

Gaining Families' Trust

Philanthropy adviser helps donors think deeply about giving

By Brad Wolverton

Cambridge, Mass.

Last spring, when one of her donors was struggling with how much money to leave his children, Kathleen B. Schrader, a planned-giving specialist at the Greater Milwaukee Foundation, went online to ask a group of colleagues for advice. How, Ms. Schrader asked, could she help the donor decide what to leave his children so he could move forward with his philanthropic plans?

Five people e-mailed her the same response: Get a copy of the book *Wealth in Families*, by Charles W. Collier, a senior philanthropic adviser at Harvard University. Ms. Schrader read the book and liked it so much that she bought a dozen more copies to give to other people -- then invited Mr. Collier to speak to more than 200 donors and advisers at her community fund.

The approach Mr. Collier advocates in his book, published by Harvard University and now in its fifth printing, is quickly gaining notice as a tool to help fund raisers bring in large gifts. In the book, Mr. Collier suggests to wealthy families that before they make plans to allocate their estates, they should openly discuss the values most important to them as a family and their vision for what they want to do with their money and time. Mr. Collier poses a series of questions to persuade families to think about such topics as what they should teach their children about money, how much they should leave them, and what they want to preserve besides their financial wealth.

Mr. Collier has used the book to start conversations with more than 200 wealthy Harvard alumni in the past few years to help them deal with unresolved financial and family matters so that they could begin to make thoughtful decisions about the allocation of their estates. He says that approaching donors in such a way has allowed him to gain the trust of donors on a level he has not experienced in 28 years of soliciting bequests, charitable trusts, and other planned gifts.

"As a planned-giving officer, I have always felt I was close to people in a wonderful way, and I got to know about their finances, but there was some element I just knew was missing," he says. "I really wanted to become more of a trusted adviser, and this work has allowed me to get there."

Money Therapist

What makes Mr. Collier's work different from that of many fund raisers who help

wealthy people make decisions about their estates is that he spends little time talking about prospective gifts or the tax benefits of donations. Instead, he acts more like a money therapist, spending anywhere from a few hours to an entire weekend or more with couples and families while helping them think through the impact their money has on their families, how they should raise their children in the context of wealth, and how they can make informed decisions about their ultimate estate allocations -- which may or may not include Harvard.

While some community foundations and religious organizations use some of the same techniques that Mr. Collier does in working with high-net-worth individuals, Mr. Collier remains one of the most prominent charity officials to throw himself into the tricky issues involved in helping affluent families deal with the many facets of their wealth, and not just soliciting gifts for his institution.

His approach is similar to that offered by financial-services companies. In response to a sharp rise in wealth across the country -- in the past six years, the number of households in the United States with more than \$10-million in net worth has grown by more than 50 percent, according to Edward N. Wolff, an economics professor at New York University - - many wealthy people have started to seek advice from their financial advisers about how to raise privileged children and how to talk more openly than previous generations of their families did about issues of money and what matters to them in life, among other things. Financial advisers at hundreds of the largest companies, including Goldman Sachs and Merrill Lynch, as well as family-business consultants and other advisers, have responded to that demand by offering a range of services to wealthy people.

Demand for wealth advisers is so high that if nonprofit organizations fail to start talking with high-net-worth individuals about these and other issues, they won't be privy to the financial planning of wealthy families and could lose out on future donations, some financial experts say.

Mr. Collier thinks that many of the country's largest charitable organizations -- those with a staff of people who help bring in large gifts or planned gifts -- could benefit from encouraging someone to spend part of their time pursuing the type of work he does.

"If other fund raisers adopt this approach, it will transform their work and their relationship to people," Mr. Collier says. "It's as simple as talking with prospects about their family and the allocation of their estate. It has everything to do with their scope and scale of giving to your institution."

Adds Mr. Collier: "How else are we going to raise money from our best and wealthiest donors if we don't provide them with a service which will help them think clearly and deeply about how much money they can give away?"

Some Risks

Talking with wealthy people in this way, however, carries some risks, say finance and charity experts. At a time when many charitable organizations are putting more effort into raising money for current needs and asking fund raisers to take on additional responsibilities, officials at some groups say they would find it difficult to devote resources to providing an advisory service that might never yield any charitable gifts.

"With the scope of what many planned-giving people are asked to do, many of us don't have the luxury of being as focused as Charlie," says Cam Morin Kelly, director of planned gifts and bequests at Smith College, in Northampton, Mass. Instead, she says, her institution has brought in Mr. Collier and other consultants to speak with donors about financial and family issues.

And what happens if a charity official like Mr. Collier spends a lot of time helping families work through tangled financial issues and exploring their philanthropic interests -- only to have some people decide to give the bulk of their money to their heirs or to institutions other than Harvard?

For donors to trust Mr. Collier enough to open up about their family issues, they would have to care about Harvard so much that there is probably little risk to the institution that Mr. Collier's service would go unrewarded, says Scott C. Fithian, chief executive of the Legacy Companies, in Hingham, Mass., whose software tools are used by advisers at more than 250 financial-services institutions, in part to help wealthy people with their philanthropic planning.

Still, Mr. Fithian says, in a competitive fund-raising world, many charities might not want to risk spending time on an activity that ultimately might not bring in money for their organizations.

"Fund raisers are judged by bringing in gifts," Mr. Fithian says. "They're not judged by how many donors' lives they've touched in a positive way."

'Messy' Issues

Even if charitable organizations allow one of their fund raisers to do the kind of work Mr. Collier does, it might not be a good idea, some experts say, because many people lack longevity at one institution. Mr. Collier has been at Harvard for 18 years. But many fund raisers change jobs every few years, which would make it difficult for them to establish close-enough relationships with donors to persuade them to discuss their personal family and financial issues, says Robert F. Sharpe Jr., a Memphis planned-giving consultant.

And if a charity attempts to use the approach Mr. Collier advocates without adequately

training staff members about how families function -- or knowing when to refer people to therapy when it appears they have psychological problems -- the organization could harm its chances of raising money from certain individuals, some people say.

Mr. Collier says he is aware that he could get into issues that could cause him or his organization problems because of how "messy" family issues can get.

"I am deeply cognizant of the fact that I could open a psychological wound in a family -- where I uncover a deeply disturbed relationship or a loss that needs professional counseling attention which I cannot provide -- and I may not know how to deal with it," he says.

But after spending about seven years doing an increasing amount of work with groups and individuals on family financial-planning issues -- Mr. Collier now spends about 70 percent of his time on such efforts, he says, and the rest exclusively helping donors make planned and other large gifts -- he has become comfortable in the role.

Last month, Mr. Collier energetically paced the front of an auditorium as he spoke to a group of several hundred Harvard Business School alumni at a reunion here. He has an easygoing speaking style and uses *New Yorker* cartoons to illustrate the dysfunctional nature of many families. Instead of lecturing the alumni, he teased ideas out of the group about how relationship rifts can derail estate-planning decisions.

Mr. Collier speaks about a dozen times a year to groups of Harvard alumni. He gives similar talks to community foundations, financial-services institutions, and other organizations that invite him to share what he has learned.

The Greater Milwaukee Foundation paid Mr. Collier \$4,500 to speak to donors during several sessions over two days, Ms. Schrader says. Mr. Collier says that his fees vary widely, depending on where and to whom he is asked to speak and that he often does not charge nonprofit groups.

He also works personally with dozens of prospective Harvard donors and their spouses every year, using a questionnaire he designed to help couples discuss a variety of personal questions about their family and financial history, and their future financial and philanthropic plans. Questions include:

- What is your family's definition of success?
- What is an appropriate financial inheritance for your children?
- What kind of impact do you want to have on society?

Mr. Collier meets and talks with a lot of alumni, he says, but the donors he approaches to discuss a range of issues about their wealth generally have a net worth of at least \$30-million.

"In the upper reaches, there is more at stake in their family and for their philanthropy -- and more of a chance that your institution might ultimately be on the receiving end of something significant," Mr. Collier says.

'Hungry to Talk'

Harvard might have a deeper pool of families with that amount of money than many other nonprofit organizations, Mr. Collier says.

But he thinks that families with less money still deal with many of the same issues -- such as whether each child in a family should inherit the same sum, or an amount based on their individual needs. As he has started to spend more time advising families, he has discovered that surprisingly few couples -- wealthy or not -- have discussed in-depth the questions that come up with regard to their money.

"There are lots of people hungry to talk about these issues -- not just around the money, but how you encourage philanthropy in the family without being obtrusive, how you raise children who find passion and turn it into meaningful work in their lives," Mr. Collier says. "When families haven't had conversations to deal with these and other issues, it can paralyze their decisions around their philanthropy."

Even those families that have talked openly with their children about money and have well-laid philanthropic plans say they have benefited from conversations with Mr. Collier.

Edward R. Hintz, president of a New York hedge-fund company and a Harvard Business School graduate, says he asked Mr. Collier to speak with him and his wife in part because he thought Mr. Collier could help them work through some personal issues relating to their money.

Mr. Hintz says he found Mr. Collier's approach disarming. "Charlie has a quiet, pleasant demeanor that set us at ease," Mr. Hintz says. "There's a sense of trust -- you like this man and trust him, so you're more likely to either purposely or unconsciously pull out thoughts that otherwise might have been buried or might not have been there."

Mr. Hintz liked it that the subject of giving to Harvard never came up in his conversations with Mr. Collier. "If something evolves on behalf of Harvard Business School, fine," he says. "But it's more likely that he helped me think about various

philanthropic opportunities and ideas and issues about my family."

Mr. Collier has gained proficiency in issues relating to families by taking classes and by staying in frequent contact with family-business consultants and other advisers.

Two years ago, he says, he took a postgraduate course on family systems theory at the Bowen Center for the Study of the Family, in Washington. To complete the course, Mr. Collier traveled to Washington for four three-day sessions to learn about how families function.

Mr. Collier also learned much about family functioning by spending nine months conducting research and writing his book.

To put together the book, he visited with many experts in philanthropic advising and family dynamics, including Paul G. Schervish, director of the Center on Wealth and Philanthropy at Boston College, and James E. Hughes Jr., a lawyer and wealth adviser who wrote the book *Family Wealth: Keeping It In the Family*, published by Bloomberg Press.

But besides what he has learned, Mr. Collier has an intuitive understanding of wealthy families and philanthropy, in part because of his upbringing. He comes from a family that had money -- his father was president of the New England Life Insurance Company and his parents talked openly about money and practiced philanthropy. They created a donor-advised fund and volunteered at numerous charities.

When Mr. Collier speaks to groups, he uses examples from his own life to demonstrate, as he describes it, "effective family functioning."

\$50-Million a Year

As a result of Mr. Collier's efforts to help families function effectively, he says he has raised more money than before for his institution, in part because he is having a different kind of conversation with many of Harvard's largest donors than he did when he was simply seeking planned gifts.

Working with other fund raisers at Harvard, Mr. Collier says that the discussions he has had with donors have helped bring in more than \$50-million in a typical year.

As Mr. Collier has helped make himself more valuable to his institution, so, too, could other fund raisers, says Craig Wruck, director of client development at Kaspick & Company, which is based in Redwood Shores, Calif., and provides planned-giving services to charities.

"You can continue to be a sleepy old planned-giving officer, or you can take an

opportunity like this to broaden your job assignment, be more productive for your organization, and take on some more challenges," Mr. Wruck says. "There is no technical reason why someone at any public charity could not do this."

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Copies of Mr. Collier's book, which was published by Harvard University and costs \$15, are available from the Jewish Community Foundation of Greater Hartford Development Office, 333 Bloomfield Avenue, West Hartford, Connecticut 06117; (860) 523-7460; gifts@jcfhartford.org.