

SAME TIME *next* year

Our annual family meeting is an essential wellspring—
and repair shop—for our family mission statements.

By Michael Sisk • Illustrations by Lou Beach

CRAFTING AND IMPLEMENTING a family mission statement that can serve the needs of several generations is a formidable task. In its pursuit, it is often valuable to assemble all our far-flung relations to discuss our common family, philanthropic and business goals and to plot strategies for achieving them. Getting three or more generations of a family to come together in one place—let alone finding a way to ensure they communicate effectively and productively—can be both a logistical and emotional ordeal, but many of us see it as essential to our family's well-being.

Susan Remmer Ryzewic knows the challenge well; she has been organizing her family's annual meetings for 15 years. Remmer Ryzewic, the president of EHR Investments, the Remmer's investment company, sought to explain the family's mission to its third generation, her children's, at its meetings last summer and last December by having her mother discuss the source of the family's money (an engineering business) and her beliefs about the responsibilities affluence entails. Remmer Ryzewic quotes her mother's credo: "Money provides a freedom of

Top view

Our family mission statements are not lifeless diktats conceived in a vacuum; they are developed and implemented through honest and open dialogues among generations of our relations. The family meeting is an invaluable venue for these discussions, where we can thrash out our business, philanthropic and personal goals, and teach our children our values—and the skills they will need to manage their wealth. It is also the perfect opportunity to reacquaint ourselves with one of the wellsprings of our real wealth, our families.

choice and a freedom to follow dreams. But there's a responsibility to give back to the community."

The Remmer family is working to keep that mission relevant. "We have a mission statement crafted by the first and second generations, and we're now looking at how to modify that statement to reflect the values of the third generation," Remmer Ryzewicz says.

Family meetings—often structured as two- or three-day retreats that mix business with recreation, held on neutral ground such as a world-class resort—guard against the natural dissolution of extended families that occurs as relations move away and their individual needs and priorities diverge from those of the family as a whole. Those with family businesses or philanthropic concerns find these meetings particularly useful for tackling strategic and decision-making exigencies.

Family meetings are no fad. Legacy families such as the Rockefellers and Sulzbergers have assembled their clans on a regular basis for years. The Rockefellers epitomize the family whose rallying point is its philanthropic pursuits. In its sixth generation of affluence, philanthropy is the glue that holds this widely dispersed family together, and it sets the direction for its various charitable enterprises at its annual meetings.

The Sulzbergers, meanwhile, are an example of a family whose business—the *New York Times*—is its rallying point. The Sulzbergers are in their fifth generation of affluence, and while most are not directly involved in the business, they are immeasurably proud of their heritage. They come together to make business decisions for their august newspaper empire while passing along the family heritage to succeeding generations.

"A family retreat is a wonderful way to keep the family connected, because if you lose the personal relationships, you lose some of the value of the business relationship," says Eric Doud, a managing partner at Doud, Hausner and Vistar, a consulting firm specializing in family issues. "You don't need to be best friends, but you need a strong family bond."

SUMMITS IN STYLE

Family meetings are becoming more common as they become popular with those who built their fortunes in the 1990s technology boom and equity bull market. These groups are now grappling with the same family mission, philanthropic and business control issues faced by newly affluent families for centuries. Lee Hausner, a psychologist and affluent-family issues specialist who helps families structure and run their meetings, and Kathryn McCarthy, a meeting facilitator, say that their family meeting business has picked up substantially over the past decade. They attribute this partly to greater communication among wealthy families, which has been fostered by the profusion of conferences for affluent Americans that include tips for holding a successful family meeting. McCarthy says that it can also be traced to changing mores about secrecy within families over the last 20 years. Many of us now realize that financial secrecy within families undermines relatives' long-term ability to work together.

A successful meeting promotes a shared vision and common purpose that unite our families and keep them from drifting apart or splitting into factions. It is also a useful venue for helping the spouses understand the family's values and goals. These can be enormous tasks. "You need to make sure you don't have emotional knee-jerk reactions," Remmer Ryzewicz counsels. "You need to separate the business decisions from emotional issues."

These meetings also need to be inclusive, which often means managing out-sized or difficult personalities. "People sometimes can't articulate the issues and they just act inappropriately," says Lee Hausner, a psychologist and affluent-family issues specialist. "People show up who are bipolar and unmedicated, there

are narcissists, explosive tempers, and those with substance abuse problems who come loaded. It can be like going into a lion's cage."

The insight that makes or breaks a meeting is that all members must pull together if the family wealth is to last for more than one generation. "I tell them that one of the characteristics of successful legacy families—where the wealth continues three or four generations—is that the family must work and play together," Hausner says. "They work through the tough issues, because the tough issues are what can get in the way of being a legacy family."

ORIGIN OF MEANS

Most families see the mission statement as a useful way to "maintain a sense of history within a family, so that you know where the money came from," says Don Heberle, national director for the family office at Mellon Private Wealth Management. "It's easy for the younger generation to think that life began at the beach house and not understand what was done to generate it." Eric Doud, a managing partner at Doud, Hausner and Vistar, goes so far as to recommend creating a family charter to codify the values. Kevin S. Bartlett, regional managing director for Calibre, advises, "As you try to figure out what the goals of the family are, you want to get at the big gaps in thinking and wide swings of opinion that will stand in the way of family harmony."

Many families find that facilitators—essentially, third parties with expertise in family counseling and the issues faced by affluent individuals—can be extremely helpful. Facilitators interview family members before the meeting to identify points of contention that need to be addressed. They provide objective good offices to help settle disputes, and they advise on activities and meeting tactics. Remmer Ryzewicz swears by them. "It's

just like having an outside board member; it helps you look at things differently," she says. Also, she notes, family members tend to be on better behavior when an outsider is present.

Family meetings often have three components. There is usually a business meeting in which the family business, investments and foundation are reviewed and important decisions made; an educational program, in which younger family members are schooled in the family's values and the basics of finance, and in which adults are often treated to a guest speaker; and the social gathering, at which everyone gets a chance to renew ties and enjoy themselves.

DOWN TO BUSINESS

The business meeting is often a centerpiece of the family gathering, and due to its importance, it usually comes first. Often with the help of a facilitator, the adults gather and set the ground rules, everything from behavior parameters barring the slamming of doors and yelling, to meeting protocols such as deciding who will act as secretary. "When you're running a family business, you need to run it like a business, not like a family," says Kevin S. Bartlett, regional managing director for Calibre, a business unit within Wachovia's wealth management group. Some of the most formal family business meetings are the most productive, he says—some go so far as to use Robert's Rules of Order. This allows a dispassionate discussion of everything from family business succession to estate planning, from investment performance to the management of philanthropic interests.

One member of a successful family reports that, even though he is the great-grandson of the long-deceased patriarch, there are still three meetings a year with a strict business agenda—with documents sent beforehand to family members for review—during which the family's advisors offer an economic forecast, make investment recommendations and discuss tax implications.

While many families understandably put a premium on secrecy outside the family circle, Bartlett says the family

meeting is not a time to exclude the family's advisors—attorneys, accountants, money managers, etc. If the family wants its decisions executed correctly, it helps to have those advisors present.

WEALTH OF ADVICE

A talent for managing money is not passed down through our genes; it must be taught, something the older generations are increasingly coming to appreciate. "A lot more families are thinking about wealth education for the younger generations," says Don Heberle, national director for the family office at Mellon Private Wealth Management. "In the past, there's been a lot of preparing wealth for the family—such as estate planning—but not as much emphasis on preparing the family for wealth."

Remmer Ryzewic's family emphasizes structured education. "We've developed a curriculum of those subjects they can

learn together, those subjects they should learn in individual family units, and those subjects they need to learn from an outside source." Last summer the family had a role-playing session meant to teach the children the different roles of shareholders, board members and employees. Each child took on a role as the group decided whether or not to buy a candy distribution business. Each child had a lifeline to a real-life counterpart to the character to answer questions and keep him on track.

Hausner has created a number of different educational programs for her clients, helping to develop what she describes as each family's financial, intellectual and social capital. She developed a financial competency program: a two-year program over six weekends that discusses topics such as how to budget, buy a house and invest.

She also sees the family as an enormous repository of information for its



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younger members in terms of educational opportunities, career tracks and mentoring programs. With very large family meetings—of 200 or more participants—she has conducted career days, when younger members of the family get advice from older members in a range of fields, from FBI agents to bankers. She also believes that allowing younger members to sit in on the family's philanthropic foundation meetings is a very educational experience for them. Auditing these meetings is a good way for younger members to learn about the family's values.

Education is not just for the young. A well-structured family meeting will engage older members, too. Chris Tate, managing partner of the Allied Family Office Group, had a rapt audience when he brought in a labor attorney to talk about issues related to domestic help, such

exchange perspectives," says Maryann Fernandez, president of Shaking the Tree.

Recently, Shaking the Tree launched its Conversations on Philanthropy series. One play, *Stalemate*, examines intergenerational issues. In it, a family member in his 20s, who has not participated on the family's foundation board to date, assumes a board seat by dint of his age. He is enthusiastic and smart, with new ideas, and he butts heads with the board's established thinking. "Theater is engaging and fun," Fernandez says. "People watch, and they really connect with the actors. I think they are surprised how quickly and deeply they relate. They'll say, 'We've had that exact conversation,' or 'That woman is on my opera board.'"

FUN IS MANDATORY

Family meeting venues should provide access to recreational activities for when

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as proper documentation, social security payments, employee contracts and, most dramatically, lawsuits brought by domestic help. "People working in these homes realize they are working for people of great wealth. If they slip and fall they may sue." These were issues many of the family members had not considered, he says.

As the Remmer family's experience shows, role-playing is also a popular educational tool. There are organizations that offer innovative educational opportunities. Shaking the Tree Interactive Productions, a wealth management and charity issues educational firm, offers 45-minute plays designed to examine these concerns. Afterward, while the actors are still in character, the audience can ask the players questions. "This way you can talk about the family on stage, and your responses may have your own experiences embedded in them, but it's not about you directly. It's a detached way to discuss possible solutions and alternatives and

the work is over and everyone wants to blow off steam. Hausner says, "It is important to experience each other in a totally positive environment, and so it is important to participate in having a good time with each other." She has encountered times when an aggrieved family member absolutely refused to participate in the leisure activities, but in those instances she takes the person aside and talks through the problem. The point is not to come out of the meeting angry at one another, she says.

"You want to have family meetings in a location where there are activities that people enjoy—skiing, boating, horseback riding—whatever the family likes to do," Hausner says. She has attended meetings at family compounds, dude ranches, ski resorts, Caribbean islands and in Mexico. Cruise ships are catching on of late. In many ways, ships are perfect for family meetings, she says. They provide meeting rooms, meals and plenty of activities.

Family meeting formats differ and may change over time as the family evolves. A legacy family with a single living patriarch might not dwell on business at all but concentrate more on philanthropic decision-making. In a family in which an elderly patriarch has created a successful business, succession plans and business education for the younger relatives might top the agenda.

Heberle says that family meetings dominated by the first and second generations tend to be very focused on the business, reviewing balance sheets, proposed investment strategies, and estate planning techniques. In these cases it often makes sense to schedule them quarterly, rather than annually. Over time, that kind of detail will fade. "As you get into the third and fourth generations, the meetings are less frequent," he says, "and they're spread over several days at a resort with a combination of a formal agenda and outside speakers."

Juan Meyer, who has run his family meetings for more than 20 years, saw what started as an informal 45-minute discussion in the 1970s evolve into a more formal annual meeting in the 1980s, as the brothers who ran the business aged, and their children took a more active role. Since the family's focus was its business operation, the whole tenor of the family meetings changed once the business was sold in 1989. Meyer found that the meetings became stale in the following years, and he held them only infrequently until 1996, when he hired Hausner, who directed a very successful meeting with a strong social component. Hausner got the older generation to open up and discuss their relationships among one another and the roles of their spouses. After that, Meyer says, the family said, "To hell with the family meeting, let's have a reunion."

They did just that, inviting the extended family from Ireland, Argentina and Australia. "The family tree was plastered on the wall and we had color-coded tags so you could see who you were related to," Meyer recalls. "It's about time we had another meeting," he adds. "The secret to a great family meeting is a first-class facilitator." ■