

Good Communication Makes for Strong Family Governance



Interview with: Christian Stewart, Managing Director and Founder, Family Legacy Asia

Family trusts should be used as a platform to help institutionalise on-going investment in family human capital and to promote family governance, states Christian Stewart, Managing Director and Founder, Family Legacy Asia. Human and intellectual capital must be at the front of mind for **family offices** looking to preserve family wealth, he adds.

A speaker at the **marcus evans Elite Summit 2012**, in Montreux, Switzerland, 28 - 30 November, Stewart explains why an ownership structure is successful if it is aligned well with family governance.

How can wealth managers enhance family governance?

For a family that is looking to preserve family wealth across generations the key is family governance, how the family makes joint decisions together. If the goal of a family office is to help its clients preserve family wealth then a practical starting point is to help the family create a family constitution and start holding regular family meetings. Work on family governance should also come before work on any trust or other ownership structure.

The wealth management industry should be looking for structures and processes to help multi and single family offices have a better return on family human and intellectual capital.

What factors should be considered within a family constitution and how can it help manage family wealth better?

A family constitution will often start with a statement as to the shared future vision of the family. This is helpful to allow younger members see where they might find a place in the family enterprise. How the family will make joint decisions together and a conflict resolution process should also be set down. A family council, an ownership forum, board of directors and an investment and philanthropy committees will normally be defined in the constitution.

The process of creating a constitution provides the family members the opportunity to raise and discuss the real issues their family is facing safely and objectively. Family wealth will have a much better chance of being managed and passed on successfully as family conflicts can be avoided by the institution of a fair process for decision-making.

How can the gap between younger and older generations be bridged so that a more flexible investment decision-making process can be created?

First the elder generation must invest in the dreams of the next generation, while teaching them accountability and the skills of working together. When younger family members feel respected and gain from being a part of the family, they will happily help to steward the family wealth. Second, a next generation board can be set up where

they will learn important relationship skills such as the ability to compromise, negotiate and resolve conflicts.

Third, organised family meetings should be held with an objective facilitator who can help bridge the gap between generations allowing the younger generation to safely express their own opinions.

How can a solid ownership structure be created for wealth to be transferred successfully?

The creation of a trust with a clear mission of enhancing the lives of its beneficiaries, and that outlines the specific actions to take to achieve that mission, is one tangible approach to investing in family human capital. Annual meetings and access to mentoring and coaching should also be provided for under the terms of the trust. These will enhance the lives of the beneficiaries and paradoxically help preserve the financial capital of the trust.

**Family
governance
should come
before
ownership
structure**

The **Investments Network** – **marcus evans Summits** group delivers peer-to-peer information on strategic matters, professional trends and breakthrough innovations.



Please note that the Summit is a closed business event and the number of participants strictly limited.

About the Elite Summit 2012

This unique forum will take place at the Fairmont Le Montreux Palace, Montreux, Switzerland, 28 - 30 November 2012. Offering much more than any conference, seminar or trade show, this exclusive meeting will bring together esteemed thought leaders in private wealth management and market leading asset and fund managers for a highly focused and interactive networking event. The Summit includes presentations on asset allocation trends, wealth transfer, streamlining tax efficiencies and manager selection strategies.

www.elitesummit.com

Contact

Maria Gregoriou, Journalist, **marcus evans**, Summits Division

Tel: + 357 22 849 400

Email: press@marcusevanscy.com

For more information please send an email to info@marcusevanscy.com

All rights reserved. The above content may be republished or reproduced. Kindly inform us by sending an email to press@marcusevanscy.com

About **marcus evans** Summits

marcus evans Summits are high level business forums for the world's leading decision-makers to meet, learn and discuss strategies and solutions. Held at exclusive locations around the world, these events provide attendees with a unique opportunity to individually tailor their schedules of keynote presentations, think tanks, seminars and one-to-one business meetings.

For more information, please visit: www.marcusevans.com

Upcoming Events

Middle East Investments Summit - www.mei-summit.com

Private Wealth Management Summit (North America) - www.privatewealthsummit.com

UK Investors Summit - www.ukinvestorssummit.com

To view the web version of this interview, please click here: www.elitesummit.com/ChristianStewart