

A LIVED FAMILY CONSTITUTION

A constitution that is not just on paper, but lived in head, heart
and soul of all members of the family

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Family business is the most prevalent and pervasive form of business through all of history, and yet only recently has the world begun to recognise the importance and distinctiveness of the family-owned firms.

Success continuation of family businesses is not just important for family owning the businesses, but also for the society and nation at large.

For succession continuation of family businesses: A difference to think about..

Last year, a multi-generational global Indian family business, say *Mehta Family shared with us that they had drafted their written constitution with their advisors in a period of a few months but were unsuccessful in implementing the same and at the same time, they were finding themselves lost since there had been no change in their family or the business with this constitution. They needed help!

*For client confidentiality, the last name has been changed.

Family constitution development is not the work of lawyers or accountants, with all due sincere respect. They do have a part in the process which is limited to about 5% of their contribution. The remaining 95% is where the difference is.

Having a constitution on paper is not the same as living the same with head, heart & soul of the family members for generations.

Therefore, constitution development projects can range from a few thousand U.S. dollars to even mid-order double-digit million U.S. dollars, depending on what your goal is.

When family stewards hear the above, after waiting in pain and worry for years and even in some cases for decades, they simply can't help but scream inside – Are you out of your mind? Why is the difference of price so much? What is so different? And so on..

None of the above questions are unfair. It requires a good deal of understanding and mainly clarity of purpose and intent, to choose a path that will determine the next 300 years of your family business.

Family Businesses who set out to build their constitutions may have one of these two approaches:

- **First**, a technical approach which is a written family agreement for reference for safety
- **Second** is a head, heart & soul approach which is a written constitution -not just for safety but to live and outgrow every day the family harmony, growth, abundance, and unity for generations.

This choice of approach makes all the difference.

A lived family constitution is:

- Not simply a document of written values, beliefs, principles, or policies for ownership & business. It is not the written part of the document that matters – but the live-ability of the constitution.
- The journey counts and not the destination as much – the process counts that helps family businesses create the destination of the written constitution.
- Building a constitution successfully is impossible without family business experts. The experts can be their bedrock of strength, guidance, and support when the family decide to make the constitution.
- To make a family constitution that is lived, all kinds of expertise would be required – not only process experts but subject matter experts for everything related to family wealth, emotions, spirituality, relationship dynamics, psychology, and various knowledge experts such as taxation and inheritance.
- It would not serve hope for continuity unless the family lived in their decisions and daily chores.
- ...and other learnings crucial for confidence while investing their hopes for the future of a united, loved, and continuously prospering family name and identity.



When family businesses choose the second approach of aligning heads, hearts and soul, it guarantees the family of becoming an unprecedented force that nurtures its family members with love and harmony.

At the same time, it empowers the business with the relentless growth in every sphere of business they choose to expand.

When family businesses understand the difference between the two approaches, they realise that making a constitution is not the result itself.

Living the constitution effortlessly and effectively brings the real result of growth & harmony for generations.

This difference between the two directly impacts the family's fundamental ability to transform and soar as a successful, prosperous, and meaning-rich global institution for generations to come.

After weeks of perspective building, the *Mehta family realised this difference and found that the written constitution was not enough. They had opted for the technical approach. Currently, we are helping them re-design their family constitution with the second approach, which requires distinguished, mature and accomplished seven mentors backed with a highly-skilled team of nearly thirty-six diverse team members. We are just halfway, yet the impact on the family is undeniably magnificent.

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Family Businesses that live and die for the growth of their identity, pride, love, and prosperity still lose sight when choosing the right approach for their family business.

Let us understand why.

The reason for the above is in many deep-rooted, unspoken and surprising myths that govern their decisions for not choosing the second approach, especially in our work in the last decade with Indian Family Businesses (Net worth range – USD 300 million – USD 3.2 billion)

I have listed some of the prominent myths:

Myth #1: If it is written, everyone will follow it.

Myth #2: Because there is so much love and respect in the family, living the written constitution will be easy.

Myth #3: Our family is united. We don't need a constitution now.

Myth #4: We can write our own constitution with the help of lawyers and accountants.

It is easy to take shortcuts and many choose to do so as well.

However, it is critical to understand that your approach towards your family and its business, will determine the next 300 years of your legacy.

What will matter then is how you see your family business and its future today.

Take a step - the one that your oncoming generations would be proud of & thrive on!

How family-owned businesses continue to thrive for over 300 years?