From Ownership to Stewardship

Unprepared children can erode family resources far quicker than poor wealth management. Yet we continue to value traditional measures of asset protection over the readiness of our children to lead our families and steward the wealth.

Over the past few years, we've begun to see a shift. This old model of ownership is being replaced by a new model of stewardship. The table below captures this transition:

Old Model – Ownership	**New Model – Stewardship**
Protecting the assets	Putting assets to use
Financial capital	Human and intellectual capital
External governance	Self governance
Limited information sharing	Transparency of information
Limited decision making	Collaborative decision making
Education by external institution	Education tailored to each individual
Profits	Profit with purpose
Assets transferred after death	Assets shared when alive

Figure 1: From Ownership to Stewardship

This new model is central to our philosophy. As a result, I've been examining these ideas with different families and family advisers and have recorded some of these conversations in the podcast series 'At the Kitchen Table'. A good example of the difference between the old way and the new way was in my first interview, with my father.

My family story goes back six generations, and our history links to the Lousiana purchase. I picked up the story with Dad when he became the executor of my grandmother's estate. What I learned through this conversation was that the strategy and overriding focus passed down from his father was tax effectiveness. The purpose for my father was to split the assets (which included businesses, trailer parks in Washington and land in Louisiana) and give each sibling their own share as efficiently as possible. There was no consideration given to the enduring legacy of the wealth into future generations.

Imagine what could have been achieved if my family had worked together and stewarded that wealth. My Uncles and Aunts are all pilots and teachers, yet the potential conflict and the tax implications won over. My Dad believed the worst outcome was to attempt to make decisions by committee.

As a juxtaposition to this story, the new way appreciates the human and intellectual capital and the rewards that come from putting assets to use as a family. It takes some work: a commitment to push through tough situations and a structure that respects everyone’s unique strengths and ambitions. If this can be achieved, it sets up a self-governing process that can be richly rewarding for the family members involved. It can sustain the values of the family, bring the family together and encourage collaboration.

There is also a growing movement amongst the new generation on social consciousness. This is manifested in a shift from family responsibility (providing for my family) to social responsibility (giving back to society).

The new way focuses on putting wisdom and wealth to use in order to maximise the human and intellectual capital in the family. It also acknowledges that while institutional learning has its merits, there are certain elements of leadership development and financial literacy that need to be personalised in the context of the family and the individual. The best corporate learning programs integrate coaching with traditional learning mechanisms.

The new way accepts the past as it is and shifts the family’s focus to the present and future generations. It is about creating situations that allow families to work together right away rather than wait for the loss of a loved one, a familly crisis or some other life event. It encourages families to look at the resources within the family and examine how they can be used now. It asks wealth creators to experience and guide the transition of assets so they are able to enjoy the process and contribute in a meaningful way.

Which way is your family going?