

Designing an Effective Family Meeting¹

Preparation

Families meet about all sorts of matters related to financial capital. For example, many hold quarterly or annual meetings with advisers to go over investment performance. The agendas for such meetings are usually driven by the advisers, who also manage the meeting process and may bring in subject matter experts.

Some families also have meetings to attend to their complete family wealth—their human, intellectual, social, and spiritual capitals.² Such meetings touch upon intangible matters such as values, wishes, concerns, even conflict.

This white paper aims to give you a clear road map for considering whether and how to have a truly effective family meeting. For the purposes of this paper, we will use the single term “family meeting” to cover everything from a half-day gathering to multiday family retreats. What matters here is not so much the length of the meeting but its purpose: it is a meeting for and by the family, not driven by someone else’s agenda. It is about complete family wealth, not only financial capital.

The key to a successful family meeting is preparation. Every family meeting should be preceded by several weeks—if not months—of lead time. Families can use this time to:

- Interview family members to identify shared goals and desirable topics to put on the meeting agenda.
- Craft and disseminate a clear agenda that flows from these interviews.
- Prepare materials needed to support the agenda, such as financial statements, investment reports, foundation grant reports, and recommended readings.

Families are often surprised at how much time and effort must precede a family meeting. The more effort a family invests before a meeting, deciding and

¹ Based on material previously published by the authors in *Complete Family Wealth* (Bloomberg, 2017).

² For definitions of human, intellectual, social, and spiritual capitals and a tool for assessing them in your family, see *Complete Family Wealth* (Bloomberg, 2017).

clarifying what to cover, the more productive the meeting will be. Also, all participants will enter the meeting with clarity about what will be covered and what is expected of them.

To achieve this end, it can help to take the time beforehand to answer some questions. You can think of these questions as the Why, What, Who, When, How, and Where of family meetings.

Why?

Most families don't have "family meetings" *per se*. So why do it?

The answer is that family meetings are one of the most important tools a family of wealth can use to grow its complete wealth. It is not an exaggeration to say that every family that succeeds over multiple generations makes some use of family meetings.³

Well-run family meetings can be used for at least three purposes:

1. Remaining connected
2. Helping family members learn
3. Making important decisions together

Regular family meetings provide a forum for sharing news, concerns, opportunities, and challenges in an open and direct way. Family leaders can deliberate about and make shared decisions in a truly collaborative manner. Meetings offer the chance to help younger family members learn the basics of family finances and family traditions.

What to Do in a Family Meeting?

A clear agenda and defined goals are crucial. Without a clear agenda, meetings can meander and bog down, so that members may become frustrated or leave feeling that important business was left undone.

³ This is one of the findings of Wise Counsel Research's study of successful multi-generational family enterprises around the world. For more on this point, see *Good Fortune: Building a 100-Year Family Enterprise* (Wise Counsel Research, 2013).

The activities at a family meeting are as varied as the reasons for having a family meeting. However, some of the more common things that families do at family meetings include:

- Asking individual family members to update each other on what's going on in their lives, their personal goals, and their plans.
- Conducting values-clarification exercises. One simple exercise many families enjoy involves each member reflecting on and answering the question, "What matters most to me and why?" Families have also used the question, "What does a life well-spent look like?" To discuss this question, older family members may gather in a group and come up with their answers. Rising generation family members gather together separately and imagine what their answers would look like if they were, say, 50 years old and looking back on their lives up to that point. Then both groups come back together and share their thoughts. Another exercise involves first defining, together, what family members see as the family's "founding values." Then each generation separates to define, from their perspective, the family's "present values." From the combination of founding and present values, the family can decide to make a Family Values Statement. This statement does not need to be set in stone; it can change as the family's present values change.
- Telling stories, such as how individual members made their start in business or philanthropy.
- Learning about each other's styles of communicating. Such exercises can be quite fun as well as eye-opening. It can be especially fun to ask spouses or other family members to guess each other's communication styles.
- Learning about each other's preferred ways of learning, desired work, personalities, and preferred ways of relating to trustees.
- Reviewing the family's business operations or the family's wealth structures and their current performance.
- Visiting recipients of the family's charity together.
- Learning about each other's roles within the family enterprise. One particularly fun way of doing this learning is to have a collection of hats available, and then to ask family members to put on a hat if they are a parent, a child, a trust creator, a trust beneficiary, a director in the business, a manager or employee, and so forth. Some family members quickly find themselves with four or five hats perched on their heads!

- Learning about each other as members of different generations. Our partners at Wise Counsel Research call this the “intergenerational dialogue.” Each generation in the family breaks into its own group and answers for itself these questions: “What would I like to share with the other generation?” and “What would I like to learn from the other generation?” The groups then reconvene and share their questions. Imagine hearing from your parents what they would like most to share with you or asking your children what you would like to learn more from them. It is a truly powerful exercise.

Who to Have at a Family Meeting?

Simply put, the list of participants should follow from the goals of the meeting.

If a primary goal is resolving conflicts or building a team, it may be important to limit the attendance to family members and a few facilitators. If, on the other hand, the meeting will cover various technical issues, experts may be present for some portions of the event and not for others. Examples of such experts include lawyers, accountants, investment advisers, and even family business or human resources consultants.

If the goal is to encourage connections across the generations, engage in family philanthropy, or to develop future leadership, then having adolescents and young adults present makes a great deal of sense. Elders may also be present to provide wisdom, continuity, and guidance as well as a voice for the family’s heritage and legacy.

Children below the age of 14 can find it difficult to sit through a lengthy family meeting, so childcare arrangements are important. However, for larger family retreats, it can be a great idea to develop separate activities appropriate to children or teens, such as learning certain money skills, doing a group charitable project, or even just going on a hike together. Someday these cousins will be the adults running the family meetings themselves.

Many families grapple with the question of inviting spouses to a family meeting. Again, their inclusion should flow from the goals. If the goal is to share specific estate planning information, it may make sense for biological family members to meet first to decide together how to share information more broadly. If the goal

concerns educating the rising generation, then spouses should likely be present as key players in that work.

Another question that often arises is whether to have an outside facilitator. When just getting started and for more complex cases, a facilitator may be very helpful. When a family is facing a crisis, a facilitator is often invaluable. Many families also use a facilitator or consultant for their first few meetings and then gradually have family members lead the meetings depending on the content of the meetings. Families who have years of practice with family meetings may run their own quarterly or semiannual conference calls and then ask a facilitator to join an annual or biannual family meeting to help them “tune up” their relationships or learn new skills.

When to Hold a Family Meeting?

Time is another central element of family meetings. A meeting may take place for an afternoon, a day, a weekend, or several days. The length depends on the agenda, its complexity, and the size and dynamics of the family.

Often families try to jam too much into one day, at the end of which members feel exhausted. If you have a lot to cover, consider splitting the material into two half-day agendas. You can meet from, say, 10 A.M. to 1 P.M. each day, with an afternoon and evening break between the two working sessions. This break gives individuals a chance to recharge and connect with each other informally. The break may also lead to insights or questions about the first day’s material that then can be addressed in the second day’s session.

Family meetings can help families in any stage of development. They are especially crucial during difficult transitions, which may include the sale of a business, a leadership succession, or the death or disability of key family members. Families who meet as a regular practice have a leg up in facing such challenges.

Regular family meetings also give families a chance to celebrate positive transitions. An annual meeting can include time to welcome new members of the family or to congratulate new parents. It can be an occasion to celebrate coming-of-age or promotions to leadership positions within the family enterprise.

Making time for these celebrations shows everyone that your family pays attention to its key resource: its people.

The family's current needs and state of development determines the frequency of meetings—quarterly, semiannually, or annually. Generally, when a family is just starting the process of meetings, it can make sense to meet every six months for a few times. Once things are up and running, an annual meeting may be enough. Frequency may also depend upon how often the family connects in between the meetings on a formal or informal basis.

Finally, timing within the meeting is crucial. Again, people often overestimate how much they can absorb in one sitting.

How to Run an Effective Family Meeting?

Have you ever been at meetings where attendees were only half there or everyone talked over everyone else? A family meeting requires focus and attention to achieve its goals. Families need to take steps to make sure their most crucial assets—family members—are ready and able to meet effectively.

Again, planning for childcare is often a crucial step in making all participants feel comfortable.

Second, it is important to keep in mind that different people learn in different ways:

- Some find it easiest to pore over large amounts of text or numbers before the meeting.
- Others may be visual learners and benefit from flip charts or illustrated slides instead of text.
- Most people digest many smaller portions of information better than trying to take in large amounts of data in an extended sitting.

A good meeting is as much about listening as about talking. For example, many parents use family meetings to disclose information about their estate plans or holdings to their adult children. But that information comes with emotional weight. Make sure you always give people at a meeting a chance to process what they hear, and to react and respond.

Of all the elements needed for a successful family meeting, solid ground rules may be the most important. You may want to use some of your first family meeting to discuss and decide upon the ground rules for meeting together.

One thing every family should remember about ground rules is that, once adopted, they must be upheld. In the heat of a discussion, members will inevitably start to break the rules. What's crucial is how the family responds. Having to stick to the rules offsets any sense of entitlement. The rules are living testimony that, although wealthy, family members act responsibly and respectfully.

Sometimes even with good ground rules, conflict arises in family meetings. In this case, it helps to have an outside facilitator to manage the conflict. Whether or not you have a facilitator with you, there are steps for dealing with conflict in a productive manner:

- Distinguish between healthy disagreements and inappropriate levels of conflict. Ask yourself, "Is this disagreement generating good discussion or getting in the way of the meeting's effectiveness?"
- Seek first to understand and then to be understood. Ask questions that aim to clarify what others are saying before responding.
- Name the source of the conflict as you see it and ask the group to do the same. For example, conflict may come from miscommunication, different needs or interests, differences in values or beliefs, or an ineffective structure. If you put a name on the source of the conflict, and others affirm that is the problem, then the group is well on the way to resolving the conflict.
- Refer to the ground rules that are relevant to avoiding or resolving conflict. Examples might include: listen, be respectful, or own your own views.
- Look for common ground. Maybe you disagree about how much to give to a certain organization, for example, but you can affirm your shared interest in philanthropy or to a certain charitable sector. Affirming common ground will take some of the sting out of the conflict.
- Remind others (and yourself!) that it is okay to have different values and opinions.
- Take a break. When it seems that the group is getting nowhere, take a short breather for everyone to restore calm.

Where to Hold the Meeting?

Family meetings are special events. Many families look back upon specific meetings as turning points in their development and attach special meaning to where these occurred. Often family retreats become part of the family's collective memory and traditions.

Parental homes or offices may come with baggage. Meeting at home may encourage family members to fall back into old patterns of behavior, plus it may be intimidating to in-laws or to children less familiar with the location.

Gathering family members at a resort, a rented home, or a country club costs money that is well spent. Using the family's resources for a meeting sends an important message to the family. It says, "We are here not just to talk about money but to grow ourselves, to grow together."

The facilities should allow for recreation in addition to business. People work together most effectively when they feel good about themselves and each other.

Wise families recognize that a family meeting is not just about the content to cover. It is about the process, the place of the meeting and the memories it creates. A well-chosen and prepared environment can add immeasurably to the family's comfort and productivity.

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