When four students in the Family Enterprise Advisor (FEA) Program began working together on a class project, they had no idea that just 9 months later they would be launching an exciting new business model.

The members of that original student group—Vince Cardella, Kyle Harrison, Karen Laprade and Yvonne Sayson—all talk about the professional “aha” moment they experienced when they began collaborating.

“What became clear to all of us was that no one person can have all the knowledge needed to implement a holistic approach with clients,” says Karen.

Yvonne agrees that the group project was eye-opening, as it enabled each member “to experience different skill sets in action and to be called to task on personal blind spots—whether they be biases or simple mannerisms.” She noted that each member of the group put aside their ego and preconceptions as they worked together as a multidisciplinary team.

“We had expertise from many different fields to problem solve and provide comprehensive solutions in a short period of time,” adds Kyle. “The family we worked with was so overwhelmingly pleased by our recommendations that they could not hold back tears of happiness.”

With the success of the project, the four students began exploring how they might apply their new skills. Vince remembers Karen asking a fundamental question: “if you’re not going to use what you learned, why did you take the course?” It was a question that led to action. As a professional facilitator and mediator, Karen knows that one of her strengths is her ability to bring people together—it did not take her long to convince her former classmates to join forces.
It is a perspective that resonated for Sally, who graduated from the FEA Program in 2010. She believes that the needs of a family enterprise must be addressed within a broader context than could possibly be provided by a single advisor with expertise in law, tax, counseling or wealth management. Like Sally, Ian is firmly convinced of the value of a team-based approach to advising. “Jointly assessing issues, designing solutions and addressing the interventions can be complex; many views create a more coherent picture of the best possible solution.”

Julia, a graduate of the FEA Program in 2013, says she was honoured to join the Lead team. “To have a formal group that has really hammered out processes and best practices and is putting the education of the FEA Program to real use—that is very exciting to me,” she says. “The reality is that very few firms have a solid protocol for managing these types of professional relationships for the long-term benefit of the client.”

The process developed by Lead is comprehensive and ensures clients receive unbiased and objective advice. “One of our goals is to demonstrate that advisors can and should be more proactive in pursuing a multidisciplinary approach. We are committed to modeling collaboration, engaging whole system strategies, and to transparency on advice and fees,” says Karen.

It is a novel approach that emphasizes impartiality and putting the needs of the family enterprise first. Per Yvonne, “that can mean embracing existing advisors and bringing competitors in our respective fields to the table when it’s in the best interests of the family.”

This approach is resonating with clients. Lead members are combining their professional expertise with the skills they developed in the FEA Program as they build a client base of enterprising families seeking to grow their wealth—encompassing financial assets, relationships, and legacy.

www.lead.ca

Words from our Chair

Welcome to 2014! It is hard to believe that Spring is already here as I know many of us have had a challenging winter. The year of the Horse is certainly galloping along!

In all that we do, we intend to model the multi-disciplined practices that the FEA Program espouses. To this end, we will be continuing the development of our relationship in the Family Business advising field across Canada during 2014 and expect to welcome new partners to deliver our FEA Program. We are also excited about the opportunities that lie before us and therefore you, as we focus on our continuing education commitments and our advisor support and outreach.

Margaret-Jean Mannix
Family businesses are small “mom-and-pop shops”, and they are dying out.

Many people are surprised to know that several of the biggest, most recognizable companies they are familiar with are actually family-owned or both family-owned and operated. Take Walmart (Walton family); SC Johnson and Son (Johnson family); Bombardier (Beaudoin-Bombardier) or Loblaw Companies Limited (Weston). Those are perhaps very commonly known family names, while others are lesser known despite being sizeable companies: Bechtel (Bechtel family); Mars Inc. (Mars); Maple Leaf Foods (McCain); Gordon Food Service (Gordon); Cargill (Cargill/MacMillan). There are still many dissenting opinions about what specifically constitutes a family business, but the most common qualifier is that an enterprise be majority-held by family members.

Succession is the biggest challenge that family firms will ever face.

Succession is undoubtedly the single most-written about and most-discussed topic in the field of family enterprise. But succession is, in fact, a process, not an event. It takes place over many years, involves many members of the family, and includes many unique attributes which are at play in each family. Given that a family business cannot and will not be successful without its family, it is family dynamics and the potential problems therein that are the biggest challenges a family will ever face. Educators in this field know this, embrace this, and spend their careers teaching enterprising families that they are in more danger of so-called “failure” as a family and as a business without addressing both the spoken and unspoken dynamics in their relationships. To address these, there are a number of tools at their disposal, including creating mission statements and values, discussing hopes, dreams and goals; and overall working continually to maintain open and honest lines of communication.

Family businesses commonly fail at transitioning to the next generation.

A very common phrase in so much of the literature about family enterprise states that “most families fail to make it to the third generation” or “only 30 per cent of family businesses successfully transfer to the second generation and even less to the third generation.” This is the single most common adage in the entire field of family enterprise, and it is not actually true. Researchers in the last few years have worked to debunk this myth by demonstrating that family firms are extremely entrepreneurial; adaptable; risk-taking, and can start, maintain and sell or close multiple businesses within a generation. Many family firms “are the opposite of failures,” according to Dr. Thomas Zellweger, a leading researcher and managing director of the Center for Family Business at the University of St.Gallen, Switzerland. “They had very successful entrepreneurial strategies to capitalize on their value creation by going public or selling.” If they were courted by a buyer who thought they could bring more value. Indeed, some researchers who have looked closely as the history of the generational adage have found that it “is not as firmly grounded in empirical research as the repeated quotations of survival rates make believe” (Stamm and Lubinski, 2011).

Nepotism is rampant, and nepotism is bad.

Nepotism is neither well-studied nor well-understood. It suffers stigmatization in the Western world while it is an unquestionable expectation in Asian and African cultures. While nepotism does exist, there is no firm data on its prevalence in family firms. In a family with interdependent and positive relationships as well as a supportive environment or family culture, nepotism can be beneficial to family firms and can in fact become a unique advantage to family firms (Jaskiewicz, Uhlenbruck, Balkin and Reay, 2013).

Family businesses are protectionist, private, conservative and risk-averse.

Family firms are the most dominant form of business in the world, and have been for hundreds of thousands of years. They are as unique as the families themselves. Some enterprising families are protectionist, private, conservative or risk-averse, or all of the above. But most are not, and it is both unfair and inaccurate to assume so. Furthermore, it is nearly impossible to categorize all family businesses as the same in any capacity. While they may have many commonalities, they are more accurately described as fingerprints: no two are alike.
Introduction:
This report has been written to illustrate and review the book Children of Paradise—Successful Parenting for Prosperous Families. The author Lee Hausner has written this book as a successful parent trying to help other high net worth prosperous parents raise their children. The idea behind the book is to create a “positive action plan” to make sure that children are raised with positive self-esteem while living a privileged life style.

I found the book to be an exhilarating read, not only as a professional advisor but as a parent. I am recommending this book to both high net worth advisors and parents who are successful and may need some tips on how to be as successful in parenting their children.

Background Information:
Lee Hausner is a wife and mother of two children, Bryan and Carrie. She is an academic and practicing counselor who has over the past 25 years has conducted parenting workshops internationally to the world’s wealthiest people. In additional she has practiced as a senior psychologist for Beverly Hills High School. Her academic, education, and practical background allow her to write this book with many facets of knowledge and practice. With many years of psychological research, she offers an insightful way of looking at raising children from toddlers to young adults, focusing on affluence and successful parent as her key niche.

Summary:
Dr. Hausner has identified a serious problem in parenting amongst affluent parents with the following backgrounds — business, finance, politics, entertainment and notable heirs. Her intentions are to write her book with two areas of focus. The first is to identify the systemic problem which exists amongst affluent parents and the number of factors that contribute to it. The second area of focus for Dr. Hausner’s book is to develop a 9 step action plan for parents to increase their effectiveness. I will now summarize the main points of Dr. Hausner’s book.

The first goal of the book is to identify the factors that contribute to the challenges faced by affluent parents. Dr. Hausner suggests that while parenting is a daunting and difficult task, affluence adds on a unique set of problems. She suggests that with affluence come spoiled children with obnoxious behaviors and superior attitudes. In addition the sense of entitlement that becomes apparent makes it difficult for parents to successfully teach their affluent children. The following are the key list of challenges that affluent parents must overcome. Dr. Hausner identifies that they are prevalent challenges in affluent parents but may affect all people that are parenting.

Challenges to overcome (Chapter 2) Key points under each challenge are shared as follows:

1) Knowing what you don’t know—
Affluent parents feel that since they have achieved success in their respective business enterprise, they know all they need to know to be successful parents. With this comes the lack of understanding that they don’t actually know/realize what it takes to successfully parent.

2) Differentiating home from business—
Affluent parents incorrectly assume that just because they are able to exert themselves as a person of control in the business world, they are equally able to exert the same degree of control over their children. Typically these parents have a high expectation of perfection and master of achievement, a challenge that causes emotional distress amongst children.

3) Having enough time—This is as easy as it sounds. Typically affluent and successful people give their time to many facets
of their life including work, business, volunteer, social engagements, etc. This often takes away from the time needed to spend parenting. Children of affluent/successful parents are often found gasping for their parent’s time, at times feeling secondary to other commitments.

4) Learning new motivational techniques—The techniques used in the business world where pressure and stakes are high are typically employed in the home to motivate children with affluent parents. These are often found to be demotivating and unrealistic, causing feelings of hopelessness and anxiety.

5) Permitting children to be personally responsible—The premise behind this challenge for Dr. Hausner is that children of affluence often see others employed at the home to help. Maids, gardeners, cooks and drivers are all active participants in the children’s lives. This allows the children to see that there are often others there to do things for them, thereby challenging them to be personally responsible for their own actions and activities. There is an unhealthy dependence on others in this type of circumstance.

6) Avoiding both guilt and entitlement—Affluent parents share with their children their wealth through inheritance. With this comes a feeling of guilt and entitlement as the children did not have an impact on earning the money. This causes many challenges for the children as the feelings of guilt affects their ability to become successful on their own.

7) Keeping money in its place—Affluent children do not understand the value of money as it was not earned by them and instead simply handed to them. Parents of affluent children must teach children the value of money, instilling the sense of value and respect for it.

8) Helping your child to a self-generated identity—Given the high profile nature of some affluent families, it is found to be very difficult for the children to develop their own identity. Instead, they feel that they must conform to the identity that has been developed for them. In particular, this is the case where the family is seen in a public forum.

9) Developing your child’s financial independence—Affluent parents are finding themselves providing financial dependence to their children far longer then the natural progression that is supposed to occur. Children of affluent parents live at home longer and often take longer to find employment, thereby creating their own financial independence.

10) Recognizing a different world exists—The book identifies that the world is different today from when affluent parents were raised. This would be apparent in any case, affluence or no affluence. That said, since the book was written in 1990, one would deduce that the new world of technology and social media present in today’s world would have an even more lasting impression on parenting, particularly in affluent cases where access to technology is more prevalent.

Throughout her research, Dr. Hausner has identified the above list as the key challenges that parents must go through. She further elaborates on each challenge and how they are different under affluent circumstances as has been summarized.

The second part of Dr. Hausner’s book is to mitigate the challenges that she has identified. Much of her book is dedicated to sharing examples of parenting situations that she has run into throughout her career. She discusses adolescent drug and alcohol situations amongst low grades in schooling as common outcomes faced by the challenges. Dr. Hausner develops an action plan in her book that has nine steps that parents should follow in order to successfully overcome the challenges.

Dr. Hausner’s Action plan has 9 steps as outlined below:

Step 1 – Developing your child’s self esteem
Step 2 – Making each moment count
Step 3 – Raising a self motivated child
Step 4 – Developing a competent child
Step 5 – Learning how to listen to children
Step 6 – Learning how to talk to children
Step 7 – Brat-proofing your child
Step 8 – Teaching your child the value of a dollar
Step 9 – Practicing the effective discipline

Each chapter of Dr. Hausner’s book is dedicated to illustrating how to action the 9 steps that she has suggested as key to overcoming the challenges faced by affluent parents. Examples are shared under each step with the specific outcomes that can be expected if it’s not done correctly. Dr. Hausner has provided readers with specific questions that can be addressed under each tactic and what some of the responses may be from the children. She concludes her book with final tips on what she refers to as a “pep talk” to parents on how to achieve success.

Evaluation:

The book Children of Paradise—Successful Parenting for Prosperous Families written by Dr. Lee Hausner, Ph.D. is a very easy read and allows readers to gain a good understanding of the challenges faced by affluent families and how to develop an effective action plan to mitigate the challenges.

Dr. Hausner was effective in identifying the key challenges faced by affluent parents in raising successful children. Ideally these challenges are isolated to affluent, successful parents—however this is not necessarily the case. Many of the challenges that Dr. Hausner describes are typical challenges faced in today’s society. Irrelevant is the fact that these are challenges faced by affluent parents. Although one would argue that with affluence comes certain parenting challenges, it is not necessarily that they are mutually exclusive.
Imagine this is your client.

She runs a business and her hope is to pass it down to the next generation. She may have taken over the family business, succeeded in her time there, and doesn’t want to repeat the mistakes of the first transition. She may be a founder who recognizes that the upcoming transition is likely to be messy and doesn’t know what to do about it and her family doesn’t want to discuss it. When the topic does come up, the tension is indicative of different perspectives and some strong emotions.

Your client is not alone.

The challenges of business succession are well-known. Over 70% of businesses fail to survive the first generational transition, 90% have disappeared by the second, and 98% are gone by the third. This means that only 2% of family businesses survive for 100 years.

The results of this failure are often measured in missed economic opportunities, and fractured families. What could have been a vibrant hub of economic prosperity for the family and the community is lost forever.

The Causes of Business Failure

What causes these failures is fairly well understood. On the technical side, there is often a failure to plan. Business owners need solid estate plans, governance documents, and transition plans. However, the many family businesses fail because the family cannot make these plans work. Besides technical failures of planning, what destroy businesses are human failures of communication, trust, preparation, and alignment. Families fracture and their businesses fail.

The disagreements that create these fault lines are actually quite predictable. They usually involve, either individually or in combination, the following five questions:

- Who will control the business and how will power be distributed within the business and between the business and the family?
- Who gets to work in the business and how is family employment done fairly and effectively?
- How do we communicate information about the business in ways that create engagement and sufficient transparency?
- What are the values that should drive our business decisions and how do we reconcile different value systems, personalities, worldviews, and communication styles?
- How will money be reinvested, divided, and distributed?

These “hot button” issues tend to trigger disputes among family members. Each member tends to have strong feelings about these matters and they can lead to conflict. Many families maintain a code of silence and don’t address these issues because they recognize the volatility of raising these questions. When they do arise, they often lead to conflict, the exit of family members, the formation of opposing factions, or a stalemate that is difficult to resolve. At the extreme end of this spectrum, people file lawsuits. Short of that, the business’ performance will decline and the family cannot thrive.

The Solution

Many family businesses attempt to adopt best practices. They create governing documents and structures to coordinate both the family and the business. They also work on understanding and adopting role differentiation and boundaries. While these are valuable, if the family does not have the underlying skills to make these “best practices” work, they are for naught.

One way to develop these skill sets is through regular family gatherings designed to address the tension of these hot button issues and to do so in ways that will lead to creative solutions and productive agreements.

We are at a point in our knowledge of human behavior and group dynamics where we can design processes that allow people—who often disagree, sometimes aggressively—to meet and engage in honest dialogue to come to agreements that work. These proven techniques, in the hands of a skilled facilitator, can unlock potential, decrease conflict, create momentum, and generate productivity.

How it is done

No one solution or approach will fit every family. While the types of issues may be common, the manifestation in any particular family dynamic is unique. This means that every family gathering must be carefully designed to meet the needs of that family in that moment in its history together.

The first key to creating a successful family gathering is to conduct extensive interviews that uncover family dynamics, core concerns, areas of agreement and disagreement, and roles and identities in the family. This phase may also require in depth written assessments on things such as communication styles or values. It is essential that the facilitator gain the trust of the family members and comes to be seen as an honest broker for the family as a whole.
Once this phase is over, there comes a period of sifting through this information to determine what levels of stress the family can tolerate, what family patterns are likely to appear in the gathering, and the learning styles of the various participants. It takes hours of evaluating, prototyping, and thinking through scenarios based on years of facilitative experience to do this work well.

This leads to designing the meeting. The meeting itself must deal with the family’s core issues that are fraught with tension and concern. It cannot circumvent these topics by structuring an agenda based on a purely rational discussion. At the same time, the meeting must be structured to normalize the tension by using it constructively. In any family gathering, the primary goal is not to cause any harm to the business or family.

The meeting design must be adapted to the family dynamics, address the needs of individuals, and use the right tools from the facilitative toolkit to create forward movement. This almost always involves taking a creative approach to addressing old problems. By pushing the family away from their traditional discussion methods, they find new ways to talk about the things that matter most to them. This unconventional approach must be fun and engaging, spark curiosity, diffuse but harness tension, and appear fair and open minded to all. As a result, the process and outcome of each family meeting will be unique.

Through facilitated conversation, appreciative inquiry, ritual, storytelling, voice dialog, or a host of other techniques that could be chosen for that particular family gathering, the family can come to a new understanding of their common ground and the individual needs of the family members. From these new perspectives, agreements can be forged. These agreements don’t require everyone to like each other or get along—only that, as adults, they hold themselves and one another accountable to the agreements that will allow the family and the business to go forward with greater clarity, collaboration, coherence, and commitment.

The surprising thing is once these agreements are in place, families often gain new confidence in themselves and family bonds that were once strained are more relaxed. This does not happen overnight, but I repeatedly hear from clients that relationships once thought to be broken beyond repair are mending.

Beyond that, the business starts to thrive as a result of the clarity of the family and the agreements they have reached. These agreements become powerful tools for creating alignment and working through tensions created by the hot button issues faced by family businesses.

About the Contributor: Matthew Wesley works with families and their leaders to build capacities that will sustain family well-being across generations. Before establishing The Wesley Group, Matt was a respected estate planning attorney with over twenty years of experience in both Seattle and the Bay Area. For the last ten years he has worked with highly successful families doing inter-generational planning.

The CAFE 2014 Family Business Symposium

For 30 years, the Canadian Association of Family Enterprise (CAFE) has been helping families in business succeed by bringing them together to share knowledge and experiences. CAFE is where business families connect with peers and resources for success. Friends and families of CAFE will join together on May 21–23, 2014 at the ultimate gathering of family enterprise in Canada. Held at the Westin Bayshore in Vancouver, CAFE’s 2014 Family Business Symposium consists of 2 days of keynote presentations and interactive workshops delivered by industry experts, such as Matthew Wesley.

Visit www.cafecanada.ca/symposium for more information or to register.

Moreover, Dr. Hausner’s 9-step action plan, while comprehensive, again is not exclusive to affluent parents. While it can be used to help successfully parent affluent children, it can equally be used by non-affluent parents to effectively parent their children.

The subject matter of parenting is one that affects many parents; therefore, this book would be relevant to many readers. It is recommended that both parents and advisors consider reading this book as it will help in establishing an understanding of the challenges faced in parenting. This will allow parents to establish either their own action plan or use Dr. Hausner’s action plan in mitigating these challenges. Advisors of Family Business can also use this book as well in their professions. As an advisor it is imperative that one is able to relate or identify with the challenges faced by their clients. By recognizing these challenges, Family enterprise advisors are able to work with clients in integrating the various aspects of their advice to the personal challenges their clients may face. This will allow them to enhance their relationship with their clients.

Conclusion:

Parents are faced with many challenges that must be mitigated in order to raise successful children. While these challenges are faced by all parents, Dr. Lee Hausner suggests that with affluence comes additional challenges. Dr. Hausner identifies 9 challenges that are faced by affluent parents. When reading about these challenges, it is difficult to agree conclusively that these are challenges faced solely by affluent parents. That said, one can agree that successful affluent parents do face some different challenges that may not be as important to parents that do not have affluence affecting them. This book is excellent in keeping things simple; understanding risks and challenges and developing an action plan for them. It is evident that with a solid action plan, the parents will be relieved to know that by staying focused they will be able to raise successful children.

Bibliographic Information:

News and Events

FEA Program
IFEA is excited to announce that the FEA Program will start in Alberta on May 1st with Business Family Dynamics. The modules will alternate between Calgary and Edmonton and we are grateful to The Alberta Business Families Institute for their support of the program. Our 2014 Vancouver and Toronto cohorts are heading into Multi-Disciplinary Advising in May and we are very pleased to have over 50 participants in the program this year.

Events
For those members who were unable to hear Brian Torsney, founder of Play Advertising, speak at the November IFEA event, don’t worry. A video version of Brian’s talk Branding for Advisors is available for viewing on our website. Our events committees are planning some interesting speakers for the rest of the year. We already have the dates which are as follows:

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<td>May 28</td>
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Continuing Education
To all our designates who gained their designation in 2013 or earlier, you are required to submit 7 continuing education credits by the end of this calendar year. Our events are usually worth one CE credit and we have a growing list of courses and webinars that are already approved by IFEA. For more information please visit our website or call our office 1-888-649-4332.

Designation
IFEA welcomes 20 new FEA designates to our growing community and congratulates them on their achievement. For those FEA graduates who are considering taking the FEA exams, we are working on a project to provide a refresher course to jog your memory and update you on the changes that have been made to the program.

Social Media
IFEA will be launching its social media platform in the next couple of months. This will include a LinkedIn FEA group site and an IFEA blog. We will be looking for input from our members, so don’t hesitate to contact us with your ideas and suggestions.

CAFE National
In case you haven’t heard, our friends at CAFE National are holding their bi-annual Family Business Symposium in Vancouver in May 2014. They are kindly offering a 10% discount on tickets for the whole symposium for IFEA members. If you are looking for CE credits this year, IFEA is granting 7 credits for those attending the whole symposium. The following FEA designates will be presenting:

Judi Cunningham & Wendy Sage-Hayward
Deena Chochinov
Ian Macnaughton & Paul Lermitte