

Familosophy - Oct 2022

Welcome to the Familosophy newsletter. Every month you'll discover deep insights, thought-provoking discussion points, and commentary on family, business, and what *really* matters to us.

Upcoming travel - Nov/Dec: US, Israel.

Regards,
David

The Two Wolves

Family wealth can be a double-edged sword. With few financial burdens or limitations, one can live a very comfortable life, use the family wealth and connections to create almost any career of life path, and make the world a better place through philanthropy and impact.

But there is a dark side, particularly to inherited wealth: guilt and shame at 'unearned privilege' (I don't like the term, but it works for this), how the wealth was created which may not sit comfortably with contemporary environmental thinking, and the challenges of finding purpose. Wealth can also be an amplifier and source of family conflict.

Most often, family members deal with a mix of these feelings.

In the Tale of the Two Wolves, the grandfather uses a metaphor of two wolves fighting within him to explain inner conflict to his grandson. When his grandson asks which wolf wins, the grandfather answers that whichever wolf he chooses to feed is the one that wins.

To paraphrase Henry Ford, whether you think family wealth is a positive for you or a negative, you are right.

Consider This: What are your family's narratives about wealth? Have these ever been discussed or articulated? How are they different across generations?

Further reading: <https://www.shreveporttimes.com/story/money/2022/08/05/your-wealth-culture-why-matters/10239286002/>, <https://www.ft.com/content/26806bc4-ff1b-4c7c-b4b0-168486c64ab8>

Family Business Succession

Family and business makes for a complex mix, essentially because of conflict of interest. At any time, those involved wear a mix of 'hats': family, owner and employee. This sometimes makes decision making very difficult: what comes first - family or business? Do we give family members a job even if they don't deserve it? What if they aren't performing? How much do we pay them? At the appropriate time, do we gift the business to them, sell it to them, or just sell it for cash?

Depending on which 'hat' you are wearing, you may have very different answers to these and many other questions relating to the family business.

While it's very hard to separate these parts of ourselves - for example it's hard to just be the boss and fire a family member who isn't performing - we can maintain an awareness of the spill over effects to the others hats we wear, and to the family at large.

When approaching these complex decisions, it can be helpful to consider what they would be wearing each separate hat, and then weigh up which hat is most relevant, and the wider implications of the decision. Having externals at the decision table can help clarify which hat are influencing decisions, as family members are highly subjective.

Consider This: Does your family have policies regarding family members and any operating assets? Do family members have to pass a bar to gain employment? Are they paid market salaries? Do you account for the increase in value created by some family members working in the business?

Original articles: <https://www.entrepreneur.com/growing-a-business/how-to-fire-a-family-member-in-a-family-run-business/248308>, <https://hbr.org/2022/09/merit-or-inherit-how-to-approach-succession-in-a-family-business>, <https://www.thomasnet.com/insights/10-reasons-why-your-kids-don-t-want-to-take-over-the-family-business/>, <https://www.businessdailyafrica.com/bd/opinion-analysis/ideas-debate/why-it-s-a-good-idea-for-family-businesses-to-form-boards-3719342>, <https://www.entrepreneur.com/en-in/leadership/12-family-business-heirs-on-navigating-their-way/387203>, <https://www.forbes.com/sites/theyec/2020/10/08/four-considerations-when-passing-the-family-business-to-the-next-generation/?sh=7a79932b4213>

Enjoying this newsletter?

For more in-depth, thought-provoking discussion points and further commentary on family and business conflict resolution, access my Familosophy newsletter archives by signing into our newsletter via <https://DavidWerdiger.com>. We will send you the archive links to the free membership site

It includes access to:

** archives of past Familosophy newsletters

** slides/audio/video of some of my talks at HNW conferences and forums.

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David Werdiger | PO BOX 157 Collins St West, VIC 8007, Australia | +61 3 8611 1150
(GMT +10)

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