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FROM FOUNDER TO FRAMEWORK · PART 9

Not Every Asset Can Be Divided the Same Way.

Different Assets, Different Governance

What Passes On, and How Each Asset Is Held

Assets | Systems | Clocks

The Inventory
Four Kinds of Family Wealth

The Character
Stewardship, Distribution or Custody

The Answer
Two Systems, Two Clocks

Swipe →



01
THE INVENTORY

What Passes On Is Identified Before It Is Divided

Financial Assets

Listed shares, mutual funds and AIFs held personally, which can be valued and divided with relative ease.

Business Assets

Shares in holding and operating companies and interests in firms and LLPs, with business assets the family also uses, such as the home.

Immovable Properties

Land and buildings held personally or through entities, each with its own title and transfer questions.

Personal Assets

Jewellery, paintings, sculptures, antiques and inherited assets, whose value to the family is not only financial.

Unambiguous Allocation

The ideal is an unambiguous allocation of each asset among the heirs, which starts with knowing what each asset is.

02

THE CHARACTER

Assets Do Not Behave the Same Way

Operating Businesses

ACTIVE

Need continuing judgment, capital allocation and leadership, and carry employees, lenders and customers who depend on continuity of control.

Financial Wealth

PASSIVE

Investments, bonds and rental property need oversight but not continuous engagement, so they preserve value and accommodate distribution.

Legacy Assets

CUSTODIAL

Ancestral homes, land, art and heirlooms carry emotional and symbolic meaning that resists purely financial logic.

Insurance and Digital Holdings

CONTINGENT

Policies, retirement instruments and digital holdings run on contingencies, access protocols and platform terms rather than on management.

Embedded Interests in Indian Families

HUF interests and ancestral estates combine legal rights, custom and intergenerational claims, and need treatment of their own.

03
UNIFORM TREATMENT

Dividing Alike Misaligns the Assets

Continuity of Control

BUSINESSES

A 60% stake left equally to three heirs becomes three 20% stakes, none of which controls, without a single share being sold.

Room for Distribution

FINANCIAL WEALTH

Can be divided among heirs with little loss of value, which makes it the asset class that accommodates distribution.

Custodianship

LEGACY ASSETS

Divided, they lose the meaning that made them worth keeping, so they are held for the family under a custodian.

The Inversion

Uniform treatment divides the assets that need stewardship and centralises the assets that need diversification.

04

TWO SYSTEMS

What Is Succeeded Is Not One Thing

FAMILY SUCCESSION	ASSET SUCCESSION
The continuity of the family as a governing institution: who takes part in governance, and how that is legitimated. Its tests are capacity and legitimacy, built over years through forums, processes and decision rights. It is resolved by governance, not by inheritance.	The transfer of title, economic benefit and control across death, disability, divorce and dispute. Its central problem is fragmentation: each succession event leaves ownership more dispersed than before. It is resolved by instruments: wills, trusts, holding companies and shareholder agreements.

Two Systems, Two Clocks

Leadership is prepared over years before a transition, while ownership changes on the day of the event, so each runs on its own clock.

05
CONFLATION

When Both Are Treated as One Inheritance

Governance Vacuum
AT TRANSITION

Heirs hold shares, but no one holds the authority that rested with the founder, and decisions stall for years.

Passive Holder Paralysis
AFTER TRANSITION

A branch outside the business keeps a blocking stake that it neither understands nor wishes to use constructively.

Matrimonial Leakage
ON DIVORCE

Shares held personally become the subject of claims by a spouse who has no role in the enterprise and no interest in its continuity.

Unliquidated Claims
OVER TIME

Members hold real value they cannot access, and press for dividends, buybacks or asset sales that the business cannot afford.

Two Systems, Two Mechanisms

These failures are preventable when family succession and asset succession are separated and each is given its own mechanism.

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The Takeaway

Assets differ in character, so each is held and passed on according to what it needs rather than divided alike.

Inventory	Every asset is identified, from the business to the heirlooms, before any of it is allocated.
Character	Businesses need stewardship, financial wealth allows distribution and legacy assets need custody.
Two Systems	Family succession sustains a governing institution, while asset succession contains fragmentation.
Two Clocks	Leadership is prepared over years, while ownership changes on the day of the event.

Both systems depend on answers the family gives before anything is drafted.
The next question is what must be settled within the family first.

NEXT → The Conversations That Must Happen