

**BUILDING FAMILY UNITY THROUGH GIVING
THE STORY OF THE NAMASTE FOUNDATION**

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**THE WHITMAN INSTITUTE
FAMILY FOUNDATIONS AT WORK SERIES**

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PREFACE

The Whitman Institute is a small operating foundation whose mission is to research and promote strategies for improving decision making. Our specific interest is in understanding the interplay of thoughts and emotions and how that interplay influences the decisions we make and the actions we take in our everyday lives.

In support of this mission, in 1998, The Whitman Institute launched a major project, Family Foundation at Work. We elected to study this area for several reasons. For one, the Institute's founder, Fred Whitman, is intimately familiar with it, having served for 25 years as the chair and CEO of his own family's trust. For another, family foundations provide a fertile field for exploring how individuals deal with head/heart confrontations.

Foundation trustees, faced with choosing among more worthy projects than they can fund, must continually search for the balance between logic and passion. In the case of families, strong emotions can overpower good judgment and cause individuals to act against their best interests. Moreover, common family problems are often magnified in wealthy families where money can be a substitute for love and a weapon in the battles among family rivals. Inevitably, these clashes carry over into the boardroom where they can influence or distract from the foundation's primary business – grantmaking.

To learn more about how these two systems – the family and the foundation – interact and affect each other, we conducted a pilot study in 1989 to explore the effects of family dynamics on grantmaking. A year later, we published the report of this pilot study. The interest and discussion sparked by the report far exceeded our expectations and convinced us that there is a large audience within the philanthropic community eager for more information about how the inner workings of family foundations affect grantmaking.

Among those who contacted us, several recommended that we develop case studies so that readers could identify with and learn from families in similar situations. Almost all were eager to hear about foundations that were successfully dealing the common, but little-talked-about, problems family foundations confront.

More recently, calls have come in from legal and financial advisors working with clients who have recently inherited or otherwise acquired substantial wealth. When the advisors recommend that these clients establish a family foundation, we are told, the clients invariably ask for something to read on the subject. Typically, they have little or no knowledge of organized philanthropy and feel unprepared to ask their advisors the right questions. Only a scattering of articles about family foundations exists, however, and most

are too brief or too impersonal to provide an insider's look at the benefits and pitfalls of working closely with family members.

In response, The Whitman Institute launched phase two of its Family Foundations at Work project, which aims at developing a series of anecdotal reports about successful family foundations. Our purpose in developing these pamphlets are to: 1) provide examples of sound, practical, and replicable approaches to such key responsibilities as preparing and training new trustees, managing family conflicts, and conducting effective self-study programs, 2) promote better grantmaking, 3) communicate the experience of being a trustee to families contemplating setting up foundations, 4) demonstrate the many rewards that can come from family members working and learning together, and 5) encourage the development of a body of literature through which trustees and staff can learn from one another.

For our first publication in this series, we chose the Namaste Foundation as a highly successful example of what a new family foundation can accomplish. In succeeding pamphlets, we will highlight foundations at different stages of development as a way of illustrating effective approaches to problems that commonly arise when the second and third generations take command.

We hope that this series of pamphlets will stimulate an exchange of ideas among trustees and professional staff and inspire others to sponsor further research and reports on family foundations.

INTRODUCTION

We first learned of the Namaste Foundation in Carmel, California two years ago when Bob and Wendy Graham, its founders, requested a copy of our Family Foundations at Work report.

Some time later, we received a copy of Bob's brochure, *The Family Foundation: A Vehicle for Family Communication, Education, and Growth*, describing the two-hour presentation the family makes to wealthy families considering forming a foundation. As an Institute that supports and encourages interventions early in life, we were particularly impressed by Bob's philosophy of educating his children in the responsible management and use of money. We were also taken with the family's willingness to share the ups and downs of their experience in starting a foundation. We arranged to meet with them.

It was clear from our first conversation that the Graham's story amply illustrated many of the issues raised in our Family Foundations at Work study. We were delighted when the whole Graham brood – Bob, Wendy, and their six children – consented to be interviewed. Their one stipulation was that the children not be identified by name.

As a large blended family that combined two sets of children from very different backgrounds, the Grahams have their share of troubles, crises, and tragedies. Some common family problems – teenage rebellion, sibling rivalry, bickering over minutiae, fuzzy communication – perhaps seemed more pronounced in their case simply because there are so many of them.

Although the family had always enjoyed a comfortable standard of living, in the 1980's, Bob began to acquire substantial wealth. In a relatively short time, the ramifications of having money altered the status quo. For one, it freed Bob to pursue his personal philanthropic interests and develop a systematic program for educating his children in the management and use of money. For another, it confronted the children with a new set of responsibilities and concerns. Taught to be sensitive to the inequities of life, some of the children worried about how their friends and coworkers – and the community activists they would come into contact with through Namaste – would judge them.

Although Bob and Wendy did not form Namaste to solve family problems, the family has grown closer since they began working together. In part, this new cohesiveness can be attributed simply to the children's maturing. Their participation in the foundation, along with the wide range of other experiences Bob and Wendy have encouraged them to pursue, have also played a part. But, undoubtedly, the major factor is the time, effort, commitment, and thoughtfulness Bob and Wendy have given to their family.

What sets Bob and Wendy apart from many parents is their willingness to relinquish their power and share it with their children. Underlying their commitment to creating a democratic family is their trust that, in the long run, the children will make the right decisions and take the right actions. This confidence is evident at the foundation board meetings where the children participate to the extent of their interest, without pressure or comments from the other family members. The results has been a building of trust that allows the children to express their feelings and to be more respectful of the differences among them.

The rich environment Bob and Wendy are providing for their children is helping them hone skills they are already making use of in their personal relationship, at school, and on their jobs. Through the foundation, the children report they are improving their communication and mediation skills, gaining self-confidence in their intelligence, and, as one child put it, learning to balance passion and logic.

Although the Graham family may be exceptional in the goals they have set from themselves, they are hardly perfect. They would be the first to admit that they are still learning, still experimenting, still looking for answers. Few parents may elect to take on the scope of projects that Bob and Wendy have embraced. But we believe that their example provides a choice of excellent starting points for other parents interested in developing educational programs for their family members.

On a personal note, I wish to thank all the members of the Graham family for their generosity in taking the time to meet with me – more than once, for inviting me to their board meeting, and for being so candid in responding to my probing questions. Finally, the founder and staff of The Whitman Institute applaud the Grahams' willingness to let the public look beyond their foundation's front doors.

Deanne Stone
Project Director
Family Foundation at Work

EDUCATING THE CHILDREN

Even before Bob Graham acquired substantial wealth, he had no intention of giving his three daughters inheritances. As he saw it then, a father was obligated to provide his children with the best education they could absorb; after that, they would create their own opportunities, just as he had done.

Bob felt his objections to inheritances were confirmed when, in his first career as a CPA, he worked with clients who had inherited wealth. “I noticed the tremendous insecurities many had,” says Bob. “They lacked confidence in their ability to earn money on their own and were fearful of losing money – almost to the point of being incapable of managing it or even of responding to professional advice.” Bob left the CPA profession with the impression that inheritances were more often a burden than a gift.

Later, a series of life-changing events caused Bob to reassess his stance on inheritances. The first and major jolt was the sudden death of his first wife. Facing the prospect of raising three young daughters on his own, Bob wrestled with a new set of concerns: How would his children fare if something happened to him? And, for their protection, would it be better to begin preparing them to manage money while they were still young?

Those thoughts were put on hold when, a year later, Bob married Wendy and they began the formidable task of blending into one family seven children – five girls and two boys between the ages of 8 and 18. Besides the normal strains of integrating two families, Wendy’s older son had muscular dystrophy and required special care.

When Bob and Wendy married they did not have a plan for instilling specific values in their children. Some, such as the importance of sharing and respecting others, emerged naturally because of their being a large family. Further, having a brother with a severe disability heightened all the children’s sensitivity to life’s difficulties and, Wendy believes, contributed to their developing into compassionate adults.

Bob and Wendy’s first formal step to involve the children in sharing with others was when they initiated a Christmas ritual of giving each child a few hundred dollars to donate to charity. The children were to investigate different projects in their community and decide which ones they wanted to support. Then, on Christmas day, the family would talk about the groups they had chosen and why they thought their work was important.

When Bob’s daughters entered adolescence, he began planning for their financial education. He opened modest bank accounts in their names and brought in investment counselors to teach them how to manage their money. At this age, however, the girls were more interested

in their social lives than in finances. They felt overwhelmed by the amount of information they were being asked to learn and the decisions they were supposed to be making. The experiment soon fizzled.

A few years later, Bob was prodded by Roy Williams, a close friend and financial advisor to wealthy families, to try again. Bob set up new and larger accounts for his daughters, but, this time, he tried to prepare them for their responsibilities. After some coaching by Roy, each girl interviewed several investment counselors and chose whose investment philosophy and personality she was most comfortable with. At first, the girls showed more interest in managing their accounts than they had before. “But after three years,” says Bob, “I could see that they weren’t learning any more and the managers were doing everything, so I said enough of that.”

EVOLVING A PHILOSOPHY

As his daughters were growing up, Bob was undergoing changes of his own. In 1972, while working as a CPA for clients involved in agribusiness, he won a three-year fellowship that included travel to Third World countries. It was on these trips that the seeds for his future philanthropy were planted. Touched by the hard lives of the farmers he met, Bob began thinking of ways he might use his expertise in business and farming to help them.

Later, on a trip to Israel, Bob’s longstanding interest in spiritual teachings was reawakened by his experience of being “in the Holy Land.” His subsequent study of Eastern philosophies, in particular, led him to reassess his life and to consider ways to give it greater meaning. Once launched on this journey, Bob met other people who are also exploring ways to align their actions with their spiritual beliefs.

A major turning point came in 1976, when he became a partner in a lucrative farming and food processing enterprise. As his wealth increased, Bob was able to pursue his philanthropic interests in earnest. By the early 1980’s he realized that, for him, being in service to others was critical to his value system. He decided that when he turned 50, he would devote 50 percent of his time and resources to helping others – an idea his business partner dubbed his “50/50 at 50 plan.”

Bob first ventured into organized philanthropy in 1984, when he founded the Katalysis Foundation to provide hands-on training and assistance to low-income farmers and working women in Central America and the Caribbean. “When I began Katalysis,” says Bob, who is chairman of the board as well as its major contributor, “I wanted to help others because a log

of people had helped me. But after working firsthand with these people, I discovered that what really motivated me was making a heart connection with others.”

By 1987, Katalysis, originally conceived as a small, private foundation, had grown into a public charity with several hundred supporters. Bob, accustomed to acting quickly on his instincts, felt constrained having to seek approval from a board of directors for the various projects he wanted to initiate. He realized then that what he needed was a second philanthropic outlet for his personal projects, and that the best choice would be a private foundation. In 1987, he established the Namaste Foundation with an initial sum of \$250,000.

The following year, Bob was introduced to Social Ventures Network, an organization formed by successful entrepreneurs – many of them young – to encourage social responsibility in their businesses. His association with this group further persuaded him that, with a little creativity, money could be a tool for personal development as well as a means of helping others.

“By then,” says Bob, “I was involved head-over-heels and knew what philanthropy could do for others and for the people working in it. I was also noticing that my children had a lot of energy and were activists in their thoughts if not in their deeds. I said to myself, ‘Hey, I like the way these kids think. Instead of having a foundation just for my own interests, why not include the children?’”

Wendy, too, was enthusiastic about the prospect of involving the whole family in Namaste. She had some familiarity with the nonprofit world from having worked as a volunteer since she was a teenager and from serving on the board of directors of Katalysis. After her son died, she independently established – and still maintains – a scholarship in his name that supports medical students pursuing advanced studies in genetic research.

SHAPING THE FAMILY’S VALUES

Once Bob defined and acted on his “50/50 at 50 plan,” the ripple effects were set in motion. Over the next five years, he gradually reduced his business commitments; at present he devotes four days to philanthropic projects and only one day to his business.

His family life changed, too. “You have to realize that our family has taken a 180-degree turn from what it used to be,” says one daughter. “When we were young, Dad was the typical businessman and we saw him for maybe an hour a day. Now he’s like a different person.” “Yeah,” echoes her sister, “Dad used to be a staunch conservative and we rebelled

against him. But he's loosened up a lot and we're less weird now, so things have become really nice between us. We think it's so neat that he wants to share his life with us."

Her sister adds, "What's nice is that Dad provides us with lots of opportunities without being controlling. He just says, 'I read this book or went to this meeting and these ideas really impressed me.' Before Dad gets involved in anything he checks it out carefully, so when he tells me something interests him, I say to myself, 'Hey pay attention because he's probably on to something important.'"

Bob calls his purposeful sharing of idea and opportunities with his children "the germination process." Inherent in this approach is his acceptance that the children will inevitably stumble along the way, but that, in their own time and in their own way, they will regain their footing. "It's always hard to figure out the right balance between how much to challenge your children and how much to support them," says Bob, "My philosophy is that if I believe in myself, I have to believe in my children. After all, what makes me so special? I fully expect them to make mistakes, just as I have don. So all we can do is prepare the children to deal with life on life's own terms and hope for the best."

Another element of the germination process is what Bob calls "rhetoric preceded reality." He explains, "By creating a foundation, we've started a process that builds on its own momentum. Even though the children have been doing this only a short time, they already describe themselves as social activists – because it's the doing that changes their view of themselves. Over time, they are coming to see themselves as intelligent, socially-conscious people who behave in a socially productive way and who associate with like-minded people."

As evidence that Bob's "germination process" is taking hold, one daughter decided to pursue a degree in psychology after working as a volunteer in a day care center for several years. And another daughter who had taught English in Africa one summer, switched her major to international development and recently signed up for a nine-month internship in Central America.

PLANNING THE FAMILY FOUNDATION

Bob's first step in recasting Namaste into a family foundation was to revise his will. He designated that on his death half of his estate would go to Namaste and that the foundation would provide a training ground in philanthropy for his and Wendy's children as well as a vehicle for his personal philanthropic projects. "We wanted to something to hold the family together when the children started going off in their different directions," says Wendy, "We

also wanted to create a structure that would involve us with the children in different ways. A family foundation seemed like the perfect vehicle.”

Although 90 percent of families who set up foundations choose the structure that allows them to make grants to tax-exempt organizations operated by others, Bob thought that an operating foundation was better suited to his purposes. For one, it has tax advantages: donors can deduct donations of up to 50 percent of their income (in contrast to a 30 percent limit in non-operating foundations), and receive more favorable tax treatment for contributions of capital gains property. Second, an operating foundation has more flexibility: in addition to conducting its own programs, it can allocate 15 percent of its income in grants to outside charities.

Once the whole family joined the Namaste board, Bob and Wendy began asking themselves exactly what they hoped they would gain from this experience. After much soul searching, they create a three-part education program, their “Family Development Plan,” which spelled out their responsibilities as parents and how they intended to meet them.

The Family Development Plan: Parental Responsibilities

1) Promoting Self-Esteem

Bob and Wendy agreed that to develop self-esteem, their children needed a good education, strong communication skills, and an environment that encourages mental, psychological, and spiritual growth. The essential ingredient – the unconditional love and support of parents – is, as Bob says, hardest to come by and hardest to give. “Few of us get it as children so, as adults, we aren’t very good at giving it away. But maybe it’s something we can learn to increase over the generations.”

One way Bob and Wendy foster their children’s education is through teaching by example. They make a point of discussing new ideas they come across from reading and attending seminars, and they encourage the children to do the same. To keep family members, now living on opposite coasts, up-to-date on each other’s activities and on their business and philanthropic projects, Bob and Wendy started a family newsletter, to which they all contribute.

2) Teaching Responsible Management of Money

Bob and Wendy designed a money-management program to provide the kinds of direct, hands-on experience they believe the children need to wisely manage their own finances

as well as those of the foundation. Using their personal funds, Bob and Wendy set up three family business partnerships that are parallel to but separate from Namaste:

a) The \$25 K Investment Club

Bob and Wendy decided to give each of the eight family members \$25,000 to set up their own brokerage account. To ensure their familiarity with a range of investment possibilities, everyone is required to invest in five or eight categories (stocks, bonds, commodities, etc.) over a five-year period. Not more than 25 percent of their money can be invested in one category or remain in cash equivalents for more than six months.

One of the children set up a computer program to store all the data related to the individual brokerage accounts, and each month she publishes updates on their investments in the family newsletter. To sustain short-term motivation, the club gives semi-annual prizes to the two most successful investors. It also offers long-term incentives: After five years – the designated life of the fund – each person will receive all the assets in his or her account plus two-thirds of the accrued profits to spend as they wish; the family will save the remaining one-third of the profits for some special activity, perhaps a trip, which they can enjoy together.

“The object of the investment club,” says Bob, “is not to see how much money the children can make, but how much they can learn – not only about investing but also about their tolerance for risk. I fully expect they will lose some money because that’s what life is like, but, of course, we also want them to make money.”

b) The Real Estate Partnership

In 1990, Bob gave each family member an interest in a commercial building so that the children could have direct experience in managing real estate investments. At first, the children’s main interest was receiving their quarterly checks. “But when the recession hit,” says Wendy, “occupancy went down and the checks stopped. Then they became very interested in real estate. Suddenly, they wanted to know everything from the condition of the roof to where the trash bins are placed. One even suggested converting it to an environmentally sound building to attract different kinds of tenants.”

c) Socially Responsible Investing

A separate Graham family partnership invests only in socially responsible companies. Currently, it is invested in an organic food company, a Tibetan handcraft company, and a limited partnership group that funds companies concerned about the state of the environment.

Bob was attracted to this limited partnership because the founder, a personal friend, is a strong believer in mentoring relationships – both with the companies they invest in and with the partners. He offers internships in the companies to children of investors, and one daughter is already planning to take advantage of that opportunity when she graduates from college.

3) Learning Responsible Uses of Money

The last component of Bob and Wendy's plan is to develop in their children the responsible use of money. And, consistent with their philosophy, the children learn by doing.

a) Volunteer Experiences

Bob and Wendy expect all the children to have the experience of working at part-time jobs while they are in school, but they also encourage them to take advantage of volunteer experiences locally and overseas that will broaden their horizons. "When great opportunities come along that are important to the children," says Bob, "like working with Greenpeace or going to Poland with Earthwatch, we're willing to subsidize them with our own money. These may sound like exotic trips, but I see them as getting the children out of their usual context and interacting with local people in far different circumstances."

b) Association with Socially Responsible Investors

Bob and Wendy purposefully expose the children to positive role models. Says Bob, "We want them to have a chance to meet, work with, and learn from successful people who are socially responsible and concerned about their own personal growth. I believe something profound happens when young people get to know other people – especially their own ages – who are making a difference in the world."

Bob and Wendy belong to two national organizations of socially responsible investors that invite the participation of children of members. Now the older children are affiliated with these groups, and the younger ones are likely to follow when they are of age.

Aside from providing a forum to learn more about philanthropy and the uses of money, the meetings educate the children about group dynamics. Says one daughter, "I used to think that only the people in my family behaved certain ways. But in the large group

meeting I see people who aren't related to each other play out some of the same stuff that we do in our family.”

Another daughter values these groups as safe places to discuss her ambivalence about having inherited money. After spending half of her life hiding from her friends that she has a trust fund, she was relieved to be able to talk freely about money issues with other people in similar circumstances. “It’s really nice to meet rich people who have values I admire. I see from how they live that it’s okay to have money and do good things with it.”

c) The Family Foundation

The main vehicle for teaching the children about the responsible uses of money is Namaste, the family foundation. For Bob, being a responsible grantmaker goes beyond the “art of giving.” “Helping others without doing psychological damage is a tremendous challenge. How do you avoid creating dependency? How do you rein in your own ego when so many people are telling you how great you are for spending your time and money in this kind of work? These are things I want my children to think about.”

LAUNCHING THE FAMILY FOUNDATION

The Board of Directors

When Bob and Wendy started Namaste in 1987, they planned to train one child at a time in a two-year rotating position on the board. But after the first daughter completed her term in 1990, Bob and Wendy were so impressed by her performance that they decided to scrap that plan and reconstitute the board. “We decided that the experience was too rich and rewarding to share with only one child at a time,” says Bob.

The new board consisted of Bob and Wendy, two nonfamily members, both longtime friend of Bob – Geoff, a lawyer, and Jerry, a former Peace Corps member and experience community worker – and the found oldest children. The two youngest children, although not old enough to be legal board members, also participate. Because Bob and Wendy could not predict the children’s long-term enthusiasm for this project, they included one unusual stipulation: the foundation would be considered a three-year experiment. In 1993, the capitalization runs out and, at that point, the family has to decide whether or not to continue the foundation.

A Bumpy Start

Central to Bob and Wendy's vision of the foundation was a democratic board in which all the family members would participate as equals. From the very start, they wanted the children to act as full-fledged members who had as much authority as their parents.

At the first meeting of the newly composed foundation, Bob invited a facilitator, a close friend, to help the family decide on the foundation's mission. Although Bob and Wendy thought they had prepared the children for this new venture, the children did not understand what was expected of them, or more basic, what a foundation actually was. They recall the first few meetings as threatening and frustrating.

"When we started," says one daughter, "the whole concept of a foundation was mystery to us. So when Dad asked us to come up with a mission, we didn't know what he meant. We kept asking him what he thought it should be, and he kept saying he wanted to hear from us, even though I thought that he and Mom had already decided to fund organizations helping people under 35. It felt like a test and that if we didn't come up with the right answers, we'd fail."

The children's confusion continued into the second meeting. Another daughter remember feeling resentful at being pushed into something she didn't know anything about. "It was like Dad had a secret vision and we were supposed to create something within his framework. But how could we do that when we didn't have enough background knowledge to make it happen? I just remember feeling scared and lost."

At the third meeting, the children's frustration peaked. The turning point came when the oldest daughter shouted, "I get it. You want us to take responsibility for what happens here."

Not wasting a moment in using their new authority, the children announced that from here on they wanted to run the meetings without facilitators. "Why do we need them," they asked, "when we can do it ourselves?"

Grantmaking

The family ultimately adopted the broad mission of encouraging "the next generation of social entrepreneurial heroes." Under Namaste's guidelines, "young heroes grants" are awarded to nonprofit programs in which the provider or those being served are under 35 years of age, and preference is given to projects that deal with root causes rather than with symptoms.

Because Namaste is a small, young foundation and can award only 15 percent of its income to outside programs, it solicits proposals in a limited way. Given the children's inexperience in grantmaking, Bob considers these limitations to be a built-in advantage. Not only is there less financial risk, but, in having to make the tough decisions about the best way to allocate small grants (usually between \$500 and \$2,500), the children also improve their communication and mediation skills.

Working within the constraints of an annual budget of \$50,000- 75% of which comes out of the foundation's corpus, Namaste has established three funds:

- 1) **The Discretionary Fund (25 percent):** provides board members with money to unilaterally donate to pet projects (the two youngest children receive smaller sums).
- 2) **The High Personal Involvement Fund (50 percent):** supports programs that board member either have initiated or actively participate in; and
- 3) **The Open Pool (25 percent):** supports the work of young heroes. In this category, board members individually sponsor projects that they believe have special merit.

To minimize hard feelings that arise when someone's favorite project is not funded, Bob devised a system that allows board members to tilt the scale in favor of the programs they like best. The system works like this: Say the board has ten worthy projects in the Open Pool but only \$10,000 to award to them. On a secret ballot, the board members write how they would allocate the entire \$10,000. Board member A, for example, feels strongly that Project Yellow is far and away the best and votes to give the full \$10,000 to it. Board member B, however, likes Projects Blue and Red equally and divides the full amount between the two. When the voting is completed, an appointed person adds up the amount each proposal received on the separate secret ballots and calculates the average. The projects are then awarded funds based on the calculated average.

Not included in the allocation budget are the funds covering Bob's special interests – educating different audiences about community services, underwriting the costs of sending family members to meetings and seminars, and supporting various other national and local projects.

The High Involvement Fund, which allows board members the most creativity, has inspired such individual projects as a special counseling program for the homeless and a video about a model drug program. But the stipulation that family members give “a meaningful amount of time” to these projects is not always feasible given the children's busy schedules. Therefore, they have the option of attending trainings offered by Threshold, a national association of philanthropists. Two of the older children have already completed the grantmaking

workshops and two others, impressed by what their sisters learned, want to take the training, too.

With five funding cycles behind them, the children are just beginning to feel more comfortable with the grantmaking process. Two daughters have jumped in with both feet and enthusiastically seek out groups to sponsor for the Open Pool Fund. The other children, however, feel uneasy wearing the mantle of grantmakers. The youngest are still hesitant about approaching organizations to sponsor and worry that, because of their youth, the community workers may resent them or not take them seriously. Another worries that if her friends and coworkers find out that her family has its own foundation her relationships with them will change.

Although the children have embraced their role as grantmakers to varying degrees, they all have gained a greater appreciation of the difficulty of allocating grants. Says one daughter, “I didn’t realize how hard it would be to give away money, or the guilt I would feel over turning someone down. The toughest part is trying to find that balance between logic and passion.”

The conflict between the head and the heart is played out on a personal level, too. Despite Bob’s attempt to stave off rivalries over grants by using his average system, some of the children have interpreted the board’s rejection of the projects they have sponsored as a rejection of them. Says one daughter, “not having your project funded can really trip off a lot of old family stuff, like ‘I didn’t get any support 1st time and now you’re all against me again.’ I know from other groups I’ve been in that you have to learn to trust the group and let go of an idea that doesn’t have enough support. But it’s really hard not to take it personally when the group is your own family.”

Managing Meetings

Namaste meets twice a year, at the end of the school year and at Christmas. Ideally, the board would meet more often, but with the family scattered over both coasts, the cost of flying a ten-member board to a central meeting place is prohibitive. As a result, their agendas are crammed and the meetings necessarily lengthy.

“Five of the children are still in school,” says Wendy, “so our meetings have to coincide with their vacations. We don’t all get together that often, and when we do, the children would naturally prefer to hang out with the family or be with their friends. But at this point, there’s no other way.”

Although the meetings are intentionally informal – Bob and Wendy’s grandson and sometimes the family dog are running about, and plenty of snacks and doodling supplies are

spread out on the table – the children’s loudest complaints are still about the length of the meetings. Says one daughter, “Even though we look forward to getting together at the meetings, we don’t want them to last any longer than is absolutely necessary. At first, we weren’t familiar with the process, so everything took really long. Now that things are moving more smoothly, we can see a snowball effect – the more we stay on track, the more exciting the whole process becomes.”

Arranging the meetings around the children’s schedules has another drawback. In the past two years, Namaste has held meetings in four different locations. As a result, the nonfamily board members have not attended the out-of-town meetings. They feel they miss out on a lot by just reading the minutes – a situation the family wants to correct.

It is the job of the chairperson to set the agenda for each meeting and to assign the times to be spent on each item. Because the children are busy with the school projects and one daughter is the mother of toddler, either Bob or Wendy initiates action for the meeting by contacting the person serving as the next chair and suggesting items to be placed on the agenda.

Through trial and error, the family has developed a system of managing their meetings that reflects Namaste’s democratic tenets. In contrast to the traditional seating arrangement where the chairperson sits at the head of the table, for example, the Grahams make a point of sitting in a circle to demonstrate the equal status of all board members. They also agreed that rotating the chair for each meeting would give everyone a chance to develop leadership skills. Says one daughter, “Being the facilitator helps you develop objectivity because you really have to listen to what everyone says and try to be fair. Once you experience what that’s like, it’s easier to be more understanding when someone else facilitates a meeting.”

When the children first joined the board, a major cause of friction was their habit of interrupting one another – a carryover from their conversations at home. To reinforce the rule of one person talking at a time, they tried using such devices as an egg-timer and, on another occasion, a “talking stick,” to protect the right of the speaker. Says one child of these experiments, “Formal rules don’t work with our family because each one of us has a strong personality and a different point of view. If we tried to impose rules, someone would just say, ‘Hey, get real.’”

But one sister disagrees. “The way our family dynamics get played out distracts us from our purpose – from what we’re supposed to be doing. There’s no structure for controlling outbursts, so it’s difficult not to turn the meeting into a family therapy session. Mom is really good at spotting potential problems and stopping things from getting too crazy, but she can’t prevent outbursts that come of nowhere.”

The lack of enforceable guidelines sometimes frustrates the consensus process. Bickering over minor procedural matters – how long a person can talk about an issue, when to take breaks, and when to end – has, in the past, derailed meetings. One daughter, however, takes a sanguine view of these disagreements. “Let’s face it. It’s hard for ten people to agree on anything – I mean usually our family can’t even agree on which restaurant we want to go to for dinner. But the foundation is different because we’re all interested in helping others, and that gives us an incentive to be more cooperative.”

Another tempering factor is the presence of the nonfamily board members, whom the children respect for the expertise they bring to the discussions. The nonfamily members also have an important mediating function. “Their presence keeps us in check,” says one daughter. “We’re much less likely to display our personal idiosyncrasies in front of them. But this works only when nonfamily board members are special people, like in our case. We’re lucky because Geoff and Jerry have a great sense of humor, know our family, and accept and understand our family dynamics.”

Family Communication

Working together in a day-long meeting has tested the family’s communication skills. When the children grow impatient, they are likely to resort to old and inflammatory ways of responding. While the length of the meetings creates frustration, it also forces the children to find more effective ways to communicate with one another. They are learning that bickering and outbursts only distract from the agenda and prolong meetings.

Explains one daughter, “We disagree a lot, but we also really love each other and don’t want to hurt anyone – and that’s the problem. We don’t have a history of talking directly to each other. So when someone annoys us, we tiptoe around them and complain behind their backs. That’s something we know we have to change.”

The children’s growing awareness of the connection between how they express their views and what responses they get was evident at a recent meeting. Knowingly treading on sensitive territory, one daughter raised the question of whether her three-year old nephew should be present at the meetings. Although admitting that she preferred a more professional atmosphere and found his interruptions distracting, she framed her question as a policy decision rather than as a complaint: “What will happen when other sisters have babies? Will they come to meetings, too, or will Namaste have to arrange for child care?” The board agreed to put the matter on the agenda for the next morning.

Another daughter says that the very act of meeting in a different setting and for different purposes has had an ameliorative effect on the way the family communicates. “In the past we were too preoccupied with what was going on in the family. But now we discuss lots of

other things, like social issues and values – things that really matter in the world. There’s a real difference when we talk directly from our hearts. It brings out sides of us we never got to see before and it makes us more respectful of one another.”

For her sister, another benefit of the meetings has been the new insights she has gained into their family dynamics. “After observing what goes on in these meetings, I see that you can’t just listen to what a person says; you also have to think about why they are saying it – what they really want from the family. One thing we’ve learning from these meetings is that we’re all too sensitive and that taking things too personally limits what we can do in the foundation and in the business partnerships.”

An example of that new understanding occurred during a recent allocations meeting. One of the children suggested that the family had progressed to a point where they could substitute open voting for the secret ballot system they had been using. As a measure of their growing trust in one another, the family agreed to experiment, and as a measure of their improved communication skills, they completed the grantmaking process without anyone feeling hurt or personally attacked.

Maintaining Flexibility

When Bob and Wendy included all the children on the board, they initially explained that members were expected to attend all meetings. Their flexibility on this issue was tested when first one child and then another asked to be excused from a meeting because of conflicting obligations. Wendy explains why they eventually bent the rule. “The foundation should be something the children want to be part of – not something they have to be part of. Bob and I have to understand that the children’s commitments and priorities will vary at different stages of their lives. Naturally, we’d like the whole family to be together at all the meetings, but we have to let them choose the level of participation they want and to accept their choices.”

The family ran into a similar situation in the \$25K club. According the rules, not more than 10 percent of their portfolios could be invested in speculative ventures. When one daughter decided to start her own business, she brought her case before the board. They agreed to waive the rule in that instance and approved her using up to 25 percent of her money in a new business. “The rules are not etched in stone,” says Wendy, “They were made to be in service of a goal, and when they no longer serve that goal, we should change them.”

EVALUATING THE BOARD'S PERFORMANCE

At Namaste's last board meeting, an important item on the agenda was the board members' assessment of their own performance, as individuals and as a board. One child launched the discussion by confiding her guilty feeling that she is not fulfilling her responsibilities as a board member. Although she participates fully in the board's discussions, she has not yet sponsored an organization for the Open Pool Fund. "I was to get more involved," she says, "I just don't know the mechanics of how to do it."

Behind her hesitation were other concerns: she felt awkward being a grantmaker at her age and did not want her friends or the prospective grantees she approached to know that her family had its own foundation. Her sister described how she handles the situation. "I'm learning that I don't have to explain everything to everyone. I don't mention that we are a family foundation unless I'm sure the people I approach won't be judgmental. But if anyone asks me directly, I tell them, 'Yes, my family has money, but we give a lot of it away.'" The youngest child offered a different reason why he did not fulfill his responsibility of giving away all the money he was allotted from the Discretionary Fund. Because of school obligations, he says he has no time to research different organizations. "I just want to give the money away without getting involved. But I still haven't found any places where I can give it without getting back a lot of papers."

Another daughter explained her limited participation by saying she did not feel like a philanthropist. "Just because I give money away doesn't make me a philanthropist. I don't have the same passion that some of the other board members have, but I'd like to learn how to get to the point they're at."

Hearing the children described their insecurities, the nonfamily board members regretted not having taken the initiative to check in with the children and reminded them that they were always available to them as resources.

The discussion of the children's concerns and personal anxieties raised the deeper question of the board's ultimate goals. For Bob, at this phase of its development Namaste's mission is secondary to helping the children find their passion for grantmaking. "Without passion," he says, "what we're doing is just pro forma."

Another area needing evaluating was the effectiveness of their grants. While Namaste requires organizations to file a progress report within a year of funding, the entire board has rarely had a chance to talk face-to-face with grantees.

Out of this concern, they recently invited two grantees to dinner the night before their board meeting to discuss their programs. Hearing the account of the clients who have benefited from Namaste's funding was inspiring to all the children, but especially to those who had expressed doubts about the value of their spending long days in foundation meetings.

The board resolved to invite at least one grantee per board meeting to make a presentation. But one child raised an important point: Namaste funds organizations in communities where their board members live. Should Namaste's limited funds be used to pay grantees' travel and hotel expenses if they are invited to appear at board meetings?

As the discussion continued, the children raised other questions for the board to consider at future meetings: Can unused money from the Discretionary Fund be transferred to the Open Pool Fund? What exactly is the role of a nonfamily board member in a foundation that also has a main agenda of developing family unity? If Namaste is considering paying travel expenses for grantees to speak at their meetings, should it also pay the travel expenses of the nonfamily board members to out-of-town meetings? And with one daughter planning to marry this year, shouldn't Namaste have a policy regarding the role of spouses?

Listening to the children openly raise questions and exchange ideas, one nonfamily board member, struck by their progress, commented, "I wish I had a videotape to show where we were at the first meeting when the children expressed so much anger, frustration, and suspicion, and where we are now. It's quite a difference."

ASSESSING THE IMPACT OF THE FOUNDATION ON THE FAMILY

The Children's Perspective

With the children's initial grumbling and resentments behind them, they now agree that the foundation is the best thing that has ever happened to their family. Even the one child most resistant to participating says, "Everything we're doing now reflects Dad's value, but now his values have rubbed off on us. I think that for all of us now, the family comes first. Before Namaste, we didn't spend that much time together. Now we're definitely closer and enjoy each other more. So if the foundation was an excuse to bring us together, it worked – but I still would prefer my dream family where everyone gets together just because they want to."

Her sister believes the foundation has succeeded because it gives the family a sense of purpose it did not have before. "The foundation is teaching our family to work together –

something we didn't learn when we were growing up. We still bicker, but we're learning to control it better at our meetings, where it's obvious that we're robbing ourselves of time we could spend on exciting projects. I really like seeing the professional side of the family. I get a lot out of functioning at this level: it's giving me more confidence in dealing with my coworkers, school administrators, and even my friends."

For her sister, serving on the board has given her a new perspective on her own behavior and made her less judgmental of her family. "I used to be concerned only with what was on my mind and with my own feelings. But, at some point, I realized that I wasn't keeping up with the flow of the discussion and was missing out on a lot. Once I started listening more carefully, I saw that the others had some good points to make, too."

A third daughter commented that through the foundation she realized how important it was to her to have a chance to shine in front of the family. "It's fun to research and make the presentations to the board because we fund so many neat projects. It's like when you were a little kid and showed your family a project you had done well on in school. But that was just a one-time thing, whereas in the foundation you get to share something that means a lot to you on a regular basis – and get the whole family's attention, too."

Bob and Wendy's Perspective

Bob and Wendy are especially pleased by the progress the family has made in working together as a team. Despite the inevitable bumps in the road, which they expect and accept, they feel that in a relatively short time they have accomplished a major goal – solidifying the family.

Blending the two sets of children raised in different environments and with different value systems is always a challenge. In the Grahams' case, the situation was further complicated by the inevitable rivalries that developed among five strong-willed daughters. And Bob had an additional concern: he didn't want the financial education he had planned for his three daughters to drive a wedge between them and Wendy's children.

Says Wendy, "When we got married the two families seemed so different. Working together on the foundation and with the investments has really helped us to bridge those gaps." Bob agrees, "In many remarriages, the two families stay together because of the parents; but if there is a divorce or one parent dies, the families drift apart. With these vehicles in place, I don't have to worry about the money being a burden or harming anyone. I feel confident that if something happened to me, this family would stick together and manage very well without me."

Wendy believes that the democratic spirit that pervades both their foundation and the business partnerships is key to helping the family break old communication patterns, “We have created forums where we can come together as peers – if not from the start, at least , potentially,” says Wendy, “Just having all the children begin on an equal basis was a big step toward evening out the inequalities among them. And my role changed, too. In the foundation I am not the wife, the mother, or the stepmother; I’m just one piece of the pie and each of the children has the same relationship with me.”

Bob and Wendy are aware that the course they have embarked on is changing them as much as it is changing the children. “As a businessman,” says Bob, “I was focused only on results; doing service work has made me much more sensitive to process. When we brought all the children on board, we could have handed them preordained policies and procedures to follow. But Wendy and I thought the most effective approach that we, as the older generation, could take to achieving the ends we wanted was to participate in the process along with the children. By not hiding our insecurities, we make it easier for the kids to show theirs, and that frees all of us to work on letting go of them.”

Bob believes Namaste works as well as it does because it is one piece of a long-term, integrated education plan. At the same time that the children are learning about grantmaking, they are also learning about business partnerships and investments, studying, working, traveling, volunteering, and associating with socially responsible role models. It is the combination of these rich experiences, says Bob, that is turning the children into the self-confident, competent, and knowledgeable adults he and Wendy wanted them to be. Moreover, the Grahams were able to achieve their goal with a relatively small investment. “Most people think that you have to be super-rich to have a foundation,” says Wendy. “But our experience shows how much families can accomplish even with a limited budget.”

Next year, Namaste’s three-year experiment comes to an end. At that point, the Graham family will have to decide whether to close the foundation’s doors or to replenish its coffers. Says Bob, “We’ll have to see where everyone is at that time and whether they want to keep going at this level of involvement. Given our experiences to date, though, I feel confident that the children will vote to carry on.”

SUGGESTIONS FOR OTHER FAMILIES

Although the children have been board members for only a short time, when asked what advice they had for other families considering forming foundations, they were quick to extract lessons from their experiences.

With the memories of their own frustrating beginnings freshly in mind, the children feel strongly that the younger family members should be included in all of the preliminary discussions leading up to the establishment of the foundation. Says one child, “The parents should describe their vision of the foundation in clear and concrete terms, and tell the children exactly what is expected of them. It’s important that they understand what they’re getting into so that they can make a commitment they’ll respect.”

The children also recommend that the parents or family advisor arrange informal meetings between younger family members and more seasoned trustees from other foundations. “The children need a chance to express their anxieties,” says one daughter. “They need to talk to people who have gone through the same experience and find out how they overcame their fears.”

Membership on the board, they agreed, should be strictly voluntary. If some family members choose not to participate, their decisions should be accepted without any judgments or pressure from the other family members. And once the foundation is in operation, they said, the new members should be given lots of guidance and structure. “Nothing’s more scary,” says one daughter, “than having to learn a lot of new things all at once.”

Having seen how family dynamics in the home are repeated in the board room, another daughter summed up the wisdom she had acquired. “Family members often tune each other out because they think they know what the other person will say. But if you learn to listen to what’s being said and not to who’s saying it, you may find out that someone knows more than you suspected. Second, don’t take it personally if the project you’re sponsoring isn’t funded; it can be turned down for lots of reasons that have nothing to do with you. Third, acknowledge that everyone is trying their hardest, even if it doesn’t always seem that way. Focus on the good things about being with your family and the exciting opportunities the foundation offers. And above all, keep your sense of humor.”

Family Presentations

Roy Williams, a financial advisor and close friend of Bob, has been following Namaste’s progress. Impressed by what they have been doing, he asked Bob to meet with a client who was thinking of setting up a family foundation. The meeting went so well that it inspired Bob to prepare a two-hour program about his family’s experience in Namaste. Now his family members have joined him in making presentations to other wealthy families, and, on occasion, to groups of legal and financial advisors working with wealthy clients.

The motivation for continuing these presentations comes from Bob and Wendy’s belief that wealthy parents, in particular, have an obligation to educate their children in the responsible

uses of money – especially if they plan to leave them sizeable inheritances or the family business. “Our culture does a woefully inadequate job of exposing children to the ideals of philanthropy,” says Bob. “If parents want to instill a service ethic in their children, they have to take charge of educating them when they are young.”

To those individuals who are holding off setting up a family foundation because the time is not right or all the necessary pieces are not in place, Bob’s best piece of advice is, “Just get started; you’ll have to revise you plan somewhere down the line anyway. So why not have the satisfaction now of helping others and, at the same time, giving your family the opportunity to grow and to discover the pleasures of working together democratically?”

SUGGESTED READING

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