

Why giving is so good

Being generous pays dividends ... in more ways than one

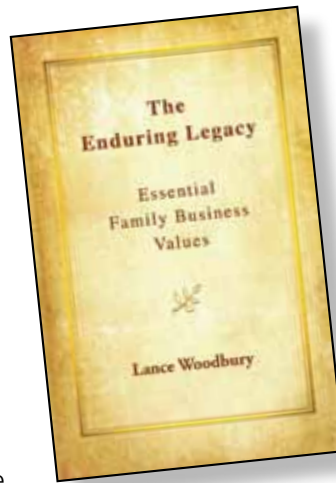
by Lance Woodbury

Philanthropy is not a word frequently used among many families with whom I interact.

Defined generally as “the disposition or active effort to promote the happiness and well-being of others,” philanthropy, in the last few hundred years, has taken on the meaning of generous giving to good causes. While philanthropic action certainly benefits the recipients of gifts, my goal in this meditation is to encourage the practice of philanthropy or generous giving as a means of enhancing and developing the family business. Here are three benefits for family businesses that formally embrace philanthropy in their organizations.

1. Holding the family together. As businesses in general, and agricultural businesses in particular, see fewer children return to the company, giving money away or participating in activities to help those less fortunate offers a chance for all family members to interact with one another. Participating in a charitable event or serving on a scholarship committee gives siblings and parents a chance to develop and sustain relationships in a deeper way than just spending time socially as a family. It brings purpose and a level of discipline to their interaction, and it can reveal the diverse skill-sets among family members. Philanthropic activity can cultivate an appreciation for one another in a way that social activity, or even business activity, cannot. In more than one instance, I have seen how philanthropic activity in a family business gives new direction to individual family member’s lives, igniting a passion for service and understanding that previously was absent.

2. Broadening the family legacy. Every community has business-owning families who are recognized for their success. But I know a few family businesses whose legacy is more than business success: their legacy is about the difference they make in the lives of others. It seems to me, at least anecdotally, that those difference-making organizations generate more enthusiasm and better morale among employees. They are talked of more positively in the community. They are sought out frequently for partnership opportunities, and they often contribute positively to the image of their industry. Their charitable activity doesn’t necessarily make them more or less profit-



able, and they often don’t seek the spotlight. However, when you look back over 50 or 100 years, it is those philanthropic families who are seen as having made the world a better place.

Mike Miller, a friend who works for Mennonite Economic Development Associates, has many stories about businesses whose success in North America has been strengthened through their participation in activities to alleviate poverty in developing countries. It really works!

3. Communicating important family values. The decision to involve family members in charitable acts — the giving of money, resources, time or talents in the service of others — provides a powerful medium for communicating what the family truly values. As a trustee of the Finnup Foundation of Garden City, Kansas, I constantly have the founders’ values in mind as I make grants or interview prospective grantees. When I talk with agricultural families, I often hear them talk about how they want to perpetuate the values that have made them successful. For example, some value their management of land, which enters into their gifting of financial resources as they become more successful. I know several family business owners who value a college education and thus fund scholarships for employees or community members or give directly to schools for this purpose. I’ve seen family business members who value helping those in extreme poverty and so they encourage mission trips or participation in Habitat for Humanity projects. The point is that philanthropy or generous giving can shape future generations by identifying and communicating the core principles of family business members.

Doing philanthropy well — giving money away to effect change, or using your time and energy productively to serve others — is not an easy task. The dividend, however, can be much greater than any financial reward. Good family relationships, a positive influence on future generations, and an enduring legacy are assets that truly are a family business’s wealth. ♦

Lance Woodbury, an advisor to family-owned and closely-held businesses, will be a presenter at MEDA’s annual convention, Nov. 7-10 in Wichita, Kansas. His article is reprinted with permission from his book, The Enduring Legacy: Essential Family Business Values.