

# CREATING A LEGACY STRATEGY



## Key Takeaways:

- › Hope is not a strategy
- › Family Legacy strategy involves thinking forward across multiple Generations
- › Family Legacy strategy is longer and more comprehensive.
- › Poor strategy or a lack of strategy is the main reason that families fail and family businesses are failing.

## INTRODUCTION

Creating a family Legacy involves thinking forward across multiple generations and is very different from strategies for business and investments. The main reason families and family businesses fail can be avoided through strategic planning. This entails going through a diagnostic phase, a design phase, and an implementation phase of the topics discussed in this masterclass.

The business and family wealth management strategies combined with the legacy strategy outlined in the following modules will provide wealthy families with the tools necessary to create strategies and build the skills necessary to move forward.

## Guidance

### Strategy for wealthy families is very different from strategies for business

- › Families are multi-generational
  - › They are complex and multi-dimensional
- › Leadership of a family business requires skill in a diverse skill set
- › Understanding hard and soft elements of the business

### Effective legacy strategy:

- › Setting a long-term vision which is aspirational.
- › Taking a three generation of you.
- › Holistic and integrated approach.
- › Adapting to changing circumstances.
- › Being creative.
- › Putting in place a unique approach based on family culture.
- › Having a Clear Vision

### Legacy Strategy Challenges:

- › Understand the family (History, Current state, goals, size, definition, family culture)
- › The future is shaped by family purpose, vision, values, and guiding principles, as well as family governance and leadership.
- › Managing wealth and assets creatively and effectively, putting in place strategies looking at ownership, governance, and management.
- › Undertaking strategic transactions outside of the pure family business to build future businesses

### Strategy is key to maintaining a stable future.

We all hope for a prosperous future, but hope is not a strategy; actions and planning are required. Family legacy strategy works on much longer time scales than other business strategies. Family legacy strategies are also more complex- having more different aspects than typical business strategies. Executing long term family wealth strategies requires cooperation and the mastery of many different disciplines from multiple family members.

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## Reasons family businesses fail:

- › Poor succession planning
- › Lack of good advisers
- › Family conflict
- › Different visions between Generations
- › Governance challenges
- › Exclusion of family members outside the business
- › Unprepared Next Generation leaders
- › Not using the family as an advantage in this business
- › Not respecting the fundamental principles of business for Strategic planning

An effective family legacy strategy can prevent any of these Issues. Successful family businesses create legacy strategies that address the family business as a whole but also individual needs of family members. The allow younger generations to inherit the “energy” and practices of older generations. Curating the family, personal, and cultural relationships over generations has been dubbed “soft work” but be considered “hard-er work”. It is important to balance “hard” and “soft”. An effective family business strategy is comprehensive in a variety of disciplines.

## Strategic Family Wealth Planning elements include:

- › Family purpose, vision, and values
- › Guiding principles
- › Governance and Leadership
- › Asset structuring
- › Wealth management
- › Business strategies
- › Execution of strategic transactions
- › Philanthropy
- › The family ecosystem
- › Conflict avoidance
- › Family culture and relationships
- › Individual family members
- › Education and engagement of family members
- › Managing integrated risk
- › Managing generational transition, leadership successions, and major initiatives.

Legacy strategy is a unique challenge but is an opportunity to shape the future. It allows the achieving of goals and fulfilling the purpose of family enterprise.