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# The Family Foundation Life Cycle and the Role of Consultants

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*Keywords:* Family foundations, organizational life cycle, foundation life cycle

## Introduction

For family foundations, a highly personal vision can be a great asset when setting a course for philanthropic impact. The realization of that vision, though, rarely stays in the family. Family foundations rely on professional consultants to help navigate everything from critical issues of strategy to ongoing administration.

Numerous studies have been conducted of the role of consultants in business, government and nonprofit organizations, but little attention has been paid to the role of consultants in foundations and, more specifically, their role in family foundations. Why do family foundations hire consultants? Are there common experiences that lead them to hire external help? What might family foundations learn from the experiences of their peers?

In order to address these and related issues, we conducted a pilot study with family-foundation leaders to understand when, why, and how these foundations engage with consultants. We used the observations from this group, along with our experience as family-foundation consultants and researchers, to provide foundations with considerations and recommendations that may inform their own process for selecting consultants and increase the likelihood of successful engagements. We hope that this will have immediate practical applications and will also generate interest in broader study of this topic.

## Key Points

- The dynamics unique to family foundations, including a dedication to preserving a legacy and to sharing decision-making among family members, are often a significant influence on a foundation's governance and operations and may extend to how their experiences with consultants differ from those of other foundations or nonprofits.
- This article, which draws on a survey and interviews with family foundations asking why, when, and how they hire consultants, looks at common experiences that lead family foundations to seek external help and how these foundations can learn from the experiences of their peers.
- This article introduces the Family Foundation Life Cycle as a lens for understanding the stages of a family foundation's operations, and provides a Family Foundation/Consultant Guide to help foundations anticipate needs and set the stage for successful consulting engagements.

## Family Dynamics: Contributions and Characteristics of Family Foundations

Family foundations make up 63 percent of all giving by private foundations, representing approximately \$279.5 billion in foundation holdings and about \$20.6 billion in grants in 2010 alone (Foundation Center, 2012). With this amount of capital, family foundations – assisted by their consultants – have the potential to influence significant social action and change.

TABLE 1 The Stages of a Family-Foundation Life Cycle

Starting Up	Growing	Maturing	Stationary	Renewing	Ending
A sense of enthusiasm and anticipation discussion of values, mission and process	Developing an identity; grantmaking programs in place; some accomplishments on record	Secure and confident, established; willing to plan and explore new ideas	Comfortable plans implemented business as usual	Interest in reflection and change	Spending down or dividing resources

While the impetus for establishing a family foundation may vary widely, most family foundations maintain a set of core values that represent a family’s philanthropic legacy. A recent study found that 67 percent of family foundations review donor values annually and 15 percent review them biannually; 60 percent of family foundations had a written statement of the family’s philanthropic values and the same percentage had completed a report or brief on the life and values of the donor (Price & Buhl, 2010). This dedication to preserving a legacy and to sharing decision-making among family members is often a significant influence on a foundation’s governance and operations.

These unique dynamics may also influence how family foundations’ experiences with consultants differ from those of other foundations or nonprofits. A family foundation is charged with honoring the intent of the original donor while adapting to current conditions and setting a course for the future. A consultant, therefore, must identify the needs of the organization at present while appreciating the constraints of its guiding legacy and the realities of family relationships. Given the significant assets held in family foundations, consultants who can help these organizations meet their missions become partners in creating tremendous social value.

**The Family Foundation Life Cycle**

Every family foundation has its own history, needs, and challenges. Foundation leaders may describe their organizations using indicators such as asset size, budget, number of staff, and years in existence. While these indicators point to organizational capacity and may inform some decision-making, they do not describe the

organization’s stage of development or readiness to achieve its mission or create social change (Stevens, 2002).

Using the framework of the life cycle creates an opportunity to identify common experiences among family foundations and for foundation trustees to better prepare for upcoming stages. The life cycle also creates a useful lens for anticipating when help from a consultant may be beneficial and identifying the considerations that foundations at each stage should make as they look to engage consultants.

The life-cycle framework we adapted for this pilot study is based on existing research (Nonprofit Coordinating Committee of New York, 1997; Simon, 2001; Speakman Management Consulting, 2002; Stevens, 2002) and more than 30 years of observations in the field, advising and managing foundations. It was developed to capture stages and issues of organizational development specific to family foundations. (See Table 1.) The model is not a linear progression. As our experience suggests, the stages usually overlap and, over time, organizations may cycle back through certain stages.

As described by consultants Paul Connolly and Laura Colin Klein of TCC Group,

Organizational development is similar to personal development in that there are normal traits at each developmental stage. The borders between stages are blurry, and there are predictable characteristics during each transition from stage to stage.

The model can be used for a variety of purposes: determining what stage an organization is operating

at, managing transitions, developing healthy strategies, and anticipating future challenges. (Nonprofit Coordinating Committee of New York, 1997, p. 1).

### Study Approach

This pilot study utilized a mixed-methods approach: an online survey to determine the scope and scale of foundation/consultant engagements and eight phone interviews to ascertain the impact and value of the consultant interaction.<sup>1</sup> The study was designed for family-foundation trustees and executive personnel and was rooted in the life-cycle framework. The online survey generated 37 viable responses. (See Table 2.)

The eight survey respondents selected for phone interviews included foundations in dynamic

(growing/renewing) and more stable (maturing/stationary) life-cycle stages, as well as those with both positive and negative experiences with consultants. Several themes that arose in the interviews were then considered in light of the pilot study findings and our experience as researchers and consultants in the field. The result was a guide to conversations about foundation needs and choosing a consultant. The guide links specific foundation stages to various needs and then emphasizes considerations foundations and consultants should employ prior to engaging in a full partnership.

To protect the anonymity of respondents, we adopted a coding schema that identifies the

<sup>1</sup> For a more detailed description of the study methodology, please refer to the End Notes to this article.

TABLE 2 Family-Foundation Survey Respondent Profile

Surveys initiated: 43 Surveys completed: 37	
Year established	1940-1969 15 (41%)
	1970-1999 12 (32%)
	2000-2013 10 (27%)
Staff members	None 4 (11%)
	Up to 2 full-time-employees 18 (49%)
	3-5 FTEs 10 (27%)
	10-50 FTEs 5 (14%)
Foundation assets	Under \$10 million 4 (11%)
	\$10-\$49.9 million 15 (41%)
	\$50-\$249.9 million 13 (35%)
	\$250 million or more 5 (14%)
Grant awards in 2013	Smallest number of grants 10
	Largest number of grants 580
	Most common number 90-125
Funding focus	95% of respondents have established focus areas

## A Family Foundation's Experience: Unworkable Recommendations

The ABC Family Foundation engaged a consulting firm to conduct a 360-degree organizational assessment as part of a major multiyear restructuring. The consultant completed a thorough review of the foundation's activities, conducted dozens of confidential interviews, and presented a comprehensive report.

One trustee recounts, "We were pleased with the rigor of the report, but were not prepared for the results, some of which had significant implications. I would advise peers who wish to undertake an organizational assessment to make sure the board considers beforehand the range of findings that may result and discusses how much change it is prepared to implement.

"It is essential to determine a comfortable time period for enacting any changes, and to create a reasonable budget for the consulting assignment. We found that the board was ultimately not in step with the consultant in terms of the scope and pace of recommended changes, and that created unforeseen difficulties."

respondent by a self-selected life-cycle stage – SU (Starting Up), G (Growing), M (Maturing), R (Renewing), S (Stationary), and E (Ending) – followed by the age of the foundation. For example, a family foundation at the growing stage that had been established in 2004 would be identified by the code "G10."

### Themes and Findings

#### *Consultants Are Valuable*

Survey respondents were asked to think back on their most recent experience working with a consultant and to "rate it in terms of what you wanted and needed versus what you received in services." A notable 92 percent rated the experience "excellent" (n = 22) or "very good" (n = 12). Two respondents rated the engagement as "good"; only one chose "poor." Comments from interviews were consistent with these findings, with family-foundation leaders recommending consultants for both strategic and administrative reasons.

On the strategy end of the spectrum, we heard multiple comments about the need for outside perspective. A leader of a 28-year-old maturing family foundation said it is important for the health of any organization to periodically retreat, reflect, and revisit to "resist the force of insularity" and ensure that elements like a mission statement remain relevant.

A leader of a growing foundation in operation for 12 years was more blunt: "Staff sometimes needs to take the blinders off."

Foundations also said they were largely pleased with the value of services delivered. Eighty-four percent (n = 31) of respondents agreed when asked if "the cost of your consultant was appropriate given the value and use of services rendered"; only three said no. Seventy-three percent said they would hire the same consultant again. One foundation (G13) that indicated it would not: "I would go with someone more familiar with family foundations." Another foundation (R14) said if it hired a consultant again, it would "do extensive training to prepare them for the context of our family dynamics." One respondent (M26) said the consultant "stayed too long."

#### *Experience With Family Foundations a Must? It Depends*

Respondents suggested that experience with a family foundation was more important for roles requiring close collaboration with board or foundation leadership and less important than experience with similar deliverables for some outsourced tasks, like producing an annual report. One interviewee (M70) said "family-foundation experience is not important unless the consultant is working directly with the board." Another (R36) agreed:

The strategic-planning consultant had experience with next generation planning and also had a therapeutic background. She had a lot of experience with family foundations. This experience was not as important with the evaluation consultant because the project was external, not about working with board members.

*Personality Counts*

Barbara Kibbe (1999) writes: “If handled correctly, your choice of consultant will have a very positive effect on your foundation” (p. 26). She advises,

Good choices are usually the result of clarity about the aims and limitations of the consulting process, combined with agreeable personal chemistry between the consultant and client. So, give equal time to gut feelings and to matching the skills of the consultant with the project and the precise needs of your foundation.

Indeed, our findings indicate that a good personality match contributes to successful engagements. Several respondents (M13, R36) mentioned “fit” and “good rapport” as particularly important when an engagement includes close contact with the board or

foundation leaders or involves family dynamics. One foundation leader (G62) characterized an engagement as “successful because the consultant’s expertise and personality – sensitive, low-key, and laid back – was a good match, especially given one strong-minded family member”; the consultant “did a good job negotiating through family personalities.”

*Transitions Present Opportunities for Guidance*

As Virginia Esposito of the National Center for Family Philanthropy (n.d.) observes,

The most generative and difficult times are often those associated with a transition or new phase in the life cycle of the family, the foundation/fund, the area(s) of giving, or the community served. Planning ahead ensures those shifts stay constructive and serve the best interests of the foundation/fund. (para.3)

Transitions can create both optimism and anxiety within family foundations. When asked for the primary objective in its most recent engagement of a consultant, more than 25 percent of survey respondents cited a need for help in reaching consensus. (See Table 3.)

**TABLE 3** Primary Objective for Most Recent Consulting Engagement (by Survey Respondent’s Self-Identified Life-Cycle Stage)

Primary Objective	% of all	Number of respondents by stage					
		Starting up	Growing	Maturing	Renewing	Stationary	Ending
Seeking expertise in an area, topic, or issue	35%			5	6	1	1
Facilitation; need to find consensus	27%		1	3	3	3	
Foundation development or growth	19%	1	1	3	2		
Objective perspective	5%			1		1	
Strategic planning; setting mission	5%		1		1		
Succession planning	3%				1		
Operations (administration, grantmaking)	3%			1			
Short-term capacity need (in lieu of hiring)	3%		1				

The most common impetus for hiring a consultant involved transitions. Ten organizations (27 percent) named “next-generation involvement” as a factor in the decision to hire a consultant; the next most-frequent events were “death or retirement of a donor or trustee” (n = 7) and a “capital event” (n = 3).

Thirty-one percent of respondents, most significantly those in the renewing and maturing stages, indicated they might have benefited from engaging a consultant earlier. This observation was echoed in interviews. A respondent from one maturing organization, in operation for 26 years, remarked, “It would have made a big difference if the board had done an organizational assessment after the startup period.” A leader from a 12-year-old growing foundation observed, “It would have been helpful if the family had this conversation [with a consultant] at the startup life-cycle stage in order to recognize that there are key emotional and communication challenges to make decisions as a family group; that would have made transition easier.”

#### *Clarity Is Key to Satisfaction*

Interviewees cited the importance of clear and open communication. Addressing what might have been done differently, a survey respondent (M59) offered,

In some cases, I felt the consultant wanted us to simply do it their way as opposed to listening and truly learning our culture and needs. The situation is improving markedly after we had a very direct and honest conversation.

Clarity has implications not only for the agreement surrounding a consultant’s work, but also for the value consultants deliver to their clients. A leader of one family foundation (M26) observed, “The original organizational assessment was successful and the consultant report was thorough; it gave the board information they wanted, even though it was difficult to hear.” Another (M28) said, “There was also a previous experience using an [internal] administrator to facilitate discussions that went badly, so going to an outside person was also born out of that experience.”

#### *Foundations Have Mixed Experiences With RFPs*

Respondents largely reported that the most recent consultant hire either had worked previously with the foundation or was referred to the foundation (n = 26); only four survey respondents indicated use of a Request for Proposal (RFP) to identify the consultant. Several interviewees also spoke about their experiences with RFPs. Some consultants have been vocal about what they see as shortcomings of the RFP process (Putnam Consulting Group, 2014), and some family-foundation leaders shared their concerns about its effectiveness.

One family-foundation leader found that an RFP, along with a more rigorous interview and reference check, was more useful for an external project – in this case, a consultant who would evaluate the foundation’s impact and recommend change; the foundation “knew it would be expensive and really wanted to make sure they considered their options.” For strategic planning, a process that in this case was very “internal” to the board, the foundation president (R36) relied on a personal connection. This leader acknowledged feeling “guilty about all the time put in by the people who weren’t hired,” but also said that she would use RFPs again, for accountability.

In responses to questions about how foundations make decisions when hiring consultants, 71 percent indicated that the final decisions involved some level of consensus. Seventeen foundations said they chose a consultant through group consensus of board and staff members, while three foundations chose consultants through board consensus only and two chose consultants through staff consensus only. Almost 30 percent (n = 10) of consultants, however, were chosen by an individual in the foundation.

#### **Recommendations**

The key themes and findings of our survey and interviews point to the importance of timing, fit, and clarity in a successful engagement of a consultant by a family foundation. The recommendations that follow are grounded in those three critical factors and informed by the

### A Family Foundation's Experience: The Right Fit

The Glenn Family Foundation hired its first executive director three years ago after the founding donor decided to step back following 10 years of serving as chief decision-maker. At the same time, the donor added three family members to the board.

The foundation hired Suzanna Stribling, an experienced manager, as executive director. Stribling recognized the need for the newly minted board to learn how to make decisions as a governing body rather than as a group of family members. She understood that while the foundation was 10 years old and growing, in many ways it was revisiting its startup life cycle. The foundation engaged a consultant to help the family board and foundation leadership develop new communication practices and decision-making procedures as they navigated the transition from solo donor/manager to family board and paid staff.

Stribling recounts: "I'm a firm believer in the value of skilled facilitation and outside expertise. Most family foundations have few staff members and it is important to supplement internal expertise and to get an outside perspective.

"Trust is essential in any consultant relationship and we chose to work with a consultant that the donor's family already knew and trusted. The donor had full confidence in the consultant, and that set the stage for a successful engagement.

"We had a very positive experience. I'd advise foundation boards to have a conversation about working together in decision-making roles in their startup life cycle, rather than wait until the foundation is in the midst of a board transition. It is important to acknowledge, discuss, and plan for potential challenges that might arise before an expanded board is appointed."

authors' experience as consultants to foundations in all stages.

#### *Know the Foundation's Life-Cycle Stage*

Just as families with small children may find common ground with their peers and face different challenges than empty-nesters, family foundations in similar life-cycle stages may share some fundamental opportunities and challenges.

In addition to being aware of its life-cycle stage, timing is an important consideration for a foundation when it plans to engage outside expertise. As the National Center for Family Philanthropy (2014) suggests,

Many of the changes in family philanthropy can be anticipated. That's why families benefit from making a plan before something becomes an issue. Developing policies for board eligibility, roles and responsibilities, term limits, and other aspects of

governance provides a template to follow during transitions. So, too, does board discussion of donor intent, perpetuity, mission, and geographic focus. The more clarity your board, family, and staff have around these issues, the easier transitions become. (Slide 1).

One foundation leader (R36) echoed this idea quite simply: "The engagement and consultant selected should be relevant to where the foundation is in its life cycle."

Family foundations can identify their life-cycle stage and determine typical points of engagement where life-cycle considerations are particularly important. Stemming from this recommendation to know one's stage and anticipate transitions, foundations considering hiring consultants might first ask themselves:



## One of the most frequent criticisms among those that were not successful was that the consultant did not understand the client.

- What is our life-cycle stage?
- What milestones are on the horizon?
- What are the main concerns of our leadership and board?
- Do we know where we want to be in one, five, or 10 years?

### Agree on the Foundation's Needs

By knowing what they are and what they need, foundations set the stage for successful consulting engagements. Before identifying the right consultant, the foundation board and leadership staff should first have a clear and uniform understanding of what they would like to achieve and whether a particular skill set, personality type, or level of experience is needed. A consultant who listens and understands the foundation's ideas, questions, concerns, anxieties, and decision-making style is likely to be a good fit. If a foundation is unable to articulate its needs, the consultant may translate what she hears into what she thinks the foundation needs based upon her own experience and expertise, which may or may not result in the right fit.

Before seeking external help, foundations should look inside their organizations to make sure leadership understands current and upcoming needs.

A foundation in its startup life-cycle stage needs a consultant who knows the right questions to ask in order to engage the board in determining its mission and considering values and goals. It will benefit from engaging a consultant with strong experience with foundation management, a range of governance structures, and the everyday aspects of running a grantmaking program.

A foundation in a growth phase will want to consider consultants with experience in the functional and emotional aspects of transition. In a renewal phase, where the foundation is reflecting on impact in order to adjust focus or develop a new direction, a consultant with content expertise would be a good fit.

Regardless of where a foundation is in its life cycle or whether it has circled through the same stage more than once, it is important to make sure that the leadership has a clear understanding of the foundation's needs and can articulate its story when it reaches out to referral sources and then to consulting candidates. Questions for family foundations relevant to this recommendation include:

- What do we need?
- Do the foundation board and staff agree on how to answer that question?
- What would make the consulting engagement a success?
- What is our timing and budget? When do we need it? How much will we pay for it?

### Find a Fit Based on Skills, Experience, Personality

Survey respondents and interviewees who were pleased with their consulting engagements often offered a variation on the "good fit" theme. Said one survey respondent (M13): "The consultant was a great fit and worked well with us to accomplish our goals."

In contrast, a bad fit can doom a consulting engagement. When the Meyer Foundation set out to pinpoint what goes wrong with nonprofit/consultant relationships, it reviewed nearly 200 evaluations from recent management-assistance grants, which included comments about consultant engagements. One of the most frequent criticisms among those that were not successful was that the consultant did not understand the client. As *Philanthropy News Digest* reported on the findings, "In 10% of the evaluations reviewed, the organization felt that the consultant failed to understand and adapt to the organization in some way, including

### A Family Foundation's Experience: A Successful Relationship

In 2012, a 60-year-old foundation was infused with funds and began a new, active chapter of growth and development. A foundation leader recounts:

"The infusion was the perfect time to engage a consultant. The relationship was successful in large part due to the personality of the consultant, who is sensitive and low-key and has foundation expertise. The consultant helped board members agree on a strategy and carry it out.

"The consultant also helped set the stage for continuous refinement and improvement. Instead of committing indefinitely to a particular strategy, we came away from the engagement prepared to give grants, learn by doing, and analyze what worked and didn't work about the process.

"Our consultant drafted documents that no board member would have had the time and/or expertise to accomplish and that resulted in a new mission statement.

"The relationship was successful because we designed it to work for us. We had a plan, passed everything between the consultant and the lead person before sharing with the larger group, and had productive meetings with good follow-up."

consultants who exhibited cultural insensitivity or who lacked knowledge specific of the nonprofit's field" (Moyers, 2007, para. 7).

Questions family foundations can ask about fit include:

- Does our board respond better to a commanding presence or a collaborative approach?
- Does the consultant need extraordinary amounts of patience and persistence, or perhaps the ability to engage with differing personalities?
- Is cultural competency a concern?
- Do we need a facilitator, a process consultant, a content expert, a strategic planner?

#### *Establish Clear Goals*

While some interview subjects offered conflicting advice on hiring consultants, all recommended clarity and/or specific goals. Whether or not there is a formal contract, written agreements can help set the stage for success. One foundation leader (M70) advised,

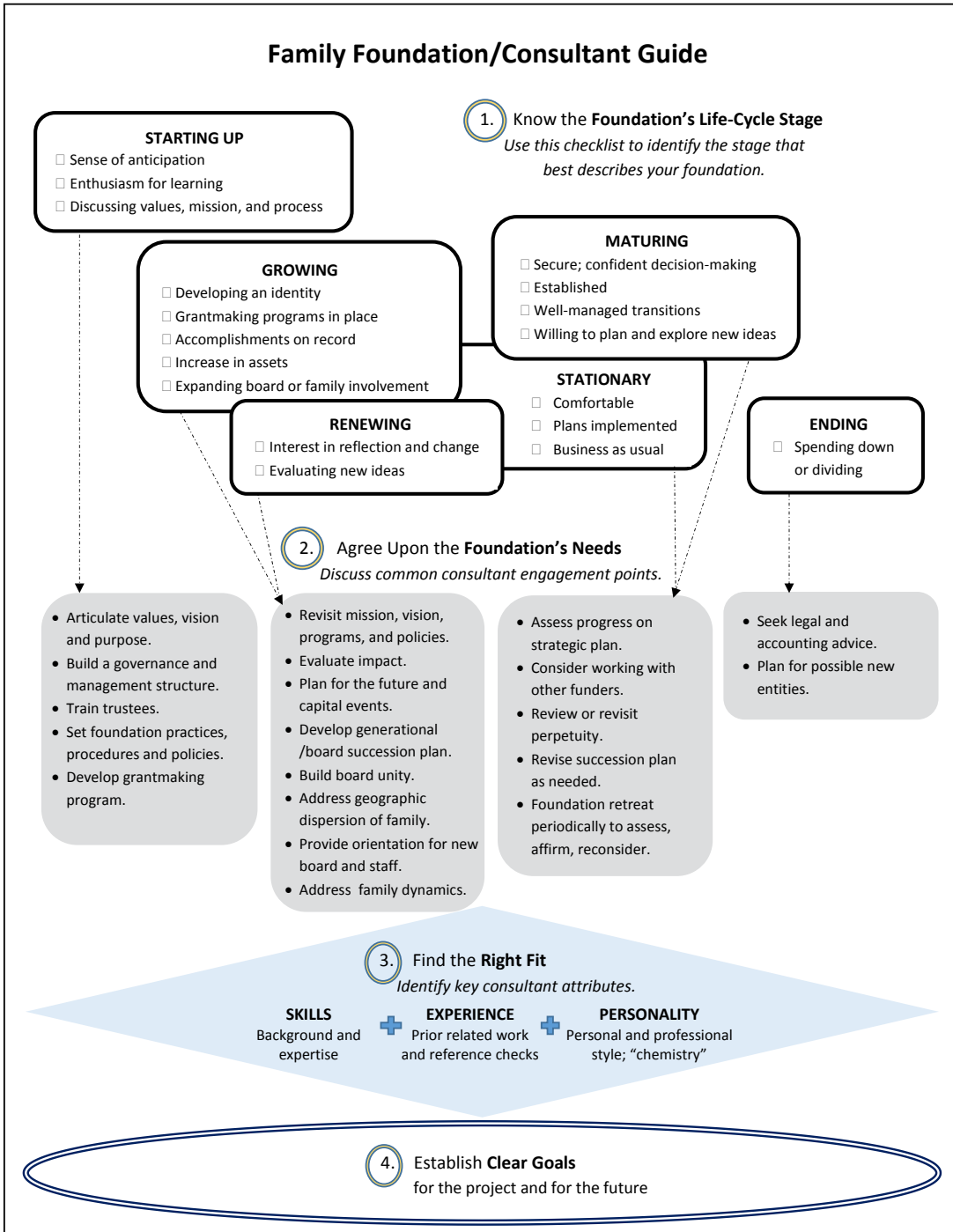
Don't be afraid to work with consultants, but make sure you have something in writing. When [we]

decided to split the foundation, [we] hired a law firm for an opinion on whether donor intent would allow it. There was no written agreement, and the work took forever and the bill was unbelievably large.

While a contract or written agreement is important, look for a consultant who is able to offer a degree of flexibility, which is necessary when working with family foundations.

The actual consulting process is only the beginning of achieving a family foundation's objectives, and should be tied into a plan for what comes next. The consultant must deliver a strong summary of results, conclusions, and proposed action steps. "Good follow-up" was often cited in interviews as an important factor in consulting success. Once the foundation board determines to engage with a consultant in what may be a time-intensive and costly project, it must be prepared for its role at the end of the engagement. Said one foundation leader (M26), "If you do something as thorough as an organizational assessment, you need to be prepared to implement next steps instead of relying on the consultant."

FIGURE 1 Family Foundation/Consultant Guide



### A Family Foundation's Experience: Preparing for Transition

The Cynthia and George Mitchell Foundation is in a renewing life-cycle phase as its assets grow substantially following the deaths of its founders. In preparation for this transition, the foundation engaged two different types of consultants: an impact expert to review the foundation's activities in order to prepare the board to discuss the future strategic direction of the foundation's programs, and a philanthropic planning consultant to work directly with family board members to prepare them for the capital expansion and how it would impact their roles and discretionary priorities. President Katherine Lorenz observes:

"We were fortunate that the foundation donors made their estate plans known in advance so that we could actively plan for the foundation's future. It is important for a foundation to have a good understanding of the nature of the engagement and for the skills and experience of the consultant selected to be a good match.

"There is real value in bringing in consultants with an outside voice even if the foundation has staff members who could do the work. Foundations may need a different type of consultant for different types of assignments, so should not be reluctant to consider branching out and away from using the same consultant in order to make sure there is a good fit for the different tasks at hand."

Questions related to this recommendation include:

- What resources are necessary for the consultant to do the job well?
- What is the agreed upon implementation plan, timeline, and budget?
- Is there anything off the table that should be addressed up front?
- How will the consultant report results to the staff or board?
- What will happen at the end of the engagement?

#### Family Foundation/Consultant Guide

We have drawn on the survey findings and recommendations to create a guide to help family-foundation leaders consider where they are conceptually and operationally on the life-cycle spectrum, and use that knowledge to boost the effectiveness of work with consultants. (See Figure 1.) When a family foundation understands its life-cycle stage, finds the right fit based on both qualitative and quantitative considerations, and is open and prepared to working with the consultant toward clear goals, it sets the

stage for meaningful, effective, and ultimately transformational consultant engagements. This tool offers a language for sharing common experiences and needs that is particularly useful when asking for consultant recommendations, checking consultants' references, interviewing candidates, and discussing the foundation's needs and goals.

The Family Foundation/Consultant Guide is intended to walk foundations through a process to recognize their current needs and anticipate those that may arise. The guide is important for consultants, too. Just as a good teacher needs to understand the developmental stages of children, a good family-foundation consultant should be aware of the foundation life-cycle stages to anticipate needs and find the most appropriate interventions and approach.

A foundation that understands its life-cycle stage and knows and communicates its needs to referral sources, candidates, and references will increase the likelihood of finding the right consultant. For referrals, foundations can reach out to existing internal and external networks,

including other family foundations, national and regional associations, and the National Network of Consultants to Grantmakers. Consultant candidates should provide recent references. When speaking with those references, the foundation's representative should explore the candidate's ability to meet the foundation staff and board's specific expectations. The conversation should address how the candidate's skills, experience, and style are suited to this particular engagement. If possible, and especially for extended engagements, an in-person interview should be arranged to test "chemistry." Finally, a clear plan for the engagement and next steps will increase the chances of a successful foundation/consultant relationship.

### Opportunities for Future Study

While we had a high response rate to the online survey and willing participants in in-person interviews, increasing the number of study and interview participants would provide a more complete understanding of foundation/consultant engagements. A bigger sample would also allow us to test our recommendations and better understand how factors such as foundation size and life cycle influence responses. Further analysis of successful consulting engagements could identify what contributed most to the positive outcomes.

This study polled family foundations; it would be useful to compare and contrast a related study of consultants to family foundations. It would be helpful also to understand how referral sources identify the consultants they recommend and the types of questions and hiring practices that are most likely to result in a good foundation/consultant fit.

Research on the family foundation/consultant relationship is extremely limited. While we are pleased to add to it, additional study is needed to better understand the nature and dynamics of these relationships for the benefit of family foundations and consultants. Well-functioning family foundations are a boon to society and should be nurtured.

### Acknowledgements

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### End Notes

#### *Study Methodology*

Our approach to the pilot study combines quantitative information gleaned from the online survey with qualitative analysis drawn from in-depth interviews. We interpreted findings through the lens of our own extensive experience with family foundation/consultant engagements and with awareness of present research in the field.

#### *Phase 1: Online Survey*

The first part of the study was administered as a confidential, online survey created in Survey Monkey. It was made available in July 2014 and remained open for one month. The survey consisted of 28 questions and used skip-logic, Likert scales, and drop-down menus in order to keep the completion time to an average of 10 minutes.

The National Center for Family Philanthropy (NCFP) graciously assisted in the dispersion of the survey via email to nearly 300 active family foundations. The sample for the survey was drawn exclusively from their membership, foundations similar in the value they find in the learning and connections made through such association. NCFP member foundations are diverse in size, mission area, and geography; that diversity was reflected among pilot study respondents. (See Table 2.) Forty-three respondents completed the online survey and, based on survey completion, a final pool of 37 viable respondents emerged.

Respondents were asked if their foundation had hired a consultant within the past five years. If the respondent indicated no, the survey ended. Only foundations with experience hiring a consultant in the past five years were included in the final sample and results. To avoid confusion, we asked

survey respondents to focus on their most recent consultant engagement. The survey contained nine background questions about family-foundation characteristics such as size, location, and number of employees. Respondents were then asked to determine their life-cycle stage, as described in the provided chart. (See Table 1, above.) The remainder of the survey consisted of 13 questions assessing their experience and engagement with the consultant.

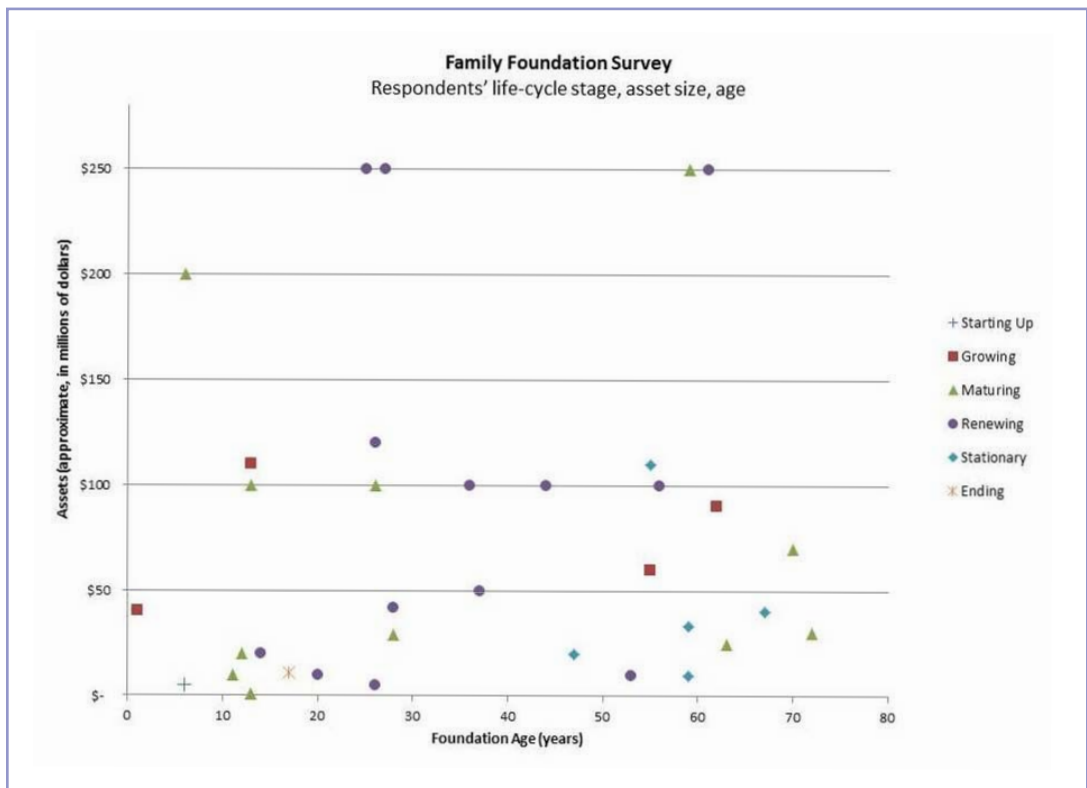
This included questions about the primary objectives of bringing on the consultant, how they identified and decided on a consultant, whether a specific event triggered the need for a consultant, what services they received from the consultant, a rating of what the foundation wanted and needed versus what they received in services from the consultant, what worked, what did not work, what would be done differently, whether they believe engaging with the consultant earlier

would have been better, if they would hire the consultant again, if they would hire a consultant for the same need again, and whether they felt the cost of the consultant was appropriate given the value and use of services rendered.

The 37 respondents were categorized into their self-identified life cycles and then analyzed by age of foundation, size, experience with using consultants, and reasons for engaging with a consultant. The life-cycle stage chosen by respondents did not correlate closely to asset size or age of the foundation except in the stationary stage, where all respondents were established more than 45 years ago. (See Figure 2.)

A clear pattern did emerge in the reasons for engaging with a consultant. Because of the similarities observed, we bundled respondents into two groups – growing and renewing foundations in one group and stationary and

FIGURE 2 Primary Objective for Most Recent Consulting Engagement (by Survey Respondent's Self-Identified Life-Cycle Stage)



mature foundations in the other. Since they had fewer commonalities, the startup and ending foundations were not considered in-depth interviews as part of this initial study. We also tagged respondents as having had an overall positive or negative experience in their last consultant engagement. These splits allowed for a comparative approach to our second phase, targeting our interviews to two respondents from each of the four typologies: growing/renewing foundations with a positive consultant experience, growing/renewing foundations with a negative experience, stationary/mature foundations with a positive experience, and stationary/mature foundations with a negative experience.

### Phase 2: Interviews

The eight survey respondents selected for interviews participated in a 30- to 45-minute phone conversation. Participants provided candid feedback on a variety of experiences engaging with consultants.

Through the interviews, we explored at what life-cycle stage and why foundations used consultants, how they identified the need for one, how they surfaced candidates and chose their consultant, whether the engagement was successful, factors that contributed to success or dissatisfaction, and what advice these leaders had for other family foundations as they consider working with a consultant.

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