A BLUEPRINT FOR MULTI-GENERATIONAL SUCCESS:

# Building a Coalition of the Willing

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The UHNW Institute

**PART 2**

# Assuming 'One' to 'Many' Accountability:
## *The Motivation and Willingness to Learn, Contribute and Accept Responsibility*

Every couple of decades, a new generation of the family has the potential to assume a role in the family business. What was once a straightforward leadership transition from the founder to a chosen successor may now involve 20-30 extended family members who want — or expect — to play a role in the family enterprise.

With so many potential candidates, how those decisions are made — and who will decide — fundamentally changes the family's relationship system.

It's essential for families to understand their history, what has led to their success and failures in the past and reflect on what needs to continue or change in the future. While history and legacy are important, they aren't enough to guarantee continued success.

Family businesses can't fuel an engine of change based on heritage alone. Just as important is the willingness to put the family's history on the table — open and without judgment — to consciously consider what elements should be carried forward and what needs to evolve so that rising generations can contribute in new and meaningful ways.

### RECOGNIZING VALUE IN WHAT EVERYONE BRINGS TO THE TABLE

In the past, a family member's management or board skills — often coupled with formal training and an entrepreneurial spark — opened up potential opportunities to sit in a chair at the management table. In many family systems there has been a reflex to jump to entrepreneurialism as the key capability among rising generations. But often, this has diminished the importance of other capabilities — sometimes even acting as a roadblock to other voices in the family enterprise system who have skills and expertise of value in many different areas. Often, for example, ownership and family governance skills are just as important as business management skills for the system to function well as a whole.

Leadership development takes on an entirely new dimension when preparing not just one successor, but many family members for diverse roles with each requiring unique skills and a long-term commitment to learning and development. Relying on the common MBA pathway alone may not only be insufficient — it may even be a hindrance. To contribute value to the family and the family enterprise, a broader range of skills and capabilities need to be recognized and built. Tools such as personality and emotional intelligence assessments and skills testing can play a critical role in this process.

# Is This the Start of a Governance Revolution?
## *Each Generation Can Change the Roles They Play... If They Are Willing and Accept Responsibility*

Willingness is the first important issue that often arises in moving from a 'one' decision-maker governance structure to 'many'. It's often difficult for current leaders to accept that leading the family business in a different way could be as good as — or potentially even better than — the old.

In the start-up phase of family business development, accountability rests with a single individual. Many leaders who succeed the founder often believe they must do things in the same way to continue to be successful — only to become frustrated and worried when "the same way" no longer works.

The starting point is to challenge the assumption that focusing on 'one' role is better than focusing on 'many' roles where multi-generational coalitions are able to engage rising generation family members with senior generations at various levels — each assuming an appropriate degree of accountability.

Understanding how their roles, responsibilities and decisions compare to each other is crucial. It's also potentially complex, making it necessary to be very clear about the boundaries, potential overlaps and hierarchy between the family, owners council, board and management, for example.

# Opening the Door to a Coalition Governance Mindset

Going from 'one' individual to a 'coalition of the many' (or laterally within the many) can be a major interpersonal step forward in many family businesses by recognizing the value of different skills and perspectives that each family member brings to the table.

It's equally important for family members to recognize that stepping away from one role, such as a management position, doesn't necessarily mean stepping away from the business altogether. Optionality in family governance doesn't just mean offering different roles. It means creating space for family members to explore leadership pathways and evolve their contributions over time. For example, observer roles can serve as an entry point for those not yet ready to commit fully but eager to learn.

Even though the business and family structures and roles may not be perfect from the outset, having the opportunity to influence the building process as a coalition member is more likely to result in a desirable outcome.

Despite the growth of the business, there may not be enough rooms nor chairs to go around. The rules of engagement can become more complicated if younger generations don't quite know where they fit or the steps they may need to take in order to contribute.

As the business grows, the family's relationship with wealth often changes as well. And the rise of family offices and the diversification of family wealth motivates some family members to move out of day-to-day management roles within portfolio businesses and into corporate boards, family boards, family councils or philanthropic positions where the focus is on ownership issues and opportunities. These transitions can add a throughline of knowledge and wisdom as key players are asked to evolve their roles and as their ongoing importance to the system continues to be validated.

***"Optionality is the key to creating a wide range of choices for the business, its owners and future generations."***

# Optionality Mechanisms for Taking on New Roles

'One' to 'many' doesn't necessarily mean "all." The wings of the house may remain the same, especially in terms of ownership, board and management roles, while new rooms — such as a family council or a foundation — may begin to emerge. In some cases, the family may even sit to the side in management roles. This is why creating and increasing optionality is so important in bringing people together over time and enabling family members to choose from a variety of possibilities for creating new roles and relationships.

With a multi-generational coalition mindset, it's possible to introduce a suite of options to family members. Some may not necessarily want an active management or ownership role, for example, but they may still want to contribute to what the family is doing. Instead, they may opt to participate in the family council or the family's philanthropic efforts, while also pursuing their own external interests.

There may even be opportunities to create potential "observer" roles for family members who don't yet have a differentiated role but want to gain insights into a variety of potential opportunities that may be available to them in the future. It helps to broaden the horizons for both the family and the business by simply providing access to different options and finding the best places where family members may eventually be able to sit in the right chair.

# Building Capabilities from Generation to Generation

There are some widely-held perceptions that future generations' entrepreneurial drive and ability to handle the complexity of a large organization are under-developed. This isn't necessarily the case, but perceptions have an impact and can be a barrier in the development of next-generation family members if they're seen as being either unready or unwilling to assume certain roles and responsibilities.

The term "entrepreneurial" itself has become potentially confusing, with at least two different issues at play. First, is the ability to handle the ambiguity and complexity associated with the increasing size and intricacy of family enterprises. Second, when families talk about entrepreneurship, it's often in terms of the "spark" that's needed to create something new. But, as the business grows and becomes successful, innovation may appear to be less necessary in terms of creating new product or service offerings and instead in creating new internal systems and procedures.

The increasing complexity of many competencies is also a concern. Entrepreneurs — and even second-generation family members who took over their businesses and grew them — don't always recognize the difficulty of replacing a singular leader and decision-maker with another. As it becomes more and more unlikely to find another single individual who is able to address all the elements of complexity in a larger, more mature enterprise, the "one to many" concept becomes even more relevant. It's often advanced by identifying all the hats that the single leader has been wearing and providing several next-generation family members with the mentoring, formal education, hands-on experiences and leadership skills required to assume some or all of those roles.

For family members who are stepping into their roles for the first time, this may be a challenge. The first-generation has typically had the time and opportunity to grow their skills in parallel with the growing complexity of the family enterprise. In succeeding generations, the complexity of the business has likely grown exponentially. Instead of having the opportunity to build and evolve their skills over time, rising generation family members may be parachuted into roles and situations that have considerable complexity — without the benefit of learning and growing on the job.

### GIVE RISING GENERATIONS A BOOST

In today's more complex business environment, it has become even more important for younger generations to begin practicing joint decision making at an early age; to experience the leadership style of other family members in their cohort; and to gain important knowledge about the business and the family enterprise from the incumbent owners.

The recently published *"The 10 X 10 Learning Roadmap: Advancing Flourishing in Families of Wealth"*[4] for example, defines 10 core competencies and key learning activities at 10 major life stages (from 5 to 100) as a tool for building, educating and mentoring all generations.

How can they learn from each other's leadership? How can they observe the different ways that people lead? How can they work together on projects and learn from them — even if not all succeed — and how can they keep moving forward even when the outcome may be imperfect?

These are important life and business lessons in preparing the "many" for the future by attending to the development of their "individual" human capital.

CASE EXAMPLE:

## Building Skills for the Future

As we saw in Family X, for example, family members faced a new challenge following the sale of their business. Without the business that had provided them with a shared purpose and practical ways to stay connected, how would they continue to engage and educate the rising generation?

The family's solution was to form a cousins investment company. Not only did it teach the members of the group the financial skills they would need for the future of the family enterprise (now an investment-focused family office), but it also gave them an opportunity to become familiar with each other's leadership style, to self-govern, work together on a variety of projects and tackle some of the difficult questions that stem from being wealth inheritors.

## Down to Basics — Begin with the Building Blocks of a Successful Coalition

- **Establish** a well-defined framework for how a group of leaders will work together inside a coalition, emphasizing the importance of the owners' shared purpose and vision in guiding the strategy and decision-making.
- **Consider** a decision grid exercise (a variation on RACI) to spell out in advance which "rooms" decide the key issues that need to be addressed, often following a consultation with another room.
- **Make certain** that the leadership and ownership groups meet regularly.
- **Confirm** that members commit to "speaking with one voice" on key decisions.
- **Educate members** and discuss important considerations before decisions are made.
- **Consult individuals** or groups who may be affected by the decisions (management? the board? the owners? the family?) before decisions are made.
- **Document** and maintain records for reference and for learning.

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# Managing the Complexity of Group Decision Making

It's important to take a step back and observe what happens in the everyday workings of both the business and the family in order to understand — and then manage — the complexity of large groups of people who are making critical business and family decisions together.

Let's say, for example, that a patriarch or matriarch is sitting at the table as the head of the family business (and potentially as the primary owner). The family may default to the traditional hierarchy that has governed their regular interactions and defer to these leaders — regardless of their commitment to joint decision-making.

It's important to acknowledge that situations like this are common, and may often have a direct impact on the decisions that are being made.

When decision-making authority has historically rested with one or two people at the very top of the enterprise, it may be challenging to transfer their authority effectively to a larger, more diverse group. To address the potential issues and conflicts in situations like this — and achieve as much transparency as possible in the process — we often recommend that families conduct a decision matrix exercise to help identify and clarify their decision-making processes and the roles and responsibilities of different constituent groups who are making the final decisions.

### WITH RESPONSIBILITY COMES ACCOUNTABILITY

Matrix exercises like these are designed to list out various decisions that may need to be made in the normal course of business and they're helpful in identifying the groups or individuals who are **responsible** for making decisions related to management, ownership and governance.

**Accountability,** however, goes well beyond completing a task and taking ownership of the results — whether they're good or bad. Mapping out the decision-making structure in a matrix clarifies the responsibility and the accountability of each group involved.

It's also a way to identify the factors that may give one individual the authority to make a decision versus those who contribute their views and insights on the path to making that final decision.

# Stepping Up to the Opportunities and Challenges: *What does each generation need to do?*

**Identify available roles and opportunities**
Many families may struggle to identify specific roles and opportunities that may be available within the family business. Navigating the different wings and rooms (management roles, board positions or family council memberships, for example) can become unclear. And clarifying the available roles — and the skills, knowledge and experience required for each — can be a challenge. This is an area where a decision matrix can be helpful in determining how voting in each room should occur. Is it by consensus, a majority vote, a super-majority or otherwise?

**Identify and develop the necessary skills and experience**
Family members may face challenges in acquiring the skills, knowledge and experience needed to excel in the expanding system of possible roles. This is particularly true for rising generations who may not have had the same opportunities for hands-on experiences and mentorship compared to those in previous generations. Families need to be open-minded and recognize that the required skills may now be less traditional and need to be more individualized.

**Recognize the need for role continuity**
It can be challenging for family members, especially those in management roles, to recognize when it's time to transition to a different role. Continuity planning is essential in order to prepare the next generation for leadership roles as senior leaders ease their way into the process of letting go and provide opportunities for rising generations to assume various responsibilities over time. The larger the ramp that you can provide, the better. And don't be afraid to start early.

**Balance inclusion and collaboration with structure**
While it is important to foster inclusion and collaboration within the family business, it is also necessary to maintain a level of structure and accountability. Finding the right balance between inclusivity and clear decision-making processes can be a challenge because too much inclusivity — without clear guidelines — can lead to inefficiency and conflicts.

**Address generational dynamics and power struggles**
Generational dynamics and power struggles can arise within family businesses, particularly during times of transition and succession. Managing these dynamics and ensuring effective communication and collaboration across generations is essential for shared decision-making.

**Plan and manage transitions**
Leadership and ownership transitions within the family business need to be planned and managed carefully. They can be complex and require thoughtful consideration to ensure the continued success of the business as well as family harmony.

**Build trust and transparency**
Family relationships can be challenging. Improving communications and building trust and respect is key in any family and it's the foundation that everything else will be built on.

**Recognize increased size and complexity**
With the increase in size and complexity of the family enterprise, there are multiple perspectives that must be considered and integrated. This also means there is greater potential for conflict — shaped by the perceptions we hold about ourselves, others and the system as well as the roles individuals assume within the family enterprise — all of which must be surfaced and resolved.

# Redefining Success in a 'One' to 'Many' Structure

THIS REQUIRES SENIOR AND RISING GENERATIONS TO:

- Recognize the value of collective decision-making
- Learn and accept the transition from "my idea of success" to "our collective idea of success"
- Be comfortable with change, recognize the need to disengage from the status quo and not perceive 'roles for the many' as a threat
- Learn how to share responsibility, invite participation and take a narrower role
- Find satisfaction and fulfillment in new ways
- Sustain multi-generational coalitions over time
- Build and maintain family engagement as the number of ownership shares gets smaller

IT ALSO EMPHASIZES THE NEED FOR THEM TO:

- Cultivate psychological safety by ensuring that every family member — regardless of age or ownership stake — feels safe to speak up, ask questions or disagree without fear of reprisal
- Learn how to find and enter the wings and right rooms — and identify the differences between them
- Find legitimacy and a voice to join in the work
- Focus on balancing the goals of the collective with the dreams and aspirations of individuals
- Build leadership capabilities
- Be comfortable with change
- Recognize the need to disengage from the status quo

# Conclusion: Breaking Through Traditional Barriers

*The commitment to a coalition mindset takes time to understand and embed in a family business. It's a simple idea, but governance practices — whether that means formalizing a board or starting an owners' or family council — often feel awkward as people take their first steps into new roles. Not everyone will go from "junior" to "senior" in a straight line, and in some cases, it may take a few years for these new roles to feel normal.*

Build governance structures flexible enough to welcome family members who return after time away or who contribute in unconventional ways.

These are vulnerable moments and the desire to switch back into a "this is how we've always done things" mode may be incredibly strong. If families don't put 'one' to 'many' into active practice (with the support of their advisors, in some cases), it can be very easy to put plans on paper to satisfy an anxious senior, but fail in their commitment to support the coalition over the long term. Promoting intergenerational learning and creating mechanisms such as mentorship or shadowing programs can help both senior and next generations to learn from each other.

In making the successful transition to this new way of operating, it may be necessary for the family to keep returning to the "governance gym" in order to build up their strength in successfully navigating moments of vulnerability, to not fall back on previous habits, and to continuously reinforce their commitment to this new mindset. Sometimes an outside voice can help the family hear itself better, and facilitators may help to mediate tough conversations.

In this environment, we've learned that the path from 'one' key contributor and decision-maker to 'many' contributors/decision-makers in a variety of roles draws on the individual expertise and insights of family and non-family members alike, promoting inclusivity, transparency and a broader range of valuable perspectives.

It also supports good continuity planning and leadership development by helping senior leaders to ease their way into the process of letting go, providing opportunities for coaching and preparing rising generations to develop the management and leadership skills they'll need for future roles and responsibilities in the business.

The concept of 'one' to 'many' is also about providing opportunities for family members to continue to contribute over time. As they move from one room or wing to another, they'll be able to continue to contribute by finding the right chairs alongside their peers at the right tables where they can have a voice in the priorities of the business and the family.

In our view, a multi-generational coalition of the willing is a relevant, effective and constructive leadership and governance model for developing the skills and experience that will be necessary for the future, and we've identified seven keys to its success.

## Seven Keys to Success Leading the Coalition

### 1. Oscillating narratives

Learn, know, and understand the alternating narratives of successes and failures by mapping the narratives of the family and challenging them. Are these real? If they are not serving the present and future of the family, ask what you can do individually and collectively to impact change.

### 2. Value diverse skills and tools

Recognize and value a variety of tools to help family members find the right table and chair by being open minded about what a tool "should" look like. And don't be afraid to add more chairs.

### 3. Prepare for role transitions

Build the capacity of the rising generations through activities designed for different cohorts (age/stage/subgroup/collective).

### 4. Build the capacity to manage family dynamics

By enhancing communication skills, recognizing deeply held judgments and stories, and by using coalition governance and decision-making structures to locate difficult conversations in the right rooms and at the right tables.

### 5. Learn to value disagreements and manage them

Books such as *"Crucial Conversations: Tools for Talking When Stakes Are High"*[5] may be a useful resource.

### 6. Embrace optionality

Financial results are not the only measure of success. Don't be afraid to define success while embracing optionality (both/and).

### 7. Embrace the coalition mindset

Demonstrate how leadership can, and will, be shared.

# Reframing Legacy: Building a New Governance House for a Multi-Generational Coalition

Ultimately, the transition from a 'one' to 'many' model of success is not just about changing who sits at the table — it's about transforming how the table itself is defined. Leadership is no longer about command and control, but about convening, collaborating, and co-creating.

Families who are willing to embrace the new Coalition Governance House model open up space for more voices, perspectives, and ways of working. They also open up space for more meaningful continuity.

It doesn't dilute leadership; it deepens it. It doesn't slow decisions; it strengthens them. And it doesn't threaten legacy — it is the legacy...by participation.

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Paul Edelman, PhD, is a family enterprise advisor who helps families and their advisors navigate complex decisions, governance challenges, and intergenerational leadership transitions. His work blends developmental insight with practical experience to build capability and confidence across generations.

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Russ Haworth is an advisor to family businesses and family offices, working alongside families to help them navigate the complexity of ownership, governance, transition, and decision-making across generations. He combines his work as a consultant, facilitator, and coach to create thoughtful spaces for dialogue, clarity, and progress, supporting families to make better decisions together and build foundations for long-term flourishing.

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Bryn Monahan is a Family Enterprise Consultant with Relative Solutions, advising enterprising families on governance, leadership, succession, and shared decision-making at moments of complexity and transition. Her work focuses on helping families navigate the human dynamics of ownership including clarifying roles, strengthening communication, and building structures that support continuity across generations. Bryn serves on the Boards of Directors of Foster Holdings Inc. and FAM Legacy Solutions, and previously chaired 5/4ths, a family investment group. She is an active contributor to the field through her involvement with the Southeastern Family Office Forum (SEFOF), StoryKeep, The UHNW Institute, and as a moderator for Campden Education's *Becoming Responsible Stewards of Family Wealth.* She holds a BA in Psychology from Skidmore College and an MBA in Family Enterprise and Entrepreneurship from Louisiana State University, and was inducted into the SEFOF Hall of Fame for her contributions to the family enterprise field.

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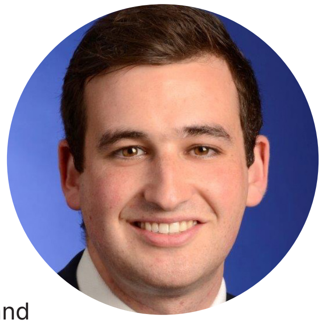
Amelia Renkert-Thomas is the founder of Renkert Thomas Consulting LLC, the author of *Engaged Ownership: A Guide for Owners of Family Businesses* (Wiley, 2015), and Professor of the Practice at Kenan-Flagler Business School, University of North Carolina at Chapel Hill, where she teaches Family Business Ownership and Governance. She chairs the Leadership and Transition Planning Domain of The UHNW Institute. Renkert Thomas Consulting LLC works with family enterprise owners on issues related to strategy, ownership, and governance. Amelia brings to her work multi-disciplinary training and extensive experience in governance design; business operations and strategy; estate planning; and family systems and organizational development.



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Daniel has over 17 years of international experience advising business families across Australia, the UK and Canada. As National Lead of Family Dynamics & Governance at KPMG Australia, he works closely with families, family offices and high-net-worth individuals to navigate change and complexity through tailored governance, decision-making, investment and communication frameworks. Recognised in Family Capital's Global Top 50 Family Enterprise Advisors, his work centres on helping families define success, manage transitions and build structures that strengthen both their enterprises and their relationships. He serves on several global committees and faculties within the industry and is an accredited Specialist Family Business Advisor and a full TEP member of STEP. Daniel regularly contributes to global research, whitepapers, conferences and education initiatives focused on the evolution of the business families sector.

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