

# CAFE 2012 SYMPOSIUM

Uplifting Families in Business

A logo featuring three interlocking gears of different sizes and colors (green, grey, black).

## Money: Blessing or Burden to You and Your Family?

Chris Clarke - CEO, Family Office Director , Business Owner  
Jennifer Dewling – Managing Director, Business Development,  
Life & Business Coach

Sharing



**What does “MONEY”  
mean to You?**

Community



# MONEY

**“a medium of exchange”**

## Community



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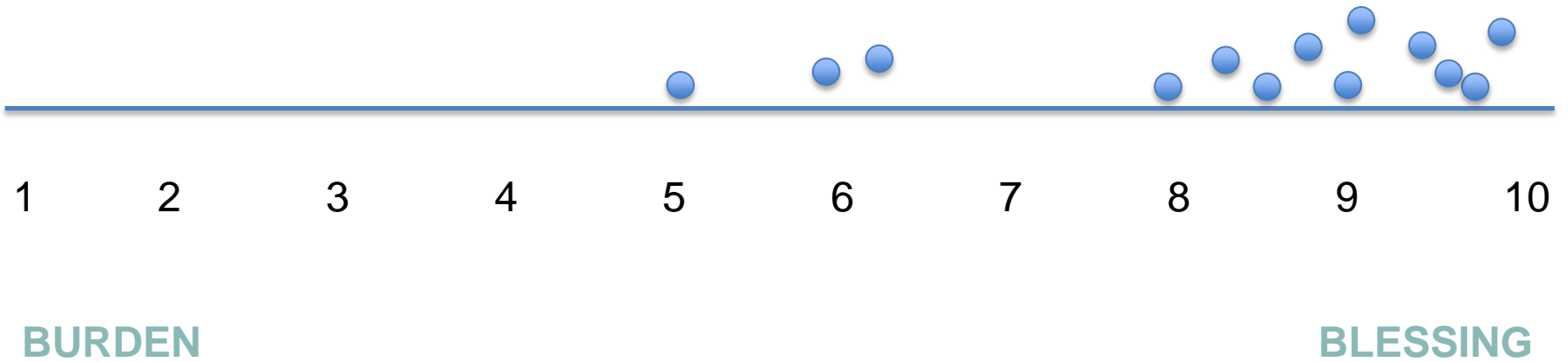
# Statements to Consider

1. I have a Strategic Personal Financial Plan in place, that provides a clear road map to the achievement of my lifestyle goals.
2. I have complete confidence in that Strategic Plan regardless of how the economy performs.
3. I am confident that my business /career is the best place for me to exercise my talents.
4. I am confident that my business/career is the best place for me to maximize my financial potentials.
5. I know for a fact that my current portfolio of assets is positioned to protect capital and achieve the return I need over the long term.
6. I am certain that should something happen to me, and I can no longer earn an income, or my business should fail, that my family is financially secure.
7. I enjoy managing my financial affairs and keeping my advisors coordinated in their efforts to provide the best advice to my family.
8. I have the best money managers and professional advisors for my needs.
9. My heirs are well educated and prepared to become stewards of the wealth I will pass on.
10. My financial success empowers , rather than enables, my children.
11. I have a robust and documented business growth plan in place and my team is accountable to meet its objectives.
12. I follow a philanthropic strategy, minimizing costs and maximizing impact.
13. I have enough money to live life according to my rules.

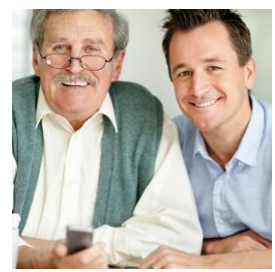


Community

# MONEY IS FOR YOU A.....



Experience



# MONEY

**“a tool for self expression”**

Mentor



# Outline – Part I

**Presented by: Chris, Family Business Owner & FOD**

- 1. Family Attitudes are Shifting**
- 2. Turning Burdens to Blessings**  
*Creating Your Family Prosperity Plan*
- 3. “Paying it Forward”**  
*Building & Sharing Your Family Legacy*





Success

## A Utopian View ...

In a perfect world, we would each have the resources we need to express our passions and talents fully, and to live abundantly, according to our own definition AND have enough left over to help lift up others, empowering them to fully express themselves also. The world would be one big party with lots of happy people.....



Sharing

# It's Not a Perfect World ... and Attitudes are Changing

- Lower appetite for risk given perceived threats to family financial security and resources caused by issues related to trust, control, predictability and accountability
- Expectation of lower returns on business and investment capital and therefore enhanced sensitivity to capital preservation, risk and cost control ... a good thing
- Value shift from “money as the goal” to “money as a tool” with a growing consciousness towards stewardship at the expense of consumption ... stability is required
- An attitude of stewardship raises questions about how to balance family security with the empowerment of its members, and how to leave a family legacy that embodies those principles and values for long term prosperity



# The Family Prosperity Plan™

- As every strong business has a business plan, every business family should have a written, mindful, Family Prosperity Plan™
- A written plan reduces fear, empowers creativity into action, and highlights the financial, human and intellectual resources needed to succeed
- It strategizes and materializes your intended results
- It defines the ultimate goal ... freedom of personal expression and peace of mind for all its members



Experience

# Turning Burdens into Blessings

Abundance for one and all makes the world a happier place!

*Achieve  
Freedom &  
Peace of Mind*

EMPOWER  
FAMILY LEGACY

ENSURE  
FAMILY SECURITY

CREATE  
YOUR FINEST LIFE

OBTAIN  
FINANCIAL  
ORDER

MEET NEEDS  
& DESIRES

PRESERVE FINANCIAL  
INDEPENDENCE

Then Pay it Forward

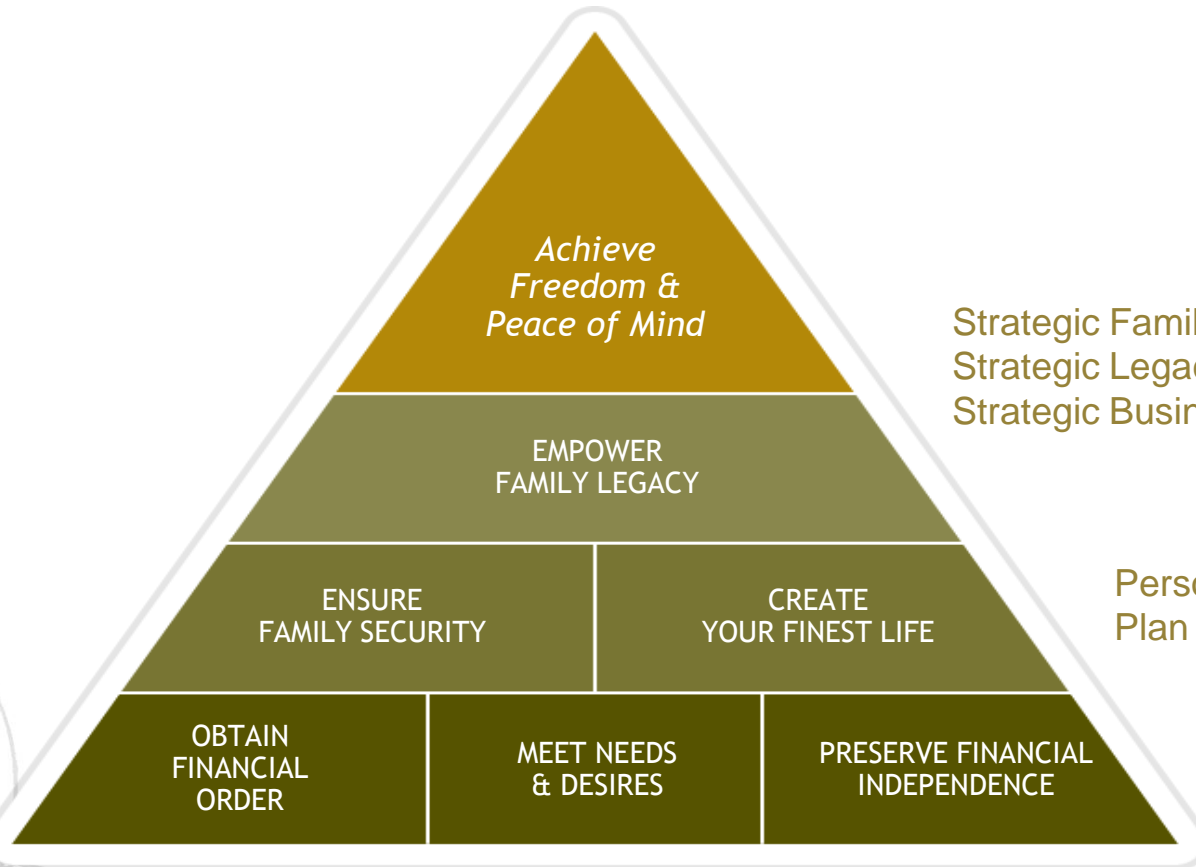
Pay Yourself First

Your Family Prosperity Plan™



Experience

# Family Prosperity Plan™ Components



Strategic Family Philanthropy Plan  
Strategic Legacy Plan  
Strategic Business Succession Plan

Strategic Risk Management Plan

Personal Development Plan

Financial Plan

Strategic Long Term Investment Plan

Your Family Prosperity Plan™



Success

# First things first...Building and Securing your Resources

For most, to live their finest life, they need to feel a secure foundation supporting them. This entails three main steps:

1. Obtain financial order
2. Meet all your needs and your most important desires
3. Build capital that preserves your financial independence and takes into account whether you retain the family business or not



Mentor

# And Make Sure You Have a Strong Team Supporting You!



*Many Hands Make Light Work!*

LEGAL ADVISORS	TAX ADVISORS	INVESTMENT ADVISORS	INSURANCE ADVISORS
BUSINESS ADVISORS	PHILANTHROPY ADVISORS	BANKERS / LENDERS	CONSULTANTS

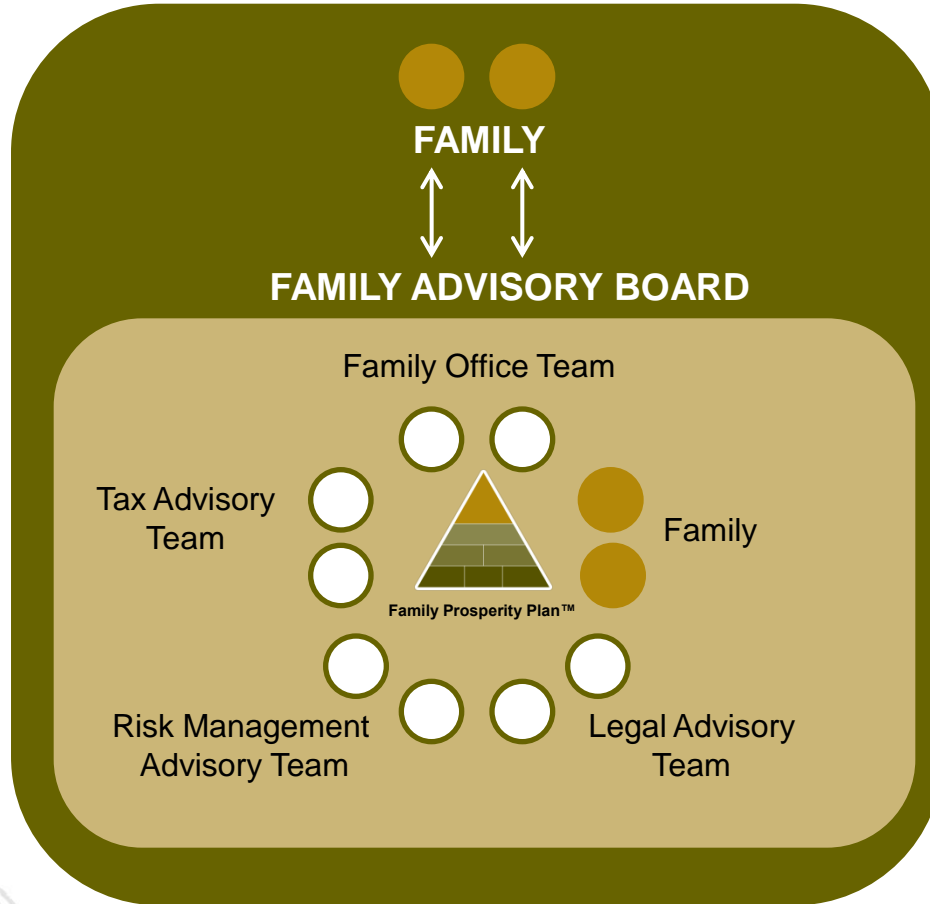
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Family

# Family Advisory Board™



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# Obtain Financial Order...for the Business and the Family



- ✓ Strategize
- ✓ Organize
- ✓ “Impartialize”
  
- ✓ Contemplate
- ✓ Integrate
- ✓ Coordinate
  
- ✓ Responsibility
- ✓ Accountability
  
- ✓ Implement
- ✓ Document
  
- ✓ Quantify
- ✓ Qualify
- ✓ Verify
- ✓ Simplify
  
- ✓ Materialize



And do it all over again!

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# Preserving Your Financial Independence ("Pay Yourself First")

Manage your existing and future asset base using Modern Portfolio Theory and "Capital Thresholds" to ensure you meet your financial independence goals while ALSO providing stewardship for the next generation

**Do you have an Investment Policy Statement?**



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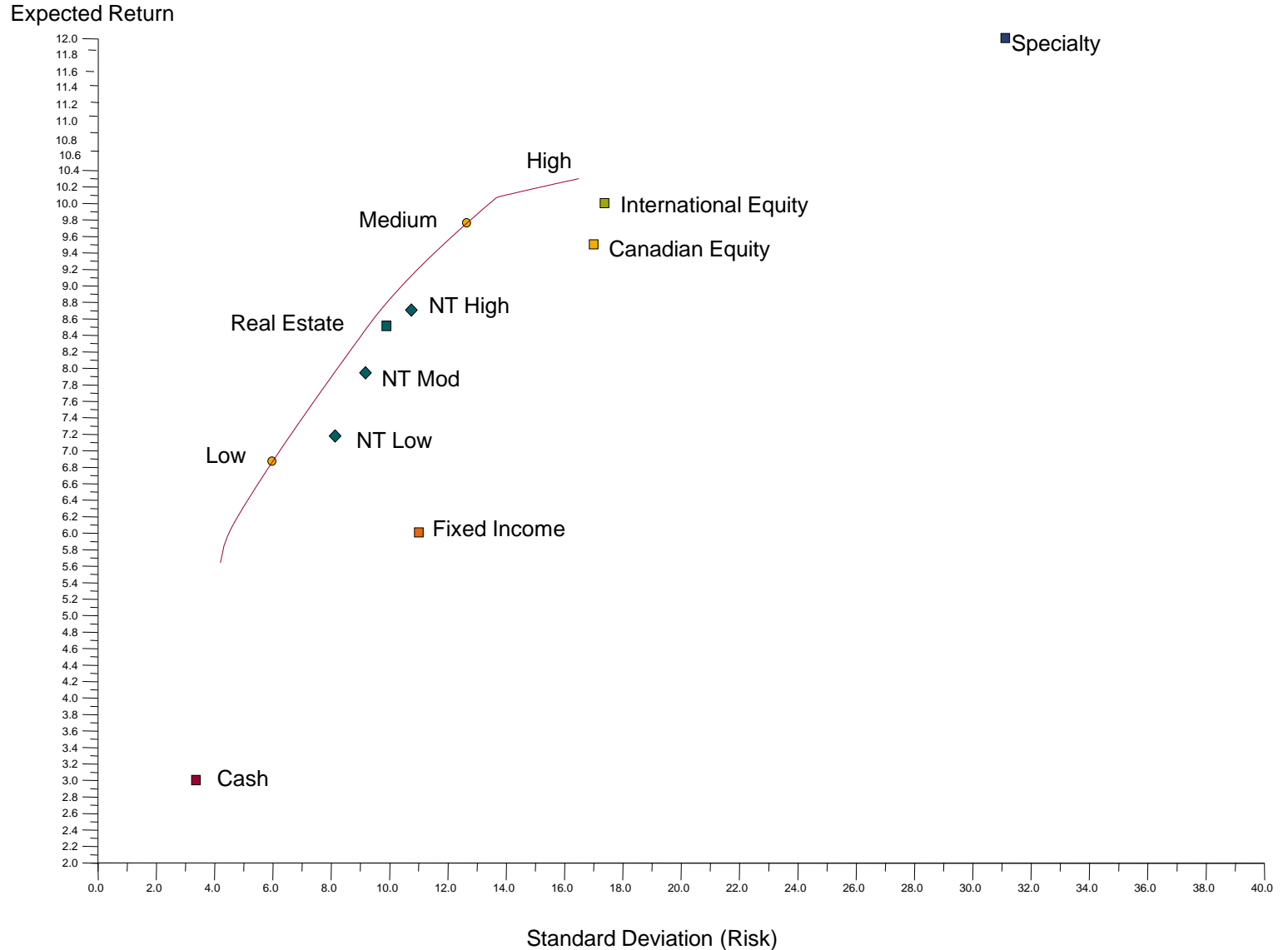
# Quick Refresher on Modern Portfolio Theory

- Effective asset allocation works, through investment in combinations of asset classes, to enhance opportunities to consistently achieve good overall portfolio returns. This occurs with less volatility than the individual asset classes themselves may experience.” **Your business is only one of these asset classes.**
- **93%** of returns are due to **strategic positioning** within asset classes and **7%** of returns are due to **tactical movement** amongst asset classes
- The strategy welcomes market fluctuations as an opportunity to leverage the portfolio’s growth through rebalancing into weak markets
- **It’s a long term strategy - not a passive one...**like the pistons of a car engine, the economy moves in cycles, but is propelled forward.



# The Efficient Frontier (Portfolio Optimization)

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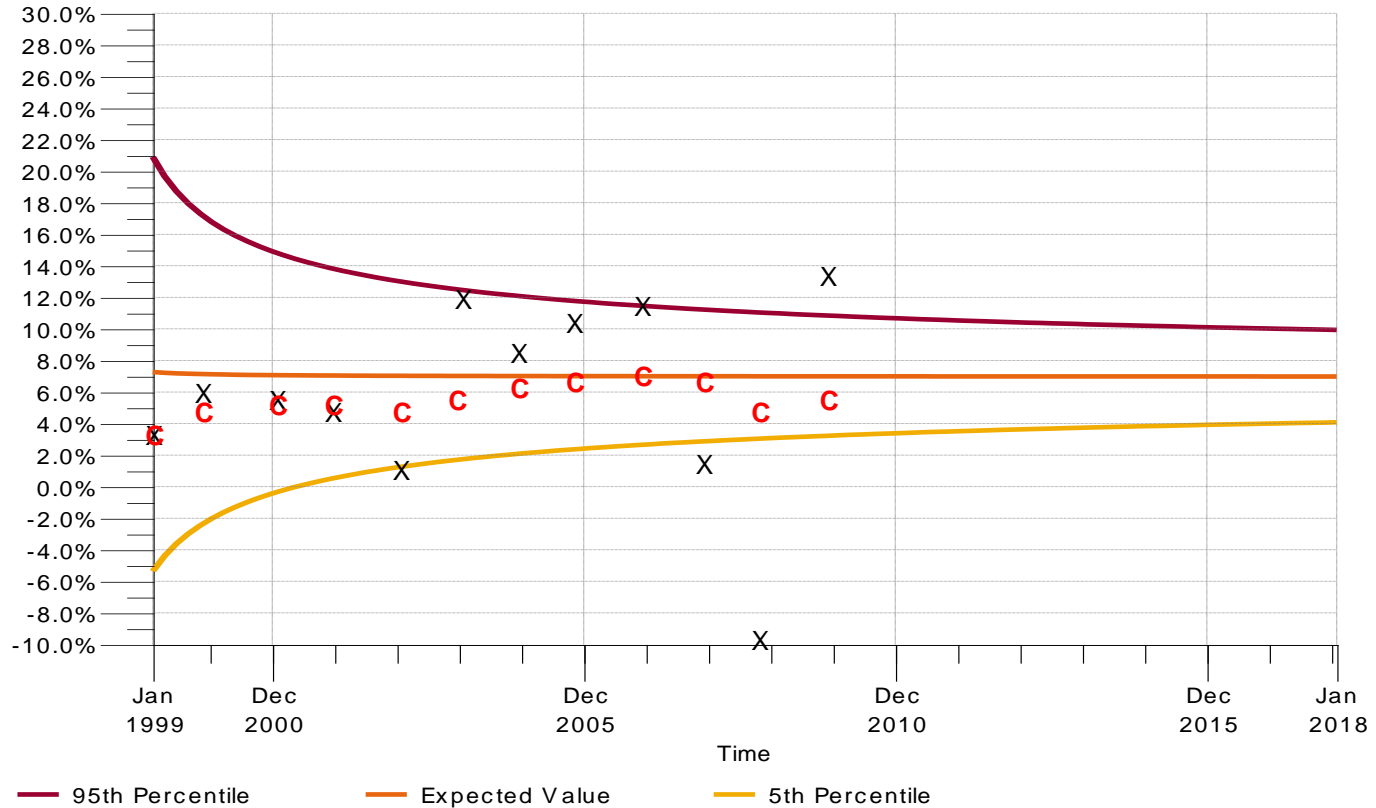
# The Long Term Results.....Simplicity, Predictability = Capital Preservation



## Return Percentiles

NT

Compound Annual Return



# You have a Strong Foundation...

- Now that you have a plan, and have either already met your capital needs for financial independence, or have a secure, predictable method for getting there.....

**Do you have the confidence to financially help others today...to “pay it forward”?**

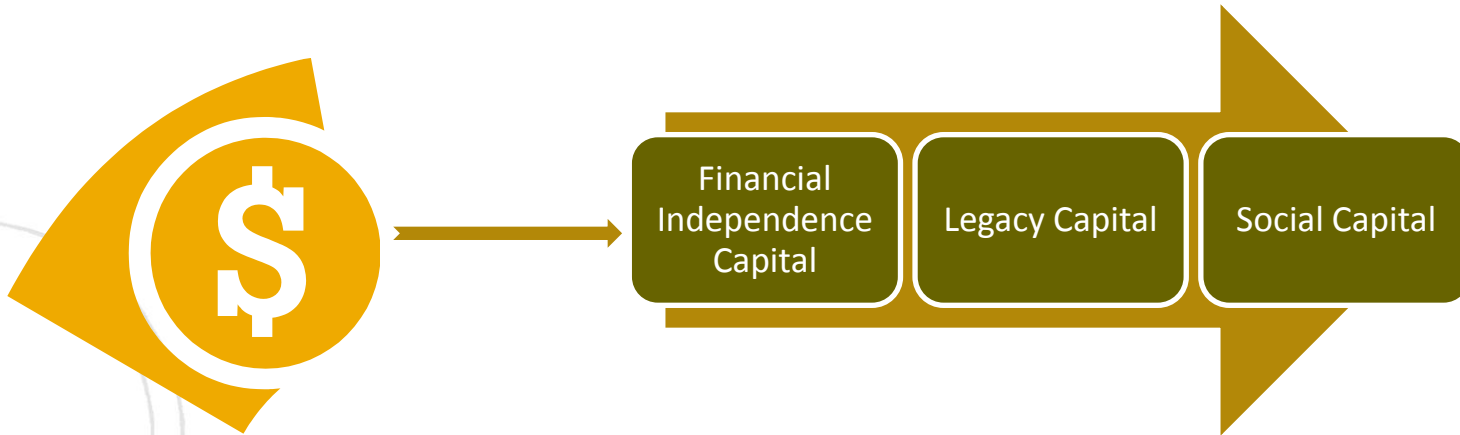
- Can you use your resources to support your family members financially, intellectually and emotionally to fully express their unique abilities? What about the next few generations?
- Can you use your resources to support your world community to help others lift themselves out of darkness into the light so they too can contribute their best to a better world?



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Yes you can, using FA's unique financial management technique called

“CAPITAL THRESHOLDS”



# Ensure Financial Security for Future Generations ("Pay it Forward")

- The definition of RISK is the probability of failing to reach the capital threshold level required for that portfolio's purpose
- Attitudes toward risk depend on how important realization of that purpose is to the family
- With the capital and cash flow needs for financial independence clearly defined AND secured, you can clearly define the capital available now and over time, to meet family and community legacy objectives





# So simply Optimize as follows...

$H \leq \omega' \mu + \Phi^{-1}(\alpha) [\omega' \Sigma \omega]^{1/2}$  subject to  $\omega' 1 = 1$

The Lagrangian for this is:  $\text{Max } L = \omega' \mu + \Phi^{-1}(\alpha) [\omega' \Sigma \omega]^{1/2} + \lambda [1 - \omega' 1]$

The first order conditions :  $\frac{\partial L}{\partial \omega} = \mu + \Phi^{-1}(\alpha) [\omega' \Sigma \omega]^{-1/2} \Sigma \omega - \lambda 1 = 0$  and  $\frac{\partial L}{\partial \lambda} = 1 - \omega' 1 = 0$

$\frac{\partial L}{\partial \omega}$

$\frac{\partial L}{\partial \lambda}$

Pre-multiply all terms in above equation by  $\Sigma^{-1}$ , defining  $[\omega' \Sigma \omega]^{1/2} = M$ , we get

$$\lambda \Sigma^{-1} 1 = \Sigma^{-1} \mu + \Phi^{-1}(\alpha) M \omega$$

$$\lambda 1' \Sigma^{-1} 1 = 1' \Sigma^{-1} \mu + \Phi^{-1}(\alpha) M 1' \omega$$

Noting that  $1' \omega = 1$  you get  $\lambda = \frac{1' \Sigma^{-1} \mu + \Phi^{-1}(\alpha) M}{1' \Sigma^{-1} 1}$

Rearrange for portfolio weights:  $\omega = \frac{1}{\Phi^{-1}(\alpha) M} \Sigma^{-1} 1 [\mu - (1' \Sigma^{-1} \mu + \Phi^{-1}(\alpha) M) 1]$

Giving us :  $\omega = \frac{1}{\Phi^{-1}(\alpha) [\omega' \Sigma \omega]^{-1/2}} \Sigma^{-1} 1 [\mu - (1' \Sigma^{-1} \mu + \Phi^{-1}(\alpha) [\omega' \Sigma \omega]^{-1/2}) 1]$

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## Or if You Prefer, take the Short Cut...

- Prepare the **Family Prosperity Plan™** considering capital threshold accounts (CTAs)
- At FA we define three to four main CTAs and determine the capital required “in today’s dollars” to fund those objectives using various assumptions appropriate for the objective.

Account #1 - Financial Independence

Account #2 - Legacy Portfolio (education, inheritance)

Account #3 - Social Capital (philanthropy)

Account #4 - The “Indulgence fund”

**This is one practical “financial” step to good wealth stewardship**



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# Other Important Financial Aspects to Stewardship

- ✓ Advisor and product due diligence and oversight
- ✓ Asset protection strategies and creditor proofing
- ✓ Selection and management of fiduciary services and structures
- ✓ Insurance analysis and policy shopping



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# Paying it Forward: What Does “Legacy” Mean?



leg·a·cy/'legəsē/

**Noun: An amount of money or property left to someone in a Will**

This is only one part of a legacy and not the most important.



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# Alternative Definition...



LEGACY redefined...

**“Empowering Prosperity.... for the fulfillment of your life’s purpose and the lives of those that follow you”**



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# Financial Capital is not Enough!

- Money is truly a tool for self expression when one understands that there are three forms of capital that need to be developed:
  - Financial capital (we have already discussed)
  - Human capital
  - Social capital
- True financial stewardship for current and future generations is only possible when families are united by strong, supportive relationships, unified by common mission and goals and educated to be responsible and capable stewards into the next generation



Experience

# The Human Element


**THE MOST IMPORTANT!**

To be fully developed it must be:

- (1) Identified
- (2) Nurtured
- (3) Enhanced
- (4) Realized



# It Begins With a Vision

- 
- **Who are you, what interests you, what limits you, what makes your heart sing?**
    - Consider counseling or coaching to help identify “yourself”
  - **What personal values are of greatest importance to you?**
    - Check in to ensure your vocation is in keeping with these values (especially if a family business)
  - **Once you understand what makes you tick and have an ideal about a vocation that suits your values - where do you wish to go with it?**
    - Define what “Success” means for You!
  - **Model it, “why, when, where, how” ...**
    - What is Your Purpose and how will you express it?
    - What do you think your Legacy is?



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## “If it ain’t growin’, its dyin’”

- If you are paying attention, you will notice when “the shift” takes place ... nurturance of the vision suddenly isn’t enough
- You may notice stagnation, loss of passion, less interest in your business or career, negative feedback loops, things appear to be more difficult ... you may even question your financial security, or the path you have chosen
- This is evolution! It often requires introspection and reflection instead of action.



# The Final Step ....Creating & Sharing Social Capital

- The last platform on which a Family Prosperity Plan™ is built, is about an empowered Family Legacy, often expressed through Family Philanthropy and Family Relationships with the larger world community
  - ✓ Can you and your business **BE** the change in the world you would like to see?
  - ✓ Can you nurture networks and relationships that will support your Legacy and those of your beneficiaries long after you are gone?
  - ✓ Can you leave financial capital resources to energize their mission and capabilities?
  - ✓ Can your Legacy continue to Empower Prosperity and Build Legacies for generations to come, so they too can be the best they can be and leave the world a better place?






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# Setting up an Endowment Fund

## Benefits for You and Your Family

- 
- Establishing a Family Endowment Fund helps simplify, consolidate and focus your giving
  - You select the charities to receive annual grants; you can choose to give with full disclosure or complete privacy
  - You can provide “forever funding” for key charities in the form of annual grants from the invested assets
  - You can continue to manage the capital in the fund
  - You can maximize the dollars donated to your favorite causes by eliminating the high administration costs associated with “public” foundations



**SIMPLIFY GIVING, MAXIMIZE IMPACT**



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# Philanthropy = Charity +

**Charity** = writing cheques to worthy causes

**Philanthropy** = setting strategic family goals based on shared vision, beliefs and values, implementing them through sound decision making, monitoring and assessing the results

- It brings the family together no matter what the age
- It serves as a foundation for building a legacy through an attitude of stewardship
- Participants gain financial literacy and analytical and decision making skills
- The legacy benefits the community at large as well as the family

**The result is a family legacy that is more than the money, and a healthy, happy and unified family today and into tomorrow**



# It's Good Business Too!



- ✓ **Change the world by becoming a “Hyper-Capitalist”**
- ✓ **Set up a Company Foundation for the expression of all its employees**

Source : Renee Orth & Paul Behrman in their Paper “Imagine”

“Philanthropists want to contribute but want the greatest impact. The masses want to contribute but can’t afford to.”

When public and private companies choose to donate a healthy percentage of their profits to philanthropic causes.... they help lift the masses out of poverty. The masses in turn reward them by choosing their product over another, a form of philanthropy achieved through consumer choices, consciously made...something we can all do.



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# Outline – Part II

Presented by: Jen, Life & Business Coach

Achieving “LEVEL<sup>7</sup> PROSPERITY™”

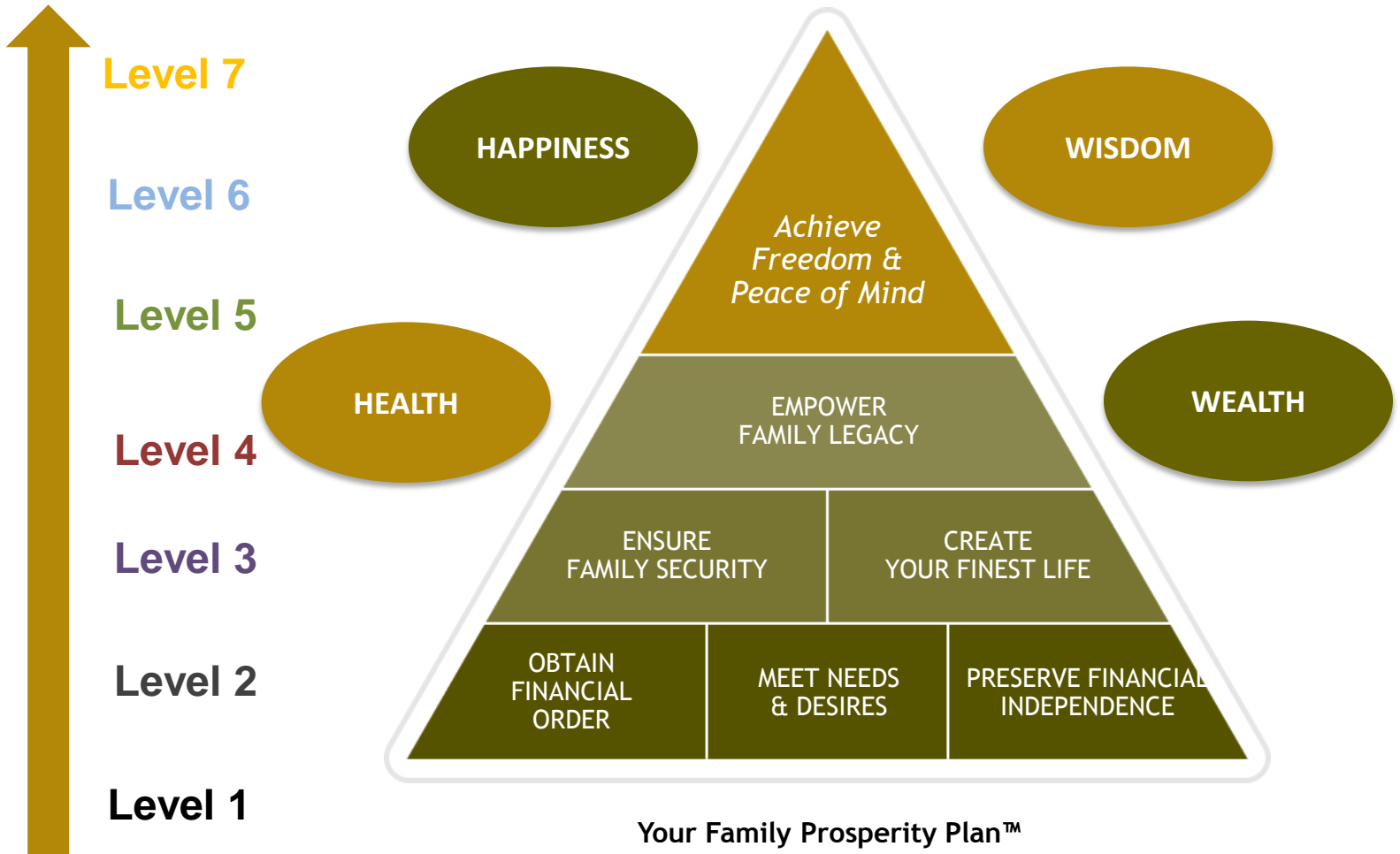
Your Key to Enjoying Abundant  
Happiness, Health, Wisdom & Wealth!



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Community

# What is LEVEL<sup>7</sup> PROSPERITY™?



Success

# The Core Energy Leadership™ Coaching Difference!

- Shifts both **Energetic Capacity** and **Engagement** in order to exponentially increase **Total Engaged Energy**
- **Ultimately, produces action that leads to extraordinary and sustainable results!**





# Energetic Self Perception



# Two Types of Core Energy

1. **Catabolic Energy** = draining, contracting, resisting (cat = down, against)
2. **Anabolic Energy** = constructive, expanding, fueling (ana = building, upward)

Both types of energies are valuable and applicable in certain areas of life:

**Catabolic energy** is necessary for survival - think about being chased by a lion! As a short term survival mechanism, catabolic energy works and works well.

**Anabolic energy** looks and feels different from catabolic energy. This is healing, building, sustainable energy – the energy behind everything from creativity and intuition to compassion and coping. This type of energy fuels your body, your performance, your perceptions and your interactions.



# LEVEL 1 – THE VICTIM

Core Thought >>	Core Emotion =	Action/Result
VICTIM	APATHY	LETHARGY

FEAR

*DOUBT*

*Low Self-Esteem*

*Anxiety*

*Hopelessness*

*I Lose*



Guilt

*I hate myself*



# LEVEL 2 – THE FIGHTER

Core Thought >>	Core Emotion =	Action/Result
CONFLICT	ANGER	DEFIANCE

Judging

*I Hate You*

Disappointment

*It's Your Fault*

*I Win, You Lose*

Frustration

Stress



# LEVEL 3 – THE RATIONALIZER

Core Thought >>	Core Emotion =	Action/Result
RESPONSIBILITY	FORGIVENESS	COOPERATION

*I am responsible  
for my thoughts  
and feelings*

*I forgive  
You*

*Let's get on with it!*



*I win. If you  
win too, great!*

**TOLERANCE**



# LEVEL 4 – THE CAREGIVER

Core Thought >>	Core Emotion =	Action/Result
CONCERN	COMPASSION	SERVICE

*How Can I Help?*

*Nurturing Self & Others*

*Giving*



CARING

*You Win*

LOVING

*I take nothing personally*





Success

# LEVEL 5 – THE OPPORTUNIST



Core Thought >>

Core Emotion =

Action/Result

RECONCILIATION

PEACE

ACCEPTANCE

OPPORTUNITY  
KNOCKS!

*I understand  
you*



*We both win!*

FULFILLMENT

*What's  
Right?*



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# LEVEL 6 – THE VISIONARY



Core Thought >>

Core Emotion =

Action/Result

**SYNTHESIS**

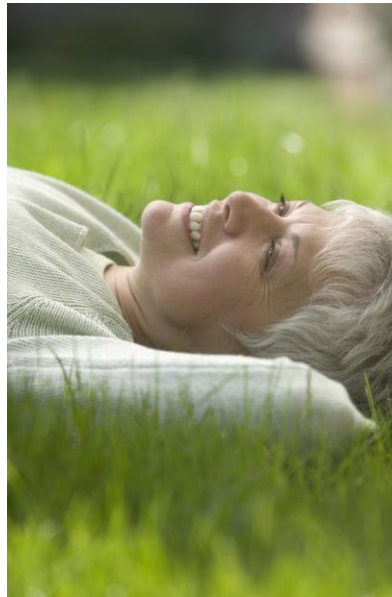
**JOY**

**WISDOM**

*I feel a sense  
of permanent  
Joy*

*Intuition*

*Inspirational*



*Flexible*

**CALM**

*I am you*

*Everyone  
always Wins*





# LEVEL 7 – THE CREATOR

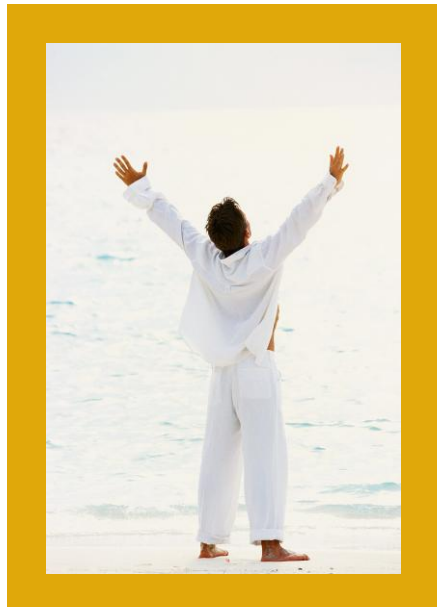


Core Thought >>	Core Emotion =	Action/Result
NON-JUDGEMENT	ABSOLUTE PASSION	CREATION

*I create my life in each moment*

*I Am*

*Being*



**Pioneer**

*Winning & losing are illusions*

**TRUTH**



# It all adds up to...Your Energetic Profile!

**Your Energetic Profile** is a combination of:

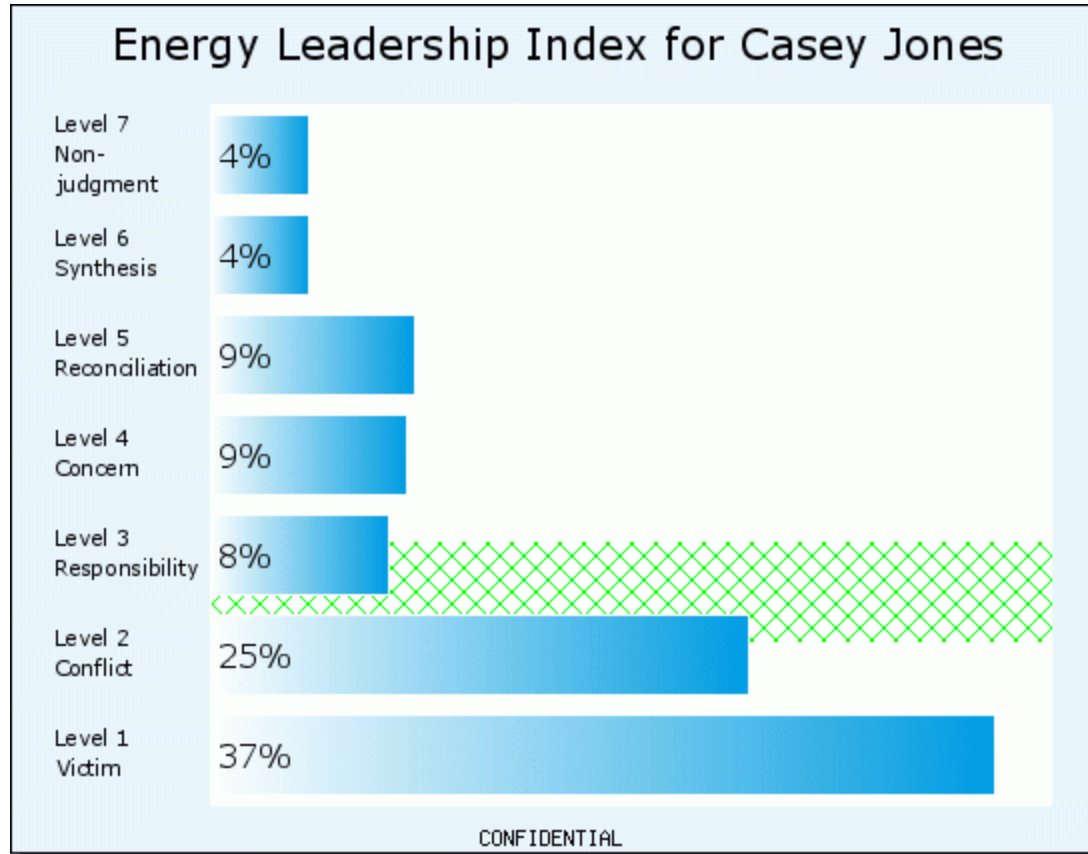
1. **Your E-Factor** - your default tendencies which can simply be thought of as the most typical way that you think, perceive, feel and act in response to your circumstances at any given moment, plus
2. **How Your Energy is Disbursed** across the 7 Levels of Energy

iPEC's research has revealed that one's Energetic Profile is directly correlated to satisfaction with overall level of life and work success! (see *Press Release re E-Factor*)



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# Thoughts-Feeling-Actions/Results How Are You Playing The GAME?



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- Blue bars show how much of each level of energy you have
- Green bar shows average of all energies (your E-Factor)



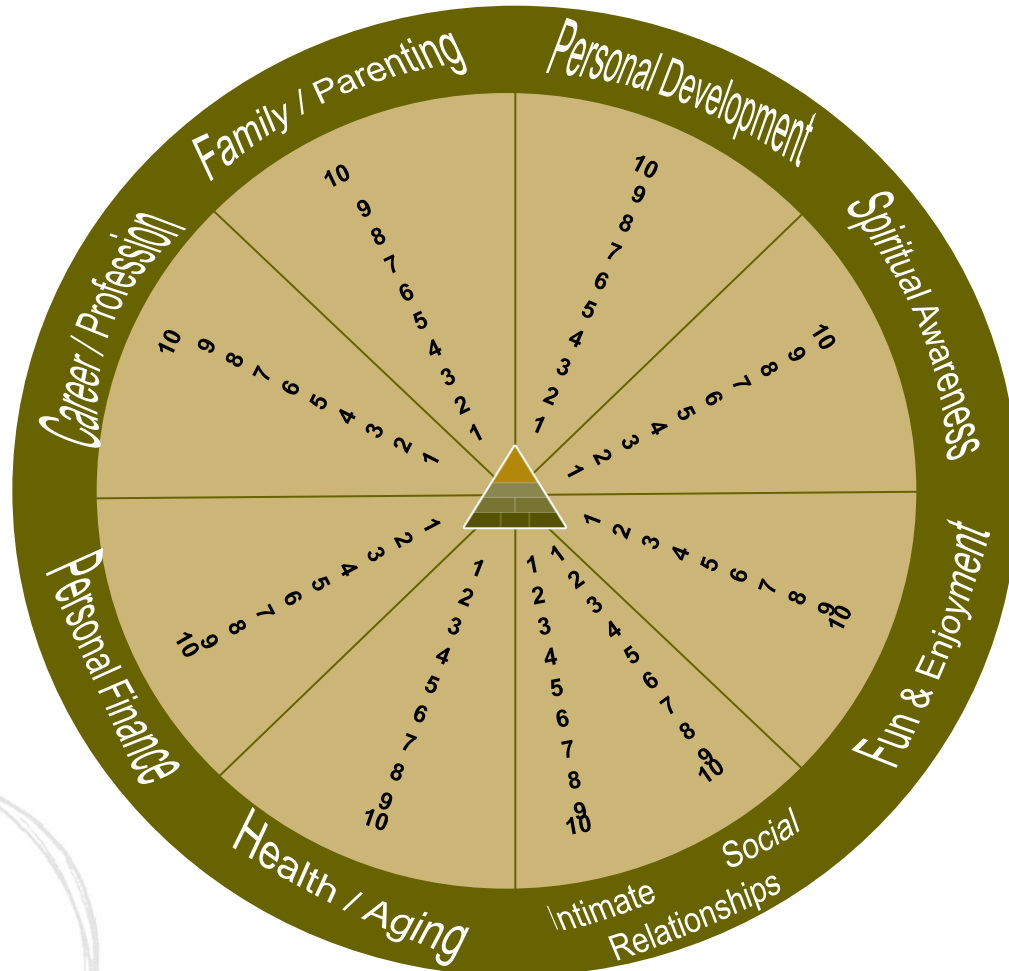
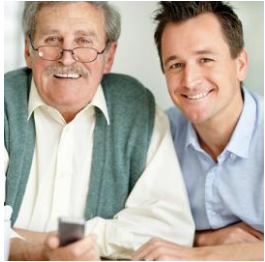
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Experience

# Coaching Exercise #1

## How Happy Are You?

## What Might Be Holding You Back?



Experience

# LEVEL 7 PROSPERITY™

*Unleash Your Unlimited Potential!*



**Y** **YOU<sup>N</sup>**

**T** Be **TRANSFORMATIONAL!**

**I** **INSPIRE & INNOVATE**

**R** Be Generous With **RECOGNITION & REWARDS**

→ **E** Maximize **ENERGY x ENGAGEMENT**

**P** **POWER** Up Your **PEOPLE**

**S** **STAY** The Course Through Ups & Downs

**O** Be **OUTSTANDING** At What You Do Best

**R** Develop & Nurture High Energy **RELATIONSHIPS**

**P** Pursue Your Life With **PURPOSE & PASSION!**

Sharing

# Maximize Results by Maximizing Total Engaged Energy



**Total Engaged Energy = Energetic Capacity x Engagement**

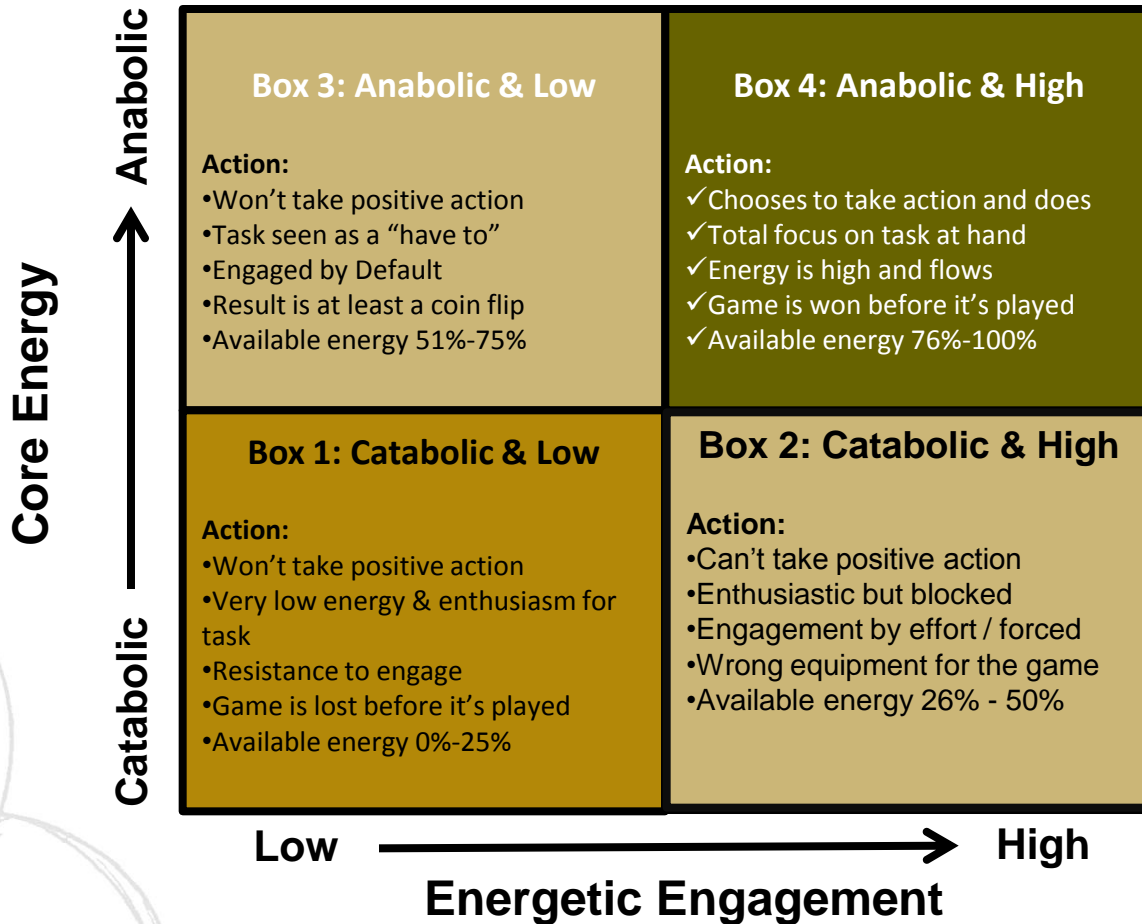
- **Energetic Capacity:** The **AMOUNT** and **QUALITY** of energy that a person currently has. This is determined by his or her **ENERGETIC PROFILE**.
- **Engagement:** A person's **WILLINGNESS** (motivation and buy-in) and **ABILITY** to do something about a particular role, goal, task or project.



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# Putting T.E.E. to Work!

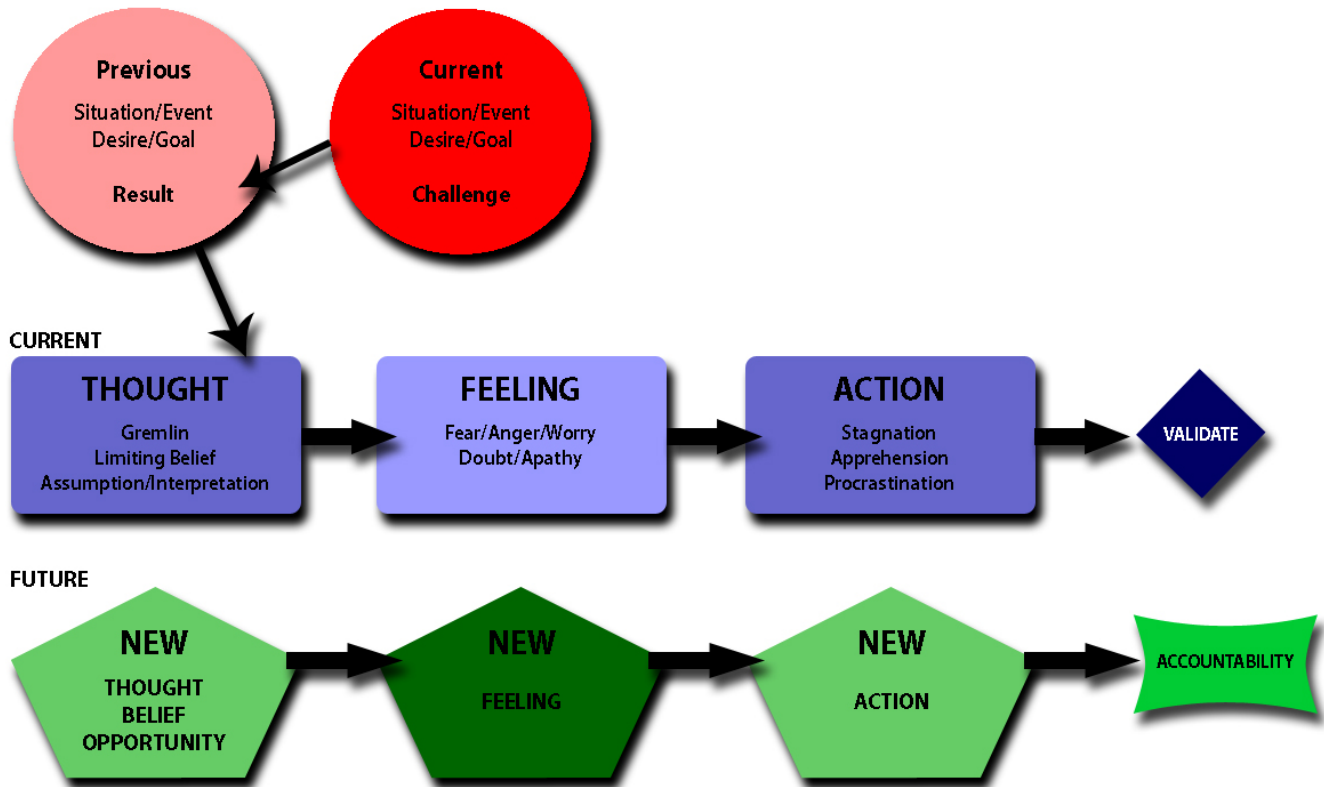
**GO-GO-GO!**



# Our Breakthrough Coaching Tool for You!



## Breakthrough Laser Coaching

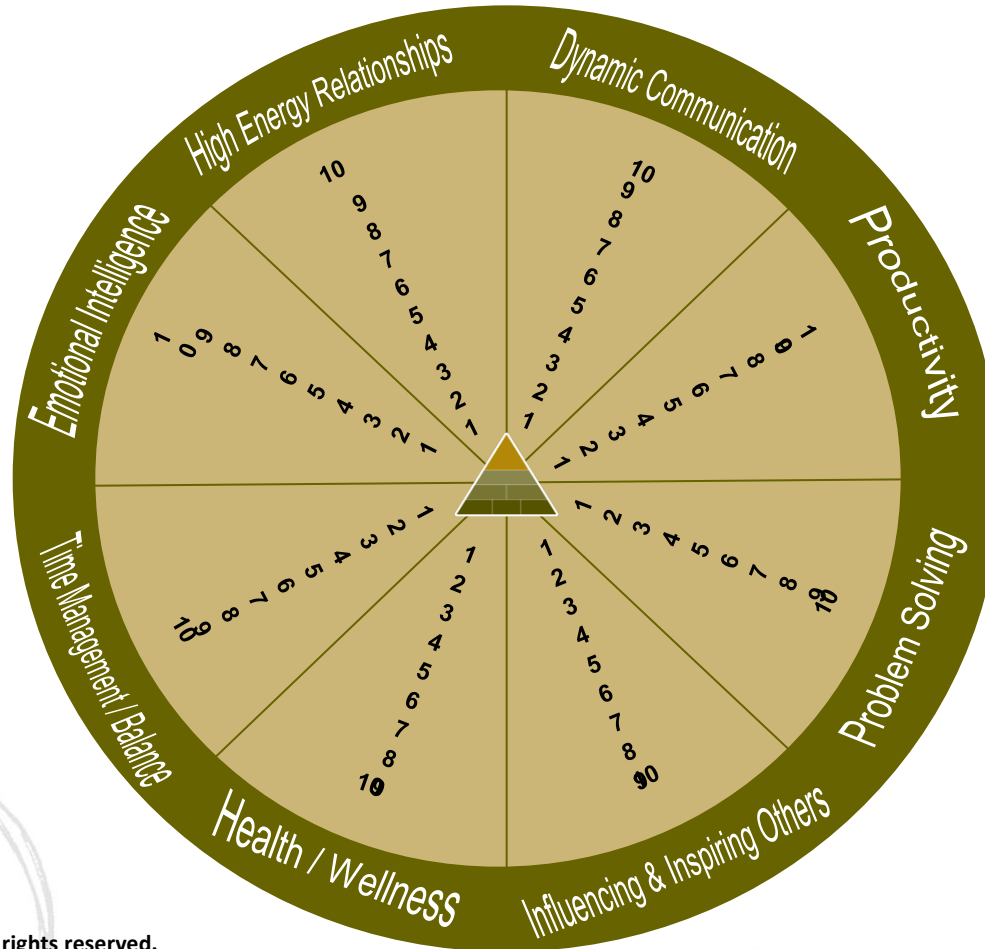




# Coaching Exercise #2


## How Well Do You Lead?

## How Do You Maximize Your Team's T.E.E.?

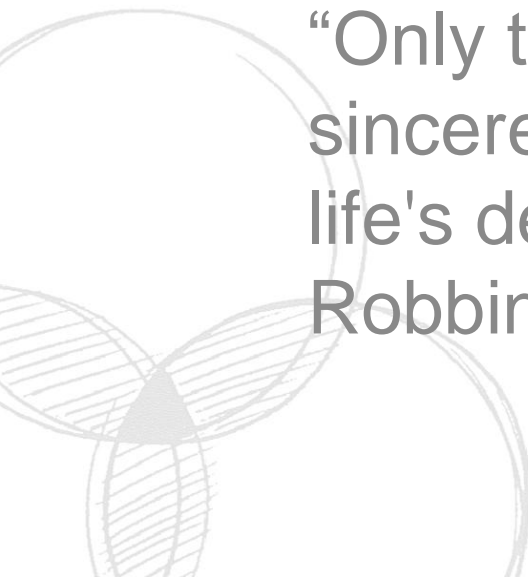


Success

## For you to ponder...



“Happiness is not in the mere possession of **money**; it lies in the **joy** of achievement, in the thrill of creative effort.” --Franklin D. Roosevelt



“Only those who have learned the power of sincere and selfless contribution experience life's deepest **joy**: true fulfillment. “-- Anthony Robbins





**THANK YOU!**

***Wishing You Great Happiness,  
Health, Wisdom & Wealth!***



**First Affiliated**

**Integrated Family Wealth Management™**