

5 Gospel Truths to Consider During Business/Wealth Transitions

What influence do eternal truths have on the way you engage with your clients? While it is important to maintain professional boundaries, it is also important to learn from and apply true principles into every aspect of our lives. Every good thing that has happened in my life has been made possible or made sweeter because of my membership in the Church of Jesus Christ of Latter-Day Saints and my efforts to follow the teachings of prophets both ancient and modern.

In my job I have sought to learn and apply things that I glean from the scriptures into my professional work. This is the example that Nephi shares with us in 1 Nephi 19:23 as he was reading the writings of Isaiah when he stated, “for I did liken all scriptures unto us, that it might be for our profit and learning.” In an effort to follow Nephi’s counsel, I will share 5 gospel truths I have found helpful as I work with families to transition the businesses, financial wealth and family values to their rising generation.

1) (People) Prioritize people, not property

Early in the Book of Mormon, we learn of Lehi and his family leaving their home and worldly possessions because of a vision that Lehi had letting him know that Jerusalem would be destroyed. In this example Lehi and his family prioritized following God and his commands. Later in the story, Lehi’s sons are commanded to return to Jerusalem to acquire the history of their forefathers from King Laban. Again, they prioritized following the invitation of their father and even utilizing their worldly possessions to fulfill the task at hand.

Inspired Questions: As I assist families with business/wealth transitions, in what ways can I focus on the people first and their properties and possessions second? What is the impact of me not taking that approach?

Practical Application: Ask clients to think about and share the greatest hopes they have for their children and grandchildren. Then have a conversation about how financial capital can assist or distract them with the accomplishment of those hopes.

2) (Preparation) Leadership transitions take time, preparation, and communication

As we look at the different conflicts throughout the Book of Mormon, many of them were influenced by a transition of leadership. We learn in Mormon 1 that Ammaron was inspired to tell a 10-year-old boy Mormon that he would someday need to take care of and contribute to the sacred records. Ammaron communicated his trust in Mormon by saying in verse two of Mormon 1, “I perceive that thou art a sober child and quick to observe; **3** Therefore, when ye are about twenty and four years old I would that ye should remember the things that ye have observed concerning this people; and when ye are of that age go to the ^aland Antum, unto a hill which shall be called ^bShim; and there have I deposited unto the Lord all the sacred engravings concerning this people.

4 And behold, ye shall take the ⁹plates of Nephi unto yourself, and the remainder shall ye leave in the place where they are; and ye shall engrave on the plates of Nephi all the things that ye have observed concerning this people.”

We also learn from Helaman 1, the cautionary tale of not clarifying who the successor will be and doing the necessary work to encourage harmony among siblings. You might recall that in Helaman 1 we learn that Pahoran dies and soon thereafter, “there began to be a serious contention concerning who should have the judgement seat among the brethren, who were the sons of Pahoran.” We then learn that Pahoran (the son of Pahoran) was appointed by the voice of the people to become the new chief judge. We then see what typically happens, Pacumeni, saw that he could not obtain the judgement seat, so he united with the voice of the people. Another brother Paanchi was, “exceedingly wroth” and tried to get people to rise up in rebellion against his brother. This ended up leading to Paanchi being condemned to death and ultimately one of his followers, Kishkumen murdered Pahoran as he sat upon the judgement seat.

I’m certain that this was not what father Pahoran would have wanted for his sons or his people. How often do our clients delay the communication of their plans for leadership of a business or selection of leaders in the family to steward assets? Naming and training a successor as well as preparing the rest of the family for how they should be in relation together takes real work, but the lack of this type of planning and communication can prove disastrous.

Inspired Question: What am I doing to communicate and prepare my clients and their families for the transition of leadership and responsibilities of their financial holdings?

Practical Application: Develop ownership and management contingency plans for clients with businesses and assets they plan to have their children share. Document those plans and invite clients to share their intentions and encourage the input and feedback of their children about their desired plans.

3) (Past) Prepare posterity for the future by teaching them about the past

The scriptures are replete with examples of people who made great sacrifices and took precious time to teach their children about their ancestral past. The prophet Mormon wrote speaking of the records, in The Words of Mormon verse 11, “And they were handed down from kin Benjamin, from generation to generation until they have fallen into my hands. And I, Mormon, pray to God that they may be preserved from this time henceforth. And I know that they will be preserved; for there are great things written upon them, out of which my people and their brethren shall be judged at the great and last day, according to the work of God which is written.”

Inspired Questions: In what ways can I incorporate family history and stories to increase perspective and gratitude for the rising generation of my clients?

Practical Application: Invite members of the rising generation to prepare a 4-generation chart with details around health issues, employment, immigration, etc. Encourage them to interview grandparents, aunts/uncles to fill in the details. Invite them to present what they learned at the next family meeting. You might also consider having someone do a business history that captures the highs and lows of the business.

4) (Possessions) Shared Ownership is tough!

As we think of ownership and assets, there is nothing tougher than the concept of sharing. Jealousy, differing work ethics, different risk temperaments or varied personalities can all complicate shared ownership. One classic story of two people that struggled with shared ownership was Abram and Lot. We learn in Genesis 13, starting in verse 5, “An Lot also, which went with Abram, had flocks, and herds, and tents. 6- And the land was not able to bear them, that they might dwell together: for their substance was great, so that they could not dwell together.” We then learn that Abram doesn’t want any strife with Lot and asks him to decide to take the land to the right or to the left. Lot chose the more fertile ground with rich water supplies, but was close to a land that the Lord had destroyed because of wickedness. Lot dwelt in, “the cities of the plain and pitched his tent toward Sodom.” Abram on the other hand settled on less fertile soil, but the first thing he did was to build an alter unto the Lord.

Many families struggle to own things together. What we don’t know is if Abram and Lot were stronger together. Did Abram help Lot withstand temptation? We don’t know, but what we do know is that after they separated, Lot began to have serious troubles.

Inspired Question: Ask a client: In what ways are you preparing your children to share ownership and make shared decisions? Is there a clear path for family members to opt out of shared ownership if it isn’t good for their relationships?

Practical Application: If shared ownership of property or a business is your client’s intent, create small experiments to see how shared ownership and shared decisions will affect their relationships. This will build their confidence or show them that their intentions are not likely to work out well.

5) (Purpose) Be clear about your purpose

“For a wise purpose” is a phrase used at least 6 times in reference to making, writing, and preserving the small plates of Nephi.” As we think about putting plans together, have we helped our clients determine their, “wise purpose?”

- Mormon talking about Moroni in Words of Mormon states, “But may God grant that he may survive them, that he may write somewhat concerning them, and somewhat concerning Christ, that perhaps some day it may profit them.”

As advisors to these amazing families, it should be our hope that family relationships can, “survive” the structures and plans that we put them in. As we consider the 5 P’s of generational wealth transitions, may we focus on the people. It is my greatest hope that you

and I can play a small part in keeping families united and not allow their financial successes to become their greatest burdens or stumbling blocks.

About the Author-



Dave Specht is the Director of the Drucker School Global Family Business Institute. His professional mission is to, Preserve Families and Perpetuate Businesses. He is the author of, “The Family Business Whisperer” and thought leader on topics surrounding generational continuity of family-owned businesses and family wealth. Prior to his current role, he trained 2,500 top advisors/bankers at a Private Bank on family dynamics and generational wealth issues. Prior to his work at the bank, he founded Advising Generations, a consulting firm and established the Family Business Management program at the University of Nebraska. Dave lives in Washington state with his wife and 6 children. David.Specht@cgu.edu