



Ties That Bind

Four siblings with diverse interests reconnect through a family foundation honoring their parents.

For 20 years, philanthropy and foundations were part of Linda Davis Taylor's business life—first as a fundraiser for several colleges, and afterward, on the other side, as an investment counselor for donors. These two perspectives met unexpectedly as family events turned professional theory into reality. Davis Taylor's parents owned a Louisiana oil company, and she and her three siblings faced issues of succession, gender and differing abilities and interests. They discovered, however, that a family foundation established in memory of their parents helped them rekindle relationships with each other and create new ties with the third generation. Davis Taylor is the managing director of Convergent Capital Management in Beverly Hills.



WHEN MY PARENTS PASSED AWAY in 1999, my three siblings and I were deeply affected by the sudden loss and wanted to do something to pay tribute to their lifetime of hard work and sacrifice. We considered a one-time charitable gift, but no single organization seemed appropriate for a memorial contribution, and simply writing a check seemed too quick and easy. Having been in college fundraising for 10 years prior to joining an investment counsel firm, I was reasonably knowledgeable about charitable giving and many of the vehicles available to families with philanthropic interests. Consequently, my siblings and I decided to create a private foundation. We were drawn to the idea because it provided a single entity to which each of us could contribute and it gave us control over the management and distribution of the funds.

We started out with what is a modest amount of money by private-foundation standards, because each of us contributed funds from our inheritances (after taxes) and there were varying financial circumstances in each of our

families. We selected an attorney to draft the foundation document, and our first decisions centered on governance. We decided that each family group would have one trustee representative, beginning with the four surviving siblings as initial trustees. Our youngest brother predeceased our parents, and because his only child was just 12 years old, we decided to include a provision that she will be added as a trustee after she turns 21.

The four of us, now ages 65, 60, 57 and 55, hoped that as middle-age adults we would have a number of years to work together on the foundation before dealing directly with succession issues, and so far this has been our good fortune. Should that change, we included language in our documents that each family of an original sibling trustee could appoint one successor trustee.

COME TOGETHER

I recall how awkward and tentative we all were at our first family foundation meeting in 2000, struggling to articulate

those common values we might use to guide our grant process. While a few of us in the family were close, we did not have a history of open communication and dialogue, especially about topics on which we might disagree.

As in many families, each of us had followed his or her own path, with busy lives that did not appear to leave much interest or time to have extended periods together as a larger group. When we did get together, it was all too easy to remain stuck in childhood roles and revert to old family stereotypes: the favorite oldest brother, in charge of the business; the undervalued and insecure older sister; the quiet middle brother; the peacemaking, fix-it younger sister; and a couple of extroverted, opinionated sisters-in-law.

Initially these stereotypes continued to a certain degree in our new roles as trustees of the family foundation. The largest contributions came from our oldest brother, who runs the family business. I rushed in to get things organized, hiring the attorney, CPA and investment manager, scheduling meetings and completing administrative work. Our older sister said that she didn't have any good ideas, and our middle brother stayed very quiet.

But as time has passed, things have developed in interesting and amazing ways. We identified entrepreneurial spirit, a strong work ethic, children and education as our key family values and priorities for grants. We make donations to the different communities in which the four siblings reside, and we rotate our foundation meetings among our home communities. Members of the next generation have asked to attend meetings and have suggested ideas for grants; in 2007, the best ideas came from a 15-year-old. One sister-in-law asked if she could match her husband's contribution and join our foundation instead of setting up her own fund; we elected her as a trustee, and she is a terrific participant.

Through the foundation, we are on a whole new path that looks to the future while embracing common experiences of the past. By listening to each other's ideas and proposals for grants, we have learned what is important to each of us as adults, how we've grown and changed through the years, and what is on our minds today. I believe we have gained tolerance and acceptance of one another.

BACK IN BUSINESS

The foundation also has affected how we deal with the Louisiana oil business that we inherited from our parents, who started it in 1951. It has always been difficult for us to

talk openly about this company. While all of us are recipients of the profits, it was unspoken—but understood—that our oldest brother would run the company, without much input from the other siblings. My sister and I feel particularly sensitive, because gender clearly played a part in our parents' decisions about the management. An unexpected outcome of working together on the foundation for several years is that we have become more comfortable discussing our common business interests. Each year, our oldest brother has become more forthcoming about information, and each year, the rest of us have asked more questions.

Last year the family faced a challenging and emotional issue—a proposal from our oldest brother's son to buy into the family business and become active in its management. While we were glad that a member of the next generation was interested in becoming involved, old feelings began to stir again. Would the oldest son and his family have more control

than we were comfortable with? Would the price be fair? Did we trust this 29-year-old to make good business decisions? Would he look out for the interests of the rest of the next generation? And what would happen if we said no?

Imagine our surprise when one of our daughters, age 18, was the first to speak after her older cousin made his presentation. She said, "If selling part of my potential inheritance to Matt will keep all this together so that we can keep having gatherings like this, then I think we should do it. For me, owning *x* percent of the family company is not as important as preserving what we have here together today and being able to participate in the family foundation."

This comment paved the way to discuss a process for gathering the right resources, information and advice to help us with our planning. We formed a small oversight committee, aided by another member of the next generation, a 28-year-old woman attorney, who would be sure to look out for the interests of her cousins.

Our intent is to meet again as a whole group with our professional advisors to review proposals and decide how to move forward. We believe that our parents would feel very good about the family dynamics and the cultivation of the next generation of leadership. And we all feel good about a process that is open, deliberate and inclusive. None of us could have foreseen how the foundation would help us navigate the larger dynamics of succession planning and overall family relationships. For us, it has become integral to our connection and identity as a family. ▣

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