



AGILE FAMILY OFFICE

FAMILY CHARTER

February 2022



REACH OUT TO US TO DISCUSS

YOUR FAMILY CHARTER

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WELCOME

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FAMILY CHARTER

WELCOME

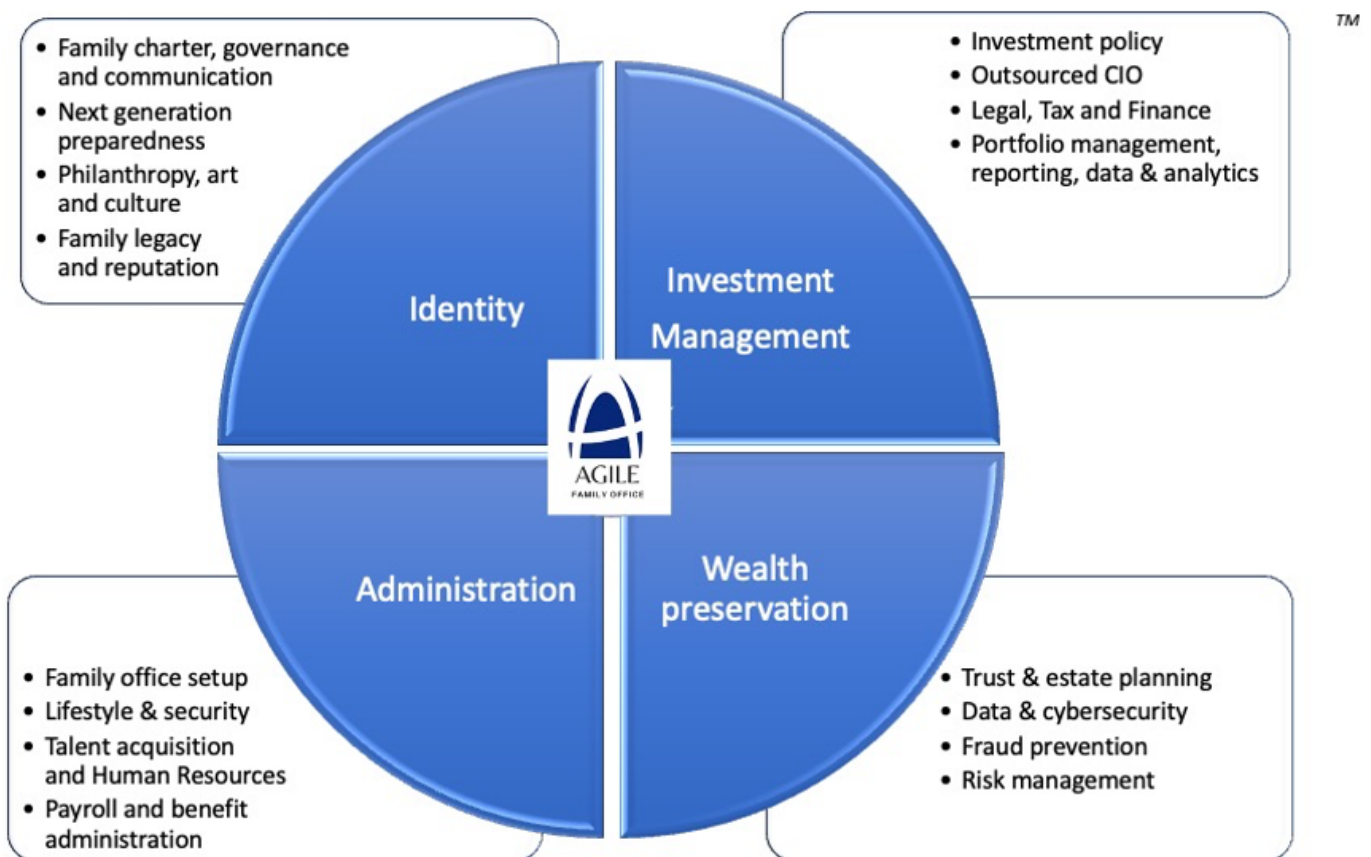
Sustaining family unity and the impact of family wealth are overarching concerns of families that identify the need for creating a Family Charter.

The following discussion showcases key elements of a Family Charter, identifies potential problem areas, and offers some insights for charter development.

A PROPRIETARY FRAMEWORK

THE AGILE FAMILY QUADRANT™

Our experience working for and with family offices led us to logically organize a multitude of capabilities into our proprietary Agile Family Office Quadrant™.



Source: AlphaMille

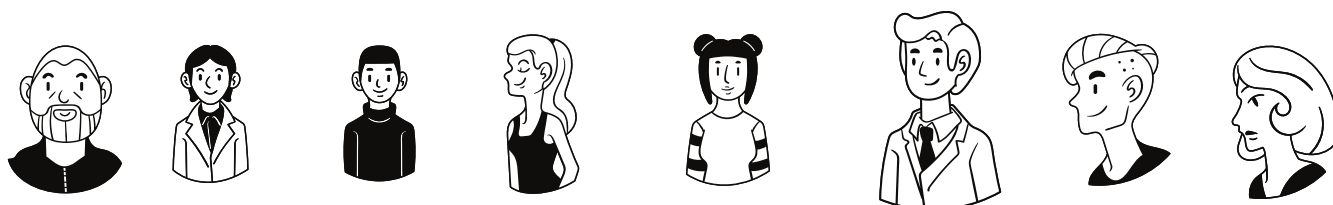
The Agile Family Office Quadrant™

Identity

Every family is unique. Whether or not this uniqueness is documented in a family charter or simply discussed over the dinner table, family dynamics can become the proverbial flock of geese meeting a plane’s engine. Less than ten years ago, a Harvard Business Review article put the spotlight on the fact that 70% percent of family enterprises fail by the time grandkids take the helm. The largest percentage of families by far, or 42%, lose wealth because trust and communication in the family system erodes. For this reason, we start with *Identity*, and its expression through either a formal family charter, or through informal, but quality communication and strategic decision making.

THE FAMILY CHARTER

PURPOSE



The purpose of the Family Charter is to create the foundation for defining and transferring family values to the next generation, outlining communication standards and governance agreements, and creating the structure for growing and protecting family wealth.



THE FAMILY CHARTER IS ABOUT EACH INDIVIDUAL FAMILY MEMBER

The Family Charter recognizes that each individual family member has their own values, preferences, communication styles, money management strategies, professional aspirations, life motivators, ability to handle stress and life goals.

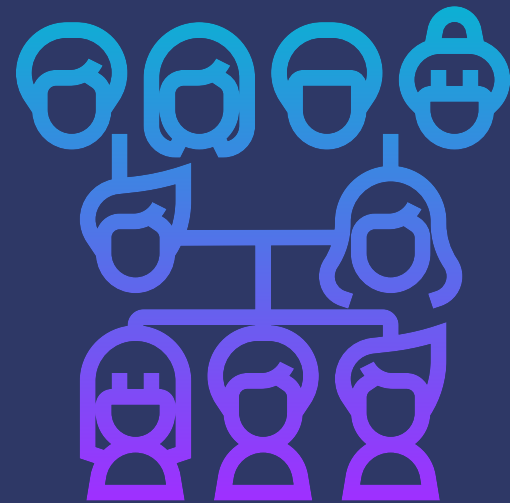
When families operate in the area of tacit understanding, rather than explicit discussion and open documentation, family dynamics may result in a communication breakdown with a disastrous impact on the family wealth.

Communication and succession planning are key reasons for creating a Family Charter. While some of the governance aspects of communication can be easily documented (for example, when family meetings take place), understanding the individual communication styles and how to communicate with other family members in a way that they can hear is an important part of creating a cohesive family structure.

Only 30% of families manage to transition their wealth over three generations. (1)

In other words, 70% of families lose their wealth by the time the founder's grandchildren take over.

Let's examine the root causes of why 70% of families fail. (2)



3% lost their wealth because of low-quality tax and legal planning

8% lost their wealth because of a poor governance structure

17% lost their wealth because their heirs were inadequately prepared for creating and managing wealth

42% lost their wealth because of a collapse in trust and communication within the family

AlphaMille is unique in always offering communication strategies, including "Understanding your individual style", "Building a cohesive family", "Life motivators", "Emotional quotient assessment", "Stress quotient assessment", and "Full feedback report", in addition to our Family Charter development process. We believe that insight into individual family member and entire family communication patterns are essential to having the Family Charter continue as a functioning document for future generations.

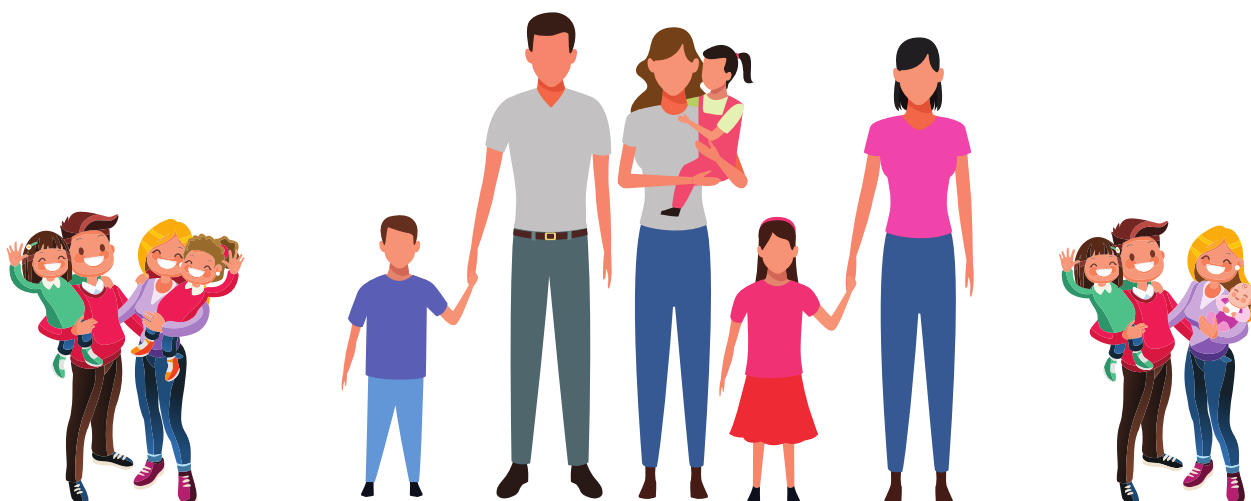
1. George Stalk and Henry Foley, "Avoid the Traps That Can Destroy Family Businesses," Harvard Business Review, January-February, 2012.

2. Roy Williams and Vic Preisser, "Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values", 2003.

THE FAMILY CHARTER

IS ABOUT FAMILY

Individual family members come together as immediate and extended family units. Some are multi-generational, often living in different cities and even countries. The Family Charter becomes the glue that connects and inspires the family members, articulates family values, and sets the rules around managing careers, transitions, expectations and other family matters.



THE FAMILY CHARTER IS A SYSTEM

The Family Charter connects people, families, and their values to a wealth-generating and wealth-protecting structure (which can ultimately become a Family Office) that will clearly map out the roles and responsibilities, communication strategies, investment goals and capabilities required for creating a successful family legacy.



THE FAMILY CHARTER FRAMEWORK

The Family Charter provides a framework for:

- Setting the direction
- Capturing important family milestones
- Operationalizing decision-making processes
- Managing delicate family relationships
- Balancing consumption vs investment.

It is important to note, the aforementioned list is not an extensive list, nor is it intended to represent everyone's perception of categories that comprise the Family Charter. AlphaMille's approach to the Family Charter development is underpinned by the philosophy that the Charter should be designed based on family member input.

Common categories that comprise Family Charters include:

- Mission/Purpose
- Family History/Family Tree
- Values/Philosophy
- Family Council
- Family Roles & Responsibilities Chart
- Identification of Risks
- Conflict Resolution
- Next Generation Preparedness
- Succession Planning
- Legacy & Reputation
- Philanthropy, Art & Culture
- Diversification between the operating business and an investment/family office
- Investment Philosophy

THE FAMILY CHARTER

CATEGORIES

MISSION/PURPOSE

Development of a mission statement for your family is vital to the overall success. The mission statement clearly and succinctly captures your family's aspirations, establishes focus, and acts as a springboard to build your family strategies. The mission statement helps to ensure continuity among all stakeholders. Without a properly designed mission statement, the family can become fragmented, which will drastically diminish success.

FAMILY HISTORY/FAMILY TREE

The Family History and/or Family Tree assists with preserving family roots. Marcus Garvey said, "A people without the knowledge of their past history, origin and culture is like a tree without roots." It helps you see where you can have an effect. It helps you understand what happened and what can happen. Moreover, knowledge of historical milestones assists the family with avoiding pitfalls the family encountered previously, and frees up time and resources for other areas of development.

VALUES/PHILOSOPHY

Values and philosophy can be imbedded within the Family Charter. Capturing the family values and philosophy that drove wealth creation are important characteristics. Denoting the moral compass, ideals and principles that the family wants to pass through generations provides an opportunity to record the founder's wishes for future generations.

THE FAMILY CHARTER

CATEGORIES

THE FAMILY COUNCIL

The Family Council manages the process of creating the Charter on behalf of the entire extended family. The Family Council typically outlines the span of control, chain of command and delegation strategies. The use of either centralized or decentralized approaches depends on the family preference. A centralized management structure is often defined as a top down framework. That is, decision-making authority is restricted to a few family members. Whereas, a decentralized approach enables all levels to have decision making authority. A decentralized approach is advantageous when there are conflicting strategies, uncertainty or when local adaptability and decision-making is best represented by a broader range of perspectives.

THE FAMILY ROLES & RESPONSIBILITIES CHART

The Family Roles & Responsibilities Chart is a great reference tool that illustrates the single point of contact for specific activities. The visual representation assists with outlining the hierarchy and exemplifies the working relationships between family members. Ultimately, it assists with efficiency and communication; without it, time and resources are diminished.

IDENTIFICATION OF RISKS

Identification of risks enables the family to design contingency plans prior to a harmful event occurring. Family risks might include lawsuits, theft, technology breaches, business downturns, or even a Category 5 hurricane. Risk management is important because it allows the family to foresee and manage financial, political, social and cultural ramifications associated with risks.

THE FAMILY CHARTER

CATEGORIES

CONFLICT RESOLUTION AND DISPUTES

Expectations regarding family member standards of communication, behavior, including drug use, should be clearly defined. When family dynamics merge with the influx of wealth, dispersion of power can cause tempers to flare. Complicated dilemmas, miscommunication, and power abuse can significantly stifle flow of communication. A conflict resolution component can assist with effectively navigating disrepair to the interrelations of the family members.

NEXT GENERATION PREPAREDNESS

An educational component assists with ensuring the next generation smoothly transitions into their new role. Empowering family members through education builds confidence for decision makers, improves communication skills, and can establish a strong foundation for investment management and business fundamentals.

AlphaMille can assist the junior family members in their understanding of how to set up and/or run a family office and implement investment strategies.

Some educational strategies that may be employed are: family business operation internships and/or job shadow opportunities. Creating opportunity for family members to gain first hand knowledge about the inner workings of the family enterprise facilitates sustainability of the family legacy.

SUCCESSION PLANNING

Any and all transitions following significant events including death, illness, divorce, disability, et cetera are addressed in this section of the Charter.

THE FAMILY CHARTER

CATEGORIES

LEGACY & REPUTATION

The mission and values defined in the Family Charter will translate into the legacy that the family will create over time. In the world where social media generates a trail that can be difficult to remove, families have become more proactive in regard to their reputation management.

PHILANTHROPY, ART & CULTURE

Some families use a Charter to express their views and philosophy regarding philanthropy, sponsoring their favorite art & culture initiatives, and taking board seats.

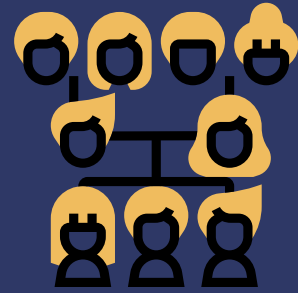
DIVERSIFICATION BETWEEN THE OPERATING BUSINESS AND AN INVESTMENT/FAMILY OFFICE

Families that tie up their wealth in their operating business often identify lack of diversification as one of their top risks. The Family Charter can be helpful in identifying an investment arm of the family enterprise as a viable candidate for wealth diversification.

INVESTMENT PHILOSOPHY

Some families express their investment philosophy, for example a preference for Impact (ESG, i.e. Environmental, Social, Governance) investments in the Family Charter prior to creating a full investment policy. Other families use venture co-investment opportunities to get exposure to industry innovation.

WHICH SECTIONS WOULD YOU INCLUDE?



- MISSION/PURPOSE
- FAMILY HISTORY/FAMILY TREE
- VALUES/PHILOSOPHY
- FAMILY COUNCIL
- FAMILY ROLES & RESPONSIBILITIES CHART
- IDENTIFICATION OF RISKS
- CONFLICT RESOLUTION
- NEXT GENERATION PREPAREDNESS
- SUCCESSION PLANNING
- LEGACY & REPUTATION
- PHILANTHROPY, ART & CULTURE
- DIVERSIFICATION BETWEEN THE OPERATING BUSINESS
- AND AN INVESTMENT/FAMILY OFFICE
- INVESTMENT PHILOSOPHY

ADD:



NOTES:



ABOUT THE CONTRIBUTORS

AlphaMille Management Team



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MANAGING PARTNER

Ms. Valentine is a solution-focused FinTech Advisor to boards and management teams. Ms. Valentine has held leadership positions at JPMorgan Chase, D. E. Shaw and Mousse Partners, one of the largest family offices in the world.



VICTORIA KORENEVA

MANAGING PARTNER

Ms. Koreneva is a multi-faceted financial executive with extensive experience in consulting for Fortune 50 companies during her tenure with KPMG. Ms. Koreneva provides business and financial advisory in the areas of financial modeling, due diligence, model validation, data management and governance, and blockchain.



JASON RHOADES, PH.D.

MANAGING DIRECTOR

Dr. Rhoades has advised family offices and startups in the area of Communications, Leadership Development, Management Ethics, Human Resources Management, Performance Measurement, Social Policy Design, Evaluation and Reporting.



**ALEXANDRA ELMAN
FOLEY**

MANAGING DIRECTOR

Ms. Elman Foley has built three successful businesses and advised multiple family offices and startups on strategy, sales & marketing, leadership development, hybrid workforce, performance management, learning & development, and digital workplace.

ALPHAMILLE _____

THANKS YOU

_____ FOR YOUR CONSIDERATION

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THANK YOU

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