



# The world needs entrepreneurial philanthropy

An Interview with Etienne Eichenberger, Founder & Managing Partner of WISE Philanthropy Advisors

by Alexandra Jequier and Nick Harris

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Etienne Eichenberger is Founder and Managing Partner of WISE Philanthropy Advisors.

WISE advises on everything from setting up foundations and advising on causes, to delivering projects in the field, to ensure the best possible impact from philanthropy.

Etienne is also President of the Swiss Philanthropy Foundation, a leading community Foundation, co-founder of the Foundation Board Academy, and a Board Member of BoardforGood.org as well as P4NE.org. Etienne was recently recognized by the Citywealth Philanthropy Advisor of the Year Silver award 2022.

## How did you get started in the philanthropy space?

WISE Philanthropy advisors was created twenty years ago as we identified a need for people who wanted to be good at doing good to be counselled professionally. In the past philanthropy was for people who had time or were coming to the end of their life. Today there is more appetite for philanthropy in society and it is part of a lifelong journey. As a result, there are growing expectations: how well you give, who you give to, how you make decisions are important aspects. WISE helps individuals, entrepreneurs and families engage in philanthropy.

## What recent developments have you observed? How has the philanthropic landscape evolved?

Half of all foundations have been created in the last 20 years. There are now over 13,000 foundations established in Switzerland. In 2021 365 new foundations were created: one per day. The Swiss average of foundations per 10,000 inhabitants remains almost unchanged at 15.5 foundations per 10,000 inhabitants – a world leading position.



The 20th century was the time of the states and states would regulate what was good for society. In the last two decades there has been a growing recognition that the private sector as well as civil society play a substantive role in advancing the agenda. On the latter, foundations have a very important mission to support civil society in their role both to challenge the states and combine what states cannot fund while recognizing that this may differ in different cultural set-up.

## **What does philanthropy mean for you and for your clients?**

Philanthropy is an important and highly rewarding way for individuals and families to make a difference in a rapidly changing world whereby both the climate change and the social inequality agenda enhance the challenges. That said, philanthropy is an act of generosity embedded in people's DNA and sometimes, within the family dynamic. It may be an individual journey as a person or a collective experience as a family. It enables family members to reconnect, in a different way, across generations and identify talent they did not know they had. Philanthropy allows the nurturing of values through behaviours created within the act of giving. Family philanthropy can also be a good way – if well structured – to harness the motivation and energy of the younger generation. Philanthropy is a means to an end; the objective is to help people create a long-standing social impact and to make a difference.

## **What are the challenges/mistakes to avoid?**

It is not because you are good in creating wealth that you will naturally be good in spending it. Like the world around us, philanthropy is changing and transforming, and philanthropic families are seeking out new ways to ensure that their giving is meaningful and impactful. Our experience shows that it is an emotional inner journey before becoming a structured process. In order to find your path, we recommend that you answer some important questions before moving into action to clarify some key elements. The Family Philanthropy Navigator [a how to book co-authored by Etienne] is a good tool to ask yourself the right questions, it offers an easy to use, step by step guide for new and existing philanthropic families to initiate or enhance their journey in giving.

## **Do you see different approaches and goals according to different generations? How can a family be rallied around a common vision?**

Philanthropy is often the decision of one first, giving impetus, before being shared with the other family members. Philanthropy can be a fantastic opportunity for parents to show children that having wealth is an opportunity to share, to take responsibility to do good and become good at doing good. But it is also fair to recognize that giving across generations gets more complex. To get alignment, the initiator should share ownership with the others so that it becomes a common project, and the others are engaged also. You need to be humble and recognise that one person doesn't have all the answers. To be successful you need a clear framework and have explicit rules that apply both to yourself and the others. In fact, those rules will help you to take decisions that will frame values over time.



### **How can a common philanthropic goal be used to groom the next generation to work together? What impact does philanthropy have on the family?**

Society as a whole is facing an increasing challenge and tension in terms of collaboration across generations which may have very different perspectives. Engaging in philanthropy as a family can be a bumpy road if not well initiated (or redefined). The process of creating safe spaces for good discussions is important, as is creating frameworks. Philanthropy can be an environment where it is easier to discuss sensitive topics among wealth owners like what money means for you, both individually and then collectively. You define what you have in common and then you learn how to talk about other issues and also become good listeners. It is also an environment where you can engage the next generation before they join the board of the Family Business. In philanthropy it is not natural to get external expertise. It is healthy to have a third party to help take decisions and sometimes moderate disagreements.

From our perspective, there will be a growing pressure for family foundations to also foster greater diversity within their boards. Successful families have external people on their boards. Family members usually behave differently when they are not the only people around the table! Overall, having a caring culture on the Board is an important factor. A culture of responsible ownership should be cherished.

### **What are the pros and cons of setting-up a foundation vs coming under an umbrella organization?**

A foundation has no clients, no customers, no shareholders – it has only beneficiaries. This makes it a very special organization. At the same time the goals of a foundation are fixed within a very rigid legal structure. The time it takes, the administrative charge it entails made us think that this is often like managing a SME. You have then to be honest with yourself whether you are eager to carry that burden. Hence you should explore what is the right vessel. One needs to consider time and resources:

- If you are fully available the foundation is right. If you do not have much time and want to focus on where your money goes and how you create impact, it is better to go for donor advised funds.
- Sometimes foundations are also too small. In our experience, below 10 million CHF/EUR it is often not worth building your own foundation.

Foundations are also rightly carefully scrutinised in terms of government oversight and so are the umbrella and community foundations (which host donor advised funds). With the latter your donor advised fund oversight is delegated to the main foundation and you have more time to dedicate to your effective commitment to make a difference.

### **How does one find the right person to run the foundation?**

It depends on the type of foundation, how much time you have, how much you spend and what your ambitions are. Sometimes you don't need anyone except an administrative support, sometimes working with philanthropy advisors is the best approach and finally, sometimes you need to hire a director to run your endeavour. We recommend our clients to use external Executive Search professionals to help them identify and assess the right profile. It is about the people, the personalities, the skills, the networks, the values. If I summarize my advice, what should be looked for in terms of the right support, it is someone who has both the right experience and integrity.



**What impact did the pandemic have?**

Philanthropy has been shaped by Covid as it happened to all of us at the same time almost. It is also the first major crisis that opened our new days of poly-crisis. In our OECD countries, it has become a reminder that each one of us is fragile and vulnerable. But if we look at our conversation more specifically, even in the most difficult times, philanthropy can help us to crystalize or prioritize values that matter for us as individuals, families or society. Family Businesses know best how to turn adversity into an opportunity. Foundations would significantly benefit from more “entrepreneurial philanthropy” with greater commitment.

**Etienne, thank you very much for sharing those insights!**

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