



# PASSAGES Issue Brief

EXPLORING KEY ISSUES IN FAMILY GIVING

## Demystifying Decision Making in Family Philanthropy

2021



### IN THIS ISSUE

- 2 INTRODUCTION
- 3 STRENGTHENING YOUR BOARD'S  
DECISION-MAKING PROCESS
- 4 STEP ONE: KNOW YOUR  
DECISION-MAKING OPTIONS
- 12 STEP TWO: DECIDE HOW TO  
DECIDE—THE “META” DECISION
- 14 STEP THREE: NAME IT UP FRONT
- 15 CONCLUSION: MAKING GOOD  
DECISIONS TOGETHER
- 16 ADDITIONAL RESOURCES
- 17 CREDITS

---

**Reaching consensus  
does *not* mean  
that everybody has  
to be in perfect  
agreement with  
a decision.**

Do any of these common decision-making dilemmas sound familiar to you or your family foundation board?

- One board member, often a founder or parent, wields more influence than the others, but the influence is not explicitly acknowledged;
- Board members go along with a vote just to get the decision over with, even if they don't fully support or understand it;
- Board members—or other stakeholders—are asked to give their opinions, even though key decision-makers have already made up their minds;
- A decision made when the whole board is present is later undone by board member(s) who disagree with it;
- Board members disagree with a decision more because of emotions related to the person supporting the idea than because of the content of the decision;
- No one is in charge, so the decision-making process is unclear or falls apart;
- Board members apply different lenses, priorities, filters, or criteria to make a decision such that expectations are not aligned;
- There is insufficient or inadequate information to make an informed decision, and/or the necessary stakeholders have not been consulted;
- Participants don't openly express genuine opinions around family members for fear of rocking the boat.

If not, *congratulations!* If, however, you have grappled with any or all of these decision-making dilemmas, or you just have a sense that the way your board makes decisions could be improved, then please read on...

# INTRODUCTION

A significant number of organizational conflicts and misunderstandings stem from unclear decision-making practices—and, family foundations are no exception. In fact, family foundations may have an extra layer of challenge when it comes to expectations for decision-making processes, because decisions made within the foundation may significantly affect the family or the family business. These changes may meet strong resistance, especially if decisions have been made one way, the same way, for a long time.

Many family foundations follow the decision-making procedures established in their bylaws. Typically, the bylaws require a majority vote or consensus to set or change policies. However, foundation boards often assume that they should use these same methods to make all decisions.

This *Passages Issue Brief* examines the kinds of decisions that family foundations often face and sets out practical, easy-to-apply guidelines for ensuring that the foundation's decision-making methods vary appropriately, as conditions and circumstances change. It includes factors to consider when selecting a decision-making method, guidance on how to communicate clearly, simple tools to help make good decisions, and short case studies that illustrate how the tools work.

By developing a repertoire of decision-making methods, and by making conscious choices about when and how to use them, your family foundation board will make better-informed decisions and reach agreements more amicably. These decision-making tools can be used by families with donor-advised funds, supporting organizations, and even by those making philanthropic decisions outside of a legal entity.

**A significant number of organizational conflicts and misunderstandings stem from unclear decision-making practices—and family foundations are no exception.**



# STRENGTHENING YOUR BOARD'S DECISION-MAKING PROCESS

How does your Board of Directors make decisions? Do you gather around a table with a clear, concise packet of relevant materials, a well-prepared agenda that spells out which decision-making process will be used, then calmly discuss various proposals until you reach a decision that everyone agrees with and can support? Maybe. But if your board is like most, there is a lot more going on behind any given decision than meets the eye. Family dynamics come into play in ways both seen and unseen, spoken and unspoken. And just as no two families are alike, the dynamics of each family foundation are unique.

Family foundation decision-making can be frustrating and time consuming unless certain steps are taken to select and communicate an appropriate decision-making process up front. A small investment in planning **how** to make family foundation decisions can result in better outcomes as well as higher board morale and greater enthusiasm in implementation. When board members have a say in selecting the decision-making process, they feel more invested in the outcome—even when they may not be included in making the final decision or may disagree with the end result.

Sometimes even the best laid plans need to change as new information comes to light. If the board realizes that the original decision-making method may not be the best choice—and everyone agrees to change to a different decision-making method mid-process—this can be productive. It may be helpful to have the assistance of an outside facilitator to ensure that all board members understand and agree to the proposed changes, so that no one feels manipulated or confused.

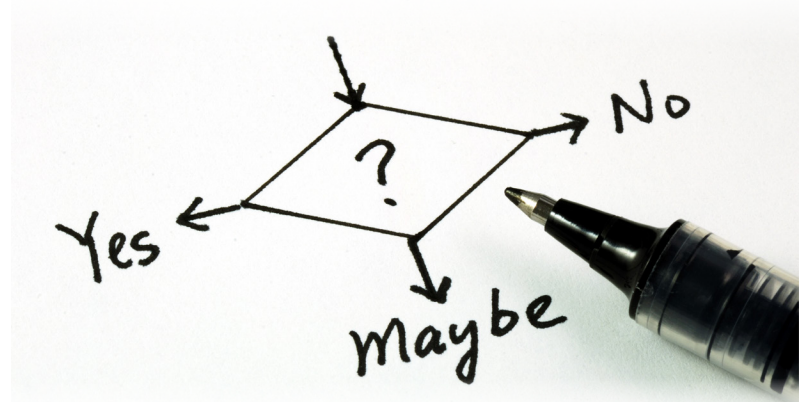
What matters most is that board members feel confident that their views are respected and the process is handled fairly. If board members feel that their perspectives are heard and factored into a discussion, they are much more likely to support and implement a final decision. *Thus, it is very important to reach agreement on the decision-making process to be used (the how), before making a decision (the what).*

Preparing your board to reflect on how it makes decisions requires that you first educate board members about their decision-making options, including the potential benefits and downsides of each. Informing your board about a variety of decision-making options helps board members identify which specific decision-making method will be appropriate for any given situation, as well as how to collect the data and perspectives needed to make a well-informed decision.

The goal of this article is to equip you with the three most important steps needed to simplify and strengthen decision-making for your foundation board:

- **Step One: Know your decision-making options.** Learn about and educate board members on the full range of decision-making options available;
- **Step Two: Decide how to decide.** Evaluate key criteria to determine the most appropriate decision-making method for any given decision or group of decisions your board faces;
- **Step Three: Name it up front.** Reach agreement on and communicate the decision-making process before entering into conversations about the content of the decision.

The time it takes to complete these steps will depend on the complexity of the issues, the board's knowledge and experience, and board members' ability to communicate and make decisions collaboratively.



# STEP ONE: KNOW YOUR DECISION-MAKING OPTIONS

The first step toward strengthening your board's decision-making capability is to become familiar with a variety of decision-making options. Your foundation's bylaws may dictate how certain decisions must be made, but you have a great deal of leeway in how you make many other decisions. Too often, board members become familiar with one way to make decisions and use this same method to reach agreement all or most of the time, regardless of whether the decision is very minor or has significant consequences for the foundation.

Common reasons boards routinely use one particular decision-making method include:

- A mistaken belief that the bylaws require all decisions to be made a certain way
- Reliance on tradition ("we've always done it this way")
- The board chair, founder or a senior family member is only comfortable with one way of making decisions
- The overall makeup of the board lends itself to making decisions in one way

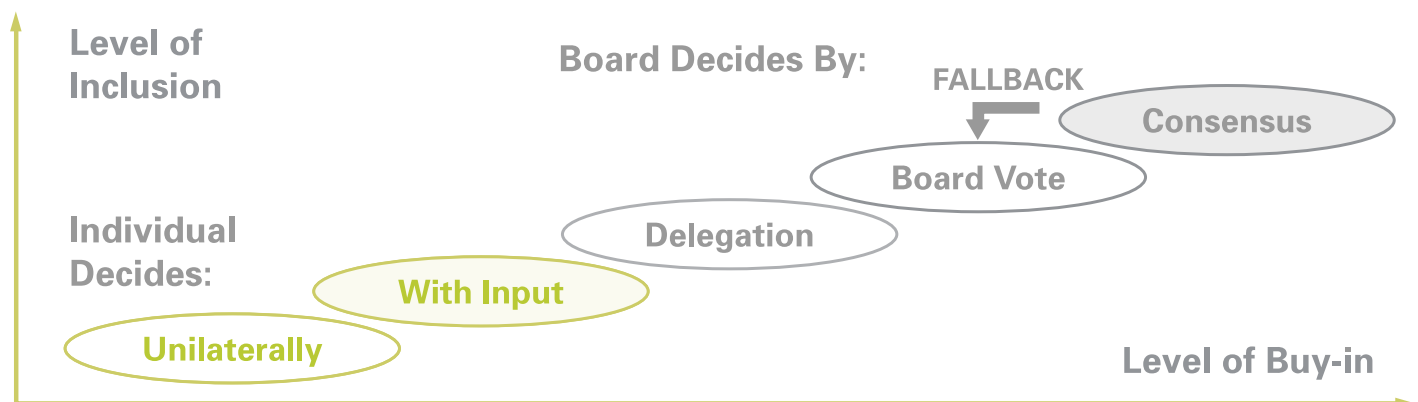
In fact, there are many ways decisions can and should be made, and your first task is to understand the broad repertoire of approaches at your disposal:

**In general, the more involvement people have in the decision-making process, the more included they feel, and the more buy-in and ownership they have in the end result.**

Figure 1 shows a set of potential decision-making methods for family foundations. It is not intended to represent the full range of decision-making options, but rather illustrates common approaches used by foundation boards. The two axes indicate a correlation between the level of involvement and the level of ownership in a decision. In general, the more involvement people have in the decision-making process, the more included they feel, and the more buy-in and ownership they have in the end result.

The lower three circles of Figure 1 indicate decision-making methods where the final decision-making authority rests with one individual. In the top three methods, decision-making authority is shared by more than one person. No matter which method is used, it is critical that all board members understand and agree to the selected decision-making method at the outset, especially for important board decisions.

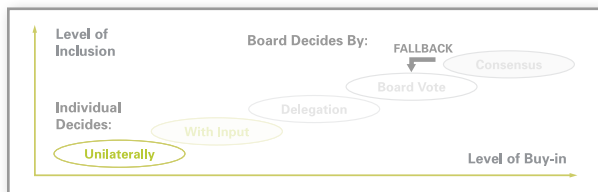
**Figure 1. Decision-making Methods**



*Adapted from How to Make Collaboration Work by David Strauss*



# Unilateral Decision Making



*A founder and board chair of a small foundation invited his three children to serve on the board. Several years later, he sold one of his businesses and contributed the proceeds to the foundation, tripling the size of the endowment. Giving*

*away more money required a greater time commitment from the second generation. Busy with their own careers, they suggested the foundation hire a program officer.*

*At the next meeting, the founder stunned the board by announcing that he had hired a former employee's daughter to be the program officer without consulting the board. The founder, in turn, was baffled by the board's response. From his perspective, the young woman was referred from a trusted source, and had strong academic credentials and experience in the foundation's key funding area. It never occurred to the founder that the board would not approve his choice, that there would be objections to not conducting a broader search, or that the second generation might feel hurt that a family member was not considered for the position.*

In this scenario, the board chair made a unilateral decision and announced it to the rest of the board. Unilateral decision making may be employed by a committee chair, board member, executive director, or other qualified individual on the board or staff.



## TIP #1

### Effective Unilateral Decision Making

Unilateral decision makers should explain their rationale for making the decision alone and give background information and context to help explain the decision.

## Decision Making When Founders are Present

Founders accustomed to making their own decisions in a business setting may bring unilateral decision-making to the foundation, often using it inappropriately. Founders may think of the foundation as “theirs” and feel impatient with or dismissive of group decision-making. At the same time, they genuinely want family members to be engaged in and feel a part of the foundation.

This situation may be difficult to shift, but family members have options for dealing with strong founders, including:

- Decide what is an acceptable degree of authority you need to make it worth your while to serve on the board. If the founder does not agree, you can choose not to serve on the board.
- Negotiate lines of authority for certain types or categories of foundation decisions, such as: hiring staff, making governance policies, or voting on grants. You may relinquish authority to the founder on certain issues and require a say in others. For example, the board may agree that the founder controls the largest share of the grants budget.

- Agree to the founder having final say on most issues, as long as they are willing to consider the views of the board first.
- Develop a persuasive argument for including board members in decision-making, such as, if the foundation was established in perpetuity, the founder's children and grandchildren need education and experience to make good decisions in the future with the money the founder worked so hard to provide.
- Encourage the founder to attend professional meetings where these situations are discussed and they can talk with other founders. Alternatively, provide them with a copy of this paper and ask to have a conversation about these issues.

Often just having these discussions can make a founder more aware of family members' desire to participate in the foundation's decisions. Many founders choose to establish a family foundation because they want to create a legacy of philanthropy for their family. How a founder includes other family members in the foundation's decision making will shape the family's involvement for generations to come.

## Decision Making When Founders are Not Present

It may be equally challenging to make decisions when the donor or donors are not present, but for very different reasons. When the founding donors are disengaged with the foundation or deceased, family boards are faced with the challenge of trying to interpret “donor intent,” often with only a broad or vague mission statement and a list of past grants for guidance. Thus, there may be many different perspectives regarding how the original donors intended the foundation’s money to be used. Further, with each successive generation, family culture and values may change, as well as issues and priorities in the community, country and globe, making the donors’ original intent even more difficult to interpret, or giving rise to a desire to prioritize things differently from the past.

While difficult, this is a normal and natural stage in a family foundation’s development. When these issues arise, it can be very valuable to engage a neutral facilitator to lead family foundation board members through a retreat to help the foundation reach the next level of organizational development. The retreat might include a re-examination of any founding documents or letters from the founders, as well as a review of the mission, vision and values of the foundation, to agree on updates to these documents that will make board decision making clearer and easier.

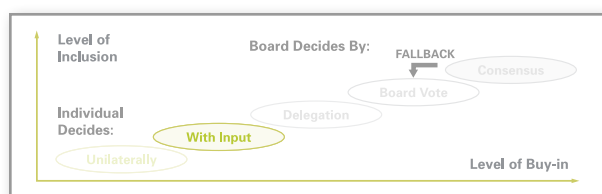
Used appropriately, unilateral decision making provides an efficient method for the decision maker to get what they want and settles the matter quickly and clearly. Unilateral decision-making is ideal for a host of situations (see chart on pages 10-11 for examples), especially routine decisions that affect few people or are unlikely to engender diverging opinions. Further, if the decision maker explains why he or she chose to make the decision alone and provides context for the decision, it can go a long way toward fostering buy-in.

This method is less appropriate for subjective decisions that will affect key stakeholders who may have varied opinions, and where the outcome may be of lasting significance. A potential downside of using unilateral decision making in such situations is that the decision may be made with insufficient information. Moreover, board members or other stakeholders excluded from the decision may feel hurt, unheard, or resentful. As a result, they are more likely to scrutinize or challenge unilateral decisions than other types of decisions.

Many foundation boards shy away from unilateral decision making because they want to promote a collaborative culture and value the benefits of group work. However, too much or inappropriate group decision making can be as damaging as too little. Few situations are more frustrating than being asked to give your opinion when no one intends to consider it. This is especially common if a controlling founder is still on the board. Board members may have lengthy discussions on an issue and then be “vetoed” by a founder whose mind was made up before the conversations even began.

Further, it wastes group time—and can become tedious quickly—to engage everyone in every decision, when one person’s time and attention is sufficient. Foundations that distinguish between decisions that can be made readily by one person and those that require greater input from more people will save time and improve morale.

## Unilateral Decision, With Input from Individuals on the Board



*After completing their apprenticeships on a junior board, the third generation of an East Coast foundation was invited to join the senior board. The next funding cycle was one month away, and the younger generation hoped to persuade the board to make a generous grant to a pooled fund for creating outdoor classrooms in public schools in the state with the hopes of having greater and more coordinated impact on the issue. The*

*older generation was wary of this new way of doing things, but was willing to keep an open mind until they learned more about it. Time, however, was limited.*

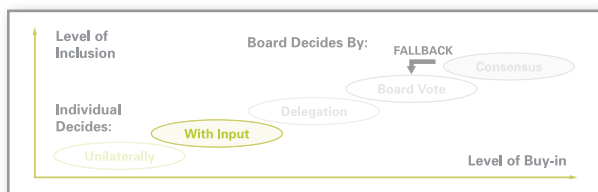
*The board agreed that the long-time executive director was the appropriate person to make a recommendation on the organization. She was trusted to be thorough in her investigations and impartial in her decision. To assist her in gathering information, she invited two members from each generation who had the time and interest to work with her to gather information from a variety of stakeholders. The investigation raised questions about whether the pooled fund was paying sufficient attention to equity issues. The executive director recommended that the board monitor the pooled fund’s progress and consider it in the next funding cycle. Both the older and younger generation were satisfied that their views had been carefully considered.*

In this case, one individual is authorized to gather input from other individuals before making the decision and announcing it to the entire group. The key to using this method successfully is seeking input from appropriate stakeholders. Stakeholders are those who will be affected by the outcome of the decision, who have relevant information, and who can implement or block the decision.

This decision-making method can result in a well-informed decision with high buy-in from those whose opinions were sought. It is a way to share leadership and to reach a decision quickly. When stakeholders are not carefully chosen to represent a broad range of views, however, decisions made in this way can unravel or breed dissent. Similarly, if the decision maker doesn't incorporate the information they receive or it isn't clear to the whole group that one person is ultimately making the decision, board members may feel manipulated.

Family dynamics can be tricky when certain board members are consulted for a decision and others are not. Before using this method, be sure that all board members know the criteria for selecting who is consulted and understand why this method is best suited to the situation. When feasible, include individuals who indicate that they want their opinions considered.

## Unilateral Decision, With Input from the Whole Board



In this case, all board members come together to share their perspectives on an issue but, one person retains ultimate decision-making authority. A simple example of this method is selecting a date for a retreat. One person asks board members to list

dates they are available. Then, that person unilaterally chooses a date for the board to meet based on everyone's availability. The following story provides another example:

*After reading an article that argued for the benefits of sunset clauses to limit the life of a foundation, a founder wondered whether he had made a mistake by setting up his family foundation in perpetuity. Before talking with his lawyer, he felt he should discuss the matter with his family.*

*He invited his children, their spouses and all the grandchildren—including an eight-year-old—to spend the weekend at the family's country house. He told them that he wanted to hear their arguments on why the foundation should continue indefinitely, but they should understand that he would make the final decision himself. At the end of the weekend, the founder was so touched by the family's pride in the work of the foundation and their desire to carry it on into the future that he decided against writing a sunset clause. He was confident that his children and grandchildren would be intelligent and committed philanthropists.*

One benefit of this decision-making method is that the decision maker hears a wide range of opinions. At the same time, board members feel that their views are important enough to be considered. An additional advantage is that board members hear ideas directly from one another without having them filtered through a third party.

A potential disadvantage is the difficulty of convening a large group, though this has become easier to accomplish through video conferencing. It takes time to hear from each person, and it may be difficult to have a fair conversation without a facilitator present. Another potential downside is that this method creates a situation where the final decision may go against someone's publicly expressed point of view.



### TIP #2

#### Collect input from key stakeholders

Gather input from board members who represent the interests of the whole board, and who can communicate effectively with board members who were not consulted directly.

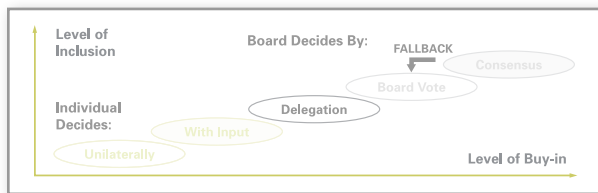


### TIP #3

#### Provide equal opportunity for sharing opinions

Give each person equal time to speak. Ask others to withhold comments until each board member has had a chance to express an opinion without interruption or retort.

## Board Delegates to Sub-group with Guidelines



This method of decision making is useful in situations where a subset of the board is likely to have expertise about an issue, and where other stakeholders have one or more specific requirements for the decision being made.

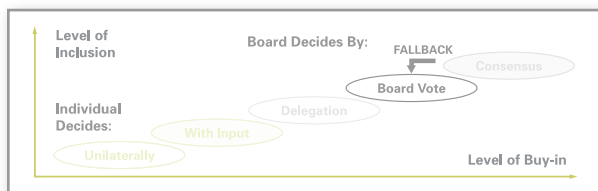
*The board of a large foundation was dissatisfied with the money managers who had been handling the foundation's investments*

*because the return on investments had fallen substantially, jeopardizing the foundation's grantmaking. Selected board members were also concerned about the lack of alignment between the foundation's mission and investments; they sought to identify a more diverse set of investment managers, and were eager to bring a gender lens investing approach into their overall strategy.*

*The board agreed that the foundation needed new money managers and the board chair delegated the job of identifying and interviewing candidates to the finance committee. To help them assess prospective candidates, the board chair provided a list of guidelines the new money manager had to have a better performance record than the current manager over the last three years; the new company had to use environmental screens for investments and have experience with gender lens investing; fees had to be comparable to those of the current manager; and the company had to have an expressed commitment to diversity among its staff and be located in the same town as the foundation office. The final guideline was that if the three-member Finance Committee could not reach consensus within one month, then the Committee would decide by majority vote.*

*A different foundation in the Pacific Northwest selected this method to plan an important foundation retreat. The board appointed a committee to make the arrangements and set an agenda. However, the board neither clarified how much authority the committee had to make decisions independently nor whether the budget was sufficient to hire a facilitator. As a result, the committee had to keep running decisions past the board chair. The result was that the board chair was distracted from doing her job and the members of the committee were frustrated by not being able to do theirs.*

## Board Votes



Most family foundations use some form of voting to make decisions. Besides being a familiar method, voting yields a definite outcome, includes everyone, and feels fair. One drawback to voting is that it may create “winners” and “losers” and, therefore, varying levels of acceptance. A close vote indicates that the winning proposal doesn't really have a lot of support. Moreover, the vote can be an empty gesture if the buy-in of a board

member on the “losing” side is critical to implementing the decision. Some foundations routinely vote on issues before they have adequately discussed them just to “get the job done.” Other foundations spend too much time talking. They have such long discussions and raise so many issues that it becomes unclear what they are voting on.

## Do's and Don'ts of Delegation

### When Delegating, Do:

- Think through and articulate guidelines or constraints for the decision or set of decisions so that authority and leadership are transferred to the sub-group
- Make sure that the most informed people make the decision so that the board can accept the delegated decision without much rework or revision
- Ensure that those making the decision have access to the resources they need

### Don't:

- Provide fuzzy, incomplete, or inaccurate guidelines that frustrate sub-group members
- Undermine the autonomy of the sub-group by interrupting or taking over their work
- Provide a clear process to end the deadlock in case the sub-group can't reach a final decision



### TIP #4

#### Delegate authority thoughtfully

Take care to delegate authority to board or committee members who have the time, expertise, interest, and ability to make a well-informed decision.



The key to successful voting is well-structured, informed, fair discussion before the vote is taken. Board members should have a chance to raise relevant questions and to have their questions answered. In addition, it is important to check that everyone has the same understanding of what is being proposed. To ensure that those conditions are met, you may consider appointing or hiring a facilitator for complex or high stakes decisions.

*A family foundation in Texas wrestled for months with the question of whether to allow spouses to serve on the board. On one side were board members who argued that spouses were family members who should be eligible to serve on the board. On the other side were those who worried that spouses would change the character of the foundation and dilute honored family traditions.*

*After several hours of back and forth debate, the board chair called a vote. Those opposed to allowing spouses on the board prevailed by a slim majority, but their victory was hollow. They had argued so vigorously against including spouses that the board members who favored including spouses took the rejection personally.*

In this case, the board chair was mistaken to call for a majority vote at this point in the discussions. The board was too polarized to accept the results of a majority vote. In fact, the vote further polarized the board, creating a family rift that affected relationships both inside and outside the boardroom. The chair would have been wiser to table the debate until the board could find a skillful facilitator or consultant to help them work through their disagreements. Even taking a break from the discussion for period of time may allow board members time to decompress and be more willing to compromise at a future meeting.

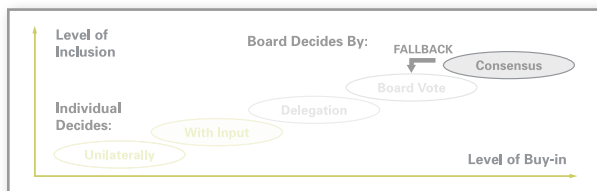


## TIP #5

### Take 'pulse' of the board

A straw poll or brief survey can be used to help mitigate an uncomfortable voting situation or to indicate how close the board is to reaching consensus.

## Board Reaches Consensus



Consensus based decision-making is often considered the “best” way to make decisions for family foundation boards; however, there can be challenges and complications to an over-reliance on the approach. One of the key challenges of making decisions on the basis of consensus is that board members often do not have the same understanding of what a consensus decision entails.

**Reaching consensus does *not* mean that everybody has to be in perfect agreement with a decision.** Rather, it means that all board members have an opportunity to express their views as equals, hear the perspectives of other board members, understand the decision as it is proposed, and can support the decision in both their words and actions. While it may not be everyone’s first choice, they can all live with the agreed-upon decision and accept that it meets the important interests of the group.

Benefits of consensus decision making include:

- Discussions leading up to the decision can be very informative and produce a shared understanding of what the board wants to accomplish
- Buy-in from the whole group is usually high if consensus is reached
- Implementation tends to proceed smoothly because of the high level of buy-in
- Collaboration strengthens the board’s morale and sense of being a team

Potential drawbacks to using consensus decision making include:

- Genuine agreement may be difficult or impossible to reach if the issues are complex or heated
- Board members may settle for the lowest common denominator decision (the bare minimum requirements for agreement are satisfied, but the decision leaves everyone feeling unsatisfied with the outcome)
- Board members agree just to get the process over with, but dissent when it is time to implement the decision
- One member who refuses to budge can hold the whole board hostage, unless there is a fallback decision-making method and a time limit established before discussions begin

**Figure 2: Board Decision-making Options for Family Philanthropy**

DECISION-MAKING OPTION	KEY ADVANTAGES/REASONS FOR USING THIS METHOD	POTENTIAL DISADVANTAGES OR DANGERS OF USING THIS METHOD	SITUATIONS WHERE THIS METHOD MAY BE APPROPRIATE
<b>Unilateral Decision</b>	<ul style="list-style-type: none"> <li>• Quick, clear, and efficient</li> <li>• Decision maker gets what he or she wants</li> </ul>	<ul style="list-style-type: none"> <li>• Decision sometimes made with insufficient information</li> <li>• Little buy-in to decision from other board members</li> <li>• Decision more likely to be scrutinized and challenged by other board members</li> </ul>	<ul style="list-style-type: none"> <li>• Grant, governance, or management decisions that are clear and uncontroversial</li> <li>• Disaster or emergency grantmaking</li> <li>• Decisions that need to be made under very short timeframe</li> <li>• Trivial decisions</li> </ul>
<b>Unilateral Decision, With Input from Individuals</b>	<ul style="list-style-type: none"> <li>• Typically high buy-in from those whose opinions were sought</li> <li>• Allows board to share leadership, but still get things done relatively quickly</li> <li>• Preserves privacy for sensitive matters</li> </ul>	<ul style="list-style-type: none"> <li>• May yield decision that gets undermined in the future by those not consulted</li> <li>• Risk of those who are not included feeling left out</li> <li>• Those consulted may not best represent the views of the majority</li> </ul>	<ul style="list-style-type: none"> <li>• Staff compensation review</li> <li>• Discretionary grant review</li> <li>• Reviewing spending policy</li> </ul>
<b>Unilateral Decision, With Input from the Whole Group</b>	<ul style="list-style-type: none"> <li>• Decision maker gets a great deal of information in short time period</li> <li>• Likelihood of increased buy-in from those whose input is acted on</li> <li>• All board members get to hear ideas directly from one another and not filtered through third party</li> </ul>	<ul style="list-style-type: none"> <li>• May be hard to convene full group</li> <li>• May be difficult to have a fair conversation unless a facilitator is present</li> <li>• Creates likelihood that final decision may go against someone's publicly expressed point of view</li> </ul>	<ul style="list-style-type: none"> <li>• Disaster or emergency grantmaking (i.e., via conference call)</li> <li>• Decisions where everyone on the board has some information or expertise to offer</li> <li>• When the decision maker has a lot of control but needs information (e.g. how much to contribute annually to the foundation)</li> <li>• May be "Fallback" method for other options</li> </ul>
<b>Board Delegates to Sub-Group with Guidelines</b>	<ul style="list-style-type: none"> <li>• Transfers authority and leadership to small group of the most informed people</li> <li>• Frees other board members for different tasks</li> <li>• Those making the decision usually have a high level of buy-in</li> </ul>	<ul style="list-style-type: none"> <li>• Poor delegation can result in frustration for all—if the guidelines are unclear or inaccurate</li> <li>• Extent of subgroup's authority must be made clear</li> <li>• If inaccurate guidelines given, decision may not be viable</li> <li>• The people not chosen for the sub-group may be resentful</li> </ul>	<ul style="list-style-type: none"> <li>• Setting board terms and limits</li> <li>• Creating trustee qualifications</li> <li>• Creating or altering spending policy</li> <li>• Many committee decisions</li> </ul>
<b>Board Votes</b>	<ul style="list-style-type: none"> <li>• May be mandated by bylaws for certain decisions</li> <li>• Board members are likely to be comfortable voting because it is familiar</li> <li>• Votes produce a definite outcome, include everyone, and may be more likely to feel "fair" to all involved</li> </ul>	<ul style="list-style-type: none"> <li>• Creates "winners" and "losers"</li> <li>• Close votes indicate that winning proposal doesn't have full support</li> <li>• Vote can be empty gesture if board member who is on losing side is critical to implementation</li> <li>• Votes sometimes taken with insufficient discussion beforehand</li> </ul>	<ul style="list-style-type: none"> <li>• Typically necessary for certain decisions mandated by bylaws</li> <li>• Inviting new family trustees</li> <li>• May be "Fallback" method for other options, particularly Consensus</li> </ul>

*Continues.*

**Figure 2: Board Decision-making Options for Family Philanthropy** *Continued.*

DECISION-MAKING OPTION	KEY ADVANTAGES/REASONS FOR USING THIS METHOD	POTENTIAL DISADVANTAGES OR DANGERS OF USING THIS METHOD	SITUATIONS WHERE THIS METHOD MAY BE APPROPRIATE
<b>Board Reaches Consensus</b>	<ul style="list-style-type: none"> <li>• May be required by the foundation's bylaws for important decisions</li> <li>• Discussions leading up to a consensus decision can lead to shared understanding of what the board is trying to accomplish</li> <li>• Typically results in very high buy-in, and enthusiasm from the whole group</li> <li>• Implementation may proceed more quickly and smoothly as a result</li> </ul>	<ul style="list-style-type: none"> <li>• May be difficult or impossible to reach consensus if the issues under discussion are complex or heated</li> <li>• May result in "lowest common denominator decisionmaking," where no one is satisfied with the outcome, and decision contains bare minimum requirements for people to agree</li> <li>• Trustees may agree just to get process over with, and then express dissent afterwards when it comes time to implement</li> </ul>	<ul style="list-style-type: none"> <li>• Decision to suspend grantmaking or dissolve the foundation</li> <li>• Decisions where a high level of involvement and buy-in are sought: <ul style="list-style-type: none"> <li>- Hiring/firing executive director</li> <li>- Creating an annual report or website (i.e., deciding to establish a public presence)</li> <li>- Revising mission and guidelines</li> <li>- Inviting non-family to serve on board</li> </ul> </li> </ul>



## TIP #6

### Have a fallback

Have a fallback decision-making method in place at the outset of discussions, in case the board can't reach consensus within a reasonable timeframe. That way, the board can avoid the risk of false or coerced consensus, while ensuring that a decision will actually be made. Two common fallback decision-making methods are *Board Votes* and *Unilateral Decision, With Input from the Whole Group*. However, any of the methods discussed above can be used as a fallback.

Consensus decision making may be required by the foundation's bylaws for important decisions, such as dissolving the foundation. It may also be desirable when a high level of involvement and buy-in is sought.

*An East Coast foundation decided it needed to cut one of its programs. Because this was a significant decision that would affect all board members and many outside stakeholders, the board chair proposed that the board would strive for consensus, with the decision falling back to the board chair if the group could not agree.*

*The board chair organized a daylong meeting to discuss the implications of cutting different programs and to hear each board member's perspective. He also hired a facilitator to help create the agenda and guide the discussion to ensure that everyone had a fair chance to speak. By the end of the day, all but one board member agreed on which program should be cut. Because the board could not reach consensus, it resorted to its fallback the board chair made the decision based on what had been discussed. Although the decision went against the wishes of the one dissenting board member, that board member felt fairly treated and was able to accept the decision gracefully.*



## TIP #7

### Set a time limit

Set a time limit for discussions so that people know when the consensus discussion will end and when the fallback decision-making method will be used.

## STEP TWO: DECIDE HOW TO DECIDE—THE “META” DECISION

Once your board understands the many different decision-making options it has, how should it go about selecting the most appropriate way to make a given decision? First, the board must decide who will choose how to make decisions. This job typically falls to the board chair, but anyone can do it, as long as the whole board agrees.

### Lenses for Decision Making

As foundations try to grapple with the many social movements sweeping the United States and the world, an ever-increasing number of foundation boards are adopting a new set of timely “lenses” through which to view their grantmaking and other functions. For example, the Black Lives Matter movement has motivated many foundations to use a racial equity or diversity, equity and inclusion lens, and the “Me Too” movement has inspired the use of a gender equity lens.

In many cases, the goal of applying this lens is to raise awareness and ensure that equity and justice issues are given thorough consideration by the board. Further goals may include disrupting the foundation board’s default ways of thinking and responding, and ensuring that perspectives from people in relevant groups and communities are gathered and used to make the decision.

In addition to lenses stemming from social movements, many family foundation boards have worked hard to develop a set of values that reflect who they are and what they stand for, and these values become a critical filter through which they conduct their philanthropy. Thus, the filters, key criteria, or lenses through which a family foundation views its work may be as varied as the families themselves—what is crucial is that the lenses be defined, articulated, agreed to and applied consistently.

When determining which decision-making method to use, the first question in the Decision-making checklist is: should each decision be assessed independently, or are there categories of decisions that can be treated similarly?

Once this question has been answered, the remainder of the questions in the following checklist should be answered for each decision or category of decisions. Your responses to these questions will help you select a decision-making approach that will be effective for your board.

### Decision-making Checklist— jot down answers to the following 10 questions:

*Keep the following decision-making checklist handy each time your family foundation needs to tackle a decision.*

1. Is the board faced with one singular decision, or are there multiple decisions, or categories of decisions, to be made along the way?
2. What is/are the decision(s) to be made?
3. Who are key stakeholders, and is the definition of success different or the same for each of them?
4. How much should key stakeholders be involved in order to provide important perspectives and to confidently support or implement the decision?
5. Has the board committed to prioritizing any particular lens, filter or criterion for decisions of this kind?
6. How much time can be spent making the decision?
7. How significant is this issue to the board and to others, both inside and outside of the foundation?
8. Who has the information or expertise to contribute to making a high-quality decision?
9. How capable and experienced are decision makers in working together to make decisions that may require give and take?
10. How much baggage, tension or emotional charge already surrounds this decision?

Once you have answered the checklist questions, you’ll be better prepared to select one of the decision-making methods described above or to create a hybrid method that is even better tailored to your foundation’s particular needs.



In many cases, common sense will dictate which decision-making method to use. What's most important is that your board be aware of the different decision-making options available, including their associated strengths and

weaknesses. When your board is unsure how to proceed or disagrees about the significance of a decision, then the "IT FITS" formula described in Figure 3 may help you to choose the best method for that particular decision.

## Figure 3: IT FITS Model for Decision Making



*Family foundation boards have a tendency to make all of their decisions using only one or two of the decision-making methods available (typically voting and consensus decision making). A better approach is to evaluate the key decisions a board makes using set criteria. The following is a process for determining what method makes the most sense for a given decision.*

How do you pick the right decision-making method?  
When "IT FITS:"

- I:** Importance of the decision
- T:** Time available
- F:** Family / board dynamics
- I:** Information needed
- T:** Tradition
- S:** Stakeholder buy-in needed

### Importance of the Decision

If a decision is important to the foundation, greater inclusion in the decision-making process is recommended to build broad support for the decision. For insignificant decisions, it may be more efficient for one person to decide unilaterally rather than to expend other people's time. Determining whether or not a decision is important is subjective and may require board discussion.

### Time Available

Time is a primary factor people consider when selecting a decision-making method. Consensus discussions require the most time to convene and conduct, so consensus may not always be a practical choice. However, lack of time should not be used as an excuse to make decisions unilaterally. While it may be the easiest approach in the short term, soliciting input and getting people involved early will increase support for the decision.

### Family / Board Dynamics

If an issue is emotionally charged or has a history of conflict, it may be unrealistic to aim for a consensus decision—and frustrating to try to do so. Instead, the board should opt for a method that includes as many people as possible, but does not require unanimous agreement. Because a board cannot always tell ahead of time whether an issue will be emotionally charged, decision makers need the flexibility to shift decision-making styles midstream. The key is to get

explicit agreement from the board before making the shift in decision-making method, so that no one feels manipulated or confused.

### Information Needed

If one or two people have all the information needed to make the decision, it may be appropriate for them to have authority to make the decision without involving others. It is much better to make the decision without someone and to explain why you did it that way than to ask someone's opinion with no intention of considering it.

### Tradition

Tradition plays a large part in many foundation boards' decision-making processes. If you have a tradition of using consensus and it is working—terrific. If Mom usually makes most of the decisions and everyone agrees, that can be terrific, too. The challenge is judging whether the traditions or habits of your board serve the interests of both the board and the broader community, and if not, being flexible enough to introduce new methods where needed.

### Stakeholder Buy-in Needed

Getting the buy-in of stakeholders may be the most important criterion of all. Boards should begin by asking: How important is it that all members of the board have buy-in to this decision? If the answer is, "Very important," then the entire board must be included in making decisions. If the board is unsure how important buy-in is, then it should discuss the matter before it can select the appropriate decision-making method.

*Once the "IT FITS" criteria have been evaluated and a decision-making method is chosen, the method must be made explicit to the full group. If a decision will be made at a board meeting, the decision-making method should be articulated at the beginning of the meeting and written on the agenda.*

*Getting explicit agreement at the outset about how a decision will be made—and any time limits or fallback decision-making methods—sets clear expectations for everyone, avoids surprises, and increases the chance that people will collaborate.*

## STEP THREE: NAME IT UP FRONT

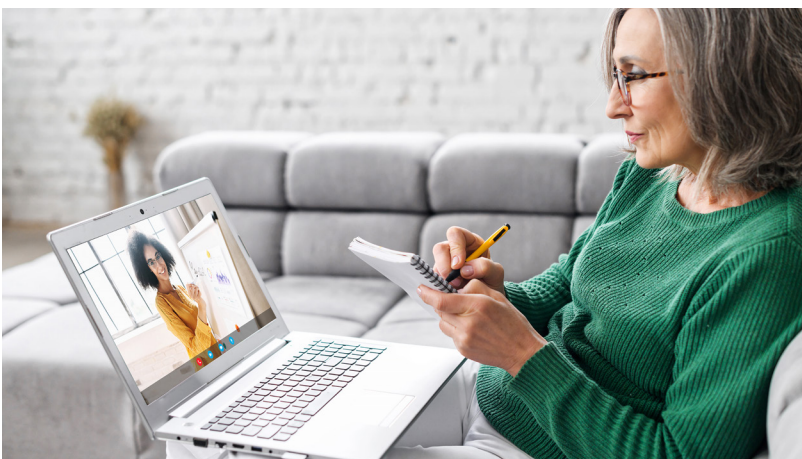
A crucial and often forgotten step is to set aside time on the board agenda to build agreement on the decision-making method that will be used, and to communicate this clearly so that everyone has the same understanding going into deliberations. All of the effort to educate board members and select an appropriate decision-making option can be lost if this all-important step in the process is omitted.

### Decision-making tools

*Describing a full range of decision-making tools is beyond the scope of this article, but here are a few easy-to-implement tools that may help move your decision-making discussions along:*

- **Decision Matrix:** List your decision alternatives as rows. List relevant criteria, lenses of other important factors as columns and assess each alternative with a number score, or with high, medium, low.
- **SWOT Diagram:** Analyze a proposed by decision by listing its Strengths and Weaknesses, as well as potential Opportunities or Threats stemming from it.
- **Values-based Analysis:** Assign a number between one and five for how the decision does or doesn't reflect each of the foundation's values.
- **Fist to Five:** Quickly gauge how close you are to consensus by asking everyone to show their level of agreement with a proposed decision by holding up a number of fingers, from five for wild enthusiasm to clenched fist for vehement opposition.
- **The Negative Question:** Ask, "Does anyone disagree?" in order to find out where there needs to be further discussion or negotiation.

A crucial and often forgotten step is to set aside time on the board agenda to build agreement on the decision-making method that will be used, and to communicate this clearly so that everyone has the same understanding going into deliberations.





## CONCLUSION: MAKING GOOD DECISIONS TOGETHER

The process you use to make decisions can affect the outcome of the decision itself. If you are concerned about how your board makes decisions, consider scheduling time at a board meeting or retreat to discuss decision-making with the full board. Before the meeting, circulate copies of this paper so that board members are familiar with the issues, challenges, and options for good decision making.

At the meeting, consider using examples of challenging decisions from your foundation's past to examine how you might improve your board's decision-making process. You may also present

examples of decisions that your board made effectively and highlight what worked well. Bringing in an outside facilitator can help guide your discussion and ensure that information is presented in a neutral way that everyone can absorb and apply.

Choosing when and how much involvement is appropriate in decision making is one of the biggest challenges family foundations face. By developing a repertoire of decision-making methods, your board can choose the best method for each situation. Besides saving time, the added versatility is likely to lead to better decisions and greater commitment on the part of the board.





# ADDITIONAL RESOURCES ON FOUNDATION DECISION MAKING

[Power Dynamics in Family Philanthropy Content Collection, National Center for Family Philanthropy](#)

[Participatory Grantmaking Content Collection, National Center for Family Philanthropy](#)

[Demystifying Decision Making webinar recording, National Center for Family Philanthropy](#)

[Family Meetings and Retreats Content Collection, National Center for Family Philanthropy](#)

[Decision-making in Family Foundations, The Bridgespan Group](#)

[A Brief History of Decision Making, Harvard Business Review](#)

[Who Decides? Mapping Power and Decision Making in Nonprofits, Nonprofit Quarterly](#)

[New Approaches to Effective Board Decision Making, AHA Trustee Services](#)





# CREDITS

## About the National Center for Family Philanthropy

Established in 1997, the National Center for Family Philanthropy (NCFP) is a catalyst for the greater good; it provides donors and their families with comprehensive resources, expertise, compassionate support, and community. We are rooted in the belief that family participation enriches philanthropy and that philanthropy strengthens families. We empower donors and their families to define and pursue their purpose, establish thoughtful policies and practices, and build community to make a positive impact through their giving. NCFP is a national network of donors and their families, community foundations, and philanthropy-serving organizations. For additional information about joining NCFP's network of funders and partners, please email [ncfp@ncfp.org](mailto:ncfp@ncfp.org) or visit [ncfp.org/join](https://ncfp.org/join).

## About the Author



Ann Shulman, J.D., LL.M., is the Executive Director of Philanthropy Associates, a firm that provides customized consulting, training, facilitation and executive coaching services to foundation staff and board members. She has over twenty-five years of organizational development experience helping strengthen governance, strategy, decision-making and communications for foundations of all types. Ann is the former President of the Northern California Mediation Association, is the Environmental Program Director of a family foundation in San Francisco, and has served on the boards of many nonprofit organizations, including the West Marin Fund where she is currently Vice Chair. Ann earned her B.S. in Psychology from Duke University, her J.D. from Berkeley Law, and an LL.M. from the European University Institute.

## Special Thanks

We offer special thanks to our Leadership Circle members, Friends of the Family, Community Foundations, Family Philanthropy Network members, and our Partner Subscribers who make it possible for NCFP to produce important content for the field. We also express our deep gratitude to the experts and advisors that agreed to contribute their perspectives to this paper. For additional information about joining NCFP's network of funders and partners, please email [ncfp@ncfp.org](mailto:ncfp@ncfp.org) or visit [ncfp.org/join](https://ncfp.org/join).



NATIONAL CENTER FOR  
FAMILY PHILANTHROPY

© 2021 National Center for Family Philanthropy. All rights reserved. This essay may be reproduced or excerpted with source credit to the National Center for Family Philanthropy. The information in this paper should not be taken as qualified legal advice. Please consult your legal advisor for questions about specific legal issues discussed in this essay. The information presented is subject to change, and is not a substitute for expert legal, tax, or other professional advice. This information may not be relied upon for the purposes of avoiding penalties that may be imposed under the Internal Revenue Service.