



CREATING MULTI-GENERATIONAL, TRANSFORMATIONAL PHILANTHROPY

(and multi-generational philanthropists)

A Heritage Institute White Paper

Creating Multi-Generational, Transformational Philanthropy

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Rod Zeeb has spent the past twenty years studying how to keep families intact for multiple generations. (That is intact *emotionally* as well as *financially*.) Still, as the founder and CEO of The Heritage Institute and self-described ‘recovering estate planning attorney’ likes to say, lawyers tend to be better at blowing families apart than they are at keeping them together.

In this paper we will examine the "natural" benefits that accrue to professionals and charitable organizations that help the families with whom they work remain together. In short, we will look at how to create multi-generational, transformational philanthropy, which results in multi-generational philanthropists and donors.

“Transformational philanthropy” may be a new term to some of you. Here is an easy way to understand the concept: imagine a gift that has as profound an impact on the donor who makes it (and often their family) as it does on the organization receiving the gift. That is the essence of transformational philanthropy. One of the most interesting things about the transformations that take place with this kind of gift is that there is no relationship between the size of the gift and the degree of transformation it can bring about. The transformation occurs not as a function of the size of the gift, but instead as a reflection of the passion behind the gift.

First we will look at show how discovering the passions of donors and helping them to fulfill those passions through philanthropy creates transformational philanthropy. Then we will examine how that philanthropy can be developed and sustained for multiple generations with multi-generational planning that nurtures the family’s commitment to ongoing philanthropy. Finally, we will examine the impact that helping your donors and clients make transformational gifts can have on your practice and on the organizations the donor supports.

Webster’s defines “philanthropist” as “one who makes an active effort to promote human welfare.” A “donor” is defined as “one that gives, donates, or presents something.”

One of Rod’s clients described the difference between a donor and a philanthropist this way: a philanthropist gives from their soul; a donor gives from their wallet.



Another person said: “a donor goes to the charity’s auction to buy something (that they want or need!) at a discount, and then seeks recognition as a donor for doing so.”

A philanthropist is the one who donates those items or spends their precious time obtaining the items in order to fulfill the mission of the organization.”

Rod often asks his clients: “Do you want your children/grandchildren to be donors or philanthropists?” He has never had to define the difference—they know intuitively. The answer is always the same: *philanthropists*.

Becoming a Philanthropist

So, how does a donor become a philanthropist? Through a transformational gift. It is the experience of joy and meaningful accomplishment that comes from fulfilling their passions that inspires them to commit more of their time and money to organizations that allow them to fulfill their passions.

Philanthropists overwhelmingly desire to pass their philanthropic passion on to their children. The organization or advisor who facilitates that desire through multi-generational planning accomplishes several important objectives:

- Fulfilling the philanthropist's passions through support of organization(s) that fulfill their passions;
- Developing a philanthropic spirit in the philanthropist's children /grandchildren;
- Strengthening and uniting the family in common cause, which helps the family to remain prosperous enough to continue their philanthropy for multiple generations; and
- Creating multi-generational 'gift streams' to organizations.



The turbulence in our economy underscores how critical it is for non-profit organizations to build and maintain reliable, enduring, passionate donor support. Organizations and advisors who provide multi-generational planning are uniquely equipped to help achieve those goals.

Three steps to creating a transformational gift

First, you must ask the appropriate questions to help your clients/donors identify and articulate their passions and core values.

Second, you must provide opportunities for them to fulfill their passions (even if those opportunities are not inside your organization).

Third, you must help them to articulate the value of the gift to themselves (rather than describing the value of their gift to the organization).

Step one: ask appropriate questions to help your clients/donors identify and articulate their passions and core values. This is accomplished through “guided discovery” interviewing. Guided discovery is a process of learning in which you are guided by another to learn from your own experiences. It comes from asking appropriate “what” questions to help the client/donor.

Step two: provide opportunities for your clients/donors to fulfill their passions. Helping your clients/donors to discover and articulate their passions and core values is of little value if they are not subsequently provided with the opportunity to fulfill those passions.

In all likelihood your significant donors were drawn to your organization because your mission was congruent with their passions, even if they had not consciously identified those passions. That is, donors give significant gifts because what you are doing is more valuable to them than the money they are giving.

As a result, often (in fact, almost always) there will be opportunities for them to fulfill their passions within your organization. When that happens, your organization's needs become the opportunity for the donor to fulfill his or her passions.

{Key point: the motivation for the gift is the donor's fulfillment; not your need.}

Of course, there will be instances in which your organization does not provide the kinds of opportunities that will help the donor to fulfill their passions.

In these instances, you must reach outside your organization to find those kinds of opportunities on their behalf.

When you do that, your donor will connect the sense of fulfillment they achieve with you and your efforts, and they will further connect the fulfillment they receive to you and your organization, even though the gift did not go to your organization.

In these circumstances donors often reciprocate in one way or another. This may happen through a gift, or through introductions to their friends whose passions are more closely aligned with your mission.

Step three: help them to articulate the value of the gift to THEMSELVES. This step is vital, but most of the charitable organizations miss it by a country mile. Often they will regale the donor with wonderful descriptions of how the gift helped the charity and their mission (or those they serve). But only a few charities will help the donor to anchor the gift to the fulfillment of the donor's passions.

By taking this third step, your donor will both identify and articulate the depth of fulfillment they receive from the gift, and connect that fulfillment with you and your organization.

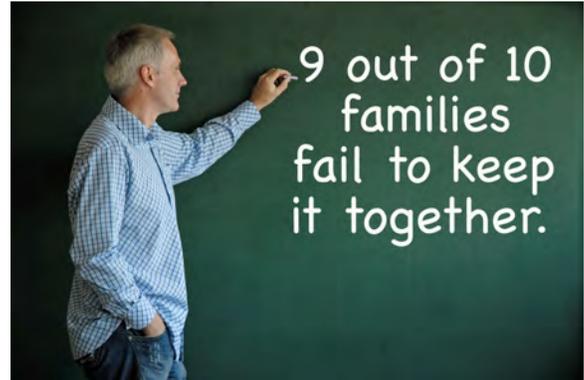
This step is what makes a gift transformational. It happens when the donor identifies with and feels the impact of the gift on them and their family. And, achieving that vital objective can be as simple as asking:

“What did making that gift mean to YOU?”

When you take that third step, donors become charged with enthusiasm and passion. They often become much more active in terms of their commitments of time and money. Their connection to you and your organization becomes deeper, stronger, and more active, and their relationship to your organization can go from being one that fulfills an obligation, to one that fulfills their soul.

The benefits of these kinds of relationships can multiply exponentially when multi-generational philanthropy is created within the family.

However, in order to create multi-generational philanthropy, your donors must first overcome a daunting reality: *in nine out of ten cases their children and grandchildren will not be able to continue to support the non-profit, because the family money will be gone.* This statistic has been true for centuries, in every nation and in every culture.



If ninety percent of families are not able to remain strong enough to sustain their philanthropic activities across multiple generations, an important question is raised: what do the successful ten percent of families who do maintain their family unity and financial wherewithal do differently?

The original work of The Heritage Institute and other researchers confirms that successful families share several important traits in common. These traits are described in our *Sustaining Family Wealth & Unity Across Generations* White Paper (2010). Not surprisingly, an active program of philanthropy is a critical element underlying several of these traits, including:

- Successful families foster strong and effective communication and build trust between generations;
- They develop, maintain and regularly re-visit their shared vision for the present and the future;
- They promote a balanced definition of the meaning of “wealth” (which includes “social capital” or philanthropy);
- They train and mentor each generation;
- They do this at meetings that are held regularly.

Obviously, you cannot build multi-generational philanthropy unless generations two, three and beyond are enrolled to be part of this shared endeavor. And not simply enrolled, but enrolled for their reasons. If they are not enrolled for their reasons, the philanthropy will not be sustained. People typically ask themselves two questions before they commit to participating in this ongoing process:

*Is it worth it? And,
Can I do it?*¹

They must answer yes to both questions, or they will not participate. Consequently, your task is to help them to identify and articulate their own passions and core values, and then to connect this ongoing philanthropy to those values.

You will approach this activity with the same three steps you took with their parents: ask the appropriate questions to help them identify and articulate their passions and core values; connect this philanthropy to those passions and core values; and then help them articulate the value of the gift to themselves. Multi-generational philanthropy is the natural by-product produced when the answer to both question is “yes.”

By now the fact that the focus of this work is to help your clients/donors to discover, articulate, and fulfill their passions and core values should be pretty obvious. The focus is not on the needs of your organization. (And that almost counter-intuitive hurdle is frankly one that some organizations have a difficult time grasping.)

A good test to see if you are on track to help your client/donor to fulfill their passions is to ask yourself: am I building relationships with my donors to “get to the ask?” Or, am I building relationships with my donors to understand their passions and provide them opportunities to fulfill those passions?

In Rod Zeeb’s experience, if it is about the ‘ask,’ you will likely receive a gift. But, whatever the size, it will be a token gift. On the other hand, if you are truly helping them to fulfill their passions, you will receive a transformational gift, and you will help to nurture philanthropists who are fully committed to your organization and its mission.

Next Steps

In order to cultivate transformational gifts, you must first create your process for introducing the concept of transformational philanthropy to your clients/donors. This is not yet the norm, however. The norm is for the donor to be presented with the needs of the organization, and then to be asked to help fill those needs. When you turn the concept around it will be an entirely new experience for most of them.



After creating your introductory process, you must create your process for creating transformational gifts. You can do this yourself, it can be done by someone within your organization, or you can work collaboratively with a qualified heritage professional.

This process must include helping your donors to identify and articulate their passions and core values; identifying opportunities for them to fulfill those passions (even if it is outside of your organization); and helping your donor to identify and acknowledge what the gift meant to THEM.

The results of this process will be rewarding and fulfilling for you and for your donors. Best of all, you will impact more lives than you will ever know!

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¹ Influencer, by Patterson Grenny, Maxfield, McMillan & Switzler (2008)