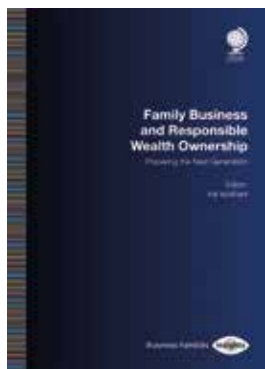


Book review

Family Business and Responsible Wealth Ownership – Preparing the Next Generation



Edited by Iraj Ispahani
Reviewed by Xavier Isaac TEP

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I wish I could turn back the clock and put this book on the bedside table of the past two generations of family wealth owners and their advisors. Had this been possible, I would have witnessed more harmony in wealth-owning families and sustainable practices for the deployment of their capital over the course of my career.

Is it time for a reset in the way we look at family business and responsible wealth ownership? After reading this book, you will likely say 'yes'. The COVID-19 pandemic has been an accelerator, but the main driver for change is coming from the rising next generation, who are more socially conscious, inclusive, educated and impatient. They feel a greater sense of urgency to contribute to society, reinforcing what Bill Gates wrote in 2006: 'With great wealth comes great responsibility.'

The authors provide context to the challenges facing wealth-owning families, covering external factors, including the scrutiny of wealth owners by government and society at large, business disruption and an increased focus on responsible capitalism, as well as internal family issues summed up by Nietzsche: 'Family love is messy, clinging and of an annoying and repetitive pattern, like bad wallpaper.' By promoting a definition of family wealth that encompasses human, social and financial capital, the authors highlight not only the links between business and society but also the duties of responsible wealth ownership that come with it.

Having set the scene, the authors invite the reader to take a deep dive into what lies beneath families and wealth based on decades of practical experience working with business-owning families. By encouraging the rising generation to explore the meaning of a purposeful life, which may or may not be consistent with a family agenda or beliefs, the experts make the case for accommodating the 'I' and the 'we' if families are to co-exist happily, illustrated by the tensions arising around digital privacy. This requires a shared sense of purpose and family values, often leading to the drafting of a family constitution. The authors also emphasise how underappreciated the psychology of wealth is in the planning of wealth. Other points follow on regarding the risk of divorce and making sure that all family members recognise the role of women in wealth, a topic that is often neglected.

Stressing the importance of mentoring, the authors warn about the risk of shielding children from failure, preventing them from learning and assuming responsibility for their own lives. Strategic dialogue between generations must also foster the entrepreneurial skills required to grow wealth, whether there is a family business or by diversifying into new opportunities in which the rising talents can shine.

By emphasising the 'why' rather than the 'how', this book is progressive and practical. Though aimed at the next generation, it is essential reading for the older generations and their advisors about the need to adapt to our society via a new social contract. Conveniently, the rising next generation has strong views on these issues. However, where is the chapter of the book authored by them?

I share the authors' conviction that it is through an open reflection across generations on families' wider purpose that successful retention and transition of wealth can be achieved. There is a pre-requisite though: the unconditional love of children.

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