

Ten Precepts of Family Succession Planning (FSP) and the Role of Education

The orderly succession of Lachlan Murdoch, following his father Rupert, raised all the old stories about the challenges involved when money, family, blood, and sex are intertwined. In my several decades in the financial and corporate markets, I have been privileged to be involved both professionally and personally with this fascinating aspect of human interrelationships.



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FSP is a process, not an event. It has stages, and as Jean Luc Godard, the French film director said, “Films have a beginning, a middle, and an end, but not necessarily in that order.” Getting the stages in a rational order is very important.

These ten items are aspects of FSP that might be present in cases, either deliberately engineered, stumbled upon by chance, or their absence explained by ignorance or wishful thinking. Their individual importance is subjective, but the absence of some from FSP can be detrimental.

For your consideration, and perhaps entertainment, here are my 10 takeaways from my experience in designing, implementing, and observing FSP. The actual tactical and technical design of trusts, wills, etc., forming an integral part of FSP is left to the experts.

ONE: Plan Early

Age matters in FSP. The dynamics differ when a 60-year-old son takes over from a 90-year-old father compared to a teenager with middle-aged parents. It’s never too early or too late to plan, but the earlier the better, in terms of time flexibility.

TWO: Gender Equality in Succession Planning

Half the human capital in any family includes girls, representing 50% of humanity. They must be given the same opportunities for succession as boys. This simple rule is often forgotten, wasting 50% of a family’s available resources.

THREE: Education

As a former professor and head of finance and economics at universities in the UK and Hong Kong, I value university education. However, its absence in FSP can be more impactful than its presence.

FOUR: Mentoring and Bespoke Education/Training

Educational mentoring in FSP is specific, aiming to teach how to search and use information effectively. This training should be completely bespoke to suit the individual’s age, interests, and talents.

FIVE: Training on the Ground

Joining the family firm should start with understanding the business from the ground up. Guided visits to various company locations are essential for comprehensive knowledge.



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SIX: Timing

These steps may cultivate interest in the family business, but they’re also valuable if they guide interests elsewhere.

SEVEN: Transition

Post-education transition involves working in various company sections for realistic periods and pay, with access to key decision-makers for guidance.

EIGHT: Managing Sibling and Parental Rivalry

Sibling rivalry, if used constructively, can be beneficial. Trusts can be set up for non-participating family members without voting rights to avoid future conflicts.

NINE: Marital Dynamics

Marrying outside the family is crucial. Trust structures can limit voting rights of external inheritors to maintain the original family’s influence.

TEN: Realism in Planning

No plan is foolproof. Flexibility and adaptability are key, as highlighted by Mike Tyson’s quote, “Everyone has a plan until they get punched in the mouth.”

Not all these precepts will be found in any past, present, or future FSP. They are not mechanical rules but stages in a process involving complex human interactions. However, the more of these precepts present in FSP, especially the first one, the better for the FSP. ■