

Discussion Framework

Families – Principals: Reflection points on generational transitions

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Reflection points on generational transitions

Themes

- 1. Legacy**
- 2. Role Definition**
- 3. Why Governance Matters During Transition**
- 4. Principles for Effective Family Governance**

1. Legacy – “The Quiet Weight of Legacy”

The word legacy is spoken not with casualness but with reverence — and often, with quiet anxiety. The generational transition of wealth can be a double-edged inheritance, as heavy as it is gilded.

For a generation born into affluence, legacy is both a map and a constraint. It offers resources, networks, and a history of achievement. But it also whispers expectations — to preserve, to expand, to not disappoint. In some families, ambition is an unspoken duty: not simply to succeed, but to do so in a way that honors the name. Failure is not always defined by bankruptcy or ruin, but by mediocrity, by not adding something of substance to the long family line.

And yet, ambition shaped by legacy walks a narrow path. It can inspire greatness or breed paralysis. The pressure to match or exceed a previous generation can stifle originality. In some cases, the family legacy becomes a museum — lovingly preserved, but no longer alive. In others, it is a fortress: impenetrable, inflexible, incapable of allowing its heirs to be fully themselves.

The challenge is not in having ambition — it is in owning it. To pursue success not out of obligation, but out of conviction. To turn legacy from a weight into a foundation. This often requires redefining what success looks like, even if it means diverging from the family’s traditional script. For some, this might be social impact instead of capital gains; for others, entrepreneurship instead of stewardship or vice versa.

Wealth can amplify ambition, but it can also insulate it from risk — and ambition without risk is often a performance, not a pursuit. The most meaningful legacies are not those that replicate the past, but those that reinterpret it with courage.

True legacy, after all, is not measured in the preservation of wealth, but in the persistence of purpose. And the greatest ambition within a wealthy family may not be to preserve the name — but to redefine what it stands for.

2. Role Definition

Clear role definitions are crucial in a wealthy family, especially during a generational transition, when identity, control, and purpose are renegotiated. Ambiguity at this stage can lead to conflict, stagnation, or even the erosion of both wealth and relationships.

Key points to consider when defining roles in this context:

- Ownership vs. Management vs. Governance:
 - Ownership (e.g. equity shares, voting rights) doesn't automatically imply control or operational influence
 - Management (daily operations) should be based on competence, not lineage
 - Governance (board roles, family councils) is where long-term strategy, oversight, and family vision are coordinated

Clarity here avoids confusion between entitlement and responsibility.

- Respect generational differences — but define boundaries:
 - The senior generation may see wealth as something to protect, while the next may wish to redefine or re-invest it
 - Define roles that allow both to contribute meaningfully — e.g. advisory roles for elders, innovation leadership for next-gens

Avoid either extreme: clinging onto or dismissing the past.

- Establish purpose-driven roles, not only function-driven:
 - Roles should connect to shared family values and long-term purpose (e.g. "safeguard family unity" or "steward impact investing")
 - Avoid titles that are symbolic only. Define contribution, accountability, and metrics — even in family foundations
 - Separate family roles from business/professional roles
 - Family dynamics (e.g. oldest sibling = informal leader) should not dictate company roles
 - Use external advisors to mediate and professionalize role assignments — especially when emotions are high
- Create a structure for role evolution
 - Roles change — especially during life events (marriage, divorce, illness) or economic shifts
 - Build in review mechanisms: annual role audits, succession committees, and family charters

Flexibility with structure is key: clear, but not rigid.

- Acknowledge emotional and symbolic roles:
 - Someone may not be on the board or manage assets, but may be the emotional anchor, family historian, or trust-builder

- Recognizing these roles adds dignity and cohesion — especially in large or multi-branch families

Summary: Key Roles to Define

Role Category	Example Roles	Questions to Ask
Ownership	Shareholder, Trust Beneficiary	Who owns what? With what rights?
Governance	Family council member, Board observer	Who decides on vision, values, capital allocation?
Leadership	CEO, CIO, Foundation Chair	Who leads? On what terms? For how long?
Next Gen	Innovation scout, Learning steward	Where and how do young voices contribute?
Advisory	Elder mentor, Independent board director	Who balances perspective and professionalism?

Points of consideration

- Purpose Before Position
 - Start with: Why are we redefining roles? What do we want to preserve, evolve, and let go?
 - Tie roles to values and future direction, not just legal or financial structures.
- Competency & Readiness
 - Is the next gen ready — not just willing — to take on responsibility?
 - Create development pathways, not immediate appointments (e.g., shadowing, external training, board observer roles)
- Transparency in Process
 - Communicate changes clearly to all stakeholders — family, advisors, management
 - Use neutral facilitators when needed to avoid power imbalances
- Balance Symbolic and Functional Roles
 - Some roles may be ceremonial (e.g., Family Historian), others operational (e.g., Investment Committee Chair)
 - Recognize both — but don't confuse them
- Governance Tools to Support Role Clarity
 - Family charter or constitution
 - Role descriptions and term limits
 - Performance and contribution reviews (even in family context)
- Respecting Identity and Legacy
 - Be mindful: redefining a role can feel like redefining a person's worth or history
 - Acknowledge contributions of the outgoing generation, allow for graceful transitions

Redefining roles is not just a structural act — it is an emotional and cultural one. Done intentionally, it can unlock the next chapter of a family's legacy. Done hastily or politically, it can fracture relationships that took generations to build.

Defining and structuring a governance and advisory architecture during a generational transition is both a strategic and relational endeavor. It lays the foundation not only for a smooth transfer of wealth and leadership, but also for continuity of purpose, values, and family unity.

3. Why Governance Matters During Transition

- Clarifies decision-making authority in times of ambiguity
- Creates a structure for healthy disagreement
- Provides continuity between generations
- Reduces reliance on individuals by institutionalizing wisdom
- Protects both family relationships and financial capital

Core Structures to Define and Establish or Review:

Family Assembly / Family Council

Purpose: Voice of the family. Represents broad family interests (including non-active members).

Functions:

- Cultural stewardship (values, history)
- Communication channel across branches
- Organizes family retreats, education
- Elects members to other governance bodies

Family Governance Board / Steering Committee

Purpose: Strategy & oversight at the family level

Functions:

- Sets long-term direction (wealth vision, purpose)
- Oversees family office, trusts, or operating businesses
- Interfaces with professional advisors and external boards
- Manages role transitions, onboarding and succession

Advisory Board (External)

Purpose: Adds independent thinking and strategic expertise

Functions:

- Brings non-family perspective, especially in business/investment matters
- Prevents echo chambers
- Provides mentorship to next gen
- Can serve as transition guide or accountability partner

Family Office Management Team

Purpose: Operational center for administration, reporting, investments, philanthropy

Functions:

- Implements decisions of the governance bodies
- Manages legal/tax structures, HR, reporting
- Often includes or is advised by CIO, CFO, legal/tax specialists

Phases of Structuring During Transition

Phase	Focus	Key Questions
Preparation	Map current roles and risks	What structures exist? Where is ambiguity? What skills are needed in future?
Design	Co-create future roles & structure	Who governs what? Who advises? Who owns vs. who decides?
Engagement	Involve both generations actively	How is voice ensured? What training/onboarding is needed?
Implementation	Gradual role shifts, pilot committees	Can we test structures before making them permanent?
Stabilization	Evaluate and revise based on experience	What feedback loops exist? What needs adjusting?

4. Principles for Effective Family Governance

- Clarity of mandates, roles, and decision-making processes
- Inclusiveness without compromising functionality
- Professionalism in financial matters (advisory, board)
- Transparency and communication protocols
- Term limits and review processes to ensure vitality
- Education & preparation for the next gen (not only “succession”, but real empowerment)

Tools to Support the Governance Structure

- Family Charter / Constitution
 - Defines purpose, values, rights & responsibilities, dispute mechanisms
- Role Descriptions
 - Clear definitions for governance, advisory, and operational roles
- Decision Rights Matrix
 - Who decides, who advises, who is informed (e.g. RACI model)
- Onboarding Pathways
 - Structured introduction of next gen into roles: shadowing, internships, observer seats

3-Layered Structure

Layer	Bodies	Purpose
Family	Family Assembly / Council	Culture, unity, identity
Governance	Family Board, Constitution, Advisory Board	Oversight, long-term stewardship
Operations	Family Office, Operating Company Boards	Execution, investment, day-to-day

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