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# What Is a Family Foundation?

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*Keywords:* family foundations; family philanthropy; foundation governance; donor intent; legacy; next generation; family trustees; family governance

## The Definition Problem

Most casual observers would see many similarities between the Bill & Melinda Gates Foundation and the Ford Foundation. They are both private foundations with very large staffs and assets, significant public presence, codified missions, and well-developed program areas. On the other hand, the Gates Foundation would be seen as quite different from the tens of thousands of small foundations funded and governed by families in communities across the nation: foundations which often have little to no staff, usually avoid too much public engagement, and give to a narrow and sometimes idiosyncratic range of causes or institutions that are dear to the family.

Yet in our commonly used schemes for categorizing foundations, Gates is grouped with those “family foundations” rather than with Ford. Gates has a small board of trustees made up mostly of family members, is driven by the vision and values of founders who are deeply involved in the foundation’s work, obtains its assets from the family members – although the involvement of Warren Buffett now complicates this – and self-identifies as a family foundation in the very first of its 15 official “Guiding Principles” (Bill & Melinda Gates Foundation, 2011).

This is a dramatic example to be sure, because the Gates Foundation is so unprecedentedly large and the vast majority of what we think of as family foundations are so small. But it illustrates the

## Key Points

- Family foundations are important institutions, making up a significant portion of the foundation universe and having both local and global impact. Yet we have no shared definition of this diverse and evolving category. Clarifying the definition will help challenge persistent misconceptions, get perspective on the diversity, and improve foundations’ understanding of their own family dimensions.
- This article surveys the different definitions of family foundation that are, and have been, used by key organizations in the field and by researchers. It also reviews examples of the variations and complicating factors that make answering the title question difficult.
- A single or simple definition of “family foundation” is infeasible and largely unhelpful to the field or to individual foundations. Instead, we offer a more inclusive definitional framework, using a list of “possible family dimensions of a foundation.” The list includes dimensions related to self-identification, the family’s influence and involvement, donor intent and legacy, and assets.
- Individual foundations can use this framework to reflect on their particular mix of family dimensions, to discuss what these dimensions mean to them, and to be more intentional in utilizing their family dimensions to achieve their mission.

enormous diversity of entities that fit our definition of a family foundation – or rather, we should say “definitions,” given that there is no single accepted definition of this important category.

When we look more broadly at the organizations currently classified under the umbrella of family foundation – and, notably, more than half of all independent foundations are usually classified this way (Foundation Center, 2011) – we immediately run into a host of complicating factors, diverse features, and unusual examples that belie simple definitions. While these foundations are driven by the presence of a founding family, they vary considerably in how the passions and peculiarities of the founders influence foundation governance, grantmaking, strategic planning, and so on. In addition, most institutions that we call family foundations operate with little to no staff (Price & Buhl, 2009), yet some have dozens of staff members or more. Most exhibit some explicit organizational concern for involving the “next generation” of the family, while some have no formal plan for doing so and will likely soon find themselves without any operational involvement by any direct descendents of the founders.

*Any single definition would unnecessarily limit the field in ways that might discount some of the more subtle family influences on certain foundations, and that might challenge the family identification of foundations who themselves embrace this label. A single definition would likely de-emphasize the rich diversity of the field, rather than embrace it.*

Family foundations sometimes split or merge – as do families. Other family foundations “adopt” other donors, as is the case of the Gates Foundation and Buffett, its new trustee. And some foundations with a strong family influence choose not to self-identify as family, while others proudly

call themselves family foundations despite little continuing family involvement.

The complexity and ambiguity of the category has been the case for a long time – probably since family foundations emerged in the early 20th century (Fleishman, 2007) – and close observers of the family foundation field admit that defining these sorts of foundations is inherently difficult. When systematic attempts to measure the field began in 1999, as part of a research effort by the National Center for Family Philanthropy and the Foundation Center, the researchers lamented, “since there is no legal definition of a family foundation, there is not yet and may never be a precise way to identify these grantmakers” (Lawrence, 2000, p. 4). Paul Ylvisaker (1997 [1991]) made the same point for a different reason: “With such diversity among family foundations, it is almost impossible to define them” (p. 1).

It is safe to say, then, that the boundary around what is considered a “family” foundation is a blurry and disputed one. The question is whether agreeing on a single definition will help or whether we need something else, something that will help make sense of the foundation world and help foundations of all sorts better understand their own family dimensions.

Given the diversity of entities that might fit – or who claim to fit – in this category and the importance of these entities despite their variations, it seems that setting up a clear and undisputed boundary and making strict rules about who is inside and outside it would be unhelpful, if not impossible. Any single definition would unnecessarily limit the field in ways that might discount some of the more subtle family influences on certain foundations, and that might challenge the family identification of foundations who themselves embrace this label. A single definition would likely de-emphasize the rich diversity of the field, rather than embrace it. As Remmer (2005) adapts the old cliché: “You’ve seen one family foundation, you’ve seen one family foundation” (p. 85).

Our goal here is to encourage a broader understanding of the field of family foundations, while also providing some of the clarity needed about the characteristics of that field. This article seeks to provide some guidelines for answering the title question in a way that accounts for the difficult complexities and variations in the field, and that can serve as a more inclusive conceptual framework to guide foundations of all sorts in identifying their family dimensions.

This article surveys the different definitions of family foundation that are and have been used by key organizations and researchers. It also reviews the variations in the organizations that are often classified in this category. Throughout the article, examples of foundations are used to illustrate the points, though at times the identities of the foundations are removed if the information provided about them is not something they have themselves made public.

Based on this review, we conclude by offering a new definitional framework for the field. In lieu of a single definition of “family foundation,” though, we propose a list of the “possible family dimensions of a foundation” as a more inclusive way of addressing the title question. Individual foundations can then examine where they fit in relation to these dimensions and, in doing so, they can assess how and to what extent family is an ingredient in their foundation and what that means to them.

### Why Clarifying the Definition Is Important

Before reviewing the existing definitions and offering our own alternate framework, we should make it clear why this sort of clarification is needed. Put most simply, better definitional clarity is important because family-related foundations are important. While it is hard to determine precise numbers due to the multiple definitions, by most accounts family foundations make up not only a large proportion of the total foundation universe but are growing in number very quickly – more than one-third of them have been established since 2000, and more than three-quarters since 1990 (Foundation Center, 2011). In addition, many of the older, often larger founda-

tions formed in the mid-20th century are at a stage where they need to clarify or redefine their family connections as original founders or second generations leave the scene.

*Family-related foundations are a key part of the larger transformation of the foundation field that is challenging so many of our existing categories and definitions.*

Foundations with a strong family connection also play essential, often irreplaceable, roles in nearly every American community. And some family foundations, such as Gates, have undeniable global impact.

Clarification is also needed because of the changing nature of both families and foundations. Family-related foundations are a key part of the larger transformation of the foundation field that is challenging so many of our existing categories and definitions. The fact that geographic dispersion of family members increases with each successive generation also causes increasing difficulties for families that give through foundations. More broadly, our practice and understanding of family life is evolving ever more rapidly, and foundations started and governed by families are also becoming more common in countries outside the U.S., with different cultural norms about family. All of these developments raise pressing questions about how “families” engage in giving vehicles.

Clarifying the definition will not resolve all of these issues in a tidy way, but will help us get a handle on the diversity of activities and difficult new questions. It will also challenge the misleading preconceptions about family foundations – e.g., that they are only small scale, local, dysfunctional, unwilling to partner – that currently creep in to fill a definitional vacuum. These preconcep-

tions are not just misleading and confusing, but can keep family foundations from having the impact they might, and can keep the foundation field from taking full advantage of this significant piece of its institutional universe.

*Family foundations are spread across different legal categories and subcategories, even if the vast majority are private, independent foundations. Legal statutes do not provide definitive guidance.*

Finally, developing a definitional framework that encompasses the diversity of the family foundation field, and that also helps all foundations identify their family elements even if they eschew the term, will help researchers better understand the complex interactions of all sorts between families and foundations. We argue in the conclusion that it can also help foundations improve their grant-making practice.

### Existing Definitions

One point on which everyone agrees is that there is no legal definition of a family foundation. There are clear legal guidelines for what constitutes a “private foundation” under IRS Section 501(c)(3), although these are defined technically in the negative, in terms of charitable organizations that do not meet the criteria of “public charity” under that section (Hopkins, 2011). However, as we will see, in rare cases it is possible for an organization to be considered a family “foundation” even if it is legally a public charity. There are also some operating foundations governed by families and some complex relationships between families and corporate foundations, although most foundations with significant family dimensions are considered “independent” foundations – a category that excludes community, corporate, and operating foundations as well as public charities. These and other variations suggest family foundations are

spread across different legal categories and subcategories, even if the vast majority are private, independent foundations. Legal statutes do not provide definitive guidance to our problem here.

There is also no single definition of family foundation that is accepted by the major organizations working in this field or by scholars who study it (Ostrower, 2006). We review several of the primary definitions here in order to get a sense of the features of family foundations that are important enough to include in our definitional framework.

The Foundation Center, in collaboration with the Council of Foundations, produces annual fact sheets about family foundations, continuing the research mentioned earlier that first separated out family foundations to be counted (Lawrence, 2000). When it began that research, the Foundation Center developed “two subjective and three objective criteria” (Lawrence, 2000, p. 4) to define what they wanted to count. It restricted the definition to “independent foundations” and emphasized the role of donors or family members as trustees, and the self-identification of the foundation. Over time, the Foundation Center has refined this definition slightly to the current working definition:

Family foundations are ... independent foundations with “family” or “families” in their name, a living donor whose surname matches the foundation name, or at least two trustee surnames that match a living or deceased donor’s name, along with any independent foundations that self-identify as family foundations on annual Foundation Center surveys. (Foundation Center, 2011, p. 1)

As mentioned earlier, this research has found consistently that the majority of independent foundations are family by this definition, and the number is growing fast. For example, in 1999 family foundations accounted for 50 percent of overall giving by all independent foundations. In 2009, they accounted for 62 percent (Foundation Center, 2011, p. 4).<sup>1</sup>

<sup>1</sup> The 1999 estimates and 2009 estimates are approximate, and at least part of the increase could be due to increasing acceptance of the term “family foundation” and better methodologies for counting them.

The Council on Foundations has also carefully considered over the years just how to define family foundations, especially as its membership has grown and diversified. In fact, the council is generally considered to be the primary source for the emergence of the term “family foundation” (Tobin, 2004). The term became increasingly popular in deliberations among the council’s members and staff in the mid-1980s as they realized these foundations were a specific – though hard to define – constituency that deserved specific attention and services.

The primary current definition given by the Council on Foundations emphasizes the family role in providing assets and in governance:

“Family foundation” is not a legal term. Therefore, it has no precise definition. The Council on Foundations defines a family foundation as one whose funds are derived from members of a single family. At least one family member must continue to serve as an officer or board member of the foundation and, as the donor, that individual (or a relative) must play a significant role in governing and/or managing the foundation. (Council on Foundations, 2011a)

Note that this definition would not encompass the Gates Foundation because of the mixture of two families’ funds. There are other examples of foundations that have merged two or more family endowments yet retained involvement by family members in governance, such as when the Charles E. Culpepper Foundation merged into the Rockefeller Brothers Fund (Gast, 2003).

However, the council is also sensitive to how its diverse members identify themselves and how those members define family foundations. For example, the council did a survey (Council on Foundations, 2001) asking for member understandings of the meaning of the term family foundation, and it now quotes some of those varying responses on its website as a sort of summary of possible features of such foundations:

A family foundation is a: Private foundation in which the majority of board members is related to the donor. Private foundation in which the donor’s fam-

ily is very involved. Foundation that focuses on the philanthropic intent of the donors. Family fund given to family interests. Foundation formed and funded by a single family or family’s business. Organization founded and preserved by family members. (Council on Foundations, 2011b)

*While rare, examples can be found of foundations that are clearly “family” but also “operating” or “public” foundations; and with more experimentation in organizational form there are likely to be more of these types in the future.*

This list expands the meaning of family foundation, then, adding an emphasis on donor intent alongside family involvement in governance and assets. The list also broadens the category of family foundation in a way that moves beyond solely the independent, private foundation classification. This broader view shows up in the council’s official accounting of the classifications of its members by type of foundation. In a data sheet distributed during the council’s most recent annual meeting of members showing membership numbers as of December 31, 2010, there is a note clarifying that “[f]amily foundations belong to the private, public, operating, and non-U.S. categories” of members – although the vast majority (487 of the 511) of family foundation members were still classified as “private foundations” (Council on Foundations, personal communication, April 12, 2011, p. 2).<sup>2</sup>

This is different from most definitions in the field, which start from the premise that family foun-

<sup>2</sup> It should be pointed out, though, that the council still sometimes restricts its definition to the private foundation category, particularly when discussing the legal status of family foundations – e.g., see a book on family foundation law produced by the council (Edie, 2002) and the council’s website section about “Starting a Family Foundation” (Council on Foundations, 2011b).

dations are a type of private foundation. But it accurately reflects the rapidly changing reality of the foundation world. While rare, examples can be found of foundations that are clearly “family” but also “operating” or “public” foundations; and with more experimentation in organizational form there are likely to be more of these types in the future.

The Henry J. Kaiser Family Foundation, for instance, is a private operating foundation that provides information about health care issues and policy as its main activity, rather than making grants (Altman, 1998). Yet the foundation still has family in the name and significant family presence on the board, just as it did when it was a private, family-governed grantmaker.

The category of “public foundation” is defined by the council as “public charities that operate significant grantmaking programs as one of an array of activities” (Council on Foundations, personal communication, June 8, 2011). A famous example of a family foundation that fits in this category – at least since a much-publicized transition to public charity status in 2004 (Strom, 2003) – is the Pew Charitable Trusts. There are still numerous Pew family members on the board, and Pew continues to highlight its deep family legacy and self-identify as a family-influenced entity.

The National Center for Family Philanthropy (NCFP) has been addressing this issue of defining family foundations, and the myriad ways in which foundations can be connected to family, for a long time. Even though it acknowledges that working definitions have to be created for measurement purposes – and it has led some of these efforts – NCFP chooses not to have a “fixed definition.” It explains:

We believe a family foundation is one where the donor or relatives of the donor are involved in the foundation’s governance, mission, values, and legacy. We do not have any fixed requirement for whether that needs to be all family, a majority, or other characteristic. As an organization, we are strong supporters of self-identifying. Does the family foundation see itself as being rooted in a donor’s generation and

philanthropic vision? That’s more important than whether there is a fixed definition. (NCFP, personal communication, April 20, 2011)

NCFP does acknowledge, of course, that family foundations are an important and distinctive category, even if defined according to the foundation’s understanding of itself rather than some objective metric. A family foundation is distinctive because it is

much more likely to be conscious of its roots and its values ... to be conscious of its longer term service including over multiple generations. And it’s very likely to be inspired and sustained because of the personal passion family members feel for the causes and communities they support. (NCFP, personal communication, April 20, 2011)

A similar set of definitional criteria, alongside a recognition of the difficulty of defining this category, is used by other organizations that work with family foundations. The Association of Small Foundations, for instance, defines family foundations more narrowly as a type of private nonoperating foundation, but emphasizes that the definition continues to evolve over time (Association of Small Foundations, personal communication, April 26, 2011). It publishes a *Trustee Handbook* for its membership, which includes a great many small family foundations, that de-emphasizes the mere presence of a family name: “While a foundation may have a family name, it is only a family foundation if the donor’s family – however distant – still has significant influence in the governance of the foundation” (Beggs & Adkinson, 2007, p. 103). The Philanthropic Initiative (TPI), a philanthropic advising organization, also restricts the definition to private foundations and similarly emphasizes family governance, defining a family foundation as one “that is strongly influenced by the original donor family, usually through participation as board members or trustees” (TPI, 2008, p. 4).

### Variations and Complications

The common definitions of family foundation reviewed above vary significantly, and one can understand why some organizations and researchers

choose not to define the category in a specific way or to focus on defining “family philanthropy” in general (Ostower, 2006). But there does seem to be a set of core elements that are most often used in the definitions – although not often all of them at once or all emphasized to the same extent as required elements. These include:

- a foundation that self-identifies as family or perhaps has “family” in its title;
- a foundation in which the founding donor or descendents play a governance role or influence the values and mission;
- a foundation that follows the donor’s original philanthropic intent and seeks to continue the founding legacy; and
- a foundation in which the assets come from a founding family or individual.

However, we have already seen how there are variations, exceptions, and complicating factors that arise in relation to each of these elements. To understand the diversity that any definitional framework must capture, it is useful to explore these complications further and to raise some other questions that demonstrate why a single or simple definition is infeasible.

#### *Multiple Legal Statuses*

One complicating variation in the family foundation field has already been addressed in detail. Family foundations are usually private, independent, grantmaking foundations, but not always – and this legal category cannot be taken as a rule; again, there is no legal definition of a family foundation. It is likely that many or most of these exceptional cases of family operating foundations or grantmaking public charities, including the Kaiser Family and Pew cases mentioned above, transitioned to their new status from the standard private, nonoperating form. There are also cases of family foundations that give up family governance and self-identification when they transition to, for example, a “supporting organization” public charity that raises money from the public to give to a specific charitable organization (Gast, 2003; Hopkins, 2011). However, not all of them transition in this way, and some retain their original asset source and family identity, governance

role, and legacy. Any definitional approach must allow for this legal diversity.<sup>3</sup>

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The difficulty of using legal guidelines or standard organizational categories in a definition is further demonstrated when we remember that there are family foundations established in other countries – and these are growing in number (Pharoah & Keidan, 2010). The meaning of “foundation” varies across national legal systems and cultures, along with the regulations and norms governing family involvement and control (Ilchman, Katz, & Queen, 1998). This suggests we need to define family foundations according to a set of specific qualities, but we should be broad in conceptualizing those qualities.

#### *Self-Identification*

The most subjective definition of a family foundation – whether a foundation self-identifies as “family” – is perhaps the most reasonable given all of the diverse entities and complicating factors. Several longtime observers of the field, including the NCFP, have concluded that “ultimately, it is a matter of self-definition” (Ylvisaker, 1997 [1991], p. 1; see also McCoy & Miree, 2001).

<sup>3</sup> It does make sense to distinguish family foundations from donor-advised funds, because the latter are not distinct organizational entities in the same way as the otherwise diverse “foundation” entities we are addressing here. However, with the explosion in donor-advised funds and considering the fact that many of them share many of the other dimensions of family foundations – family involvement, fidelity to a donor’s vision and values, etc. – it might make sense in the future to look at expanding the definitional framework to include them.



Still, even self-identification is not always a reliable way to identify a family-influenced foundation. Some foundations have prominent family features but prefer not to self-identify as family. In one case we know of, the founding donor deliberately avoided calling a new foundation a “family” one, despite extensive involvement by multiple family members, to avoid the perception that the foundation would just give to one family’s pet causes rather than serve the needs of its community and be seen as a change agent. Another example involves a foundation created when two families merged their foundations in order to increase efficiencies and multiply local impact. But while the merged entity retains both names and both sides of the family on the board, it does not call itself a family foundation in order to honor the contribution and legacy of multiple families.

On the other hand, other foundations have little continuing family influence beyond the existence of a mission created by a founder but continue to call themselves a family foundation. This is not an unusual result; most of the major foundations that we think of as “independent but not family,” such as Ford, certainly started out as family foundations. There is understandably a lag period in some cases in which the family identity remains even after the family presence is gone. This reminds us that there are foundations that do not have most of the obvious criteria of family foundations but do have some family-related element or dimension, even if it is just the endurance of a founding family vision. Recognizing this vestige of family is important.

#### *Governance Role for ‘Family’*

Perhaps the most persuasive factor in labeling a foundation a family one is when family members play some governance role in the foundation and have some direct control over foundation management or decision-making. Many researchers use this as the primary yardstick (e.g., Gasman, 2010; Lawrence, 2000). But there are multiple models for how this control is exerted, from original donors or their descendants serving on the board to family serving as staff members or doing all of the work, as is the case with the vast number of unstaffed family foundations. In some instances, the original donor retains a

tremendous amount of control even when other family members are involved, and in other cases one branch or generation of the family is much more active than others. And, of course, there are complications arising from the complex nature of families – some foundations welcome nonblood relatives as family participants while others do not, and so on.

One way to deal with this plurality of models for family involvement is to set rules for who fits and who does not, such as the ones suggested above: family must be a “majority” of board members, there must be two direct descendants on the board, the governing role must be “significant,” or the family board member must have the same surname as the founders. When dealing with complex cases, however, it becomes clear once again that a definitional approach that can encompass variation is better than setting rules.

Consider, for example, the case of a large national foundation created in the early 20th century, currently operating with a large professional staff and a large governing board (more than a dozen individuals). It is considered by most people to be an independent foundation like Ford, and for the most part describes itself in this way. But the board still reserves one spot for a descendant of the founding family, and still takes pride in following the vision of this board member’s ancestor. According to current board members, the perspective of this family board member can in some cases be the deciding factor in grant deliberations, especially if that perspective is presented as aligned with the intent and values of the founder. Whether this is then a family foundation is open to question, and unclear based on current definitions.

Involving the next generation in a family’s philanthropic activities is not something exclusive to families with a foundation. Many families teach philanthropic values and practices to rising generations and use giving as a way to bring together multiple generations. When a family’s philanthropy is directed through an enduring institution such as a family foundation, however, these efforts often become more structured as the next generation is prepared to take over the fam-

ily's designated role in governing the institution. Again, there are multiple models for how this may be accomplished, from "junior boards" to next-generation retreats to family trustee mentoring and so on (Buhl, 2008; Gersick, 2004); any definition should be open to diverse approaches.

The constant and growing variations within modern families also argue against setting hard and fast standards for what sort of family governance arrangement qualifies a foundation as a family one. As Stone (2004) puts it, "family members marry, divorce, remarry, form domestic partnerships and, in many cases, move far away from the family home" (p. 1). Many families today are "blended," and a person's surname is not necessarily a primary indication of familial relation.

The legal rules in this case do provide some distinctions regarding who counts as "family," as there are laws prohibiting a foundation from "self-dealing" with the family members of the foundation's trustees or contributors up to the level of great-grandchildren (Hopkins, 2011; Edie, 2002). However, this does not determine who is considered a family member involved in foundation governance, and does not address the more complex variations in families mentioned here.

Family conflict and schisms also raise questions about who is "family." There are plenty of examples of family foundations that do not include a certain branch of the founding family or in which the noninvolved family members have set up their own giving institutions. These splits can be acrimonious or civil and can happen for many reasons, from sibling disputes to ideological divides across generations to geographic distance. But research shows that family dynamics often make a bigger difference for foundation operations than the mere structure of family governance processes (Angus & Brown, 2007).

#### *Donor Influence and Intent*

In some definitions, what really matters is not the structure of family involvement, but the importance of that involvement – especially the influence of the original founding donor. Brody and Strauch (1990) argue that "the most important variable in determining whether or not the founda-

tion is a family foundation [is] the influence of the donors or family members on the decisions made" (p. 338). Whether there are one or several family trustees, what matters in this view is how much weight they carry in the foundation, as we saw in the example of a single family board member who sways decisions by interpreting what the original donor wanted. Of course, the nature and level of family influence in this sense is extremely hard to measure. We can only determine it in individual cases, and perhaps say in general that the nature of influence depends on factors like personalities, "family culture, traditions, and dynamics; the generational distance from the founders; ... and the strategic philanthropic choices made by the family" (Remmer, 2005, p. 85).

*There are plenty of examples of family foundations that do not include a certain branch of the founding family or in which the noninvolved family members have set up their own giving institutions. These splits can be acrimonious or civil and can happen for many reasons, from sibling disputes to ideological divides across generations to geographic distance.*

Moreover, just saying that a foundation seeks to perpetuate and implement the vision of its founders is not enough to label it family – all sorts of foundations exhibit this quality because the founders established the foundation's mission, if not also its program areas and priorities. So most foundations have this family dimension, in a sense. What seems distinctive about family foundations, again, is that this original intent has more of a direct and notable influence on current decision-making – whether that is through the active engagement of a still-living founder, the

fidelity shown by current family board members to their ancestor's vision, or through other references to the founders as enduring influences. In a family foundation, it seems, the original donors are more likely to be a "dominating presence [with] lingering influence" (Ylvisaker, 1997 [1991], p. 1), even to "continue to govern from the grave" (Von Lossberg, 1990, p. 380).

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#### Source of Assets

It may seem that examining the original source of a foundation's assets is a logical method to determine whether that foundation is family or not, but there are complications that challenge that view. Many endowed foundations received their original assets from a single family, but are no longer or never were governed or influenced by the members of that family. In these cases, the source of the assets is perhaps a necessary but not sufficient defining feature. In other cases, it is not so clear that the assets come from just one family. We have already discussed a couple instances, including the Gates Foundation, in which a family foundation receives assets from more than one family. We have also discussed the possibility of a family foundation operating as a public charity for which it might also be raising money from the public or other sources to augment family contributions.

There are also other complicated situations in which the lines between family-member assets

and corporate or family-business assets are blurry, both when originally endowed and in continuing financial arrangements, making it difficult to declare the foundation receiving those assets only "family" or only "corporate." In addition, a great many family foundations are established in the communities where the founding family created its wealth through a local family business, and there are plenty of corporate giving programs and foundations that are dominated by the company's founding family. In many cases a family foundation's giving is restricted to the community or communities where the family-founded business operates.

Consider the case of the Arthur W. Perdue Foundation. Created by the founder of the family-owned Perdue chicken company based in Maryland, the foundation is an independent, private foundation and has a board made up of multiple generations of Perdue family members. This fits the classic profile of a family foundation. Yet its assets come from family estates as well as the Perdue company, and its grants are made almost exclusively to communities where Perdue facilities are located. This suggests the foundation plays a role also as the giving arm of the Perdue company, even if it is not labeled a "corporate foundation."

#### Organizational Types and Transitions

A final aspect of the variation in the field of family foundations is the number of different organizational types and stages that fall under this label, many of which we have mentioned. Not only are there organizations of very different sizes – from huge staffed multinational foundations to unstaffed local foundations with small endowments – and organizations with different legal statuses, but also there are foundations at different stages of development and with different governance and grantmaking structures.

One prominent attempt to describe the field (Gersick, 2004) tried to encapsulate this tremendous diversity by coming up with a typology of three kinds of family foundations – while making the case that most foundations do not fit neatly into only one type. The three types were the "controlling trustee family foundation," the least

formal, unstaffed and with less defined missions; the “collaborative family foundation,” more formalized in mission and giving and involving more family members, but still small or no staff; and the “family-governed staff-managed family foundation,” the most formalized, with professional staff and perhaps some non-family board members. Each type faces different challenges, and in some cases a foundation will transition through these forms as it grows or retracts. Most important, all of these types – not just one – are considered family foundations.

Family foundations can also transition to and from other types of foundations; again, most of the independent nonfamily foundations in the country started out as family foundations. In rare cases, the transition can go in the other direction, with a foundation working to introduce more family members back into a governance or advisory role after a period of reduced involvement.

Because families constantly grow, move around, and diversify, a single-family foundation often evolves into multiple family foundations of different shapes and sizes. We need look no further than the Rockefeller family for this. The original family foundation continues and many members of the family continue to give together in various ways, but there are numerous Rockefeller family foundations now – some large, some small; some driven by the passions of one family member, some governed by several. The point is that all of these sorts of transitions and variations complicate our understanding of what is a family foundation, and we need a definitional framework that can encompass the diversity.

### An Inclusive Definitional Framework

It is clear from this review that a single definition specifying distinct boundaries for what is and what is not a family foundation would not be beneficial for the field or for individual foundations. There is a great deal of diversity in the organizations that might fit or that identify themselves under this label, and there are variations and complicating factors across several dimensions. While we understand the need for organizations and researchers to create a working definition for their own purposes, our goal is to adopt a broader

view across the field and across multiple definitions. What is needed is a definitional framework that can encompass this diversity and complexity in the field, while also providing guidance to help all sorts of foundations reflect on their particular mix of family ingredients.

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In Figure 1 we offer a list of the “possible family dimensions of a foundation,” and we intend for this to serve as a framework that can help determine the degree of family connection and the nature of the family qualities of any sort of foundation – from that which everyone agrees is a family foundation to that which seems to have no family connection at all. Each dimension in the list relates to a specific family-related quality of a foundation, and each can be depicted as a continuum. On one end of the continuum would be a foundation that exhibits that particular quality clearly and to a great extent; on the other end would be a foundation that demonstrates no signs of that quality. These continua are meant to be applied to foundations based on their current status, although it could certainly be used as a tool for foundations in transition to help them think more clearly about the specific ways in which they are becoming more or less a family foundation.

While this proposed framework is in the form of a list, we do not intend it as a checklist of required criteria by which a foundation qualifies as family. We also do not suggest this as a quantitative measurement tool by which a foundation must determine where it fits on the continuum of each dimension and compile an overall “degree of fam-

FIGURE 1 Possible Family Dimensions of a Foundation

To determine the degree and nature of the family dimensions of a particular foundation, consider the extent to which ...	
Self-Identification	<ul style="list-style-type: none"> <li>• The foundation identifies itself as a family institution, either by calling itself a “family foundation” or by highlighting some of the family dimensions listed here.</li> <li>• The foundation has “family” in its name, or has the name of the founding family in its name.</li> </ul>
Family’s Involvement and Influence	<ul style="list-style-type: none"> <li>• There is direct involvement of the founder(s) – as trustee, staff, advisor, or in another role – in the organization’s governance, strategic planning, or operations.</li> <li>• There is direct involvement of descendants of the founder(s) – as trustees, staff, advisors, or in other roles – in the organization’s governance, strategic planning, or operations.</li> <li>• The founder(s) or descendants have demonstrable influence in shaping or implementing the foundation’s mission, values, program foci, or governance and operations.</li> <li>• There are explicit criteria for defining who counts as a family member, and guidelines or rules for how family members should or can be involved in the foundation.</li> <li>• There are intentional and structured efforts to involve next-generation family members in the work and future of the foundation, and to teach philanthropic values and practices to the next generation through foundation involvement.</li> <li>• The foundation is considered a vehicle for creating and sustaining family unity and for helping to keep dispersed family members connected to the family’s legacy.</li> <li>• Care is taken by the foundation to avoid self-dealing with extended family members, broadly defined.</li> </ul>
Donor Intent and Legacy	<ul style="list-style-type: none"> <li>• The founder(s)’s original philanthropic vision and intent are determining factors in current foundation decision making, and this fidelity to the original donor(s) is highlighted by the foundation.</li> <li>• The foundation seeks to perpetuate the legacy of the founder(s) and the family.</li> <li>• The foundation’s mission and activities are rooted in identified family passions, interests, and values, perhaps including a commitment to the family’s home community or the community in which the family’s wealth was generated.</li> </ul>
Assets	<ul style="list-style-type: none"> <li>• The assets of the foundation come primarily from family sources, as opposed to corporate, public, or other sources.</li> </ul>

ily” score. We do want individual foundations to use this list in whatever way is useful to reflect on their family dimensions, however, so some may choose to create such a metric.<sup>4</sup>

It is important also to point out that this list, intentionally, does not include a number of dimensions that have been used by others to define family foundations. There is no mention of a particular legal status that makes a foundation more or less family, no required staff or asset size, no specific rules for the extent of involvement of family members such as a required number of board members, and no mention of the surname of the involved family members. We feel that each family should define family, although the extent to

which there are some explicit criteria for defining family is certainly a key dimension. Also note that the list does not mention the extent to which all branches of a family are involved, or if the foundation in question is the only foundation associated with the family. This framework is meant to measure the family dimensions of an individual foundation, and having more than one family institution does not necessarily diminish the family orientation of each institution in a zero-sum way. Finally, the list does not specify that there be one single family source for assets or involvement, to allow for the fact that multiple families might combine into a single institution or organizational structure yet still retain some family-related dimensions within that structure.

<sup>4</sup> Each dimension on the list is defined according to specific qualities of foundations, so we hope that it can be used or adapted to fit “foundations” located outside the U.S.

To see how this definitional framework can help identify those family dimensions in a way that

a single, strict definition could not, it is useful to review a final example of a foundation with complicated family connections – in this case, the Simon Youth Foundation (SYF) in Indianapolis.

SYF was started in 1998 by members of the Simon family and the employees of the Simon Property Group, a large commercial real estate investment company known mostly for developing shopping malls. One family member in particular was and remains the passionate leading light for the foundation. SYF provides educational opportunities to at-risk youth, including scholarships and “academies” located mainly in Simon malls. The foundation was created as a public charity rather than a private foundation or corporate giving program, and in addition to contributions from the Simon family and Simon employees SYF raises money from the public to fund its programs. The board includes several Simon family members, Simon corporate representatives, and community leaders.

By many definitions SYF would not be seen as a family foundation – or, at least, it would be seen as a confusing hybrid of family and corporate and public charity. However, Figure 1 provides a useful guide for identifying the number of significant family dimensions in this foundation – dimensions that SYF staff and board embrace. SYF carries the founding family’s name, has many family members involved in governance, and engages on issues that are meaningful to the founding family and in the family’s home community. Having this list of dimensions can help a foundation like SYF specify its family connections, as well as make clearer sense of the ways in which it is not a traditional family foundation. For instance, the multiple sources of assets is one key way in which SYF is not purely a family foundation, and it would be important to know whether the foundation is establishing practices for bringing in the next generation of the family.

### Improving Practice and Informing Research

We hope this more inclusive definitional framework will help strengthen the field by providing greater clarity about the family dimensions of foundations. We also hope that it will help expand

the common perception of family foundations by showing how all sorts of foundations have family dimensions, even if they are not explicitly labeled as family institutions.

We offer the list of family dimensions as a conversation starter for the field, and welcome suggestions for revising or expanding this list of dimensions. More directly, we offer this framework as a tool for foundations and hope that it can serve as a guide to reflect on their own family dimensions and engage in open conversations about what significance these dynamics have within their organization and how they think of and present themselves in the world. It can help foundations be more intentional about incorporating their family dimensions and more effective in making use of those to achieve their mission. Using this open framework, this benefit can accrue to the range of foundations, regardless of how minor their family connection. It could be particularly useful for foundations struggling with their family connections or going through a major family-related transition.

The framework can also act as a guide to the conversation around family dimensions and definitions as foundations engage in strategic planning and seek to establish grantmaking practices or create standards for their own good practice. For one thing, we believe the framework can be useful in providing context as foundations discuss and refine core grantmaking functions and priorities. Relationships within any foundation are an integral part of how grantmaking strategies are defined and executed, how areas of focus and issues are determined, and how impact is assessed and evaluated. Specifying the family dimensions of a foundation can provide insight into how relationship dynamics have influence on grantmaking practice, as well as help make that influence more transparent and productive. In a sense, identifying and making strategic use of the family dimensions of a foundation could be considered a part of professionalizing that foundation.

We hope that this review of existing definitions, variations in the field, and the list of dimensions can provide some guidance to future research on family foundations and on the family qualities of

all foundations. More research of this sort is certainly needed. This new definitional framework will be helpful in defining topics and questions for future research; each dimension on the list can be translated into several interesting empirical questions. While a single definition is sometimes necessary for some kinds of data gathering, such as determining and tracking the number of family foundations, this broader framework can help interpret those numbers in a way that better reflects the real contours of the field. A more inclusive definition can also help refine our data-gathering instruments to get a more accurate, nuanced picture of what is an enormously diverse set of institutions. This framework can also inform interesting research on how different family aspects of a foundation influence the design and implementation of administrative processes, governance, and programs of different foundations.

In the end, we return to our title question, and we wonder if it is the right question to ask after all. Asking “what is a family foundation?” seems to imply that there is a single type of foundation that would fit as the answer, that there are clear boundaries between “what is” and “what isn’t.” It seems a better question to ask is, “what are the possible family dimensions of foundations?” More important, for each foundation, the question should not be “are we a family foundation?” but, rather, “in what ways, and to what extent, are we family?”

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