

# BRIDGING GENERATIONS

The power of governance and communication in building lasting wealth.

By: Judi Cunningham



What does it really take to prepare the next generation for the opportunities, and responsibilities, of family wealth? Judi Cunningham is the founder of the Trella Advisory Group, a consulting firm that helps families manage wealth and enterprise, and understands this question—and all of the nuance that goes into it—keenly. As a member of the Advisory Board for the Family Business Institute at Toronto Metropolitan University and a second-generation member of an enterprising family herself, she has spent over two decades working with families, guiding them while they navigate the complexities of wealth, succession, and legacy. During a workshop at the Minerva Summit, hosted by Burgundy Vice President and Investment Counsellor Jessie Bobinski, Cunningham laid out seven key principles of wealth that will ensure that families are helping the next generation become stewards and are building their wealth to last.

**I’M** seventh in a family of eight. I grew up in an enterprising family where we had seven different operating businesses. I worked with aunts and uncles, siblings, nieces, nephews, and many members of our extended family. It is in my blood to think about and be concerned about families and to think about what makes them tick.

I hear from enterprising families every day who are concerned about the impact a transfer of significant wealth will have on their children. When we think about inheritance and the transfer of wealth across generations, there are seven important principles that we’ll want to teach across generations to ensure we are forming stewards of wealth.

But first, we need to define wealth. Wealth is more than just money. There are tangible and intangible assets that form part of wealth. Tangible assets or financial instruments include family businesses, private company investments, financial assets (investment portfolios), real estate, heirloom assets, deferred assets, and philanthropy. In enterprising families, family businesses are often part of the wealth landscape, accumulating financial assets through the operations of their businesses or the sale of an enterprise. Enterprising families are also prolific investors in other families’ businesses. Families invest in a lot of entrepreneurial activity, resulting in private company investments often forming a large part of family wealth. Real estate, heirloom assets—which could

“  
**Wealth is more than just money. There are tangible and intangible assets that form part of wealth.**  
 ”

mean anything from jewelry to cottages—and deferred assets (something like an insurance policy that will realize its value later on) are additional aspects of wealth.

In addition to financial assets, there’s also non-financial wealth: the human and intellectual capital that are more about your family. Families are the most connected engines globally. I always say that in the family space, it’s two degrees of separation—if you want to connect to somebody, there is

a family member who knows them. There’s just incredible social connection or social capital. Spiritual capital also comes into play here, whether that’s in the form of religion or the very deep values that a family wants passed down across generations.

This leads to a deeper dive into developing stewards of wealth. A steward is not an owner of wealth. They may own it or hold it for a period of time; they nurture it, but they are literally stewarding it from one place to the next. If your family has generational wealth and you are trying to create a stewardship mentality, the approach isn’t about “How do I get the wealth and spend as much as I can?” and then saying good luck with whatever happens to be left of it for the next generation. It’s not just about utilizing that wealth, but nurturing it and, perhaps, making it grow.

**BRIDGING GENERATIONS: CRITICAL PRINCIPLES**

**1) Start with purpose and share your family story**

A family needs to understand why they’re building wealth. I ask many entrepreneurs about the reasons they work so hard, and many say things like, “It is fun and exciting.” But they haven’t really thought about why they have sacrificed so much—including, in many cases, time with their families—in order to build wealth. It’s also important that we understand what we hope will happen to our wealth in the future—this will help

## STEWARDSHIP



**Right:** Judi Cunningham presenting at the Minerva Summit

**Top to bottom:**

Judi Cunningham;  
Charles Walker;  
Jessie Bobinski at the  
Minerva Summit



future generations have more in their lives.

Too often, the younger generations that benefit from wealth don't understand how it was created. They don't know what the struggles were. They don't know what it was like when there was no wealth. They have lived a life where wealth was just there, and so life was easier than it had been for previous generations. That's why we must share our stories—to help our families understand that things weren't always like this. And don't just share the difficulties and challenges; share the fun stuff too, because that also helps people understand the purpose of wealth.

### 2) Normalize conversations about wealth

One of the things that I find often in families is that they're very uncomfortable talking about money and wealth. Why? Our relationship with money starts in childhood and comes from our family experiences—the things that we learned at a very young age about money. And inside of one family, people have different values and experiences with money, which shapes our life circumstances and can be a big source of stress. The most common question that I get in my practice is: "What do we tell the children and when?" The answer is that it depends. We tell them at an age-appropriate time, waiting until they have context around money. We need to be thoughtful with what we are revealing around money. Sometimes, I'll ask a family that I'm working with: "What do they know?" And the senior generation will reply, "They don't know anything." But I can tell you that they know a lot. They may not know the numbers, but they know there is wealth because of the family lifestyle and because they're comparing themselves to their peers.

One of the things I always laugh about is when we are talking to families and they'll say, "the kids," but they are actually referring to people who are 50 or 60 years old. We must re-orient our thinking. I'm a big believer in appropriate transparency. Helping the next generation under-



stand what is happening is really important.

### 3) Develop financial literacy

The biggest area of growth in our industry is the development of financial literacy skills in the rising generation. Yes, you've got to learn how to understand a balance sheet, what compounding interest is, and how to manage investment advisers, especially if you're going to start managing wealth. This is how we create stewards. And whatever you do, make these "lessons" fun. This is the most boring stuff, so try sharing this information in short, bite-size pieces. Use examples that come from their lives, from social media—anything that's relevant and meaningful to them.

### 4) Develop softer character and communication skills

This is about helping someone have the ability to follow through, be trustworthy, understand values, and discern whether somebody else has their best interests at heart. It is really hard to understand how to use discernment. It is really hard to learn how to use wealth responsibly, and it is really hard to know how to pass those skills on to the next generation. We are training our kids every single day on what money means, how we relate to it, how we connect to it, everything.

### 5) Support finding individual purpose

Family purpose surrounding wealth was touched upon earlier, but we also must find purpose in ourselves. If we don't spend time understanding our own purpose, we can never be good stewards. Work is often a place where we learn and build self-esteem. We all need to find meaning in our lives. If we don't have purpose, we struggle. Understanding that and supporting the next generation in finding their purpose is really important.

### 6) Build governance and responsibility

Governance is the bridge between generations—the structures we put in place to help with communication and collective decision-making. Families will say, "Oh, this family member makes all the decisions." Then I ask them if that will continue to work well in the future. A governance system of one can work tremendously, but it will not help you get to where you're trying to go, which is, potentially, collective wealth. If your goal as a family is to take the wealth, divide it all up, and go your individual ways that's fine. But if you want any kind of collective decision-making, then what you've been doing won't get you to the next stage. Governance is what helps us start to make these collective decisions.

There are three key components of a family enterprise: the family, the wealth/business, and the ownership. Family is a very private, emotional entity. It's very inclusive. It's about love and care, and it's got this soft, underbelly. It's not like this for everyone—family is not always great. Wealth and business, on the other hand, is much more objective. It's about the nuts and bolts of things. It's competitive. It's very measurable and quantifiable. Then there's the ownership piece, which considers questions like: "Is this investment a good one?" and "Is there a return on assets?" and "What kind of information am I getting?" And all three of each of these components need governance.

Regularly scheduled family meetings are

important. Very large families may have a family council, which is like a board of a family. That governance structure is about managing relationships and inclusivity in the family. It helps the family function well. Governance structures around wealth are all the things related to how wealth is being held and how decisions are being made. This may include trust structures or direct ownership. It is also key to understand the different roles. For instance, are you a beneficiary or a trustee? Are you a director? Who is making the decisions inside this wealth portfolio?

Then there's ownership, which is split into two things: value and control. I often ask the senior generation: "What are you interested in transitioning? Do you want to transition value and not control? Do you want to transition control and not value? Or do you want to transition both?" Because those are very different things. What often happens is that value and control are transitioned at different times and may be split. Good governance can help with the transition of both value and control.

### 7) Mentorship

Mentorship is very important when creating stewards. When searching for mentors, it is best to think outside of your family and explore who else in your world could help the rising generation and give them opportunities to practice. Sometimes families give the rising generation small portfolios to invest for practice. Sometimes they allocate a certain amount of money for philanthropy, so the rising generation has agency over deciding where and how to give.

These seven principles will serve any family with wealth as they guide stewards and bridge generations. Work through them slowly and methodically, and, most importantly, engage the rising generation in the process—do not do it for them. And make sure you engage support and help along the way. This is not an easy process, and there are excellent practitioners who can assist you. **M**

# BURGUNDY ASSET MANAGEMENT LTD.

## TORONTO

Bay Wellington Tower, Brookfield Place,  
181 Bay Street, Suite 4510,  
PO Box 778, Toronto ON M5J 2T3

## MONTREAL

1501 McGill College Avenue Suite 2090,  
Montreal QC H3A 3M8

## VANCOUVER

999 West Hastings Street, Suite 1810,  
PO Box 33, Vancouver BC V6C 2W2

This publication is presented for illustrative and discussion purposes only. It is not intended to provide investment advice and does not consider unique objectives, constraints or financial needs. It is not intended as an offer to invest in any Burgundy investment strategies. Under no circumstances does this publication suggest that you should time the market in any way, make investment decisions based on the content or borrow to invest. Select securities may be used as examples to illustrate Burgundy's investment philosophy. Research used to formulate opinions was obtained from various sources and Burgundy does not guarantee its accuracy. Forward-looking statements are based on historical events and trends and may differ from actual results. Any inclusion of third-party books, articles and opinions does not imply Burgundy's endorsement or affiliation. The information in this publication is as of the date of the publication and will not be revised or updated to reflect new events or circumstances. Burgundy Asset Management Ltd. is a wholly owned affiliate of Bank of Montreal, and may carry on business as Burgundy, BMO Burgundy, and BMO Burgundy Asset Management. Burgundy operates as a separate line of business within BMO Wealth Management.



FOR MORE INFORMATION CONTACT [MINERVA@BURGUNDYASSET.COM](mailto:MINERVA@BURGUNDYASSET.COM) | [WWW.BURGUNDYASSET.COM/WOMEN](http://WWW.BURGUNDYASSET.COM/WOMEN)