

CASE STUDY

Developing Third-Generation Family Leadership and Governance

How Platinum facilitated family business succession and culture of communication

SITUATION

Rapid growth by acquisition and consolidation was driving a profitable, family business. The third generation of family ownership — four adult siblings and three spouses — were aware of the need for significant changes, and how increasing growth might impact family dynamics. (Two siblings and one spouse did not work in the family business.) A trusted family advisor introduced Platinum Group to this family for guidance.

CHALLENGES

- Continuing business growth called for role clarification among all family members.
- Succession planning for the third-generation had not been formed.
- A caring, close-knit family was committed to sustaining its values and culture while expanding the family business legacy into future.

RESPONSE

A succession advisory team met with the parents, including business attorney, estate planner, insurance advisor, financial planner and Platinum as succession facilitator. Succession steps were organized around a long-term estate succession plan.



Communicating the business strategy and information about the generational transfer process was essential to establish and share commitment among parents, siblings and spouses. A family council meeting was convened; the owners described a 10-year, phased process moving the second generation away from management into ownership and governance. The third-generation family, spouses and professional managers provided ideas on their desired future involvement in both the family and business.

RESULTS — Seven years later, the bi-annual council/meetings have addressed family issues arising from ownership of a demanding business and expanding family, now including 11 grandchildren in the fourth generation:

- Third-generation members, including spouses, are taking the lead in organizing, scheduling and facilitating the meetings with gradually decreasing assistance from Platinum. Notes of decisions and actions needed are distributed using a standard format.
- The family charter has been carefully developed, accepted and is expected to last for generations.
- Responsibility is being transferred to third-generation spouses for yearly grant-making decisions by the family foundation.
- Recurring education has become part of each meeting. Topics include becoming more self-aware and accountable for behaving at work and in the broader community as a member of a successful family business leaving an intentional legacy.
- Accountability for follow-up actions is assigned to family members as part of the rotating responsibility for third-generation facilitators of each meeting.

Seven of nine family members now work in the business. The business and family foundation are flourishing. The family is actively pursuing and living out the values declared in the family charter.