

Engaged Philanthropy™

Laying the Groundwork:
A Family Office Guide to
Meaningful Giving



Table of Contents

About this Guide	2
Philanthropy in Family Offices	3
1. Start a Values Conversation	4
2. Create a Mission Statement	9
3. Giving Choices	16
4. Research Opportunities and Organizations	20
5. Make Decisions as a Family	24
Five Potential Philanthropy Pitfalls to Avoid	28
For Family Office Staff: Facilitating the Philanthropy Process	30
About Hammer & Associates	32

*“We make a living by what we get.
We make a life by what we give.”*

– Winston S. Churchill

About this Guide

Welcome to *Laying the Groundwork: A Family Office Guide to Meaningful Giving*, the first in a series of Engaged Philanthropy™ guides—offering tools to help family offices worldwide plan and practice philanthropy that is both meaningful and measurable.



In 2015, Hammer & Associates, in partnership with the Global Family Office Community, conducted qualitative research on philanthropy in family offices across the globe. ([Download Philanthropy in the Family Office: A Global Perspective at suzannehammer.com](https://suzannehammer.com).) What emerged from this research was that there is a pressing need for more resources, support and sound advice on philanthropy that is geared toward family offices. We offer this series as a result of this research.

This guide is primarily for family office leaders (e.g., family heads, family office executives, committee members, other family members) who wish to take a more intentional planned approach to philanthropic giving. It is applicable for both U.S. and international family philanthropies.

While there is no “one” way to “do” philanthropy well, there are learned practices, tools and ideas others have tried and found helpful. This guide offers these ideas for you to read, discuss and take back to your family. You will find workbook style exercises for you to adapt, as you like. Whether the family is new to philanthropy or seasoned givers, this guide can serve as a starting point for planning, or a refresher to revisit the family’s values, mission and goals.

Philanthropy in Family Offices

In a family office, philanthropy is an unparalleled educational opportunity to share the values, skills and creativity that comprise your family as a whole, while making a positive change to causes you and your family members care most about.



We all know there are powerful tax advantages to giving. Beyond that, family offices have the freedom and flexibility to proactively plan their giving, and make things happen with agility and speed. Even better, philanthropy brings family members together, leaving a legacy within the family and the community that lasts well beyond the original wealth owner's lifetime.

Families worldwide are increasingly using family offices—private entities that manage investments, trusts and other financial concerns of the family—to manage their philanthropic giving.

While there are no set-in-stone standards around how families give, there are reasonable steps and best practices that can guide you. The first is to reflect and talk about what you want to do, and why. The following pages will walk you through a process of answering these questions. You will learn how to start a values conversation with the family; discuss and create a mission statement; consider your choices around whom and how to give; research opportunities and organizations; and finally, make decisions as a family.

You may choose one of these steps to focus on first, and add in the others as the family is ready. Or you can go through all five steps, one after the other. Find a rhythm and process that meets family members where they are at.

“Values are like fingerprints. Nobody’s are the same, but you leave them all over everything you do.”

– Elvis Presley

1 Start a Values Conversation

Before asking the questions: where do we give, or whom do we give to, ask: what do we value, and why?

The way to fulfillment in philanthropy—and by and large as a family—is the degree to which you are driven by purpose and shared values. In other words, why you give matters just as much, if not more, than what you give.

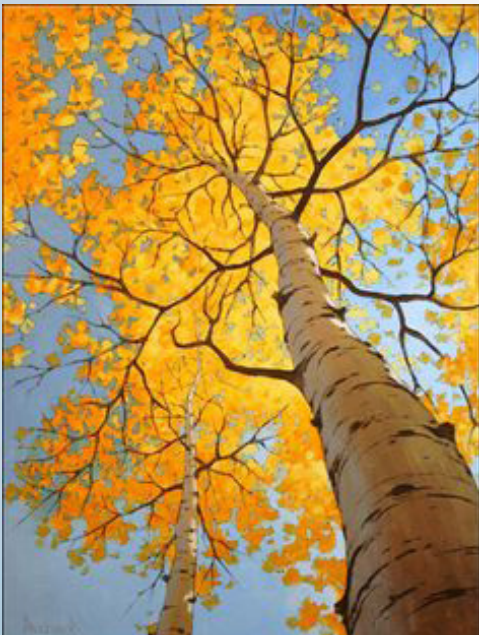
Whether you are talking about preserving wealth or giving it away, it’s important to be clear on the family and individual values that drive that decision. Yet, how many people have voiced their own values, let alone held a conversation with loved ones about the values they share?

The answer? Not many.

Values are the core principles that guide us as individuals, as a family, and as executives of a family office. Every action we take, whether consciously or not, comes from an underlying value—one we likely have learned and embodied through role models or hard-earned experience. Yet values aren’t necessarily top-of-mind for people thinking about philanthropy. Too often, an enthusiastic donor or family jumps to: “Where (or to whom) do we give?”

Values aren’t about giving to the homeless or the library or your alma mater; they are the underlying virtues that lead you to those decisions. When we are aligned with our

values, we feel connected with the world around us, as if we are living life on purpose. Values inform our decisions; they strengthen us as families and communities, and they often form the basis of the legacy we leave.



Ideally you and your family members share a common bond based on values, but it's not always so easy. Values may differ among generations and/or family branches, and in some cases, these differences can cause conflict and strife. The trick is to stay committed to the process until you uncover the deep-seated values that hold the family together, regardless of age, personalities or varying interests.

It helps to articulate your values as a family, and in fact, it's best practice to do so as a first step in philanthropic planning. Talking about values, and even putting them to paper, will illuminate your family's identity and culture. Perhaps your family most values inclusiveness, social justice, freedom...respect for elders, loyalty, faith...creativity, self-expression, individuality. Just as every person is different, so too is every family, and it's a learning experience to discover the distinct blend of values that comprise the family as a whole.

If you're unsure of your values, look at how you (and other family members) spend your time. It's easy to "say" you value something, but if you don't actually give it any time or attention, how important is it, really?

Getting clear on values will help you "talk" your walk.

Here are 10 questions to help you start with values

Instructions: It helps to first answer these questions on your own, on paper (using additional sheets as necessary) and then bring them to your family meetings to prompt a hearty dialogue. Jot down words and phrases that come to your mind without censoring yourself. It doesn't have to be perfect—have fun with it.

About Values...ask yourselves:

1. What does the word “values” mean to me personally? As a family?

2. What's most important? What are some of the values that have guided and sustained me through life? (Jot down freely whatever comes to mind.)

3. Where did these values come from?

4. What family stories or role models have instilled my values and worldview?

5. How do these values show up in my actions? In decisionmaking? In the way we relate to one another?

About Family Giving...ask yourselves:

6. Why does our family exist?

7. What is the purpose of our wealth?

8. What change would we like to see in the world?

9. How would we like to be remembered?

10. What are the most important values we share in common?

These questions may seem simple, and yet they can evoke rich discussions—ones that may bring your philanthropic mission and goals into focus. And holding these important conversations now may help you and your family members stay inspired over time.

Next steps: When you share responses as a group, assign a note taker. It helps to have a whiteboard or flip board handy so that everyone can visually see the key words and phrases that emerge in the conversation. Circle or highlight those that family members share in common. These could be the beginning of a family values statement, if you wish to craft one. It may help to engage an experienced family facilitator or philanthropy advisor for this process.

Resource Tip: The philanthropy advisory firm 21/64 (2164.net) offers a number of tools to help facilitate the values conversion, including the Motivational Values Cards and Picture Your Legacy Cards. Using either of these decks, family members use the cards to evoke a discussion about philanthropy. Use the code ENGAGEDPHILANTHROPY to receive 15% discount on 21/64 products (expires 10/16).

“Mission statements, family constitutions, roadmaps, etc. are all best practices in family offices, but a family has to be ready. When working with a family, use your judgment and experience to determine: What does the family need and are they ready for this?”

– Bill Woodson,
Managing Director
Citi Private Bank

*“If you don’t know where you’re going,
you might wind up someplace else.”*

– Yogi Berra

2 Create a Mission Statement

In business, you need a strong mission to grow and be successful. So it is in philanthropy. A mission is no guarantee you will change the world, but you can’t begin to do anything powerful and meaningful without it.

Just as a family would put thought into any gift they give, it’s important to think through how, what and where they might give philanthropically. By discussing shared values and how they might wish to make a difference in the world, family members will ideally whittle down what areas or causes they wish to focus their giving.

Missions are a best practice in family foundations, and perhaps less common in family office giving and individual donors. You may feel a mission might pigeonhole your giving, and that’s understandable. However, most philanthropists would agree that establishing a mission—and a narrow mission, at that—makes decisionmaking much easier and giving dollars more effective.

Consider this: In the nonprofit world, people talk about “mission creep”—when a nonprofit tries to be all things to all donors, and as a result, stretches itself too thin. The same could be said about philanthropists who give to this cause and that, without any real focus or proactive planning. Think of it as “spray and pray” philanthropy—where donations are scattered to this nonprofit or that in the hope that something positive “might” be achieved.

There are countless social and internal pressures that may lend to the “spray and pray” approach, especially in the absence of a strong and intentional mission statement. Once you have a mission statement, it’s much easier to say no when you need to—namely to those opportunities and requests that fall outside the scope of your mission.



Here’s another reason why your mission matters: It makes for more fulfilling philanthropy. Most people want to feel connected with what they do. They want to believe they are making a difference and that their actions have a purpose. When you articulate and stand behind a mission—whether that’s a personal mission, a family mission, or a mission in making money or giving it away—you may feel you are a part of something bigger than yourselves. You’ll be able to see your progress and your purpose. What could be better than that?

It’s up to you, as a family, to create your purpose, the mission that motivates your philanthropy.

While all family offices are different, most that give philanthropically will follow certain steps for deciding who, what and where to give their dollars.

A philanthropy mission statement describes this focus and is used to direct giving in the years to come. It’s best if a mission statement is short and to the point—no more than three or four sentences, and in clear language that anyone can understand (i.e., no jargon).

Here are 8 questions to help you uncover your mission

The following describes basic steps as a suggested practice to crafting a mission statement. These questions are designed to help you find a balance in strategy between what the family is passionate about and what the community needs. Keep your shared values nearby as you approach this process. Consider engaging an experienced family facilitator or philanthropy advisor who can determine the family's readiness.

Ask yourselves:

1. From the list of shared values and issues the family cares about, what focus areas energize everyone? What are people most passionate about? What feels the most pressing?

2. What is our family already giving to? Of these causes, which feels relevant and important? Which are we ready to let go or plan an exit strategy?

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3. What community or geographic area do we wish to focus on? ("Community of focus" could refer to a neighborhood, city, entire region or country, or an international focus.)

4. What does this community of focus actually need? If we don't know, how can we find out? (And if we *do* know, how can we be sure?)

5. Given the family's interests and opportunities, which of the pressing problems in your community are we best suited to address? Which are we poised to help solve? What can we all agree on?

6. Why is giving to this focus area important to our family? What is the change we hope to achieve? How are we balancing passion with strategy? Who are we (really) serving by doing this?

7. Do we care about this so deeply we need to do it ourselves, or would we be better serving in a role as influencer?

8. If we were to divide our total giving budget into a few different “buckets,” what would they be and to what end would they serve?

When developing a mission statement, it helps to be as specific as possible. If your family starts with “we want to give to education,” ask them to drill down deeper. Do you mean building a school? Sponsoring individual children? Giving money to the government? Establishing new skills? Think in terms of “what’s in, what’s out” as a way to make giving decisions easier.

“In a family meeting, everyone has ideas and can go off in different directions.

An outside philanthropy advisor can be the glue that brings the family together and makes giving a joyful experience.

It’s helpful having someone reflect back the ideas, and those that are consistent with the family’s values. When done well, giving is complex, but it doesn’t have to be drudgery.

Remember to keep it fun.”

– Peter Konrad, Konrad Consulting

Work toward crafting a mission statement:

Our family cares about giving/wants to make a change in:

We personally care about this issue because: _____

Our community has a real need for: _____

Therefore we will focus our funding on: _____

We will fund (type of organization or individuals): _____

In (geographic location or region): _____

In order to meet these goals/achieve this vision: _____

Using your answers above, craft a mission statement for your family's giving.
Remember, the more narrow your focus, the more effective you can be.

***Tip:** Once you have a list of shared values and a mission statement, keep them close.
Some funders print them out on a poster board or sticky notes, and refer to them
when making any funding decision.*

Write your mission statement here: _____

*There are infinite ways to change the world.
The more specific you are in your
choices, the more likely you will see results.*

3 Giving Choices

Even within one focus area, there will always be more needs and requests than you can possibly fund. As a family, you must set priorities. It's helpful to be as specific as possible about what you will and won't fund, especially when just starting out. This is part of your strategic planning process.

You may already know the answer to some of these questions, and if you don't, consider the following:

1. Types of Grantees

- What is our geographic focus or limitations (if you haven't already answered that question)?

- Is there a particular group we want to serve (e.g., children, college-age students, families, seniors, low-income women, etc.)?

- What types of organizations or individuals will we fund (e.g., start-ups, 501(c)3 organizations, established organizations, students)?

2. Level and Type of Support

- What is our total giving budget?

- What amount or range of gift will we make to those we support?

- How many donations/grants will we make per year?

- Will we give multi-year gifts, or one-time only?

- What type of support will we offer (e.g., general operating grants supporting an organization's overall activities versus program grants with a specific outcome; scholarships or fellowships, competitions, etc.)?

- How much involvement do we want to have (and have time for)? Do we wish to stay informed but removed, or more engaged and connected?

3. Giving Philosophy

- Will we accept unsolicited requests, or keep it an invitation-only process?

- How much risk are we willing to take? Do we prefer tested models, or newer, more innovative start-up organizations and ideas?

“Think of strategic planning not as an event but a lifestyle. Live in constant strategic planning. Keep reflecting on your values and mission and loop back on them over time.”

*– Peter Konrad,
Konrad Consulting*

- Do we want to see fast results, or outcomes over the long-term?

- How much control do we expect to maintain over the funds we give?

4. Decisionmaking

- How will we review opportunities and make decisions?

- Who among the family will make decisions?

- Who will handle the administrative tasks involved in the giving (e.g., contacting the grantee organization, drafting award letters and agreements, cutting checks or wire payments, etc.)?

Find out what's already out there, what needs have been met and where the gaps are. That will inform your decisions.

4 Research Opportunities and Organizations

Once the family knows what it wants to accomplish, the next step is searching for others who can bring the vision and mission to life. This involves locating organizations and projects that are doing the work the family wants to achieve. At this stage, it can be helpful to call in an expert or advisor in the specific issue area who can educate the family and help determine the needs and gaps.

As an example, one large philanthropic family comprising many branches holds group experiences they call learning journeys. The family hires experts to talk about the issues of interest and where the needs and opportunities are. These learning journeys can last either a couple of hours or a few days, in a mini-conference format. Family participants said these learning journeys help them focus their giving in the areas that need it most, and they can be an incredibly gratifying experience to have as a family.

Here are 6 questions to ask yourselves:

1. What are the needs and gaps in service in our funding/issue area?

2. Which community members, experts and other funders can we engage to learn more?

3. Based on our mission and giving goals, which organizations (within our community of focus) might be a potential match? Who else is funding this sector or these organizations?

4. How can we be sure these organizations are fiscally sound?

5. How do we choose among them?

6. If what we're looking for doesn't yet exist in our geographic focus, is it something we want to create (or support someone in creating it for us)?

Once the family has narrowed its choices, it's time to look more closely at the organizations, companies or projects the family is considering. Many funders ask potential grantee organizations for a letter of inquiry (LOI). LOIs are brief letters outlining an organization's mission and activities, and how the proposed funds will be used. These letters save time for the applicant and those family members and/or staff who are vetting proposals. If the applicant meets your family's mission and eligibility requirements, and warrants enough interest, you could then invite them to submit a full proposal or application.

To build relationships built on mutual respect, be sure to acknowledge receiving LOIs or proposals, and keep potential grantees abreast of your process and timeline.

Resource Tip: *If you do decide to invite organizations to apply or accept unsolicited proposals, consider using Common Grant Applications, which are used by more than one funder in a local area. This keeps the process simpler and faster for organizations seeking funding—and it saves your family members and staff from having to reinvent an application from scratch. You can find sample CGAs for your local region at givingforum.org.*

Next it's time to investigate the organization. Due diligence can be a simple or complex process: examples include checking an organization's website, reviewing its financial records, and scheduling a site visit to meet the people doing the work.



A good rule is to ask the organization for the minimum you will need to determine: 1) if they are credible and fiscally sound organizations, and 2) that they will use the funds for the charitable purpose they say they will.

You can also verify an organization via GuideStar (guidestar.org for the U.S., or guidestar.org.uk for England and Wales), which is a national database of nonprofit organizations. Here you can view copies of tax forms, and sometimes, read independent reviews on the organization.

Site visits or phone/online interviews are another opportunity to look beyond what's on paper, and gain a deeper understanding of a potential grantee. Many funders say site visits are the most informative, interesting and fun part of giving. After all, it's a chance to connect with people who are doing the work, and to learn more about the needs and strengths of an organization.

Keep in mind: Visits and interviews do take up an organization's time, and it doesn't guarantee they will get a grant. If you do decide to do site visits, consider how it will affect/potentially interrupt an organization's daily business, and be sure to align your request with the size and purpose of your potential grant/donation.

When your values are clear to you, making decisions becomes easier.

– Roy Disney

5 Make Decisions as a Family

Typically, one or two people from the family, or a philanthropy committee, will do an initial screening of all letters or proposals to check for eligibility. This saves the entire family or committee from reviewing applicants that clearly aren't a good fit.

At the family or philanthropy committee meeting, set aside plenty of time to discuss the organizations. Before you dive into a discussion, try to establish or review the criteria for how you will evaluate the proposals. This can take some time to figure out.

Here are 7 questions to ask or remind yourselves:

1. What is our mission statement and shared values (i.e., what are we trying to do, and why)?

2. What outcomes do we want?

3. What's a good organization look like?

4. What other criteria will we look at?

5. How much control do we (really) want over the funds we give?

6. Would our money be more effective if we partnered with another charity or funder?

7. How will we know we are truly making a difference? How will we measure success?

Generally, a good proposal presents a need, problem or opportunity in the community, and outlines a strategy for addressing it. It demonstrates that the organization is sound, its plans are feasible, and its goals are attainable. The best proposals are clear and thoughtful, and convey energy, some level of expertise and commitment.

It helps if everyone in the meeting has read the proposals/reviewed the options in advance and summarized their thoughts on each of them. At the meeting, the group will:

- Review the amount of funds available in the philanthropy budget.
- Review the list of proposed organizations, and verify that all applicants fit your mission and goals.
- Review and discuss the proposals, one at a time. Using the agreed upon criteria you've chosen, examine the merits and weaknesses of each organization, and how well they fit your funding criteria.
- Reach a consensus or take a vote on approval and the amount of the grant.

Family members may feel strongly about different organizations, so again, make sure you give yourselves enough time to come to a group decision.

Once you've made the decision, it can be most rewarding to start with a personal call to the organization or recipient, letting them know they were chosen. It's a good idea to rotate this task among family members so that everyone can take turns as the bearer of good news.

Follow up the phone call with something in writing—either an email or hard copy letter—giving them the official announcement, and outlining any terms of the funding agreement.

Resource Tip: For a list of what to include in a funding agreement and samples, visit *Exponent Philanthropy's* website: exponentphilanthropy.org.

"What makes philanthropy consultants valuable is that they can guide the family regardless of where they are at in the process, helping them stay engaged and excited but in a thoughtful, realistic manner."

– Bill Woodson,
Managing Director,
Citi Private Bank

Five Potential Philanthropy Pitfalls to Avoid

1. **Leaping without looking.** Although you and your family might be enthusiastic to get going on your giving, some thoughtful planning now will pay off later. Don't get discouraged by the challenges; they are part of the learning process.
2. **Giving too much.** It may be organizationally challenging for a charity to receive the high amount you want to give. Be sure to look at an organization's overall budget and financials and have a conversation with them before writing the check.
3. **Setting up as sole funder.** If the family offers a big gift and the organization grows as a result, how will you help them find other public or private money so that the family isn't the sole source of support? It helps to have an exit strategy from the onset, or you may find yourselves in a tight spot later on with the charity depending on you.
4. **Micromanaging.** Some donors give with the idea that they will maintain strict control over the money even after it has left their bank account. This can create a tug-of-war between the donor and recipient. Remember: the charity knows best how to meet its mission, and donors need to let the money go to work for that mission. In fact, it's best practice in philanthropy to give "general support" to an organization, funding their overall operational needs versus one specific project. If you do want control, be honest about that with yourselves and the organization, and make sure expectations are clear on both sides.

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5. **Failing to understand perpetuity.** If you are giving an “in perpetuity gift,” be sure to ask the charity their definition of perpetuity. Sometimes a family might expect to have their name on the outside of a building forever, when “forever,” to a charity, may only mean 10 or 20 or 40 years.

Ask yourselves:

1. What are the potential pitfalls my family may encounter?

2. How might we circumvent or avoid these pitfalls?

Our thanks to Bill Woodson, Managing Director, Citi Private Bank, for informing this section.

For Family Office Staff: Facilitating the Philanthropy Process

We talked with philanthropy advisors about what advice they would give family office professionals who wish to guide the families they serve in their giving. Here's what they said about how to get started:

1. **Ask the family to share stories.** This is not only useful in determining a philanthropic focus, but studies have shown that sharing stories builds family resilience. As philanthropy advisor Peter Konrad said: "When I ask family members to tell me their story, what comes out of the conversation is their values. It's important to always go back to values—the ideas of who you are and what you're all about. This drives the strategic planning process."
2. **Listen. Just listen.** Don't feel you have to be the expert. Work for the family. Try to understand what they want to do. It's not about you being the smartest person in the room – it's about you helping them.
3. **Reflect back what you hear in a respectful way.** Try to see things as the family would see them. Give them something concrete to respond to, rather than have them start from scratch. Help them focus so that they can move their work forward. As one advisor said: "I tell them, here's what I hear you saying, and I think what it means is this—am I right? Sometimes I'm wrong, but a lot of times, it moves the process along." As an outsider, you can help them uncover their passions and find the right place to focus.

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4. **Start slow but start by doing.** Giving doesn't have to be a tedious process to get off the ground. You can help the family get in there and roll up their sleeves. They can visit and learn from some of the organizations they are interested in. One family, for example, travels internationally together to visit the places they are interested in supporting. It sparks family engagement and allows the family to do good work in an informed way.
 5. **Balance impact and fun.** Where does the family want to have impact in the community? Different family members will no doubt have different ideas. Remind them there are a lot of ways to make an impact, and rein them in when needed versus helping them branch out. Success is subjective and based on who they are and what their values are. It's important that they do what they enjoy, what lights them up.
 6. **Get help when you need it.** As a family office professional, many times the best role you can serve is to research and connect the family with the right community experts, organizations, colleague funders and/or philanthropy advisors who can steer the family down the right path. There are a number of resources available where you can learn more. Contact Suzanne@SuzanneHammer.com for ideas.

Our thanks to a Family Office COO, and Peter Konrad of Konrad Consulting, for informing this section.

Maximize your giving for the greatest impact and meaning—with no administrative burden on you or your staff.

About Hammer & Associates

Whether you are an individual or philanthropic family, or a family office or wealth professional who serves philanthropic clients, you want to make real change for the causes you or your clients care about.



At Hammer & Associates, we give philanthropic families the tools they need to become more engaged and connected to their giving. We form deep, long-term relationships with private foundations, family offices, and the advisors who serve them, helping philanthropic individuals and families pair their passion with proven strategies.

We help you and your family office:

- Realize you and your family's philanthropic potential
- Strategize goals and manage your giving
- Tend to the day-to-day administrative duties of giving, so you and your staff don't have to
- Train the next generation to manage and preserve wealth
- Strengthen family relationships and communication
- Manage transition points, including succession, change in assets, and spend down
- For family office professionals: help the families you serve set and achieve goals

Learn more at SuzanneHammer.com or contact 303-319-3029. Follow @philanthrpsolut.

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