



# **FAMILY GOVERNANCE AND SUCCESSION**

**▶ QUICK START GUIDE**

## What Is Family Governance?

Family governance is simply a formalised system to come to joint decisions and actions within the family. As such, it simply summarises multiple needs and opinions to a common denominator. Family governance can be simple or elaborate and even if not formally written down, most families have their own ways of coming to decisions. Think about, for example, how your family decides on the next holiday destination - in essence, that is family governance.



## Why Is Family Governance Relevant For Succession?

If none of your family members help to manage and control your wealth, consider what would happen if you got hit by a bus tomorrow and they, all the sudden, had to deal with your estate all by themselves. Would they have sufficient knowledge and skills to handle the situation or would they not even know what they have to manage? Family governance can help to make sure your family know what your wealth is all about so that they can take informed decisions based on a solid foundation of knowledge and skills.

## Why Should You Care About Family Governance?

Again, governance in many families is informal and, typically, that model works fine as long as the family is small and there is only a moderate amount of wealth to be managed. However, especially in entrepreneurial families or families with multiple active generations, there is a need and desire to formalise the process. Particularly when more than moderate levels of wealth or a business or some other form of legacy is to be passed on, families feel the need to be more systematic to ensure just and equitable treatment of all family members and to make sure their legacy has a chance of being something more permanent than just a moment in history.

# TAKE 6 SIMPLE STEPS TO GET STARTED.



## 1. Treat It As A Process

Yes, family governance and succession planning and execution are a long and complex process but every step moved forward is an accomplishment and makes the actual succession easier and smoother. You can plan for it as long as you want but sometimes life gets in the way. When that happens and you are not prepared, succession will happen automatically but in an unorganized and uncontrolled way. The more and better your family are prepared, the easier and smoother the event will be.

Adopt a mindset of “Progress beat perfection”! Start by committing to work through this guide from start to finish.



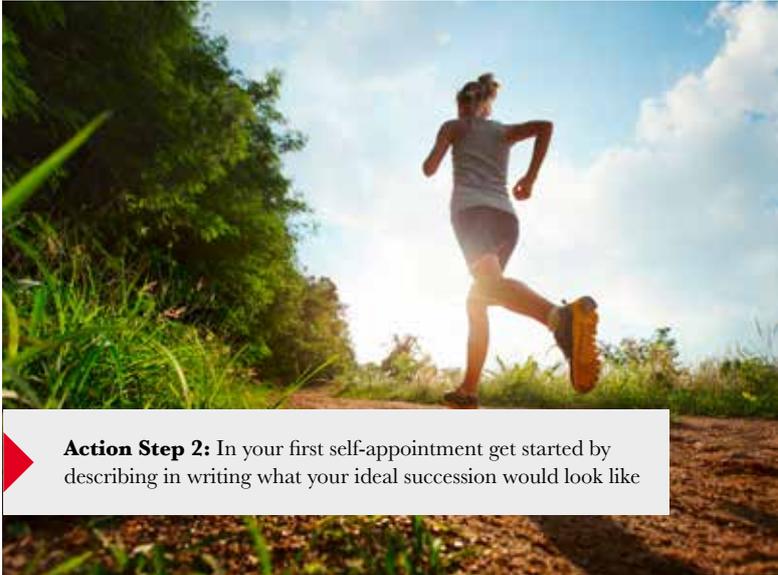
**Action Step 1:** Set up a series of fixed appointments with yourself in your diary (e.g. for 1 hour per week) to work through this guide.



## 2. Start Today

Do not delay the process any further. Just get started following the other steps of this Quick Start Manual. Delaying the process any further can seriously damage your family’s wealth down the line. We have seen it time and time again and once the damage is done, it is hard and costly to repair. Value and income can be lost for years and sometimes that loss can even be irreparable. Once you take the first steps, the following steps will become easier.

So get started now and, for example, write down for yourself what the ideal succession scenario looks like. Picture the situation in your mind and describe it in words on paper. This will help you as a goal marker and give you a sense of direction.



**Action Step 2:** In your first self-appointment get started by describing in writing what your ideal succession would look like

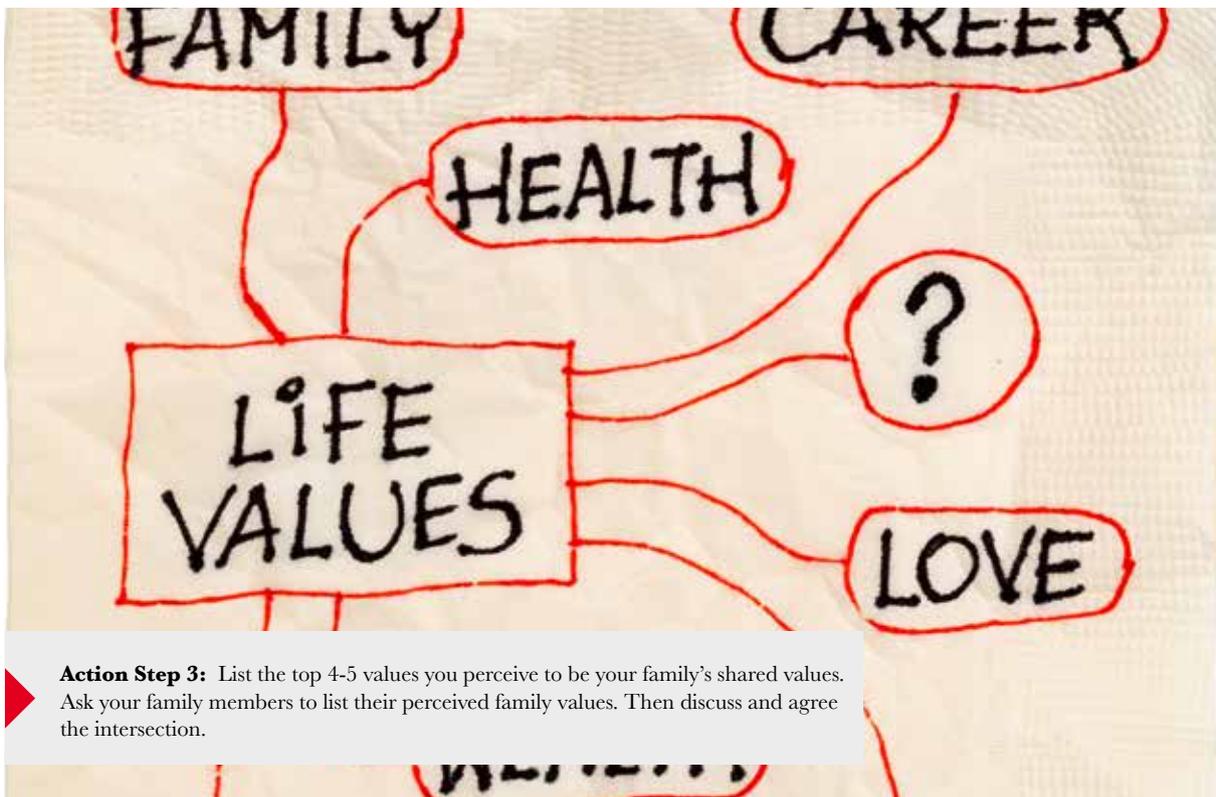


### 3. Focus On Common Family Values

When getting into the process of organizing succession, use family governance based on common family values as a basis for it all. Even the process of finding out what these common values are, is part of your new family governance system and is a great way to start the succession process.



Can you put your common family values on paper? Start listing them and then discuss them with your family. Are they really common values? Ask everyone to write down their list of perceived common values and then check for the intersection.





#### 4. Have Regular (Formal) Meetings

There is, of course, no rule about when and how often and with whom you should have formal family meetings but we would suggest to get started with a few hours or half a day in a relaxed but private atmosphere to get the process started. Part of your agenda can also be to decide on the frequency, extent and circle of participants for the following meetings.



In our experience there should be at least one annual meeting (you might even want to call it an Annual General Meeting (AGM)) and it should be clear that there is advance preparation to be done to make it valuable and worthwhile.

Why not set a date for your first formal family meeting today and invite your family now?



**Action Step 4:** Set a date for your first formal family meeting and invite your family



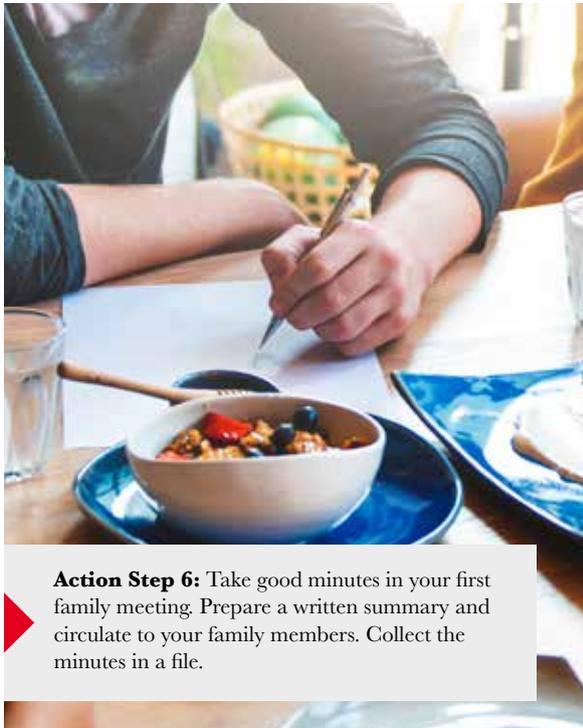
## 5. Educate And Prepare Your Family

They should know what to expect – that is in financial terms but also in terms of responsibilities. Often spouses and children are not in the picture and once it hits them, they need to first understand all the implications before they can properly deal with any issues or situations.

Start informing your family on your business and wealth. Let them ask questions and share their thoughts. This can also be part of your first formal family meeting. Prepare a summary of what is at stake and tell them about it.



**Action Step 5:** Put together a list of all assets and liabilities and of annual income and expenses and present the list to your family in your first family meeting. Set the date for the next family meeting during the first meeting



**Action Step 6:** Take good minutes in your first family meeting. Prepare a written summary and circulate to your family members. Collect the minutes in a file.



## 6. Write Down The Results (Yes, This Is Family Governance)

Get started by writing down your thoughts on paper. Continue by taking minutes of your meetings and documenting any important points and results. Develop a habit of putting down next step items and be clear about deliverables (who has to deliver what by what date in what format?). Collect the minutes in a general ledger. This routine just serves to make sure the process actually progresses.

Of course, you can get help and assistance for some of those deliverables. You may want to get professional assessments of you tax and legal situation etc. but proper documentation is certainly a good habit to make sure the process keeps moving along. Eventually you will start to see results that will help to make the succession smoother.

## CONGRATULATIONS!

By working through this guide you have made the first step and are well on your way into setting up some governance structures.

### What is the next step?

Feel free to give us a call and discuss the next steps during a free 30-minute initial consultation. We will go through a series of questions with you and compile a list of next step items for you to use at your own discretion. No strings attached!

Call us on +49 69 420 8898 0 or email us on [info@janzenco.com](mailto:info@janzenco.com) to book you free 30-minute consultation.

**Janzen & Co.** is a family business that has been established as a property investment services firm for more than 10 years and now has a core team of five staff.



#### Property

serves as a means to building and securing wealth. Property is what we know and love.

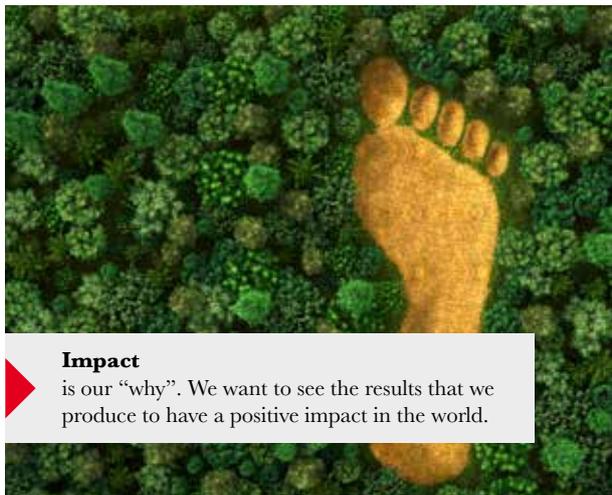


#### Wealth

is the medium to create impact and meaning for yourself, for your family and for the world.



**Wealth – Property – Succession – Impact**



#### Impact

is our “why”. We want to see the results that we produce to have a positive impact in the world.



#### Succession

is where we see the biggest challenge to maintain and develop wealth and to create a lasting legacy. Many families struggle to manage their wealth succession.

### Contact

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## SUMMARY-CHECKLIST

Quick Start Item	Action Point	Done
 <p><b>1. Treat it as a process</b></p>	<p>Have you adopted a “progress beat perfection” mindset that allows you to go the first step?</p> <p><b>Action Step 1</b> Set up a series of fixed appointments with yourself (e.g. for 1 hour per week)</p>	<input type="radio"/>
 <p><b>2. Start today</b></p>	<p>Have you written down you vision of the ideal succession scenario?</p> <p><b>Action Step 2</b> • In first set appointment write down your ideal succession scenario</p>	<input type="radio"/>
 <p><b>3. Focus on common family values</b></p>	<p>List the top 4-5 values you perceive to be your family’s shared values. Ask your family members to list their perceived family values. Then discuss and agree the intersection.</p> <p><b>Action Step 3</b> • List the top 4-5 values you perceive to be your family’s share values • Ask your family members to list their perceived family values • Then discuss and agree the intersection</p>	<input type="radio"/> <input type="radio"/> <input type="radio"/>
 <p><b>4. Have regular (formal) meetings</b></p>	<p>Have you set up your first family meeting?</p> <p><b>Action Step 4</b> • Set a date for your first formal family meeting and invite your family</p>	<input type="radio"/>
 <p><b>5. Educate and prepare your family</b></p>	<p>Have you prepared a summary of what is to be succeeded?</p> <p><b>Action Step 5</b> • Put together a list of all assets, liabilities, income and expenses • Present the list to your family in first family meeting • Set date for next family meeting during first meeting</p>	<input type="radio"/> <input type="radio"/> <input type="radio"/>
 <p><b>6. Write down the results</b></p>	<p>Have you started to write your thoughts and meeting results down?</p> <p><b>Action Step 6</b> • Take good minutes in first family meeting • Prepare a written summary and circulate to family members • Collect the minutes in a file</p>	<input type="radio"/> <input type="radio"/> <input type="radio"/>

### Contact