Three Pathways to Evolutionary Survival:

Best Practices of Successful, Global, Multi-Generational Family Enterprises

Working Paper for Family Office Exchange
and Family Business Network

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September 2012

Executive Summary

Just as we benchmark financial and organizational performance, so family business owners want to benchmark best practices of governance and family interaction that help sustain their family enterprises over generations. This study defines and compares the best practices used by 192 of the largest and most successful global families to preserve their wealth and connection as a family across several generations.

Families have heard from other families, academic researchers and consultants that certain practices of governance, family connection and next generation personal development support long-term success. But it is not clear which practices are most commonly used, how important they are, or their impact on the family or its businesses.

To explore these questions we asked family members from successful multi-generational families around the world about their current use of 15 practices that have been linked to cross-generational sustainability, and how important they saw the adoption of each practice for their future.

Survey participants were family members of the **Family Business Network** and **Family Office Exchange**—a global sample of 192 of the largest and most successful family enterprises that own and control large, venerable family companies, family offices and family foundations. Two-thirds of the participants still own a legacy business (average size of US$400m), and most have at least one family member working in the business. Their assets are managed in a variety of structures - within the family business, in a family office, private bank or trust company. The age of participant families ranges from the first generation to more than seven generations; the majority of participants are in their second generation or later.

These families are quite private, and their participation in this research signals their interest in this topic and their trust of the research sponsors. We express our sincere gratitude to all of the participants for providing the world with the first definitive look at the best practices of governance and family interaction that have helped them to succeed for generations.

Key Findings

- **Participants use nearly all of the practices to a significant degree.** The practices that have been advocated and championed by leading families have been adopted by a large number of families with positive results.
- **All families expect their use of these practices to rise in the future.**
- **The most prevalent current practices are related to Nurturing the Family (Pathway I).** The least prevalent are practices related to Cultivating Human Capital for the Next Generation (Pathway III). However, there is widespread recognition of the importance of preparing the next generation and clear intention to increase the use of these practices in the future.
- **The use of these practices is consistent and significant to a similar degree in every region of the world.**
- **The use of these practices is consistent and significant in both families that still own their legacy family business as well as in those that have sold the business but remain a family enterprise with shared investments.**

Introduction

The nature of the best practices that successful families use to reach their fourth and fifth generations and to flourish from there has been a subject of keen interest in the professions that serve such families and in families who are seeking such an outcome. Very little serious research has been done on such best practices; thus leaving only anecdotal evidence to be discussed. Now Dennis Jaffe, Ph.D., as lead researcher in combination with the Family Office Exchange and The Family Business Network has done an academic level research study on the nature of some of these practices and on their successful utilization.

The findings are rich and practical. I am quite sure their finding that families' increasing concern with best practices in developing their human, intellectual, social and spiritual capitals, along with their financial capital, is not only prescient but where so many best practices are currently germinating to help such families flourish for generations to come. I hope you will use these findings to help your families and those you serve flourish.

- James (Jay) E. Hughes, Jr.

I. The Challenge of Sustaining the Family Enterprise Across Generations

Creating a successful family business that generates substantial family wealth across generations is a rare and special event. The Family Firm Institute reports that less than one-third of family businesses are able to survive as they cross generations. Of those, less than 10% survive into the third generation. But the successful few bring bountiful gifts to the family, their employees and the community. Family businesses are the global engine of business growth and wealth creation. In every country, family business represents a great majority of the total enterprise. So we search for the factors that promote cross-generational success.

While most family wealth starts with the creation of a successful family business, over generations the successful family begins to diversify. By the second generation, many families sell their legacy business or diversify into other areas, including investments, real estate, other businesses, or family philanthropic foundations. We therefore use the terms "family enterprise" or "enterprising family", rather than family business, to describe them. A family can sell its legacy business but still remain a family enterprise with shared investments and a family wealth-creation function.

Over generations, enterprising families grow from a single family to include several related households. To deal with these added memberships, the extended families must develop skills and practices that align the interests of multiple family owners and business and financial entities. The story of family enterprise evolution over generations is of increasing complexity and continual change. They need to evolve internal governance practices that enable the family to manage the emerging realities. Many families do not adopt these practices and do not survive the generational transition.

Participants in this study represent the exception to the rule and go against the tide of dissipation and fragmentation. We are assuming that the longevity and success of the families in our survey has enabled us to survey not "average" family enterprises, but rather, those that are among the more successful and innovative.

Defining Best Practices

Our definition of best practice owes a debt of gratitude to a 2003/2004 study, *Eight Proactive Practices of Successful Families* by Amy Braden and JP Morgan Chase. This study identified eight critical success factors that were diffusing globally and considered important for the future. To refine and develop our list of best practices we talked to consultants and families around the world, surveyed the literature **(Family Business Review, Journal of Wealth Management, Family Business Magazine, FOX 50 Best Practices for an Enduring Family Enterprise, Families in Business)**, and reviewed materials and family case histories shared at industry conferences.

The best practices of family relationship and governance we identified are not business and financial practices. Rather, they span the inter-connected worlds of family, business/finance, and personal development. In our view, a successful family enterprise strives towards balance across these three areas; it would not be fully successful if any one area were troubled. For example, if the business produces wealth but the family fragments or experiences deep conflict, or young people grow up collectively unhappy, unproductive and unfulfilled, then the family is not likely to view itself as successful. Successful families rely on best practices from each of these areas or pathways - family, business and personal development.

The best practices we discovered were distributed along three overlapping pathways. For each pathway, we identified five critical practices:

Pathway I: Nurture the Family

The first generation business founder accumulates substantial wealth that is passed on within the family. While the second generation heirs grow up together, each second-generation sibling begins his or her own family. The third generation cousins live separately and may not share the family heritage as deeply or clearly.

Yet to remain a family enterprise, the members of several families in several generations must believe there is a good reason to be business partners. They must have a common vision as an extended family that makes them want to work together. In addition, as partners and shared owners, they need to develop trust in each other, spend time together, develop personal relationships across families, and share common values. **The practices in this pathway help the family actively build connection and shared purpose over generations**, fighting the natural tendency for family members to move into separate worlds and greater disconnection.

Pathway II: Steward the Family Enterprises

The extended family shares not just a family legacy, but also a family business and/or several family financial enterprises they own together. The business may be large and public and have a high profile in the community. As owners, family members are identified with the business and have personal expectations of what the business will provide and their role and relationship to it.

As more and more family members are, or expect to become, owners, there must be clear rules for how to make decisions and work together to operate their financial and business entities. The family needs a plan for how they will grow and diversify, and how the rewards and resources of their family enterprises will be distributed. The roles, responsibilities and authority of each person need to be clear so that each family member feels that he or she is treated fairly.

The family must organize itself for the business of the family and develop strategies to manage conflict. **The practices in this pathway help the family make decisions that preserve both family harmony and financial returns.**

Practices in Pathway I: Nurture the Family

- 1.1 Clear, compelling family purpose and direction
- 1.2 Regular extended family gatherings and interaction
- 1.3 Climate of family openness, trust and communication
- 1.4 Sharing and respect for family history and legacy
- 1.5 Shared family philanthropic and community service

Practices in Pathway II: Steward the Family Enterprises

- 2.1 Strategic plan for family wealth and/or enterprise development
- 2.2 Active, diverse, empowered board guiding each enterprise
- 2.3 Transparency about financial information and business decisions
- 2.4 Explicit and shared shareholder agreements about family assets
- 2.5 Exit and distribution policies for individual shareholder liquidity

Pathway III: Cultivate Human Capital for the Next Generation

A unique element of a multi-generational family enterprise is that a new generation of young people grows up in the family, feeling a connection to and an expectation to share in its legacy. The young people are the future. They need to be prepared for their role within the family and the business and to learn how to work with each other. The successful multi-generational family enterprise must actively develop the next generation. **The practices in Pathway III encourage the personal development and preparation of each and every next generation family member through governance and family activities.**

Practices in Pathway III: Cultivate Human Capital for the Next Generation

3.1 Employment policies for family members working in the family enterprises

3.2 Agreement on values about family money and wealth

3.3 Support for development of next generation leadership

3.4 Encouragement for all family members to seek personal fulfillment and life purpose, regardless of personal or financial involvement in family enterprises

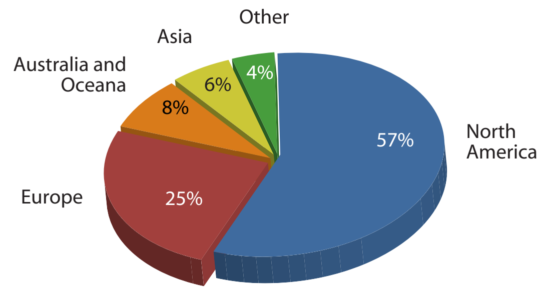
3.5 Age-appropriate education to teach financial skills to young family members

II. Demographics

The families in the survey represent great diversity in that there are many forms of family enterprise, including different structures, longevities, sizes and regions.

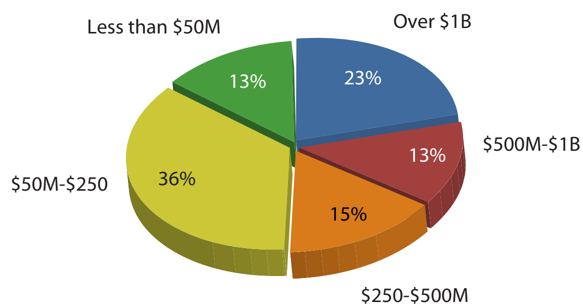
Geographic Region

The respondents represent most regions of the world, with a predominance of families in North America and Europe. We have significant, though small, samples from Asia, Australia/Oceana, and South America, which reinforce the global distribution of these practices.



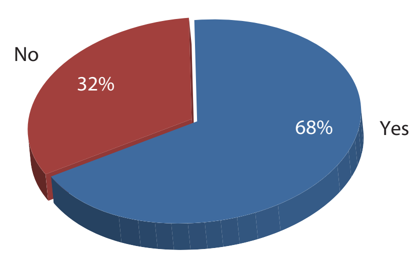
Asset Size of the Family Enterprise

Nearly 40% of the families report assets greater than US$500 million. Our responders thus represent the largest and most successful family enterprises, worldwide.



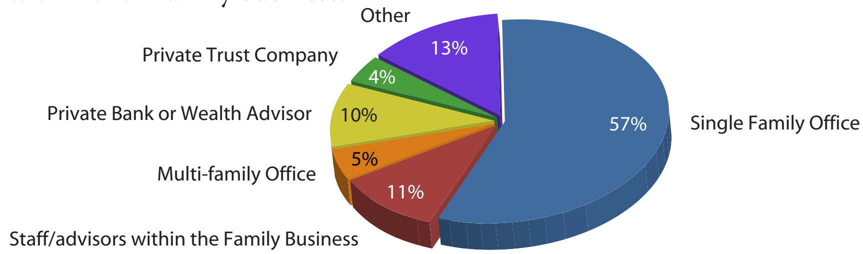
Family Ownership of the Legacy Family Business

Most family wealth begins with the founding of a great company. But after a fortune is made, to create additional wealth or sustain the wealth they have, the family often moves into areas beyond the core business. While most of the families have diversified into several financial and business ventures, two-thirds of the survey participants still own the legacy family business. This suggests that families remain committed and attached to the source of their wealth as a family legacy, even as they diversify into other areas for investment and financial return.



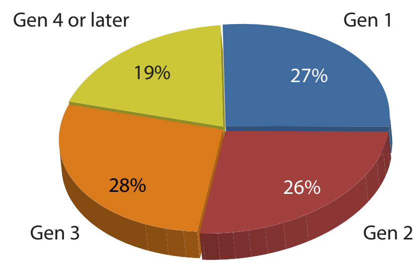
Entity Overseeing Management of Family Assets

Even when the family still owns its legacy business, most of the participants have created additional family entities to govern, integrate and manage their diverse resources. For a majority, the entity is a single-family office. The others manage their assets with the help of a multi-family office or a private bank or trust company; some still rely on the staff within their family business.



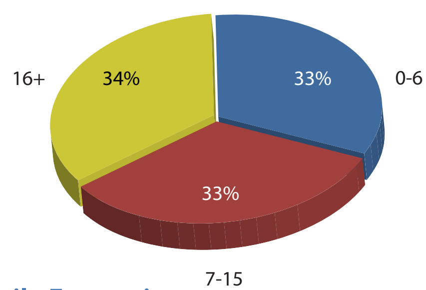
Leadership Generation In Control of Business

The vast majority of existing global family businesses are in their first or second generation, but the participants in this study represent the smaller percentage of families who have transitioned beyond the first generation. Only 25% of the participants are still in their first generation, while the majority are controlled by the 2nd or later generations. This means that our respondents have experienced a successful transfer of power and ownership across generations.



Number of Adult Family Members

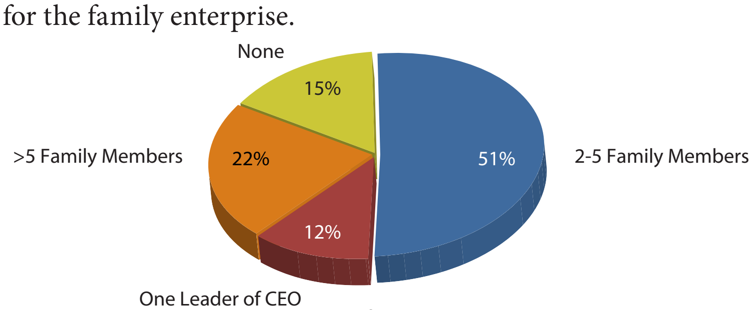
As we expect from the dispersion of generations, the majority of participants have seven or more adult family members.



Family Members Working for the Family Enterprise

The greatest challenge facing family enterprises is balancing the multiple roles of family members as family members, business owners and managers and employees in those businesses. Over time there is a tendency for family enterprises to have fewer family members working in management or leadership, and to transition to professional management with family ownership and control.

While many families transition to non-family management over time, 63% of our participants have two or more family members working for the family enterprise.



III. Current and Future Use of Best Practices

Composite Scores

Participants are highly engaged in practices in each of the three pathways to inter-generational family success and consider them increasingly important to their future success.

In reporting the survey findings, we present both the **Current Use** and **Future Importance** assessments on a scale of 0-3 from least to most use/importance. We also report the "gap" or degree of difference between the current use and future importance scores. In addition to presenting results for each individual practice, we calculated a **Composite Average** of the scores for each pathway, which we report below.

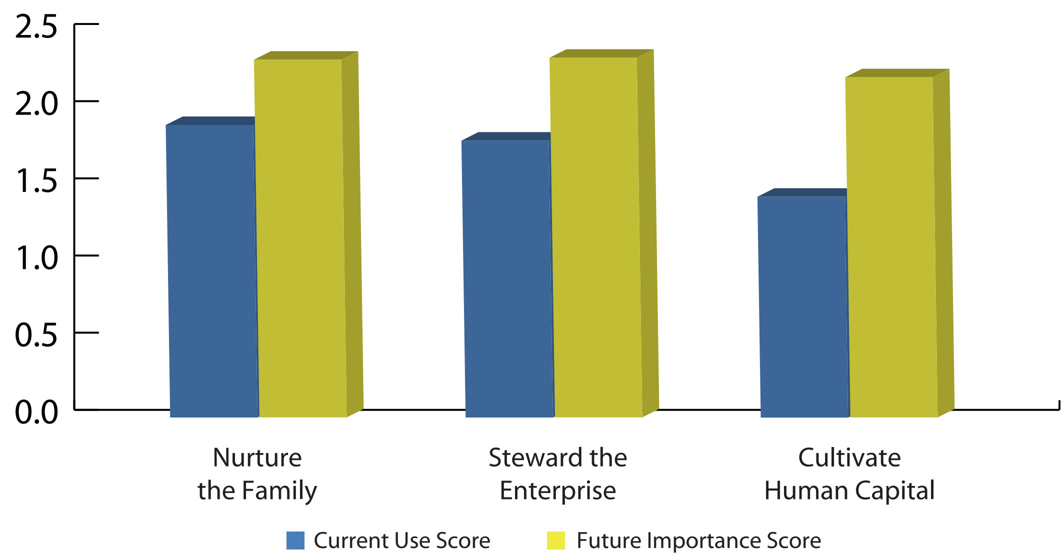
Specifically, composite scores for current use of practices within each of the three pathways are at or above an average of 1.4 (on a scale of 0 to 3), which indicate greater than moderate use of the practices. And the future expectations are even higher for each composite pathway. All future importance scores are above 2.0 indicating moderate to high importance for that pathway and supporting the expectation that the family will adopt these practices as they grow through the generations.

The trend is for increasing use of these practices over time. No family reports diminished importance for a practice they plan to the future. This is a significant factor that adds support to the use and value of these practices.

Pathway I, indicating connection as a family, contains the most frequently used current practices. The second and third pathways reflect slightly lower current use of those practices. This suggests that while most participants already tend to rely on these practices, a great majority plan to use more of them in the future. All three pathways are considered increasingly important for the future.

We see the greatest "gap" between current and future importance in the practices of the third pathway, building the next generation. While the practices of the third pathway are less used than those of the other pathways, families express the greatest need for adopting them in the future. As the families grow and the business has greater complexity, they need to more explicitly prepare members of the next generation for their roles as stewards.

Composite Scores for Each Pathway



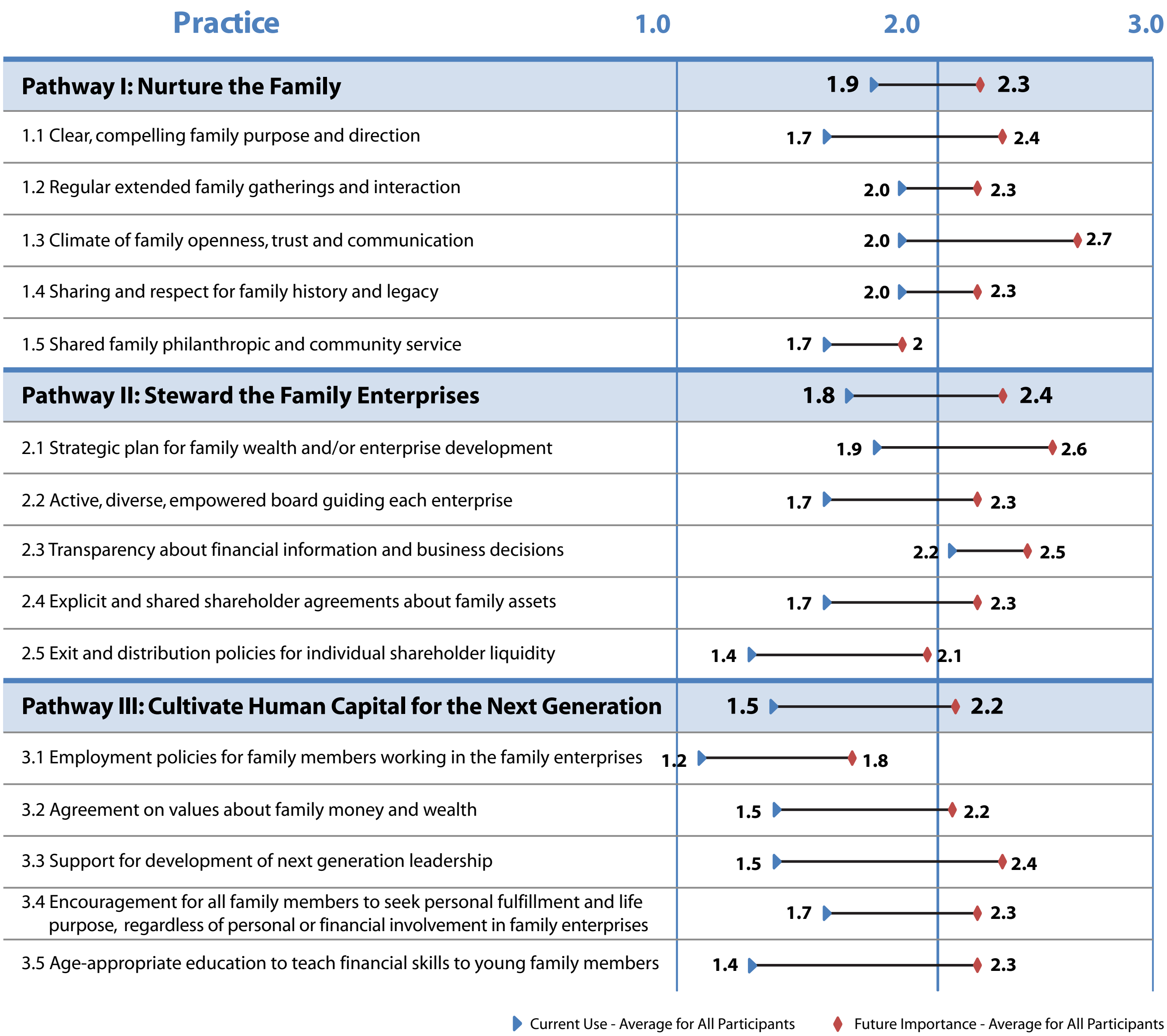
Frequency of Responses for All Participants

This table summarizes the survey responses of all the participants for each practice. The bold numbers represent the most used current practices, most important practices for the future and the biggest gaps between both of these.

Current Use: 0=We do not do this, 1=We have talked about this, 2=We are in the beginning stages, 3=We do this formally
Future Importance: 0=Not important, 1=Low importance, 2=Moderate importance, 3=High importance

Pathway	Practice	Current Use				Future Importance			
		0	1	2	3	0	1	2	3
Pathway I: Nurture the Family	1.1 Clear, compelling family purpose and direction	18%	22%	29%	**31%**	5%	8%	28%	**58%**
	1.2 Regular extended family gatherings and interaction	17%	9%	24%	**50%**	6%	11%	26%	57%
	1.3 Climate of family openness, trust and communication	11%	17%	32%	**39%**	3%	2%	20%	**74%**
	1.4 Sharing and respect for family history and legacy	14%	14%	25%	**47%**	4%	11%	36%	49%
	1.5 Shared family philanthropic and community service	22%	19%	25%	34%	8%	21%	38%	33%
Pathway II: Steward the Family Enterprises	2.1 Strategic plan for family wealth and/or enterprise development	15%	15%	34%	**36%**	4%	3%	22%	**71%**
	2.2 Active, diverse, empowered board guiding each enterprise	**27%**	16%	16%	41%	9%	9%	25%	56%
	2.3 Transparency about financial information and business decisions	15%	6%	21%	**58%**	4%	7%	22%	**67%**
	2.4 Explicit and shared shareholder agreements about family assets	**29%**	12%	17%	42%	8%	13%	25%	54%
	2.5 Exit and distribution policies for individual shareholder liquidity	**37%**	14%	19%	30%	10%	14%	28%	**48%**
Pathway III: Cultivate Human Capital for the Next Generation	3.1 Employment policies for family members working in the family enterprises	**45%**	15%	14%	25%	21%	16%	24%	40%
	3.2 Agreement on values about family money and wealth	21%	32%	24%	23%	8%	13%	36%	44%
	3.3 Support for development of next generation leadership	19%	30%	30%	**21%**	4%	8%	29%	**59%**
	3.4 Encouragement for all family members to seek personal fulfillment and life purpose, regardless of personal or financial involvement in family enterprises	19%	23%	24%	34%	8%	8%	28%	56%
	3.5 Age-appropriate education to teach financial skills to young family members	**30%**	26%	22%	22%	6%	8%	31%	55%

The following image allows you to quickly see the current use relative to future importance for each practice and for each pathway. The length of each line represents the gap – or distance the family has to go – to achieve their goals for the future.



Individual Practices

Looking more closely at which individual practices are used currently and important for the future, we identify the most used current and future practices. The most commonly reported practices in current use are in Pathway I, concerning family connection. Most participants indicate that they have established regular family meetings and actively demonstrate respect for the family legacy and each other. They also appear to have established pathways for positive communication.

> *"The tie that binds enterprising families together from one generation to the next is seldom simply stock ownership. Rather, it is fostering enduring bonds and relationships, visioning a collective purpose and vision and leveraging a broad sense of family capital that allows a family not just to survive, but to thrive."*
>
> \- Kirby Rosplock, Ph.D., Genspring Family Offices

Five Most Used Current Practices

2.3 Transparency about financial information and business decisions
1.2 Regular, extended family gatherings and interaction
1.4 Sharing and respect for family history and legacy
1.3 Climate of family openness, trust and communication
2.1 Strategic plan for family wealth and/or enterprise development

Five Most Important Practices for the Future

1.3 Climate of family openness, trust and communication
2.1 Strategic plan for family wealth and/or enterprise development
2.3 Transparency about financial information and business decisions
3.3 Support for development of next generation of leaders
1.1 Clear, compelling family purpose and direction

Practice 2.3 Transparency about financial information and business decisions, is the most widely adopted practice with 58% of participants indicating that they currently do this. This is followed by the 50% of participants who currently have regular, extended family gatherings and interaction (Practice 1.2).

In contrast, families that run into dysfunctional conflict, the absence of these factors—a climate of family distrust brought about by poor communication, secrecy and lack of clarity about a plan—makes it difficult for them to remain together for the long term.

Participants express clear intentions of what is needed for future success. Despite their positive foundations, families want to increase their connection to each other via greater use of practices in Pathway I. They also want to incorporate a vision and strategic plan for the future and to actively develop the next generation of family leaders. It is not enough to trust and feel connected with each other; families want also to develop a clear vision and direction for what they want to build together as a family enterprise.

Seventy-four percent (74%) of participants rate having a climate of family openness, trust and communication as highly important for the future. This is followed by 71% of participants who believe that having a strategic plan for the future is critical. The importance of transparency about financial information and business decisions cannot be underestimated. Sixty-seven percent (67%) rated this as highly important for the future.

The **"gap" metric**—the differences between the current and desired future scores—helps us to see where the family considers the most important work for the future. A gap indicates the distance a family has to go to achieve something they consider important. These "gaps" identify areas where a family needs special focus.

They include several practices, such as policies about how to handle family wealth, where a family might have good intentions, but because of family tension and differences, may find it difficult to actually come to agreement or implement that practice. The challenge for participants is to move from need, to intention, to actual definition and implementation of policies in these desired areas of improvement.

Five Biggest Gaps between Current Use and Future Importance

3.3 Support for development of next generation of leaders

2.5 Exit and distribution policies for individual shareholder liquidity

2.1 Strategic plan for family wealth and/or enterprise development

1.3 Climate of openness, trust and communication

1.1 Clear, compelling family purpose and direction

Of note is the fact that 60% of the respondents rank Practice 3.3 —support for development of the next generation of family leaders—as having high importance for the future, though only 21% currently use this practice. They see leadership development as a crucial practice for future success.

There are several important practices that many participants do not use, even when they are given high future importance scores. Since every practice is important and has been connected with family success, we may imagine that some practices are particularly difficult for a family to put in place. The difficulty could account for why they consider them important but have yet to adopt them.

The least used common practices include:

- 45% do not have employment policies for individual family members working in the family enterprise (Practice 3.1).
- 37% do not have exit and distribution policies for individual shareholder liquidity (Practice 2.5).
- 30% do not have age-appropriate education to teach financial skills to young family members (Practice 3.5).
- 29% do not have explicit and shared shareholder agreements about family assets (Practice 2.4).
- 27% do not have an active, diverse, empowered board guiding each enterprise (Practice 2.2).

What explains this disuse? Our hypothesis is that they are desired but difficult to put into practice. All of these practices require time, effort, and a shared commitment by the family. We imagine that some of the desired practices just do not have this level of commitment and thus tend to be delayed or put off.

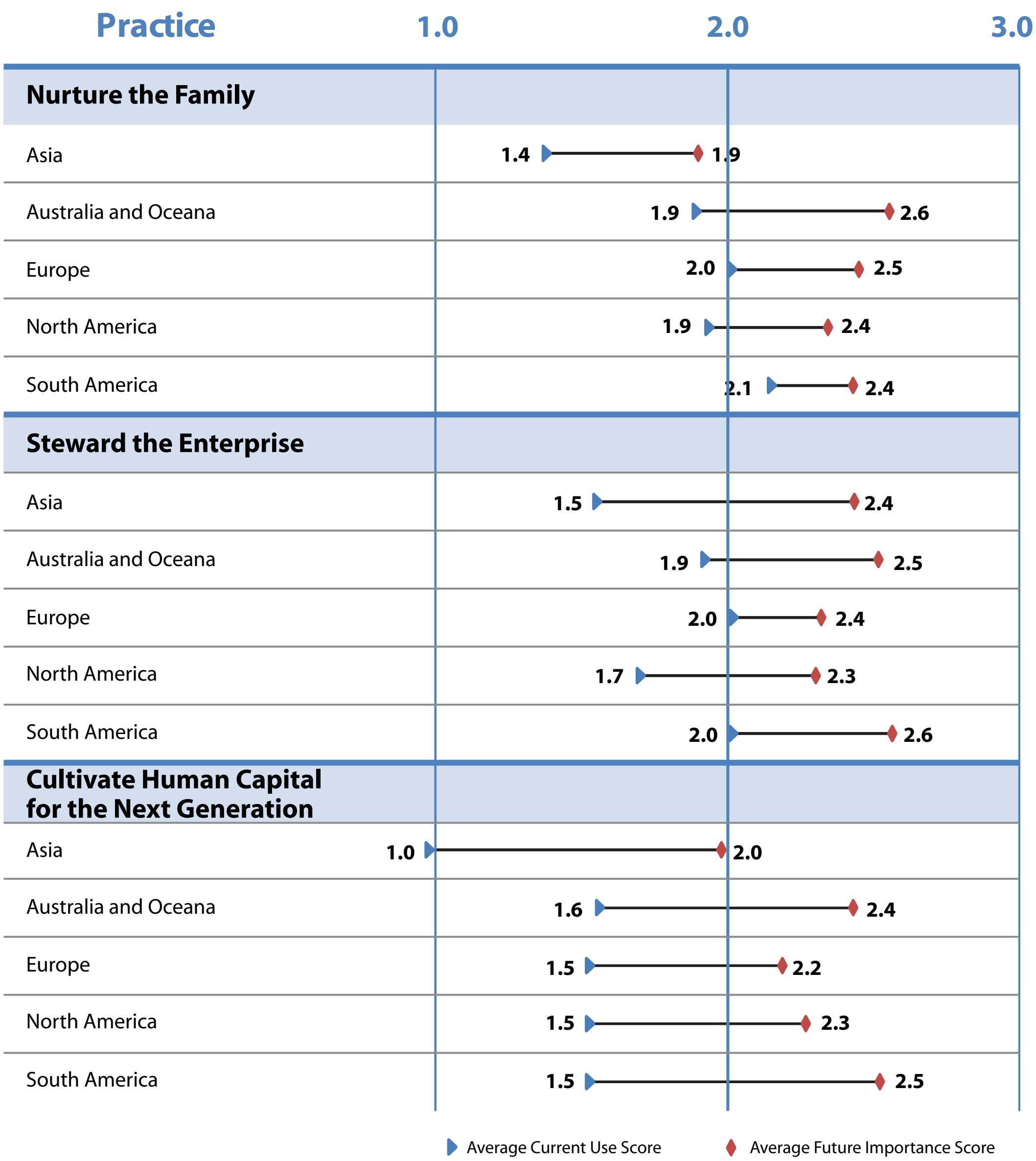
"With the next generation thinking more about the pros and cons of joining the family business, the current generation may need to spend more time promoting the advantages of being part of a family in business together."

- Mark Evans, Coutts

IV. Comparison of Differences in Current Use and Future Importance

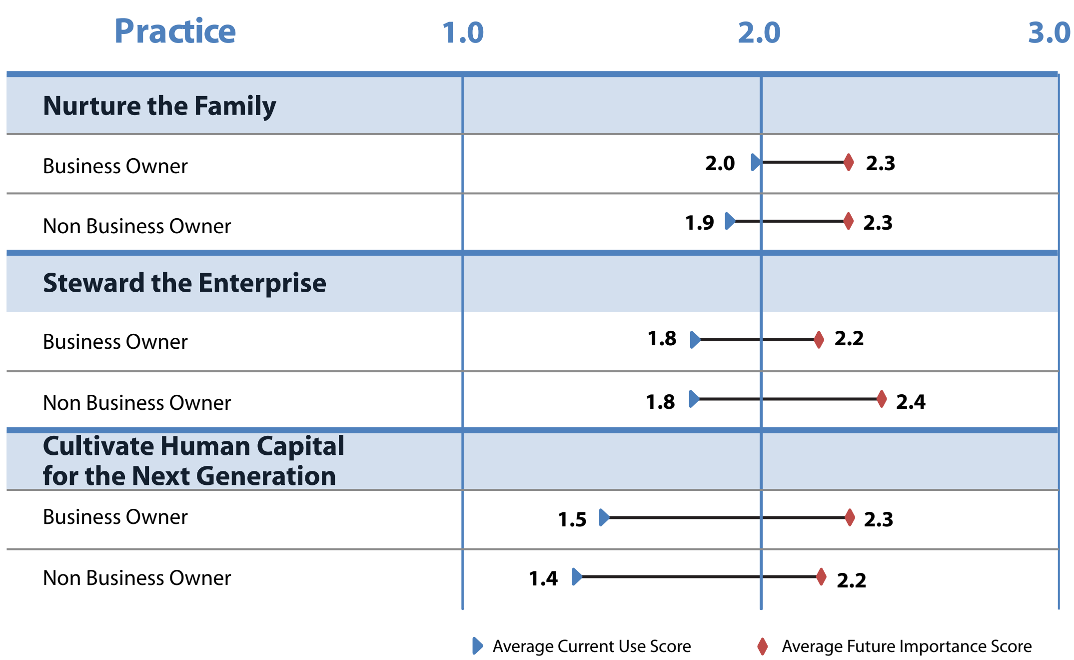
Geographic Differences

These best practices are shared and desired in all parts of the world. Regional differences were less than we expected, suggesting that there has been international communication about their use and desirability. The following composite averages for each region show how similar they are across the world.



Ownership of the Legacy Business

Most current practices are reported to nearly identical degrees by the two groups; the only difference being that business-owning families are more likely to have a strategic plan for enterprise development, while non-owning families have explicit shareholder agreements. In the future, business owners expect to place greater emphasis on developing the next generation and supporting their independence, while non-owners focus more on having an effective board and clarifying family purpose and direction. For both groups, the greatest gaps between current and future are in the areas of next generation development, and in creating clear agreement on family direction and policies.

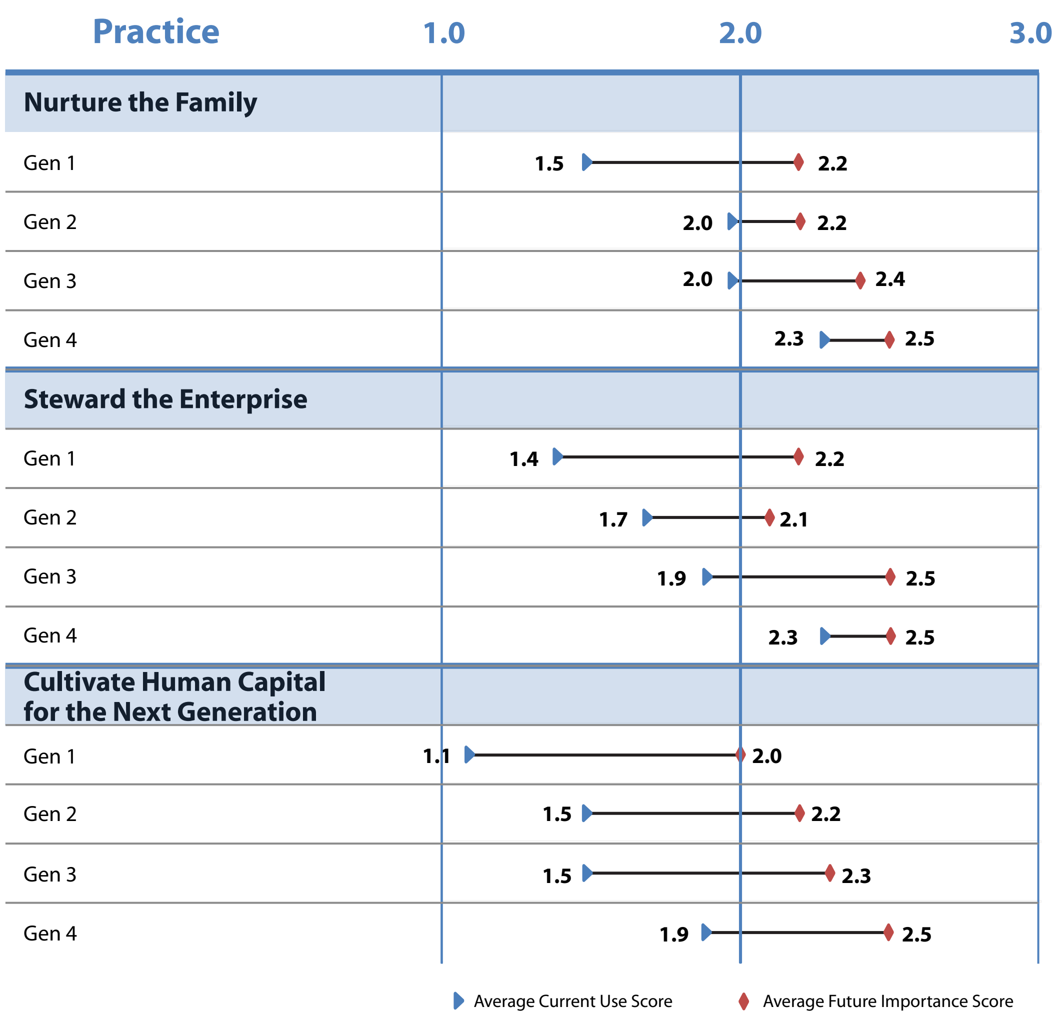


Leadership Generation

We have almost an equal number of families with leadership centered in the first and in each later generation of the family. Since the great majority of wealth in society is held by the first or second family generation, the high representation of 3rd and 4th generation families in our sample offers a unique window on the rare examples of long-term family leadership.

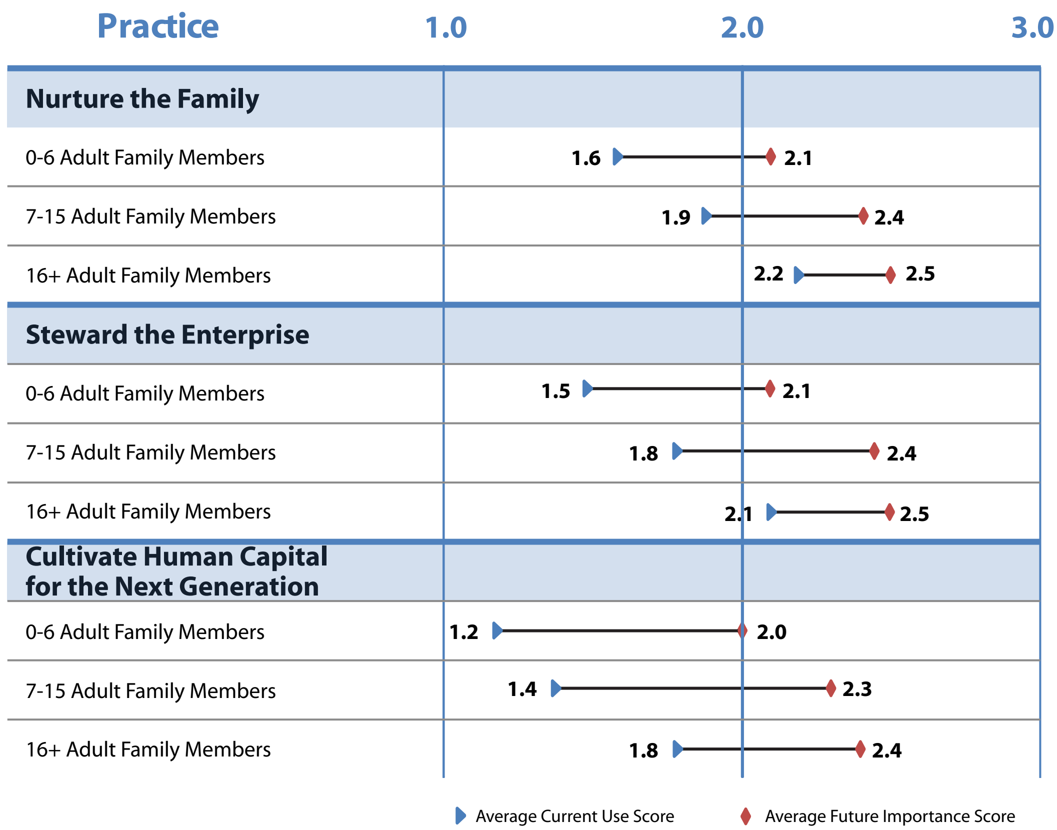
We would expect that in the first generation, a family would have less experience with these practices. However, our findings show that leaders in each generation use the key practices and expect to use them more in the future. However, the use of the practices clearly increases with the age of the family.

The 27% of our respondents who are first generation families are most concerned with developing a philanthropic focus and defining the family legacy for the next generation. They experience the greatest gaps in relation to developing policies and practices to support the next generation. Their work is ahead of them to develop governance. The remaining 75% of participants who are second, third and later generation families have begun to hold family meetings, develop collaboration, and pursue philanthropy as well as business activities. For the future, they want to focus more on the development of the next generation, and strategic planning.



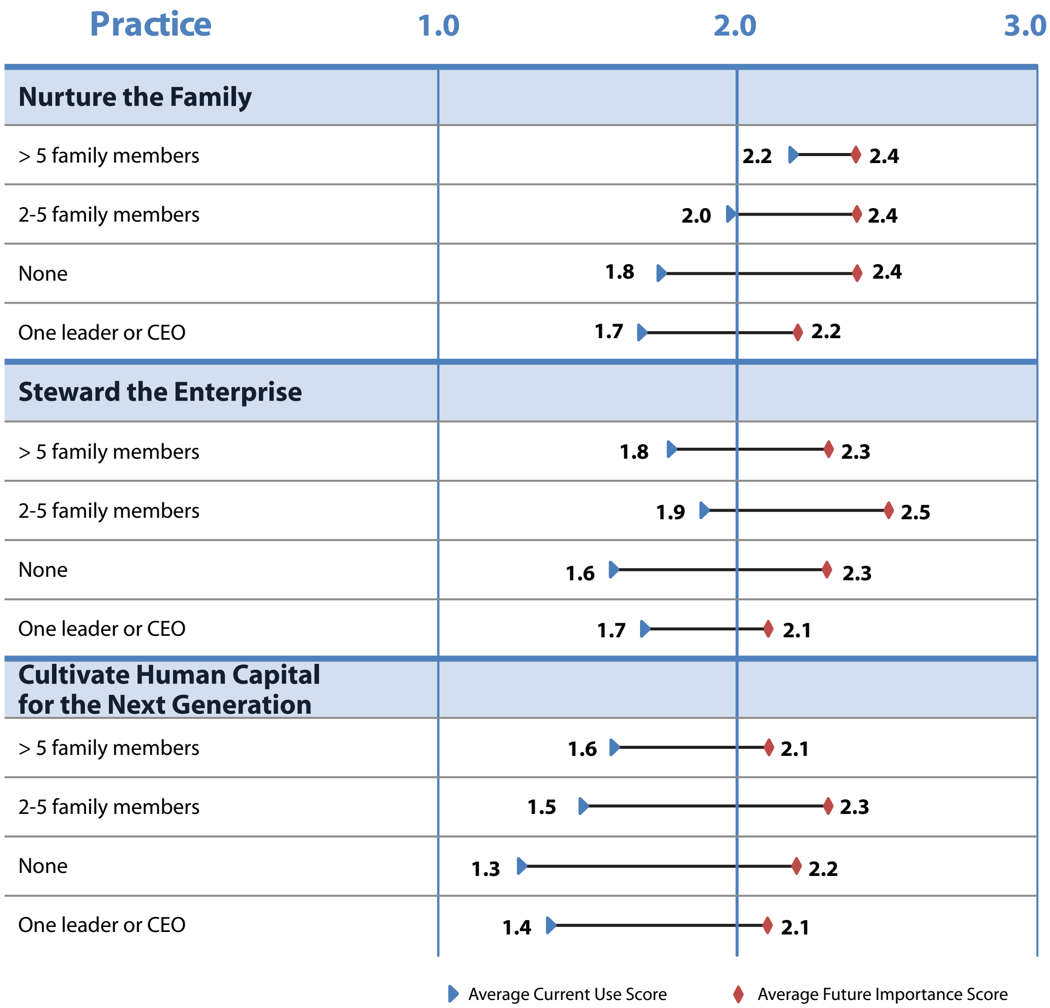
Size of Family

The more family members in a family, the more they engage in best practices.



Family Member Involvement in Business

Family enterprises with active family involvement are more likely to rely on best practices. This is especially true for Pathway I, on family connection and Pathway III, development of the next generation.



Conclusions and Next Steps

This survey opens a window on the behavior of some of the oldest and largest family enterprises in the world. We asked them some simple questions about practices for sustaining family connection, governance of their family enterprises and developing the next generation of family leaders. We found, not surprisingly, that these successful families use these practices regularly and plan to use more of them in the future.

The high level of use and future importance attributed, across the board, to these fifteen best practices confirms their relevance and usefulness to multi-generational family enterprises. **The practices have been adopted by all types of families, all over the world.** Furthermore, the trajectory for the future is clear: as families begin to use each practice, they see results and want to use them even more in the future. The nature of the survey sample - highly successful families that have thrived for generations – gives further credence to the fact that these practices are linked to success over generations by family enterprises.

We saw no preponderance of use of any particular practice. This suggests another characteristic of the successful family enterprise: successful families seek **balance** across all three pathways. While they appear to lag in adopting practices in Pathway III, preparing the next generation, this pathway is not considered any less important for the future.

What about cause and effect? How much does this survey suggest that these practices are causally inked to the success of family enterprise over generations? We have no evidence that unsuccessful families use these practices less, but the experience of advisors would suggest that this is true. We can hypothesize that families who call for help or fall into destructive conflict utilize fewer of these practices. The advisor's job is to make them aware that these practices can make a difference, especially if adopted before conflict and stress occurs. While other business and financial practices obviously contribute to success, our findings demonstrate that positive family relationships and the ways by which family members work together, create agreements and collaborate across generations are equally, if not more, important for their success.

What Now?

There is no downside to adopting these practices. As a family gets larger and more complex, each of these pathways helps the family to move from doing things in an ad hoc or implicit way, to establishing clearly defined practices and policies for how family members work together and make decisions.

Your family can start by taking the survey on the next page, and comparing your family responses with the average responses of the families in the study. In this way, you can begin to plan and carry out a family development plan alongside the strategic plan for your business and your family enterprise.

> *"Perhaps the way this study can help family business leaders most of all is by prompting reflection on yourself, your family, and your business. Where are your family and your business in their lifecycles? Which of these practices do you employ at present? Which have resisted your implementation? Looking back, what experiences or stories have helped you and your family recognize the importance of the practices you do use? Most important, as you look forward, how do you define success?"*
>
> - Keith Whitaker Ph.D., Wise Counsel Research

Benchmarking Your Own Family Practices

We invite you now to benchmark your own family against nearly 200 of your peers around the world, by completing the survey for your own family.

Completing the Survey for Your Family

You can complete the survey that follows on behalf of your family, on your own, or in consultation with other family members. After you have completed it, you can benchmark your performance in each of the pathways against your peers—do you rely on these practices as much as the families in our sample? Where do you want to focus your family's efforts to ensure that your family continues to flourish?

We suggest that you make your own list of the five highest scores for your family currently, in the future, and record the "gaps" where there is the greatest difference between what you currently do and what you believe to be important to your future. This exercise provides a great conversation starter for the family to consider going forward.

Instructions:

*For each practice, indicate in the **Current** column, on a scale of 0-3 (0=we do not do that; 1= we have talked about this, 2=we are beginning to do this, and 3=we do this formally in our family) the degree you see your family using this practice at this time. In the **Future** column indicate how important you believe it will be for your family to develop that practice in the next 3-5 years (0=not important, 1=low importance, 2=moderate importance, 3=high importance).*

Practice	Our Family's Current Practices	Our Family's Future Importance
Pathway I: Nurture the Family		
1.1 Clear, compelling family purpose and direction		
1.2 Regular extended family gatherings and interaction		
1.3 Climate of family openness, trust and communication		
1.4 Sharing and respect for family history and legacy		
1.5 Shared family philanthropic and community service		
Pathway II: Steward the Family Enterprises		
2.1 Strategic plan for family wealth and/or enterprise development		
2.2 Active, diverse, empowered board guiding each enterprise		
2.3 Transparency about financial information and business decisions		
2.4 Explicit and shared shareholder agreements about family assets		
2.5 Exit and distribution policies for individual shareholder liquidity		
Pathway III: Cultivate Human Capital for the Next Generation		
3.1 Employment policies for family members working in the family enterprises		
3.2 Agreement on values about family money and wealth		
3.3 Support for development of next generation leadership		
3.4 Encouragement for all family members to seek personal fulfillment and life purpose, regardless of personal or financial involvement in family **enterprises**		
3.5 Age-appropriate education to teach financial skills to young family **members**		

The following information is shared so that you can quickly compare your responses to the universe of participants.

Practice	Current Practices -Universe Composite	Importance for Future -Universe Composite
Pathway I: Nurture the Family		
1.1 Clear, compelling family purpose and direction	1.7	2.4
1.2 Regular extended family gatherings and interaction	2.0	2.3
1.3 Climate of family openness, trust and communication	2.0	2.7
1.4 Sharing and respect for family history and legacy	2.0	2.3
1.5 Shared family philanthropic and community service	1.7	2.0
Pathway II: Steward the Family Enterprises		
2.1 Strategic plan for family wealth and/or enterprise development	1.9	2.6
2.2 Active, diverse, empowered board guiding each enterprise	1.7	2.3
2.3 Transparency about financial information and business decisions	2.2	2.5
2.4 Explicit and shared shareholder agreements about family assets	1.7	2.3
2.5 Exit and distribution policies for individual shareholder liquidity	1.4	2.1
Pathway III: Cultivate Human Capital for the Next Generation		
3.1 Employment policies for family members working in the family enterprises	1.2	1.8
3.2 Agreement on values about family money and wealth	1.5	2.2
3.3 Support for development of next generation leadership	1.5	2.4
3.4 Encouragement for all family members to seek personal fulfillment and life purpose, regardless of personal or financial involvement in family **enterprises**	1.7	2.3
3.5 Age-appropriate education to teach financial skills to young family **members**	1.4	2.3

Researchers

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For 35 years, Dennis has helped families manage the personal and organizational issues that lead to successful and fulfilling transfer of businesses, wealth, values, commitments and legacies between generations. As both an organizational consultant and clinical psychologist, he is one of the architects of the field of family enterprise consulting. He works with multi-generational families to develop governance tools and the capability of next generation leadership, and with financial organizations and family offices to develop their capability and skills to serve their family clients.

Since 1981, he has been professor of Organizational Systems and Psychology at *Saybrook University* in San Francisco. He received his BA in Philosophy, MA in Management and Ph.D. in Sociology from Yale University. As a member of the Family Firm Institute since it was founded, he has presented at many of their annual conferences, served on their board, written frequently for their journal *Family Business Review*, and was awarded the *Richard Beckhard Award* for contributions to practice.

Recently, his global focus has led to work with groups such as the Family Business Network, where he has been working with the Pacific Asia chapter to develop a program for next generation family members. He has helped financial advisors and wealth managers in a number of firms to develop the skills to serve the personal needs of their client families. The Values Edge, an acclaimed tool for exploring personal, family and organizational values, using a deck of values cards to create a Values Pyramid, has helped many families learn about themselves. He is also creator of the *Family Enterprise Competency Map*, the *Aspen Family Business Inventory*, the *Aspen Family Wealth Inventory, The Transition Curve*, and other tools for assessment of family enterprise success. In 2007 he was named *Thinker in Residence* for S. Australia, where helped the region design a strategic plan for the future of their entrepreneurial and family businesses. Currently, he serves as a visiting professor at Stetson University, where he works with a group of young next generation family heirs, in one of the only undergraduate family business programs.

Dennis is the author of three important works that are guides for members of family enterprises, including the 2010 book *Stewardship of Your Family Enterprise: Developing Responsible Leadership Across Generations*, as well as *Working with the Ones You Love: Building a Successful Family Business; Working with Family Businesses: A Guide for Professional Advisors*. Dennis co-authored the Campden Research study *The New Wealth Paradigm: How affluent women are taking control of their futures*, and was the researcher for the JP Morgan study of best practices of multi-generational families. His research on the governance of start-up companies, *After the Term Sheet* is an important contribution to the field of entrepreneurship. He is a regular contributor to magazines such as *Families in Business, Private Wealth, Worth* and *Family Business*. He was awarded the *Editor's Choice Award* in 2005 for his article on family business strategic planning for the Journal of Financial Planning.

He has also acted as an architect of the field of organizational change and development of change leadership. He has written a dozen influential management books, including *Getting Your Organization to Change, Rekindling Commitment, Take This Job and Love it!* and *From Burnout to Balance*. In 1984 he founded *Changeworks Global*, a consulting firm in San Francisco, where he worked with organizations and family businesses about long-term change to build competitive advantage by unleashing the power of their employees. He was deputy director for research at the Macarthur Foundation sponsored network for Healthy Companies from 1992-95. He was a founder of the web firm *MemeStreams*, which pioneered the use of on-line executive development tools. His video, *Managing People through Change*, was voted one of the Best Products of 1991 by the magazine *Human Resource Executive*. His work has been featured in *Inc.* magazine, *Entrepreneur, Nation's Business, Time* and *The Wall Street Journal,* and he has been profiled in People magazine. Active as well in non-profit governance, he has served on the boards of the World Business Academy, Saybrook University, and the Center for Mind-Body Medicine.

Jane Flanagan
Senior Consultant, Family Office Exchange

Jane Flanagan joined Family Office Exchange (FOX) in 1993, and has served in a number of capacities providing value to FOX members, including Managing Director of Membership, Director of Research, and as a Consultant, where she advised and counseled family offices and financial institutions on the wealth management process and family office operations.

Jane currently works as a developer, writer and editor on a number of industry whitepapers and research studies for FOX members. Some of her recent works include: "How Wealth Owners Measure Value," "Purposeful Management of Family Wealth: A Family Office Primer," "Selecting the Right Advisor" and "50 Best Practices for an Enduring Family Enterprise." In addition, Jane is responsible for summarizing industry trends in the annual FOX publication, *FOX Insights*. Finally, she acts as a content resource for the Consulting and Research Teams at FOX.

Prior to her tenure with FOX, Jane was a Relationship Manager on the Master Custody Foundation and Endowment Team at The Northern Trust Company. She received a B.A. from St. Norbert College.

Research Sponsors

About FBN

The Family Business Network is the world's leading network of business owning families, promoting the success and sustainability of family business. The role of the FBN is to articulate the positive role of family business and its contribution to the economy and society. The FBN works to create opportunities for sharing best practice through national, regional and international programmes and events. The Network also seeks to provide a thorough understanding of the micro and macroeconomic framework of family business and to promote the longevity of family business worldwide. Its strap-line is "By families, for families…for successful enterprises".

Founded in 1990 as a federation of family business associations, the FBN has grown to 30 national associations. The Network is composed of 5,500 family business members (owners, leaders and next generation successors). Members come from medium-to large size companies in 50 countries across five continents. Every year FBN provide more than 100 programmes, educational opportunities and events.

Supporting Family Businesses Worldwide
The Family Business Network is for business-owning families who share all the following characteristics: They own, manage or are involved in a business that they plan to keep within the family; the family has a controlling ownership interest in the business; the business provides products and services that are distinctive and respected in their industry; the family and the business are committed to good corporate citizenship and making a strong contribution to the communities where it operates.

Connecting Across National Borders
The FBN online knowledge-sharing platform combines a social networking feature with useful information for business-owning families. The information includes peer-to-peer lessons gathered from national events, academic papers, research from universities and experts, and international surveys.

The FBN publications include printed research summaries, as well as a regular 'E-news' that covers topics such as dealing with conflict, enforced retirement, developing financial responsibility in the next generation, encouraging a sense of stewardship and pruning the family tree.

The FBN International Annual Summit explores issues such as succession, governance, philanthropy, family offices and how to develop both the family and the business.

Proving Support for the Next Generation
The next generation of business-owning families are aged between 18 and 40 years of age. Whether still studying or at an early stage of a career, having started working for the family business or even being in the advanced stages of the succession process, the FBN network provides them with valuable insights and connections with people who are living through very similar situations.

The Family Business Young Entrepreneurs Honours promotes family business values by sowing the seeds of entrepreneurship, and by cultivating young, visionary innovators who are reinventing their family businesses.

The International Internship Programme
The FBN Internship programme is a unique way to learn before taking up a position in the family business. For duration of one to twelve months, the programme provides a working experience in another Family owned business in an international environment. It is open to all FBN members at no charge.

Our Vision for the Future
Without a sustainable approach our future is at risk – not just the future of our businesses but the lives and livelihoods of generations yet to come. That is why the FBN International has reaffirmed its promise to promote a business model that will sustain future generations.

- Create and nurture workplaces and working cultures where our people flourish;
- Be responsible global citizens who make a positive contribution to the communities that we work and live in;
- Constantly search for ways to reduce the ecological impact that we create and safeguard the environment that we all share;
- To pass on our values and long term aspirations to future generations.

About Family Office Exchange

Family Office Exchange (FOX) is the world's largest peer-to-peer network for ultra-wealthy families and their family offices, and is the leading authority related to matters of sustaining wealth.

With more than 20 years of experience, and a staff of 40 people based in Chicago, New York, and London, FOX is a thought leader in the areas of family strategy and governance, family office best practices, and family risk and legacy planning.

FOX serves family groups and their advisors in 20 countries, providing trusted insight and best practices for managing family wealth. The network includes 330 ultra-wealthy families, as well as 160 multifamily offices (MFOs) and advisory firms. More than 6,000 individual family members are served by the FOX global community.

Members rely on FOX (www.familyoffice.com) to help them make better, more informed decisions about their family enterprise and their wealth management practices and providers. FOX has established a safe, confidential environment of common interest and mutual trust to enable members to compare experiences and learn from the collective knowledge of other members in the network.

The annual FOX Forum held in Chicago in October provides an opportunity for FOX members to gather with peers and thought leaders to discuss global issues and important challenges facing wealthy families. The Forum addresses many of the issues of greatest concern to wealthy families and their advisors in the areas of legacy and leadership. Perhaps most valued by members is the collective intelligence of the FOX network. This accumulated wisdom has been methodically captured by the FOX staff, with full respect for confidentiality and discretion, and archived in a secure searchable database for the exclusive use of FOX members. This collective knowledge is what truly sets FOX apart.

Sara Hamilton founded FOX in 1989 to provide objective information and advice on family wealth, family leadership, and different pathways available to sustain wealth across generations. Helping members preserve and enhance their true family wealth by providing education, insights, and peer exchange is the sole focus of FOX. The firm's success is measured by the quality and value of the experience of its many private investors, family offices, multifamily offices, and wealth advisor members.

True to this original vision, FOX strives to address new challenges and to provide insights on current trends and issues regarding investing, philanthropy, and owner education. As an advocate for wealth owners, FOX provides leadership in the private wealth field, helping to shape the industry and develop standards of performance for industry professionals.

FOX members have access to the following resources:

- Proprietary research on wealth management best practices
- Peer benchmarking
- Online discussion forums
- Knowledge center library of white papers, articles, presentations and case studies
- Recorded webinars
- Directory of Leading Wealth Advisors
- Workshops on leadership, trusteeship and important topics
- Online solution toolkits