



A Different Kind Of INVESTMENT



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We often consider management succession and estate planning in terms of the next few years. For example, who will take over the business for you or your parents? How does your estate plan position asset ownership with your children? These are important questions that provide certainty and a sense of continuity for the family and

business in the relatively near-term.

But if you start to think about your legacy, the conversation feels more permanent. What will you be remembered for decades after you are gone? What impact will you have on future generations, not just your children? Such questions go beyond the current business model and legal documents; they speak to your long-term influence on those closest to you.

In their 2010 book, “Family Legacy and Leadership,” Mark Daniell and Sara Hamilton observe that families who are able to preserve wealth contemplate an “unknown future” and make strategic investments in family culture that will benefit generations that haven’t yet been born. Consider the following investments you might make as you envision your legacy.

INVEST IN TELLING YOUR STORY. How many of your family members know the backstory of how your business or asset base came to be? Helping people understand your history gives them an appreciation for the hard work and sacrifices that were made. Who contributed to making the family business what it is today? What were the crucial decisions or lessons

learned? What hardships or losses did your family face? Knowing family history can foster a sense of stewardship and recognition that the assets or business are bigger than any one person in the operation.

INVEST IN ARTICULATING YOUR VALUES. If you’ve been successful—however you define success—it’s due, in part, to how you do business. For example, the way you treat others, approach learning, make tough decisions, even handle leaner times, are all behaviors based on a set of core values. What you believe and how you act on those beliefs create your unique approach to doing business. I know one operation where the value of being transparent in business dealings has led to significant

new revenue opportunities because it elevated the trust of their landowners and business partners. To help future generations deal with an unknown future, take the time to identify and give voice to the values that guide your dealings with others.

INVEST IN EXPRESSING YOUR EXPECTATIONS. Some families believe keeping wealth together is worth some discord in the family because of the tax and operational efficiencies, the ability to quickly take advantage of opportunities and the potential economies of scale. Other families believe conflict about management or ownership issues is potentially too dangerous or volatile both for the family and the business. They will tend to minimize the conflict, even to the extent of letting family members out of the business. Some families believe you should distribute minimal earnings, while others see no problems with bigger distributions that allow people to enjoy the fruits of current success.

What are your guideposts to help future family members make decisions together? What are your expectations for how people should handle the business, deal with wealth or include in-laws? While there is no guarantee future generations will follow your expectations, there is a good chance thoughtful, mature and responsible family members will look to your directives as one set of lights that help illuminate their forward path.

Among the most important assets you have to ensure a positive future is time: time to think, discuss and plan. The time you invest in telling your story will cultivate appreciation. The time you invest in articulating your values will guide behavior. And the time you spend expressing your expectations will help chart a course for the future. ●

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