



HAMMER  
& ASSOCIATES

# Engaged Philanthropy™

Volume 2

Balancing Passion and Strategy:  
A Family Office Guide to  
Meaningful Giving

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## About This Guide

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Welcome to *Balancing Passion and Strategy: A Family Office Guide to Meaningful Giving*, the second in a series of EngagedPhilanthropy™ guides—offering tools to help family offices worldwide plan and practice philanthropy that is both meaningful and measurable.



In 2015, Hammer & Associates, in partnership with the Global Family Office Community, conducted qualitative research on philanthropy in family offices across the globe. ([Download \*Philanthropy in the Family Office: A Global Perspective\* at \*suzannehammer.com\*.](#)) What emerged from this research was that there is a pressing need for more resources, support and sound advice on philanthropy that is geared toward family offices. We offer this series as a result of this research.

This guide is primarily for family office leaders (e.g., family heads, family office executives, committee members, other family members) who wish to take a more intentional planned approach to philanthropic giving. It is applicable for both U.S. and international family philanthropies.

While there is no “one” way to “do” philanthropy well, there are learned practices, tools and ideas others have tried and found helpful. We offer these ideas for you to read, discuss and take back to your family, and decide which is right for you.

## Philanthropy in Family Offices: The Passion and Strategy Question

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Philanthropy is the ultimate luxury. You are giving money away in hopes of changing something in the world or your community, and you are doing so with the people closest to you: your family.

For family offices, philanthropy is an unparalleled educational opportunity to share the values, skills and creativity that comprise your family as a whole.

At Hammer & Associates, I meet with a lot of family office leaders and family members who are interested in or actively practicing philanthropy. They ask me a lot of questions, such as: *What is the best strategy in philanthropy? How can my family and I agree on something that will keep us together over time? How can I achieve the best results for my community or funding area--while staying true to what I'm passionate about?*

The word *impact* always finds its way into the conversation. Most everyone wants to make an impact, and yet there is some confusion over what that means. People hear about the importance of impact, and it leads them to believe their giving should be more structured. They get nervous that they aren't doing enough, or that they aren't doing it right. Others might insist they need a business mindset to measure their outcomes.

To some people, a "business mindset" means setting a philanthropy strategy and making it a priority over personal passions. It means responding to the needs of their community of interest above their own family needs. And it could mean taking the long view rather than expecting the gratifying 'feel good' results of today.

*"Passion is important in leading philanthropic organizations. However, as important is good organization and efficiency."*

*- Percy Barnevik, Business Executive and Co-Founder, Hand in Hand International*

Yet to others, business-minded philanthropy sounds hugely boring or technical. It may also create a risk of family members losing some interest or energy along the way. *Where's the heart in it?* They might ask. Plus, impact is subjective; it means different things to different people, and for that reason, it may be hard to measure.

### What's the best approach for you and your family office?

Your philanthropy doesn't have to be technical or overly measured, but consider this: *What would it look like if you created a strategy around what you—and your family—are already passionate about?* Most start-ups and entrepreneurs employ a similar process: they find something the world needs, that they are in turn excited and passionate about, they develop a plan, and then they execute it.

Strategy simply means setting goals and having a thoughtful process to gauge the success of your giving.

### This guide will help you answer the questions:

- How can we explore our personal passions, and those of our family members, and use them to create measurable goals for our giving?
- How can our family come to a consensus on what—and how—to give, while still keeping everyone involved?



## Philanthropy Defined

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Philanthropy, by definition, simply means “love of humankind,” and most commonly refers to the act of donating money to create a positive change. There is no set dollar amount that defines philanthropy, and there are as many different approaches to philanthropy as there are families that practice it.

**Traditional philanthropy, commonly called *charity***, tends to focus on finding a quick fix now. It’s often a more immediate response to serve the needy or provide rescue and relief. For example, charity is sending money to help aid the immediate response of a natural disaster, whereas philanthropy might be making a grant to an organization that focuses on the long-term rebuilding efforts in a community affected by that disaster.

**Strategic philanthropy**, on the other hand, deals in intention and outcomes. It looks to solve root problems for the long term and achieve a greater mission. In its simplest terms, strategic philanthropy means deciding what change you and your family want to make in society (meaning, your community, town, neighborhood, country or the planet), and then using outcomes-based philanthropy as a tool to make that change.

*What I’ve seen is that family offices often get started in philanthropy practicing more emotional giving. They have a lot of passion for projects, and if the family members don’t feel strongly for a project, it’s not going to happen. Over time, as they become more structured and thoughtful in their giving, they may say ‘okay, let’s look beyond my favorite charities to what the community and field needs.’ As they branch out beyond their favorites, philanthropy then becomes less personal but it’s still passionate.*

*- Family Office Executive*

## Philanthropy by Passion

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# 1

Most people first get into philanthropic giving because they feel passionate about something. This is a good thing. **Passion is the cause or issue that drives your energy; it's the spark that spurs you to action.**

You may feel most passionate about a cause that most touches you—something that influenced or affected you or a loved one in your lifetime, either positively or negatively. Or you may feel passionate about an injustice or situation that angers you, frustrates you, or keeps you awake at night. Perhaps you feel passionate about a certain place or region—your hometown or community, for example, or a town or country where you traveled—and you are motivated to give back to this place that made such an impression on you.

**Philanthropy by passion is about following your intuition, your energy, and your desire to make a difference today.**

For as many people and families there are in the world, there are as many pointed passions.

One story that comes to mind is of a family office matriarch who is passionate about decorating. She wanted to give a grant that would outfit a nonprofit office with new draperies. Aesthetics matter to her, and creating an impact means that everyone who enters that office feels greeted by a warm, pleasing environment.

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Another family gives money annually to a local preschool, with no other goal than this: “All we want to see is children sitting at a craft table, painting, molding clay, having fun. That’s what really matters.”

This form of passion-based philanthropy is perfectly valid. For both the donor and the recipient, it brings joy and beauty, and is an expression of a deep, whole-hearted desire to make a difference—even a small one.

**But when it comes to passion in family philanthropy, can there be too much of a good thing?**

As families grow, more people may become involved, which means more passions around the picnic or board table. It also means varied opinions about the right philanthropic approach. This happens especially in families with more than one generation or family branch.

Some philanthropic families fund each and every “pet passion” in their family for a good reason: they want to create family unity. Their philanthropy is an expression of family interests, and it’s important to them to keep the family together over time. Philanthropy, for these families, may be less about the here and now, and more about creating a long-term legacy.

If this is your path, it may work perfectly well for your family.





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Others find it works for a time, and then they run into trouble. You know the saying—please everyone and you will please no one. Families can easily spend more time jockeying for their own projects or passions, and less time collaborating or coming together in consensus. Eventually, as new generations and family branches emerge, there may be less “family” in the “family philanthropy” than you (or the founder of the family office) originally intended.

*“The results of philanthropy are always beyond calculation.”*

*- Mary Ritter Beard,  
Historian, Archivist,  
Women’s Suffrage Activist*



In other cases, a parent or grandparent’s passion may be forced onto future generations, and newer family members may feel left out or disenfranchised by the process.

If passion is the number one priority you wish to fulfill with your family philanthropy—or if you tend to give emotionally, by default—you could one day find yourself in (excuse the pun) a philanthropic pickle.

I often use the term “spray and pray” philanthropy, meaning philanthropy without much focus or return. You spray your resources around, giving a little here, a little there, and hope that it somehow does some good. What good does it do? You may never know. And critics may say that ‘some good’ isn’t ‘good’ enough.

## Family Questions: Exploring Personal Passions

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**Take time to answer these questions on paper, and ask your family members to do the same.**

Once everyone has answered the questions, discuss them aloud and see what you learn.

1. What is your most important passion(s)?

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2. What change, above anything, do you want to see in the world?

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3. What gets you so excited, engaged, or angry that it compels you to do something?

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4. What passion projects (aka “pet projects”) do you currently give to? What other passion projects do family members have?

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5. How important is it for you to keep funding these passion projects, and why?

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## The Case for Strategic Philanthropy

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### 2

Imagine if you've given away millions of dollars—or even a few hundred dollars—and at the end of it, you don't know how you spent your money. Sure, you've donated to organizations that seemed worthwhile. Perhaps other family members, colleagues or friends introduced you or asked you to support certain causes, or to attend fundraiser events. You may even have procedures set up for how you distribute funds on a regular basis—including a grant cycle, some guidelines, even an application.

Yet, at the end of it, until you tally up your donations for your tax return, there is no big-picture look at the impact you are (or are not) making.

Giving by passion alone may limit your overall impact because you are giving to organizations or causes you care about, without much concern to how they implement programs, what their leadership is like, or how financially healthy they are. You are giving because you like the idea of what they are doing, or perhaps because you have met a charismatic executive or board member with whom you are socially connected. You write the check, with no true due diligence to see if the organization has the capacity to manage the incoming money, and no follow up reporting from them on how they applied your support.

In some ways, philanthropy by passion alone may be hindering grantees from growing into more self-sufficiency and sustainability. In other words, if the spoon keeps feeding the baby, the baby may never learn to feed herself.

**All these are reasons to consider developing a strategy for your philanthropy.**

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If philanthropy by passion is about following your intuition, philanthropy by strategy is about honing your passion and applying wise action that will produce a positive outcome. Strategic philanthropy is simply intentional philanthropy that aims to meet the demonstrated needs of a community or cause, and that can be measured by specific and relevant outcomes.

In even simpler terms, strategic philanthropy means:

- Finding out what a community or cause truly needs
- Setting a goal to meet that need/make a change
- Giving toward that goal
- Measuring your results: did the change happen, and how?

Some people think of the “teach a person to fish” adage. As the saying goes, traditional philanthropy, also called charity, would be giving a fish, or feeding someone for a day. Strategic philanthropy focuses more on the root of the problem. By teaching a person to fish, he or she will eat for life.

Like a lifetime of fish, focused philanthropy is a powerful thing. While individual grants to a range of organizations and causes can certainly do some good, they are no match for focused philanthropy that funnels dollars toward a common goal.

*The days of “checkbook philanthropy” have passed, hopefully never to return – major donors, at least, are not content to simply write a check and hope for the best. In today’s charitable giving, donors expect to receive metrics to show specific measurable results. Although having a good heart and good intentions are admirable, those attributes are not enough; a nonprofit has to be run efficiently and be accountable to its donors.*

*- Tim Lappen,  
The Family Office Group*

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“Over time and with guidance, many families come to recognize the difference their money can make when applied as a strategic philanthropic investment in social change,” said Lynn Zovighian of Zovighian & Partners.

Most people agree that impact is incredibly important if humans are going to make a dent on the world’s problems. It’s something that new donors and young donors, in particular, place at the forefront of their philanthropy. People want to know their money or time or contributed skills are making an actual difference.

### When to Get Strategic

Often, a family will choose to give more strategically when there is an influx of assets, such as a death in the family or the sale of a business. Suddenly the family may have more potential funds to give away, and realize they can no longer manage to give “with the flow.” Or a second or third generation may grow into adulthood, and want to partner in the family philanthropy—perhaps challenging the current way their parents or grandparents are giving.

Others decide to become more strategic about their philanthropy when they become frustrated by their own lack of impact.

In all of these instances, it’s a good time to reflect on what family members hope to achieve through their giving—both as a family overall, and as individuals.

## Family Questions: Exploring Strategy

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**Take time to answer these questions on paper, and ask your family members to do the same.**

Once everyone has answered the questions, discuss them aloud and see what you learn.

1. What passions or causes can your family members find a consensus on and stay energized around in the long term?

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2. How do you want to “move the needle” from where it is now to where you want it to be (or more aptly, where your community needs it to be)?

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3. What does the cause or issue or organization you want to fund actually need? How can you find out?

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4. Does the organization have the ability and the infrastructure to use the funds wisely and show specific results?  
How do you know?

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5. How will you measure success in specific terms? What does impact mean to you?

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## Finding the Right Balance

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### 3

There's no need for passion to be at odds with strategy. What would it look like if you created a strategy around what you—and your family—are already passionate about?



Most start-ups and entrepreneurs employ a similar process: they find something the world needs, that they are in turn excited and passionate about, they develop a plan, and then they execute it.

Strategic philanthropy doesn't have to be technical or overly measured. In fact, some argue that trying to predict strict outcomes doesn't fit the realities of social change in a complex world.

In this case, consider setting some shared goals that family members can agree on, and a way of measuring those goals. This will help you track and gauge the difference your dollars make.

But what about keeping family members interested?  
**Will strategy kill the “fun” in family philanthropy?**

*Being innovative in your philanthropy allows you to stride forward in your giving journey. You can marry your mind and heart to turn charity into lasting impact, and you can become more ambitious in your giving.*

- Laura Arrillaga-Andreessen,  
 Philanthropist

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Experienced family funders say no. One interviewee said this: “Although the measurement piece can feel rote at times, the proposal review process, site visits and decisionmaking meetings brings excitement back to the table. Family members who keep learning about the problem or issue they are supporting tend to stay more engaged.”



According to Ashley Snowdon Blanchard, trustee of the Hill Snowdon Foundation: “Strategic grantmaking actually helps build family cohesion by creating a shared experience for family members. It provides a forum for family members to learn together, exchange ideas and ultimately be energized by the evidence that their efforts are making a difference in society.”<sup>1</sup>

It’s important to find that philanthropic strategy that works for you. Finding the right strategy may also include how much time, effort, energy you want to put into the work. It also includes deciding what kind of funder you want to be...an engaged philanthropist, a convener, a collaborator, a seed investor, etc.

For some, setting a strategy—and taking a stand on something—involves taking a risk, and being willing to fail.

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<sup>1</sup> Ashley Snowdon Blanchard, *Strategic Philanthropy: Maximizing Family Engagement and Social Impact*, Passages, Vol 8.1, National Center for Family Philanthropy



## Family Questions: Balancing Passion and Strategy

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**Take time to answer these questions on paper, and ask your family members to do the same.**

Once everyone has answered the questions, discuss them aloud and see what you learn.

1. What is more a priority for you in your philanthropy—to achieve family unity or to make social impact? (It's okay to choose both; however, it's helpful to have the discussion and be honest about which matters more and why.)

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2. What are your shared values as a family? (If you haven't yet articulated your values, see *Laying the Groundwork in Philanthropy: A Family Office Guide for Meaningful Giving*, Hammer & Associates, 2016.)

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3. What areas have you given to in the recent past that you feel were most important or impactful? What is it about those donations/grants that feels this way?

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4. What areas energize the family as a whole?

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5. What specific goals and strategies can you agree on that will guide your family's giving? What do you hope to achieve? What will it take to get there?

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6. How can you learn more about the issues you care about, and how your philanthropy might fit in?

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7. What other funders or advisors can you talk with to learn about what might be the most effective approach for your philanthropy?

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8. How much risk are you willing to take?

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9. What will happen if you succeed? What will happen if you don't?

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10. How can you share your learnings with others after the fact?

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## Giving by Passion vs. Giving Strategically

Giving by Passion	
Pros	Limits
<p>Family members stay energized because their pet projects are funded.</p> <p>Emotional is “go with the flow” and responsive, rather than taking the time to plan ahead.</p> <p>Donations or “checkbook philanthropy” often provide immediate unrestricted support.</p>	<p>Dispersed among many interest areas, funding can be scattered, with limited social impact.</p> <p>Giving can be “knee-jerk” when based on personal whims or social obligations.</p> <p>Donations lack a genuine understanding of where the needs are greatest and resources most scarce.</p>

Giving Strategically	
Pros	Limits
<p>Funding is a proactive response to what the community or issue needs.</p> <p>Strategic giving sets shared goals that can measure social impact.</p> <p>Strategic philanthropy can be more fulfilling over time, as a family and community share in success.</p>	<p>Family members may feel disconnected or stop participating if the giving area is outside of their passion or interest.</p> <p>Since impact is subjective, it may be hard—and costly—to measure.</p> <p>Too much focus on measuring results may take away the “joy” of family philanthropy.</p>

## Ways to Make Balance Work for You

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We hope you've found the family questions in this toolkit useful and thought-provoking. Still looking for a balance? Here are some ways you and your family can have a strategy and your passion too.

1. **Create legacy grants for those organizations that meant the most to parents or grandparents**, and the remaining grant portfolio focuses on a funding area that interests the family as a whole. This works well in situations where the older generation's interests are different from those of the younger generation.
2. **Divide your philanthropy portfolio by percentage** (such as 40/30/30 or 50/30/20), allocating a certain percent to strategic ("impact") giving, a percentage to passion giving (the family's historical interests or pet projects), and a percentage to more fluid giving, such as disaster relief or emergency funds.
3. **Create options for discretionary giving**, where family members have a certain amount of money to give to their personal passions, while maintaining a pot of money to give to a collective mission. Some family offices and foundations require that discretionary giving go toward the chosen mission; others allow for members to make grants outside of the mission.
4. **Use a donor-advised fund for projects and causes that interest the family**, and keep the bulk of the philanthropic portfolio focused on a particular strategy.
5. **Think more than money.** You and family members may be able to create a larger impact for an organization or cause by leveraging your leadership, skills, influence and connections. Find out what an organization really needs, and how you might help.

*Giving families tools to engage in and connect to their philanthropy.*

## About Hammer & Associates

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Whether you are an individual or philanthropic family, or a family office or wealth professional who serves philanthropic clients, you want to make real change for the causes you or your clients care about.



At Hammer & Associates, we give philanthropic families the tools they need to engage in and connect with their giving. We form deep, long-term relationships with private foundations, family offices, and the advisors who serve them, helping philanthropic individuals and families pair their passion with proven strategies.

We help you and your family office:

- Realize your and your family's philanthropic potential
- Strategize goals and manage your giving
- Tend to the day-to-day administrative duties of giving, so you and your staff don't have to
- Train the next generation to manage and preserve wealth
- Strengthen family relationships and communication
- Manage transition points, including succession, change in assets, and spend down
- For family office professionals: help the families you serve set and achieve goals

Learn more at [SuzanneHammer.com](http://SuzanneHammer.com) or contact 303-319-3029. Follow @philanthrpsolut.

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