

© Tsitsi Mutendi

"Raising the Baobab" is a collaborative book that delves into the five capitals of wealth, as originated by renowned family advisory expert Jay Hughes. The book consists of five chapters, each dedicated to unpacking one of the five capitals of wealth: Human Capital, Intellectual Capital, Social Capital, Spiritual Capital, and Financial Capital.

Each chapter features contributions from notable thought leaders in the wealth and family business advisory industry from around the world. Through their insights and expertise, readers gain a deeper understanding of the importance of each capital in building and sustaining wealth across generations.

Written by Tsitsi Mutendi, a third-generation family business member and respected family governance and succession planning advisor, as well as the host of the Enterprising Families podcast, "Raising the Baobab" offers practical advice and actionable strategies for families seeking to build and preserve their wealth.

With a focus on the unique challenges and opportunities faced by family businesses, this book is an essential resource for anyone seeking to navigate the complex world of wealth management and family governance. Whether you are a family business member, advisor, or simply interested in the topic of wealth and legacy, "Raising the Baobab" provides valuable insights and guidance for achieving long-term success.

# Contents

<b>Prologue</b>	<b>9</b>
<b>Introduction:</b>	
Foreword by James (Jay) E. Hughes, Jr	12
The Seedling to a Tree that lasted many Generations by Tsitsi Mutendi	16
 <b>Chapter 1: Human Capital</b>	 <b>27</b>
1. Annika Hall	35
2. Doug Baumoel, Blair Trippe	44
3. Feisal Alibhai	52
4. Chris Yonker	59
5. David Werdiger	67
6. Joan Sharp	73
7. Cindy Arledge	80
8. Pete Walsh	87
9. Lise Stewart	95
10. Ian A Marsh	103

## David Werdiger

With the concept of multiple forms of family capital, one obvious question is: which is the most (and least) important? And how might they relate to each other?

Jay Hughes puts financial capital at the "bottom". While it's a prerequisite for families of significant wealth, and the source of funding for the other types of capital, its role is just that: a means of support for the other sources of capital rather than an end unto itself. Jay puts purpose - spiritual capital - as the most important and the one that leads the family into the future.



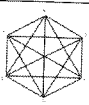

In a perfect world, families develop the capacity to articulate a shared purpose which binds them together. Yet for many families, this is elusive. It requires a lot of work, and depends on the family having a "second order purpose", i.e. the desire within sufficient members of the family to seek for and articulate a shared purpose. In many families, family members simply don't put sufficient priority on this to make it happen. They don't know what they don't know.

Instead, the question we might ask is: which of the types of family capital (still setting financial capital aside) is the "must have" to be a well-functioning family? This is akin to the "what would have to be true?" approach of the strategist Roger Martin.

A well-functioning family *aspires* to an articulated shared purpose (spiritual capital). A well-functioning family *absolutely must have* health and welfare capital.

Now, defining the health and welfare of an individual is straightforward: we can point to several physical and emotional factors that constitute this. However, what is a healthy family? The family is a sum of its parts, but a family is actually more than that. As a system, the family comprises two kinds of things: each individual, and their relationship with other family members. The total health of the family is therefore the health of each individual *as well as* the health of the relationship between all the individuals within the family.

Now, in a family of  $N$  individuals, there are obviously  $N$  individuals, each with their own health and welfare needs. But as the number of members in a family grows, the number of relationships grows at a much greater rate. Without delving into the maths behind this, it's best illustrated by representing the family as a shape: the number of points is the number of members, and the number of lines connecting all of the points are the number of relationships between those family members.

					
People	3	4	5	6	8
Relationships	3	6	10	15	28

In a family of 3 (e.g. two parents and one child), there are 3 relationships: the parents with each other, and each parent with the child. But as the family grows, the number of relationships explodes - in a family of 8 (e.g. two grandparents, two children & their spouses, and two grandchildren), there are 28 distinct relationships. Managing the health of each of those relationships is clearly a complex task!

While not all those relationships may be close (and the example of 8 family members isn't even a particularly large family), the impact of bad relationships reverbs and multiplies through the entire family system.

If a couple with no children have a fight, it's entirely between the two of them to sort out. In contrast, if two siblings in a larger family are not speaking, that can bring hurt to their parents, and lead to awkwardness in their relationships with their parents, with other siblings, or with nieces and nephews. Within the family system, just one bad relationship can negatively affect dozens of other relationships.

For parents, this can be especially painful, as author Nicole Helge famously wrote: “A mother is only as happy as her unhappiest child.” This adage reflects the natural motherly empathy for the welfare of her children and sensitivity when this is lacking.

So family health and welfare is especially important within a family because (a) it becomes a more complex area to address as the family grows, and (b) it has an intrinsic asymmetry: the negative impact on a family of poor health and welfare outcomes is far greater than the positive impact of good outcomes.

What makes a family happy? The flip side to the suffering a parent experiences when their children are unhappy is the natural desire for their children to do well, and indeed to surpass them. Parents are rarely jealous of their children’s success. The Talmud (Tractate Pesachim 112a) expresses this well in the adage “more than the calf wishes to suck, the cow wants to suckle”. While the child may *need* the assistance of their parent (in various ways at various stages of life), the parent *wants* to provide that assistance.

What drives this natural inclination of parents?

Several years ago, I came across a fascinating philosophical question on the Quora platform: “If you were granted immortality in exchange for permanent sterility, would you take it?”

The quest for immortality is deeply ingrained within us, and expresses itself in many ways. One way is the belief in a soul and an afterlife beyond our physical existence. The theme of immortality is common in mythology - from Greek Gods to legends of elixirs of life to creatures such as vampires and zombies. Often in these myths, the 'gift' of immortality comes at a huge price to the extent that it may not be a gift after all.

As science has developed cures and treatments for many diseases and general standards of health and hygiene have improved, our life expectancies have increased. The search for immortality these days takes the form of beauty and 'anti-ageing' therapies, cosmetic surgery, as well as research into the nature of ageing.

In families, talk of death and mortality continues to carry a strong taboo, and helping families have open discussions about "what happens after" is challenging for advisors. The fear of death is surely one of the drivers of the quest for immortality.

Yet there is a deep irony to the Quora question, because our ability to bear children who survive us can itself be viewed as a form of immortality. It allows us to "live on" through our children, just like our parents (and ancestors) can live on through us.

Not everyone either can bear children nor chooses

to. Those people for whom the biological branch of their family tree ends may seek other forms of immortality, such as philanthropic gifts. These may or may not carry their name, which for some people is another method of leaving something that endures behind.

What we specifically pass on to our children is highly varied. It is life itself, our genetic material and aspects of our personality (for better or worse), our values, and our financial capital. We may aspire to transmit good values, or to ensure that our children put inherited financial capital to good use. There are limits to how much we can control either of these aspects of our legacy, and some parents seek to “rule from the grave” in their estate plans, which can have unintended and sometimes disastrous consequences.

Doing our best to ensure the health and welfare of our children is the foundation for the continuity of family. It is the investment on which higher orders of capital is built.