

Mission statements for families of wealth: Identify the values and reap the reward



The term “mission statement” is generally associated with organizations or businesses and is used to articulate why a business or an organization exists. At its core, a mission statement serves these groups as a compass, continually steering them to their goals.

At Truist Wealth’s Center for Family Legacy, we believe a mission statement can also serve families of wealth, providing a similar, essential navigational tool. A mission statement crafted by the family, for the family, can provide guidance when questions seem unanswerable, tough decisions arise or contentious conflicts need resolution.

To be successful, however, the mission statement must resonate and mean something to everyone in the family. The process of establishing a mission statement should ideally begin with a look inward to identify each family member’s personal values and then continue to take a broader look at identifying the values the family members all share.

Although few people wear their values on their sleeve, we all depend on them – whether consciously or subconsciously. Values drive our decisions and influence our choices. Values,

inherent in all of us, motivate behavior throughout our lives, establish our fundamental belief systems and lie at the heart of all human relationships. Whether you’re establishing friendships, looking for a job or choosing a significant other, values guide each one of us. When family members become aware of their own values and those they share with their relatives, the family begins to realize higher levels of cohesion, unity and communication. In turn, this open and honest communication between family members leads to greater trust, which helps prevent conflict.

Numbers back up research

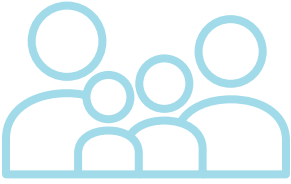
So why are identifying values, whether your own or shared, and creating a mission statement so important? The proof is in the numbers. Did you know the odds of sustaining wealth across generations are as low as 30%? (R.O. Williams and V. Preisser, *Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values*, Robert D. Reed Publisher, 2003).

There are several factors that typically cause this:

- Breakdown in family communication
- Breakdown in trust among family members
- Unprepared heirs
- Lack of a mission
- Lack of a family governance system
- Lack of a strategic plan regarding the family’s wealth

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James Hughes, a preeminent thought leader in the field of family wealth, says: “To successfully preserve its wealth, a family must form a social compact among its members reflecting its shared values, and each successive generation must reaffirm and readopt that social compact.” (James Hughes, *Keeping it in the Family: How Family Members and their Advisors Preserve Human, Intellectual and Financial Assets for Generations*, Bloomberg Press, 2004).

Hughes’ beliefs weren’t always in play. In years past, families with shared ownership in assets were often encouraged to think less of their own personal needs, wants, and goals, and think more about the greater good of the whole family. At first blush, that makes sense. But over time, professionals who work with these families changed their thinking and their advice. They began to highlight the importance of the wellbeing of each family member and the critical role that plays for the family’s overall success.

Family Psychologists we have worked with often say, “A family can only be as happy and healthy as their unhappiest and unhealthiest family member.” Time has taught us the relevance of that statement within the field of family enterprise. Each family member’s personal values and what’s important to them must be identified, considered, and supported in order to maintain a healthy equilibrium in the family. It’s the acceptance, appreciation, and celebration of each person’s individual values that makes their contribution to the family’s shared values so extraordinary. It is through this values work that each family member can see themselves as an important part of the overall potion for success.

Case study #1

Consider this story of a large regional family-owned and founder-led business. It is a powerful example of family members working with the family’s values to bond around their mission.

The patriarch and matriarch (Generation 1) have worked together in the company since its inception. This family has many wonderful values with “family” topping the list, but hard work and determination definitely rank near the top.

There are five siblings (Generation 2) – two who work in the business and three outside the business. All siblings are inheritors, however, the three G2s outside the business felt like outliers. They felt both excluded from the business dealings and less important to the family in general.

After researching management and ownership-succession in family-owned businesses, the patriarch and matriarch sought help from experienced family governance and education professionals.

All family members and spouses agreed to facilitated conversations regarding succession. The family committed to quarterly day-long family meetings. Aware of hard feelings and tensions that had developed over the years, the facilitators took the family through a process of identifying what is most important to them as a family. This was an inclusive and linear – vs. hierarchical-- process where everyone was given a voice at the table.

From there, they took the next step and engaged in the family values and mission process. The G2s knew they were all very different from one another but had not ever seen that as a benefit. They had never considered the significance of their own individuality nor that it was driven by their inherent values. They didn't realize that each one of them had unique values and also had values they shared as a family.

The process proved eye opening, educational, and extremely positive for the family. The uncovered shared values provided the direction needed to craft their family mission statement. The process gave them their "north" and empowered them to use their individual strengths to work together towards their shared mission.

The process of understanding shared values and developing the family mission statement allowed this family the opportunity to have important and revealing succession conversations over the course of their quarterly meetings. They learned together about the complex nature of the family business, and grew in their understanding of their ownership, how it was structured, and how they would inherit. They put a strategy for succession of management and ownership in place that was very different from the plan the family leaders had once imagined.

This was all accomplished through open dialogue that, while not always easy, kept advancing the family toward other options and an agreeable solution.

The mission statement this family worked together to craft was kept front and center and read aloud at the beginning of every meeting.

How does this all work?

At Truist Wealth, we truly believe that the process is the solution. Our process engages each family member in a survey, which helps each participant understand their view of the world through a values lens. This allows all family members to become familiar with their values and the values language.

Assessing the responses from each values survey allows us to identify values that are common across the family. The facilitated discussion that follows leads to stories that describe the behavior associated with the values. This helps the family gain a better understanding of each other, and their family's shared values.

When family members participate in the process, they gain an elevated level of clarity and understanding of one another and the family as a whole. We have observed that family cohesiveness is greatly improved in families who openly and explicitly discuss their individual values as well as their shared values.

We understand that the process can be hard work – especially in families who juggle opposing views, whether they are religious beliefs, political positions, or other differing opinions.

But it is crucial that families who are joined through shared ownership of assets work to celebrate their individual differences and values, as well as to identify the values they have in common.

"The process of defining mission and values is deeply collaborative and involves negotiation across generations," says Dennis Jaffe, a leading architect in the field of family enterprise, about the organic and on-going process around a family mission statement. (Dennis T. Jaffe, *Borrowed From Your Grandchildren, The Evolution of 100-Year Family Enterprises*, John Wiley & Sons Publishers, 2020).

Ultimately, these shared values become the foundation for the family's mission statement.

The mission statement conveys a family's purpose and provides family members with representation in and ownership of the family's direction. Families who take the time to create a values-based family mission statement -- and judiciously employ it -- continually realize benefits throughout their interactions.

The process of drafting a mission statement can be a valuable one, even for a family whose holdings are not very complicated and are in the beginning of their wealth journey.

Case study #2

The Center for Family Legacy (CFL) recently worked with a family of five. While there is a family business that mom and dad founded, it is not one that the next generation, college-aged children are currently involved in. Understanding the profound impact the family's significant financial wealth will have on the future of the children, this mom and dad came to the CFL for help in starting their children off on a positive track for their life with wealth.

Early discussions with the family quickly identified the shared values and mission statement process as their primary, immediate goal and CFL teammates took the family through that process.

Discussions ranged from charitable work the next generation had done as children, to a complicated family tree, to how future spouses (and a third generation) would be welcomed into the family.

The discussion was rich and the stories were touching and meaningful. In the end, the family found great consensus in the values they shared and felt were important to all of them.

Using their values as the base, the family worked together to draft a simple and beautiful mission statement to help guide them into their futures. This process not only allowed the parents to learn how much they had instilled in their children, it also allowed the children to understand that their parents appreciated and respected them as individuals and adults.

In summary

The mission statement process:

- Helps individual family members gain a deeper self-awareness.
- Clarifies individual and family belief systems.
- Helps the family understand what energizes them, what drives behaviors, and what sparks action.
- Brings meaning to their wealth, creates alignment, and establishes guidelines and a plan for the future.

In the end, families will be rewarded with far more than a piece of paper. Families who undertake the process to identify their individual values and establish shared values then use them to create a mission statement will have a powerful compass to keep them on track to their goals. Perhaps more importantly, the mission statement will be meaningful to each member of the family because each member took part in its creation.

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