

Family enterprise matters

Many Canadians are familiar with family enterprises operating in their communities: the bakery next door, the manufacturing plant at the edge of town, the multinational household brand. Yet few are likely aware of the extent of the philanthropic contributions business families make.

Although their enterprises operate in different sectors, there are powerful similarities in how Carol Newell, co-founder of Renewal Partners, and Margaret Hudson, president of Burnbrae Farms, approach philanthropy. Both have strong philanthropic roots and credit professional advice and next-generation involvement for enhancing their journey to advance health and sustainability across the country.

PHILANTHROPIC ROOTS

Ms. Hudson leads a sixth generation family business, in which three generations are currently involved. "My great-grandparents purchased our farm in Lyn, Ontario, in 1891," she says, adding that when her father brought chickens to the family's farm in the early '40s, this set the direction for what is now a large-scale national egg business.

"When you're farming in a community where people have needs, you help out. That's the kind of tradition that, once established, gets carried through generations," says Ms. Hudson. "My great-aunt started the Hudson Burnbrae Foundation in the early '70s. And when we expanded our operation to other communities, we established the Burnbrae Farm Foundation, which allowed us to take our giving policies national."

Similarly to the Hudsons, the Newell family has a long history of supporting community causes. "My family has always actively contributed to the well-being of the small town where Newell Mfg began four generations ago," says Ms. Newell. "A few years after my father died, my mother began making larger strategic donations, which were more reflective of our increased philanthropic capacity and likely prompted by professional advice."

Watching her mother maximize charitable giving inspired Ms. Newell to create her own foundation. Through her investments via Renewal Partners and philanthropy via Endswell Foundation, she has nurtured a wide variety of broad-spectrum solutions to the ecological and social problems facing her home province, British Columbia.

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PARTNERING FOR GREATER IMPACT
Leveraging capital for generative investing enabled Ms. Newell to "seed exciting new ideas and projects, and watch amazing initiatives and experiments take shape and interconnect."

For maximizing impact, she suggests enlisting advisers and allies with shared values who can leverage their dedication and experience to allow initiatives to succeed. "The ingenuity, drive and passionate vision of our community partners gave us

all the thrill of investing in a healthy future we could believe in," says Ms. Newell, adding that among the lessons she learned was to "give people the latitude to make mistakes."

"Overzealous diligence and mandates to be perfect can hold us back," she says. "This is a time to give flight to new thinking."

Partnerships have also been important for Ms. Hudson, who says events of 2020 – and the global pandemic – have reminded her of her father's accounts of the times of the Great Depression. Then as now, the importance of food has come to the forefront.

"Since we're in the food business, it is natural that we leverage our strengths for pursuing philanthropy," she says. "This year, when the needs of food banks went up, we donated almost four million eggs into the system with our partners."

ENGAGING THE NEXT GENERATION

In addition to advancing food security through a number of initiatives, Burnbrae Farms' extensive philanthropic portfolio includes causes related to the environment, health, culture, sports and more – reflecting the passions and priorities of different generations of family members.

For ensuring continuity for both the business and

philanthropy, the next generation needs to be at the table, believes Ms. Hudson. Having the right structures and processes in place – as well as drawing on professional advice – can help drive engagement and manage through conflicts that might arise.

A family council provides the framework for managing the three circles: ownership, business and family, explains Ms. Hudson. "Integrating our gifting strategies and foundation into the family process helps us gain insights into what is important to family members and channel our initiatives into such areas."

This engagement builds value and creates alignment. "Directing the activity of the foundation together will help with succession and integrating the next generation into our shareholder group," she says. "Our parents built the business, and our generation is focusing on the infrastructure that will support our family in continuing to own the business and work together. Ultimately, we feel very strongly that the foundation is integral to our legacy as a business family."

Ms. Newell also draws inspiration from the next generation. "It is obvious that youth are clamouring for us to go forward," she says. "Let's up our game and shift our behaviours on behalf of the generations coming."



Burnbrae Farms, a family business in which three generations are involved, has a long legacy of giving back to the community through supporting first local and now national philanthropic endeavours (top right and below). Carol Newell also comes from a business family well versed in giving (top left). SUPPLIED



Professional advice can make a big difference in helping a family enterprise ensure charitable giving is done in an impactful way. ISTOCK.COM

FAMILY ENTERPRISE ADVISORS SHARE INSIGHTS ON CHARITABLE GIVING STRATEGIES

Many family enterprises regard philanthropy as a key part of building a legacy. Yet business families also face unique challenges that can impact their business and philanthropy.

"Some of the most common issues business families grapple with concern values and ethics pertaining to wealth transfer," says Gena Rotstein, Family Enterprise Advisor (FEA) and co-founder of Karma & Cents Inc. "When members of the rising generation take over the business or family foundation, they can bring different perspectives to what they see as family legacy. Chances of having a successful transition diminish when the next generation isn't at the table during the planning stages."

This can disrupt philanthropic activities, says Ms. Rotstein.

On the other hand, philanthropy can be a powerful tool for engaging the next generation. "I've seen an example where the grandchildren, as young as seven or eight, were asked to prepare a PowerPoint presentation about a cause they would like to support," she says. "Beyond honing research and communication skills, this serves to create alignment and strengthen intergenerational family connections."

Open discussions about shared values and defining a common

mission can boost multigenerational engagement in both the family business and philanthropy, says Jo-Anne Ryan, FEA and vice-president, Philanthropy, TD Wealth Advisory Services.

"It's a great opportunity to explore options for collaborating on something family members are passionate about. After all, there are lots of different causes – and about 86,000 charities – in Canada," she says. "Professional advice can make a big difference in maximizing philanthropic impact by helping to determine whether a charity is a good fit and creating a structure that ensures charitable giving is done in a tax-efficient way."

Among the options business families can consider are setting up their own foundation or using a donor-advised fund, both of which create tax advantages and allow family members to guide the distribution of funds for charitable purposes.

Ms. Rotstein also advises business families to look for a strong alignment in values when choosing a charity. "Whether you're a long-term philanthropist or just dipping your toes in the charitable sector, the most important thing is to ask questions, get to know the organizations and try them on for size," she says.

Business families have to develop a plan, discuss this plan and share it

outside their network for feedback, Ms. Rotstein stresses. "Be strategic with your giving, and be aware of the interplay between philanthropy and the business."

For example, philanthropic efforts can enhance customer and employee appreciation and brand recognition of the family enterprise as well as engage family members who may not be involved in business operations.

Building consensus on philanthropic issues allows family enterprises to tap into their multigenerational advantage and recognize the value of diverse views. For example, women tend to approach philanthropy differently from their male peers, says Ms. Ryan. "Research shows that women like to build relationships with the organizations they support. They may volunteer or join the board before they're ready to make a gift."

The next generation also tends to have different priorities, adds Ms. Rotstein. "They often look at philanthropy from a business lens. Beyond writing a cheque or getting their name on a plaque, they want to ensure a substantial impact, because they know that without a robust non-profit sector, our healthy, vibrant, democratic society – with all our arts, culture, sports and recreation – would be at risk."

CORE FAMILY VALUES DRIVING BUSINESS AND PHILANTHROPY

There are countless examples of Canadian business families stepping up their efforts during the coronavirus pandemic. Some kept their employees on payroll despite closures; some shifted production to manufacture personal protective equipment. And many increased their philanthropic contributions to help vulnerable community members.

The recognition that family enterprises are important to the fabric of our society inspires the efforts of the Family Enterprise Foundation (FEF) and its "community of communities," according to Jim Burton, the foundation's board chair.

"Our mandate is to create knowledge and educational resources, and to promote the success and sustainability of entrepreneurial families and their enterprises to ensure intergenerational longevity," he says. "When family enterprises thrive, everybody benefits, since caring for their communities and giving back is part of the DNA of business families."

Creating favourable conditions for family enterprises includes providing opportunities to share and learn from each other – offered through both the Family Business Network Canada (FBN-C) and Family Enterprise Xchange (FEX) communities – as well as promoting and advancing family enterprise-centred advice, states Mr. Burton. "Family businesses have very unique needs and dynamics, and our Family Enterprise Advisor (FEA) designation program gives advisers the tools and knowledge to take these complexities into account."

The recent sale of his business of 41 years allowed Mr. Burton to seed a family foundation, and he is working with two certified FEAs on moving this philanthropic endeavour

forward, he says. "We see working with advisers who specialize in family enterprise as an important asset."

Margaret-Jean Mannix, chair, FBN Canada, says that while philanthropy is an important part of her family's endeavours, it is separate from the purview of the operating companies.

"I appreciate the interconnectedness [between business and philanthropy] as both efforts stem from shared core family values that provide guidance and inform decision-making," she says, adding that keeping the entities separate allows the family to support "people who are experts in philanthropy working on the philanthropic front."

Both components are key for advancing the family legacy. "Respecting an individual's journey into philanthropy is really important," says Ms. Mannix. "If it sings to your heart, let's encourage [you] to do it."

Such dedication is evident as Mr. Burton describes the family foundation he runs with his wife and children. "We are very fortunate to have this opportunity to come together, think about our higher purpose and hopefully create a lasting legacy by supporting causes we are passionate about," he says. "And our family is not alone in having these goals. Every year, several billions of dollars are given due to family enterprise philanthropy."

While the desire to have a positive impact is common among family enterprises, these pillars of community also need the support of their customers, partners and peers, adds Mr. Burton. "Now more than ever, it is important for all business families to be a part of a connected peer community. Now is the time to reach out and help one another."

The community of communities dedicated to improving the outcomes for family-owned enterprises in Canada includes the Family Business Network, Family Enterprise Xchange, Family Enterprise Advisor designation and Family Enterprise Foundation.

