



## Family Enterprise Sustainability

Sustainability, a term easily applied to the environment, can also be equally applied to families who seek to sustain their family capital across generations. We guide families in their efforts to prioritize their needs and develop their ability to sustain their family and its assets over time.

We have created an online “Sustainability Index” that helps families define how they fit along the five major dimensions that comprise sustainability: Family Legacy and Connection; Governance Structure and Processes; Financial Accountability and Management; Human Capital and Leadership Development; and Generosity and Gratitude. As a result, they are better able to answer a central question: “Is my family enterprise prepared to bridge multiple generations in an enduring manner?”

## CASE STUDY:

# Maximizing Resources: Vision and Mission

### ***The Family's Situation***

A third generation garment importer employed five cousins, all of whom earned modest but equal salaries. Substantial dividends were also paid to shareholders, which included non-working cousins. Over the years, the company suffered a loss in business, which created family tension due to declining incomes.

### ***Our Direction***

It became clear that certain family members viewed the problems very differently. The branch with fewer working family members expressed concern over the company's direction and felt that the president had made poor developmental decisions. The other branch supported the president and felt that the existing compensation structure was unfair, since it was not based on performance.

Relative Solutions addressed Management, Ownership and Family concerns to enable the family to articulate their vision for the future of their business. The family committed to importing high quality goods, which allowed them to make strategic alliances with several large retailers. They also agreed to reduce their dividends for three years. Non-working family members were offered the chance to redeem their shares over a five-year payout period, and roles for the working family members were clarified. A Board of Directors was formed that included two outside members.

These decisions helped to lessen the tension among family members, and they agreed to discuss issues openly.