



Navigating the complexities of family wealth

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Families with extensive wealth often face the challenge of balancing the growth and protection of family assets with the needs of the family and the consumption of their wealth. The ownership of businesses, investments and private family assets can grow organically and sometimes across multiple jurisdictions. This growth can out-strip historic governance procedures that were put in place to manage, report on and protect the varied assets.

Many families struggle to create strategic plans for succession, business leadership and other contentious issues. Left unmanaged, this can cause emotional damage to the family. If a family office structure is already in place, a lack of governance can lead to a communication failure, missed investment opportunities and other factors that may have serious long-term damage to the family business and enjoyment of the family wealth. When building a family governance strategy, families will often turn to a family protocol as a central agreement upon which they can plan for their future as an interdependent unit. It is the creation of a proactive, overarching family vision, that helps family members align their personal objectives with the long term family objectives.

When creating and implementing a new family protocol, what are the common hurdles to overcome?

Strong family governance will run throughout family affairs, and when implementing a family protocol, it's as much about the process as it is about the end result. It's the process that creates the strength. With this in mind, buy in from all family members is key. You can't have a mechanical protocol that's imposed on a family by one individual. It requires multiple stakeholders around a table, building that protocol together. As you can imagine, this takes time and input from those involved.

What do you think is important when writing a family protocol?

From JTC's perspective, at the start of the journey, there are a lot of open questions. It's more about the 'why?', rather than jumping into the 'how?' or the 'what?'. We invest time in understanding what the family wants to achieve, so that when we put pen to paper to write the protocol, it is carefully built around their needs. We help clients articulate their family values. Once this is decided, we work with our client's tax and legal advisors to identify any technical issues that need to be accommodated when implementing the protocol, and we introduce structures and legal rigour that will underpin it.

What role does structuring play in long term ownership of family wealth?

It's in the context of carefully considered family values and objectives that one should look at the structuring options available for family wealth. When a family is ready for this, the companies, trusts, partnerships etc. can be established in the jurisdictions relevant to the family. It is at this stage that the family protocol can be embedded into the legal rigour that underpins the family wealth.

How do luxury assets feature in family governance planning?

I've spent a lot of time during my career advising

clients about owning and enjoying luxury assets, and it's safe to say that if you get the governance over these complex assets right, it bodes well for family governance in general. The issue with assets such as yachts and aircraft, and even art, is that they have hidden complexities, and there is rarely a one size fits all solution. In fact, if you're being offered an 'easy answer' in this arena you should immediately be wary.

When it comes to strong governance over these assets, a client needs to be asking probing questions. Planning for enjoying these assets should include protocols for shared ownership and use.

How does family governance work when a Family Office is already in place?

In my view, one should flow family values down into the Family Office to create its underlying purpose. Will it focus on human or financial capital, or a balance of both? The Family Office needs to be given enough autonomy to implement these values in what it does and, ideally, be able to hold the family to account in reference to their values. This may not always be easy, but a carefully chosen team supporting the family will help, one that has strong governance at the heart of its working practices. A Family Office should be outward looking, adaptive, continuously educated and not spread so thinly or paralysed by controlling forces that they can't embed strong governance into their working practices.

How do the priorities of the younger generations tend to compare with the more senior members of the family?

It's important to recognise that the younger generation's priorities will change. Families evolve, and whether it's recognising an ESG agenda or seeking to implement technology solutions within the operations of the family, the key for me is that family governance supports all generations. Good communication, regular family meetings and structural organisation enable different family members to recognise the different perspectives that they come from. It encourages them to value each other's opinions, building them into the forward direction of the family.



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