

TOP 5 FAMILY DYNAMICS IN PHILANTHROPIC FAMILIES AND WHAT YOU CAN DO ABOUT THEM

PHILANTHROPY ARTICLE

Even in the most successful families, misunderstandings, disagreements and power struggles can occur—and that might be on a good day. Add wealth to the mix, and family dynamics become a tricky business that can hinder good decision making. This is especially true when family members must make decisions together about money—whether that's making money, keeping money, or giving it away.

How can family offices help their families navigate these complex and confidential matters in a way that supports the best interests of the family and its philanthropy?

First, know that all families operate in ways that are influenced by family dynamics. Although a family itself is a larger system, it comprises individual members who have their own interests, goals and preferences. These individuals are born into certain roles in the family and may consciously or unconsciously play out certain scripts as a result of their role, be it patriarch, a matriarch, son, daughter, sibling, cousin, niece, nephew. Family dynamics is the way in which members of the family interact with each other, based on their roles, as well as their personality or their individual style.

When working in a family office setting, it helps to be prepared. Here are five of the most common family dynamics that can arise in philanthropic families—and some quick tips to help mitigate them.

1. The family matriarch and/or patriarch establishes a philanthropic foundation or fund with the hope (i.e., expectation) that the adult children will carry on the work.

The challenge here is that if the parent's haven't involved the children early on in the family enterprise or philanthropy, the children may respond to the "opportunity" with delight or dread. The children may



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feel that philanthropy is their "parent's thing" or feel pigeonholed by the funding focus set by the parent's. The younger generation may also move away and no longer feel connected or interested in giving to the geographic area designated by the parent's.

What can families do? Talk with kids in advance, especially as those kids enter early adulthood. Find out about what their interests are, and how they might intersect with the foundation and/or family philanthropy. If geography is an issue, discuss ways the younger generation can honor their parents' wishes, and yet connect and feel rewarded in the work. Use discretionary giving as an option to meet various community needs and family interests.

2. Founders of the family philanthropy have a hard time passing on control to the next generation.

Some family leaders aren't willing to let go and are bent on maintaining control—even from the grave. They worked hard to build what they have, and want their wishes to be known and followed. They perhaps are in denial of their own mortality and want to ensure that their legacy lives on.

What can families do? Encourage the family leader to create a donor intent letter or ethical will that outlines his or her wishes for the family philanthropy. Talk about ways to honor the family leader and legacy, while remaining flexible to future needs and family interests. Engage in succession planning for the family enterprise and philanthropy as early as possible to introduce these discussions in a non-threatening way.

3. Family members have different beliefs, communication or individual styles, which hinders their ability to work well together.

Families can make each other crazy with stylistic and ideological differences. Imagine a boardroom full of family members who fall across the political or religious spectrum. One adult sibling who won't stop talking, and another sibling who can hardly get a word in. A millennial who will only respond to text messages and takes notes on a laptop. A traditionalist who has no time or patience to learn technology. Sound like an interesting meeting?

What can families do? It helps to create a common framework for communicating that can help philanthropic families focus on the good they are there to do. Practice good governance set ground rules for meetings, and remind family members why they are there in the first place. Ask family members to bring with them certain details about the organizations they are interested in supporting, and share that with the group. Create agreements for how the family will communicate about the philanthropy outside the meetings as well.

4. Family members are in active conflict with one another, and they bring their personal beefs into the boardroom.

Conflict is a natural part of all human relationships, and

as a family grows and more people become involved in the philanthropy, the level of tension and competing interests can mount. Family members from different branches may have little in common, or carry personal problems or resentments that get in the way of the work.

What can families do? Start with what everyone has in common—which is the desire to give—and add some structure to it. Determine what is normal, healthy disagreement, and what is simply inappropriate. If the undercurrent of conflict overruns the philanthropy discussions, hire an outside facilitator who is skilled in family dynamics. Make sure every family member has an equal voice. Create agreements for how the family will navigate conflicts as they arise. Hire a skilled facilitator to help.

5. Family members draw nonfamily members or staff into side conversations, choosing loyalties, and other unproductive family dynamics.

In some cases, having a family office executive or staff in the room can keep family members on their best behavior. However, that's not always the case. If not careful, family staff can get sucked unaware into the undertow of family woes.

What can family staff do? Expect family conflict to come up. Know that it's not your job to fix it (nor can you fix it if you tried), however, you can help the family find the right resources to navigate it. Maintain a neutral, objective position where everyone is heard, there is no right or wrong, and everyone saves face.

Suzanne Hammer of Hammer & Associates gives family offices the tools they need to engage in and connect with their philanthropy—helping philanthropic individuals and families pair their passion with proven strategies.

To learn more, look for her forthcoming EngagedPhilanthropy™ toolkit Family Dynamics: A Family Office Guide to Meaningful Giving at SuzanneHammer.com or contact 303-319-3029. Follow @philanthrpsolut.

