

---

# Once in a lifetime

## Making a difference

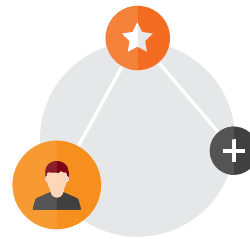
*Next gens say they want to play a bigger role in almost all aspects of the family business. But one area they're particularly keen to do more in is social responsibility.*

Almost four in ten next gens say they want to play a bigger part in helping the business make a positive contribution towards society. And it's an area they are well equipped to lead.

Many next gens are tapping into growing public expectation that businesses should be about more than just profit. Some feel their generation is particularly motivated by the idea of 'giving back'.

This sentiment rings true for PwC Private Clients Partner, Glen Frost, who's been advising family businesses for over 25 years.

"While all families are different, in my experience the second generation is generally more interested, and more active, in philanthropy than the first generation. Historically for many first gens philanthropy often meant attending a fundraising event and handing over a cheque. But attitudes and expectations have evolved a lot since then and next gens are looking to become actively involved in philanthropic endeavours they support," says Glen.



# 39%

*of next gens want a bigger role in social responsibility.*

---

### **Professionalising philanthropy**

A large proportion of next gens see social responsibility as an integral part of what the family business does. And, they're looking to bring the same level of professionalism and accountability to their philanthropic activities as they do to their commercial activities.

The family behind Vittoria Food and Beverage, one of Australia's largest coffee manufacturers and fine foods distributors, recognises the importance of 'giving back' to the community that's supported them through three generations of business. Family member Gabriella says 'giving back' is part of not only the business culture, but the family culture as well.

Managing Director Rolando, part of the third generation working in the family business, says the culture created within Vittoria gradually extended beyond the business, with many employees starting their own charities or fundraising initiatives. A legacy the company is proud of.

When looking to philanthropy, one of the first questions to consider is: what organisation or cause do you want to support? In Australia, there are more than 26,000 registered charities, all of which would welcome donations. So where do you start?

“Narrowing in on who to help is a fundamental question for a family business wanting to take a more strategic approach to social responsibility. Some may want to support education or homelessness, others may favour environmental or health causes. Whatever you choose, you should be clear on why you’re doing it,” says Glen.

The family also needs to decide how it will help. For example, charities often look to sponsors to provide business skills, such as assistance in writing a marketing plan or getting their back office in order. Family businesses can be useful in more ways than just providing money.

Glen says that measuring impact is becoming increasingly important for charities. “Do you have the systems and processes in place to evaluate the effect you are having? Do you know the extent to which you’re making a difference? – because next gens will be asking charities this question over and over again”.

“In Australia, many families are now setting up dedicated structures, such as Private Ancillary Funds, as a way to better manage their philanthropic activities. Contributions to Private Ancillary Funds are tax deductible, but the structure itself can also lead to improved governance and decision-making by requiring, among other things, regular reporting and an independent director on the board,” says Glen.

### ***A pathway to business intelligence***

Taking a more professional and strategic approach to social responsibility can also provide next gens with the opportunity to sharpen their business acumen.

If you want to be involved, you need to attend meetings and engage with recipient organisations and advisors. You need to work out what’s a good return relative to risk, and make decisions and execute them.

“One owner I know used philanthropy as a way of introducing his kids to the concept of managing wealth from a very early age. Starting from around 10 years of age, each child was given oversight of \$10,000 within the family’s Private Ancillary Fund to allocate to an appropriate charity.

“They could give it to whichever cause or organisation they wanted, as long as they did some personal research about the charity, and presented to the family as to why they’d chosen the particular charity and how they expected the donation would help”.

“The kids are now in their twenties and are successfully applying some of the skills learnt from their philanthropic activities in the business,” Glen explains.

## ***Three steps to better giving***

Regardless of whether you are first, second or third generation, there are three steps that will help make your philanthropy more effective and sustainable.

### ***1. Get a clear vision***

Think about the impact or change you want to bring about. You can’t do everything, so decide what it is that you want to leave your mark on. Find out what organisations and causes are out there, and how you can best help.

### ***2. Learn from other family businesses***

Tapping into the experience of other families is one of the best ways to fast-track your understanding. Use your networks and contacts to find out what works and what doesn’t, then apply those lessons to your own business.

### ***3. Have a family discussion***

Philanthropy is most effective when the entire family is on the same page. Talk openly and often about your goals, objectives and strategies so that you can arrive at a ‘whole of family’ understanding of what you’re aiming to achieve.

## ***Contacts***



### ***Sanjiv Jeraj***

Partner  
+61 3 8603 3187  
+61 438 300 965  
sanjiv.jeraj@pwc.com



### ***Glen Frost***

Partner  
+61 2 8266 2266  
+61 4 0861 6990  
glen.frost@pwc.com



### ***Dale Santfl***

Partner  
+61 3 8603 0994  
+61 408 375 739  
dale.santfl@pwc.com



### ***David Wills***

Partner  
+61 3 8603 3183  
+61 417 505 546  
david.a.wills@pwc.com