



# THE HOW AND WHY OF PHILANTHROPIC ADVISING

PG CALC WEBINAR

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## Introduction

This paper discusses how Harvard came to be involved in philanthropic advising, how we define and practice it, and the benefits it provides to the University and our alumni and friends. As a first matter, I would note that the term “philanthropic advising” means different things to different people and institutions. Harvard doesn’t claim to have a definitive description of the term and so I present the information below as one way to think about it and practice it, but not the only way.

The best place to start the story of Harvard’s philanthropic advising journey is at the beginning, which, as many in the fields of family wealth and fundraising know, is the University’s first philanthropic advisor, Charlie Collier, who was a cherished colleague at Harvard and beyond. We lost Charlie two years ago after his courageous battle with Alzheimer’s, but not before he left an indelible imprint on the fields that he frequently referred to as his “calling.”

Charlie was a true pioneer. As a senior development officer at Harvard in the 1980s and ‘90s, Charlie had a lot of conversations with individuals and couples about money. Over time, he came to realize that those conversations were as much about family as they were about money, and the things Charlie was learning in them persuaded him that Harvard could add a helpful voice to the family wealth field. So, he wrote a book, *Wealth in Families*, about the meaning of wealth and the meaning of family, that is still widely read today, almost 20 years after it was first published.

That little crimson book was originally intended as a modest “leave behind” for donor meetings and events, but it soon took on a life of its own as the wisdom and stories it contained resonated with matriarchs, patriarchs, wealth creators, parents and heirs of all stripes. As a result, it has become one of the canonical texts of the fundraising and family wealth advising fields and sits dog-eared on the shelves of professionals and non-professionals around the world. (In an example of the book’s international reach, several years ago the American University of Cairo was inspired by *Wealth in Families* to produce their own book about the challenges and opportunities of wealth, *Family Legacies: Wealth and Philanthropy in the Arab World*.) First published in 2001, *Wealth in Families* is currently in its seventh printing, over 110,000 books, and has served as the foundation for Harvard’s philanthropic advising practice.

At the core of *Wealth in Families* is a conviction that families give themselves the best chance of maintaining unity and harmony down through the generations when they foster a culture of generosity and connection in the family, encourage each family member to find and follow their own path through life...and talk.

At the core of Harvard’s philanthropic advising practice is a conviction that awareness of these principles and intentionality about their application can make the difference between a family that struggles and one that soars. We are grateful to be able to share them with the University’s alumni and friends.

### Background

1. *Wealth in Families* draws on a number of different sources for its insights, including:
  - The work of people like Jay Hughes, Dennis Jaffe and Kathy Wiseman, who as far back as the 1970s and 80s began to think about and write about the challenges that family wealth can pose to family harmony and family unity.
    - o Family wealth is often a destructive force in the family rather than a constructive one
      - How can we minimize the former and maximize the latter?
    - o Jay Hughes
      - Sixth generation lawyer, trust and estates
      - Author of *Family Wealth—Keeping it in the Family* and many other highly influential books
      - Saw a recurring pattern of families with sophisticated estate plans for passing wealth, and poorly prepared heirs who were not ready to receive large financial inheritances
        - Results include family estrangements and unfulfilled lives
        - Shirtsleeves to shirtsleeves in three generations
  - Intellectual frameworks created over the past several decades for managing the challenges and opportunities of family wealth—e.g.,
    - o The Four Capitals
      - Financial
      - Intellectual
      - Social
      - Human
    - o Family governance compacts that are:
      - Dynamic, so that each generation has an opportunity to tailor them to a changing world
      - Designed in such a way that acceptance of the compact provides family members with more freedom than does rejection
  - Bowen Family Systems Theory—a branch of psychology founded in the 1950s by Dr. Murray Bowen.
    - o Emphasizes the scientific method and a focus on the family *system*, not just the individual
    - o Key concepts include *individuation*, *connection*, *communication*
      - Estrangements can be severely damaging to individuals and families
  - Conversations with Harvard families
    - o Learning from those with direct experience of family wealth
    - o Commitment to exploring important issues despite their sensitivity
    - o Transitions: births, deaths, marriages, business succession
    - o Respectful and productive exchanges about challenging matters

2. *Wealth in Families* first published in 2001
  - Charlie became a nationally known author
    - o Spoke frequently at events both within and outside Harvard
    - o Worked with Harvard individuals, couples, and families on matters of philanthropy and family wealth
    - o Continued to develop processes for exploring the meaning of family and wealth, including questionnaires and family meetings
3. Alasdair Halliday and Anne McClintock
  - Began working with Charlie on philanthropic advising matters in mid 2000s
  - Performed post-graduate work on Bowen Family Systems Theory
  - Expanded practice by leveraging expertise of faculty and others in the Harvard community
    - o Challenges related to family wealth are behavioral in nature; Harvard has a large community of thought leaders studying human behavior
    - o Intellectual revolution underway at the intersection of psychology, positive psychology, neurobiology, and behavioral economics
    - o Example: HBS Professor Michael Norton on the beneficial impacts of generosity and how to cultivate it

### How Harvard Practices Philanthropic Advising

1. Harvard events—e.g.,
  - Family, Finance and Philanthropy events around the country each year
    - o Centered on a discussion of family wealth issues and charitable giving structures—e.g., trusts and annuities, bequests, donor-advised funds, etc.
    - o Engagement, education, stewardship
    - o Opportunity for alumni and friends to renew connection to Harvard and socialize with friends they made while they were in Cambridge
    - o Opportunity for Harvard to update attendees on news about the University and thank them for their loyalty and support
  - Reunion presentations
    - o Spirited back and forth among a community of lifelong learners who are passionately interested in how they can help their families thrive both now and in future generations.
2. Private conversations
  - Typically initiated by:
    - o an individual or couple with questions about family wealth; going through a significant family transition—e.g., the passing of a generational torch, the birth of a first child, etc.; or simply awakened to these matters
    - o a colleague working with someone who might benefit from a philanthropic advising conversation
  - One or more substantial conversations
    - o Emphasis on listening, family history, current circumstances, and future goals

3. Generosity and Philanthropy
  - Central to maintaining family unity and harmony down through the generations
  - Generosity outside the family encourages generosity inside the family
4. Structured gifts
  - Philanthropic advising conversations often include a discussion of options around charitable structures and assets in order to maximize the efficiency of philanthropy
    - o Beneficial for both the family and the University

### Why Harvard Practices Philanthropic Advising

1. Philanthropic advising is one of the ways that Harvard:
  - helps our donors to maximize the efficiency and effectiveness of their philanthropy for the benefit of society and their family
  - engages alumni and friends, and thanks them for their support
2. Philanthropic advising conversations provide us with a fuller picture of a family's circumstances and goals, enabling us to propose philanthropic options that resonate with the family's identity and support their objectives both within and outside the family
3. Families care deeply about the issues addressed in *Wealth in Families*
  - 7<sup>th</sup> printing
  - 110,000 copies
4. Opportunity to create and disseminate helpful insights about principles and practices that help family flourishing and those that impede it

### The How and Why of Philanthropic Advising for Any Organization

1. Introducing families to these concepts and resources is a powerful way for charities and advisors to demonstrate that you see your supporters and clients in a very holistic way
  - Help them and their families flourish in every aspect of their lives, starting with their connection to those they care about most
  - People are grateful for that message
2. Available to any organization
  - The perception that "my organization doesn't have the necessary background or personnel for this work" is false because *so much of this is simply about raising awareness*
    - o "The great service that Harvard did for me and my family was simply to get us thinking and talking about these things." -- Harvard alum and donor

3. Where to start
  - Include a family flourishing session in one of your events
    - If no one in-house can run the session, find someone from outside
    - Advisors: find a session offered locally and recommend it to a client
    - Give a book as a present: *Wealth in Families*; *Family Wealth: Keeping it in the Family*; *Cycle of the Gift*; and many more
      - “You’ve been extraordinarily successful. People in my line of work know that the financial wealth which often accompanies success brings both opportunity and challenge. And so I’d like to give you this book as a small token of appreciation from this institution we both love, and I hope it’ll help you think through how you and your family want to respond to those opportunities and challenges.”
4. There are no answers that are right and good for every family. But every family has answers that are right and good for them. The best way to find those answers is to do a little thinking about the questions.....and to talk.