

LEGACY MATTERS

The Legacy Plan Part 1: The Family Mission Statement

CONSTRUCTING A MEANINGFUL ROADMAP FOR YOUR
FAMILY'S FINANCIAL SUCCESS, BY MR. THANE STENNER

The family mission statement is a statement of family identity: who we are, what we believe in, and what we will do in the future.

Sooner or later, most affluent individuals come to realise that wealth means more than how much money they have in their investment accounts. Being wealthy means living a rich, complete life. A life that encompasses professional success, personal growth, and a commitment to family, community, and in a larger sense, humanity itself.

High-net-worth (HNW) individuals are in a unique position to shape the direction of their families and their communities for years to come. By establishing financial structures that create a legacy of financial unity and success, HNW individuals can ensure their wealth continues to do good work in the world long after they pass on.

To do that, you need a legacy plan. I'll discuss various features of the legacy plan in future articles. For now, we'll start the discussion with the foundation of every sound legacy plan: the family mission statement.

What is a family mission statement?

A mission statement is a written explanation of the values and beliefs that have led a business to its current success, and a plan for organizing

the financial and human assets of the business to ensure its future success. The family mission statement works in the same way. It is a statement of family identity: who we are, what we believe in, and what we will do in the future.

David Bentall, founder and president of NextStep Advisors (<http://nxtstp.net/>) and a member of a prominent Vancouver business family, has helped many wealthy families formulate mission statements. He is a firm believer in the importance of the Family Mission Statement. "A family's mission statement should not just be a slogan to put on a fancy plaque somewhere," he says bluntly. "Rather, it should be a tool which assists everyone in the family to focus their financial and philanthropic activities."

Josephine Margolis Nadel agrees. As the Director of PriceWaterhouseCoopers' Centre for Entrepreneurs and Family Business, she's helped dozens of high-net-worth business owners create Family Mission Statements. "The mission statement should inspire and motivate; be achievable but believable; be realistic but still visionary," she says. "A mission statement should make the family stronger, more cohesive and enduring, so that the successes of one generation can pass to the next generation."

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The Legacy Plan, cont'd.

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Most of the effective mission statements I've seen cover three distinct areas:

- **values:** the values and system of beliefs the family shares.
- **communication and information:** how the family shares financial and other information among its own members.
- **action:** how family members will manage the family's wealth, its business interests, and its charitable activities.

Let's take a closer look at each of these areas.

Values

The most important part of the family mission statement is the articulation of common values. This can be a broad topic, so it's often best to break down the discussion into several themes. Some common themes are:

- **wealth values:** To what end will the family manage and build its wealth?
- **business values:** how should the family business operate? In what industries? For what purpose(s)?
- **philanthropic values:** what is the role of the family in the community? What should members of the family do to ensure the community remains healthy?
- **interpersonal values:** how should family members behave toward each other? How should disputes among family members be resolved?

Bentall says it's not unusual for family members to have different ideas when it comes to values. "In our family, for example, my siblings and I have different priorities for our charitable efforts," he admits. But as Bentall explains, these differences can often be the starting point for something positive: a fruitful conversation about what values the family does share, and why.

Margolis Nadel points out that there is no "right or wrong" answers when it comes to values. Each family will have a different idea of what's important to them. "I'm working with one high-net-worth family right now - their statement describes values such as history, family unity, trust, love, respect, and harmony," she says. "Other statements I've seen speak to education and development, tradition, charitable commitment, personal empowerment. Anything is possible."

Communication and information

Both Bentall and Margolis Nadel emphasize the importance of communication when it comes to family unity. Which is why the family mission statement should include specific guidelines on how family members will communicate with each other. You can lay down some guidelines by asking the following questions:

- **governance:** how will the family "govern" itself? Will there be a designated leader, or will family interests be managed by consensus?

UPCOMING EVENTS & PROGRAMS

Registration

online
<https://www.secure.commerce.ubc.ca/bfc/regform.cfm>

by telephone 604.822.0102

Visit our website at
www.sauder.ubc.ca/bfc/education/index.cfm
for more information about these educational programs for business families and their advisors.

2004 Outstanding Lecture Series

The 2004 Outstanding Lecture Series will feature Dr. Fredda Herz Brown speaking on the topics of stewardship of family values and visions as they relate to the development of next generation leaders, strategic planning governance structures and philanthropic decisions within the business family and enterprise.

October 27, 2004

Family Stewardship: Walking the fine line between legacy and change

Lecture and Reception

October 28, 2004

Developing Next Generation Family Leaders

Full day Workshop

November 5-7, 2004 (2.5 days)

The Road Map, Part One: Navigating the Business Family Relationship

Facilitators: David C. Bentall and Dr. Nancy Langton

November 18, 2004

Strategic Planning in the Family Firm: Making the Most of Your Competitive Advantage

Strategies to maintain and increase competitive advantages for the family firm

Presenter: Dr. Lloyd Steier

Full day Workshop

- **meetings:** does the family need to meet on a regular basis? If so, what should the structure of such meetings be?
- **discussion:** what subjects should the family discuss at these meetings?
- **membership:** will these meetings include outside professionals and/or counsel to the family (i.e., a trained facilitator)?

Formal communication guidelines will help the family avoid many of the conflicts that can arise when one branch of the family doesn't know what the another is doing.

Action

In order to effectively implement the family's values, there needs to be a system for managing its various interests. For a first-generation family, Mom and Dad get to decide how to manage the family wealth, at least until the children are old enough to have input. For larger, multi-generational families, it makes sense to consider the following:

- **decisions:** how decisions will be made regarding family wealth, business(es) and giving.
- **responsibilities:** who is in charge of what when it comes to managing family wealth, family business(es), and family charitable efforts.
- **accountability:** how family members report back to the group with findings, results, or other information.

Ideally, these structures should be clearly defined, with thought given to checks and balances within the family structure. The more clear the process is, the less chance for conflict among family members.

The best way to do this is to involve family members in the process right from the start. "I don't think there's a short cut," Margolis Nadel says. "The family needs to be involved in a guided, collaborative, group thinking session where they're free to express their ideas individually." This free flow of ideas will help secure buy-in from all family members. "The ultimate goal is to arrive at a mission statement that reflects and incorporates the visions and values of all family members, not just the matriarch or patriarch."

A living document

A family mission statement isn't set in stone. Rather, it should reflect the reality of each successive generation. Obviously, as the structure of the family changes, and the structure of its wealth, the family mission statement needs to change as well.

Bentall puts it plainly: "It's vital for stakeholders to review, confirm, and if necessary revise the family mission, particularly when making the transition from one generation to the next." This ensures that all family members are working toward common goals.

With such high stakes, the family mission statement isn't a do-it-yourself project. And while significant portions of the legacy plan need to be completed on your own, you will eventually need to seek out professional guidance to complete it. My advice: find a professional with considerable experience with inter-generational wealth management. It's a move that could reap dividends for many generations.

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Thane Stenner, CIM, FCSI, is a First Vice President and Investment Advisor with the T. Stenner Group of CIBC Wood Gundy based in Vancouver, Canada, and bestselling author of *True Wealth: an expert guide for high-net-worth individuals (and their advisors)* (self-published). thane.stenner@cibc.ca

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Breakfast Briefing Series

September 30, 2004 8:00-9:30am
Women in Family Business
 Presented by: Dr. Nancy Langton

February 16, 2005 8:00-9:30am
Governance and Strategic Planning for the Family Business
 Presented by: Dr. Dennis Jaffe

November 3, 2004 8:00-9:30am
Sustainable Succession Planning for the Family Enterprise
 Presented by: Josephine Margolis Nadel

Advisors Series

November 17, 2004 4:00-6:00pm
Advising the Family Business for Sustainability and Success
 Presented by: Dr. Lloyd Steier

January 20, 2005 4:00-6:00pm
Addressing Conflict in the Family Firm
 Presented by: Dr. Thomas Knight

February 16, 2005 4:00-6:00pm
Governing the Family Business: Boards, Family Councils, Leadership and Family Agreements
 Presented by: Dr. Dennis Jaffe

Spring 2005-Planning Ahead!

February 17, 2005
Family Councils

March 3, 2005
Addressing Conflict in the Family Enterprise

March 18, 2005
Women in Business Leadership

April 8-10, 2005
The Road Map: Part One

May 2005
2005 Family Legacy Series Dinner: The Fourth Annual Gala Dinner

The Professional Advisory Committee (PAC)

BUSINESS FAMILIES CENTRE ESTABLISHES BRAIN TRUST,
BY JOSEPHINE MARGOLIS NADEL

David Bentall, Chair of the Board of Directors of the Business Families Centre (BFC) is pleased to announce that the Board has approved the establishment of a Professional Advisory Committee.

The role of the Professional Advisory Committee (PAC) is to assist the Board and BFC in the ongoing process of fulfilling the vision and mission of the BFC. Members of PAC include professionals from a broad spectrum of disciplines, all of whom provide services, counsel or advice to business families. The members of PAC, listed below, include family business consultants, investment advisors, lawyers, accountants, bankers, insurance and benefits consultants, family therapist and psychologists. The main purpose of the PAC is to provide technical expertise, knowledge and information on issues and concerns relevant to business families and their advisors.

David Bentall describes the raison d'être for the PAC: "The PAC gives the Business Families Centre a 'brain trust' where we can test ideas and get supportive input into how to better serve business families and their advisors. In addition, the PAC provides a forum for a diverse group of professionals to come together with a common purpose."

My personal goal as the PAC Chair is to guide the committee toward the fulfillment of our three main goals: "Firstly, we want to serve as a resource to the BFC and its Board. We believe in the vision and mission of BFC, and want to offer our resources to assist the BFC to realize its mission. Secondly, we want to assist with programming, whether as faculty, advisors, evaluators or, in some cases, sponsors. We also want to assist in marketing programs either directly or through our professional associations. Thirdly, we want to serve as a bridge between

BFC, the professionals or experts who specialize in advising business families and business families. We also want to serve as a bridge between "town and gown", between the academics at the University and the practitioners in the field."

In furtherance of this objective, PAC members will participate in an "Ask a Professional" component of the BFC website which is currently under development. Through the website, business families and their advisors may pose questions to PAC and the appropriate PAC member, depending on the nature of the question, will respond. PAC also intends to participate in an academic research project pertaining to business families to be developed by BFC academic advisors. As BFC develops new service areas, such as programming and ultimately, development of an academic degree or specialty, PAC intends to provide support and resources.

The PAC sees itself as an "ambassador" for BFC both in the milieu of business families as well as advisors. Its goal is to communicate the mission and programmes offered by BFC to the community at large as well as assist in developing programmes.

Member of the PAC, Thane Stenner, investment advisor, of CIBC Wood Gundy, T. Stenner Group, describes the PAC as a "business family think tank". "From my perspective, the PAC can develop creative and unique solutions to many of the challenges of operating a successful family business, including succession planning. Merging technical expertise with the ability to manage some of the 'softer issues' will add to

the top notch programs that BFC currently offers". Thane Stenner also notes that the resources offered by the PAC will contribute to the BFC being recognized as the "best place for business families to turn to receive education and insights on a multitude of challenging issues".

Edie Doecker, Director at the BFC has expressed amazement at the energy and commitment demonstrated by the PAC members to furthering the success of business families by sharing their wealth of knowledge and experience with the BFC. "In three short months," she stated, "the input and advice provided by the members of the PAC have been invaluable in the areas of programming, marketing and education!"

Technical information and expertise is offered by the PAC members in the following areas: legal, financial, investment, taxation, succession, strategic and governance planning and facilitation, as it pertains to business families.

We want the Board of BFC, the business families and advisors to utilize the expertise and resources available through the PAC members and we invite them to do so.

If you would like more information or wish to direct an issue to the PAC, please feel free to contact the Chair, Josephine Margolis Nadel Director, PricewaterhouseCoopers Centre for Entrepreneurs and Family Business (604-806-7046) or (josephine.nadel@ca.pwc.com).

Business Families Centre

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The Business Families Centre is a joint venture between the Sauder School of Business at UBC and the family business community. The BFC is committed to assisting business families, their advisors, and their enterprises through research, programs and academic education.

To find out more about:

- how your business family can become involved in the Business Families Centre at the Sauder School of Business at UBC
- how to make your tax deductible contribution to the Business Families Centre
- opportunities for sponsorship of BFC events and courses

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