

Winter 2015

Changing Lanes

Transition planning for entrepreneurs and family businesses

with compliments from



Where is North?




We all rely heavily on maps and compasses to ensure we are travelling in the right direction. Both tools use the north pole as the point of reference – but two different north poles!

When you use a compass, direction is based on where you are in relation to *magnetic north* (the location on the earth's surface at which the earth's magnetic field points vertically downward). The position of the *magnetic north pole* varies because of the changing geophysical conditions of the earth's crust and core. The location can therefore be different depending on where in the world your travels take you.

On the other hand, maps are typically oriented to *true north* which is sourced from the earth's axis. This is a geographic position that never changes. *True north* is a constant marker regardless of how far you travel the globe.

If you are an avid hiker or backpacker, you likely use both. You know how easy it is to stray off course if you fail to account not only for the terrain, but also the differing physical locations of each version of the north pole. However, when it comes to planning for your inter-generational wealth transition, you definitely want a map that references your *true north* - a never-wavering point of reference. This map will be the guide to a common destination for both you and your heirs. It will provide both generations with a clear and unified direction.

In this edition of Changing Lanes we continue to explore The Ten P's of a Successful Wealth Transition with a look at number two: PRINCIPLES as a way to define our *true north*. The more closely our maps align the destination with our preferred direction of travel, the more accurate and useful they will be. 

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Define Your True North

True north is a constant – a natural, foundational position that never changes, regardless of which way we travel or how we turn the map or compass. We can rely on *true north* as our point of reference. It guides us in the right direction and helps us get back on track when we get lost or take a detour.

Similarly, your *true north* should guide you in reaching your chosen direction – your purpose for the wealth and legacy you will bequeath to future generations.

In his teachings, Stephen Covey compares *true north* to our core principles. Principles are the beliefs that manifest themselves as the internal laws and regulations that govern us; they are the source of who we have become, both as individuals and families. Principles are the second of the Ten P's and the focus of this edition of Changing Lanes.

Successful, sustainable businesses are likewise defined and governed by their principles. In its early days, Google developed the "ten things we know to be true." Essentially, these "ten things" are the definition of their core principles – their beliefs. Google subsequently used these definitions to develop a roadmap around how they would conduct business. Adherence to these core principles is steadfast.


How Google delivers on these ten principles may change as industry, markets, economies and customer needs change. These changes are like the twists and turns on the map that are necessary to navigate the local terrain. Despite these temporary detours, neither the general direction of travel nor

Ten things Google knows to be true

1. Focus on the user and all else will follow
2. It's best to do one thing really, really well
3. Fast is better than slow
4. Democracy on the web works
5. You don't need to be at your desk to need an answer
6. You can make money without doing evil
7. There's always more information out there
8. The need for information crosses all borders
9. You can be serious without a suit
10. Great just isn't good enough

the agreed-upon destination alters. The organization's underlying principles remain the same and continue to guide the company's behaviours and decisions.

As it should, Google revisits this list of ten from time to time to see if they all still hold true. In fact, they invite their clients and customers to hold them accountable to what essentially represents their core principles. Check our interpretation of Google principles on Page 3.

To define your *true north*, start by identifying your core principles – those beliefs that ground you and get you back on track when you inadvertently get lost or take a detour. Our process for helping families and businesses identify common principles is summarized on Page 4. This approach also defines how you can tell when you are living those principles. 

The Ten P's

In the first article in the series of Ten P's for a Successful Wealth Transition, we discussed the importance of aligning all stakeholders with the same sense of purpose around managing wealth.

This issue of Changing Lanes explores the second consideration in the development of an effective inter-generational wealth transition plan: PRINCIPLES that act as a point of reference along the journey.

Completing each of the ten steps in the process will better enable you to achieve your goal of preserving both wealth and family unity.

For an overview of all Ten P's, refer to the first issue in the series.



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The Positive Outcome Model

To achieve the ultimate goal of your inter-generational wealth transition plan – preservation of both wealth and family unity – you will want to develop a common vision around the purpose for your wealth and how that wealth will be managed. We call this alignment of purpose your *Common Interest*. Achieving this common interest requires a “we focus” with all stakeholders committed to the goal.

The diagram shown below depicts the path to a positive outcome. The secret to success is adopting a future-focused approach to managing the change associated with the impending transition of wealth. This future-focus is represented as TOMORROW and requires communication through the sharing of facts, as well as a forum or forums to enable this communication.


Given that 60% of wealth transitions fail due to a lack of communication and trust (see the previous issue of Changing Lanes), it is critical to ensure all actions and decisions are based on actual facts rather than individual perceptions of what is true. Structure can be created through regular, consistent use of meetings, policies and plans. These elements will be explored further in later issues of Changing Lanes.

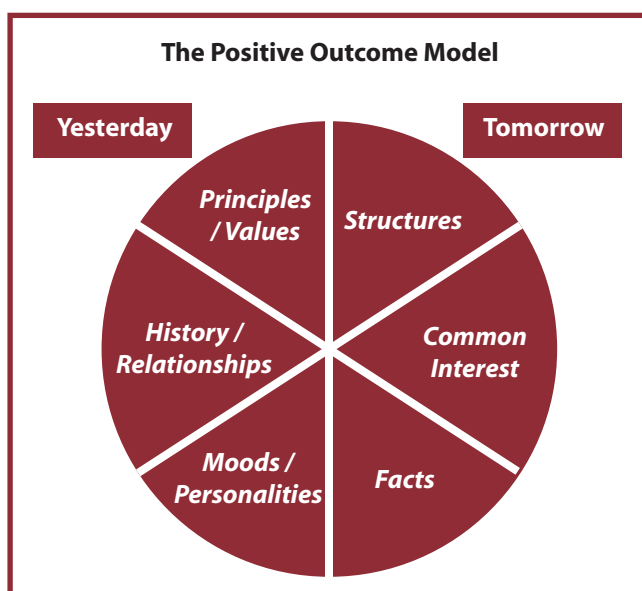
Even with a greater emphasis on communication and structure, there is still the potential for debilitating potholes and diversions as you pursue that common interest or “we focus”.

The left side of the diagram labelled YESTERDAY represents the past – what has already occurred. As of today, our core principles, and the values that currently define how we live those principles, have already been set. History cannot be changed, neither can the relationships we have had with others up until this point in time. Similarly, we cannot force change in the moods or personalities of the people around us.

While there is nothing we can do to change the past, we can learn from what has worked or not, and embed those learnings into our focus on achieving our desired outcome. This requires an emphasis on the positives of what has gone before, and the ability to leave behind the baggage from the past.

Your core principles – your *true north* – are strong examples of such positives. To ensure you can achieve that positive outcome,

you will want to define and embrace these principles as the foundation of your inter-generational wealth transition plan. See page 4 for tips on how to do just that. 



We reversed our Defining Values process to identify the principles we feel are behind the Google philosophy ~ principles that essentially represent the organization’s *true north*.

Principle

Reliability
Commitment
Growth
Cooperation
Responsibility
Integrity
Creativity
Collaboration
Generosity
Achievement

Google’s Philosophy

1. Focus on the user and all else will follow
2. It’s best to do one thing really, really well
3. Fast is better than slow
4. Democracy on the web works
5. You don’t need to be at your desk to need an answer
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The Oasis in the Desert


Your “we focus” can be likened to an oasis in a hostile desert. Both have the elements required to keep your family connected, nurtured, protected and focused on the common interest. If any family member strays outside the oasis, your “we focus” is in jeopardy.

In the picture below, the water and fruit from the trees represent the sustenance and nourishment needed to keep the family healthy. At the same time, the palm trees provide shade from the sun and shelter from the winds.

We see the palm trees as representative of the unwavering principles that ultimately guide us in the right direction – like our *true north*, they are there year after year.




The leaves on these unchanging palm trees are the values that are derived from our guiding principles. Just as some leaves die and are replaced with new ones, so too can our values change. However, as long as they are directly related to our core principles, they continue to provide the same quality of shelter and shade.

Defining your principles and values is a fundamental step in promoting a “we focus” and building the level of trust and communication required for a successful inter-generational transition of wealth. Our **Defining Values** activity will make it easier to have these important conversations and find the alignment with your *true north*. 

Defining Values



The **Defining Values** card set contains 30 of the most common personal and family principles. By first identifying the cards that represent the principles most important to you – the principles that are the foundation of who you are and what you believe – you will then be ready to define their value.

Defining, sharing and comparing your principles and values as a family will not only help you identify and promote a common interest, but also be that *true north* that guides you to a positive outcome ~ a successful wealth transition. 



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