



# Newsletter



## Family Culture and Family Wealth

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# Family Culture and Family Wealth

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## The Power of Family Stories

I begin with a personal family story. In 1998 I joined my four siblings and our 8 kids for a family birthday party- it was Dad's 80th birthday and we gathered in my brother's house in Louisiana around some good seafood and a birthday cake with that really sweet frosting lovingly decorated by the grandkids.

For some reason that night Dad began to talk more about his life and experiences than he ever had before—leaving Mississippi on a freight train at age 18 in search of work, learning the ropes of the oil business from literally the ground up, starting a business with a small bank loan and a wife and four kids to support, being on the island of Tinian during World War II and building the airstrip that launched the Enola Gay and its fateful cargo. These stories characterized the life of a man who never spoke with us about trying to create a “legacy” but ultimately his actions accomplished that very thing.

That evening I realized what a powerful impact my family story had on me—how much I cherished the unspoken values that were passed on to us by example and how much they guided my decision making as an adult. But I wished that we had heard so much more and much earlier than what occurred by chance during the last few months of our parents' lives. Perhaps what happened in our family is not that unusual from that of many other families; I would suggest that family leaders often miss powerful opportunities for impacting their family members as individuals and for strengthening their families by not talking about their hopes, dreams, and values. What is really important to them and what is the true purpose of the family?

*“Please share an important family story or tradition you want preserved and handed down to future generations to help strengthen the family culture, preserve its legacy and understand and identify the family philosophy”*

-Sample question from the CCM Family Advisors “Family Culture Study”

Defining purpose and values can have just as much impact on successful wealth transition as the legal and financial planning that define how financial assets will be structured and managed. About 18 months after that dinner, both my parents died and we were crushed by the emotional loss. As we dealt with business matters such as how to manage joint ownership of a small company, we also realized we did not want to simply “settle the estate and move on.” Our family stories served as a bond between the generations and helped us realize that sustaining the family culture was a powerful reason for us to stay connected.

## Defining Family Wealth: What Does it Mean to be You?

In earlier articles I have referred to the phrase, “Shirtsleeves to shirtsleeves in three generations.” This ancient Chinese proverb predicts that financial wealth created by the first generation is often gone by the end of the third generation.

How can families avoid this result? By thinking of the family's “capital” as human, intellectual, and social, as well as financial, the richness of the family's assets can be seen differently, and the possibility of protecting and growing this total “wealth” becomes more achievable if the family can become aware of and connected to a common purpose through a set of shared values.

*“What attribute or characteristic of your family do you value most and hope never changes?”*

-Sample question from the CCM Family Advisors “Family Culture Study”

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## Family Members as Builders of Human Capital

A family's human capital means the unique talents and skills, happiness, well being, health, ethics and morals of each family member. What does your family balance sheet look like if you inventory the dynamic energy your family members bring to the family? In my family, human capital includes the skills and talents of a lawyer, dentist, photographer, teacher, accountant, champion biker, chef, bartender, artists, engineers, fishermen, marathon runners, swimmers, conservatives, liberals, feminists, talkers, thinkers, entrepreneurs, corporate leaders, community volunteers, and animal lovers. A commitment to consistent and organized family meetings encourages an ongoing exchange of ideas and appreciation for how our differences actually strengthen the connections. As family members grow and as new family members are added, the "family capital" grows and each member benefits from that new energy. The photographer becomes an entrepreneur, the teacher sparks the engineer's interest in education; conservatives and liberals agree on the importance of engagement in the community and find common ground in their philosophies.

Think about the heritage, traditions, faith, and life experiences that make a family unique. Our family combines its English/Irish heritage with roots in the deep, poor American South. We have Protestants, Catholics, agnostics. We value hard work and entrepreneurship, a sense of community. We love music, food, southern writers, football statistics and coffee. We believe in kindness, competence, and humility. We've lived in Louisiana, Massachusetts, California, Texas, Tennessee, large cities, small towns. We've traveled to Guatemala, Europe, South America, and every state in the US. We grew up with the jargon of oil field wildcatters and the ups and

downs of a boom or bust industry.

*Compassion, Family Pride, Humility, Honesty  
-Top four family values from a completed CCM  
Family Advisors "Family Culture Study"*

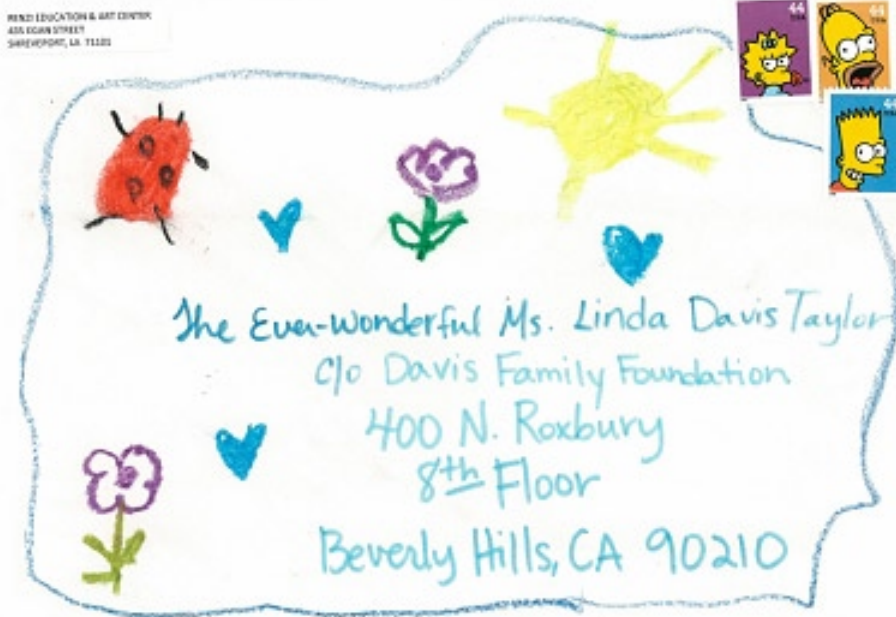
These combined experiences enrich each other and our growing collection of family stories. Across the generations this "intellectual capital" increases as our members expand their own life experiences but return to the core family culture and values for support and encouragement.

## Social Capital and Giving Back

Along with its financial capital, a family can use its human and intellectual capital to impact the world. How can the family connect with those around it to serve its community, local or global? Does it support volunteer and charitable causes? Why? How? Who is involved?

Our family found its path to the future by connecting through philanthropy. We discovered that it is a meaningful way for us to honor what was important to our parents, to define what is important to us as adult children and spouses, and, increasingly, to the next generation who will ultimately have to continue to "grow" all the forms of the family capital if we are to avoid the "shirtsleeves" proverb. "Giving back" has become a new family purpose of our generation, and a means of staying connected while leading distinct and different lives. For many families, family philanthropy, whether through a private family structure such as a foundation, donor advised fund, or community service, is an extremely effective means of staying connected through a common purpose which teaches family values, collaboration, and decision making.

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*"We would not be able to continue providing the only free high-caliber art and academic-based after school program in the area without the tremendous support we receive from caring people like you...Your support means so much to the Center!"*

## Managing Family Capital: Strategic Planning for the Family

Most of us would probably acknowledge the importance of these various aspects of "capital" as important for a "successful life," but we have traditionally considered our wealth, solely, in terms of financial capital. The broader view of family wealth suggests that by thinking of our financial capital as a tool to build the other forms of capital – human, intellectual, social—we can sustain the family by recognizing and investing in each family member's ability to thrive individually which in turn re-energizes the family as a whole. Think about the "collective assets" of your family as all the talents, skills, and unique experiences which create the family's culture—what kind of family do you want to be? What do you want to accomplish, or help others accomplish? What legacy do you want to leave your children or society? In short, what does it mean to be YOU?

*"What attribute or characteristic of your family do you value most and hope never changes?"*

*-Sample question from the CCM Family Advisors "Family Culture Study"*

Questions such as those mentioned in this article are examples of how family members can be engaged to define and articulate their family's shared core values: what are those attributes that define your actions and decision making?

## Family Vision and Mission

Those of you who have been part of any organization, whether as a company leader, employee, or volunteer are familiar with mission statements, vision, retreats, annual meetings. Families, too, are using some of these strategies to engage their families in the discussion of "what does it mean to be us?" Just as an engaged group of employees who has had the opportunity to share their views and contribute to the corporate vision builds a positive and productive corporate culture that leads to long term success, the family whose members are linked by commitment to elements of a common purpose or philosophy has a greater likelihood of success beyond three generations. Just as you would not leave the future of your business to chance, you should invest time and effort on defining the bigger purpose and vision of your family.

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*“Our mission is to strengthen our family and the communities in which we live through commitment to entrepreneurship, adventure, and community outreach.”*

*-Example of a family mission statement*

Seize any opportunity to discuss and define your family values, develop a mission, and start activities that educate and involve the younger generation in the rewards of connection with the collective family wealth.

## **CCM Family Advisors**

*CCM Family Advisors, an affiliate of City National Bank, advises families on how to achieve long term success across generations. Our focus on effective governance and education of the next generation fosters successful wealth preservation. We believe that families can thrive for many generations by knowing who they are, what they stand for, and where they are going. Our family advisory resources are dedicated to helping families answer these essential questions about family culture, values and mission.*

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