Successful business and not-for-profit leaders have long known that the establishment of a formal and communicated mission and vision statement within their organizations goes a long way toward organizational self definition and the creation of a positive image in the marketplace. Formally stating these points enables management, staff, volunteers, donors, and the public to align their values with those of the organization. A well defined and mission-driven organization has a much better chance at achieving success, however defined, than a vaguely defined one.

What about families? Does the establishment of a family mission statement or the enunciation of its values help ensure success? Research shows that it does, particularly in wealthy families where money and the family’s business and philanthropic interests all tend to intersect, collide, and complicate interpersonal relationships.

In dealing with family businesses over the years we have found that the complaints are generally the same – the patriarch/matriarch founder of the business is autocratic, demanding perfection without ceding control; the heir-apparent who works 100 hours per week versus the dilettante sibling; the inevitable generational clash of philanthropic interests in the family foundation. Far too much assuming goes on between the family members and, because of that, resentments tend to fester and sometimes explode. Without proper management, this dynamic can be lethal, driving family members apart and possibly even destroying the business or the family foundation.

This is not to say that family members are necessarily acting in dishonest or duplicitous ways. They may merely be acting as self interested human beings and, as we all know, this innate self interest causes human beings to need management in living, breathing organizational structures. Of course, any unethical, illegal, or immoral behavior occurring within the family unit only complicates the matter and makes such management all the more urgent.

So, back to the idea of definition of family values, goals, and expectations. Within the business or foundation setting, it is generally an easier sell – these organizations tend to be, or should tend to be, more formal in their approach, particularly when they move out of “mom and pop” mode. In such circumstances, crafting a mission and values statement fits nicely into a professional management approach. Within a family, however, the value proposition of such an exercise is a little harder to establish, but the effort can be well worth it. In his book, Wealth in Families (Second Edition), Charles W. Collier, the Senior Philanthropic Advisor at Harvard University, states that successful families are those that face these issues and communicate effectively amongst themselves. Collier discusses these issues within the context of family money and family philanthropy; we would extend these issues to include family businesses as well. Open and clear discussion and communication establishes and reinforces the bonds of trust and respect that are necessary in a successful family unit.

“I define a successful family as one that knows who it is, what it stands for, and where it is going. Successful families manage themselves deliberately. There is much at stake for your individual family members, for your family as a whole, and for society at large. If you and your family can define “what’s important” before deciding “what to do,” then your children will thrive, your family will flourish, and society will benefit”. (Collier, p. 5)
But most people are uncomfortable with these concepts. They involve thinking outside the box and challenging long held implicit or explicit assumptions about the way life and people are, or that there is a right way and a wrong way to live, run the business, and give back through philanthropic efforts. It is much simpler to believe that you, as the patriarch/matriarch, can somehow control the family by making your values known, by at least implying them if not actually stating them, and that everyone will or should follow.

We worked with a family a number of years back that illustrates the problems inherent in such an approach. Within our organization, this family was known as the “together” one – the patriarch was autocratic, sure, but the kids respected him and basically towed the line. They knew who they were, what they stood for, and where they were going. The family was respectful, conventional, and charitable. But, when discussing certain planning issues with the patriarch, it became clear that the autocratic approach was not working as well as he would have liked. Dad was not pleased with the career choices of the kids. Although there was plenty of money in the family, Dad felt that he had to work for it and the kids should too. Speaking with the kids showed the exact other side of the coin -- they found Dad to be controlling and manipulative and not particularly respectful of their life choices, which included teaching and serving in the not-for-profit sector. The public image belied the private reality. At best, over the long term, this family dynamic will prevent this family from achieving all it is capable of; at worst, the pent up resentments could cause a rending of the family fabric.

Therefore, we believe that it makes a lot of sense for families to contemplate the big picture questions of family philosophy, beliefs, and values such as:

- What is truly important to your family?
- What are your family’s true assets?
- What should you do to guide and support the life journey of each family member over time?
- How wealthy do you want your children to be?
- Do you feel you have a responsibility to society?

Certainly, these are “touchy feely” kinds of questions, and generally the kind that successful entrepreneurs or business executives become impatient with, but they help families to get to know and appreciate one another. They are not top-down questions. The patriarch/matriarch would be well advised not to answer these questions and then force the answers on the children and grandchildren.

So, what is the takeaway? To a large degree, families need to be managed and such management should involve all members of the family at levels that are appropriate to their chronological, mental, and emotional ages. According to Collier, the “best practices” of successful families include the following 10 items. While no family can possibly achieve all of these objectives, the attempt to do so is a very worthy aspirational goal:

- Successful families focus on the human, intellectual, and social capital of the family.
What does each family member have to offer both for him/herself and for the family (human/intellectual capital)? What type of investment does the family make to cultivate this capital? Where does the family see itself fitting into the greater society (social capital)?

- They stress the priority of each family member’s individual pursuit of happiness.
- They work on enhancing intrafamily communication.
- Their time frame for determining success is long term.
- They tell and retell the family’s most important stories.  
  
    Every family has a history and this history is what makes the family. Telling and retelling the stories creates a sense of pride and a reason to continue to pull together as a family.

- They create mentor-like relationships with establishing family trusts.
  
    We tend to think of trusts as pure financial instruments when, in fact, the trustee/beneficiary relationship formed as a result of the formation of a trust can be used as a tool to guide the beneficiary using someone other than the parent as that guide.

- They have collaboratively defined a family vision statement (the Shared Dream).

    This is particularly important when engaging in family philanthropy.

- They teach children and grandchildren the competencies and responsibilities that come with financial wealth.

- They work at getting to really know each family member.

- They give their younger family members as much responsibility as they can manage as soon as possible.