

I've had the honor and distinct privilege of counseling and advising numerous successful families over the years. It's safe to say all of them wanted to be high-performance families and create lasting legacies from one generation to the next.

Not all families are able to achieve this intention though. After all, financial strength alone does not bring happiness to family leaders or their NextGen children. In fact, family wealth often presents significant challenges for family members and comes with a complicated history and some odds that are often not in your favor.



In fact, wealth often breaks down family trust and relationships. In addition, family members who are impressively successful in many aspects of their lives tend to be too busy or simply ill-equipped to celebrate their familial heritage and prioritize their family connections. Whether it's a parent and child, two siblings, or even a few cousins, these family relationships are often ripe with relational chaos and an emotional distance that ultimately put the family's significant assets at risk. Up to 90% of all families lose their wealth by their 3rd generation, and nearly 90% of all family businesses also disappear during this timeframe.

So, what does it take to be a high-performance, multi-generation family and not become one of these statistics? I was fortunate enough to speak with Chris Yount, former 3rd-generation President & CEO of his family's business Fortifiber Corporation, a manufacturer and distributor of waterproofing products for home construction. Here's what he had to say about the real-

life lessons he's learned on what it takes to become a high-performance, multi-generation family.

According to Yount, there are three main pillars to be a high-performance family.

1. FAMILY BUSINESS

It's important to run the family business like a business, not like a bank simply there to support the lifestyle of the family. By that, we mean the business needs to be profitable and sustainable and drive positive cash flow for its owners. This requires the CEO – Yount in this case, and routinely a family member like him – to be strategic and manage his/her time and priorities effectively. Savvy CEOs like Yount engage a Board of outside Directors or Advisors to drive governance and advise them on executive decision-making.

In Yount's case, his intention as a Chief Executive each day was to make the Company 1% better than it was the day before. Yount served as a positive role model for his team members in this regard because every one of them could directly contribute to increase efficiencies, reduce operating costs, extend the Company's customer base, etc. Yount recognized that his people could be a "force multiplier" if everyone worked together as if they were on the same team, and especially if they all felt empowered and acted like owners. Larger corporations often lose this rich culture after acquiring companies like Fortifiber, so it's a unique characteristic for family-owned and operated businesses that can deliver significant performance improvements.

A big part of the family business CEO's job, according to Yount, is developing and constantly nurturing this Company culture. Yount laid the foundation with his team that mistakes were not only accepted but also encouraged if they were trying to be innovative and produce better results. This likely grew from Fortifiber's history as a 3rd-generation family business since Yount firmly believed he stood on the shoulders of his father and grandfather's experiences before him. Yount's grandfather was the founder and a true manufacturer at heart. Yount's father then built on his father's early successes bringing greater discipline and financial rigor

to the organization to make it a world-class manufacturer. As the 3rd-generation leader, Yount then balanced more intimate product knowledge with a sense of market demand and customer need to drive greater sales – even during the recession and a down construction market.

2. FAMILY RELATIONS

While the family business is a critical means to support family members, family relations arguably are more important. For this reason, the Yount family generally didn't discuss business with each other outside of work. This enabled family members to keep a family-focused mindset when they were together.

The Yount family chose not to put too much structure in place to manage their family connections with formal family charters, for example, or other governance practices like family retreats. As a family, they did what many multi-generation families do, which is enjoy extended family vacations together. They also honored major family milestones like Yount's parents' 50th wedding anniversary with an even more significant experience on an African safari. A bit more structure with charters and retreats can be extremely beneficial for many multi-generation families, but they clearly aren't always required.

In their family, the Yount family members hold quarterly meetings with their family office advisors, so they do come together to discuss their estate and other matters on a regular basis and throughout the year. These conversations about their investments and other assets, for example, wouldn't impact a family vacation or common dinner discussion. Instead, family members rely on their financial advisors to support them in these quarterly meetings and serve as the conduit to other trusted professionals like estate planning attorneys, tax attorneys, etc. The Yount's family officers also provide additional services like back office accounting and human resources support for workers in their homes so that individual family members do not need to perform these more tactical and in some cases quite specialized duties. In doing so, this minimizes potential liability and risk for the family over time.

3. FAMILY PHILANTHROPY

The third critical pillar that distinguishes a high-performance family from other successful families is a focus on shared philanthropy. There may be tax benefits for making donations – even significant ones – to charities. High-performance families, though, do so much more by instilling a sense of giving and community service in their NextGen children and grandchildren when they do so collectively as a family.

My parents may be very generous and charitable, but that doesn't make us a high-performance family with regards to philanthropy since we don't contribute to these causes collectively. Families like the Younts establish foundations and then work together to support causes that matter most to the entire family. The Younts choose to focus on children and families because they feel the biggest bang for their buck is to enable individuals to be successful in their own rights and pay it forward with them. For example, the Younts fund college scholarships for young women applying to their local university. As Yount shared, individual family members generally have universal support from other family members and can direct foundation funds to any charity or cause they'd like as long as it is in line with their agreed-upon interests. This is one of the ways they support critical organizations and individuals in their local communities.



High-performance families don't just give away money though. They also share these rich values of charitable giving with their NextGen children through more experiential approaches. For example, the Younts regularly keep food and clothing items in the car to

give to homeless individuals throughout the city. They also allocate certain amounts of money to their children at the holidays in lieu of less meaningful gifts so that their children can more actively contribute to the family's donations too. The Yount's longer-term intention is to engage each of their children in the family's foundation when they turn 15 years old.



So, what about selling the family business? Earlier, we stated that up to 90% of all multi-generation family businesses cease to exist within 3 generations and then distinguished high-performance families by how they run those family enterprises. For Yount, he sees his role as a family leader is first and foremost to protect the family, not the family business. The family business, according to Yount, is a means to an end, not the end itself.

Selling the family business at a premium valuation is simply about risk management and portfolio diversification. Yount successfully grew their home-building products business 127% over eight years and even took it through the recession. Having the majority of the family's assets tied to a cyclical construction market though wouldn't be responsible long-term, especially when it's unlikely any of the NextGen children will be both passionate about and capable of growing the family business in the future. As we've all seen in 2020, "All businesses are just one incident away from disaster!" Yount explains.

The Younts no longer have all their eggs in one basket. Having sold the business, they now have countless other investment strategies to grow the family estate. The Yount family also has the financial means to support any of their NextGen children's passions rather than tying them to the business – and ultimately with

much greater stability, less stress, and better life balance.

Thank you to Chris and the entire Yount family for sharing their story with us. It's always tough to see families exit their multi-generation businesses, but we can all celebrate not only in the Younts' accomplishment in growing such a successful business but perhaps more importantly their commitment to serving their many family members and the broader communities in which they live thanks to that very success!

Is your family a high-performance family? Do you want it to be? Give us a call at 310.589.4610 or [email us](#) for additional insights and ideas on how to bring your family closer together and create your legacy for the future. You can also visit [our Family Legacy 1st website](#) or the [Family Business page of our CHIEFEXECoach sister site](#) for more on how we regularly coach family business leaders and enable successful families to lay the foundation for even greater success together.

About the Author

Dr. Jeremy Lurey serves clients ranging from families of significant wealth to mid-market companies to Fortune 500 corporations. With a passion for helping multi-generation families sustain their legacies, he excels at enabling these families to transfer their wealth and transition their businesses from one generation to the next. Dr. Lurey regularly facilitates family forums and retreats, drafts family charters to define core values for families, and provides family counseling both to parents and their children.

About the Contributor

Mr. Chris Yount is a battle-tested CEO who took the reins of his 3rd-generation family business during the financial crisis and developed a comprehensive strategy to turn it around and deliver record-breaking profits year after year. He ultimately sold the company in 2018 and now follows his passion for solving complex business problems serving as an Angel Investor and Board Advisor for several entrepreneurial start-ups and privately-held companies across multiple industries.