



The following is an excerpt from our book, *Bridging Generations: Transitioning Family Wealth and Values for a Sustainable Legacy*.

### ***The 50 Question Family Readiness Assessment***

The purpose of the 50 Question Family Readiness Assessment is to identify the core issues related to the fundamental key drivers of family unity and harmony during wealth transition. Further, it provides a pre-and-post-measuring tool of the growth of the family as a whole with respect to trust and communication, heir preparedness, and alignment of mission and values. It is important the entire family, including spouses and children above the age of 16, are given the opportunity to participate in the survey. The individual responses to these questionnaires are kept anonymous, even among family members, to avoid challenges to any individual's answers and to ensure the highest degree of candid response possible.

#### **The analysis measures:**

1. Trust and communication levels ("T&C") - specific areas of variances within the family with respect to the family's sense of the level of trust and communication

2. Heir preparedness (“Heirs”) – level of heir’s preparation for accountability and responsibility
3. Mission clarity for family wealth (“Mission”) – status of an agreed upon family wealth mission built on family values.

Another reason to seek responses from the entire family is, often in families with shared ownership in the second generation between brothers and sisters, who inherited ownership from a founding parent, there can be wider disparities related to these core drivers within their third-generation family members in each of their families.

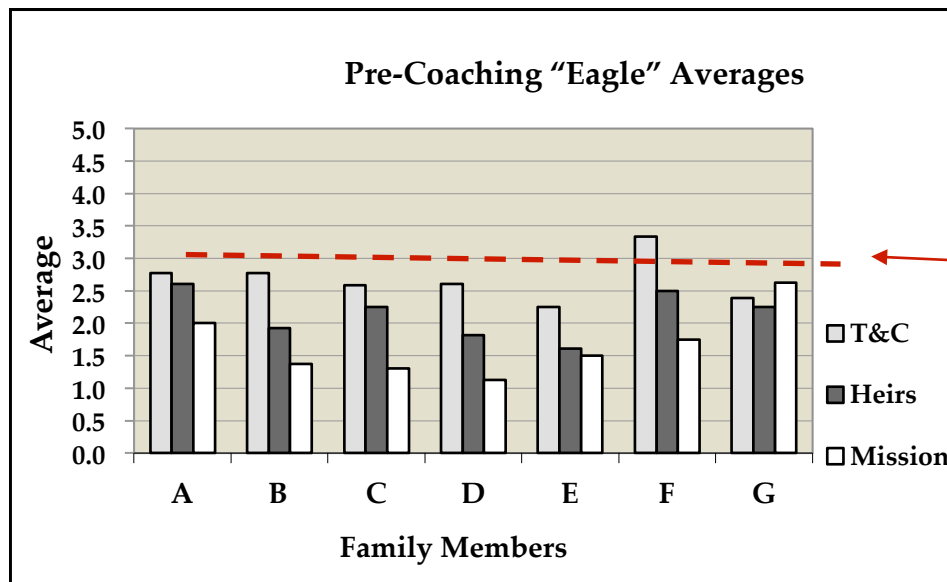
Most frequently, tensions exist between the family members from the operating side of the family (e.g., the daughter of the founder who is running the family business or managing the assets), and the family members of the non-operating side (e.g., the other daughter of the founder who is not running the business or managing the assets, and is a passive recipient of income). Additionally, blended families often experience tensions between various family members.

The 50-question family readiness assessment, combined with individual interviews, can reveal where areas of tension reside, where the communications are breaking down, and who in the family feels included or excluded. These are critical pieces of knowledge, which must be addressed if the upcoming generation is to experience a successful transition of the family wealth. Without addressing these problems, “shirtsleeves to shirtsleeves in three generations” is a high probability.

While the detailed 50 questions are not included in this book, an example of a family’s “pre-and post-coaching” bar graphs is shown below. We use a fictitious name, “Eagle” to represent the family. We have permission to use this example,

and we have changed identifying details to protect confidentiality. The eight family members who responded are labeled A through G across the bottom of the graph. The graph represents responses of the parents, children, and spouses – mother, father, three adult children and their spouses. The questionnaires give no indication as to which member of the family completed them.

**“Eagle” Family Pre Coaching Graphs - 50 Question survey results**



Target Level for Post-Transition Success

“Perfect” would be a score of 5 with a minimum goal of 3.0 for all family members in each category. From the graph above, it is evident that the “Eagle” family was operating with a generally low level of Trust and Communication (left, light grey), since the family member with the highest score (F) was a little over 3.0, and the lowest member (E) was less than 2.5. Heir Readiness (middle, dark grey) was perceived by the family even lower on the scale, with a high of around 2.5 and a low of 1.5. The Mission for the Family Wealth (white, far right) ranged uniformly low, between 2.5 and 1.

In short, everyone in the family thought that the family was unprepared for the transition and rated their need for assistance as relatively urgent. This indicates that, on transition, there was likely to be disputes that could result in a breakdown in family unity, and potential litigation. At that point in time, their lack of trust was preventing everyone from declaring their “beginner” status – (discussed below), thus preventing learning, preparation, and improvement in the family’s odds of a successful transition.

These findings, combined with subsequent individual interviews, clearly pointed out the need for, and the direction of remedial actions for the family. The leaders of the family called a family meeting, together the family scheduled a series of meetings over the upcoming year, and brought in skilled family coaches.

The family, as a unit, participated in these family meetings during which they identified the family values and developed a family wealth mission/purpose statement – more on these processes in the next chapter.

Like most families, they were surprised to discover how many values were shared among their family members, even in the context of mistrust that permeated the gathered family. The family worked with the coaching team to build trust and communication skills within the family, dramatically improving their ability to talk with and support one another.

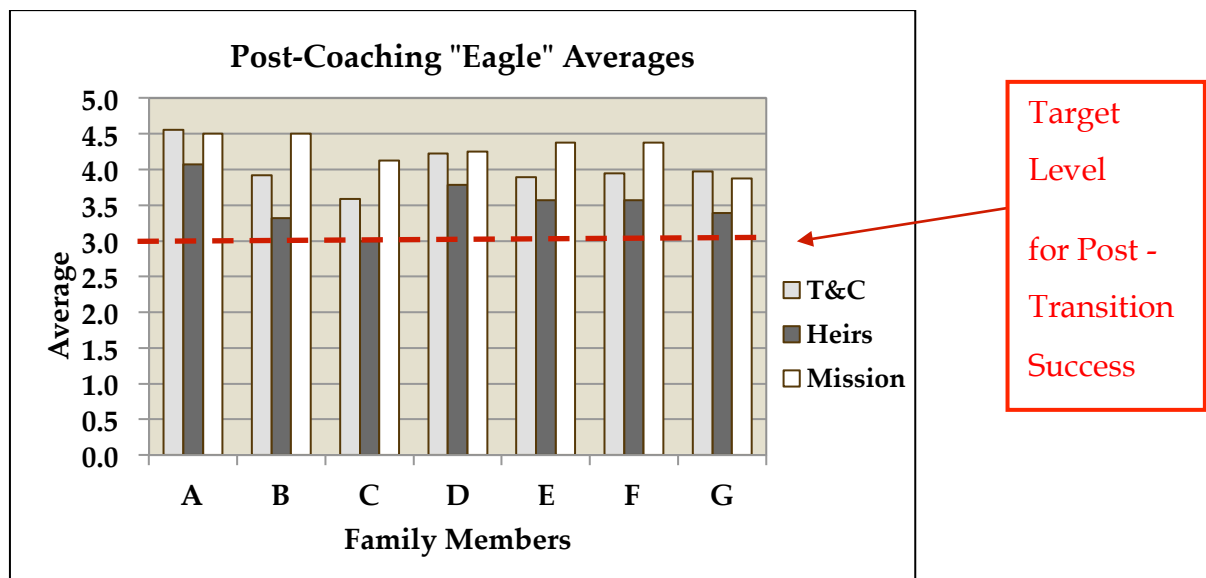
Estate planning documents, the family values, and their wealth mission were compared to ensure they were aligned. Using their newly learned communication skills the family and advisors identified existing needs, and developed the roles to fulfill those needs, along with the standards for qualification and performance (conditions of satisfaction).

The entire family worked their way through each of the processes culminating in family members choosing the roles they were interested in and which best suited

them. Their readiness, competencies and qualifications were analyzed. Individualized programs with implementation timelines were developed, and individual mentors chosen.

After a concerted family effort on their own in between family meetings, and in professionally, well-run family meetings in a series of six (two day) meetings over a 20-month span, the post-coaching results showed remarkably improved results in each of the three areas measured. Trust and communication skills were increased substantially, the family functioned more harmoniously, disputes and family friction lessened. The overall assessment of the readiness of the family members was much improved, leading to greater trust in the competencies of the next generation, and an increased possibility of a stable succession and transition of wealth with a much lower likelihood of costly, post-transition disputes and possible litigation. The clarity of the family wealth mission/purpose was obvious to all, and will serve as a compass for the family in the future.

**“Eagle” Family Post Coaching Graphs - 50 Question survey results**



## **Summary of the post coaching report**

The following conclusions are indicated:

This family has made remarkable progress and is clearly in the top 30% of families, and will likely experience a successful succession and transition of wealth.

### **Trust and Communication**

This family scored well overall, with an average of 4.0 out of a perfect 5. Among the three major categories, at 3.0 Heir Readiness received the lowest overall score and merits further concentration.

The results in this category would recommend a formal process within the family for communicating family estate, financial planning, asset management, and philanthropic endeavors, (written, periodic scheduled family meetings with specific agenda items, etc.)

To further secure this successful transition, the family can vary productively spend time working on the following areas:

Expanding their listening skills, internal communications, effectiveness in ensure a more uniform understanding of who does what (now and especially in the future,) and that the criteria for future planning decisions/changes are understood by all.

Specific actions to further prepare family members to participate in the management of the family assets.

### **Heir Preparation**

The family scored a high average of 3.5 out of a perfect 5 in this category, indicating that most issues of heir preparation are being addressed. On the other hand, there was a variation of 33% in the individual family answers on this subject, which predicts a significant benefit if the topic of developing next

generation competencies is further addressed. Whether this is through focused use of mentors, or through making a range of possibilities available for family members to learn by managing family assets, both need to be considered by this family.

### **Family Wealth Mission/Purpose Statement**

This family averaged 4.2 out of a perfect 5 in this area. It is an indication that all members understand the family wealth mission/purpose statement, understand that roles are being defined and redefined as needed. There remains some uncertainty about who is doing (or going to be doing) what. Each heir's specific future roles and responsibilities are worth reemphasis in the future. The minimal variance of 15% says that, for the most part, this area is converging squarely on target.