Natural Philanthropists:

Findings of the Family Business Philanthropy and Social Responsibility Inquiry

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“This is just what we do in family businesses. I suppose we’re natural philanthropists.”

A participant in the Family Business Philanthropy and Social Responsibility Inquiry

FOREWORD

I am pleased to provide the foreword for this important report, which presents the findings of the latest inquiry into the philanthropic and socially responsible activities of family businesses in the UK.

Our sector forms part of the backbone of the UK economy. The nation's three million family businesses generate around £1,000 billion in turnover and contribute £400 billion in GDP to the UK economy, which is over 30% of the total national output.

The results of the inquiry demonstrate that family businesses make an essential contribution to the UK voluntary and community sector. The presence of family values in a business setting, the commitment to stewardship through the generations and the balancing of long-term objectives against the requirement to generate short-term profit, are features that appear to predispose family businesses towards being philanthropic and socially responsible. Indeed, the title of this report comes from a family business owner in Manchester who struggled to identify anything unusual in what his company did because, in his words, family businesses are "natural philanthropists".

In my experience, a philanthropic and socially responsible company generates benefits not only for its shareholders but for all its stakeholders, which includes employees, suppliers, customers and their wider communities. But, additionally, in the case of a family business, it also creates opportunities to strengthen the bonds within the family, by providing a focus for wider family engagement that goes beyond shareholder returns.

The report also highlights that greater political involvement in this area is not widely welcomed. Legislative approaches are viewed as off-putting and political involvement in the philanthropic and socially responsible activities of family businesses is generally considered inappropriate. Freedom to act will enable family business owners to think outside the box.

I wish all who read and take inspiration from this study every possible satisfaction in fulfilling their philanthropic potential.

Stephen Rubin

Stephen Rubin OBE
Chairman, Pentland Group

INTRODUCTORY COMMENTS

Grant Gordon

Director General, Institute for Family Business

The mission of the Institute for Family Business is to support the success and sustainability of family business. Our work supporting this aim includes education, advocacy and research. Research, such as that contained in this report, helps to demonstrate how the contribution of the nation's three million family firms is manifested not just through the employment of over nine million people, but also through wider social impacts.

We commissioned this report, together with the Community Foundation Network, in order to better understand how philanthropy and social responsibility are practised in family firms, and by their owners.

We also hope that this report will make a contribution to wider debates in society regarding the for-profit sector and the potential for responsible ownership. The general public's trust in the business community is currently under question. This report can hopefully address some of those concerns by shedding light on how the family business sector is demonstrating leadership in philanthropy and social responsibility, and is thus seeking to act as a good citizen.

Stephen Hammersley

Chief Executive, Community Foundation Network

Community foundations exist across the UK and our mission is to provide a unique channel for donors of all kinds to engage with their communities on a lasting basis.

Last year community foundations helped over 1,200 individual philanthropists make their communities better places to live, work in and do business in through effective and rewarding grant-making.

We have long been aware that family businesses and their owners are amongst our most significant clients and supporters and we were delighted to be able to partner with the Institute for Family Business to produce this report.

We knew that family business philanthropy was alive and well in the UK and we hope that the report's findings will help more family businesses become more effective philanthropically and help government and other agencies better understand and support the breadth of contributions that family firms can make to help strengthen UK communities.

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“There is a classic dream of family philanthropy… Relatives bring their best selves into a room to work together. They listen, express their opinions, make reasoned arguments and find compromises, honour their parents and provide extraordinary models for their children... Cousins get to know one another. Grandchildren and great-grandchildren hear about their ancestors and learn what their family stands for. And the community sees that this is a family of quality, not just wealthy but generous, and unified in fulfilling its responsibilities”

Extract from *Generations of Giving* by Kelin E. Gersick, pp.93–4

EXECUTIVE SUMMARY

Family business owners are "natural philanthropists"

Family businesses are more likely to support charitable activities than non-family businesses, and their commitment to being philanthropic, socially responsible and good members of the community is genuinely felt, deeply held and more robust. Clearly, family businesses have no monopoly on being philanthropic or socially responsible, but their characteristic commitment to long-term stewardship, stability and continuity means that a philanthropic and responsible outlook is frequently embedded in their business. However, being "naturally philanthropic" involves both advantages and disadvantages: these activities are more likely to be resilient if they are innate, but a lack of conscious cultivation can sometimes mean they are not undertaken in a very structured or strategic way.

Family businesses are largely local heroes

Family businesses tend to have strong roots in the local areas in which they are based, which often go back for generations. Family business owners are aware of the debt they owe to the community that helped to generate their wealth and are keen to give something back. They want to be – and be seen to be – good neighbours and members of the local community. Therefore, whilst individual donors are often attracted to supporting particular causes, family business philanthropy is most often geographically defined, resulting in the provision of vital support for a range of activities in their locality.

Informality is the rule but some degree of formality is the ideal

Approaches taken by family businesses to their philanthropic and socially responsible activities run the gamut from entirely opportunistic and ad hoc acts, to highly structured and formalised approaches. However, they tend towards the informal, particularly in smaller organisations. Yet some type of formal structure appears to result in more effective and impactful contributions. "Flexibility within a framework" is suggested as the best approach for putting these activities on a more strategic and systematic footing, without letting bureaucracy squeeze out the underlying passion and family values.

There are three key drivers for family business philanthropy and corporate social responsibility (CSR) – values, marketing and peer-pressure

Family values, especially an ethos around "giving something back", are a key driver of much philanthropic and socially responsible behaviour in family businesses. However, these activities can also be marketing-driven and peer-driven, as family businesses seek to align their values with their business goals, and adapt to the norms that exist amongst their professional contemporaries. These three drivers – values, marketing and peer-pressure – create a range of potential interventions for those wishing to encourage greater philanthropy and social responsibility in the family business sector. For example, firms that are values-driven may respond to connecting this agenda to the salience of their family name and the opportunity to create a lasting impact; those that are marketing-driven may respond to learning about reputational benefits and competitive advantages in terms of recruiting and retaining talent; and those that are peer-driven may respond to case studies and networking events that disseminate information about what contemporaries are doing.

Philanthropy and CSR are on the same continuum, but governance arrangements vary
Some family businesses see a strict separation between philanthropy and CSR, often suggesting that the former is the concern of private family members and the latter the concern of the company. But on the whole, family businesses see these activities as being on the same continuum, as both are rooted in a desire to put family values into practice within the business. The proximity of family owners and employees often acts as a strong support for social responsibility. However, the arrangements for organising CSR and philanthropic activities are very varied, including vesting all responsibility in one person such as the founder or chairman, making it the responsibility of a family council comprising family members that work within and outside the business, and delegating responsibility to non-family employees.

Philanthropy helps to strengthen the business family and to strengthen the family business
Family business philanthropy creates opportunities to strengthen both the family and the business. It works as a "glue" within the family, by providing a point of intervention and interaction for family members who are not working in the firm – including teenagers, retirees, spouses and family members who choose to pursue other careers. A corporate philanthropic commitment can also raise morale within the company and meet the needs of employees, especially those in the younger generation, who wish to work for successful companies that have broader goals than simply the pursuit of profit.

Socially responsible activities generate multiple benefits for family businesses
When done well, socially responsible activities can simultaneously meet the needs of the owners, the employees and the wider community. They can have reputational benefits for both the business and family name, they can enthuse employees and contribute to successful recruitment and retention, and they can provide an opportunity to put into action the values of individual members of the family whilst making a real difference to the quality of life in workplaces and communities across the country.

Charities should be aware of the distinctive features of family business philanthropy
The research identifies a number of distinctive features of family business owners that make them good partners for charitable activities, including greater passion and identification with their business name, pursuit of non-monetary goals, belief in stewardship, desire to create lasting impact and the need for mechanisms to transfer inter-generational values. Furthermore, family businesses are more likely to sustain their giving during economic crises, since they see this as an essential component of their interaction with the community rather than as an optional extra. Voluntary organisations seeking support from family businesses should be aware that they often prefer smaller, local charities that have inspirational leaders and that can prove their impact. The informal, "kitchen table"-style discussions held in many family businesses means it can be harder to get access to their decision-making process. But those charities that are successful in winning support from family businesses are likely to build long-term, committed relationships.

“Success factors” make family business philanthropy more effective and enjoyable
Charitable giving is a complex and personal act that is inextricably linked to the values, preferences and priorities of individual family members. But some factors appear to increase the chance of family business philanthropy being an effective and enjoyable experience:

- Being clear about the nature of family and business values.
- Identifying experienced leadership within the family and the company.
- Talking to peers in other family businesses and learning from their experiences.
- Seeking external advice from philanthropic advisers and intermediaries on selecting causes and setting up the best vehicles for giving.
- Putting proportionate governance arrangements in place.
- Involving younger and older family members, and those not involved in running the business.
- Involving employees, as they help to generate the wealth and are usually interested in having some say in its distribution.
- Reviewing and renewing philanthropic aims and activities regularly, and especially during generational transitions.

Following these “success factors” and the other advice contained in this report should help to create sustainable, successful family business philanthropy.

Summary of recommendations:

- **Government should retain a light touch, but incentives, education and advice are all welcome.** Greater political involvement in the philanthropic and socially responsible activities of family businesses is not widely welcomed. However, there is widespread support for efforts to increase awareness of existing tax breaks and continuation of matched funding schemes, and there is also enthusiasm for using public procurement processes to stimulate philanthropy and CSR and for government efforts to strengthen the philanthropic infrastructure.
- **Family businesses prefer to learn about philanthropy and social responsibility from their peers,** and there should be more opportunities to acquire knowledge, advice and support in sociable, non-coercive settings.
- **Professional advisers can play an important role** in setting up tax-effective giving vehicles and helping to select appropriate and effective charities. There is a need for advisers who understand the nature and needs of family businesses, have appropriate expertise, are credible to business people, and will let the family retain control of the process.
- **Efforts should be made to develop cultural norms around discussing charitable giving in public,** so that people who want to be more philanthropic and socially responsible but don’t know where to start, are more likely to encounter the information and receive the encouragement that they need.

“Philanthropy helps cement the family, bringing the younger generation closer to the family business and to the family legacy”

Michael Oglesby (2005) *A Guide to Giving*. Philanthropy UK: London

OVERVIEW OF FAMILY BUSINESS PHILANTHROPY AND SOCIAL RESPONSIBILITY

Introduction

Over the past decade the profile of philanthropy in the UK has dramatically increased. There is growing public interest in the identity and motivations of philanthropists, reflected in increased media coverage and visibility of individual high-profile donors. There is also a growing realisation that philanthropy can make a significant contribution to building a better society, reflected in increased efforts by all the mainstream political parties to develop policies that encourage a culture of giving.

However, little is known about the philanthropy that is undertaken by family businesses and their owners. The current knowledge base relies largely on anecdotal evidence and the testimony of some well-known philanthropic names amongst family businesses. There are also a number of award programmes for UK family businesses, including the J.P.Morgan IFB Family Business Honours and the Coutts Prize for Family Business, which help to spotlight exemplars of good practice, including social responsibility. But there is a need for more accurate and representative information in order to fully understand the scale and impact of family business philanthropy in the UK. There is also a need for further examples of good practice that demonstrate the benefits to both communities and companies, in order to encourage other family businesses to start their own philanthropic journey.

The aims of this Inquiry were therefore five-fold:

1. To enhance understanding of the scale, scope and impact of philanthropic activity by family businesses in the UK.
2. To gain an understanding of the intersection between being philanthropic and being socially responsible in family businesses.
3. To highlight the philanthropic contribution of family businesses and their owners, and to provide examples of "best practice".
4. To explore proposals for encouraging a more conducive operating environment within which to encourage family business philanthropy.
5. To provide advice and indicate useful resources for family businesses wishing to start or increase their activities in this area.

The structure of the report

The main focus of the Inquiry was concentrated on learning directly from family businesses across the UK. We gathered information about their experiences and sought their views on how to encourage philanthropic and socially responsible behaviour. The data was collected during five focus group discussions held in early 2009 in Edinburgh, Newcastle, Manchester, London and Bristol, and additionally through ten interviews with family business owners and sector experts. Please see the appendix on methodology for more information.

Before the process of gathering new data began, a review was undertaken of all existing research on the topic. The desk research is presented in this chapter, and subsequent chapters contain the findings, discussion and conclusions generated by the new research. The report then ends with a series of recommendations that we hope will enable and encourage family businesses to start and scale up their philanthropic activities.

Desk research

The paucity of research specifically into family business philanthropy is problematic, because the very specific nature of family businesses and the intersection between family values and business success is critical to understanding their involvement in philanthropic and social responsibility activities.

In family businesses, there is a complex relationship between family values, the private wealth of individual family members, the profitability of their businesses and the reputational success of both the business and the family name. The interaction between these elements is key to understanding the specific nature and contribution of family business philanthropy, and therefore research that focuses generally on philanthropy in businesses (family and non-family alike) or on family philanthropy (including those that do and do not own a family business) is of limited use.

Despite minimal research on the specific topic of family business philanthropy, a picture does emerge of a business sector that is actively looking to "give back" in a variety of ways, predominantly to the local community and typically doing so in an informal and unstructured manner. The research also finds that philanthropy is considered a desirable quality and an indicator of success that generates benefits for the family, the business and the wider community.

The five key findings in the existing literature are:

1. Family businesses are more philanthropic than non-family businesses

A 2005 survey[1] found that 87% of family businesses support charitable causes, as compared to the 80% of non-family businesses that provide such support. A more recent report[2] also underlined the greater significance that family businesses attach to playing a role in their communities and supporting local charities, even during recessionary periods.

The greater likelihood of family businesses being philanthropic is said to be due to the presence of certain distinctive features, values and principles that have been found to be inherent in such businesses. For example, the importance attached to responsible and emotional ownership in family businesses[3] and the belief that social responsibility is an aspect of responsible ownership, which is defined as **"an active and long-term commitment to the family, the business and the community, and balancing these commitments with each other."**[4]

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1 Evans, Mark (2005) *Coutts 2005 Family Business Survey: Are family businesses better prepared than other businesses to compete in the future?* Coutts & Co: London. Available online at http://www.coutts.co.uk/files/family-business-survey-master.pdf

2 Barclays Wealth & the Economist Intelligence Unit (2009) *Family Business: In safe hands?* Wealth Insights volume 8: London http://www.barclayswealth.com/files/Insights8.pdf

3 As described in Theresa Lloyd (2004) *Why Rich People Give.* London: Association of Community Foundations and in Nigel Nicholson & Åsa Björnberg (2005) *Family Business Leadership Inquiry.* Institute for Family Business and London Business School: London.

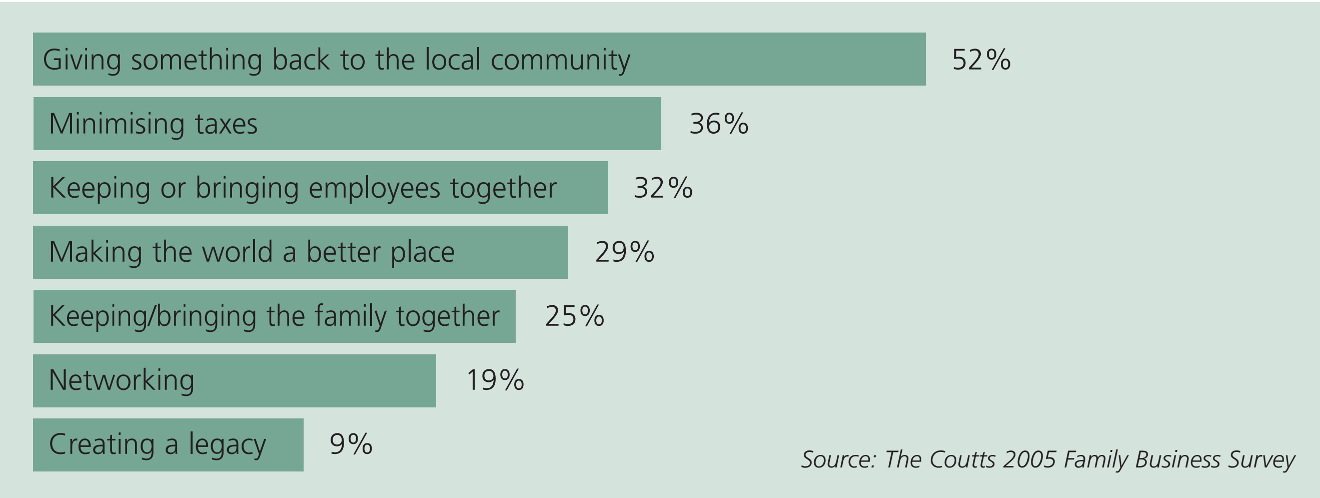
4 This quote appears on p.18 of Family Business Network International (2007) *Family Business: Perspectives on responsible ownership.* Family Business Network International http://www.ifb.org.uk/media/25880/responsible%20ownership-final.pdf

The tendency of family businesses to be smaller enterprises, and to enjoy greater local relationships with customers and suppliers, is a further factor that is said to increase the likelihood of them engaging in philanthropic or socially responsible activities.[5]

Finally, the prevalence of family business philanthropy has also been noted in two US studies. The first concluded that family businesses were **"deeply embedded in their local communities"** and that concerns about image and community reputation contributed to an increased likelihood of ethical and moral behaviour.[6] The second US study argues that families have an additional motivation beyond that experienced by individuals and non-family groups, as philanthropy helps them to achieve change in the world and to achieve change within their family. This motivation was exemplified by a donor quoted in that study, as follows: **"I have generated wealth beyond my needs, and I want our family to use that as an opportunity to demonstrate shared values and work together. Few of us may be involved in business together, but all of us can participate in philanthropy, and it will be what keeps us connected in the future."**[7]

2. Motivations largely focus on giving back to the local community

A wide range of motivations lie behind family business philanthropy, from minimising taxes to creating a lasting legacy, but the most significant driver has been identified as the desire to give something back to the local community, as shown in Table 1.



Source: The Coutts 2005 Family Business Survey

Table 1: Motivations behind family business philanthropy

Furthermore, the nature of philanthropic motivations has been found to differ between business sectors: one study found that 55% of family businesses cite their primary motivation as the ability to help others, compared to non-family businesses at 39%.[8]

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5 Institute for Family Business (2008) *UK Family Business Sector Report 2008*. Institute for Family Business: London http://www.ifb.org.uk/media/5293/finaldrafta4covers%2031%201%2008.pdf

6 MassMutual et al (2007) *2007 American Family Business Survey.* Massachusetts Mutual Life Insurance Company: MA, USA http://www.ffi.org/user_files/images/misc/FFI_familybusiness.pdf

7 Kelin E. Gersick (2006) *Generations of Giving: Leadership and continuity in family foundations*. National Center for Family Philanthropy: Washington DC, p.89

8 Barclays Wealth (2009), Op cit.

3. Family business philanthropy is largely informal and unstructured

Philanthropy in family businesses has been found, in general, to be less organised and structured than in non-family businesses. A report[9] found that decisions about where to focus efforts were driven largely by personal preferences (64%) or reacting to ad hoc appeals (42%). Only a third of family businesses were found to make decisions based on family or board discussions (37% and 30% respectively). In a small minority of cases, decisions were made formally by CSR committees (12%) or by family councils (7%). By contrast, non-family business owners were found to place greater emphasis on board discussions and were more likely to have established committees to oversee corporate social responsibility activities.

Those findings were backed up by a more recent survey,[10] which found that over half of family businesses (57%) did not select projects on a strategic basis.

Informality and lack of structure within family philanthropy are also present in other countries. A US study found that, especially in the early stages of a philanthropic journey, family members **"felt little need for formal structures to accomplish their philanthropic purposes".**[11]

4. Philanthropy is considered a desirable quality for a family business and an indicator of its success

Philanthropic activities are embedded in the criteria by which the family business sector judges itself. For example, one of the key success factors identified in the J.P.Morgan IFB Family Business Honours is **"pride in doing business the responsible way: employees and family working in harness creating socially responsible approaches to doing business"**. And one of the main criteria for the Coutts Prize for Family Business is to **"demonstrate a track record of charitable giving or involvement in the local community"**.

A US study also found that many respondents cited social responsibility as a measure of business success.[12] This is underscored by a report that success in family businesses involves non-financial as well as financial factors.[13]

5. Family business philanthropy generates multiple benefits within and outside the family

Philanthropy has been described as a positive means for engaging family members in their family business in a variety of ways: involving family members who do not work in the operational side of the business; engaging the next generation and helping them to learn business skills; and providing a sense of purpose to family members leaving the business.[14] This finding also appears in the Campden report,[15] which describes philanthropy as **"an important mechanism to reinforce a family's identity and values across generations. It has an important role to play in closing the generational**

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9 *The Coutts 2005 Family Business Survey*, Op cit.

10 BNP Paribas/Campden Research Global Family Philanthropy Report (2009) *Giving Through the Generations: Demanding impact, building unity, securing legacy.* Campden Media: London

11 Gersick (2006) Op cit. p.80

12 CBIA/UCONN (2007) *Family Business Program Survey* http://www.ffi.org/user_files/images/nletter/2007_UConn_CBIA%20Family%20Business%20Survey.pdf

13 Klein, K.E. (2002). "When it's all in the family" (*BusinessWeek Online*, March 20)

14 Philanthropy UK (2008) *A Guide to Giving*, Third Edition. Association of Charitable Foundations: London

15 BNP Paribas/Campden Research (2009) Op cit.

divide and helping the next generation to learn about the world they will inherit both inside and outside the family".

Philanthropy has been identified as a means by which US family business owners transfer their family's values, as well as the family's wealth, to the next generation,[16] and has also been described as a positive means to **"explore, identify, and rally around the core family values while making a positive impact on the broader community".**[17] Benefits to the family are also emphasised in another US study, which says it provides, **"a forum in which family members could collaborate on important work, get to know one another and deepen their connections to one another and to their shared history."**[18] An Australian survey similarly found that engaging in philanthropy was a way of building family values and involving family members.[19]

Family business philanthropy therefore creates multiple benefits, as the Campden report concludes, **"philanthropy is a way to bring families together, to emphasise their values and change the world for the better."**

Conclusions on desk research

The existing research suggests that family businesses seek to "give back" to their local community in a largely informal way, and that philanthropy and socially responsible activities are highly valued activities, as signs of success and as a way to strengthen both the business family and the family business. All these themes were discussed, and new avenues were explored, in the Family Business Philanthropy and Social Responsibility Inquiry, as set out in the findings, discussion and conclusions that follow.

16 Family Firms Institute (2009) Data Points www.ffi.org

17 de Visscher, F. (2002) *Seven Habits of Highly Effective Companies*. University of Massachusetts Family Business Centre: Boston: MA

18 Kelin E. Gersick (2006) Op cit.

19 Queensland University of Technology (2008) *Is Philanthropy Relevant? Survey of Professional Advisers in Australia*. Queensland University of Technology http://www.bus.qut.edu.au/research/cpns/whatweresear/role.jsp

“The returns on a family investment in philanthropy are – or can be – extremely high, both internally and externally. When such an investment is well executed, a family can achieve the cohesion that comes with a sense of higher purpose and cooperative effort”

Paul N. Ylvisaker (1990) “Family Foundations: High Risk, High Reward”. *Family Business Review* vol 3, no 4

FINDINGS OF THE FAMILY BUSINESS PHILANTHROPY AND SOCIAL RESPONSIBILITY INQUIRY

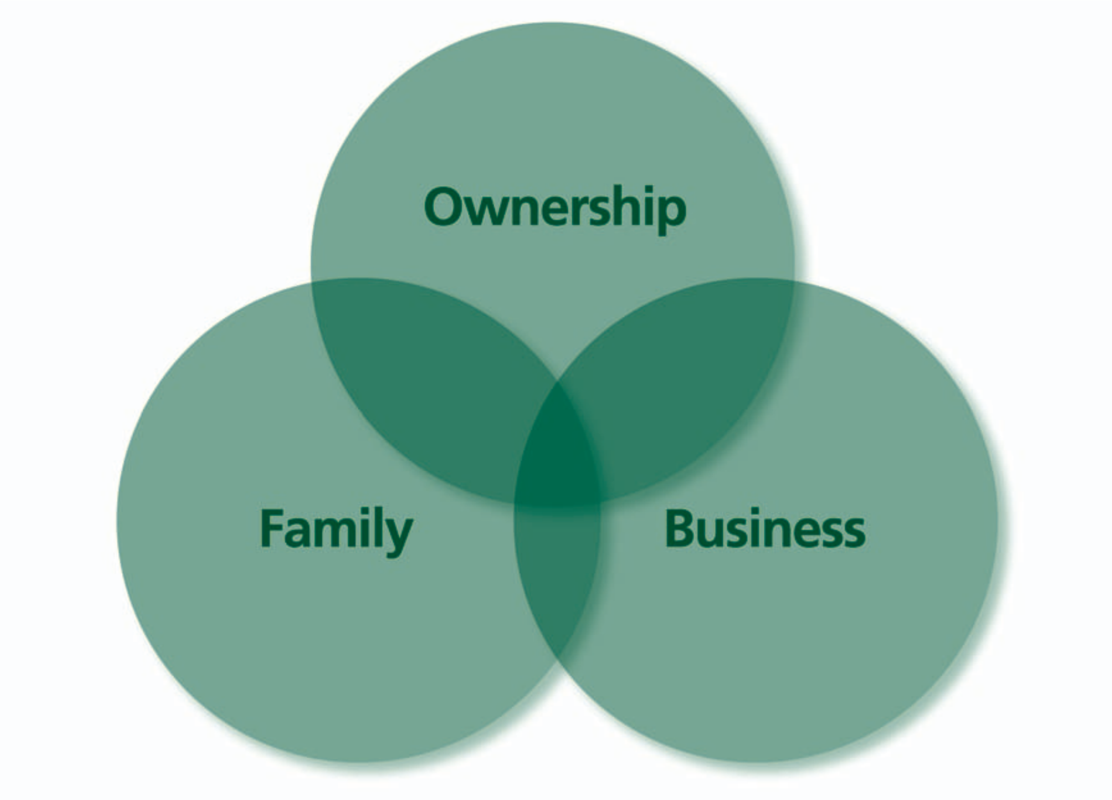
The Inquiry was conducted in the first quarter of 2009. Data was gathered in nationwide focus groups of family business owners and in face-to-face and telephone interviews with family business owners and sector experts. This chapter presents the key findings of the Inquiry; all quotes are extracts from focus groups and interviews.

FINDING 1

There are distinctive features of family businesses that shape and encourage their philanthropic and socially responsible activities

The Inquiry identified six distinctive features of family businesses that shape and encourage their philanthropic and socially responsible activities. The first and most important of these factors lies in the classic model of family business, which involves a range of overlapping stakeholders and predisposes them to have greater philanthropic potential. The other five distinctive features are their passion, localised nature, stewardship model, pursuit of non-monetary goals and inter-generational transfer of values.

1. The classic model of family business demonstrates the intersections between families, management and owners, as follows:



Source: Tagiuri, R., Davis, J.A. (1992). "On the goals of successful family companies". *Family Business Review*, 5(1)

A similar model can help to clarify where philanthropy and social responsibility take place. The engagement in social responsibility and philanthropy draws strength from the overlapping interests of the stakeholders.

"In a family business it's the overlapping circles that actually drive the business, and it's the same for philanthropy and social responsibility – it's a bit of altruism, a bit of values, a bit of ego and a bit of what the others are doing."

Overlapping stakeholders in family business philanthropy and social responsibility

Conducting philanthropy and CSR within a family business can be challenging, especially when trying to take account of the interests of all three groups of stakeholders: the family, the employees and the community.

"Family business philanthropy presents a hybrid model within the landscape of philanthropic activity, blurring the usual distinctions between family and corporate giving in both practical and ideological terms."

The high degree of overlap between the family, employees and the community means that engaging a family business in philanthropic and socially responsible activities can be disproportionately powerful and effective.

2. Passion Family business owners appear to be more passionate about their company's philanthropic and socially responsible activities because they identify more with their businesses: it is their name over the door and their money they are giving away. In contrast, non-family businesses usually require a business case to justify undertaking such activities, and may be more likely to view the charity budget as dispensable.

"I think there's more passion involved in a family business; as a family business owner you identify and take a bit more interest in the causes you've been supporting because it's your money and it's your company and your whole reputation as a family and as a business is important to you."

CASE STUDY: ELLIS CAMPBELL

Laura Ellis Campbell, Managing Director and correspondent for the family charitable trust, says:

“We are a private family investment office with no public profile; we prefer it that way and our philanthropic activities are generally the same. I’ve been brought up in a family with very strong community values; all that we do is based on a very personal set of beliefs about what we feel is the right way to behave, and our giving flows from that. Similarly we place a strong emphasis on relationships and people in the day-to-day management of our family office.

Our family office has made charitable donations informally since we were established in 1877 but it wasn’t until 1989 that my father formalised our philanthropic giving with a registered charitable foundation. As our business interests and family homes are in Hampshire and Perthshire, we decided to focus our philanthropy in those two geographical areas with a rather wide ranging emphasis on youth, education and heritage.

In Perthshire, we developed a local project with the guidance and vision of the Scottish Community Foundation. This arose out of a strong desire to enthuse, motivate and empower the local young people. They experience a lot of pressure at home to stay in the area but we identified a distinct lack of youth services and employment opportunities in the area, often leading to drug and alcohol abuse. We initially employed a part-time youth worker to run projects that were driven by the young people themselves. Currently, with support from other organisations, we employ a project manager with a wider remit across highland Perthshire. It’s still a work in progress; it’s been quite difficult at times bringing together local stakeholders and we’ve had to work in conjunction with other charities, funders and the local council, but after seven years we feel we have contributed to a successful youth-led initiative.

As a result of the Perthshire initiative, my father soon revived the Hampshire and Isle of Wight Community Foundation (HIWCF) who now adeptly review applications on our behalf and identify a variety of good local projects for us. We focus particularly on the Southampton area as my grandmother, Doris Campbell, left a legacy to fund projects here, where her father was an MP, and we have a constant dialogue to ensure our funding objectives are met.

The Community Foundations do a fantastic job and we find them to be very effective. We need their support because we are a small family office and a small family. I’m the Managing Director of the family office and the correspondent for our foundation (my father is Chairman) and I struggle to find more than a morning a week to focus on it. My father is very community-minded and sits as Chairman for the HIWCF and is actively engaged with a lot of local projects. Apart from the occasional discretionary gift, all our significant donations are made on the basis of a family consensus. I essentially manage the family’s philanthropic giving but I do want consensus because it’s a family foundation; it’s not about me or my father, it’s about the family.”

"If I wasn't in a family business, this wouldn't be on the agenda, unless there was a marketing or a commercial reason for doing so."

3. Localised nature The close connections between business families and the geographical areas in which their businesses are located, means that local causes and community organisations are more likely to receive support than national or global causes.

"My family succeeded in one specific geographical area. Through our ongoing involvement we continue to support the community and recognise that the region was important to our financial success. That is why we have left a lasting and enduring charitable legacy there."

"We're setting out to be good people and good neighbours."

"Where we've taken something from the community, we want to put something back into that community."

4. Stewardship model Family businesses usually have a commercial strategy that is built on the idea of stewardship and ensuring the business will continue through the generations. The raison d'être for the business is to create something of lasting value, above and beyond making short-term profits. The same model of stewardship has an important influence on their approach to philanthropy and is manifested in a preference for supporting causes that will make a genuine, ongoing impact.

"I think there is a big difference in family businesses in that you don't get a change of chief executive every three or four years and you've not got a load of people whose only interest is how much they can get out of it and who are thinking about their exit... There is long-term stewardship. We have a responsibility to look after this company for the people now and for the next generation."

"In family businesses, you want to make sure you'll be there tomorrow, which is rather different than getting a short-term gain so you can sell the company on to the next set of shareholders. If everything is geared towards shareholder value then any CSR will be secondary or even just ticking a box; it'll have little to do with being responsible to your community."

"What we're all after building are secure, worthwhile businesses. Philanthropy is a big part of being worthwhile in the longer term."

5. Pursuit of non-monetary goals Family businesses have multiple goals that go beyond the pursuit of profit. The financial bottom line is accompanied by other "bottom lines" regarding social and environmental considerations. The focus on these other non-monetary goals was found to be important not just to family members, but also to employees and the wider community.

"Nobody [in the business family] has got aspirations to retire to Monte Carlo or have big yachts, so the wealth is there and needs to be used for something."

"I look at life and business overall, rather than thinking that business is all about making money and then you do other things after work. For me it's one and the same. I'm looking for the right balance between profit and charity."

“Being considered a ‘good company’ matters; people are aware that we aren’t just out to make as much money as we could.”

“There is good value in good values. That’s a phrase we’ve used over the years; that’s our business model.”

In philanthropic business families, family members are also likely to serve as volunteers in their local community, for example, as school governors, magistrates and as trustees on charity boards. These families seek coherence across their giving and volunteering and feel both are equally important.

“Giving of your time is rewarding: you see change, you see improvement, you see benefit.”

Others feel that non-monetary contributions are more significant.

“**In general we’re trying to avoid direct contributions of money and more directing [our support] towards product and our time and our people’s time and the resources that we have both personally and professionally within the business.”**

6. Inter-generational transfer of values In business families, philanthropy can be viewed as an aspect of good parenting and part of a conscious effort to foster certain values in their children.

“Often it’s inculcated by a parenting instinct. “What do we want our children to think? How do we want them to behave?”

“I do want my children to get involved because I won’t be here for ever and part of my reason for setting the fund up was to create something that’s ongoing, otherwise I could just give it away now! But it was to have something that’s lasting, a legacy if you like, but that’s not much use unless they start taking a genuine interest.”

“We want our children to have a significant input into how the money is used, within the strategy that we’ve agreed in terms of it being spent on needy groups within the area that we live in. They’re keen to be involved; we’re about to start making grants and I want them to take ownership of it.”

FINDING 2

Being philanthropic and being socially responsible can be treated as distinct activities but are often viewed as a continuum

We identified a number of variations for organising philanthropy and corporate social responsibility (CSR) within family businesses, including:

- The business does the CSR and the family does the philanthropy.
- The business does smaller local projects, the family does bigger gifts.
- The business does things with a commercial edge, the family does things that are more philanthropic.
- The business makes ad hoc donations and the family does strategic giving (and vice versa).
- No differentiation is made between philanthropy and CSR.

Wherever CSR sits in relation to philanthropy or within the company, there is widespread agreement that it must be authentic.

> **"We want to be a business that not only has a CSR statement but has a genuine CSR commitment."**

The family businesses that participated in this research exemplified all variations, from those that see no separation between philanthropic and socially responsible activities, to those that draw a clear – if arbitrary – line.

Those family businesses that do see a distinction tend to view CSR as being part of a corporate business strategy, which is about strengthening their internal organisation and external reputation, and tend to view philanthropy as driven by family values and employee interests, which is about making a positive difference outside of the firm.

> **"Philanthropy and CSR are totally separate activities. Local hearts and minds is very much a company perspective; the bigger stuff is private."**

> **"As a business we would give to the local community because we were building in a particular area and it has a commercial edge to it, as distinct from something that was more philanthropic, supporting a youth group or something like that."**

This was echoed by another family business owner who identified two distinctive rationales for undertaking philanthropic activities, namely "enlightened self-interest" and "giving back":

> **"Some things are very focused on what's right for the business and the other [decisions] are about what's right in terms of what we've got from the community and a chance to put something back."**

CASE STUDY: RINGTONS

Simon Smith, Managing Director, says:

“I see philanthropy and social responsibility as quite distinct activities, although there can be connections between them.

When the fourth generation took over the running of our business, we had a lively debate about whether we should make charitable gifts as individuals out of our own dividends, or do our philanthropy together as a family. We decided that as a successful family business it was an ideal way of paying back the communities that have supported us. We wanted do it as a group and decide collectively what causes to support and how much to give them. This helped the bonding between the family group and also ensures it passes through the generations.

The fifth generation is involved in the business and we have about 40 family shareholders. Everyone has signed a shareholders’ agreement, which sets out our strategy on a number of issues, including philanthropy. We have decided to commit a minimum of 1% of net profits to build a £1 million endowment at the local community foundation with a target to hit this level by 2010. All the shareholders have signed up to that and everybody knows what we’re setting out to do. We have a committee of family members who assist and support the community foundation in making decisions about distributing the grants. One of the main drivers for the community fund is that it is in perpetuity and therefore passes down the generations. To get the fifth generation to appear can be challenging, but they’re getting better, and we’re keen to involve the youngest family members because it’s better to get them interested in philanthropy early rather than late. It is a relatively formal process and is a good way of engaging and passing on values down the generations.

Philanthropy is a specific activity in our shareholders’ agreement, but social responsibility is more about the way the company conducts itself in doing business. We believe we act in a socially responsible way towards our customers and the environment and we are aware of the need for ethical trading. We try to do the right thing all the time in the way that we operate.

Being socially responsible as a business can have commercial implications, which always need to be taken into account especially when considering the absolute need to offer customers the best possible value.

Being philanthropic and being socially responsible are both about doing the right thing, and as a business and as a family we get a lot of enjoyment from being able to do it.

Our aim is that the fifth generation will appreciate this early and pick up the mantle and carry it on.”

www.ringtons.co.uk

However, many family businesses believe that business and philanthropic goals can be pursued simultaneously, and involve a "win-win" scenario.

> **"It's quite hard to differentiate between philanthropy and CSR in many cases. For example, I might want to support a charity because I care about homeless people but on the other hand we're a company that builds houses so that's quite a sensible thing for us to be supporting for all sorts of good, strong business reasons."**

Most commonly, we found little differentiation between CSR and philanthropic activities in family businesses.

> **"I don't understand the big divide and separation between philanthropy and CSR. We think of ourselves as a family business and that's expressed in a set of values that we believe in as a family and we would like to see expressed through the business. Whether we express those values by trying to be a responsible company, by supporting employees or by sharing the company's profits out philanthropically – it's all one continuum."**

Different arrangements for organising philanthropic and socially responsible activities often relate to their governance, in terms of who holds responsibility for them and where they "sit" within the business. No overarching trend was identified, but rather a variety of approaches was noted:

- CSR sits within the marketing department.
- CSR sits within a specialised CSR department, or is the responsibility of a named, often senior, employee.
- CSR is the responsibility of a named board member.
- Philanthropy is driven personally by the owner (often the founder) in their own time.
- Philanthropy is the responsibility of an employee as part of their job, e.g. Community Investment Officer.
- Philanthropy is organised by employees in their own time, e.g. by a fundraising committee.
- Philanthropy is run by family members and employees working together, e.g. by a Social Committee that organises fundraising and employee giving initiatives.
- Philanthropy is coordinated by a family council.
- Philanthropy is run by a business foundation with trustees drawn from the company, the owners and possibly some independent members.
- Philanthropy is run by a family foundation, with family and independent trustees.

FINDING 3

Family business philanthropy and social responsibility is driven by values, marketing and peer-pressure, and these drivers respond to different types of encouragement

Values are known to be a defining feature of family businesses, and this Inquiry also identifies values as a key driver of much philanthropic and socially responsible behaviour.

> **"The thing about family businesses is they do this as part of a way of life, because it's what you want to do."**

The approach of family businesses is often contrasted with the approach that is believed to exist in other types of businesses.

> **"In non-family businesses, it's just one of those boxes they've got to tick; they've got to do CSR."**

Despite the suggestion that family business philanthropy is solely led by values, the Inquiry also identified two further drivers – marketing and peer-pressure – which can exist alongside, and in addition to, a values-driven agenda.

These three drivers manifest themselves in different types of philanthropic action and create different windows of opportunity to promote such activities:

1. Values-driven – this refers to the impact of family values and the desire to be a good local citizen.

   > **"Giving is about the family ethos and belief, it has no relation with the business gaining any advantage."**

2. Marketing-driven – this is focused on concerns about reputation, publicity, recruitment and retention.

   > **"We take the view that any philanthropic giving has got to have some business reason."**

3. Peer-driven – this relates to a desire to keep up with the norms for family businesses and competitors.

   > **"There's a lot of things we do because we have to, because we're part of the establishment and have our headquarters in that city."**

Each of these drivers responds to different pressures and creates different opportunities for intervention to encourage more philanthropy and social responsibility:

- Family businesses that are more values-driven may respond to connecting this agenda to the salience of their family name and the opportunity to create a lasting impact.
- Family businesses that are more marketing-driven may respond to learning about the reputational benefits to be gained.
- Family businesses that are more peer-driven may respond to case studies and networking events to disseminate information about what contemporaries are doing.

FINDING 4

Family businesses often take an informal approach to philanthropy and social responsibility, and those that do take a more structured approach share common characteristics

Many family businesses take an ad hoc and opportunistic approach to their philanthropic and socially responsible activities. Informal charitable involvement is common in many smaller businesses.

> **"It's very opportunistic. We give money to various things but not in a scientific way."**

> **"It's never had a lot of thought or structure; it's been very personal."**

Some family businesses have a mix of formal and informal approaches.

> **"Some of what we do is still the charity end of charity, done because it's touched our heart or the right person has asked or you think it's generally good, but most of our interest is more strategic than that."**

But the Inquiry did identify examples of formal, structured and committed approaches to philanthropy and social responsibility which were manifested in the establishment of formal policies and procedures, the presence of a family and/or corporate charitable foundation, and a formal CSR strategy.

> **"Our strategy on philanthropy is set out in the shareholders' agreement. There's a formula there, it's all agreed, there's no decisions to be made."**

Larger and more complex family businesses, those with family succession issues and those with long-established ethical business values tend to take a more strategic or systematic approach to philanthropy. This is not to suggest that other family businesses are not philanthropic or do not take their charitable interests seriously – simply that they are less likely to have a strategic or planned approach to philanthropy. As one smaller family explained:

> **"We don't have any committees, we don't have any rules, it's 'what do you think?' and it's as simple as that."**

However, many larger families see advantages in establishing formal procedures, such as delegating responsibility to family shareholders who are not involved in the operational side of the business.

> **"If you keep all the decisions at board level and with chairman, management and directors, you're not really engaging the next generation or the other shareholders. You have to hand it over to family members outside the company, with a brief, and say: 'That's what we're doing – you run it'. We now have more family members involved in these activities than we have running the business. It's about engagement and we're quite busy running the company!"**

There is no direct correlation between the degree of formality in a family business' approach to philanthropy and social responsibility and its size or maturity. However, we did find that some factors were more often present in family businesses that took a more structured approach, including situations where a larger number of family members sought involvement in the broader business of the family; in families that placed an emphasis on "good values"; and in families where one member was willing to provide leadership on this agenda.

Our research indicates that the further along each continuum a family business is, the more likely it is to engage in structured, successful, sustainable, enjoyable and impactful philanthropy, as shown in Table 2.

Early stage family business	**Established family business**
Small number of family members or a nuclear family management	**Complex family requiring active management**
No family member has a particular interest in philanthropy	**One family member has a significant personal interest in philanthropy**
Business is further back in the supply chain	**Business is consumer-facing**
Family has no advisers who are willing or able to discuss philanthropy	**Family has access to advice about philanthropic giving**
Family is not involved with sector and umbrella bodies	**Family is involved with relevant bodies, e.g. Institute for Family Business**
Family members have had poor philanthropy experiences	**Early experiences of philanthropic engagement went well**
No need or desire to enhance family solidarity	**Willing to use philanthropy to "glue" family together**
Dispersed family	**Tight-knit family**
Family business is still dominated by the founder	**Succession process underway**

Table 2: The likelihood of a family business engaging in structured and successful philanthropy is enhanced when more factors on the right are present

FINDING 5

Family foundations are an effective way for family businesses to manage their giving programme

Establishing a charitable trust or foundation was widely considered to be an effective vehicle for family business philanthropy for three main reasons:

1. The formal structure of a foundation enables a systematic, collective process for managing charitable giving, in place of dealing ad hoc with informal requests to individual family members.
2. Foundations can harness the professional and personal skills of family members, including retirees and those who choose not to work within the company.
3. Foundations exist as tangible monuments to family values and can reinforce family relationships by providing additional opportunities to meet and discuss non-operational issues.

A number of family businesses suggested that linking the funding of the foundation to the company's pre-tax profits can incentivise staff and directors, and bring greater meaning to commercial success. A further advantage of establishing a charitable foundation is that it provides a framework within which requests from charities the company does not wish to support can be assessed and turned down in a manner that is objective and transparent.

> **"If you organise your philanthropy then it can help to deal with the myriad of requests that you get; if you're organised you can say, 'sorry, we don't do that'. I used to take thousands of phone calls from people and it was difficult to say no because they're all good causes."**

The Inquiry identified three approaches taken by family business in structuring their philanthropic foundations:

Independent foundations, with family members as trustees, give the family a governance structure that delivers the greatest degree of control over many generations and the most opportunities for involving family members as trustees, but creates administrative and legal obligations.

Discrete named funds within an existing local community foundation frees the family from many legal and administrative responsibilities, gives access to grant-making expertise and provides other services that ensure the money makes a lasting difference in the chosen locality. However, the family has to be comfortable with the ultimate legal control resting with the community foundation's trustees and this approach may not be suitable for families with predominantly national or international interests.

Corporate foundations with clear links to the family business, for example sharing staff and focusing grant-making on issues that relate to the business, create a stronger bond with the business, but can be administratively more complex and may be more reliant on the profitability of the company. This approach may create fewer opportunities to involve extended family members or to address causes of personal concern to individual family members.

Independent foundations, discrete funds and corporate foundations are not mutually exclusive options and family businesses may use any combination of these approaches to organise their charitable giving.

CASE STUDY: WATES

Andrew Wates, Chairman, Wates Family Holdings, says:

"Philanthropy has long been central to our family's ethos, but was first formalised by the setting up of The Wates Foundation by my father and his brothers in 1964. Over the past three decades the female side of the family has provided much of the leadership and inspiration for the Foundation's work. Its focus is generally on social deprivation and its consequences, but it also has particular interests in criminal justice reform, the needs of young people and addressing substance abuse.

The current shareholders of the Wates Group set up our own charitable grant-maker, the Wates Family Enterprise Trust in 2008. The core belief is that shareholders should be engaged stewards of a family enterprise, which blends wealth creation with social responsibility.

There is a particular focus on those construction sectors in which the Wates Group primarily operates – Social Housing, Education and the Prison Service.

The emphasis in the Social Housing division is not just to leave a legacy of fine or improved buildings, but also to sow the seeds for a sustainable community, where the residents have a sense of belonging where they live. Similarly, as Wates is a major contractor in the field of education, the Trust is financing the design and implementation of the learning modules for the Construction and Built Environment Diploma, which will be taken up by Further Education Colleges nationally.

The Family Enterprise Trust is also heavily engaged in and around the prison service. It is funding independent research to stimulate fresh thinking on prison design and service provision, with the long-term target of reducing recidivism. At the same time, with other Trusts, we are funding a restaurant in High Down Prison, which will be open to the public and will be a wonderful training ground for prisoners to get their NVQ qualification, leading to better employment opportunities when they are released.

Many of our customers have a strong preference for working with contractors with a good corporate and socially responsible track record. Our annual staff surveys also show that staff attach great importance to core values. In consequence, the family see the Trust as a great way for the family and the business to work together in a way that customers and staff desire and appreciate.

We also believe the Trust will be a good vehicle to introduce the next generation to the values we hold and to see them in practice in our business at an early age."

www.wates.co.uk

The formality involved in running a foundation can create wider benefits for the family, especially in terms of communicating values between family members.

> **"The grant-making committee is a vehicle for getting the family involved and having some sense of identity and involvement in the family business in its broadest sense. When we were talking as a family for the first time about getting governance in place, we talked a lot about values, what the company's there to do. It became clear that, in a collective sense, it was about more than just creating dividends so we could have nice lifestyles – that we want the family business to be a vehicle to do some good in the community."**

FINDING 6

There are multiple benefits to be gained by taking philanthropy and social responsibility seriously in family businesses

We found that a serious commitment to philanthropic and socially responsible activities creates a range of benefits for family businesses. The benefits include:

"Glueing" the family together

Philanthropy and socially responsible activities can contribute to the "glue" that keeps family members together, both those working within and outside the business, as well as family members who are retirees and in the younger generation.

> **"Sometimes I think family members are searching for their role as shareholders. Philanthropy is a way for them to make a very worthwhile contribution."**

This benefit is felt particularly keenly in larger, multi-generational family businesses.

> **"Our family's quite disparate, I suppose most families are, but at least if you've got a framework that involves philanthropy, you've got a chance of it not unravelling like a ball of string."**

Encouraging family members to express their values

Making decisions about philanthropic activities creates new opportunities to have conversations with family members about non-business issues.

> **"When you start to work out the shape of your philanthropy, family members have to express their views on something that actually involves telling everyone else a lot about themselves."**

> **"We're a private family and we're very values-driven. I guess partially through our philanthropy we are trying, in a way, to define ourselves."**

Helping to prepare the next generation for running the business

Philanthropy can be part of the process for training family members who will eventually become owners and may enter the business one day.

> **"We give the over 18s in our family an amount of money, say £25,000, and as a group they have to collectively decide how to spend it. It throws up all sorts of things where they have to make decisions, present and persuade each other. They're learning how to have a discourse about money but not actually affecting the business or being personally critical of each other's work, which happens once you start to talk about actual business issues. It's not a test but it forces individuals to use personal skills and support each other."**

Integrating non-family employees

Family businesses see employees as members of an extended family.

> **"It's a family business, so we treat employees like members of the family too."**

Furthermore, philanthropy and social responsibility help employees to feel good about working for the company.

> **"The more people feel that they're involved in something which is a human entity, not just a corporate entity, then I think that strengthens the business. People like to be associated with a human business."**

Contributing to the recruitment and retention of the best staff
A growing number of people want to work for a "good company", not just a successful one, particularly amongst the younger generation.

> **"Some staff are much more in tune with the [philanthropic and social responsibility] agenda than others, but they tend to be the very good staff, and they're also the staff who are connecters and have influence in the business. They're the people who are going to show initiative, it's not just what they're doing in charities, they're going to show initiative in other areas as well so you really want to encourage those types of people."**

Ensuring that staff and potential recruits are aware of the company's contribution to the wider community can therefore be useful for recruiting and retaining employees.

> **"The existence of the family charitable trust, and the fact it was known about by employees, was important because it demonstrated the wider interest and concerns of the ownership group, rather than being only concerned with the operational elements of the business. They liked the idea of working for a company that did something other than just make a profit."**

Strengthening relationships between the family and the local community
Philanthropy is a way of articulating the interdependence that exists between a family business and the locality in which it exists.

> **"Our success is attributable in large measure to our customers and the community in which our customers live; without that we wouldn't be where we are, so we feel a responsibility to put something back."**

> **"Our main aim is to support the local community that has helped make our business possible."**

> **"Where we've taken something from the community, we want to put something back into that community."**

Demonstrating and increasing rigour within the business
Showing evidence of rigour in philanthropic and socially responsible activities creates wider positive connotations for the business, as the elements of an organisation tend to be, and are perceived to be, interconnected.

> **"Philanthropy involves complex issues of governance. The more you put rigour into that, the more likely you are to be rigorous in your marketing policy, your finance or whatever. It's all about good management."**

CASE STUDY: ALASTAIR SAWDAY PUBLISHING

Toby Sawday, Sustainability Manager, says:

“I’d love to see more companies apply their philosophy around philanthropy to the very heart of business decisions. My sense is that the conventional model of philanthropy is a bit outdated. Rather than carrying on business as usual but putting aside a bit of money to make charitable donations, we need to question the very nature of our business and its impact on the world around us. An arms company can be the most generous of philanthropists, while creating huge harm elsewhere. It’s not just about tinkering at the edges but about making sure that every company decision has as positive an impact as possible.

We’re trying to ensure that the decisions we make, from sourcing products to how we treat our staff, take account of social and environmental considerations right from the beginning.

For example, we have built eco offices with super-insulation, underfloor heating, a wood-pellet boiler, solar panels and a rainwater tank. We also pay a 30% premium on our print costs by using Forest Stewardship Council certified paper for our books and printing at a local print house, whose continued operation is vital for the local economy.

There should be no real distinction between the values by which you live at home and those you bring to work. For us, it’s simply the right thing to do, but it does have all sorts of extraneous benefits, such as awards (we’ve won a lot for our approach to “green” publishing) and the recruitment and retention of great people.

Most importantly, perhaps, is the fact that the generation now emerging from university expects something more than just profit-seeking in the businesses they work for. For an astounding percentage of them, their job decisions will be dictated by whether a company can prove it is behaving responsibly. They can spot window dressing a mile off and business leaders ignore this at their peril!”

www.sawdays.co.uk

This is particularly the case when the programmes are managed in a structured way.

> **"A strategic philanthropy approach encourages the philanthropist to look at a grant as an investment, to seek a social return, just as in their business life they will be seeking a financial return. Strategic philanthropy asks a philanthropist to analyse an issue area, look at the macro and micro causes of an issue, map the field to find the most effective organisations addressing the issue, and in making a grant, to leverage greater impact than the funds employed, and to evaluate that impact. These skills are clearly transferable to the for-profit arena and can help to build interest and engagement in the for-profit work of the company itself."**

Creating direct business benefits

A strong programme of philanthropic and socially responsible activities can be useful when tendering for public sector contracts, which often ask for evidence of CSR policies and activities. This is particularly the case for the construction industry, for example, when bidding for public sector contracts to build schools, hospitals and social housing.

> **"When we bid for local authority work we can evidence that we have a heart."**

Benefits of undertaking strategic philanthropic and socially responsible activities are commonly felt in terms of strengthening the company's reputation and building trust with key stakeholders.

> **"If you haven't got a reputation, if you haven't got the trust of employees and customers' then you're going to struggle."**

Furthermore, being philanthropic and socially responsible is considered a sign of success and a demonstration of commitment and character, especially during periods of economic downturn.

> **"The fact that the company is supporting charities and good causes, even when times are bad, shows that you've got a bit of resilience, a bit of strength and a bit of character to keep true to your core values."**

FINDING 7

Family businesses face challenges in establishing and scaling up their philanthropic and socially responsible activities

Despite the many advantages gained by family businesses in undertaking philanthropic and socially responsible activities, embarking on this path also involves challenges. These can include:

Drawing a distinction between whether giving is in pursuit of business interests, whole-family interests or private interests. Lack of clarity on this question can lead to problems in deciding which types of charity to support. Some family business owners keep a separate pot of money to fund projects that they know will not appeal to their relatives or employees.

The need to learn new skills and ways of working. Family business owners may be values-rich but they are time-poor, and they do not wish to make mistakes, especially in public, or invest their resources in unproductive projects. Viewing personal development as part of this process helps with accepting the additional burden of time and feelings of inadequacy that are natural at the start.

Difficulties in accessing relevant support and advice. It is not always easy to find peers who are willing and able to offer advice and encouragement, although for a fee or commission, professional advisers are an alternative option.

> **"There are so many charities out there and it's very hard to know who to support and what you can do."**

Being overwhelmed by requests for support. Once a family business becomes known as a potential source of support, some form of assistance in managing requests is helpful so that the best results are generated for the family, the business and the wider community.

> **"You get your arm twisted up your back to support some of these charities. They're all good causes, you don't get any that are bad. But we need help to work out which ones are actually making a good impact and which ones will our employees relate to and think, 'that's a good charity for us to be involved with'."**

Managing expectations. Philanthropic activities may not have the same immediate or measurable impact as the "original" business. Accepting help from peers or professional advisers can speed up the learning process and deliver better results, faster.

The risk of family conflict. Organising philanthropy within a family business is more complex than doing it as an individual, because it involves reconciling more than one person's values and philanthropic desires.

> **"While families may find themselves united by a concern to support local community-based charities or a particular issue stemming from a family connection, they are equally likely to be divided by a variety of different interests."**

Dealing with unwanted publicity. Whilst awareness can create reputational benefits, courting publicity for philanthropic activities is not straightforward, especially when the family and the business share a name. Many family members are wary of appearing egoistic, or advertising their wealth and attracting unwanted attention.

> **"It's about doing the right thing, it's not about blowing your trumpet."**

> **"The only reason we're telling anybody is to try and get everybody else doing it. It's not so they think we're great. It's setting an example rather than 'look at me, aren't I wonderful'."**

> **"A family foundation has two missions. One is to serve the community through philanthropic means. The other is to serve the family"**

Randy Ottinger (2008) *Beyond Success: Building a personal, financial and philanthropic legacy*. McGraw Hill: New York, p.238

DISCUSSION AND IMPLICATIONS OF THE FAMILY BUSINESS PHILANTHROPY AND SOCIAL RESPONSIBILITY INQUIRY

This chapter discusses what the findings of the Inquiry mean for family businesses themselves, for charities that seek their support and for a government that seeks to create an enabling environment for philanthropic and socially responsible activities.

The first section presents advice from family businesses that may be useful to others who are seeking to start or scale up their activities in this area. The second section offers some suggestions to charities that may be useful in their approaches to family businesses. And the third section identifies some lessons for government, in relation to tax breaks, matched funding, public procurement processes and supporting the philanthropic infrastructure.

Lessons for family businesses

Participants in the Inquiry were invited to suggest advice they would offer to peers who are starting or scaling up their philanthropic activities. The advice offered includes:

STRATEGY

Make philanthropy and social responsibility an integral part of your family business, not an add-on. "I'd love to see more organisations apply their philosophy around philanthropy to the very heart of business decisions, not tinkering at the edges but making sure that every company decision has as positive an impact as possible."

Be clear about what's driving your philanthropy. "Are you trying to strengthen your brand or are you just trying to make a difference?"

If you don't know where to get started, look for a personal connection. "There are some great resources that can help you clarify your thinking. But it has to come from the heart, and it doesn't really matter why you start – just start! It could be supporting the local school that your child goes to. It could be that you know someone with cancer so you decide to give money to cancer research. It could be that you've got a best friend who's got an autistic child so you decide to do work on autism. It doesn't really matter what, but it works best where there is a personal connection at the starting point."

Have a formal but flexible approach. "Give it sufficient definition but retain an enormous amount of flexibility. We very deliberately avoid tying ourselves down in case we want to shift or reduce our emphasis in any area."

Maintain consistency in causes and charities over time to ensure mutual sustainable benefits. "There's an issue of continuity with charities, you can't just change stream."

STRUCTURE

Minimise disagreement and family conflict by formalising decision-making procedures. "If you're small enough you will get consensus, but if you're larger then you need a structure and rules in place."

Establish either (or both) a foundation or family charitable trust. "Other family businesses might not know that companies are not allowed to give tax efficiently to any good cause, just to registered charities, which is a shame because the more likely they are to need money, the less likely they are to be registered. That is why we place our donations in a trust or foundation so that we can distribute it later to any good cause we choose."

Make donations of an appropriate value, relative to company size. "A number of multi-million pound businesses think that a donation of £1,000 is a lot. I don't think it's a matter of meanness but rather a lack of understanding of what a useful social contribution is, and of what others are doing. They're thinking 'this seems reasonable to me', but when they hear what other families are doing, they say, 'why don't we do that'."

Agree some criteria for selecting charities. "We have five criteria. Is the project distinctively local? Will the scale of our donation make a substantial difference? Will it improve the quality of life for ordinary and disadvantaged people? Will our donation be recognised? Will it create a lasting improvement? These criteria are not right or wrong, but what they do is allow us to say 'yes' or 'no' quite quickly to people who ask for support."

Be focused. "You need to be focused on the things you want to channel your energies and cash into. It's such a minefield, you get so many begging letters through the post so where do you start unless you have a particular leaning one way or another? It's not important whether you write it down formally as some kind of policy document or you just have it in your head. The important thing is to limit it geographically or by cause, otherwise you'll end up not knowing what to support."

Seek advice. "When you're doing something in an ad hoc way, it's good to meet other people who help you put a bit of structure on it and share their expertise."

FAMILY

Regularly review and renew the family commitment. "When philanthropic activities are set up by the older generation and passed down through a family, you need to keep starting again, because it has to mean something to those running it now, or it's not going to work effectively."

Involve all generations of family members, from teenagers to retirees. "They should just get started and learn by doing it."

Seek consensus to avoid family conflict. "I take the lead on our philanthropy. If all goes well, no one says a word. If something goes wrong, you never hear the end of it! Consensus is ideal if you can get it; you don't want to upset your relatives, you want them with you in all ways – not just in your philanthropy but right across the board."

Use philanthropy as a way of explaining family values to non-family staff members. "We invite staff from charities we support to come in and talk to our staff to explain what they do. Those events are well attended and the feedback is very positive. Even though the money is coming from the family, not the staff, they get an opportunity to understand the other side of the business, to understand the family."

EMPLOYEES

Involve employees by engaging them in your charitable giving. "Our staff attend functions that we sponsor which is good team building, and we ask our people for feedback about what we're doing and how we can improve it. It's a chance for employees to make an input in decisions other than operational issues."

Involve staff in corporate philanthropy by setting up a matched funding programme for employees by offering an agreed sum, such as £1 for every £1 they donate to their favoured charities – and set a cap to avoid unexpected largesse! "The matched funding scheme really works for our people because they've got control over it. It's probably the single best thing we do, so that's being kept at the same level despite the current recession."

Use philanthropic activities to integrate non-family employees in the business, so they share in the passion and achievements of the company. "We have a monthly team brief that goes out with the payslips across the organisation, and that's now featuring a column each month in which we talk about one of the projects that we've recently sponsored and what's happening, and hopefully make employees feel good about the company they are part of."

THE FAMILY BUSINESS SECTOR

Family businesses should learn from each other as they are a more neutral source of information and encouragement than charity staff. "People love learning from each other, particularly in the family business world."

Family business owners should talk to like-minded non-competitors who are at a similar stage in thinking about philanthropy and social responsibility, as hearing from peers who are much further ahead can be disheartening. "Finding people in the same situation is the key thing. Work out where you are on the path and find some others who are just ahead of you... but advice from the people who are just a couple of steps ahead may just save you some time. It's good to find a network of like-minded non-competitors."

Family businesses are willing to help each other. "Our tried and tested experience could help, they don't have to reinvent the wheel. The wheel is there, they just need to give it a push and it will start moving faster."

COMMUNITY

Get out of the office and see what's out there. "Go and visit projects. The best thing I ever do is go and see. If you want to shift things, get someone to go and see something; without that there's a massive disconnect. That's a fundamental part of getting people to participate."

Think creatively about how best you can make a contribution to your chosen cause. "There are different ways of making an impact on the same issue. For example, if you're concerned about what happens to people when they come out of prison, you can support charities working in that area or you could employ ex-offenders. Or both!"

Get involved with your local community foundation. "The community foundation provides a focal point and a profile for the philanthropic giving, and makes it more fun as well. You get to meet and socialise with your peers and that provides collective encouragement for others to get involved."

Seven steps to starting or scaling up family business philanthropy

According to *A Guide to Giving*, published by Philanthropy UK, there are seven steps to consider when setting up or formalising philanthropy within a family business:

1 Look at what the company is already doing and review what you want to build on or change.

2 Agree who is or should be involved – the family may want to do something as a family as well as engaging employees.

3 Agree how much you are going to give. Rather than a fixed sum, consider making it a percentage of pre-tax profits. **"Back in the mists of time we agreed to give away half a percent, which was small beer then. Then we made a lot of profits and it became more substantial. If we hadn't had that underpinning decision, one or two family shareholders might have said, 'you're giving a lot of money away', but once that basic decision was made, they bought it."**

4 Take advice on how your giving can be made tax-effective, for example by using the Gift Aid scheme or setting up a charitable foundation.

5 Discuss the criteria you are going to use to select the causes and the charities you are going to support.

6 Find out about effective charities to support by using online information such as the Charity Commission's Register of Charities, New Philanthropy Capital's Charity Selector and Guidestar UK.

7 Approach organisations like the Community Foundation Network, New Philanthropy Capital and Philanthropy UK for ideas, research and advice on creating a giving strategy.

For further information, see **http://www.philanthropyuk.org/AGuidetoGiving**

For donor support and advisory services, see "The Philanthropy Directory" within the "Resources section" of the Philanthropy UK website.

Lessons for charities

Participants in the Inquiry also had some suggestions for charities and fundraisers that seek support from family businesses:

Family business owners are busy people. Check the criteria to avoid a wasted application and ensure your proposition doesn't make unreasonable expectations on their time.

> **"When business interacts with the charitable sector, it doesn't want to deal with wishy-washy people, but charities often come across as a bit fluffy. I want to see somebody who might not be totally polished, but absolutely has a passion to make something happen. That's so important."**

Family businesses respond positively to impressive individuals. They buy into the charity leadership as much as the charity's mission.

> **"I've got to like the people that are involved with running the things I give money to. I've also got to think they're good. I'm not going to give money to something that is badly run."**

> **"We like to support organisations that have inspirational leaders who don't have the time or the skills to raise money."**

> **"I went to look at a charity and I was very taken with the person who was running it and completely blown away by the work they were doing. It's a deep, personal thing."**

Family businesses look for well-run charities that can prove their impact.

> **"It's nice to be associated with a successful charity that wins a lot of awards. We get a lot out of it."**

The long-term stewardship model means that family businesses prefer continuity in their philanthropic acts. This may make it harder to attract their initial support but the pay-off is longer-term support.

> **"There's considerable continuity in what we do, I've got about half a dozen things I support every year."**

> **"I believe that you've got to be consistent in what you do, to prove your reliability. It's a real roller-coaster in the business at the moment so I could do without [some of] the charity things I've agreed to do. If you're going to do something: do it well, do it right, do it consistently, do it in the best way that you can. If you go into something half-heartedly there's no point."**

Do your research – family business owners have more discretion over philanthropic spending than non-family business, so look for family connections that may enhance your appeal.

> **"We got involved with a charity that most people in my business wouldn't touch, but they do work that has affected two of my uncles so it's a perfect charity for us, given our family history."**

Lindsay Boswell, Chief Executive of the Institute of Fundraising, says:

"These findings ring true with the experiences of our members who raise funds for large and small organisations across the country. Fundraising is not simply about asking for money, it is about forming and building enduring relationships with people who want to use their resources to make change happen. The particular needs and interests of family business owners should be better understood so that the right approaches can be made to them, ensuring the best use of their time and of the charities' resources."

Family businesses often support local sports teams, which combine doing good in the local community with publicity, for example by including company logos on kits; other charities should think about ways they can offer similar promotional benefits.

Family businesses are predominantly small, and they have a tendency to work with similarly sized charities, preferably those that focus in the community in which the business is located.

> **"I prefer charities where you can really make a difference, where there's almost a social entrepreneur-type person guiding it and you feel that if you don't support them, they might not be there in six months time."**

However, larger family businesses with increasingly globalised business arrangements may contribute to more strategic philanthropic approaches that disburse funds beyond the local community, as such businesses may feel less "rooted" in their local neighbourhood and may feel less of an urge to "give something back" to their community.

Don't be pessimistic about the impact of the recession: many family businesses would rather cut dividends than cut their charity budget and will avoid reneging on pledges, not least because of the reputational impact.

> **"Despite the current economic climate we will always see giving as a priority; none of the family members would think it was right to do less."**

> **"I'm not saying our giving is untouchable but I can't contemplate standing in front of close family members and saying 'we'll increase the dividend but we're going to slash the charitable funds'."**

Do expect to change your approach during the economic downturn; for example glamorous fundraising dinners are not attractive in this climate.

> **"The froth will be off, like taking a table at a glitzy, high-profile fundraising dinner that everybody's got to bid daft prices for daft holidays – we'll be avoiding those sorts of things."**

Much family business decision-making is informal – around the kitchen table rather than at board meetings – so personal relationships with significant family members matter more than formal presentations to senior executives.

> **"Our family business has very few shareholders so our decision-making process is round the kitchen table. Because we're small enough we can physically do that. With the number of people we've got to involve we can do it that way. Also, because they keep going back to the local community they know what's going on around them, but they're not involved in the day-to-day business, they've got no operational worry and have more time to think about this subject. It's something we can discuss over a cup of tea or a glass of wine or after Sunday lunch and I might say, 'what do you think about doing this?' and someone else will say, 'yeah, that sounds like a good idea'. It's as gentle as that and it's not something we'll do formally. So by definition if you're not in the family you won't be there at the discussion."**

Lessons for government

The Inquiry found that, in general, greater political involvement in the philanthropic and socially responsible activities of family businesses is considered inappropriate. A typical view expressed by family business owners was:

> **"We're reasonably clear about what we're doing and why we're doing it. If someone tried to legislate I'd probably back off!"**

Indeed, a legislative approach was widely viewed as off-putting on the grounds that:

> **"We do this because we want to do it, not because we have to do it."**

However, the Inquiry identified four areas in which governmental activity is welcomed and considered effective in encouraging and supporting family businesses in their philanthropic and socially responsible activities. These four areas are: tax breaks, matched funding, public procurement processes and building the philanthropic infrastructure.

Tax breaks to encourage giving are always welcome, but it was widely recognised that existing tax reliefs are not widely understood or fully utilised.

> **"People need to learn more about existing tax breaks. Many people just don't know how much they can give without it having an impact on their bottom line."**

Matched funding schemes, in which government increases the value of donations by matching those made by private donors, including individuals and businesses, were considered attractive and effective.

> **"Matched funding is very powerful and has a dramatically encouraging effect on people."**

> **"I don't think government can or should get people to do things they wouldn't do anyway, because I don't think that works, but they can encourage you to go further with things you were planning to do in any case – like with matched funding – that's a good thing."**

Public procurement processes are widely recognised by family businesses as creating an effective opportunity for government to prompt philanthropic and responsible acts. Family businesses that bid for government contracts are aware of the importance of being able to demonstrate a good record on CSR and related areas. **"If we're trying to get on to tender lists then we get asked about our CSR"**. In particular, companies working in the construction sector acknowledge this as an effective lever.

> **"We support a charity that provides counselling for primary school kids and does a lot of good work. What do we get out of that? We get a lot of good out of it because we build a lot of schools and when we're bidding for local authority work we can evidence that we have a heart as well as wanting the business."**

Building infrastructure was thought to be an area where government had a role in supporting philanthropy, in particular by enabling the provision of high-quality advice and philanthropic intermediaries who can support family businesses seeking professional guidance in this area.

> **"You're probably dealing with someone who's very time-poor, doesn't want to make mistakes because they're probably quite good at what they do, doesn't want to be shown up and wants it to be done efficiently, doesn't want to take another overhead into the business to make it happen. So you need an external group that can explain the reasons for doing philanthropy and set out the models that exist to make it happen."**

This final role for government, of facilitating information and advice, was felt to be of benefit in creating the culture of giving that remains at the heart of government policy in this area, as well as of great use to individual family businesses.

> **"There must be a lot of companies and people out there who it just hasn't really occurred to them and if it had occurred to them, they'd think 'Where do I start', 'What do I do?', 'How do you set that up?', 'Who do I talk to?'. All of those questions just become obstacles to doing something. So there's a need for organisations that raise profile, inform, educate, facilitate networks and help people see there are others doing this as well and that it's a good thing. All that should help to engage more people and create some momentum behind this agenda."**

CONCLUSIONS

The following points are provided as a summary of the key findings of the Family Business Philanthropy and Social Responsibility Inquiry:

Family business owners are "natural philanthropists"

The findings of our Inquiry add to evidence presented in previous research that a tendency towards philanthropy and social responsibility is part of the very nature of family business. The presence of personal and family values in the business setting appears to encourage a more responsible or ethical approach to business and creates an environment that encourages philanthropy. In essence, the nature of a family business means there's no distinction between an owner's "real self" and their "work self", so values don't get "checked at the door".

Family businesses are largely local heroes

Family businesses tend to have strong roots in local areas, which often go back for generations. Unlike individuals who are often attracted to supporting particular causes, family business philanthropy is most often geographically defined, resulting in the provision of vital support for a range of activities in their local communities. Many family business owners talk about the desire to be (and be seen to be) a good neighbour. They also have a strong desire to give back to the communities in which their staff, suppliers and customers live, in recognition of the role they played in generating their wealth.

Informality is the rule but some degree of formality is the ideal

The conclusion of many experienced family business philanthropists is that "flexibility within a framework" is the most efficient and effective approach. Philanthropic activity in family businesses tends to be informal and ad hoc, particularly in smaller organisations. Those family businesses that take a more strategic and systematic approach, without letting bureaucracy squeeze out family values, appear to make more effective and impactful contributions. A predetermined agreement on how much to give away plus some basic criteria upon which to make decisions, enables individuals the scope to contribute ideas that are likely to be supported by other family members. Having a policy in place can also help with handling the avalanche of requests that many businesses experience, as it provides a reasonable basis for turning down applications that do not match the funding criteria.

Philanthropy strengthens family businesses and strengthens business families

Not all family members want to play a day-to-day role in the running of the business, but do wish to be involved in some way with the family firm. Opportunities to get involved in grant-making and other types of community involvement create avenues for family members to engage with non-operational aspects of the business, which can simultaneously strengthen the family and the business. It also raises morale within the company, helps to recruit and retain the best staff and meets the need of those employees who demand more from the workplace than the pursuit of profit.

Philanthropy and social responsibility creates multiple benefits

Philanthropic and socially responsible activities generate multiple benefits for family businesses. A strong commitment in this area can have a positive impact across the operations of the business, in terms of reputation, recruitment, retention and staff morale; it can help to strengthen local communities by providing funding, skills and time to important voluntary organisations; and it can also have many positive reverberations within the family in terms of the family name, their impact and their long-lasting legacy.

Success factors can make philanthropy more effective and enjoyable
The key conclusions from our Inquiry are that the following factors can increase the chance of family business philanthropy being an effective and enjoyable experience:

- Being clear about family and business values.
- Identifying experienced leadership within the family and the company.
- Seeking external advice from philanthropic advisers and intermediaries.
- Setting up proportionate governance arrangements.
- Involving younger and older family members, and those not involved in running the business.

Philanthropy and social responsibility are complex and personal activities that are necessarily and inextricably linked to the values, preferences and priorities of the family members. But keeping in mind these “success factors“ and following the other advice contained in this report, should help to create sustainable, successful family business philanthropy.

RECOMMENDATIONS

1 **New tax breaks are not crucial, but there is a need for better information on those tax breaks already available.** New tax breaks are always welcome, but reputational benefits, personal satisfaction and the desire to implement family values are more important drivers than tax breaks or regulation. However, there is a need for clearer and more accessible information about the tax breaks that are currently available.

2 **Greater political involvement is not widely welcomed.** Legislative approaches are widely viewed as off-putting and greater political involvement in the philanthropic and socially responsible activities of family businesses is considered inappropriate.

3 **Public procurement is a powerful lever.** Despite the rejection of increased political involvement, the procurement process is recognised as creating an effective opportunity for government to prompt philanthropic and responsible acts. Family businesses that bid for government contracts are aware of the importance of being able to demonstrate a good record on CSR and related areas.

4 **Matched funding is viewed as an attractive incentive.** Matched funding schemes are a popular method that attract family businesses to begin or scale up their charitable giving. The government's Grassroots Grants scheme is widely known and supported, and ought to be continued beyond 2011 to enable family businesses in the future to benefit.

5 **Peer learning is a popular way to learn and should be encouraged.** Family businesses like to learn from each other because peers are considered a more neutral source of information and encouragement than charity staff. In particular, family business owners would appreciate opportunities to hear from like-minded non-competitors who are at a similar stage in thinking about this issue, rather than from those who are much further ahead in this process, which can be disheartening.

6 **More role models are needed.** Efforts need to continue being made to encourage people to talk more openly about philanthropy, because the lack of cultural norms around talking about giving in the UK mean it can be difficult to talk about philanthropy without turning people off.

7 **Events should combine information and networking.** Family business members are willing to attend events at which they can learn more about philanthropy and social responsibility, especially if they are geographically accessible and feature speakers and other attendees that family businesses wish to meet, such as local dignitaries. But any such networking should include a large socialising element, because people need to learn that doing philanthropy is not just the "right thing" to do, it can also be fun and life-enhancing.

8 **Philanthropy and socially responsible activities need increasing and re-articulating to engage the next generation.** Philanthropy and CSR are especially important to younger people, whether they are family members or future employees, as the next generation expect something more from their career than working for a purely profit-driven company. Therefore family businesses should plan to increase their activities in this area in order to engage and retain the interest of younger generations. The process of articulating a businesses’ policy around philanthropy and social responsibility needs repeating in each generation.

9 **Better information on charity impacts are needed.** There is a demand for clear and accessible information about which charities are most effective. Standardised reporting by charities, to aid comparisons, would be helpful. Family businesses also need help and support to develop flexible but formal procedures that deliver maximum benefits to the community, as well as to the family and the company.

10 **More high-quality advisory services are needed in all parts of the country.** Family businesses are values-rich but time-poor. Time pressures, compounded by lack of expert knowledge, create a particular need for advice and intermediaries to identify appropriate causes and select which charities to support. Advisers need to be passionate and have expertise but let the family retain control of the process, and advice should be accessible to family businesses based in all parts of the UK.

APPENDIX: METHODOLOGY AND ACKNOWLEDGEMENTS

Methodology

The desk research drew on a number of sources: surveys of family business in the UK, Europe and the USA; surveys of corporate giving and family giving; comment and opinion from newspapers, magazines and journals; and best practice guidance from key professional advisers and umbrella bodies in the family business and philanthropic sectors. In addition, examples of individual family businesses and their philanthropic and corporate social responsibility approaches were also drawn from a wide range of media, including profiles of philanthropists, journals and winners of family business awards.

The qualitative data was largely gathered during five focus groups, which were held across the country in February and March 2009. The groups, which numbered from three to seven members, with an average of five, were held in Edinburgh, Newcastle, Manchester, London and Bristol. In addition, ten telephone and face-to-face interviews were held with a number of family business owners who were willing to contribute but were unable to participate in their local focus group, and also with experts in the field of family business and philanthropy.

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About the author

Beth Breeze is based in the Centre for Philanthropy, Humanitarianism and Social Justice at the University of Kent. She works within the ESCR Centre for Giving and Philanthropy and undertakes a range of research projects that advance understanding of charitable giving and philanthropy.

www.kent.ac.uk/sspssr/cphsj

USEFUL RESOURCES

Institute for Family Business

The Institute for Family Business was established in 2001 as an independent, not-for-profit organisation supporting a dynamic family-owned business sector in the UK through advocacy, education and research. IFB Advocacy promotes greater awareness of the sector and highlights policy areas that are of special importance in underpinning the entrepreneurial growth and development of family firms. IFB Education provides programmes ranging from seminars to conferences that seek to increase understanding with respect to the unique challenges and opportunities that family firms face. The association is the UK chapter of FBN International, representing over 3000 business families worldwide.

32 Buckingham Palace Road, London SW1W 0RE

T: 020 7630 6250
E: info@ifb.org.uk
W: **www.ifb.org.uk**

Registered company no. 4258666

Community Foundation Network

Community Foundation Network (CFN) represents the community foundation movement in the UK. Community foundations help clients create lasting value from their local giving. Community foundations are charities located across the UK dedicated to strengthening local communities, creating opportunities and tackling issues of disadvantage and exclusion. Community foundations work with their clients to target grants that make a genuine difference to the lives of local people. They manage funds donated by individuals and organisations, building endowment and acting as the vital link between donors and local needs, connecting people with causes. Community foundations provide philanthropic advice for each client and make it possible for clients to focus on what they want to achieve through their philanthropy rather than on the operational details and administration of the process.

Arena House, 66–68 Pentonville Road, London N1 9HS

T: 020 7713 9326
E: network@communityfoundations.org.uk
W: **www.communityfoundations.org.uk**

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Centre for Charitable Giving and Philanthropy **www.cgap.org.uk**

Centre for Philanthropy, Humanitarianism & Social Justice **www.kent.ac.uk/sspssr/cphsj**

Charities Aid Foundation **www.cafonline.org**

Directory of donor support and advisory services
www.philanthropyuk.org/Resources/ThePhilanthropyDirectory

Institute of Fundraising **www.institute-of-fundraising.org.uk**

Institute for Philanthropy **www.instituteforphilanthropy.org**

J.P.Morgan IFB Family Business Honours case studies **www.ifb.org.uk/family-business-honours**

New Philanthropy Capital (NPC) **www.philanthropycapital.org**

Philanthropy UK **www.philanthropyuk.org**

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