

# Philanthropy and Next Gen: The 'Interstellar' Strategy

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Families have a 97% chance to fail the transfer of its business after three generations,' PWC, KPMG and the Montaigne Institute have observed. Those who would like to transfer their family enterprise to the next generation face a double challenge: they have to transmit assets, as well as their values.

Philanthropy can be a good way – but not the only way – to address both challenges. We know a number of philanthropists who have elaborated a strategy that we can call 'Interstellar' (as in the eponymous science-fiction film) to ensure the transfer to future generations. This process is far from science-fiction but remains a journey to the unknown, similar to the one that Interstellar hero, Cooper, undertakes. His mission is to find a new world in order to save humanity through space-time.

To continue with the analogy involving the cosmonaut, this journey includes the four following elements:

1. **Money doesn't have a value, but several values.** In the 19th century, John D. Rockefeller established a dynasty that remains famous to this day. This entrepreneur, whose fortune has rarely been matched, also translated his philanthropic calling through a foundation that bears his name. The story goes that in his kitchen, he had three containers of the same size that were given to his children. They each had a specific purpose, which he called the three S's: Spending, saving, and sharing.
2. **Values are not transmitted with a speech,** they live through examples

and practice. Recent studies show how important it is to talk with one's children, and it is even more important to give and encourage them to do the same. *'I have lived in a philanthropic world since I was born. I've always heard about it because my grandmother was a philanthropist, my aunts were philanthropists, and even my great-aunts!'* said the director of the Henriette-Anne Doll Foundation. Children who get directly involved in charity projects will develop experiences that strengthen their sense of responsibility and empathy. Our philanthropist-cosmonaut will act as a facilitator and give some power of decision and autonomy to his children. In France, the 'Ecole de la Philanthropie' has developed an innovative model to enable young people to become engaged in a concrete manner and to live an enriching experience.

3. **Philanthropy is a platform to bring these values alive:** As was the case with John D. Rockefeller, we see more families that prepare the next generation by establishing private charitable foundations, or creating a specific fund dedicated to transmission. Money becomes a wonderful tool to be used in tandem with other approaches, and teaches those involved to work together. Entrepreneurs, who create wealth in our society, all know the fascinating challenge of building an estate. Their heirs are also aware of how skillful they must be to develop and transmit it. Not everybody has these skills; philanthropy can be a unifying tool.
4. **Long-term thinking is a key strength for any family business:** If most family businesses do not get passed down to the second generation, those that successfully do so are especially strong. In times of crisis, family businesses have a revenue growth that



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is superior to that of other businesses. Their strength and differentiating factors lie in the fact that they develop a long-term vision and invest more in the training of their staff than other companies. These are some of the values transmitted to the next generation through philanthropy: have a long-term vision for the future and invest in people.

The journey taken by the philanthropist to transmit assets and moral values can rely on a variety of structures – a foundation or a donor-advised fund, for example. Philanthropists develop strategies that answer the fundamental questions Cooper asked: what kind of world will we leave to the next generation? How can we prepare our successors for the challenges they will face tomorrow?

To close our analogy with the film *Interstellar*: isn't the goal of those who want to make their family business last through generations comparable to Cooper's goal? The cosmonaut takes risks in order to make a better world for Tom and Murphy, his children, who are given an active part in his effort. The 'Interstellar strategy' is not science-fiction. It was established by a number of philanthropists with two goals in mind: contribute to a better world according to one's own values, and enable the next generation to contribute to the same endeavor and make it sustainable.

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