



Fiduciary...What?

Most of you have probably heard the word, *Fiduciary*...Maybe on multiple occasions. What does it mean? Google the word and here's one of the first definitions to appear:

A fiduciary is a person who holds a legal or ethical relationship of trust with one or more other parties. Typically, a fiduciary prudently takes care of money or other assets for another person. Close to that definition is a sentence using the word: The company has a fiduciary duty to shareholders.

I think those sentences set forth what I used to think and probably what most people think when it comes to the word *Fiduciary*.

But, I'd like to dig a little deeper.

If a fiduciary is a person in a position of trust, what are “we” trusting to the fiduciary's care?

Is it just money? I don't think so...

One take is what is referred to as **The Triple Bottom Line** (TBL)...Profit, people, planet. OK. That is one way to broaden the definition of fiduciary. Are we addressing all three?

Another way, I believe, to address the definition, is to ask the following question:

If you are a business owner, what is entrusted to you?

And “the what” includes “the who.”

Let's start the list...Employees, vendors, customers, the business plan, your community, the greater good, your vision for the future. That's just a start. If you're a family business, aren't you entrusted with the history of the family and the business?

Do you have a responsibility to steward the story?

Do you have a fiduciary role vis-à-vis future generations?

So, when someone says, *If the number is big enough we have to take the offer (to buy the company) to the shareholders*, are they considering the parts of their fiduciary duty that extend beyond “the money?”

What might be lost if you only consider the financial aspects of such an offer?

I recently read a book I'd highly recommend by Simon Sinek, entitled, “The Infinite Game.” As we consider this word *fiduciary*, I thought some of the statements were timely. I'll leave it to you to read the book, but here are a few:

- pp.20-21 When companies stick to a “finite mindset” there is a **Loss of inspiration, imagination and innovation...**
- p.22 According to a study by McKinsey, the average life span of an S&P 500 company has dropped over forty years since the 1950s, from an average of 61 years to less than 18 years today... **too many leaders today are building companies that are simply not made to last... Before too long, we have an entire economy operating within the constraints of a finite mindset, playing by the rules for a game we are not in.**
- pp.58-9 **To offer growth as a cause, growth for its own sake, is like eating just to get fat... Organizations that eat to get fat will eventually suffer from health problems.**
- pp.59-60 **I will do good in how I treat people and serve my community throughout my life and still build a financially strong organization. It is not so much an equation as it is a lifestyle. These individuals and companies work to be stewards of the lives of those who work for them and for the communities in which they operate. The giving that happens during and at the end of their lives looks more like a continuation of what they've been doing for decades rather than an attempt at balancing the past. The difference is determined by the leaders' mindset.**
- p.75 Henry Ford said, **“A business that makes nothing but money is a poor kind of business.”**
- p.88 **The three pillars – to advance a purpose, protect people and generate a profit – seem to be essential in the Infinite Game.**

A bit of food for thought as 2020 unfolds... Might a new definition of *fiduciary* move “your vision” closer to 20/20?