

Third-generation wine & real estate family solves ownership disputes in a challenging market

Client challenge

- Two of three surviving family branches were looking to divest a portion of their shares in the trading business.
- The existin shareholder agreements were incongruent with the company's constitution, raising doubts over valuations, decision-making protocols and board representation.

Other issues at play

- Originally four family branches - two of the patriarchs of the 3rd generation now deceased
- Only one branch of the 4th generation active in the trading business
- Tension between the request for ongoing dividends versus reinvesting to grow the business
- A newly appointed external (non-family CEO) and Chairperson
- Challenging trading conditions during Covid and from geopolitical matters ie China banned all AU wine imports

Deloitte approach

- **Initial referral** from an Advocate to one of the 3rd Generation Patriarch's
- **Several light touch meetings** with the Patriarch to understand the issues
- **Site visit:** a tour of the business premises, including dinner with spouse
- **Family interviews:** to understand their perspective on the issues and to understand their own personal goals or concerns
- **Meeting** with the patriarch to play-back the findings from our 1:1 reviews
- **Family strategy lab 1:** with the entire family to play-back our findings from the interviews together with our recommendations

- **Family strategy lab 2:** with the entire family to align around the options presented in lab 1 and agree next steps (incl. homework for all family members)
- **Facilitation** of agreed activities arising from the choices made including revisions to family agreement, structuring and tax advice, funding and working with other advisors, lawyers and bankers

Outcome

- 3rd Generation Patriarch and his family valued having an **independent team** to listen and think through the alternatives available.
- The family branch not only had a clear plan in the short-term but downstream scenarios were also considered and discussed **providing the family with definitive actions to take at a later stage**
- While **Family Agreement** was not revised, it was agreed by all shareholders **to revise at a defined future date**
- **4th generation had an opportunity to be heard and contribute** to the debate of what option maybe best suited to their family branch
- The **financial needs of the 3rd generation** Patriarch and his spouse were discussed and agreed and a family distribution policy was agreed.

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