

SETTING UP A FUND, FOUNDATION, OR FAMILY PHILANTHROPIC OFFICE: 6 TIPS TO CONSIDER (PART ONE OF TWO)

Rather than simply make donations to worthy causes, an increasing number of individuals and families are choosing to set up donor advised funds, foundations, or family philanthropic offices. We will talk more about the differences between these vehicles and the various investment strategies to fund them in other articles. Today, however, we will talk about a few questions that are even more important to consider before setting up *any* of these efforts. We have found thinking through these key questions represents a critical first step towards giving more strategically, measuring impact more effectively, and engaging family members more substantively.

In recognizing that each person comes to this with a different perspective, we have pulled together six key questions we encourage every person interested in increasing their philanthropic activity to consider. As always, we are also happy to talk with you more about any or all of these topics.

#1: Think about what success means to you.

Most leaders, even the most entrepreneurial, among us would not launch a new corporate venture without a vision and plan for what they want to accomplish. With that said, you would be surprised at how many people set up a foundation or one of these other vehicles without thinking carefully about what, specifically, what they want to accomplish, one, five, ten or twenty years down the road.

We are not saying you need to work out every single detail, but it is very useful to think carefully about a few key topics that will likely guide your efforts, especially in the early months. While more and more donors are beginning to think about these areas, such as The Bridgespan Group, who recently [created a set of questions for donors to consider](#) to make their giving more effective. It is our opinion, there is an inadequate number of early-stage philanthropists that are thinking about these topics deeply enough.

Interested in exploring this more? A few key questions to consider might include the following:

- Imagine yourself five years from now, having contributed \$X towards an issue or cause, which is meaningful to you, what specifically do you hope you have accomplished?
- Is it enough for you to simply be supporting a “worthy cause” or would you like to be able to point to specific benchmarks or improvements that your gift helped advance?
- Which “needle” are you trying to move? And what does that movement look like?
- How will you know you have made a difference?
- Setting aside any accolades or praise you might get from friends or community leaders, what impact(s) would make you proud and satisfied on a deeply personal level?

#2: Decide how narrowly you want to focus your efforts (from both a cause and a geographic perspective).

If there is one pitfall, we have seen families fall into, it is not thinking enough about if/how they want to focus their giving. Especially when a larger number of family members are involved, this lack of clarity can cause confusion, conflict, and even tensions within the family. Just as dangerously, it can not only limit a family’s ability to truly make an impact but also erode longstanding family relationships. While some families choose to give individuals within the family the freedom to make their own unique philanthropic choices, this also arrangement comes with challenges. For example, if one family member

supports the local PTA, another donates to hunger effort in another country, and a third supports environmental efforts then globally tracking the family's impact comprehensively can be very difficult, especially if individual family member's priorities change over time, and they often do. One additional challenge with this strategy (or lack thereof) is without a shared focus that everyone has bought into, it often becomes difficult to say no to any request that comes up. This means that families often find themselves donating significant amounts of money to a wide range of causes with very little to show for it.



On the other hand, choosing one or two issues, one or two geographies, or ideally, *one or two issues in one or two geographies* can change everything. This framework makes impact measurement and tracking more effective, builds deeper expertise and relationships in the space, makes funding decisions less subjective and more objective, and increases awareness of the family's philanthropic work, if desired, and frequently increases family member engagement and satisfaction.

Want to learn more? Check out this [free resource](#) from the Milken Institute with suggestions for being more intentional about your philanthropy.

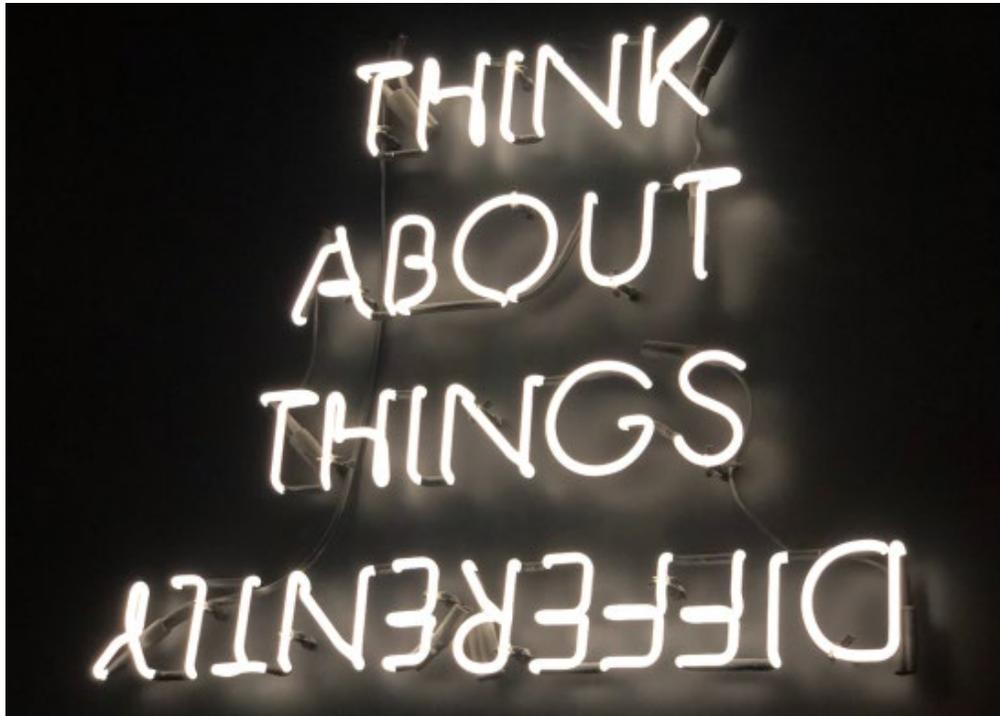
#3: Are you interested in contributing more than money?

While financial contributions are deeply appreciated by social enterprises and other worthy causes, this is only one way, and not always the most significant way, that you (or your spouse) can make a difference. In many cases writing the check can be the *start* rather than the *end* of your support. Consider these examples of ways others have supported causes, in addition to purely financial gifts:

- The marketing executive who mentors an organization's VP of Marketing a few hours each month.
- The CEO who helps an organization with its strategic planning process.

- The technology wiz who helps an organization select its IT vendor or helps them renegotiate a key technology contract.
- The executive who joins an organization's board and then makes introductions to others in their network who might like to support the cause

Now is a great time to ask yourself if there are other ways you, or your spouse, might like to get involved. Frequently this deeper involvement not only increases the personal meaning you take away from the experience, but significantly leverages the impact of your contribution to the nonprofit/cause.



These questions, of course, only begin to scratch the surface of the conversations we love to have with those interested in deepening their philanthropic impact. Next week we will explore three additional questions related to this topic, including:

- #4: Do you want to think about a role for your children or grandchildren?**
- #5: What is your timeline for impact? And critically, how will you measure this impact?**
- #6: None of us are here forever. What do you want your philanthropic legacy to be?**

If you would like to talk more about any of these questions, please do not hesitate to [email me](#) .