

Fourth-generation Australian family business implements governance plan for smooth generational transition

Client challenge

- One of Australia's wealthiest families with four generations of family members
- The family had undergone extensive succession planning with various advisors
- Significant portion of income to be distributed to charity after the death of the Patriarch
- Only one of the three next generation siblings worked in the family business. No information was shared with the siblings whom did not work in the business
- One of the sons and grandsons were estranged
- Other issues at play
- Family members were excluded from the succession planning process which only provided for certain family members. The balance of wealth would be given to charity over time. This had not been communicated to family members
- No protocols in place for communication or shared decision-making
- No distribution policy.
- Unclear how the CEO role would transition

Deloitte approach

- Initial referral from an Advocate to one of the 3rd Generation Process and documentation review: Reviewed the family's succession planning process and existing documentation, and presented a recommendations report to the Patriarch

- Family interviews: to understand their perspective on the issues and to understand their own personal goals or concerns
- Professionalization: Advised on professionalizing the business and family office governance to ensure effective continuity after the passing of the Patriarch, and to ensure ongoing income distributions to charity.

Outcome

- Family Advisory Board established to encourage communication and transparency
- Recommendations provided regarding the future Governance Board of professionals for the Foundation
- Family Board Charter updated to include: distribution, education and housing policies, investment and debt policy (incl. family loans), CEO appointment, family exit mechanism
- Succession documentation updated and tested the ability for the documentation to be legally enforceable

Contact

Adrian Batty
abatty@deloitte.com.au

