

# Multigenerational Family, Business & Wealth Management

## *Confronting Challenges While Evolving & Preparing for Transition*

**Overview:** Owners of successful family businesses face unique challenges and decisions. At Resonant we are proud to count multigenerational families as a core group within our client base. After many years of working with these clients, we have built up a wealth of experience and enjoy these complex circumstances as professional matters. And as business owners ourselves, we appreciate the opportunity to have “sat on the same side of the table” as our clients when they ask us to help them solve intensely personal and business problems with creative solutions. Outlined below is a compendium of issues we have worked on for clients who own assets that bridge generations.

**Mission & Legacy Planning:** Families that have successfully transitioned business or financial assets typically have sophisticated estate and tax plans. The collection and incorporation of a family’s and their business’ mission, history, values and legacy is often not nearly as structured. Legacy planning is a critical element of successful generational transfers and we have helped a number of our client families craft these important communications. Successful completion of this work results in increased satisfaction on the part of senior family members and a greater knowledge base and contextual understanding for current and future generations.

**Governance & Capital Allocation:** Multigenerational family businesses often have familial shareholders who work in and outside of the business. Well-considered governance and communication structures are good practice for any business, but especially ones where family members are also board members and/or shareholders. Coordinated, strategic capital allocation inside the business paired with clear expectations for profit distributions to shareholders help Management, Boards of Directors and Shareholders to achieve good outcomes and maintain harmony. Where strong governance, policy and communication structures do not exist we have helped clients build and maintain them.

# Multigenerational Family, Business & Wealth Management

## *Confronting Challenges While Evolving & Preparing for Transition*

**Diversification:** Successful family business owners typically create wealth by concentrating capital, risk and effort in their enterprise(s). This is an exceptional way to create wealth. Indeed, it is a component of the American Dream. But preserving, maintaining and growing wealth effectively typically necessitates diversification. A number of our clients in these circumstances have recognized the opportunity to pool their capital together outside the operating business to diversify their investment opportunity set without starting over. We have assisted multiple clients who utilize collective family investment entities to gain exposure, reduce cost and increase access and opportunity with their non-business capital.

**Coordination:** Capital, Time and Compounding are “Friends of Wealth.” The “Enemies” are not always so easily-identified in the moment, but they include unnecessary costs, taxes, inflation and more. Families who successfully grow wealth for an extended period also compound complexity, which takes time and costs money. Many of our multigenerational family clients seek us out to help them organize their financial lives, coordinate with stakeholders and build comprehensive reporting and communication structures that simplify their lives and free up their time.

**Structure, Flexibility & Efficiency:** We value relationships and so do our clients. Many other professionals do similar work to us, and they do it well. We pride ourselves on helping our clients maintain relationships with trusted advisors while adding fiduciary resources that strengthen their families and businesses. We are successful when our clients achieve their goals. So whether we manage the entirety of a family’s asset base or none of it, we will work closely with them to ensure that we are helping them toward their objectives. To us, Sound Perspective means being creative in structuring advisory engagements customized to our clients’ needs.

# Case Study – Generational Transfer Planning

## *Confronting Challenges While Evolving & Preparing for Transition*

### Successful Family Business Contemplating Generational Business & Leadership Transition

- Organized all elements of Generation 1's business and personal assets, liabilities and cash flows;
- Built Comprehensive Financial, Tax, Investment & Estate Plan in sophisticated software. Led to:
  - Updated business profit distribution plan;
  - Broad-based refinancing of personal and business debt;
  - Updated capital allocation and investment program.
- Crafted family and asset location-based Investment Policy Statements including customized blended benchmarks for reporting & comparison purposes;
- Structured Comprehensive Reporting Platform in Addepar and Incorporated Managed, Held-Away & Family Limited Partnership Assets;
- Worked with President of company, G1 and G2 family members to set up regular family wealth management meetings. Integrated external tax, legal and insurance advisors and utilized videoconferencing and portal technology to allow secure participation and information transfer for all participants across more than a dozen locations;
- Aggregated G2 household assets with FLP assets to give G2 members a complete “look through” at their owned and beneficial interests and to aid them in their household capital allocation decisions;
- Helped family add opportunistic alternative investment exposure in multiple asset locations;