

### **better proposal and approval processes**

From vision to action

Process and content

Lessons from the business world 7 rights from strategy

Setting high level goals and individual accountabilities: Specificity and communication

Effective governance

Documentation

Oversight and amendment

Or better: Defining family commitments and accountabilities

**The End of 'Checkbook Philanthropy'**

**Put simply, many non-profits are strongly led but undermanaged.**

**Give Smart p. 143**

For many generations, philanthropy was pursued as a hobby, or seen as an activity in which the details were a distraction for the founding entrepreneur or succeeding generations in many wealthy families; there was no systematic approach or strategy involved.

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New philanthropy is also effective philanthropy.



Many modern entrepreneurs, profiting commercially from a focused approach to investment and a results orientation to operations, have imported the central aspects of that culture to the business of generosity.

A whole new vocabulary has arisen with regard to the role of the ‘social entrepreneur’. Labels include the ‘philanthropreneur’, the ‘social venture capitalist’, the ‘social entrepreneur’ and other new vocabulary created to bridge the worlds of commerce and giving.

Or new list: Designing a practical action plan to achieve results

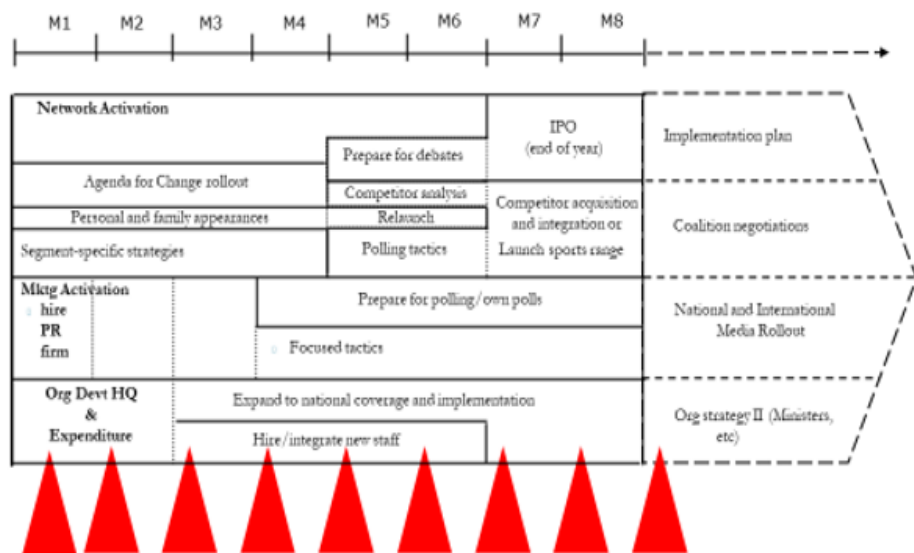
PROJECT OVERVIEW AND RESOURCE REQUIREMENTS  
BY QUARTER

Q1	Q2	Q3	Q4
<b>Context</b> <ul style="list-style-type: none"><li>• Profile</li><li>• Purpose</li><li>• Active/passive roles</li><li>• Sources/uses/distributions</li></ul>	<b>Context</b> <ul style="list-style-type: none"><li>• Profile</li><li>• Purpose</li><li>• Active/passive roles</li><li>• Sources/uses/distributions</li></ul>	<b>Context</b> <ul style="list-style-type: none"><li>• Profile</li><li>• Purpose</li><li>• Active/passive roles</li><li>• Sources/uses/distributions</li></ul>	<b>Context</b> <ul style="list-style-type: none"><li>• Profile</li><li>• Purpose</li><li>• Active/passive roles</li><li>• Sources/uses/distributions</li></ul>
<b>Objectives</b> <ul style="list-style-type: none"><li>• Preservation/growth</li><li>• Capital/income/liquidity</li></ul>	<b>Objectives</b> <ul style="list-style-type: none"><li>• Preservation/growth</li><li>• Capital/income/liquidity</li></ul>	<b>Objectives</b> <ul style="list-style-type: none"><li>• Preservation/growth</li><li>• Capital/income/liquidity</li></ul>	<b>Objectives</b> <ul style="list-style-type: none"><li>• Preservation/growth</li><li>• Capital/income/liquidity</li></ul>
<b>Approach</b>	<b>Approach</b>	<b>Approach</b>	<b>Approach</b>
<b>Macro-view</b> <ul style="list-style-type: none"><li>• Risk/opportunities</li><li>• Tactics/timing</li></ul>	<b>Macro-view</b> <ul style="list-style-type: none"><li>• Risk/opportunities</li><li>• Tactics/timing</li></ul>	<b>Macro-view</b> <ul style="list-style-type: none"><li>• Risk/opportunities</li><li>• Tactics/timing</li></ul>	<b>Macro-view</b> <ul style="list-style-type: none"><li>• Risk/opportunities</li><li>• Tactics/timing</li></ul>
<b>Key contacts</b>	<b>Key contacts</b>	<b>Key contacts</b>	<b>Key contacts</b>
<b>Use of external vs internal resources</b>	<b>Use of external vs internal resources</b>	<b>Use of external vs internal resources</b>	<b>Use of external vs internal resources</b>
<b>“Eco-System” strategy/roles</b>	<b>“Eco-System” strategy/roles</b>	<b>“Eco-System” strategy/roles</b>	<b>“Eco-System” strategy/roles</b>

## PHILANTHROPIC PROJECT (S): BUDGET BY PHASE

Phase I: January-March	Phase II: March-June	Phase III: July-December
<b>Objectives</b> [fill in]	<b>Objectives</b> [fill in]	<b>Objectives</b> [fill in]
<b>Responsibilities</b> [fill in]	<b>Responsibilities</b> [fill in]	<b>Responsibilities</b> [fill in]
<b>Organizational Costs:</b> [fill in]	<b>Organizational Costs:</b> [fill in]	<b>Organizational Costs:</b> [fill in]
<b>Expenditure</b>	<b>Expenditure</b>	<b>Expenditure</b>

### Planning: Implementation schedule



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### Questions for Leaders of Legacy

1. What has been your family philosophy and history with regard to philanthropy?
2. Do you have an agreed (documented and organized) approach to giving and a strategy – with agreed objectives and specific metrics - for your philanthropy?
3. Are you satisfied with what you have done, and with what your future plans are likely to achieve?
4. How do charitable activities align with and support the family's broader legacy goals?
5. Who in the family is best suited to lead and support the family's philanthropy?
6. Does the family have the right commitment, consensus, organization, processes and measures of success to underpin its philanthropic aspirations?
7. Do you have specific processes and measures to ensure you are maximising your impact – on the family and grantees alike?

### Supplemental Reading

<https://www.bridgespan.org/insights/library/philanthropy/monday-morning-checklists>

# Module 6

Working Effectively With Grantees

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Key Questions

Video Lessons and Summaries

Selected Reading

TBC

Example/Template

TBC

End of Module Checklist

TBC



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Well begun is half done

Data and due diligence in selection

Clear communication – both ways (get the truth – all too easy to listen to what people are saying when they are telling you what they think you want to hear.

Start with a clear discussion of overarching objectives and operating principles

Discipline and documentation (money and operations)

Board governance and regular reviews

Celebrating success and motivating effort

Engagement

Soft and hard factors

Fixed term on grant?

The Give Smart Grantee Relationship Matrix

Place in a box:

Shared

Goals

High	Forced March	Partnership
Low	Train Wreck	Amiable Association
	Low	Hight

---

**Partnership:** Regularly explore opportunities to build upon and leverage your successful partnership through innovative strategies, enhance collaboration with other organizations and constituents, and increased financial and/or nonfinancial assistance.

**Amiable Association:** Actively clarify the strategic disconnects around goals and/or theories of change. Learn from one another: determine if overall results can be improved by more fully supporting the grantee's strategy – or by the grantee more actively embracing your strategy. Either accept the lost opportunities (and possible tensions) inherent in a lack of shared goals, or work together to align them.

**Forced March:** Identify practical opportunities to boost productivity through improved communication, better proposal and approval processes, more effective grant management, and useful reporting requirements. Simultaneously, pursue areas where you can add value to the grantee, such as mentoring, board development, program expertise, technical assistance, and fund raising.

**Train Wreck:** Jointly confront the “brutal facts” of the situation. If constructive progress cannot be made to align the strategies better and/or improve the working relationship, then probably transition out.

Want to start a discussion about how to collect information and use it to improve decision-making for your philanthropy or your grantees? Raise these issues:

- Can you articulate clearly who or what you serve, to what end, and how you believe change will come about?
- Are you collecting data about your investments or activities and their results? Can you tie each metric you collect to at least one decision about how you allocate resources or serve beneficiaries to achieve those ends?
- Have you identified every stakeholder that contributes to or uses the information you collect, and the value they gain from it?
- Have you created the right forums for you and other stakeholders to wrestle with data, share constructive feedback, and use it to drive improvements?
- Do you use the data and feedback you collect to make decisions?

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## Videos (19:05)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/carrie-avery/keeping-stan's-mission-alive-carrie-avery-says-he> (1:30)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/carrie-avery/avoiding-burn-out-carrie-avery's-sabbatical-progr> (4:18)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/peter-and-carolyn-lynch/building-a-board-carolyn-and-peter-lynch-believe> (3:15)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/stanley-druckenmiller/a-vehicle-for-structured-giving-stanley-druckenmi> (3:09)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/risa-lavizzo-mourey/critical-functions-of-a-ceo-risa-lavizzo-mourey-t> (1:57)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/bill-draper/cause-agnostic-bill-draper-lets-grantees-choose> (2:23)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/mike-milken/making-small-grants-go-a-long-way-mike-milken's-m> (2:33)

## DESIRED RELATIONSHIP AND QUESTIONNAIRE/REVIEW

### Videos (35:32)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/nancy-roob/a-philanthropist's-biggest-challenge-nancy-roob-on> (1:56)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/nancy-roob/don't-reinvent-the-wheel-in-philanthropy-nancy-ro> (3:58)

<https://www.bridgespan.org/getdoc/363e5a9c-f5f5-4386-a8c0-5c332ed0799c/bring-an-open-mind-desh-desh-pande-says-the-best-s> (3:47)

<https://www.bridgespan.org/getdoc/44917d7b-dbf6-4a7f-8dfb-f71dac0d9336/playing-the-honest-broker-kelvin-taketa-helped-th> (2:03)

<https://www.bridgespan.org/getdoc/7b9c336e-9d0c-4619-9c79-9c973d4ef5aa/a-two-way-street-josh-bekenstein-is-not-doing-a> (1:31)

<https://www.bridgespan.org/getdoc/fc3586c7-b6a7-4d8c-8bb3-97ccfcd1d1d/a-foundation-fundraising-why-nancy-roob-and-the-e> (3:20)

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<https://www.bridgespan.org/getdoc/8470cb68-7487-4ad7-b9b4-c5dec128ce79/changes-in-collaboration-melinda-gates-says-partn> (1:22)

<https://www.bridgespan.org/getdoc/be52fd56-ec3c-4479-8fae-40cc334adb45/power-in-numbers-geoff-boisi-wants-more-philanthr> (2:20)

<https://www.bridgespan.org/getdoc/3be42118-9eea-4786-8274-3327cf0f38fb/what-makes-a-true-collaboration-emmett-carson-say> (3:00)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/barbara-and-pitt-hyde/pitt-hyde-supported-the-formation-of-score-to-supp> (5:08)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/carrie-avery/going-beyond-government-carrie-avery-says-the-role> (0:54)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/emmett-carson/a-good-and-a-bad-government-collaboration-emmett> (3:32)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/desh-deshpande/how-to-scale-desh-deshpande-believes-philanthropy> (2:41)

### Supplemental Reading

<https://www.bridgespan.org/insights/blog/transformative-scale/getting-serious-about-scaling-impact>

<https://www.bridgespan.org/insights/library/philanthropy/partnering-for-results>

### Questions

<https://www.bridgespan.org/insights/library/philanthropy/frequently-asked-questions-about-philanthropy/how-do-i-build-strong-relationships-with-grantees>

<https://www.bridgespan.org/insights/library/philanthropy/frequently-asked-questions-about-philanthropy/how-do-i-measure-performance—both-mine-and-my-gran>



# Module 7

Outlining programs of Social Engagement

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Key Questions

Video Lessons and Summaries

Selected Reading

TBC

Example/Template

TBC

End of Module Checklist

TBC



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Philanthropy and social engagement is a cornerstone of family legacy. Philanthropy gives meaning to those involved, has positive impact for individuals, families and beneficiaries, and may improve family positioning within society. The purpose of philanthropy is to share wealth in a way that improves the community, reinforces family purpose and unites the family by supporting meaningful causes.

Sharing wealth effectively, and with a clear sense of value and purpose, is an essential element of the strategic framework for any wealthy family. By considering all of the elements of effective philanthropy in the broader context of family strategy, a wealthy family may be able to achieve a far greater impact in the areas selected for charitable grants or activity – and ensure that the impact on the community served by the gift and the family itself is as deep, long lasting and as positive as possible.

### **Community and Volunteerism**

Legacies of generosity and sharing are indeed often the greatest and most lasting legacies of all – and can be started young to develop a more cohesive, caring and lasting family bond.

Money is not the only way to give

Volunteering at a church or charitable institution can make a big difference, as can fund-raising. When funds are limited, it is worth thinking about these other ways in which you could contribute.

...woven into the lives of others

For many families, philanthropy is a cornerstone of legacy, and a part of the shared purpose of the family (strengthening bonds between family members, giving back to the community) and provides a sense of pride, value and meaning in the individual lives of its members. For many, a common philanthropic activity can provide a platform for the teaching of values, a shared activity to bring disparate generations and branches of the family together, (in some cases including in-laws and young children as well).

Establishing a charitable foundation, funding the effort, investing for philanthropic purpose, selecting causes and managing projects, measuring success, balancing grants, loans, and other forms of participation, pursuing sustainable for-profit investments and impact investing in other forms are all new challenges and hallmarks of modern philanthropy, providing new challenges and opportunities for families to align their charitable activities with their purpose, vision and values.

Effective philanthropy has a dual benefit: it can create a real substantial and enduring positive change in the areas where the philanthropy is directed, and can also unite the philanthropic family as well, giving it a sense of purpose, identity, pride and meaning from both a collective and individual sense. One is for moral and philosophical reasons.

Many of us want to make the world at least a little bit better off as a result of their existence, sharing the benefits from the very privileged lives they live.

Measuring the intangible

What you leave behind is not what is engraved in stone monuments, but what is woven into the lives of others  
- Seneca/Pericles tbc

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### Questions for Leaders of Legacy

1. What has been your family philosophy and history with regard to philanthropy?
2. Do you have an agreed (documented and organized) approach to giving and a strategy – with agreed objectives and specific metrics - for your philanthropy?
3. Are you satisfied with what you have done, and with what your future plans are likely to achieve?
4. How do charitable activities align with and support the family's broader legacy goals?
5. Who in the family is best suited to lead and support the family's philanthropy?
6. Does the family have the right commitment, consensus, organization, processes and measures of success to underpin its philanthropic aspirations?
7. Do you have specific processes and measures to ensure you are maximising your impact – on the family and grantees alike?

Videos: MHD CSR

## II.1 The Promise

### d. Engagement and responsibility

	Workplace	Business System	Reporting	Governance
<b>Internal</b>	<ul style="list-style-type: none"> <li>Continue "Watch It" safety program</li> <li>No accidents</li> <li>Improve lighting and eye care standards</li> <li>Commitment to hire wheelchair-bound</li> </ul>	<ul style="list-style-type: none"> <li>Gold suppliers healthy work practices verified</li> <li>Distributor service excellence training</li> </ul>	<ul style="list-style-type: none"> <li>Adopt triple bottom line accounting</li> <li>Publish "annual report", even pre-IPO</li> </ul>	<ul style="list-style-type: none"> <li>Add two independent non-Swiss directors to Board within 2 years</li> <li>Add Board Committee on Corporate Responsibility</li> </ul>
	Customers	Environment	Social Community	Business Community
<b>External</b>	<ul style="list-style-type: none"> <li>Provide lifetime product guarantee</li> <li>Ensure safe packaging materials used</li> </ul>	<ul style="list-style-type: none"> <li>Cut toxic effluents from cleaning fluids by 80%</li> <li>Invest R&amp;D funds to find alternatives to plastics in packaging</li> </ul>	<ul style="list-style-type: none"> <li>Increase annual eye care project contribution</li> <li>World Watch Institute</li> <li>Provide clocks and teaching materials to African program</li> </ul>	<ul style="list-style-type: none"> <li>Fund 20% of budget of watch-makers college</li> <li>Chairman on Board of Swiss Industry Council</li> </ul>

# Module 8

Measuring progress and maximising impact

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Key Questions

Video Lessons and Summaries

Selected Reading

TBC

Example/Template

TBC

End of Module Checklist

TBC



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Andry Grave

Accelerate your rate of progress and magnify the amplitude of your impact

Maximising impact in short and long term: Even going beyond the achievement and measurement of impact as the donor originally intended, some far-sighted philanthropic families are looking to develop programmes themselves which are designed in such a fashion as to have the highest positive impact at the lowest possible cost over the longest possible time frame.

This type of engagement, which requires more than just contributing funds and auditing results, requires a deeper engagement by members of the family and, possibly, professional advisors, in order to develop the most effective mechanisms for creating and measuring long term positive societal change.

#### Evolution and Reconsideration

...you should expect that at some point events may make you or the decision makers in your foundation step back and reconsider. If you are clear enough about your aspirations, values, and beliefs, the new priorities that emerge will continue to reflect the good you most want to see done in the world.

Give Smart p. 48

- **Weaving Philanthropy into the Family Fabric**
- Every family has the same opportunity to develop its own charitable programs, no matter what the scale of the family wealth. For most people, being part of a family means learning the family culture and passing the family's values through the generations. If philanthropy is part of a family's ethos and identity, most parents agree that there are many ways to incorporate the concept as well as the practice of giving in day-to-day life.
- "The best way to raise responsible children with wealth may be to first make sure we are responsible adults with wealth."

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"Acquirers' and Inheritors' Dilemma", Dennis T. Jaffe and James A. Grubman, The Journal of Wealth Management, 2007.

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- Even beyond the element of giving, the management of funds for a philanthropic purpose can be a solid learning experience for younger members of the family. Because the needs of a foundation can be planned out for many years in advance, the portfolio management process provides an education for those who eventually move on to the management of more substantial family funds.

Comment

### Videos (13:56)

[https://www.bridgespan.org/getdoc/c72307e8-f8f0-4941-af30-d46f4475a8e6/be-fearless"-steve-and-jean-case-risk-failure-fo](https://www.bridgespan.org/getdoc/c72307e8-f8f0-4941-af30-d46f4475a8e6/be-fearless) (1:46)

<https://www.bridgespan.org/getdoc/11bd660d-5824-4c8f-ba7e-437d5bdd0441/when-to-redefine-success-em-mett-carson-thinks-ada> (3:44)

<https://www.bridgespan.org/getdoc/60f38869-772c-40b1-9e76-8c53946e9b76/how-herb-sandler's-propubli-ca-drove-governor-schwa> (3:25)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/ratan-tata-keeps-business-mindset-for-philanthropy/hard-experience-taught-tata-trusts-sustainability> (1:52)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/ratan-tata-keeps-business-mindset-for-philanthropy/ratan-tata-new-philanthropists-not-scratch-surface> (1:22)

<https://www.bridgespan.org/insights/library/remarkable-givers/profiles/pierre-omidyar/pierre-omidyar-de-scribes-why-focus-matters-in-phil> (1:47)

### Supplemental Reading

<https://www.bridgespan.org/insights/library/philanthropy/frequently-asked-questions-about-philanthropy/how-do-i-measure-performance—both-mine-and-my-gran>

<https://www.bridgespan.org/insights/library/philanthropy/getting-better-over-time>

### Questions

From <https://www.bridgespan.org/insights/library/philanthropy/getting-better-over-time>  
Litmus test for getting better

## PROJECT OBJECTIVES

Project 1 (Responsibility: Name)	Project 2 (Responsibility: Name)	Project (Responsibility: Name)
High Level Objectives [fill in]	High Level Objectives [fill in]	High Level Objectives [fill in]
Project KPIs and Targets [fill in]	Project KPIs and Targets [fill in]	Project KPIs and Targets [fill in]
Progress vs Objectives/KPIs [fill in]	Progress vs Objectives/KPIs [fill in]	Progress vs Objectives/KPIs [fill in]
Next Steps/Corrective Actions	Next Steps/Corrective Actions	Next Steps/Corrective Actions

## PHILANTHROPIC FOUNDATION INVESTOR PROFILE AND OBJECTIVES

Contents	Yes	No
1. Are you short and long term objectives set?		
2. Is your investment philosophy (active vs passive) defined?		
3. Is your investor profiles established for each family portfolio?		
4. Are you happy with your strategic asset allocation and tactical ranges as currently set?		
5. Do you have a good process to make and monitor decisions on individual investments-both to buy and to sell?		
6. Are your approaches to risk and cost management sufficient?		
7. Is your overall performance vs benchmark satisfactory?		

## Communications program

<b>Target Audience (below) &amp; Channel (right)</b>	<b>Family Council &amp; Family Meeting (Internal)</b>	<b>Direct Briefings (Internal)</b>	<b>Newsletter and e-newsletter (External)</b>	<b>Digital media (External)</b>	<b>Conference and Networking Events (External)</b>	<b>Other</b>
<b>Family Members (Internal)</b>						
<b>Professional Team (Internal)</b>						
<b>Core Project/ Direct Grantees (Internal)</b>		Progress vs standards		strategy update		
<b>Partners/NGOs (External)</b>		New agenda	Values, range,			Full range
<b>Potential New Grantees/Partners (External)</b>		Vision, Values, Qualifications				Full range
<b>Relevant External Constituencies (Community, Shareholders, etc)</b>		Objectives, Investments, Results	Values, range, of actions	strategy update		Press Releases, Annual Report

Philanthropic Strategy Document and Foundation Document  
(Template for final Output)  
Supporting Documents:

Full Document Architecture (with highlights)  
FDA video with MHD

Ethical Will (mentioning Philanthropy)  
Ethical Will video

[Note: An ethical will is intensely personal. It always addresses the most important insights and experiences of an individual's life. Ethical wills can take many forms, ranging from short handwritten notes on general topics to long, detailed and professionally made videos.

The form should be decided after the content is defined, and the best way to communicate with the relevant audiences – current and future – understood.

In addition to a traditional will transferring financial and other tangible assets, an ethical will balances that inheritance with a non-financial gift of personal wisdom and best wishes to all members of future generations of the family.

dren and future generations, perhaps even yet unborn, beyond them.



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Although each ethical will is different, as the associated reading shows, this one is provided as an example of what one might look like to get you started on the journey.

Perhaps the first, and possibly most useful question you can ask as you reflect upon the content of your own ethical will is what you would have liked to have received from your own parents, family relatives (or important non-family member individuals) and ancestors before them.

A second question is to ask your own children, grand-children, and other relevant recipients of the ethical will, is what they would most like to hear from you, and how it could best be presented for use with their own children.

One easy idea would be to draft a statement in some written form and then read it on a video recording, with Q&A afterward by younger members of the family...']

### **Key Takeaways**

- Perhaps the most important cornerstone of legacy is philanthropy and social engagement within the communities in which we operate and live.
- Philanthropy helps give meaning to individual lives and sustainably helps communities and causes.
- The purpose of philanthropy is to share wealth to create a substantial, enduring, positive change in areas that are meaningful to the family and its values, which in turn help unite the family.
- Philanthropy has a positive impact within the family and in the community at large.
- Creating a philanthropic foundation or initiative can lead to positive family stature and promote good causes, altruism and respect both within the family and the community.
- Historically, philanthropic efforts focused on religion (churches), education and medicine (hospitals) in what was called “checkbook philanthropy”.
- Now families have a world of new philanthropic opportunities and are not interested in simply writing checks, but in getting their families involved with causes meaningful to the family.
- Because of the complexity of modern philanthropy, carefully consider each stage, have clear goals and targets, calculate the estimated return on your investment (this may not be monetary) and monitor results closely.
- Philanthropy is much more than an investment strategy and an asset allocation model when done the right way.

### **Guidance**

Philanthropy and social engagement is a cornerstone of family legacy. Philanthropy gives meaning to those involved, has positive impact for individuals, families and beneficiaries, and may improve family positioning within society. The purpose of philanthropy is to share wealth in a way that improves the community, reinforces family purpose and unites the family by supporting meaningful causes.

Sharing wealth effectively, and with a clear sense of value and purpose, is an essential element of the strategic framework for any wealthy family. By considering all of the elements of effective philanthropy in the broader context of family strategy, a wealthy family may be able to achieve a far greater impact in the areas selected for charitable grants or activity – and ensure that the impact on the community served by the gift and the family itself is as deep, long lasting and as positive as possible.

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### **Final Checklist and Summary Questions**

1. Are my philanthropic ventures fully aligned with my family purpose, vision and values?
2. Have I selected the right initiatives and have a clear definition of success for each?
3. Have we fully defined our family commitments and accountabilities, and am sure they can be honored?
4. For each area of philanthropy, have we designed a practical action plan to achieve results – and documented each one?
5. Are we working effectively with grantees – and if not do we have a plan to improve the relationship?
6. Have we set the right family goals and roles in programs of social engagement, involving personal effort rather than financial support, and does each engagement work as it is intended?
7. Are we setting clear standards and deliverables, measuring progress and maximizing impact where we can?

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## **ETHICAL WILL OF JAMES CUSCADEN**

To be read at my funeral and on any occasion thereafter so chosen by the members of my family

### **STATEMENT OF PURPOSE**

I, James Cuscaden here leave behind some thoughts, memories, principles, and ideas for my children, their children, and any and all family members and non-family individuals who might benefit from these observations in some manner.

It is also my hope and wish that my children and other family members produce similar testaments to this ethical will so that future generations will have a broader and deeper understanding of who we are as a family, together and individually, what we have learned and accomplished, and in what we truly believe.

### **THE IMPORTANCE OF THE FAMILY**

Although most of you will know our family history, I have always been particularly cognizant of the accomplishments, traditions, and values demonstrated by the European family ancestors on the Cuscaden, Steele, and Danforth branches of the family. Leaving behind the world they knew and the lives they had led, they all came to America from the mid-1630's onward to establish new lives in a new and challenging place, persevering and succeeding through sheer willpower, communal effort, spirit of enterprise, optimism and initiative, even in the most difficult of times.

I hope that the life we have lived as a family, spanning so many countries, residences and common experiences, carried with it the opportunity to understand and live by their high values and standards.

By way of thoughts to share with those of you who remain after I have departed, I would like to say that my greatest experiences have all been centered around our family and family life. Meeting and having the great joy and honour to be married to my wife Sarah Cuscaden, and to be the father and friend to our four children have been surpassed by no other experience in my business, public, or private life.

Of all of life's memorable times, loving, sharing, laughing, striving, and working through good times and bad with members of my family have been the most precious of gifts.

### **SHARING BUSINESS AND PHILANTHROPIC ACTIVITY**

I have also enjoyed working with family members and non-family colleagues in the businesses in which I have served as founder, director, advisor, supportive investor or employee.

I also note with gratitude the learning, experience and opportunities created by the educational institutions from which I have graduated, or with whom I have worked over time. Most particularly, the Phillips Exeter Academy, Amherst College and University College at Oxford University played essential roles in my own development and career, Harvard, "Sciences Po" and the Sorbonne also contributed substantially to the education I have enjoyed and the career opportunities with which I have been fortunate enough to have been presented.

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Sarah Cuscaden and I have worked hard, and always did our best, to create and take advantage of the opportunities we were offered; we, and I, appreciated very much the opportunities presented by the enterprises to which we contributed as we could, and from which we received so much. We have enjoyed the successes we have enjoyed along the way, while noting with humility the many mistakes we made no matter how well-intentioned were our efforts.

We note the obvious point that any successes were the result of contributions from many people, while the errors I managed to make were much more of my own generation.

In addition to the business success for which we worked long and hard, I am particularly proud to have developed and grown the family's philanthropic activities to include educational programs for women in Africa and Asia. It is my wish that family members spend some time in these poorer countries, both to assist in the causes to which the Foundation is dedicated, and to grow as people in a world where privilege can too often buffer us from the difficult experiences which allow us to reach our fullest potential.

### **REFLECTIONS ON WHAT IS IMPORTANT**

While there have been far too many experiences, and far too much valuable learning in my long life to fit into one brief document, I would like to commend the following values and reflections to family members for their own contemplation.

**Love and happiness:** Of all things to pursue in life, love and happiness are the highest goals. My greatest happiness came from marrying the woman I loved, pursuing the career in business and public service which was my great passion and to which I was always fully committed, and in creating the large family I always wanted; a wonderful family that grew up in a loving and caring environment.

**Honor and ethics:** Being true to one's word, speaking frankly, and acting with integrity are the bedrock of a life worth living. Without honor and a profound sense of what is right, and acting upon that belief, the quality of any one life is vastly diminished.

It may not be easy taking the high road. There will always be people trying to drag down those who are following the better path, and there is often a personal cost to maintaining a life of integrity. It will always be worth reminding our children and their children that the higher road is often the more difficult pathway to follow, but it always leads to a far better place.

It is also worth a supportive note to my descendants faced with difficult times, I which doing the right thing is not always recognised, and may even be ridiculed and presented as old fashioned, naïve or unappreciated: there is an old, and insightful adage to keep in mind that "it matters not how crooked falls the shadow, so long as the tree stands straight".

**Living honourably,** keeping your word at all times, remaining humble and kind, and living by the highest standards – even those that others may have long since abandoned - is its own reward.

**Education and literature:** In my life I benefited from a great education that lasted far beyond the end of my schooling. Good books, a constant curiosity and honest discussions (listening carefully and thinking about what has been said) with people of depth, wisdom, humor and understanding have made my life much richer, and contributed to an education that I continued until the last day of my life.

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**Physical fitness and engagement:** Decades of pleasurable participation and competition in sports and outdoor activities of different kinds. Greater health, longevity, energy and accomplishment are all supported, and the overall quality of life enhanced, through the effort required to remain physically fit, active and fully engaged with life in all of its many dimensions.

**Books and meditation:** In this context, the reading and writing of books, along with the practice of meditation, have proven to be essential in shaping my world view and underpinning a personal and family life more varied and demanding than most. No matter how out-dated they become, books have been the primary source of the communication of wisdom and experience for eons. Reading carefully, thinking critically about what has been presented, and attempting to put together worthy books of my own have been essential experiences in developing an understanding of the world around us, in all of its terrible and magnificent glory.

**Meditation,** in various forms, has also been an essential part of my life. Whatever form of meditation is selected and which fits with another's life can only be a positive step toward a life better understood and managed.

**Expertise and excellence:** I have found, over the years, that it is not what someone does that makes for a full life, but how they do it. That makes all the difference. An attention to quality, a high level of effort, striving to achieve excellence in whatever field of endeavor is chosen and seeking out experience, expertise, and knowledge from those more skilled or capable than I have always made a great contribution to the quality of my own life. I commend this attitude to others and hope that it has the same beneficial effect on your life that it did on mine.

When I failed to live up to any high standard, the results spoke for themselves in ways I am not happy to remember, but which served as a constant reminder of how much better it is to do a good job in whatever we choose to do.

I would also commend to my children, their children and those beyond, to find a career or profession for which you have a deep passion and in which you can excel, no matter whether that leads to an artistic, medical, military, commercial, religious, educational, or other pathway in life. Find what you are good at, and love to do, and pursue it to the best of your ability.

**Self awareness:** No one is like anyone else. No one in our family, or anywhere else, was put on this earth to live someone else's life. In order to understand what it is that we can do best, in work or in our personal lives, it is important to understand who we really are, what are our strengths and weaknesses (the latter understood in full humility and with a full knowledge of human frailties) and how we can best identify and pursue an individual path that leads to the greatest personal accomplishment, the greatest personal happiness, and the greatest personal development along all the great dimensions that life has to offer.

**Purpose and meaning:** Perhaps the greatest observation I can pass on to my children, their children, and anyone else who is following these words, is the importance of a belief in and understanding of the greater forces of the universe. That understanding can only come about through a lifelong quest for external experience, inner knowledge, and meditation on how the various aspects of human existence—physical, material, emotional, and spiritual—fit together.

I have taken more time than most in my family to consider alternatives, to explore Unitarianism, Buddhism, Catholicism, and to question the link (or maybe even the contrast) between religion and spirituality.

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While not yet having any firm answers, I can commend to anyone the value of the journey, and the benefits of having an enquiring and open mind.

### OVERCOMING CHALLENGE AND FAILURE

Life is not always easy. As a result of the legacies – financial, social and ethical - created by generations who have preceded us, we are the recipients of many benefits not shared by almost anyone else on this earth. Yet, despite the many privileges and potential for substantial positive contributions and achievements that have come with our history, I, like everyone else, have also struggled with challenge, failure and situations for which I was not sufficiently prepared.

The resulting negative experiences were, although not pleasant or easy, essential for growth as a whole and adult person. I heard long ago from a very wise friend that we only learn from our negative experiences. Positive experiences often only confirm what we already know. In facing testing and adversity, making mistakes, suffering when things go wrong – for ourselves and others – we have the raw material for learning, taking a different pathway, changing internally and finding new sources of strength and wisdom to make our lives better as we move forward.

Although we all make many mistakes throughout our lives, I would highlight a few of mine, with the hope that these lessons can provide valuable lessons for you all to learn under less adverse circumstances than those I faced at the time.

**Excessive optimism:** Although this does not sound as threatening as it can be, one example of how this can create a real threat can be seen in the way we managed the family businesses before the Global Financial Crisis. Having enjoyed ten years of positive and profitable growth, we agreed expansion plans for the business that assumed that the good times would last for another ten years as well. Needless to say, when the GFC hit with a vengeance, many of our clients were hurt, our new plants could only operate at a reduced capacity utilisation and debt service became a problem. Only by shuttering some plants, cutting costs, laying off some very good people and selling some assets were we able to survive. Lesson learned: always plan for at least one recession in every business planning cycle, and understand the potential risks and downsides in business life, relationships and whatever we do.

**Not listening and talking too much:** Always positive and enjoying a good conversation, at times I realised that I was dominating the conversation, and far too often talking about myself and my activities at the expense of others. As a result, I missed much learning about other people and sharing of common insights and ideas. I probably came across as far more self-centered and domineering than I believe I am, which did not work well with a number of relatively shy people. Key lesson learned here is to listen first and then speak later, most often about someone other than myself!

**Insufficient flexibility:** For better or worse, my personality has always been relatively driven and high energy. Our family have a characteristic, not always justified or helpful, of confidence in our decisions. Similar to the point above about listening to others, being aware of the external environment (particularly listening to clients and colleagues in the business world, and friends and family in private life) and adapting as appropriate is a far better way forward. Darwin did not say ‘only the strongest survive’, what he actually said was ‘those species that adapt fastest to changes in the environment are the most likely to survive’. We should all learn from this true summary of what really is important.

**Holding on to old habits long after they were useful:** A bit similar to the point above, failing to grow

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as life progresses, and trying to succeed by applying old beliefs, attitudes and behaviours in new situations where they are no longer effective, created a number of unfortunate outcomes and missed opportunities. Being aware of where we truly are, and adopting the best ideas and approaches for a new phase of life can make all the difference in the nature of the outcome and the quality of life we create through our actions.

Trusting the wrong people: This is one of the most important realisations, based on many mistakes that I have made, that I would commend to you all for your reflection. In business, and in personal relationships, the character of individuals and their associated behaviour can make all the difference. Personality, integrity, honesty, values, flaws, character traits, personal background, degree of self-interest, trustworthiness, and all other virtues and values (good and bad), need to be seen clearly and appropriate decisions taken. The worst investments I made, even those based on good ideas, came about through the actions of people with bad values. The worst personal relationships and experiences I had were also the product of bad values and selfish actions taken by people with whom I never should have been engaged in any way. If your first instinct says do not trust someone, then step away quickly, or at least invest substantial time and effort in understanding where that sense comes from, and manage the situation and relationship accordingly.

Strength and hope in adversity: I hope these examples prove useful to you, and note that it will be impossible to pass through life without making your own mistakes. When faced with failure, adversity or challenge, the most basic of principles apply: do your best, be ethical and honest, ask for help when you need it from people who can help, and keep up your spirits and pay attention to your health – physical, mental and spiritual – at all times. Two great expressions that were useful for me at difficult times may also be useful for you when life's events get dangerous, difficult or damaging:

When something bad happens you have three choices. You can either let it define you, let it destroy you, or you can let it strengthen you.' (Dr Seuss)

When you are going through hell, keep going! (Winston Churchill)

In tough times, remember that they always come to an end eventually, and you will benefit from being as aware, strong, humble, honest, realistic and optimistic as possible in the time until the inevitable storms pass and better times are upon you once again.

## **CONCLUDING THOUGHTS**

I would like to end this document where I started, noting that the most important elements of our family wealth are love, family, and sharing life's gifts with those we treasure most. True family wealth, as I have described in many of my early books, is indeed far more than money.

I am very grateful to have had my wife as my spouse, partner, best friend, and confidante. For her love and support I can never say enough.

I am also vastly proud of all of our children. You are all honest, decent people with good values, a great sense of humor, curiosity about the world, and an apparent desire to lead balanced and productive lives. I wish you, your own children and those beyond, great joy and satisfaction in your own lives.

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I lived, and I died, a happy man. No one could have asked for more in any one lifetime, and I wish that my children, their children, and all generations of the broader Cuscaden Family, find nothing less in their own lives.

**BEST WISHES TO YOU ALL**

God bless you all and may each and every one of you find the all of the opportunities, insight, wisdom, challenge, experience, joy, happiness and, most importantly, the love that you so richly deserve.



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## The Birth of the New Philanthropist

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It's always risky to look at a set of trends or indicators of change and declare a fundamental shift in an industry. Trends ebb and flow. Indicators don't reveal their meaning until after the fact. And yet, we're confident that something is afoot in American philanthropy that has key features we look for when distinguishing transitory disturbances from significant transformation :

1. The behaviors of current players are changing;
2. New actors are entering the space;
3. New tools are being used; and
4. The cultural connotations of the industry itself are changing dramatically.

From these disruptions in the philanthropic ecosystem, a new alliance has emerged. It is the marriage of two powerful American families: the family of social activists and the family of entrepreneurs. This union has given birth to two offspring. One (the most visible) is the social entrepreneur—the problem solver who uses innovative methods and market thinking to make measurable headway in solving seemingly intractable social problems. The other (far less visible) is what we will call the “new philanthropist.”

What makes the “new philanthropist” new? Four critical self-perceptions that together form a declaration of intentions which, if consistently acted upon, would change philanthropy as we know it:

1. “I have a point of view.” Powerful social impact always emanates from a particular way of seeing the world. Yet philanthropists are trained to consider themselves essentially “facilitative” and therefore favor guidelines over point of view (POV). They are not the same. A POV has a unique “voice”; it's a powerful cocktail of your assumptions, your beliefs, that which you know to be true...and that which you do not believe. A POV acts as both a way to screen out opportunities that don't align with your vision and as magnetic force to attract those that do. New philanthropists come to the table with a POV that acts like a powerful lens clip over their mission and vision in such a way that they can both see and be seen.
1. “I am sector-agnostic.” There are multiple angles of entry to complex social problems, and solutions are often found by those seeking commercial applications, without primary focus on social benefit. Similarly, the public sector is a walled garden bursting with important experiments and promising results from which private philanthropy can learn. The desire (and ability) to engage and enlist talent

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Although this discussion focuses on American philanthropists, we should note that the features discussed are in evidence globally, which is not surprising, as national boundaries mean less and less in the context of web-based communications and an increasingly emphasis on knowledge transfer around solutions.

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from across sectors is a hallmark of the new philanthropist, who speaks the “languages” of different domains.

1. “I am interested in influence, not growth.” The new philanthropist has emerged from the epidemic of “scale fever” that gripped the industry over the past two decades with the understanding that bigger is not necessarily better. When an institution or an individual is onto something important, the mantra of philanthropy has historically been: “take it to scale.” By contrast, the new philanthropist says, “make it matter.”
2. “I am responsible for distributing knowledge.” As both investors in and consumers of social programs, products, and services, philanthropists have a unique altitude over entire fields of work. They can see patterns that others simply cannot by virtue of their “field position.” The new philanthropist understands that harvesting and distributing knowledge (insights and information) from those patterns is as much their responsibility as dispersing a certain percentage of the income earned on their financial corpus. The new philanthropist knows that money alone is not a particularly powerful tool for social change. Knowledge about what works (and what doesn’t) is. Therefore, the act of knowledge transfer—making sure that when someone has figured something out, others learn about it in ways that allow them to act upon it—is critical to the new philanthropist’s mission and mandate.

The more we understand about the care and feeding of the new philanthropist the more likely it is that this species will thrive and realize its full potential. It’s too early to predict how the story of American power and prosperity in the 21st century will be told by future generations, but one thing is certain: there will be a chapter on how we dealt with the social issues of our time, and whether we embraced new approaches to leverage the resources of the few to lift the many.