

## Effective Philanthropy

### Best Practices for Your Private Foundation

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Effective philanthropy starts with employing foundation management best practices. The most successful private foundations are those that take advantage of the best strategies, methods, and tools. Here we highlight a few best practices for you to effectively reach your philanthropic goals.

#### Write Your Mission

Serving as a living example of your foundation's goals and values is not enough to ensure your intentions are carried out as an enduring legacy. Your philanthropic goals should be explicitly reflected in a written mission statement that will help guide activities and funding decisions. Having your intentions formally documented also benefits your successors in the event they encounter conflict or uncertainty later on.

#### Govern for Effectiveness

Selecting the right board members or officers is crucial to implementing the foundation's vision. When looking for qualified candidates, reach out to trusted attorneys, advisors, accountants, or investment professionals who share the same values. When including family members, get them involved early on so they feel invested in the process and gain experience. Rotating responsibilities may also serve to better prepare board members for future positions.

Regardless of the board composition, obtaining an outside facilitator for board meetings can promote open dialogue. As an objective presence, they can stay neutral and allow the opportunity for all voices and opinions to be heard. Facilitators also help to enforce established ground rules, which will maintain a respectful and inclusive environment to promote collaboration.

#### Know Your Charities

Vetting prospective grantees is essential to foundation management. You must have a process in place that helps ensure funds are given to reliable organizations that align with the foundation's goals. Review rankings from reliable sources, such as financial and philanthropic publications. When available, seek out statistics and reports to determine if there has been mismanagement of funds or illegal activity. Public records such as annual reports or tax statements also provide a wealth of information. For large grants or long term commitments, call or visit to learn more about the organization first hand. Ask for major donors as references to provide more insight on how the charity works with donors and their requests on how funds are to be used.

#### Give Strategically

Developing a giving plan based on your foundation's goals is another fundamental practice. Depending on the impact you would like to make, there are different approaches to distributing the foundation's funds. Periodic support gives donors more control because they can stop funding projects when they no longer meet their expectations. With endowment support, gifts are committed money that cannot be reallocated or reimbursed, thus losing leverage.

When deciding on the scope of your support, consider giving fewer, larger grants to make the greatest impact. If you are unable to find a program which satisfies your objectives, explore a partnership with an existing organization to create a new program.

#### Seek Expertise

Reaching out to experts in your area of interest is incredibly advantageous. Experts can serve many roles, whether as peer-reviewers of proposals, as advisors to find new and innovative programs or organizations, or as panel experts to evaluate programs.

In the face of increased congressional and public scrutiny over nonprofit management practices, charitable and non-profit experts should also be sought when it comes to any legal, tax, investment or management issues. By investing resources up-front for non-profit expertise and services, you can avoid larger financial and reputational risks and costs later.

#### Ask for Measures of Success

Having a performance management system is essential for a foundation to know if their philanthropic goals are being achieved. With that said, measuring effectiveness or impact is not always simple, particularly for nonprofits with lofty or abstract missions. Before providing funds, ask charities how they measure their program's effectiveness. The best charities will have thoughtfully considered their measures of effectiveness and be open to questions. Look for measures that go beyond typical quantitative measures such as the number of programs, activities and people reached, and ask for evidence of how they're impacting their social cause or mission.

#### Conclusion

It took hard work to make your money, and it takes hard work to make sure your money is being used effectively to achieve your philanthropic goals. Take the time to explore your options for implementing a management structure to make the most of your charitable giving.