

The Art and Science of Creating and Preserving a Meaningful Legacy

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What Is A Meaningful Legacy?

It is an important question for families with significant wealth – perhaps the most important question. The answers are as varied as the families themselves, but we know that is about more than size – the size of the business; the portfolio; or the bank balance. And we know that the best way to learn is by understanding the journey of those who have gone before us and met this challenge.

In an Australian first, Patrick Odier, Senior Managing Partner at *Lombard Odier*, shared his insights on how the Odier family has met this challenge over seven generations. Lombard Odier, an international network partner of JBWere, is an independent, privately owned Swiss private bank, founded in 1796 – the ‘family business’ that forms a core part of the Odier family’s legacy.

In this short paper, we will capture three key observations from Patrick’s prepared remarks and the ensuing panel discussion with Cathy Scalzo (CEO, Scalzo Family Office) and John Russell (CEO, Myer Family Investments).

1. Real Long-Term Focus Is Essential

It is clear that maintaining a long-term focus is a critical part of preserving a meaningful legacy. In the words of Patrick Odier:

“Looking at the long-term avoids many mistakes – management mistakes, transition mistakes, short-term temptations to go out of your area of expertise. But it doesn’t prevent you from being innovative and entrepreneurial”.

Families who have succeeded over generations tend to look beyond current generations, and seek to embed and nurture a strong family ethos. Families have the luxury of establishing long-term goals and aspirations without the burden of quarterly reporting and a myopic lens. This long term focus is critical because all decisions echo through time, as John Russell observed:

“Some of the decisions that you might be making today have the potential to shape your wealth and where it goes over multiple generations”.

2. Governance Matters...A Lot!

A legacy can only be sustained over the long-term if it is built on strong foundations – governance is a key part of this foundation. It is also apparent that different governance models are appropriate for different stages of a family’s maturity. For example, Lombard Odier’s governance framework has been developed over 224 years. It acknowledges the scale and complexity of the Odier family but most importantly it is a living document, as Patrick Odier shared:

“Not only do we review (the constitution and partnership agreement) every year, we sign it every year”.

On the other hand, a family like the Scalzo family, who have been in business since 1977, are at the early stages of their evolution and possess a simpler governance structure which reflects first and second-generation values and works for the family at this time.

An important facet of governance worth highlighting is the role of independents. Independent individuals from outside the family can bring critical diversity in thought and skills to the table at Board, Committee and Management levels. Independents can also take some of the “familial bight” out of conversations, acting as a significant ingredient to a professional and sustainable governance system. As Patrick Odier observed independent thinkers have been critical to the success of Lombard Odier as they seek to “exercise good judgement”.

3. Philanthropy Helps Define A Lasting Family Legacy

The role of philanthropy in helping to define family legacy was discussed extensively. For the Odier, Scalzo and Myer families, philanthropy is a strong thread which binds together the fabric of the family. It serves as a complement to the business activities of each family and helps to set a good example for future generations. As Cathy Scalzo observed:

“Being generous to the community we live and work in is very important. My involvement in governance roles in community organisations is an extension of another principle we’ve applied, which is that philanthropy is not just about giving financially but it’s also about giving time and talent”.

For Lombard Odier, this has been extended with its certification as a B Corporation¹ – in effect ‘walking the walk’ by enshrining purpose into the constitution and operations of the core business. This means that every asset in the family is focussed on addressing social and environmental issues in a positive way.

Concluding Comments

History has shown us that creating and preserving a lasting family legacy is difficult – only 12% of family businesses will still be viable in the third generation; and just 3% will be operating in the fourth generation and beyond². JBWere is working together with a number of Australia’s most prominent families as they contemplate the challenges and opportunities that lay ahead.

Please contact us, or your JBWere adviser, to explore how we can support you and your family navigate a path to a lasting legacy.



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¹ A certified ‘B Corporation’ is a business that meets the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose. The ‘B’ stands for ‘Beneficial’.

² Source: <https://aicd.companydirectors.com.au/membership/company-director-magazine/2019-back-editions/april/family-business>

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