

Growing More Than Just Growing Financial Assets

Across generations and across cultures, the sentiment is the same: family enterprises and family wealth often does not make it into the third and fourth generations. It doesn't need to be that way.

Every family faces challenges to successful, long-term sustainable legacies. For the countless strengths and opportunities giving family enterprises a competitive advantage, business families face unique challenges in setting up the enterprise and the family to be successful for generations to come. There is no magic checklist or fill-in-the blank formula, but there are things enterprising families can do:

- As a family, write a family mission statement, complete with your family values and beliefs, and discuss what it means to see those values in action
- Create an environment of open, clear, and direct communication
- Define what wealth means to your family legacy
- Record family stories through conversations with parents, grandparents, and other relatives either through audio, video or written word. You may decide to record the younger generation interviewing their senior family members
- Develop clear policies and business norms for family members
- Clearly define the roles and responsibilities in the enterprise
- Have a plan, in writing, for the transition of the enterprise and assets to the next generation
- Establish a fair and equitable exit strategy for those not interested
- Help each family member internalize the vision for the family and the enterprise

Like it or not – everything you do and say contributes to or influences your legacy. Building a legacy is not a one-time event. Rather, it is a lifelong process that is influenced by, and also influences, family. A true family legacy is more than just the legal documents distributing your assets. In order to nurture the legacy, you must understand what your family legacy is. A legacy is formed by the sequences of actions that resemble one another and are lived out in each generation. It is the repeated behaviors and actions that shape your family legacy.

Each family is special and unique. Each generation needs to adopt and add to the family legacy and definition of family wealth. The wealth of a family consists of more than simply the financial capital. Your family has special family intellectual wealth, family social wealth, family spiritual wealth, and a unique familiness. Engaging in a legacy dialogue should not create opposition in the family. Rather, it should be an opportunity to experience the free flow of thoughts between family members to build a congruence of

thoughts that will unite the family and strengthen the business.

Your family's legacy is too important to expect it to 'just happen'. It is important to understand what questions to ask, appreciate the sensitivity of the issues and conversations, develop the ability to communicate with those impacted, and support more satisfied lives. To lose family harmony due to a lack of understanding does not help build a family legacy. A legacy of love, harmony, security, and enterprise success is the ultimate goal. As your business family focuses on the development of the family and the business, you need not travel this journey alone.

What makes legacy planning for success so difficult for so many business enterprises? Reasons families do nothing run the gamut: the senior generation fears letting go; the business is going well and it is too much fun to let go; the enterprise is struggling and the senior generation feels like they have to get it back on track; the senior generation's belief that the rising generation is not ready or not interested; the senior generation's indecision in choosing the next leader; the family wants to avoid difficult or awkward conversations; psychological and emotional connections to an identity connected to leading the family business.

Avoidance, or doing nothing, can seem like the easiest option, but is only going to make things more difficult in the future (and probably frustrate the rising generation in the process). Preparing for any change in season takes planning, and preparing for succession is no different

A professional family business advisor can help the family and the enterprise function with discipline and forethought to ensure sustainability for future generations. A qualified advisor can bring clarity to issues, perspective based on experience, and unbiased relationships with family members. In addition, an advisor can provide: unbiased input, strategic insight, give voice to family members, succession planning, and ask the difficult yet critical questions. A family business advisor is the constant thread throughout the process to help navigate the pitfalls, keep focused on the goals of the family, and help the family address the concerns of the various stakeholders. Don't do this alone. Invite a family business advisor to help you navigate the journey.

It is not too late to get started. Doing nothing is not really an option. The legacy you leave is the life you lead.