The Rockefellers: A Model for Family Stewardship

“If the values weren’t lived, the words wouldn’t have had an impact,” David Rockefeller Jr. said. “So I think the family has tried its best to live those values, to whom much is given, much is expected.”

The Rockefeller family is one of the oldest and most prominent family dynasties in the US. It is also one of the most discreet. By many measures the family has been incredibly successful. The Rockefeller foundation has celebrated 100 years and the family has stewarded a fortune of over $11Billion.

Now entering into its seventh generation, the descendants from the original wealth creator, John Davison Rockefeller (JDR), come together at least twice a year. The family has stayed together and feels like a family. It has done so without the scars of family feuds or lawsuits.

The writings, anecdotes and stories of JDR’s life provide many clues as to how such a strong legacy was built. Like all successful families, the legacy comes from clear purpose and a strong set of values. So, how might the purpose and values chapters of the Rockefeller Family Charter read?

Using many of JDR’s original ideas, we’ve attempted to piece them together.

> ***‘Singleness of purpose is essential for success in life’****, JDR*

For many successful individuals, philanthropy denotes a level of success, the culmination of a lifetimes work. The idea that once there is enough wealth to share around, it is time to consider how to contribution to something greater. For JDR, it was a core belief long before there was any wealth to speak of. When he started out at 18, earning $3.50 a week as a clerk in Cleveland, he gave around 6%, sometimes more, of his income to charity. By time he was 20, he was consistently giving over 10%. David Rockefeller Jnr recalled giving to charity with his very first allowance, aged 10.

Whilst he was driven to succeed, the purpose for JDR was not the accumulation wealth and he said so explicitly. ‘The man who starts out simply with the idea of

getting rich won't succeed; you must have a larger ambition.' This larger ambition remains central to the family today. The Rockefeller Foundation's mission, unchanged since 1913, is to promote the well-being of humanity throughout the world. This mission aligns JDR's essential belief that, 'having been endowed with the gift I possess, I believe it is my duty to make money and still more money, and to use the money I make for the good of my fellow man according to the dictates of my conscience.'

The mission drives many of the family's ventures and its decision making. The Rockefeller Brothers Fund is an example of pioneering impact investment. The strength of the family mission and the extraordinary family tradition of putting family wealth to work in service of improving the world, made the process of implementing a mission-aligned impact investing program that much easier. It is the same mission that has driven the divestment of all stocks related to oil and gas.

> ***'They have not only conveyed wealth in their family, but they have conveyed values, and that is a real achievement.'*** *Mort Zuckerman*

Purpose is clearly a key element to the success of the family. However, when you look at the challenges experienced by the Carnegies, the Vanderbilt's (dynasties born out of the same era as JDR) there must be more to the story than 'purpose' or 'mission'.

To understand this, we need to look at values. 'If the values weren't lived, the words wouldn't have had an impact. I think the family has tried its best to live those values, to whom much is given, much is expected.' David Rockefeller Jr.

Here is a guess at what values JDR may have espoused:

1. Practice discipline and ritual

JDR was a bookkeeper by trade and paid meticulous attention to the detail of his accounts throughout his life. JDR tracked all of his spending and saving. He kept a strict account of his finances in a small notebook he dubbed 'Ledger A.' Even as an old man, he kept it in a safety deposit vault like a sacred relic. Discipline and ritual mattered a lot to JDR and it is important to the family today.

They meet as a family twice a year for the family forum. In June, at the Playhouse on the grounds of the historic family estate in New York's Hudson Valley or in New York City over Christmas. At Christmas there are often more than 100 in the same room for a Christmas lunch. Ritual is built into the process as well. When you are 21, you get invited to the forum where you get tell a little about yourself and get welcomed in. The idea is to say you are part of the family.

Not having an operating business to either run or divest has helped to create a stable foundation for the family to work from. However, there are a number of informal arrangements to maintain harmony. The non-solicitation rule for example, that prohibits family members from tapping each other for their personal charities.

2. Live within your means

'I have never known a playboy Rockefeller.' Henry Kissinger.

Even after accumulated massive wealth JDR continued to live frugally relative to his peers. He bought and built large houses, but they were always modest compared to what he could have afforded.

The family never flaunted its wealth. JDR Jnr was squeamish about putting his name on Rockefeller Center as he thought it 'flamboyant and distasteful'.

Today, the Rockefellers make a conscious effort to teach their children to preserve their money and use it to improve the world. The key lesson is that 'touching capital is a cardinal sin and you should try to live on your income'.

3. Continue to learn and grow

JDR was passionate about learning through his everyday conversation and taking insights from those around him. As the head of Standard Oil 'he conversed not only with those overseeing the operation, but with the rough wildcatters who were actually doing the drilling.' He was famous for saying very little, preferring to listen to others than dominant the conversation. 'It is very important to remember what

other people tell you, not so much what you yourself already know.' JDR

Education is synonymous with the Rockefeller's. JDR founded University of Chicago and Rockefeller University. The Rockefeller Foundation continues to support education as a backer of the London School of Hygiene and Tropical Medicine, and the New School in New York. In 2008, David M. Rockefeller made the largest gift by an alumnus in the history of Harvard University, giving $100 Million.

In 1911 Standard Oil was divided into multiple publicly listed entities which allowed the financial assets to be easily passed on to future generations by way of a series of comprehensive trusts. In addition to the trusts, there are a series of committees and other structures that provide a means to connect and educate a family that spans a massive 242 descendants.

A close colleague who once sat in investment meetings with David and Laurence Rockefeller recalls an important ritual where each trustee writes a letter to the family board outlining how they put their distributions to use. Using the principle 'invest, save, spend, give' helped each Rockefeller be an effective philanthropist and steward of their personal wealth.

Further reading

Despite their longevity and significant impact, there are limited resources or case studies on the governance and structure of the Rockefeller family. The resources below provide some further context on the family, the Rockefeller Brothers Fund, including several articles on the values and beliefs that shaped JDR.

https://www.ft.com/content/1abecaa8-1867-11dd-8c92-0000779fd2ac

http://theimpact.org/wp-content/uploads/2016/09/TheImPact_RBFCaseStudy_2016lowres.pdf

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