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Splendid Legacy 2: Creating and Re-Creating Your Family Foundation

Reviewed by Ashley Blanchard

It has been 20 years since the National Center for Family Philanthropy (NCFP) was founded, and 15 years since it published *Splendid Legacy: The Guide to Creating Your Family Foundation*. To mark these milestones, NCFP has published a new edition: *Splendid Legacy 2: Creating and Re-Creating Your Family Foundation*.

Like the first edition, *Splendid Legacy 2* is intended to be the definitive resource on creating a family foundation — everything you need to know to start and operate your family philanthropy. That’s an incredibly ambitious goal, but one that *Splendid Legacy 2* pulls off remarkably well. It covers a range of topics: from broad concepts, like ethics, family dynamics, and values, to tactical matters, like where to house the office and how long a board meeting should run. And while this toggling between macro and micro can at times create whiplash, it also reflects the reality of family philanthropy, where seeming minutiae — like the length of a board meeting — are enmeshed in complex family dynamics. As *Splendid Legacy 2* makes clear time and again, every decision in a family’s philanthropy reflects that family’s values and mission, and the book consistently grounds its extensive coverage of the practical business of family philanthropy in these broader concerns.

Splendid Legacy 2 manages to succeed at its ambitious agenda precisely because it doesn’t try to be a “how to” for family philanthropy — it is not by accident, I believe, that the second edition has dropped “guide” from its subtitle. Despite all the

practical guidance, what *Splendid Legacy 2* makes clear is that there are rarely “right” answers in family philanthropy, and that the solutions for each family foundation are as different as one family is from another. This may



Splendid Legacy 2: Creating and Re-Creating Your Family Foundation by Virginia M. Esposito, ed. National Center for Family Philanthropy, 2017. ISBN: 0692792546, 9780692792544

frustrate new philanthropists looking for definitive “best practices,” but it certainly reflects my experience as a consultant to family foundations and as a family foundation trustee.

Instead of a step-by-step guide, *Splendid Legacy 2* presents a framework for ordering and prioritizing the many decisions family philanthropists must make and outlines the pros and cons of the various options. It is organized into five sections, each of which contains a collection of essays and articles by various authors. Some of these pieces have been kept pretty much intact from the first edition and others have been updated; still others are totally new.

Section I, “Creating Your Family Foundation,” addresses the fundamental questions of values and ethics. NCFP President Virginia Esposito’s article on “Goals and Mission” establishes one of the book’s main themes: that the myriad choices facing a family during the creation of a foundation require clarity of purpose. But it is the

brilliant new essay by Russell Family Foundation trustee Sarah Cavanaugh about the importance of clarifying values that really brings this point home. In what has been wisely placed as the book's lead essay, Cavanaugh shares her own family foundation's experience with articulating its values, layering in practical guidance ("Five Ways to Get Started," "Bringing Values to Life") with a deeply personal story of the many conversations with her siblings and parents that resulted in a values statement. This is where *Splendid Legacy 2* is at its best: marrying the personal and the practical. It is loaded with stories — from an extensive interview with Bill Gates Sr. to vignettes that illustrate examples of how family foundations have addressed various issues. By sharing the unique experience of the Russell family, Cavanaugh makes a compelling case for the universal importance of defining your family's values. And if there is any one "best practice" in *Splendid Legacy 2*, it is just that: Successful family foundations — those that manage to engage in high-impact philanthropy and involve the family over generations — are rooted in a clear sense of their purpose and values. The best way for founders to ensure the success of their philanthropic legacies is to take time at the outset to articulate their reasons for starting a foundation, identify their core values, and engage other family members in those discussions.

Section II, "Creating Your Framework," covers the legal, financial, governance, and management issues associated with family philanthropy. It is the most tactical of the sections, loaded with practical tips and pro-con lists for weighing options. Some of these articles will no doubt be treated as reference material by most readers: skimmed over at first pass, then dug into with fervor when the issue presents. For example, the six pages dedicated to the question of where to house the family foundation may be overkill for most readers, but those readers will be very happy to have it when this issue arises (because it will arise).

While the first edition was full of sample documents and examples, for this version many of those have been moved to its associated website, *Splendid Legacy Online*. There, readers can

access dozens of sample policies and statements and find more in-depth articles on specific topics. By moving some of this out of the book, *Splendid Legacy 2* frees up space to include more real-world examples and streamline its layout, making it more readable this time around.

In Section III, "Creating Your Processes," NCFP addresses the grantmaking and communications aspects of family philanthropy. In her essay on "Grantmaking," Susan Crites Price does a commendable job covering the entire business of grantmaking in 30 pages, discussing elements that range from finding a strategic focus to structuring a grant agreement. It's a survey course, to be sure; there are dozens of training programs, books, and associations dedicated to the business of making grants, and she can't possibly cover it all here. But Price hits on the questions most pertinent to family philanthropists, such as how to think about a geographic focus when the family is increasingly dispersed or whether to have discretionary grants. As in other sections of this book, she raises the issues, identifies the salient questions, helps readers think through the pros and cons, and shares additional resources.

Similarly, in their essay on communications, Nina Sachdev Hoffman and Vincent Stehle find a compelling balance between the theoretical and practical. They begin by discussing the ethics of transparency and stewardship, making a persuasive case for the need for open communication in a field that is often attention-wary. They then drill down into matters like the basic contents of a press release and the use of social media. Their final segment, on "Supporting Media That Matters," feels a bit out of place. Here, the authors make the case for philanthropic support of media in the public interest — which makes sense, since Stehle and Hoffman are staff at Media Impact Funders, a membership organization of funders who support media and communications in the public interest. While I found this section informative and balanced, it was the only part of the book that looked at — and advocated for — a particular funding strategy. I wondered why it was included, or why there weren't equivalent sections on areas like funding policy advocacy or capacity building.

One critique of *Splendid Legacy 2* is that its organization can at times be confusing; there is occasional duplication. Articles by Esposito and by John Sare, for example, both address creating a mission statement; and while Sare writes from a legal perspective and Esposito takes a broader view, I found myself flipping between the two, trying to reconcile their approaches. Duplications can also be found in the book's coverage of mission-related investments (in the finance and the grantmaking chapters), reflection and renewal (in the governance and the re-creating and revitalizing chapters), and social media and technology (in the management and the communications chapters). This redundancy is not surprising, given that *Splendid Legacy 2* is a collection of pieces by different authors with different perspectives. And it reflects the messy reality of family philanthropy, where there is no one right way to draft a mission statement and where investments are both programmatic and financial decisions. Still, some cross-referencing would have helped keep me oriented.

Section IV, "Re-Creating and Revitalizing," is new to this edition and reflects the addition to its subtitle, referencing the fact that the focus is not only on the creation of new foundations, but on guiding philanthropists through the many transitions that family foundations constantly face and that force the revisiting of the fundamental questions and concepts raised in this book. It emphasizes that family philanthropy is a moving target, and that thriving family foundations are those that continue to adapt and change as their internal and external environments shift.

While the intended audience of *Splendid Legacy 2* may be a founder just beginning a journey into organized family philanthropy, its questions and concepts are equally relevant for foundations transitioning to new generations of leadership, grappling with an influx of assets, or rethinking their commitment to a particular community or issue. It is often more challenging for established foundations to confront these choices, balancing a desire to honor original donor intent with a desire to respond to new voices and circumstances. One of the most important messages of *Splendid Legacy 2* is to encourage patience: While

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a founder may want to quickly and neatly resolve all issues in order to cement a legacy, the reality is that many of the most fundamental decisions in family philanthropy require discussion, learning, and broad input. None of those happen quickly, and their necessity will continue to arise over the life of a foundation.

Section V, "Commencement," contains two essays that lift readers out of the "how" and into the "why" of family philanthropy. David Dodson's essay on governance is a wonderful addition to *Splendid Legacy 2*. He stresses that trusteeship is, at its core, about trust: holding it, building it, fulfilling it. His closing "Trustee Prayer," which warns against complacency and hubris, is a wonderful segue into the final essay of the book, Paul Ylvisaker's "The Spirit of Philanthropy and the Soul of Those Who Manage It." That piece, which appeared in the first edition and was originally presented at a Council on Foundations conference in 1987, may be even more relevant today than it was then. In an era of increasing professionalization and a growing emphasis on strategic philanthropy, Ylvisaker emphasizes that philanthropy is, at its core, about the people who do it. He challenges those involved in philanthropy to guard their humanity against the very real pull of "arrogance, insensitivity, insecurity, or shield of impersonality" (p. 293). The essay echoes a central theme of this book: that family philanthropy requires both head and heart, and that the joy and challenge of this work comes in balancing the two. For me to summarize further would do a disservice to Ylvisaker and the eloquence and

power of his message. Suffice it to say that his essay provides a moral compass for philanthropists and should be required reading for anyone engaged with a family foundation — or any other form of organized philanthropy.

Splendid Legacy 2 is a fine resource for anyone involved in family philanthropy. For so many donors, the impulses that inspire them to create a family foundation — the desire to be part of something greater than themselves, to give back to their communities, to foster a philanthropic spirit in their families, to build a philanthropic family legacy — can also be paralyzing. How are they to figure out what they want to do? And, then, how should they involve others in that process? *Splendid Legacy 2* doesn't purport to have all the answers, but it does provide a comprehensive look at the many decisions facing family foundations, a framework for thinking about those decisions, and resources for going deeper. While it may be overwhelming for new family philanthropists to see the questions and to-dos laid out in these 325 pages, it also conveys a path forward. Family philanthropy can be an isolating experience; most family philanthropists' only engagement in the sector is with their own family's philanthropy. One of the greatest contributions of this book is the reassurance that others have successfully gone before them. *Splendid Legacy 2* shares the wisdom — in the form of practical tips, examples, and analysis — that NCFP has gleaned through its 20 years of data collection. I have seen family foundation trustees sigh with relief when I directed them to the first edition. *Splendid Legacy 2* is sure to have the same effect.

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