

New Zealand family business manages wealth transition and secures future with strong governance

Client challenge

- Large Windfall Inheritance at age 65 when terminally unwell – how to manage transition to 4th generation?

Other issues at play

- Historically family did not communicate any financial information and the 3rd gen patriarch had no knowledge of the wealth to be received
- It did not come naturally to be transparent with his children
- Significant tension in the family due to uneven treatment by grandparents of elder and younger siblings
- Youngest daughter worked in the father's business with her spouse – it was not profitable
- No experience of the children with wealth as had always lived a very modest life, despite the family being one of NZ's wealthiest

Deloitte approach

- **Family interviews:** Individual interviews with all family members to assess all the (underlying) needs, wishes and concerns as well as views around governance and succession to determine next steps
- **Family strategy lab:** Bringing together the insights, having the family work together to collectively agree a governance framework.
- **Review of structures** - assist family to align structure with governance and succession objectives
- **Facilitation of family Board:** Host all family board meetings and provide education sessions on each aspect of the Family Agreement (Constitution) over time
- **Workshop on roles and responsibilities:** Leading to clear and specific job descriptions

Outcome

- Clear **alignment** of the next generation as to purpose of the wealth and strategy for future
- Respect for the **unique strengths** of each family member and willingness to work together
- **Buy-in** of family around retention of family business along with new expectations to deliver results
- **Increased (shared) knowledge** of family wealth and strategy; legal concepts and definitions; the new governance vehicle
- **Specific job descriptions** to allow for governance of wealth and to ensure opportunities for all siblings to participate
- **Regular distributions** to the family to allow them to establish their own family future wealth and security
- **Governance vehicle** which has flourished following the death of the patriarch
- Secured next gen as **long-term client** of Deloitte

Contact

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