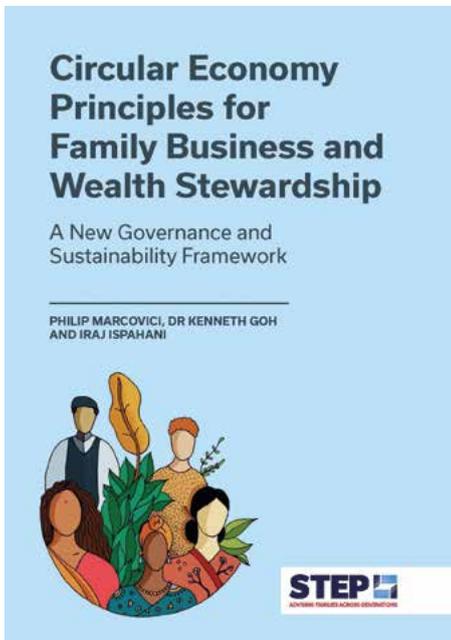


A principled stand

IN THIS NEW TITLE PUBLISHED BY STEP, **PHILIP MARCOVICI, KENNETH T GOH AND IRAJ ISPAHANI** ASSESS A NEW GOVERNANCE AND SUSTAINABILITY FRAMEWORK



In June 2022, STEP published a mini-book on the application of circular economy principles to family business and wealth stewardship. The title, *Circular Economy Principles for Family Business and Wealth Stewardship* develops the theme of responsible stewardship of wealth, which has been a key focus for STEP and follows the 2021 publication of its *Guide to Family Dialogues on the Responsible Stewardship of Wealth*.

The authors have been developing their thinking on this topic for years and are hopeful that STEP members and the families they serve will contribute on how these principles might impact approaches adopted for the governance of wealth and business interests.

An increasing number of wealth- and business-owning families are embracing sustainability as a growing area of focus. Much of the dialogue on sustainability relates to areas external to the family and the governance of family and business interests. Climate change and other environmental

issues, and the benefits of considering the social and economic interests of all stakeholders in decision-making, come into conversations and actions around sustainability. However, not enough thought is being given by families and their advisors to the sustainability of the family itself, both as a family and also in relation to the family's wealth and business interests.

Applying circular economy principles to family business and wealth stewardship can, according to the authors, provide a new approach to underpinning governance frameworks for wealth- and business-owning families. Circularity, in broad terms, means avoiding waste: not only of natural resources, but also of the human resources within families. This includes family members not directly involved in the family business but who have a stake in the future and need to support those in more active roles. Such family members highlight the kind of paradoxes families face. Should a family member be channelled into working in the family business, or allowed (and encouraged) to pursue their own career, reflecting their personal interests and aspirations?

The answer may not be 'either/or'. Indeed, perhaps a 'both/and' option can be a solution. Family members can be supported on the path to self-actualisation. They can be excited about the ways they can support the family business, and family members involved, and can contribute their personal knowledge, skills and experience to enable the business to expand into new areas. Embracing the paradox allows families to become sensitive to opportunities and find creative solutions where both options can be mutually reinforcing.

Wealth- and business-owning families are aware of an increased focus in society on responsible and regenerative capitalism.¹ Throughout the COVID-19 pandemic, the private sector has played its part (often below the radar) in supporting local communities and beyond. Families must, in parallel,

address internal issues that can become greater derailers than the challenges of the external environment. They must ensure that they themselves are sustainable. The family's inner sanctum requires due care and ongoing attention.

Family and business continuity is an inadequate goal for an ambitious wealth- and business-owning family. Families can enjoy the possibility of more than just continuity; they can regenerate and benefit from igniting new generations of family stewards and entrepreneurs to not only steward and continue, but also to build and contribute.

Embedding circular economy principles into the family system often involves confronting opposing or contradictory logics. Paradoxical thinking allows participants to see bridges between these opposing logics through the emergence of unimagined possibilities, allowing circular principles to be incorporated into the family system. Self-actualisation is a good example. Can a family get fully behind preparing a talented member of the younger generation for a career that appears to have nothing to do with the family business? Or is the temptation to come up with rewards for those family members who comply with encouragement to live in certain geographies and take on certain roles? The paradox of the individual's ambitions versus what the family thinks it needs may well be an opportunity that has been misinterpreted.

Families do not need to fear that self-actualisation for family members will compromise collective interests. The opposite may occur if they take advantage of the hidden opportunities that may appear.

In this mini-book, the authors offer an overview of the principles they believe to be important and then provide examples and practical guidance on how the principles of circularity can be applied in the context of family business and wealth governance.

[1bit.ly/3P6fGPV](https://bit.ly/3P6fGPV)

#CAREER AND PERSONAL DEVELOPMENT #FAMILY BUSINESS
#THOUGHT LEADERSHIP

Philip Marcovici TEP is a Consultant at The Offices of Philip Marcovici Limited, Hong Kong; **Kenneth T Goh** is an Assistant Professor of Strategic Management at the Lee Kong Chian School of Business, Singapore Management University; and **Iraj Ispahani** is Chief Executive of Ispahani Advisory, London

ORDER THE BOOK

You can order the book online, either for yourself or to share with your clients. For more information, visit www.step.org/research-reports/responsible-stewardship-wealth