

# VALUES AND GUIDING PRINCIPLES



## Key Takeaways:

- › The first individual element of family legacy strategy is perhaps the most important: Family purpose, vision, values, and guiding principles
- › Family purpose answers the question *why you are doing what you are doing*
- › After defining your family purposes it's far easier to move into the more practical aspects of setting the long term vision and direction for the family, which defines what you are trying to achieve
- › A vision would usually address the four elements of a family enterprise- the family itself, family business, family wealth, and family wealth management and family philanthropy
- › Values- which define how you want to behave along the journey- are important, but it is very important to have not too many
- › Guiding principles make values meaningful and measurable

## Questions to Consider:

- › What are the philosophical reasons for continuing the family business?
- › What is the shared feeling of family that binds everyone together?
- › How will you define the goals and values of the family?

## Guidance

Family purpose, values, vision and guiding principles are the first individual elements of family legacy strategy is perhaps the most important, since they provide direction and guidance to all other aspects of strategy for a family legacy.

- › Determining purpose answers **why** we're doing this
- › Determining vision answers **what** we're trying to do
- › Determining values answers **how** we're going to navigate the journey
- › Determining the guiding principles gives **meaning and measurability** to values and allows them to be more concrete guidelines than abstract ideas.

Purpose must be defined to be meaningful. One of the most valuable exercises a family can do is to sit together (possibly with a facilitator) and write down in simple words what they're going to do as a family and *why*. Once this is completed, it can be written up as a Statement of Family Purpose. For example:

## Statement of Family Purpose:

**To work together as a united family, to contribute to the enduring success of the shared family enterprise which is greater than our individual selves**

This will also mitigate the challenges faced by G2, such as:

- › Aspire to create something significant together for our family, our businesses, and the communities we serve
- › Be effective and engaged owners of our business interests
- › Seek constantly to protect and strengthen the trust and bonds between members of the family
- › Carry forward the traditions and values of a name worthy of respect

Having these guiding principles allow future generations to know what they're doing and why they're doing it. It informs what they're doing as a family, together, and what they're doing separately. The Statement allows families to decide what exactly gets communicated to future generations and contribute to stability and a common view.

## Defining Vision and Values

Once the family purpose is written as a statement, setting long term direction becomes much easier. This can be broken up into three stages:

### Defining vision

What you want to accomplish. Usually addresses the four elements of a family enterprise (family, business, wealth management, philanthropy). An example of a vision would be to

# VALUES AND GUIDING PRINCIPLES

## Key Takeaways:

- › The first individual element of family legacy strategy is perhaps the most important: Family purpose, vision, values, and guiding principles
- › Family purpose answers the question *why you are doing what you are doing*
- › After defining your family purples it's far easier to move into the more practical aspects of setting the long term vision and direction for the family, which defines what you are trying to achieve
- › A vision would usually address the four elements of a family enterprise- the family itself, family business, family wealth, and family wealth management and family philanthropy
- › Values- which define how you want to behave along the journey- are important, but it is very important to have not too many
- › Guiding principles make values meaningful and measurable

## Questions to Consider:

- › What are the philosophical reasons for continuing the family business?
- › What is the shared feeling of family that binds everyone together?
- › How will you define the goals and values of the family?

"build, maintain, and own the world's best luxury watch company. To manage financial wealth on a sustainable manner to reach benchmark and distribute quantities of money capital only above the preservation of the capital in real terms. Philanthropy will take X percent and will be focused on women's education, clean water, and the marine environment. The family harmony will be around creating a united family that is well governed and clearly structured so people can understand their rights and responsibilities. All this should make the enterprise appealing so we can add more people to the project"

This too should be written down so that members can more clearly understand the vision and contribute to the reformulation if the vision ever needs to be adjusted or evolved.

## Defining values

How you're going to navigate the journey forward. It is important not to highlight too many values. Values work better when summarized as a code of conduct as opposed to a list of 20 items. More similar to a quote on a coat of arms instead of a manifesto.

## Guiding Principles

Allow you to measure the performance against the values and the vision to make sure you're on the right track. It is important for guiding principles to be clearly defined and to leave little room for misinterpretation. It should be something specific and very clearly articulated. Guiding principles make values meaningful, measurable, and a part of future legacy.