

Legacy Planning Part 2 of 3: How Strong Families Survive Tough Times

Ideas and actions advisors can use to help families now.



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About GenLegCo.

- ▶ 30 Years of experience preserving families and their wealth
- ▶ Worked with 260+ successful multigenerational families
- ▶ Studied an additional 200+ families
- ▶ Proven “7 step to Healthy Family Governance” process to assist families with communication, philanthropic vision, legacy planning, succession, and education

Seven Steps to Healthy Family Governance

7. Advancement - An Endowed Continuum of Healthy Family Governance and Succession - Collaboration with other advisors to align the Assets and Estate Plan to the Family Purpose.

6. Action - Practice Governance and Leadership: “The Ties That Bind”
Family Entrepreneurial Mindset, Family Philanthropy, Family Bank, ...

5. Conflict Management - Empathic Communication to Deal with, Practice and Manage Conflict vs. Avoiding Conflict - Relationship Building and Renewing.

4. Values, Vision, and Mission : “Words to Definitions to Stories” - To Know and to be Known, To Trust and to be Trusted, To Love and to be Loved -
Vision/Mission Statement - Link to History and Future - Intentional
Experiential Exercises & Team Building Experiences

3. Communication - Evaluation of Leadership Styles - Learning Safe Transparent Communication and Style Shifting - Managing Triggers

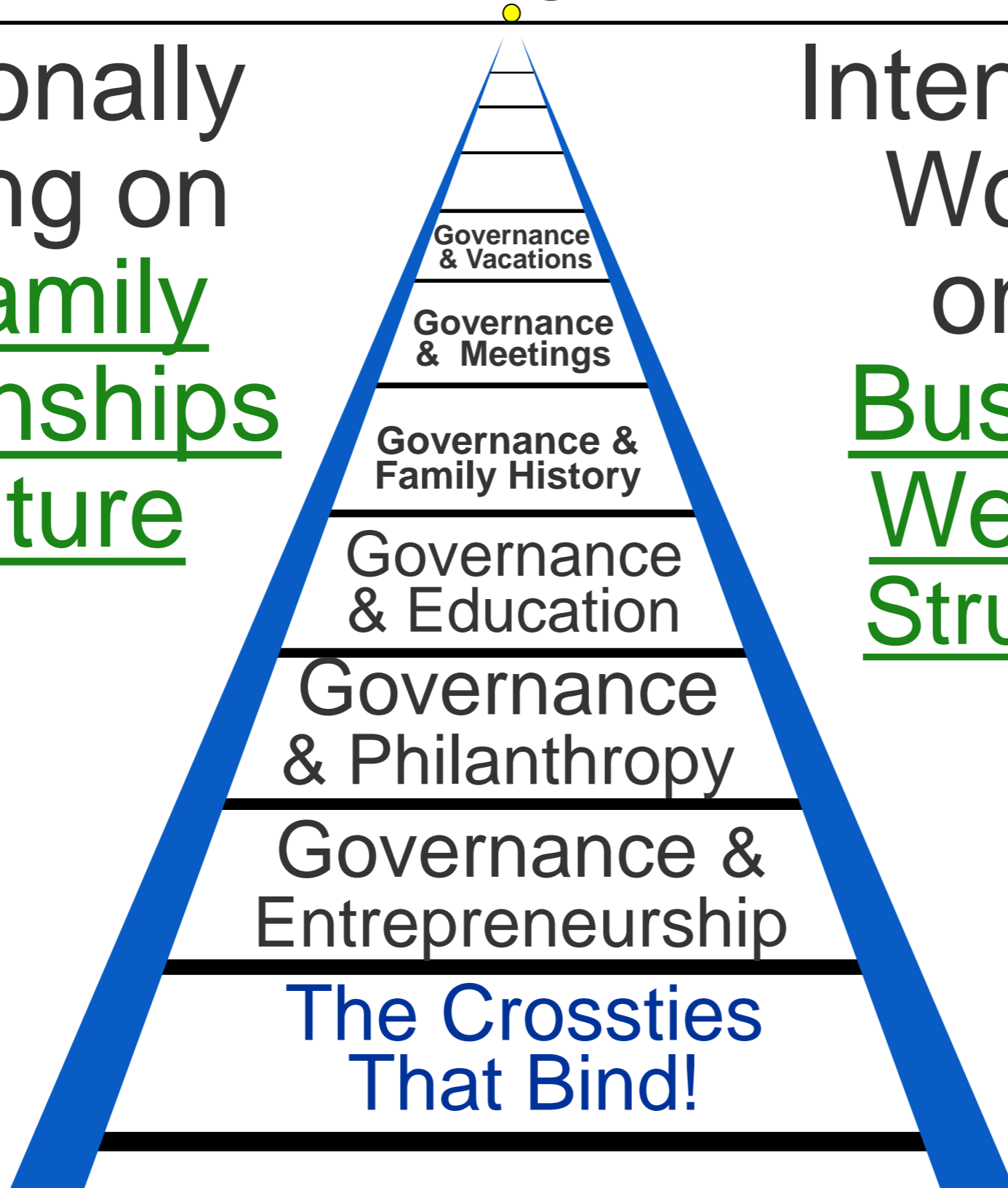
2. Education - Family Education of Problems and Solutions - Create Context
“Lifelong Learning Together” - Creating a Family Curriculum

1. Assessment - Setting the Foundation “Where are we now, where do we want to be, and are we improving over time?”

Preserving Wealth in Families

“Vanishing Point”

Intentionally
Working on
the Family
Relationships
& Culture



Intentionally
Working
on the
Business,
Wealth &
Structures



**“Even if you’re ahead of the
train, you’ll get run over if you
just sit there”**

- Will Rogers



Preserving Wealth in Families

Intentionally Working on the Family Relationships & Culture

Intentionally Working on the Business, Wealth & Structures



To Know and To Be Known
To Love and To Be Loved

Build Strong Relationships
Deep Communication & Trust
Ongoing Teambuilding
Create and Preserve Traditions
Document Our History
Unity – Inclusion – Spouses
Holidays, Birthdays, Vacations,
Reunions, Celebrations

“Purpose of the Family”

Ties That Bind
To Trust and To Be Trusted

Family Governance
A Familiness Culture AND
An Entrepreneurial Mentality
Family Education – “Our Curriculum”
Family Philanthropy
Family Bank
Family Meetings
Family Values, Vision, Mission,
Strategies, Tactics

“Do to Learn”

Stewardship & Mentoring of Wealth

Knowledge & Education
Degrees, Licenses, Certifications,
Experience
Abilities – To be Assessed, Applied,
Learned or Hired
Endowing the Family’s Future
Family Estate & Legacy Planning
Responsibilities & Consequences
By Invitation – “Earn the right”

“Purpose of the Wealth”

Preserving Wealth in Families

Left Rail

To Know and To Be Known

To Love and To Be Loved

Build Strong Relationships

Deep Communication & Trust

Ongoing Teambuilding

Create and Preserve Traditions

Document Our History

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“Purpose of the Family”

Preserving Wealth in Families

Right Rail

Stewardship & Mentoring of Wealth

Knowledge & Education

**Degrees, Licenses, Certifications,
Experience**

**Abilities – To be Assessed, Applied,
Learned or Hired**

**Endowing the Family's Future
Family Estate & Legacy Planning
Responsibilities & Consequences
By Invitation – “Earn the right”**

“Purpose of the Wealth”

Preserving Wealth in Families

Crossties

Ties That Bind To Trust and To Be Trusted

Family Governance

A Familiness Culture AND

An Entrepreneurial Mentality

Family Education – “Our Curriculum”

Family Philanthropy

Family Bank

Family Meetings

Family Values, Vision, Mission,

Strategies, Tactics

“Do to Learn”

Preserving Wealth in Families

Intentionally Working on the Family Relationships & Culture

Intentionally Working on the Business, Wealth & Structures



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Stewardship & Mentoring of Wealth

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“Purpose of the Wealth”

“Action” – Family InterPreneurship

**A Family & Entrepreneurial Mindset Applied
to Everything:**

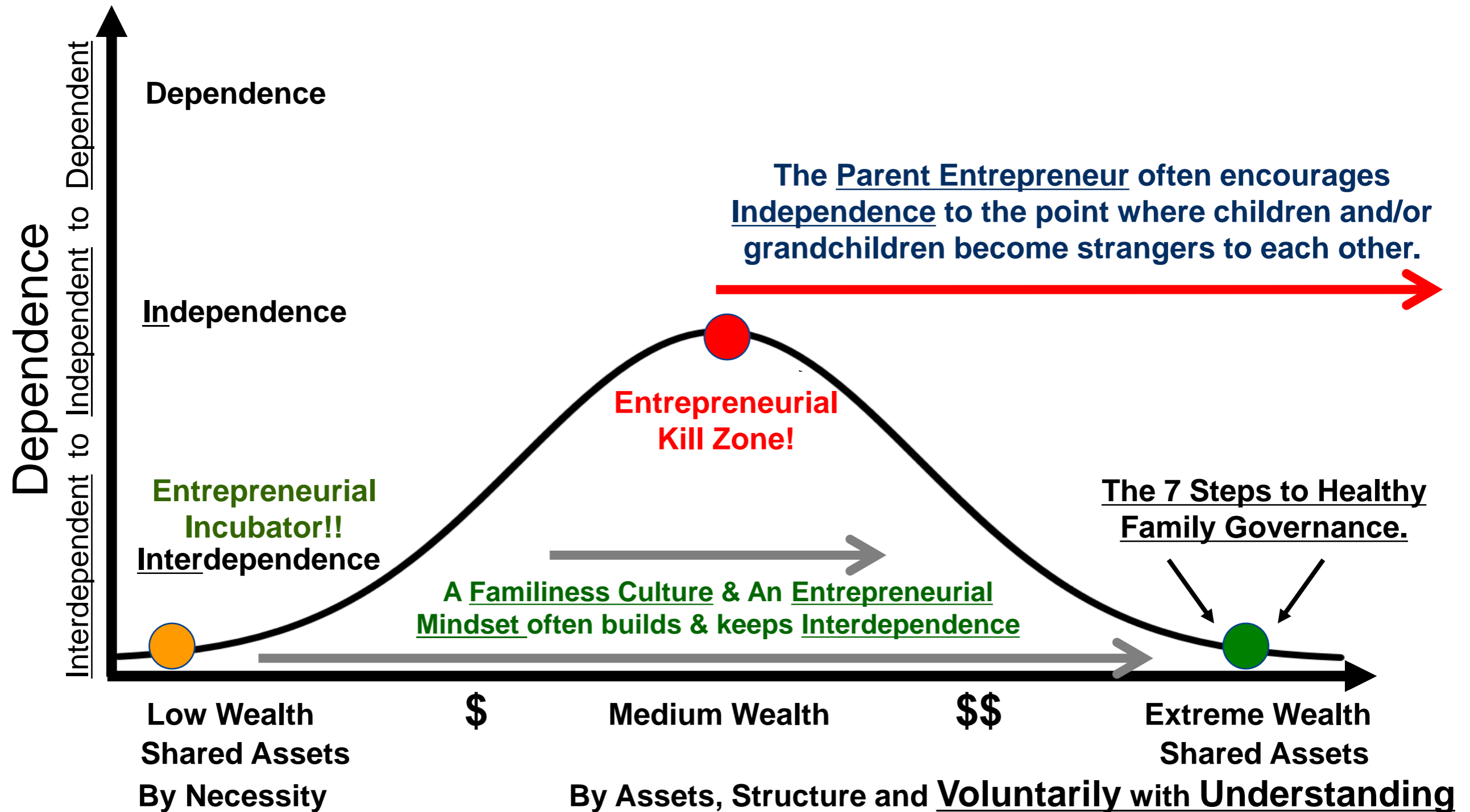
**True Entrepreneurship IS Philanthropy,
Teamwork And Education!**

En**T**eamwork**E**ducation
En**r**e**P**ren**E**urship
Philanthropy



“Education” What’s Going On With Families?

Independence vs. Interdependence



THE NEED TO GROW THE WEALTH

Families Grow and the wealth needs to grow to keep up.

G1	Mom Son	Dad Daughter	4 People
G2	Mom Son Spouse 2 kids	Dad Daughter Spouse 2 kids	10 People
G3	Mom Son Spouse 2 kids 2 Spouses 4 kids	Dad Daughter Spouse 2 kids 2 Spouses 4 kids	22 People

Suppose Spend 1,000,000 for 4 (at a 3.3.% rate) Need 30,000,000 Investments
Assume 2% Inflation (and the 3.3% payouts)

Spend need for 10 = 2,500,000 Need 75,000,000 Investments (Growth of 15+%)
In 25 years. Assuming 2% Inflation (and the 3.3% payouts)

Spend need for 22 = 6,000,000 Need 180,000,000 Investments (Growth of 17+%)
In 50 years. Assuming 2% Inflation (and the 3.3% payouts)

We Need Entrepreneurship!



The Need to Grow The Wealth

Higher Wealth Taxes may be here soon!

NY Times Op. Ed. 6/24/20 – By Lily Batchelder

**“Tax the Rich and Their Heirs –
How to tax inheritance more fairly”**

**“The optimal tax rate on very large inheritances is
between 60 and 80 percent.”**



“Practice” of Entrepreneurship

A Process

1. Identify an opportunity
2. Develop the concept
3. Understand resource requirements
4. Acquire resources
5. Develop a business plan
6. Implement the plan
7. Manage the venture
8. Exit

Vs.

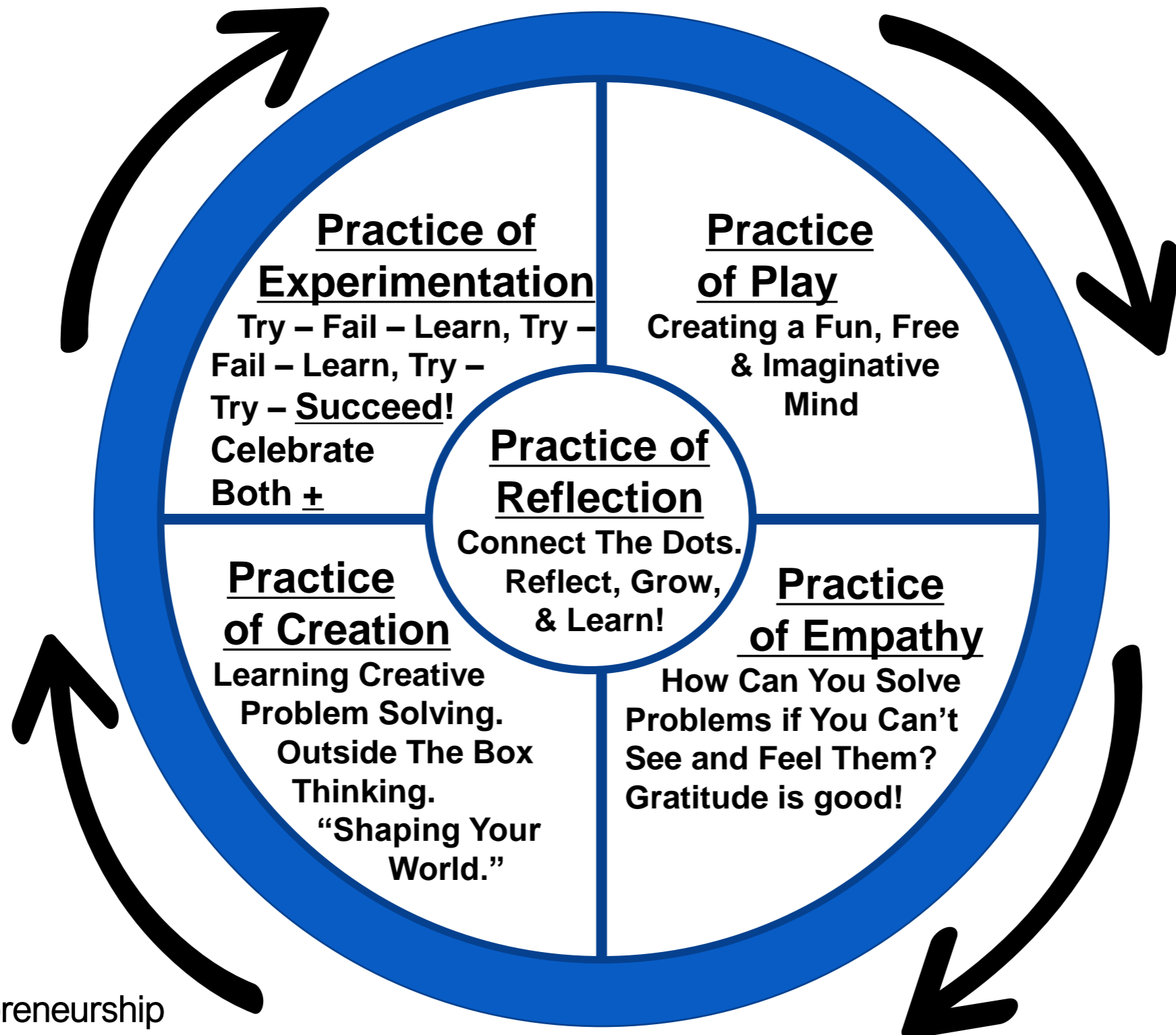
A Practice

- The practice of Play
- The practice of Empathy
- The practice of Creation
- The practice of Experimentation
- The practice of Reflection

Isn't this just Small Business Management?

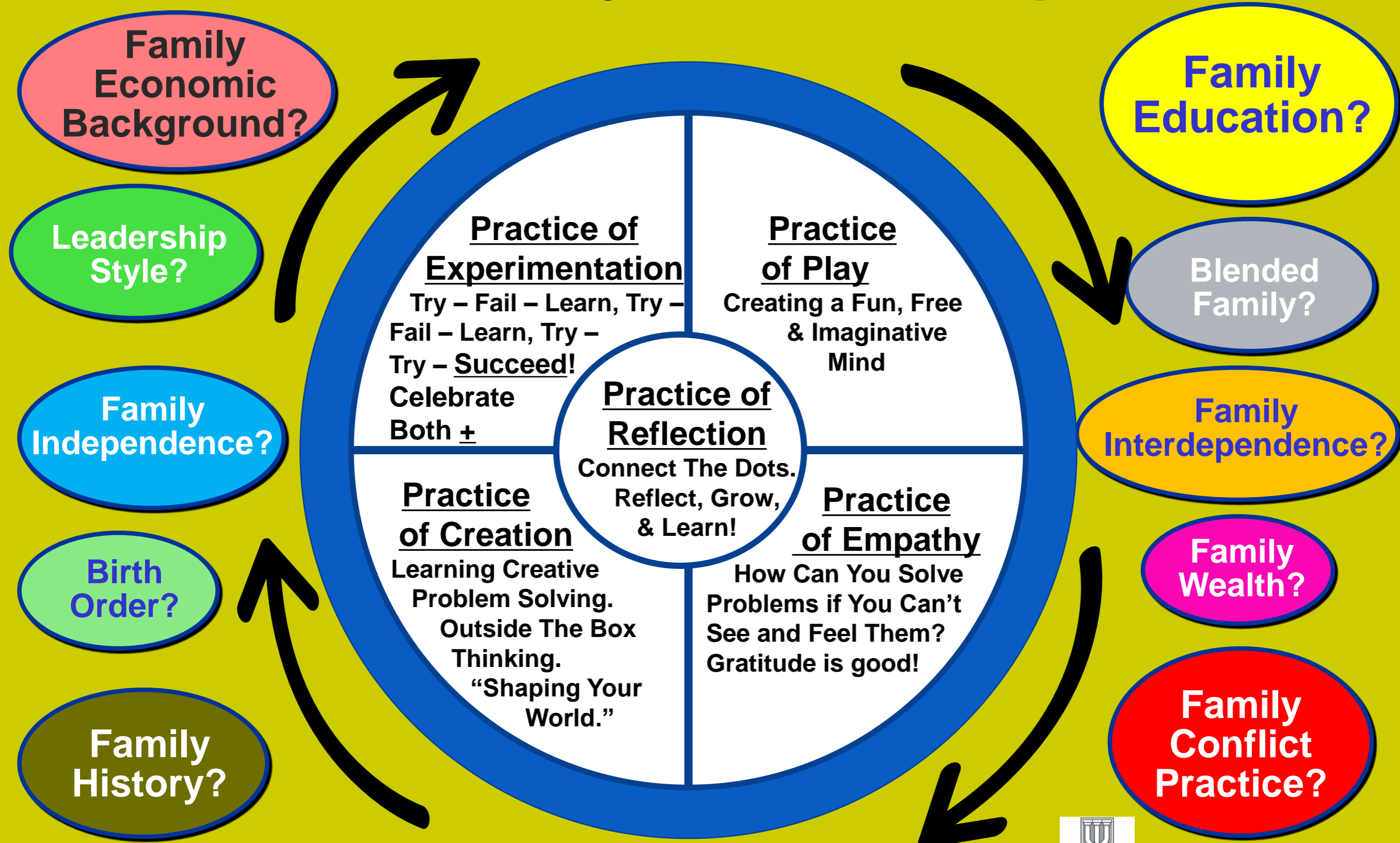


“Practice” of Entrepreneurship



“Practice” of Entrepreneurship

The Family Culture Soup

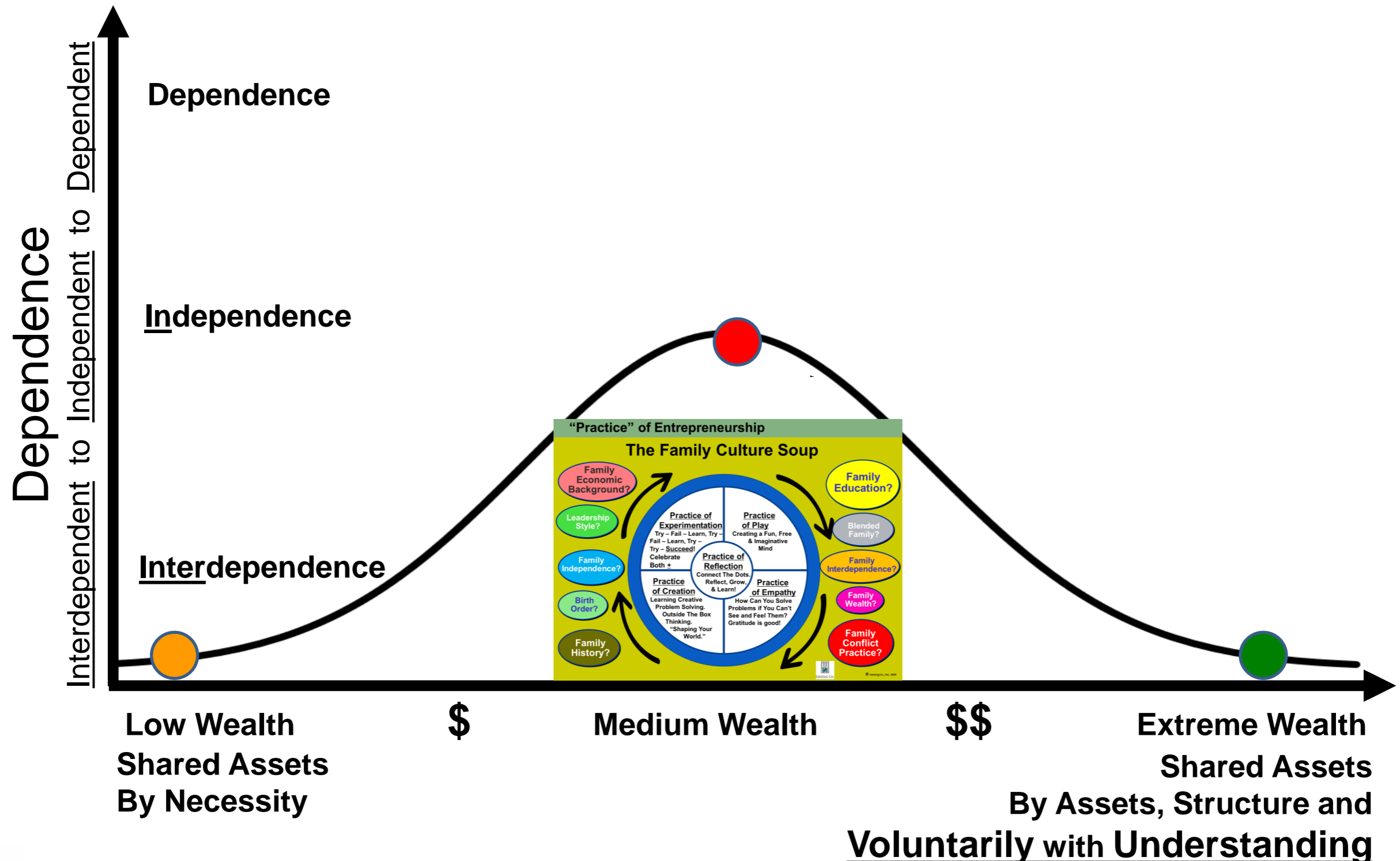


“Education” What’s Going On With Families?

Independence

vs.

Interdependence



“Practice” of Family Entrepreneurship Or InterPreneurship

A “Familiness & Entrepreneurial Mindset”

A group (family) problem identification practice

A group (family) solution creation practice

A group (family) plan implementation practice

A group (family) experimentation practice

A group (family) education practice

En**T**eamwork **E**ducation
nre**P**ren**E**urship
Philanthropy



“Doing to learn” verses “learning to do”

**“For the things we have to learn
before we can do them,
we learn by doing them.”**

Aristotle



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to be, and are we improving over time?”


George Bernard Shaw once said,

“The single biggest problem with communication is the illusion that it has taken place.”



Family Values

Changeworks Values Edge Kit



Name: Tom Rogerson
Date: _____

The Values Edgesm

Faith

Health **Family**

Spirituality **Trust** **Communication**

Creativity **Excitement** **Curiosity** **Adventure**

Personal Growth **Integrity** **Personal Freedom** **Tradition** **Teamwork**

Mastery **Self Expression** **Inner Development** Relationships **Lifestyle** Tradition Intrinsic

Intrinsic Values

You have to have these!

Core Values

These make us unique

Aspirational Values

We need to work on these



Family Values

Changeworks Values Edge Kit

The Values EdgeSM
Name: **Dad**
Date: _____

A pyramid diagram for 'Dad' with values: Self Knowledge, Resolving Conflict, Adventure, Forgiveness, Personal Growth, Learning, Competence, Work Life Balance, Creativity, Friendship, Fairness, Trust, Curiosity, Self-Respect, Helping.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Gramps**
Date: _____

A pyramid diagram for 'Gramps' with values: Trust, Spirituality, Competence, Respectfulness, Excellence, Security, Loyalty, Consistency, Family, Ambition, Prosperity, Helping, Personal Growth, Sustainability, Friendship.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **MOM**
Date: _____

A pyramid diagram for 'MOM' with values: Stability, Forgiveness, Security, Fairness, Resolving Conflict, Loyalty, Personal Growth, Trust, Self-Respect, Peace, Learning, Growth, Excitement, Family, Consistency.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Son 1**
Date: _____

A pyramid diagram for 'Son 1' with values: Ambition, Challenge, Courage, Forgiveness, Faith, Learning, Helping, Friendship, Creativity, Family, Adventure, Curiosity, Excitement, Moderation, Spirituality.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Daughter 1**
Date: _____

A pyramid diagram for 'Daughter 1' with values: Family, Health, Helping, Personal Growth, Respectfulness, Faith, Community, Creativity, Trust, Social Responsibility, Tolerance, Curiosity, Growth, Loyalty, Challenge.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Son 2**
Date: _____

A pyramid diagram for 'Son 2' with values: Security, Stability, Achievement, Health, Learning, Respectfulness, Winning, Relaxation, Tradition, Family, Power, Friendship, Work Life Balance, Excitement, Peace.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Daughter 2**
Date: _____

A pyramid diagram for 'Daughter 2' with values: Family, Trust, Tradition, Faith, Integrity, Curiosity, Achievement, Health, Ambition, Loyalty, Learning, Security, Personal Growth, Forgiveness, Fairness.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Wife**
Date: _____

A pyramid diagram for 'Wife' with values: Achievement, Spirituality, Excellence, Consistency, Integrity, Ambition, Forgiveness, Open Mindedness, Creativity, Sustainability, Respectfulness, Learning, Fairness, Trust, Challenge.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Husband**
Date: _____

A pyramid diagram for 'Husband' with values: Family, Trust, Tradition, Faith, Integrity, Curiosity, Achievement, Health, Ambition, Loyalty, Learning, Security, Personal Growth, Forgiveness, Fairness.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Wife**
Date: _____

A pyramid diagram for 'Wife' with values: Stability, Integrity, Ambition, Consistency, Excellence, Competence, Trust, Challenge, Tolerance, Respectfulness, Loyalty, Communication, Forgiveness, Helping, Courage.

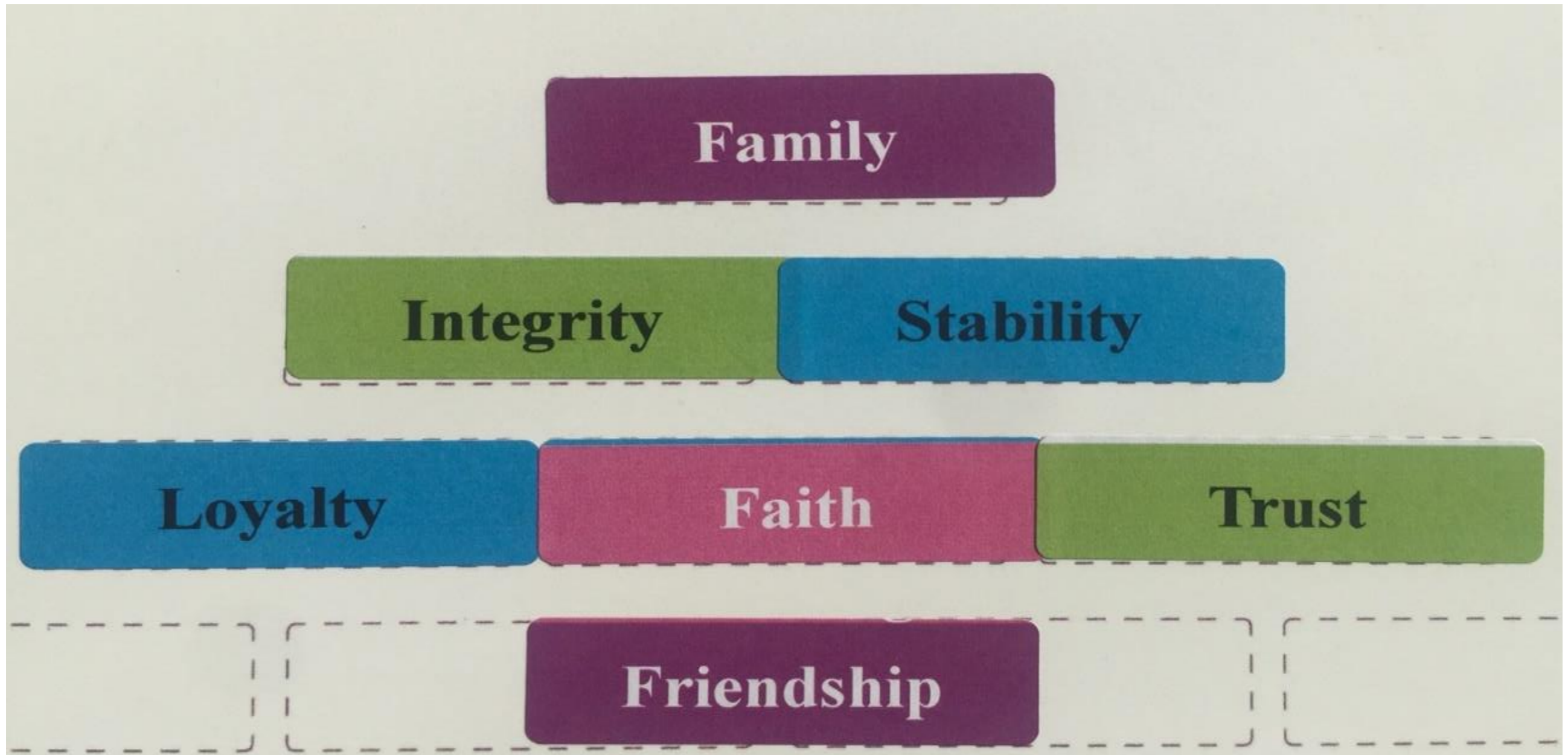
Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

The Values EdgeSM
Name: **Husband**
Date: _____

A pyramid diagram for 'Husband' with values: Achievement, Winning, Personal Growth, Ambition, Growth, Challenge, Personal Freedom, Creativity, Excitement, Respectfulness, Pleasure, Appearance, Family, Beauty, Excellence.

Mastery Self Expression Inner Development Relationships Lifestyle Tradition Intrinsic

Our Family Values



How Do We Deal With Conflict?

Conflict

Avoidance

**Drift Apart Until
Complete
Independence.
Or An Explosion.**

Empathic Communication Practice & Management

Education & Motivation to
Practice and Manage Conflict.
Coaching & Consulting.
Working Together.
Intentional Experiential Exercises.
Family Philanthropy?
Family & Entrepreneurial Mindset?
Interdependence!
“Ties That Bind?”

Explosion

**Mediation/Resolution.
Or A Fast Split.**

**Families Usually Jump From Left
to Right and Bypass the Middle**



How Do We Deal With Conflict?

Conflict

Empathic Communication

Practice & Management

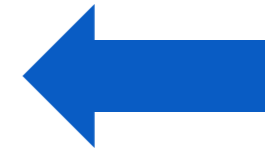
Avoidance



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Thoughts on:

- **Think of examples where Family Culture helped or harmed the continuity of a family business.**
- **How would a group/team/family be more likely or less likely to be Entrepreneurial than a lone individual?**
- **List ways that extreme Independence could encourage or discourage Family Entrepreneurship.**
- **What benefits can come from organized and prioritized family meetings? What negatives?**
- **“The opposite of control is participation.” Is this true? How does it relate to the running of family meetings?**
- **How could separating “The Family Focus” from “The Business Focus” with “Crossties that Bind” create success?**



Takeaway thoughts and ideas:

- **“How do you start with your clients or family?”**
 - **Learn the language of Family Culture, Governance & Legacy**
 - **Read a book or two on this topic (see reference material, or call us).**
- **Line up a few questions to start the conversation with clients**
 - **“I’m sure you have a written business succession plan for your business and tangible financial assets, do you have a one for the more important Intangible Family Assets? Can I see it?”**
 - **“Do you know how to prepare children for non-financial leadership roles in the family?”**
 - **“As a Family, have you defined your Intangible Family Wealth?” (not your business and money)**
 - **“How is your Intangible Family Wealth Plan helping to achieve your families agreed upon Family Purpose?”**
 - **“What is your Family Legacy Plan? Can I see it?”**



Next Steps

Now What?

- ▶ Get started!
- ▶ Add a Family Governance process to your practice and your family.
- ▶ Hire an experienced Family Facilitator! (Or train one in your practice.)
- ▶ Schedule Family Meetings! (Motivate your clients to “DO IT!”)
- ▶ Set up a FAST to endow a family meeting process!
- ▶ **GenLeg can do all of this for you or with you! Call us.**
- ▶ **Get Started NOW!**



“If you want to go fast, go alone.

If you want to go far, go together.”

- African Proverb



Key Conclusions – “Get Started!”

- 1. Family culture is hard to change, especially from the inside, but done right can help establish shared connection and identity while building resilience.**
- 2. The key to changing the paradigm of “shirtsleeves to shirtsleeves in three generations” is Family Learning through Family Meetings. Family Education is: “Lifelong Learning Together!”**
- 3. Families must Have Family Meetings, where they build trust, choose interdependence, and practice group decision making**
- 4. Hire Experienced Family Facilitators/Consultants to get the process started and keep it going – “The opposite of Control is Participation!”**

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Q. & A.



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Family Structures Assets

Creating Generational Legacy

“A cord of three strands is not easily broken.”

**Our Passion and Mission is to:
Intentionally introduce and reintroduce a
family to itself repeatedly, with tools, activities
and metrics to create and measure success.**

“To Educate, Motivate and Facilitate!”

