

The Power of Shared Purpose: It's Good for You

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"The impact of shared purpose is far more than the sum of its parts. It is collaborative and it is a powerful amplifier."

Purpose is everywhere. It is tied to investments, ESG, impact, philanthropy, families, family offices, businesses and more. So, what's the big deal? Does having purpose make any real difference? Who should care about purpose and how do you define it?

Purpose is good for you. Evidence from Brett Steenbarger¹ shows that it leads to greater emotional and physical health, increased happiness and enhanced work productivity. It channels energy, fosters optimism and hope, and contributes to positive outcomes and impact. He describes people as being "wired as meaning-makers" with purpose acting as an organising force that propels us toward our goals.

It's clear that purpose is important. However, when it comes to families, **shared purpose** is an even greater driving force. It can be the strategic framework that guides families to define the why, what, and how of their legacy and the roadmap that enables a family to travel individually to a shared destination and achieve far more than the sum of their parts.

1. How does purpose flow through families, their businesses, and wealth?

Shared purpose is born out of a strong sense of legacy and values shared across generations. When families are driven by the sole purpose of the principal it can often be one generational.

However, if a shared purpose can be developed then the family can define a long-lasting legacy.

Legacy planning therefore needs to be about much more than IHT strategy, trust structures and tax efficiency. It is an opportunity to explore a family's history, make an honest assessment of where they

¹ Forbes, November 2019

are and look ahead to identify what they stand for and wish to be known for.

Wealth is a tool not an identity, with each generation learning how to wield that tool with purpose. Purposeful families think critically about how to feed the passions of family members so that they feel connected to the family, its history and future. By defining a purpose and legacy, they create the shared destination, with the wise understanding that family members may take their own unique journey there. They think across generations about how to build a path of opportunity for members of the family as they mature.

Family constitutions can play a role in articulating purpose and defining a common family agenda. The process of planning for a family constitution is often more important than the document itself. Families that celebrate their differences and ability to bring their own passions and goals to the discussions create greater bonds and purpose. Honesty is a critical ingredient in discussions related to purpose; as is a safe space to share fears, insecurities, and personal goals.

Support needs to be in place to offer opportunities to everyone. One way of doing this, especially for families with a history of entrepreneurialism, is to create VC funds to which family members can apply for funding. This affords access to capital but with expectations of performance and repayment. By providing mentoring, support and advice, families can set up young businesses for success. The purpose of those new business ventures can often align smoothly with the overall family purpose.

Ideally, the shared family purpose represents the skeleton of the family tree, but each member adds their own unique branch to the greater structure. As a result, the depth and dimension make the tree more purpose-driven and impactful. Supporting the professional and personal dreams of the next generation is an effective strategy for preparing the legacy to pass on.

By embracing the difference in the journeys, the family has brought purpose to life and established a connection to something larger than their individual lives.

2. Integrating purpose into family businesses and family offices

Purpose matters - to individuals, to a family's legacy and to the ecosystem around it. Transparency and purpose alignment across all aspects of the family's wealth is important for many reasons. Yes, it builds consensus and trust across stakeholders, however, it is also good for business. A 2021 survey by Transmission Private, found that top talent, partners, and banks place significant importance on working with family offices that have strong consistent values and ethics.

The family's ecosystem includes wider stakeholders, so their core values and shared purpose need to be clearly articulated for everyone. Being explicit about expectations around values, ethics, business practices and goals helps to avoid separate sets of rules for family and for everyone else.

Shared purpose and drive grow from a sense of belonging and that is built from a belief that opportunity exists for all those in the ecosystem.

The family needs to "walk the talk" and be who they say they are. Trust and respect are built when families communicate clear career paths and expectations for family members so that all stakeholders can understand their place in the business' future.

Ensure purpose is tangible (and not just theoretical) by bringing it to life throughout the business and family office, for example through ESG policies that are transparent and open for review. Take people on the journey by defining, measuring, and monitoring success through KPI's and business plans that have clear metrics to showcase progress.

Often, there is a strong sense of place within a family business. This can be gratitude for the community where the business has operated; toward the employees and their families; or to customers, the community, and suppliers. A family's purpose and impact strategy can be a desire to give back to the places where they have operated.

One family, which had made its fortune in the luxury travel industry, supported the ecosystems throughout the world where they offered travel through philanthropic projects. They were committed to helping local populations retain their cultural identity and traditions and by integrating local stakeholders into the programming, they were able to empower local communities to benefit from the family business' success.

3. Aligning purpose into wealth strategies

Investments and philanthropy are another area in which shared purpose can prove an important tool. It can be the glue that ties the wealth in an overarching strategy and drives sustainable impact across portfolios.

By removing silos and thinking about wealth across the impact spectrum, families can be certain that their values are part of the decision-making process.

They can confidently stand for something and demonstrate it in their investment choices and philanthropic grant making. Family members will have multiple risk appetites, timelines, income, and liquidity requirements. A holistic approach to impact and purpose across all asset classes and philanthropic channels will offer a spectrum of opportunities to suit them all.

The impact of shared purpose

The impact of shared purpose is far more than the sum of its parts. It is collaborative and it is a powerful amplifier. In today's Covid-influenced world, there is a sense of gratitude and purpose rising in wealthy families. They understand that to whom much is given - much is expected.

At a time when social and environmental challenges abound, the opportunity to define a purposeful path is ready for the taking. To truly be "meaning makers," families should begin by placing purpose as the cornerstone of their strategy and unite multiple generations with a great sense of pride in building a legacy that will live on long beyond them.