

## Impactful Family Philanthropy: The Power of Clear Organizational Design

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This paper describes how philanthropic families can organize their resources and governance to achieve their desired impact across generations.

The authors propose questions to help families understand how philanthropy fits into their set of family enterprises and decide on appropriate implementation structures. Careful consideration of aspects of philanthropy such as how resources are mobilized and decisions are made, what type of legal structure is used, and how the philanthropy may evolve over time, help family philanthropy be sustainable and avoid barriers to achieving philanthropic goals.

The authors conclude with recommendations from family philanthropists with whom they have worked.

[#FamilyPhilanthropy](#) [#Governance](#) [#PhilanthropicStructure](#) [#EffectivePhilanthropy](#) [#PhilanthropicImpact](#)

### Background

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### Context



- **Once philanthropists have established an organizational structure** for their giving, it is **more complex and time-consuming to change that structure.**
- The field of philanthropy, operating in an increasingly complex and inter-dependent world, is **demanding more expectations around transparency, accountability, and impact measurement** for those that are involved in philanthropy.
- Many entrepreneurial families **desire their philanthropy to be multi-generational and leverage it to share values and knowledge** across generations, **foster inter-generational collaboration, and engage less active family members** in social issues.
- **Philanthropists that have been through the journey** of establishing a philanthropic practice **and have achieved extraordinary impact emphasize the need to run a healthy organization and to support good governance.**

# ERNOP Research Note

Academic articles on philanthropy through a practitioner lens

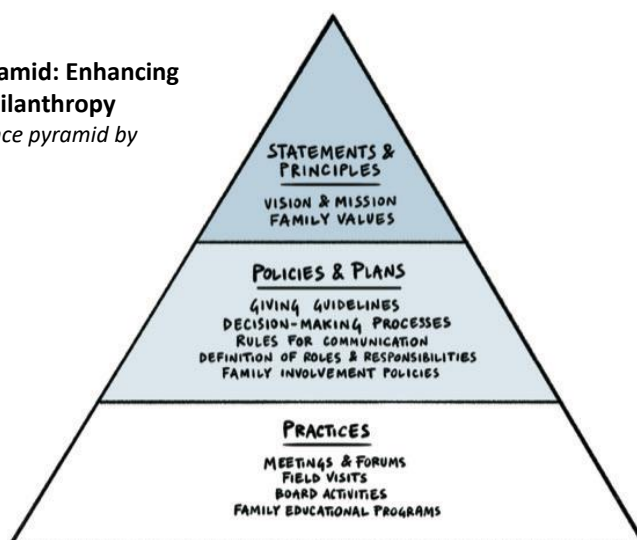
## Take aways & Learnings



- **Philanthropic resources can be thought of in terms of the Treasure, Time, Talent, and Ties (the 4T Framework)** that they provide. **Establishing a financial safety net is critical for ensuring continuity of philanthropic commitments** to organizations implementing the work.
- **Before deciding on a governance structure**, philanthropists should be **clear on their philanthropic goals**, which family members will be involved and how, and which **family resources they will leverage**.
- As with any other type of organization, a **philanthropic organization requires good governance to be effective**. Structures help philanthropists manage their resources and solidify how strategic decisions are made and the **type of structure** selected should be based on factors such as **philanthropic intentions, available resources, desired visibility, and the involvement by the family**. Tools such as **The Family Governance Pyramid** can help guide the creation of strong governance practices.
- Families should **consider how their philanthropic activities fit into the full range of activities and the family enterprise system** in which they are involved. Consider if there are **strategic connections and other resources to leverage to advance philanthropic goals**.
- It is important for philanthropists **to work with partners and professional advisors to develop a plan and processes to measure progress** towards the philanthropic goals. Philanthropists **need to be crystal clear about what they wish to understand through their impact measurement** before starting to collect data.

### The Family Governance Pyramid: Enhancing and Guiding Your Family Philanthropy

*Inspired by the family governance pyramid by Patricia Angus, 2005.*



ERNOP Research Notes provide easy-to-read, practice-oriented summaries of academic articles on philanthropy and are written by practitioner experts. This ERNOP Research Note 2023/33 is published in December 2023 and has been written by Lisa Frantzen from TCC Group. More information can be found at [www.ernop.eu](http://www.ernop.eu).