



Meeting a Family's Evolving Philanthropic Needs

TCC Group's Work with the Ohrstrom Foundation



Family foundations are living entities that evolve over time. When a family seeks assistance in managing its philanthropy, it is crucial that the consultant adapts as well to meet the family's changing needs. The journey to philanthropic impact often has many bends and turns, and a skillful navigator makes the ride smoother. TCC Group's work with the Ohrstrom Foundation during the past decade exemplifies this mutually productive relationship.

The Ohrstrom Foundation was created in 1953 by noted private equity manager George Lewis Ohrstrom, Sr., using stock shares from two corporations he founded. Initially established without a mission statement or documented donor intent, today the Foundation has a broad mission to build strong, healthy families and communities, as well as to protect cultural and natural resources. With over \$85 million in assets, the Foundation awards more than \$4 million in grants each year and is overseen by an all-family Board of the original donor's descendants.

TCC Group was first hired by the Foundation in 2004 to provide ongoing "back office" administrative and grantmaking support. Since that time, our role has grown to encompass governance planning, next generation engagement, program strategy, grant assessment, and operations planning. Through our years of day-to-day management of the Foundation, we have been able to help identify and address emergent issues, drawing on our experience working with family foundations to develop solutions that balance effective philanthropy with family engagement.

Rising Assets, Rising Administrative Costs

Like many philanthropic organizations, the Ohrstrom Foundation was fortunate to experience significant growth in assets in the 1990's. At the time, the Foundation's operations were handled in a manner typical of many family philanthropies: by a family Board member with limited assistance from an administrative staff person. As the Foundation's assets grew, so did the corresponding workload, particularly relating to grants administration, governance, and financial management. It was then that the Board decided to seek outside assistance to manage the Foundation's operations. With an eye towards continued growth and changing needs, the Board sought assistance from a "one-stop shop" to provide a broad range of philanthropy-related services. In 2004, the Foundation interviewed a number of consultants and ultimately hired TCC Group.

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TCC Group's initial work with the Foundation included establishing systems and processes for the smooth transfer and ongoing administration of the organization; preparing for and staffing all Board and Committee meetings; bill-paying and bookkeeping; managing existing discretionary and competitive grants processes; and coordinating work with the Foundation's investment managers, attorneys, and accountants. The firm effectively served as the Foundation's "back office," but was also positioned by its breadth of expertise to help the organization as it evolved. "When interviewing firms and individual

consultants to manage the Foundation, it was important to the family to identify someone who could handle the range of services we required,” affirms Board member Clarke Ohrstrom.

Grantmaking and Governance Restructuring

As is common in family philanthropy, the Foundation historically divided its grantmaking activities among the interests of the original donor and his three children. Later, the Foundation focused on causes and organizations championed by the donor’s grandchildren in the third generation. As family participation – and assets – grew, the Foundation’s leadership developed an informal system of dividing the annual grant budget among the three branches of the family, so that each could allocate resources as it wished. But it was also the family’s hope to engage in collective philanthropy. Consequently, they retained one-quarter of the available grantmaking funds each year to distribute through a collaborative, competitive grantmaking process. Applications for funding were reviewed by the Grants Committee, with recommendations made to the Foundation’s Board for approval.

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In the first few years of TCC Group’s work with the Foundation, the practice of allowing each branch of the family to direct its own grantmaking sometimes collided with the Foundation’s objective of developing a unified, cohesive approach that would be acceptable to the entire family. It became clear that increased structure and guidelines were needed to address these issues. Working with the Foundation’s attorneys, TCC Group developed a revised

governance structure that formally established and gave increased autonomy to each family branch with regard to organizational and financial issues, while maintaining the collaborative grantmaking program. The new structure also put into practice a more active Executive Committee comprised of one member from each branch of the family. The implementation of this new governance structure relieved some of the tension between discretionary and collective grantmaking, and, ultimately, enabled all family members to work together more productively. Board member KC Graham says, “The restructuring enabled us to continue the collaborative grantmaking we were developing while, at the same time, maintain the integrity and uniqueness of the three branches of the family.”

Streamlining the Grantmaking Process

When TCC Group began working with the Foundation, managing and improving upon the existing competitive grantmaking process was a top priority. This process, which included both an invitation-only “Letter of Inquiry” requirement as well as a formal application, was designed to ensure that all applicants represented at least one family member’s interests, and that the whole family had complete background information about each organization. However, it was a lengthy and cumbersome process for applicants, particularly for organizations applying for renewed funding, and it was unclear how valuable family members found the extensive information provided in proposals.

TCC Group worked with family members to understand what they hoped to accomplish through their collaborative grantmaking and the information they needed to make informed decisions. We discovered that family members appreciated having both an invitation-only Letter of Inquiry process as well as the formal application. However, to streamline the process and make it more effective, we shortened the Letter of Inquiry phase; developed criteria checklists designed to screen out unlikely grant recipients; revised and narrowed the grant application and reporting requirements; and further focused the information sent to the family about applicants. As a result, the Foundation now receives a higher percentage of requests that meet its grantmaking criteria and guidelines. Applicants enjoy greater clarity in the process, and family members are clearer about the standards used to assess potential grantees.

Digging Deeper on Grantmaking

From the beginning, TCC Group's work included developing historical overviews of the Foundation's giving through its collective grantmaking process, as well as conducting due diligence on each applicant. We examined applications to identify potential problems and indicators of organizational stress, which were "red-flagged" for consideration by both the Grants Committee and the Board.

As our relationship with the Foundation has grown, the Board has called on TCC Group to conduct even more in-depth assessments of a number of applicants and grantees. Over the past few years, the firm has taken a closer look at grant recipients, conducting site visits and staff interviews to determine the impact of the Foundation's support and identify lessons the Board can apply to its future grantmaking. "Knowing we have experts reviewing our grants provides us with comfort and certainty that we are funding strong organizations that will make an impact," adds Board member Mark Ohrstrom.

Engaging the Next Generation

As the Foundation's third generation streamlined its grantmaking and governance, some of their children – the fourth generation – began to express an interest in philanthropy. Building on TCC Group's experience working with intergenerational family philanthropy and recognizing the need to proactively engage these potential new Board members, we worked with the Foundation to design an educational grantmaking program for fourth-generation family members. We helped create and now manage the work of this "Next Generation Committee," including its governance and grantmaking activities. Involvement in the Next Generation Committee has given fourth-generation family members the opportunity to learn about philanthropy while working together with their extended family. "It has been extremely rewarding to work with my cousins and think through complex social issues and the ways we can address them. We have strived to come up with a process that engages all of the 4th gen, but, at the same time, results in effective giving," says next-generation member Lysandra Ohrstrom.

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A Satisfying Long-Term Engagement

When TCC Group first signed a contract with the Ohrstrom Foundation in 2004, the firm did not envision that the relationship would still be going strong so many years later. While some philanthropies of this size establish their own office and employ their own staff, the Foundation has found a comfortable home with a team of consultants without the overhead and other considerations associated with being an employer. It has certainly helped the relationship that TCC Group's team has remained stable over the years, allowing family members to develop a sense of trust in the consultants. The length of the engagement has also enabled TCC Group to better understand individual family members and the family dynamics at play, which, in turn, informs our work as advisors to the Foundation. We have also enjoyed mutually respectful, long-term relationships with the Foundation's other professional services providers,

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allowing for greater efficiencies for the overall management of the Foundation. We are able to draw on our internal expertise and additional staffing capacity, as anticipated or needed by the Foundation. This flexibility as well as the breadth and depth of our services enable us to effectively manage a long-term consulting engagement in general – and an evolving multi-generational family philanthropy in particular.

Richard Mittenthal, TCC Group's President and CEO, says, “As our relationship with the Foundation enters its second decade, we continue to look for new ways to serve the family in its goal of increasing its philanthropic impact.”



About TCC Group

For over 30 years, TCC Group has helped funders of all sizes increase the impact of their grantmaking. As trusted advisors, we provide family philanthropies with objective counsel based on our experience managing several million dollars in grants annually for numerous family and institutional foundations. We offer a comprehensive range of services, from strategic planning and program design to foundation management and grant administration. We help clients set strategic direction, foster family engagement, and strengthen grantee relations while reducing administrative burdens and streamlining internal processes. Learn more at www.tccgrp.com.

