

Dynamic Succession: A Family Systems Approach

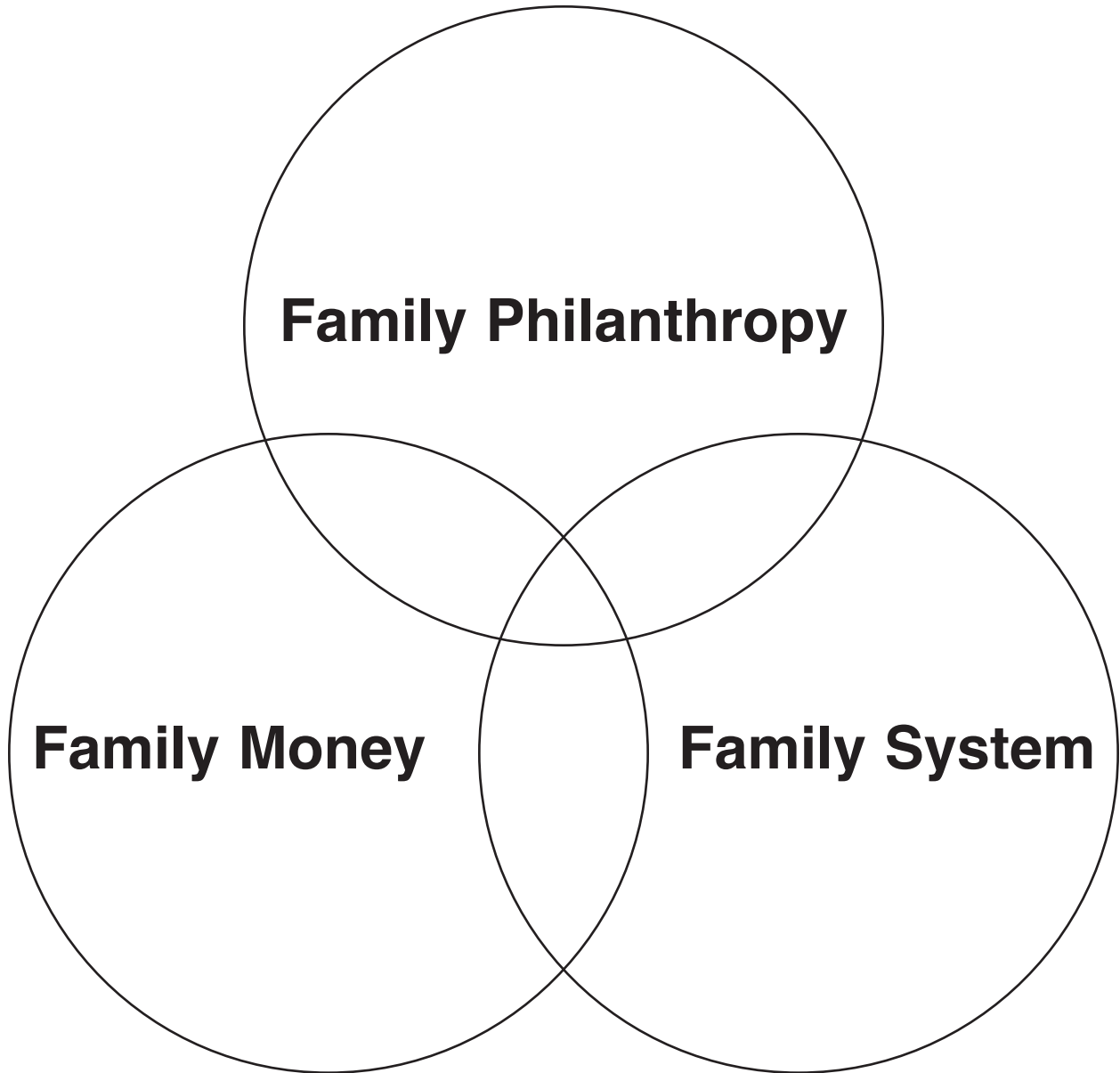
**Council on Foundations'
2007 Family Foundation Conference**

February 27, 2007

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Agenda

- 1) Review the JM Kaplan Foundation case to see how family emotional history influences the administration, grant making, and the family's ability to work together.**
- 2) An introduction to family systems theory and how family relationships shape our behavior, thinking, and life course.**
- 3) Questions for the participants:**
 - How does family systems theory inform your thinking about the Kaplan case?**
 - How does family systems theory inform your thinking about the process of decision-making and the succession plan for your foundation?**



Family Philanthropy

Family Money

Family System

J. M. Kaplan Fund

The J. M. Kaplan fund was funded in 1945 by entrepreneur and investor, Jacob Kaplan, as a foundation that would focus on the improvement of the New York City area. As the founder, he also hoped the foundation would serve to keep his family together. One of the \$140 million foundation's best known roles was its key support to save Carnegie Hall.

A major transition occurred in 1977 when Jacob succeeded control of the foundation to his oldest daughter, Joan Davidson. Although all of his children and grandchildren were nominal trustees of the foundation, Joan, as president, directed the grant-making. The program areas she preferentially funded; arts, environment, and human rights all reflected her personal interests. She did not involve the other trustees, including her siblings or her children in her decisions. They chafed at her control and dubbed her an "autocrat."

Kaplan died in 1987 and unrest about Joan's control among the rest of the family escalated. Finally, in 1990, Joan's sister, Betty, wrote a letter proposing a change in the way the foundation was governed. She suggested a move to consensus giving and individual grant-making. Then in 1993, Joan was named the New York Commissioner of Parks. She choose to resign from the foundation and picked her brother, Richard, and her daughter, Betsy, as the new chairs. The next few years were relatively peaceful until, in 1995, Joan lost her job, and wanted her old position at the foundation back. The family said no: there would be no return to a structure with one family member in charge.

As a result, the Kaplan Fund was divided into three parts:

- A. JM Kaplan's generation, including his widow, Alice, took a piece.
- B. The four children of JM Kaplan and Alice Kaplan received 35% of the grant budget for personal discretionary decisions.
- C. The sons and daughters of Joan Davidson and Betty Fonseca would each have individual discretion over \$25,000 annually. This G3

cousin consortium would work together as a group to make joint decisions.

Within a few years, Brad Davidson, reminiscent of Betty's proposal in 1990, proposed that the \$2 million distributed by the C group be divided into eight equal parts of \$250,000 for each cousin. He felt strongly that the G3 joint giving was not working. Peter Davidson persuasively argued that foundation governance without some consensus was not what his grandfather had in mind, and Brad's proposal failed.

A new staff member, Charles Hamilton, was hired to give a measure of stability to the Kaplan Fund. B and C groups remained distinct in their approach to grant-making. Hamilton helped the C group focus its giving and the B group make a series of larger grants in keeping with its interests. There appeared to be a period of relative calm and focused giving while returning the to the foundation's traditional interest in New York.

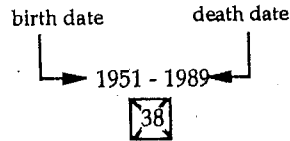
The foundation grew through the mid-90s, but by 1999, B group began to feel it was not getting its proportionate share. Charles Hamilton left for another foundation, and the C group still struggled to forge a shared dream. Despite some successes and many disputes the Kaplan Fund continues to endure.

Reading a Genogram

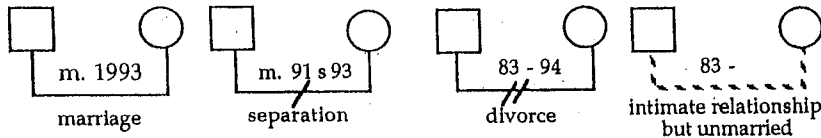
Males are drawn as squares, females as circles:



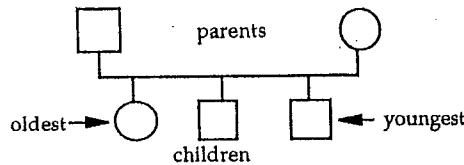
Dates of birth and death are written above the person's symbol. Age is shown within the square or circle. Death is indicated by an X through the symbol. Approximate dates are shown with a ? or a ~ (~1898 or ? 1989).



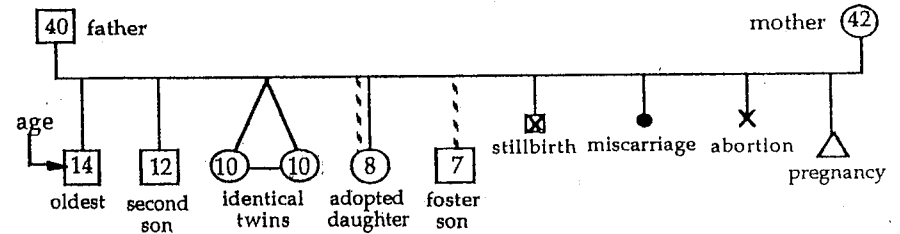
Couples are shown by a line connecting their symbols as follows, with the relevant dates written on the line:



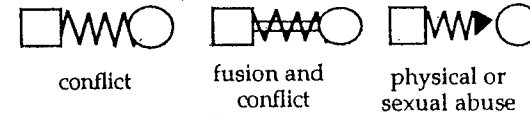
Children are shown left to right, oldest to youngest:



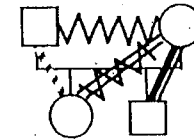
Here is an example of some of the things you can show:



In addition to lines showing kinship, a second set of lines can show emotional relationships between people:



On an actual genogram the relationship lines might look like this:



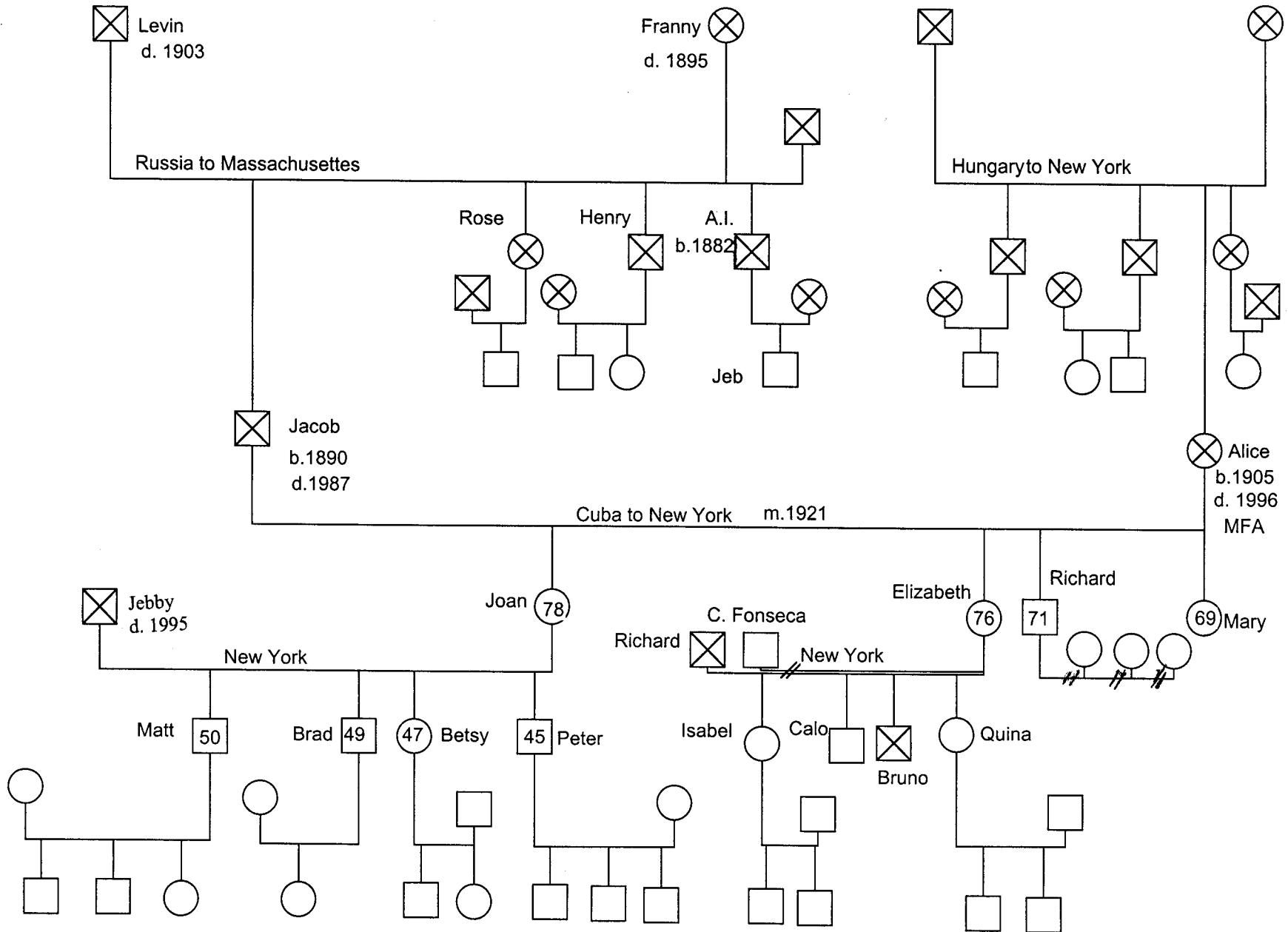
A serious mental or physical problem is shown by filling in left side of square or circle:



Drug or alcohol problems are shown by filling in the bottom half of the square or circle:



The Kaplan Family



GUIDING PRINCIPLES

- **Stress personal choice and commitment**
- **Involve and prepare the next generation early**
- **Focus on governance**
- **Explore other exemplary foundation's experiences**
- **Perpetuity is always a negotiation**
- **A foundation is a vehicle for learning about family, social issues, and the world**
- **Keep family included while making decisions**
- **Keep in mind the tradeoffs of acting individually and together**

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