



MODULE 01

Family History, Future Challenges, Purpose, Vision and Values

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Introduction and Overview **PAGE 02**

Key Questions **PAGE 10**

Selected Reading **PAGE 11**

E-Lessons

01. Family Definition and Evolution – HVV1204 **PAGE 12**

02. Family Culture – HVV1005 **PAGE 22**

03. True Family Wealth – HVV1003 **PAGE 23**

04. Statement of Family Purpose – HVV1102 **PAGE 27**

05. Family Vision and Mission – HVV1103 **PAGE 29**

06. Values and Guiding Principles – HVV1104 **PAGE 32**

07. Family Virtues – HVV1105 **PAGE 36**

Key Documents **PAGE 39**

I Definition of the Family, History and Culture

II Expected Evolution and Priority Challenges

III Definition of True Family Wealth

IV Integrated Statement of Family Purpose, Vision and Values



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | INTRODUCTION AND OVERVIEW |

*"Lend me the stone strength of the past
and I will
lend you the wings of the future..."*

Robinson Jeffers

The foundation for any family wealth and legacy plan is an understanding of who a family is, where they have come from, what challenges they face, and what they aspire to create.

Creating a financial fortune, and keeping a substantial amount of wealth together, are no easy tasks. Each family has its own unique history and evolution, and each family member has his or her own private issues to address as well. Each generation of a wealthy family faces a unique set of challenges, but also may be addressing the issues typical of families in the same situation.

While not easy, there is a great societal value, as well as a substantial impact on a family's future legacy, for a family to preserve and manage its wealth in a successful manner. If strategy is defined as 'the informed art and science of effective action to achieve an overarching vision, goal or purpose', then that quest can begin with an informed understanding of the broad history and challenges of family wealth, followed by a statement of what a family want to accomplish together.

Each family emerges from a unique history, has its own unique culture and values, and faces a unique set of risks and opportunities in a world where the past dies quickly and the pace of change never slows.

One of the greatest challenges that financial families face together is perpetuating the passion and the drive that created the family business and legacy. It is ironic that a successful business generates wealth that makes a family comfortable, and that this comfort often engenders complacency in future generations.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | INTRODUCTION AND OVERVIEW | cont'd

This dynamic is what scares parents the most about leaving wealth to their children. They want their children to experience the pleasures and rewards that result from personal accomplishments, and the thought of seeing them lose initiative or never find their calling because they do not need to work is a great concern for many.

Given the fast pace of the 21st century, and a society more and more centered on individual – and instant – gratification, getting a commitment from wealth owners to be engaged in long-term, inter-generational family legacy planning may be this generation's greatest leadership challenge.

Defining the family, documenting its history and challenges, and setting out a shared sense of purpose, vision and values can both bring the family closer together and increase the amount of energy available to work together toward the best possible future for the whole family and all of its members.

Before setting out to capture a family's history and describing the culture, beliefs, attitudes and behaviors that come along with that history, it is important to define who is a member of a defined family – and who is not. What is the definition? How many people are included?

As a first step, leaders need to ensure that they have a working definition of family membership. Is it a standard bloodline definition of descendants from a defined individual? Does it include in-laws or stepchildren? Do men and women have equal rights? And does it extend to the broader sets of cousins and relatives who perhaps should not be left out of the benefits of family wealth?

The answers to these questions need to be specified in order to understand the full set of participants and the implications for each in the governance of the family and participation in the management and distribution of family wealth. Although the impact and scope of a Family Constitution extend beyond the borders of the family, any family guidance needs to begin with an understanding of who are the members of the family to be governed by the Constitution.

Defining a legacy, which is the beginning of defining the pathway forward for a wealthy family, begins with an understanding of the past. For better or worse, families cannot escape the past entirely, but they can understand and use it to improve the future.



Family History and Culture: Starting Point for Family Future

In assembling a useable past which can provide a solid foundation for the future, the importance of family stories cannot be over-emphasized.

By selecting (and, hopefully, capturing in written form) the stories that mark out a family's evolution, a greater sense of identity, shared family experience and common family values can be developed.

Telling – and retelling as many times as needed – the family stories is a key role for all family members.

Family history, however, is not merely an assembly of facts, artifacts and assets. It is an exercise in understanding, interpretation and communication. A sense of family history and past accomplishment can enhance an individual's sense of what is possible, strengthen the family's belief in one another and reinforce the confidence in the family's collective ability to overcome adversity and achieve their collective vision for the future – together.

A family history is more than a family tree showing births, deaths, marriages and places of habitation. A family history is also reflected in its culture as well: the common patterns that influence the rich flow of events, decisions, individual personalities, relationships, ethics, attitudes and accomplishments.

National origins, religious affiliations, associations with groups or places, educational and economic progress are all parts of the fabric of understanding who a family are and what they stand for. Just as the history of a nation is about far more than a simple timeline and carries within it a unique cultural history, the wealthy family's history and culture are inextricably intertwined, and will cover far more territory from the past – and offer many useful insights to guide the future.

Family history gives its members a sense of place and uniqueness; a link to the past which can provide a firm foundation for the present and future. A family's history and beliefs can explain a great deal about its member's ethics, behavior and attitude toward inheritance and family organization.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | INTRODUCTION AND OVERVIEW | cont'd

*The Complete Picture:
Sometimes the Negative is the Most Valuable*

Not all family stories are of triumph and accomplishment, nor should all family memories be celebrations of past successes. Great entrepreneurs and multi-generational wealthy families may well have struggled, with mixed results, to achieve what they have accomplished.

It is the negative stories and tales of action and events in times of adversity that are often the most valuable. Positive experiences, at an individual level, merely serve to confirm what is already known. It is the negative experiences which help an individual or a family to grow, to learn, and to reinforce the need to apply core values and sustaining principles in trying times.

The Importance of Family Culture

Some research completed by Professor Heinrich Liechtenstein of the IESE Business School inter alia, demonstrated that, among the three most important elements in achieving family success, family culture was rated by a group of legacy families as being more important than either formal governance - or even leadership - in importance along many dimensions.

This conclusion, even if derived from a relatively small sample, was fascinating since we know so little about family culture.

There are many definitions of culture, but one of the most useful may be that culture is simply “the patterns of behaviours and beliefs characteristic of a particular group”.

Within a family, culture can manifest itself in many ways: how we communicate, celebrate, contemplate, relate, retaliate, and can embrace other terms that capture the essence of what we do – together and separately – and how we do it.

It is already well known that ‘culture trumps strategy’ in many businesses, but the same can also be said for many legacy families.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | INTRODUCTION AND OVERVIEW | cont'd

The fabric of a family culture is based on DNA, but also is shaped by a shared history and common memory, national or ethnic identity, language, religion, values, shared experience, and established beliefs, attitudes and behaviors. It can be linked to a particular source or place and will always be a blend of historic sources and constant evolution as each passing generation makes its mark on family history and future.

Expected Evolution and Current Challenges

Legacy families do not stand still. Most families will undergo change and evolve over time. This change is relatively predictable and can therefore be managed. The challenges faced by members of each generation are shaped by a natural family evolution.

A critical role of the family leader is to guide the family through the sea of risks and waves of opportunities that it encounters over time. Risks to the family's wealth and well-being range from the financial risks of loss of capital to the human or personal risks of apathy or disinterest. Opportunities include anticipating and taking advantage of change from within or surrounding the family.

Some challenges will vary by generation, which are often similar across the world:

First generation success tends to begin with an individual or a small group managing the business and wealth directly, with a challenge to put in place a thoughtful family wealth and legacy plan for the future where there is no precedent or prior knowledge. This will include setting an example of leadership and development of the Next Generation to be able to take on the tasks of being capable, responsible owners and stewards of wealth.

In the second generation, members need to find a working model of a 'sibling partnership'. Many second-generation members look to simplify what the patriarch or matriarch has created, and will need to find ways to share roles, rights and responsibilities with their brothers and sisters, and even cousins if the first generation of wealth creators or owners was made up of more than one individual or couple.

Often, the children of highly successful (and always less than perfect...) entrepreneurs may be fearful of making mistakes and not living up to their parents' success or expectations.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | INTRODUCTION AND OVERVIEW | cont'd

They may have to face challenges associated with establishing governance, simplifying asset structures, finding suitable roles within the company, being active owners, sharing ownership and control with siblings, inheriting or living with financial complexity, simplifying operational structures and personalizing their predecessor's business to be successful for them.

Third generation members can see an increasing list of internal and external challenges to family unity, harmony, progress and prosperity.

Third generations can be challenged by establishing a new model often described as being a 'cousins' consortium' in which the members have grown up in different households and hence have less in common than the earlier two generations.

Challenges here can include living up to two generations of family legacy, collaborating over long distances, developing long-term visions, finding systems of family unity, balancing nuclear and legacy families, finding meaning in privilege, and developing multi-generational thinking.

Modern World Adds to Complexity

In today's world, these traditional generational challenges may be exacerbated by family members living far apart, possibly in different countries, marrying and raising families with partners from other countries, cultures, languages and religions.

Understanding all challenges in the short, medium and long term will be essential in setting out both the high-level aspirations and the practical strategies required to pursue the agreed purpose and achieve the shared vision of the family.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | INTRODUCTION AND OVERVIEW | cont'd

FAMILY PURPOSE, VISION, VALUES AND GUIDING PRINCIPLES

*'Many persons have a wrong idea of what constitutes true happiness.
It is not attained through self-gratification,
but through fidelity to a worthy purpose...'*

Helen Keller
Noble Purpose p 10

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

- Purpose answers, "Why are we doing this?"
- Vision answers, "What are we trying to do?"
- Values answer, "How are we going to navigate the journey?"
- Guiding principles give gravity, meaning and measurability to abstract concepts captured in a list of family values (which are actually just selected virtues in most cases).

Clarifying these issues will help to respond to many challenges, including those often found in the second generation, who need to find a reason and approach to stay together after the founding couple are no longer living. The reasons and approach can include such ideas as:

- Aspiring to create something significant together for the family, businesses and the communities we serve.
- Being effective and engaged owners of our business interests.
- Seeking to protect and strengthen the trust and bonds between family members.
- Carrying forward the traditions and values of a family name.
- Pursuing an ambitious agenda for the greater family enterprise, including the family, business, wealth and philanthropic endeavors.



Long-term aspirations, goals and guidance

Once the family purpose is formalized, setting long-term direction becomes easier. This can be broken up into three related elements:

Defining vision

A vision is what you want to accomplish and usually addresses the four elements of a family enterprise: family, business, wealth management, philanthropy.

Defining values

Values define the standards by which your family will operate. Do not create too many values; they work better when summarized as a code of conduct as opposed to a long list that is difficult to remember.

Guiding Principles

Guiding principles allow you to measure performance against values and vision. They should be specific, clearly defined and leave little room for misinterpretation to direct future generations.



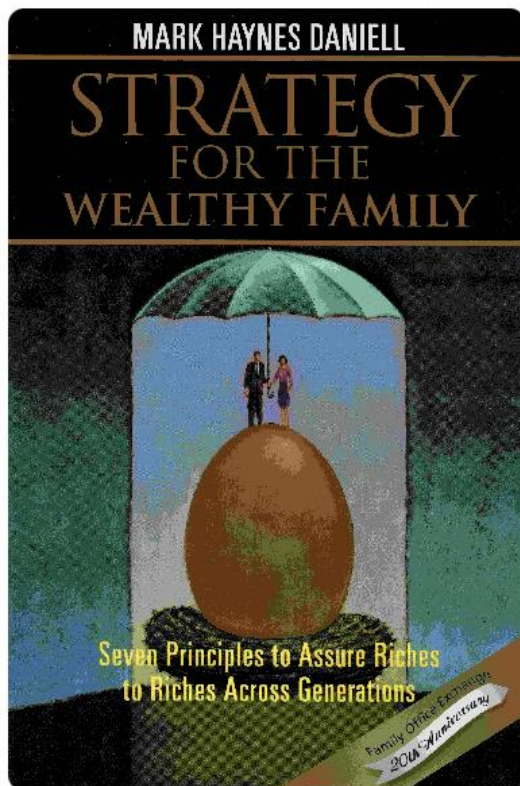
FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | KEY QUESTIONS |

1	Define membership of your family – who is in and who is not?
2	What is your family's history, culture and expected evolution?
3	What are your greatest challenges – considering both “hard” and “soft” issues and a short- and long-term perspective?
4	Why do you stay together as a family (purpose), what are you trying to create (vision) and how do you want to navigate toward a better future for your family (values)?
5	How do you define true family wealth and how do you achieve (and measure) “future success”?



Strategy for the Wealthy Family



Principle 2: Family Organization and Leadership

Pages 53 to 54

Chapter 6

Pages 55 to 64

Example 7



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution |

DOWNLOAD VIDEO << [HERE](#) >>

Sara Hamilton, founder and CEO of the Family Office Exchange, described the importance of family history and its impact on family legacy in Worth magazine, April 2007:

'When wealth inheritance comprises one of the family's goals, a strong family legacy can provide the emotional glue that keeps the generations motivated to work together. Many families believe in instilling this legacy even in young children, so that they grow up understanding their history and who they are.'

Defining Family Membership

Before setting out to capture a family's history and describing the culture, beliefs, attitudes and behaviors that come along with that history, it is important to define who is a member of a defined family – and who is not. What is the definition? How many people are included?

As a first step, leaders need to ensure that they have a working definition of family membership. Is it standard bloodline definition of descendants from a defined individual? Does it include in-laws or stepchildren? Do men and women have equal rights? And does it extend to the broader sets of cousins and relatives who perhaps should not be left out of the benefits of family wealth?

The answers to these questions need to be specified in order to understand the full set of participants and implications for each in the governance of the family and participation in the management and distribution of family wealth.

Although the impact and scope of a Family Constitution extend beyond the borders of the family, any family guidance needs to begin with an understanding of who the members of the family to be governed by the Constitution.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

What qualifies someone to be a member of the family?

At a practical level, family definition is essential in order to formalize family membership for the purposes of inheritance and other family rights and responsibilities. At a more esoteric level, family definition and identity are important to keep the family together, fostering its uniqueness and ensuring the importance of its common history and shared values.

Although the classical 'bloodline' definition of a family still holds for most families, the modern world of frequent divorce and remarriage can force families to ask themselves more probing questions about who is, and who is not, part of the family. Does the family include stepchildren? Children born out of wedlock? (In Germany and Austria today, 40% of children are now born to couples who are not married.)

Does the family recognize same sex marriages or unmarried life partners? Does the family include adopted children? Adopted adults? In some countries, inheritance tax varies enormously according to whether the inheritance is bestowed upon the child (including adopted child) of the benefactor or a more distantly related family member or non-family member.

In other families, a noble title can only be transferred to a son (or sometimes daughter as well) of the family. Childless couples may have no alternative other than to adopt in order to ensure that they are not the last of a long and noble lineage.

And what about defending the family against in-laws and out-laws who create schisms and damage family wealth and reputation? Can a family member be expelled from the family and, if so, under which circumstances? How does a family go about extinguishing family rights and freeing up an individual, voluntarily or involuntarily, from his or her responsibilities in the family?



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

KEY DOCUMENT I: DEFINITION OF THE FAMILY, HISTORY AND CULTURE

<< [DOWNLOAD TEMPLATE HERE](#) >>

FAMILY DEFINITION

Full Family Members of the Cuscaden Family are defined as James Cuscaden IV and his wife Ariana, their four children (A, B, C and D), and the bloodline descendants and adopted children of these individuals, so long as these children are adopted below the age of 12.

All economic benefits, share ownership, and roles in the family office, family business and philanthropic foundations shall be reserved to these individuals only.

[Can also consider as Full or Associate Family Members: Spouses, significant others, stepchildren and other family members may be invited to participate in activities such as family celebrations and holiday events, educational programs for the family, the social event calendar in the Family Meeting, and other such activities as the Family Council shall decide. Former spouses and stepchildren from dissolved marriages or significant relationships may retain benefits of Family Membership only upon agreement of a majority of the Family Council.]

[Or, e.g., spouses/in-laws shall be allowed to participate in these core activities and receive relevant information as decided by the Family Council or e.g., in-laws and stepchildren can be the same rights and opportunities as Full Family Members...]

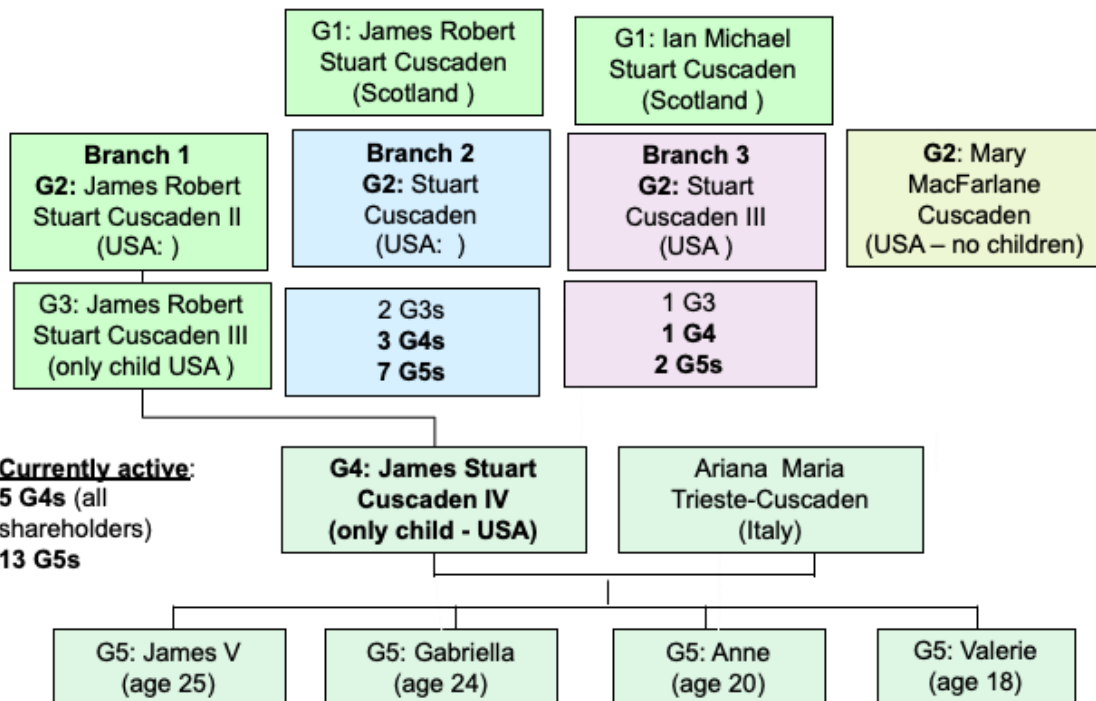


FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

FAMILY DEFINITION (CONT'D)





FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

FAMILY HISTORY

Our immediate Cuscaden Family is a combination of two family lineages, the Cuscadens, who have a long history in the Scottish Highlands, and the Trieste family, coming from the Northeastern part of Italy.

For many generations the Cuscadens worked on a large family farm and were an active part of the community in and around Inverness. James Cuscaden I and his brother Ian, the two youngest of four brothers, left Scotland for the USA in 1904 at age 18 and 20, working in a steel mill in Pittsburgh before starting their own steel trading business in 1914.

That initial Cuscaden & Co business prospered, diversified into steel fabrication, distribution, banking and property development; and has now, after more than 100 years and 4 generations of Cuscaden ownership and leadership, grown to employ over 2,000 people in 7 countries.

Each brother had two children, who in turn had two children each. With one of these children having no children, there are now 3 branches with equal shareholdings by the members of majority age in each branch. The current family leader, James Cuscaden IV, met and married Ariana Trieste in 1989, who was from a prosperous wine-growing family in Italy, with seven generations of ownership of the family winery.

Together they had four children, two boys and two girls, two of whom (one son and one daughter) are engaged in the family business today.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

	KEY QUESTIONS
1	What is the definition of success for the family and its individual members? Where is the common ground? What makes us unique?
2	How is the family likely to evolve and what does it mean for current and future family members and leaders?
3	Which other families are admired? Why? Not admired? Why not?
4	What is the right degree of togetherness? Independence?
5	What are the responsibilities to the greater (and nuclear) family vs individual freedoms?
6	What is the family's sense of 'togetherness', with resulting policies on decision making, investment and distribution of wealth?
7	Should the family require a 'work ethic' lifestyle, and how is that to be defined and fostered?



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

KEY DOCUMENT II: EXPECTED EVOLUTION AND PRIORITY CHALLENGES

<< DOWNLOAD TEMPLATE [HERE](#) >>

EXPECTED EVOLUTION

The family is growing in number and complexity, with the value of a common base in our hometown eroding visibly as people move away and follow different life paths.

Without a strong sense of the family as a whole, there is a growing concern about the potential for branch and generational competition, ambition and conflict of interests.

The potential IPO or sale of the family business will create a fundamental change in our family dynamic, public profile and point of inflection in our family history.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

EXPECTED EVOLUTION		FAMILY INTERNAL EVOLUTION	EXTERNAL EVOLUTION
1	Family	<p>Current group of 4 G2s and 7G3s will grow substantially in Next Generation to 19 new members.</p> <p>Effective family wealth strategy requires a forward view across three generations, with each generation addressing its own issues, while, at the same time, anticipating those of its children and grandchildren.</p> <p>The family evolving rapidly within and across generations and branches. As the family grows and younger generation fragments into different countries, cultures, religious orientations, the challenge, and therefore the skills and approach required to keep the family engaged, united and harmonious, change in scale and content.</p>	<p>International education, travel and exposure to multinational social world fragmenting family and reducing commonality; decline of interest in formal religion contributing to lack of coherence becoming global and requirements.</p> <p>Wealth gap becoming more visible and information availability means NextGen (and their friends) learning details about family business, wealth and other matters at an early age.</p> <p>Global world and rise of AI/IT create different view of business, jobs, investment focus and expectations in the future.</p> <p>Risk of all kinds an increasing topic of conversation</p>
2	Financial	<p>Shareholding in family business to be diluted so largest shareholder only holds 5%, available funds for distribution from financial portfolio shrinking with increase in number of adult family members.</p>	<p>Market sell-off in technology sector, increasing interest rates and derating of financial sector make income generation and capital preservation challenging; credit lines need terms for renewal.</p>



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

	EXPECTED EVOLUTION	FAMILY INTERNAL EVOLUTION	EXTERNAL EVOLUTION
3	Business	Growth and profitability strong, potential for IPO increases liquidity and pressure for more Independent Directors on the board.	Increasing pressure from Asian competitors, spend on technology and increasing cost of energy; CSR/ESG demands growing.
4	Philanthropic	Insufficient interest from younger family members; need to quantify impact and increase family engagement.	Long and growing list of potential projects: global climate volatility, education of women, eye care, etc.
5	Family Office/ Ecosystem	Longstanding ecosystem needs refreshing and annual performance reviews in place.	Tax policies require move offshore for international operations; Singapore growing center for global FOs.
6	People Issues	Increasing friction between Arabella and Gunther a combination of personal and branch issues as Generational Transition approaches and no long-term leadership policies or succession plans in place yet.	Social media and related cultural changes having an impact on aspirations, and mental health of Next Generation.
7	Education/ Transition	No formal program to assess needs and offer NextGen education; both short- and long-term planning for Leadership Succession and Generational transition program needed.	Younger generation learning differently – online education, virtual meetings, YouTube and other sources of information need to be considered; both emotional and technical/experiential readiness need development.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1204

01. Family Definition and Evolution | cont'd

PRIORITY CHALLENGES

1. Fostering a sense of identity, commitment and trust across a more disparate family.
2. Creating a sustainable approach to family business and wealth ownership, governance and employment which contributes to the success of both family and total family wealth.
3. Reconsider and increase the role of women in leadership positions.
4. Planning for the upcoming generational transition from G2 to G3, ensuring the requisite experience, technical expertise and emotional readiness of the Next Generation are in place.
5. Addressing the escalating conflicts between branches and sorting out meritocratic vs rotating (branch balance) approach to key positions as soon as possible

PRIORITY CHALLENGES

1	Family	<ul style="list-style-type: none"> • Growing and becoming more diverse • Need to update Family Constitution • No clear sense of purpose • Declining family identity
2	Financial	<ul style="list-style-type: none"> • Concentration in one market
3	Business	<ul style="list-style-type: none"> • No CEO successor from within the company
4	Philanthropic	<ul style="list-style-type: none"> • Efforts too low scale and fragmented
5	Family Office/ Ecosystem	<ul style="list-style-type: none"> • Financial performance below benchmark • Need to add non-financial metrics
6	People Issues	<ul style="list-style-type: none"> • Potential dispute between Bill and Maria
7	Education/ Transition	<ul style="list-style-type: none"> • No structured educational program yet



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1005

02. Family Culture |

FAMILY CULTURE

As a result of this history and the people who shaped our family, our family's culture could be best described as [Chosen item in bold, alternatives in brackets]

1. [Close] **Loosely together** [alt: *close/remote/hostile*]; we act as [*one big group*]/a **combination of small groups**/[*only as highly independent members*]
2. Overall, as a multi-generational family we are [*very united*] **partially engaged**/[*loosely affiliated/remote/unknown to each other*], **getting further apart**; Current relations between generations and branches can be described as [*very close*], **warm** [*cordial, so-so/independent/remote at best/non-existent/hostile*]
3. Common base in [**Christian**] **religion** [*broad spiritual practice/ethical approach/non-believers/no particular shared ethos/[other associations]*]
4. Identified with the [**Scottish and Italian**] cultures [*no particular culture*]
5. Our family identity gives us a sense of [*pride*]**position/respect** [*support, nothing special/shame/fear*]
6. Characteristics of our culture include **hard work, modesty, independence, critical of each other**, [*highly commercial approach, [other]*]; the most admired members of our family include: **James Cuscaden II**
7. Other elements: High value placed on [**formal education**] and association with [**Cuscaden Manor**] and [*other places, groups, events, activities, ideas, etc*]



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1003

03. True Family Wealth |

DOWNLOAD VIDEO << [HERE](#) >>



Key Takeaways

You may define success, in part, as preserving and enhancing the impact of the family's financial wealth over multiple generations. True family wealth is much more than just money.

Strategies addressing the full definition for family wealth also take into consideration essential elements of integrity, accomplishment, effort, physical security, health and fitness, knowledge, wisdom and spiritual growth and family harmony.

The best strategies are developed using both best practices and next practices.

Legacy strategy is multi-faceted and multi -generational.

Understand that good legacy strategy will set new expectations and embrace positive change along many dimensions.

Each legacy strategy is designed and implemented to give your family the best possible future over the longest possible time frame.

Relevant to consider in each area, that there are both 'hard' (technical) and 'soft' (culture and people) issues to take into consideration.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1003

03. True Family Wealth | cont'd

Guidance

True family wealth is more than just money. True wealth is a state of overall wellbeing including, but not limited to financial wealth. True family wealth needs to be defined uniquely for every family, but may consist of such elements as:

- Monetary wealth (although not the sole element of wealth, financial prosperity is still a very important component of true family wealth)
- Integrity
- Effort
- Accomplishment
- Physical Security
- Health
- Wisdom and spirituality
- Harmony and unity
- Business success and continuity of ownership
- An entrepreneurial culture
- Shared business activity
- Reputation
- Philanthropic contribution
- Happiness of family members
- Engendering feelings of love, bonding and pride



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1003

03. True Family Wealth | cont'd

Every generation and every matter of a family receives and leaves behind a legacy regardless of how much wealth they have. Legacies can be athletic, academic, artistic, or intellectual, but our focus is on legacy families with substantial wealth who may engage in:

- Building businesses
- Philanthropic activities
- Asset structuring
- Wealth management

Remember that traditional definitions of wealth go beyond the purely material. Best practices, developed and implemented successfully in the past, are not enough, you need to think about next practice.

Since best practices are historically based, strategies must learn from best practices but also employ new and creative next practices, better suited for the future. Legacy strategies must be multi-generational and multi-dimensional in nature, and address both short-term and long-term risks and opportunities.

Many families may be tempted to spend most of their time making money but addressing the soft issues of family wealth is crucial. When developing a strategy, decide how much time should be spent building your business and monetary wealth versus preparing and supporting the family and its members in other areas for a successful future.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1003

03. True Family Wealth | **cont'd**

TRUE FAMILY WEALTH

1. Financial wealth
2. Integrity
3. Accomplishment
4. Physical security, health and fitness
5. Knowledge, wisdom and spiritual growth
6. Family harmony
7. Individual happiness

KEY DOCUMENT III: TRUE FAMILY WEALTH

<< [DOWNLOAD TEMPLATE HERE](#) >>



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1102

04. Statement of Family Purpose | cont'd

DOWNLOAD VIDEO << [HERE](#) >>

Introduction

Families often realize that a clear vision is necessary to give family members purpose and the family business meaning and direction. A vision can act as a family's north star and be a powerful organizational tool.



Key Takeaways

Our shared purpose is to be a united and harmonious family that contributes to the enduring success of a family enterprise, the creation of the widest possible set of individual opportunities for our family members to match their own capabilities and interests, and the creation of a substantial philanthropic legacy in our home country, which shall be passed on to future generations

This will require all members of our family to commit to:

- Be effective owners of our business interests

- Create long term value for all of our stakeholders and benefit the communities in which we live and work

- Aspire to create somethings significant together, which is greater than anything we could accomplish alone

It is relevant to consider in each area that there are both 'hard' (technical) and 'soft' (culture and people) issues to take into consideration



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1102

04. Statement of Family Purpose | cont'd

Guidance

"The secret to success is constancy of purpose."

Having a clear purpose to work towards across generations enhances focus, brings people together in a shared endeavor and creates a level of engagement that will carry the family through all prosperous, difficult and transitional times.

KEY DOCUMENT IV-A: STATEMENT OF FAMILY PURPOSE, VISION AND VALUES

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STATEMENT OF FAMILY PURPOSE

It is our purpose to work together as a family to create an enduring legacy for our shared family enterprise, which is greater than our individual selves. That family enterprise shall include our collective family and its individual Family Members, our businesses, family investments and societal contributions.

Fulfilling this purpose will require all members of our family to commit to our common aspiration and respect the values and actions necessary, at all times and in all environments, to:

- A Be a united and harmonious family.
- B Act as good owners of successful businesses and other investments.
- C Demonstrate responsible individual behavior.
- D Reinforce and carry forward the traditions and values of a name worthy of respect.

Engagement of the family and all of its members: It is our objective to engage every Family Member in a shared effort to achieve these high common aspirations.

In so doing, we shall create a family legacy worthy of respect and the creation of something together which is greater than anything we could create if separate.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1103

05. Family Vision and Mission |

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Introduction

Having defined what a family is, where it has come from (based upon a deep understanding of family history) and what is its overarching purpose, a successful leader must work with the greater family to decide *where* the family needs to go, *what* it aspires to create (setting a clear goal) and *defining* a path toward that longer term vision.

The vision outlines the full extent and content of a family's aspirations, influencing the future of each individual, as well as the collective family entity.

Setting out a course for the future is not just about governance, business and family money. It is about setting a balanced approach to the future, which addresses all aspects of family capital: moral, intellectual, spiritual, charitable, social, physical and financial. These related types of family capital manifest themselves in both family values and accomplishments, creating an overall family ethos of integrity, hard work and generosity, hopefully leading to a healthy and balanced life as well as continuing financial prosperity.

The vision is the overarching objective, the "timeless goal over the horizon" toward which a family can orient itself for many generations. These visions need to be general in nature, enduring in relevance and applicable to the diverse needs of family members. Such a vision as "enhance and protect the lifestyle options of our descendants so that each succeeding generation can live as well as the last and make an increasing contribution to society" may serve as a solid long term aspirational vision for many generations of the same family.

In setting out the overarching goals and long-term commitments of the family, leaders need to consider the preservation and enhancement of the non-financial elements that make up family capital, as well as preserving and distributing material wealth in a fair manner.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1103

05. Family Vision and Mission | cont'd

There is no easy way to set a vision for a family, just as there is no easy way to establish a corporate or organizational vision for a family business. Sometimes the simple and brief statements are the most difficult to get right.

Defining a family vision is as much art as science, requiring that the drafters combine a subtle blend of historical fact, precise language and broad aspirational ideals. Finding the right content, the right tone, the right words and even the right process by which a family arrives at its objective of defining a common goal are as important as the actual words themselves.

A vision is not a strategy. A vision can inspire or define the limits on strategy, and will set the goals of many strategies, but the two are very different indeed.

One military historian neatly summed up the difference. Conquering a continent or freeing an independent country from a colonial empire is a vision. Doing it through a series of political alliances and military encounters led by aerial strikes, followed by armored divisions, followed by occupying armed forces, is a strategy. Pursuing this strategy by moving as quickly as possible, in the cover of night, is tactics.

In addition to clarifying the overarching purpose and goals of a family, a vision statement can make a powerful contribution to all elements of strategy for a wealth family.

The highly respected family wealth management expert Stephen George, co-founder and CEO of Capricorn LLC, underscored the critical role of an overall family vision in family wealth management when he stated:

'Lack of a vision is often the root cause of failure in family wealth management. The creation of a clear family vision carries into the best process for laying out a tailored approach to the portfolio itself, followed on by a supporting statement of values and a resulting philosophy for investment.'



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1103

05. Family Vision and Mission | cont'd

KEY DOCUMENT IV-B: STATEMENT OF FAMILY PURPOSE, VISION AND VALUES

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VISION STATEMENT

1. The Cuscaden Family will work together to preserve and build our highly respected family business, applying the values of hard work and thrift; we shall develop a unique approach to our family business ownership, governance and management so there is an appropriate place for every family member in our family business
2. We shall create a substantial family philanthropic enterprise to support the education of women and children in the world's ten poorest countries, with each family member spending a minimum of six months working in this charity before reaching the age of 25.
3. We shall develop an approach to family education that builds on our multi-cultural roots to be highly engaged citizens of the world, reaffirming in each generation our collective reputation as "capitalists with a conscience".



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1104

06. Values and Guiding Principles |

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Key Takeaways

The first elements of family legacy strategy we will discuss are perhaps the most important: Family purpose, vision, values and guiding principles.

Family purpose answers the question, “Why (are you doing what you are doing)?”

After defining your family purpose, moving into the more practical aspects of setting the long-term vision and direction for the family becomes easier to accomplish.

A vision usually addresses the four elements of a family enterprise: the family, the family business, family wealth and family philanthropy.

Values guide all family members on how to behave as they move forward together.

Guiding principles make values meaningful and measurable.

It is relevant to consider in each area, that there are both ‘hard’ (technical) and ‘soft’ (culture and people) issues to take into consideration.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1104

06. Values and Guiding Principles | cont'd

Guidance

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

- Purpose answers, “Why are we doing this?”
- Vision answers, “What are we trying to do?”
- Values answer, “How are we going to navigate the journey?”
- Guiding principles give gravity, meaning and measurability to abstract ideas and aspirational values.

Purpose must be defined and captured to be meaningful. Begin by gathering the family, possibly with a facilitator, and write down in simple words to establish what you want to accomplish as a family and explain why.

Once this is complete, create a Statement of Family Purpose from the results. For example:

‘Work together as a united family and contribute to the enduring success of our shared family enterprise, which is greater than our individual selves.’

This will also help to set priorities on the challenges faced by the family such as:

- Aspiring to create something significant together for the family, businesses and the communities we serve.
- Being effective and engaged owners of our business interests.
- Constantly seeking to protect and strengthen the trust and bonds between family members.
- Carrying forward the traditions and values of a family name worthy of respect.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1104

06. Values and Guiding Principles | cont'd

Guiding Principles allow future generations to know what the family is doing individually and together and gives the rationale for why they set out their common goals and shared values.

The Statement of Family Purpose allows families to communicate specific messages to current and future generations, contribute to family engagement and create a common view of what the family wants to be and to do.

Defining Vision and Values

Once the family purpose is formalized, setting long-term direction becomes easier. This can be broken up into three stages:

Defining Vision

A vision is what you want to accomplish and usually addresses the four main elements of a family enterprise: the family itself, business, wealth management and philanthropy. An example of a vision would be:

- Build, maintain and own the world's best luxury watch company.
- Manage financial wealth sustainably to reach target benchmarks.
- Distribute capital only above the preservation of the capital in real terms.
- Donate 10 percent of family wealth and of annual income to philanthropy, focusing on women's education, clean water and the marine environment.
- Harmony will be maintained by creating a well-governed, clearly structured and united family so members understand their rights and responsibilities.
- Family harmony should make the enterprise appealing so we can grow responsibly, organically and sustainably across generations.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1104

06. Values and Guiding Principles | cont'd

Document the vision statement so family members clearly understand and can revisit if the vision ever needs to be adjusted or evolved. This may include such elements as:

Defining Values

Values define the standards by which your family will operate. Do not create a long list with too many values; they work better when summarized as a short list that can be remembered as opposed to a long list that is difficult to recall in its entirety.

Outlining Guiding Principles

Guiding principles allow you to measure the practical application of the high-level abstract ideas chosen as your shared values. They should be specific, clearly defined and leave little room for misinterpretation to direct future generations.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1105

07. Family Virtues |

DOWNLOAD VIDEO << [HERE](#) >>



Key Takeaways

Practicing the long-established set of Cardinal Virtues will help you become your best self and assist your family in creating a positive and enduring culture.

Prudence, courage, temperance and justice are vital virtues and serve as pillars of being a virtuous person and a major contribution to the ethical and moral family as well.

It is relevant to consider in each area, that there are both 'hard' (technical) and 'soft' (culture and people) issues to take into consideration as you contemplate your long-term future as a family.

Introduction

Passing family values from one generation to the next helps preserve family legacy. Although defining shared values may be a new and challenging exercise involving more than one generation, spending time to formalize and implement a value system is a key element in every legacy strategy.

Consistently reinforcing positive values gives rise to virtue, which contributes to personal and family meaning.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1105

07. Family Virtues | cont'd

Guidance

Being virtuous creates a positive environment for people around you and can inspire them to practice similar virtues. Living your virtues can lead to a fulfilled life.

What are the main virtues a family should aspire to that can help move the family business forward? Prudence, courage, temperance and justice have been called the “four Cardinal Virtues” and comprise all other virtuous attributes.

FOUR CARDINAL VIRTUES

As first postulated by Aristotle, the four Cardinal Virtues are seen to provide a solid foundation for a virtuous life.

Prudence: The wisdom to make good judgements based on actions and consequences.

Courage: The strength to overcome difficulties, and the ability to weather hardships to achieve goals.

Temperance: The ability to practice self-control and have a sense of modesty and moderation; the ability to recognize damaging influences and behaviors and the skills to avoid them.

Justice: The action of doing what is morally right and fair. The parameters of justice are difficult to define, so constantly search for and enact truth, fairness, impartiality, morality, ethics and ideals.

Values (actually virtues) are abstract, aspirational concepts that both guide and inspire our families.

Guiding Principles are those specific and measurable standards that will give specificity and meaning to the shared values of the family.



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | E-LESSON | HVV1105

07. Family Virtues | cont'd

VALUE	GUIDING PRINCIPLES
Stewardship	<ul style="list-style-type: none">• Setting long term plans for our business every year• Making decisions for long term interests of family and business• Creating sustainable and responsible business• Understanding requirements for good ownership of our businesses• Putting place leaders, teams and a culture consistent with the stewardship
Integrity	<ul style="list-style-type: none">• Speaking honestly at all times• Keeping our word, honoring our commitments
Unity	<ul style="list-style-type: none">• Staying together and building bonds of trust• Acting in manner that puts family first
Effort	<ul style="list-style-type: none">• Working hard; using time effectively; going “the extra mile” when needed
Responsibility	<ul style="list-style-type: none">• Taking ownership for resolving issues• Setting and maintaining standards• Donating 10% of our profits to worthy causes



FAMILY WEALTH AND LEGACY PLANNING

MODULE 01 | KEY DOCUMENTS |

EDITABLE TEMPLATES AVAILABLE FOR DOWNLOAD BELOW:

TO BE COMPLETED WITH YOUR OWN FAMILY WEALTH AND LEGACY PLANNING
CONTENT

KEY DOCUMENT I: DEFINITION OF THE FAMILY, HISTORY AND CULTURE

<< DOWNLOAD TEMPLATE [HERE](#) >>

KEY DOCUMENT II: EXPECTED EVOLUTION AND PRIORITY CHALLENGES

<< DOWNLOAD TEMPLATE [HERE](#) >>

KEY DOCUMENT III: TRUE FAMILY WEALTH

<< DOWNLOAD TEMPLATE [HERE](#) >>

KEY DOCUMENT IV-A: STATEMENT OF FAMILY PURPOSE, VISION AND VALUES

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KEY DOCUMENT IV-B: STATEMENT OF FAMILY PURPOSE, VISION AND VALUES

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