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F&B



**Pewter  
Power**

How 125 year-old  
Royal Selangor has made  
a mint from metal

FOR FAMILIES IN BUSINESS  
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# PREISSER AND WILLIAMS:

## Mentoring your heirs will give you a higher rate of return

Research on estate transitions is quite specific: 70% of families will lose their assets and their coherence as a family unit following the transition of their estate. Why is this? What are the causes? Unfortunately, the answers to these questions and solving the horrific failure rate are neither obvious nor easy.

While the causes of post-transition failure are puzzling to most families, they are no longer a mystery to researchers: the biggest cause of failure lies in unprepared heirs.

This results from a lack of communication and trust within the family and the lack of an agreed-upon mission for the family "wealth". Crucially, wealth should be defined as multiple forms of capital, including reputational and spiritual wealth.

The remedies require the participation of the entire family, and must be driven by an authentic desire for the family to cohere and grow through the generations. Parents who believe that intergenerational growth can be achieved by simply locking away their financial wealth (in trusts or other forms) to ensure it is not accessible to be abused or lost will miss out on a greater opportunity – giving their heirs the chance to excel and accelerate the success of the family.

To help themselves, the family should agree to enter into a joint planning process before the estate transitions. The planning process must include spouses and children who have reached a sufficient maturity level, normally around 18 years of age.

A joint planning process means exactly what it says: an estate tran-

sition plan that is developed by the entire family following a simple series of steps:

1. Becoming aware of the post (estate) transition risks facing the family.
2. Assessing the specific risks for the family and the underlying causes.
3. Developing a new level of trust and communication within the family unit.
4. Defining post-transition roles and inviting heir interest in those roles.
5. Taking action to fully prepare heirs for their agreed-upon roles through mentoring.

The above steps follow a logical sequence, until we get to the mechanism of the final step. What is the best way to prepare heirs for wealth and responsibility? Why is mentoring recognised as a significant tool to do this?

Put simply, education, worldly experience or working in a business are not sufficient. They are what can be termed one-way experiences and are relatively inefficient ways to become self-aware, realistic, thoughtful and wise.

A much more efficient way is through mentoring. Properly mentoring an heir may be the single most important step that parents can take to ready their heir for greater responsibility.

Generally, mentoring is a part of every human interaction – most frequently on a subliminal basis. For example, listening to a senior manager, trying to understand the



*"Families should enter a joint planning process before estate transitions"*

Vic Preisser, right, is co-founder of the Institute for Preparing Heirs in Pasadena, US, alongside Roy Williams, left. Both are researchers and family coaches who have over 60 years of worldwide experience in helping heirs, their families and their professional advisors to prepare for estate transitions.

business process through research, asking questions of others and steadily gaining both knowledge and experience over time can be regarded as mentoring.

But authentic and deliberate mentoring is different and will help both heirs and their families with any estate's transition. It also follows a certain sequence.

First, when selecting a mentor, ensure the mentor has: a specific process for mentoring, data upon which to base their process and specific measurement tools that can give evidence of progress (or lack thereof) over time. You should also ensure that they are dedicated to preparing heirs and family estate transitions, not selling insurance, managing assets or providing legal or tax advice.

Second, the heir and the heir's parents should expect to be interviewed to ensure the match is appropriate. Questions will usually surround topics such as:

- How does the heir learn most effectively?
- What type of mentor would the heir relate to?
- What, precisely, is the relationship between the parent, the mentor and the heir?
- What task is the heir preparing for?
- What are the heir's strengths and weaknesses?
- What are the heir's passions and interests?
- What experience would most benefit the heir, given the presence of a mentor?

Third, a written agreement between the parents, the heir and the mentor should be agreed. The most successful heir-mentor relationships have been those processes where the patriarch/matriarch pays for the mentor's time, but the actual client relationship is between the heir and the mentor. No information or progress reports should be shared with the parents without the prior consent of the heir – this is essential to the heir's authentic engagement and willingness to learn from the mentor. In fact, a carefully constructed mentoring process has a dramatic impact on how soon, and how ready, the heir is for greater responsibility.

Fourth, the mentoring process should be given time to take root and create visible change. Following exchanges between the heir, the business and the family, a good mentor will encourage the heir to continue with the self-examination that is crucial to heir development.

Heirs grow and flourish in the (mostly invisible) presence of a mentor who "walks alongside" the heir in his/her journey of learning.

As one very wealthy patriarch told me: "I know it's a bad idea for me to try and teach family members to drive a car. I've learned that. However, with mentoring I am giving heirs and family members the gift of 50 years of experience to accompany their 21-year-old minds. When they listen to and respect their mentor, they find it easier to listen to and respect their parents." ●

