It Takes a Village

Organizing the Family Business' Team

Provided by Ryan F. Barradas and Tim Young

When an entrepreneurial family group addresses their succession, exit, retirement and estate planning affairs, whether it's a small change or a series of big decisions, they're in search of quality results. Established businesses and family groups have inherent complexity in their affairs. The tax code, legal system, entity structures, financial markets, the family business and various financial or insurance instruments are inextricably linked. Even if the family changes nothing, their past planning changes with the passing of time.

Let's look at how advisory models traditionally rise to this momentous occasion for families and their operating assets. Historically, advisors in different professional disciplines working with a common family haven't had an intentional model for frequent communication. This article suggests that not only is communication essential, it's no longer enough. In today's world, collaboration is the ideal advisory dynamic for entrepreneurial family groups.

Why is communication between your advisors essential?
A great advisory team has a central goal: to understand the business and the family's vision and carry that vision forward effectively and with integrity. To achieve this, advisors require a common starting point – a confirmation of the client's vision for themselves, their stakeholders and most importantly, the business. As we often say, the business throws the party. Without a healthy profitable business, no plan will achieve the desired results. Although we are working backwards from the stakeholder's desired outcomes, the sole source of cash and cash flow is the business. A clear plan for what the operating asset needs in order to produce this much needed cash flow is a crucial component.

In order to act on the vision effectively, planning implementation has to be airtight. For any given decision a family makes, three to four advisors may need to touch the implementation of a strategy to get it right. It would seem difficult to achieve effective implementation without a model for intentional communication. We not only advocate this for others, at WealthPoint we have built our entire process around fostering the highest levels of communication and collaboration possible. Without this intentional model of communication and collaboration, making progress towards the company and family's documented long range objectives is difficult if not impossible.

The difference between communication and collaboration
Communication is essential; however there is a deeper opportunity at hand for families – the opportunity to have a *collaborative* advisory team. Communication is more about the coordination of tasks; one person informing another about their actions. This passing of information back and forth is helpful, yet families can ask for more.

Collaboration is defined by The American Heritage Dictonary as: *to work together in joint intellectual effort.* Consider the impact of having a truly collaborative advisory team. The team assesses the families' and the business' challenges and opportunities and brings the necessary advisory strengths to the table to move the process forward. Advisors sit together at the table and brainstorm on a family's behalf. Ideas are more innovative and more refined. Consensus builds confidence and momentum into the execution phase – for the advisors and consequently the family.

Coordination vs. collaboration
Coordination is often referred to as "quarter-backing". It may refer to one party posing a specific question to a colleague or informing the colleague of a decision. Although having a leader in the process can be incredibly valuable, this person cannot be a dictator. If so, they may alienate or run over the other participants. In contrast, collaboration requires all advisors to *participate simultaneously* in conversation. The group designs solutions together using the business and family's documented vision as a filter for whether an idea is relevant. However, constraints need to be put on this process. All decisions should roll up and be held accountable to some well defined global macro goals. Otherwise, advisors can go down rabbit holes that are not germane towards accomplishing what the family really desires. The leader can play a vital role in keeping things focused and on track with what really matters to the family and the business.

The magic of true collaboration
Think of a time when you were involved in a group discussion and everyone in the room had mutual respect, and a commitment to work as a team toward a documented result. The spirit of collaboration causes you to listen more attentively. It quiets your own mind while you're opening up to others' contributions. That space in your thinking inherently increases your creativity. Questions and thoughts raised by others challenge or deepen individual and collective ideas. The result is a body of work that no single person, discipline or vantage point could arrive at independently.

Decreased costs and increased efficiency
Some families feel that bringing advisors together for group meetings may increase fees. Ironically, the opposite occurs. With communication occurring real-time amongst all parties, better ideas are formulated in less time, often reducing fees, taxes or other expenses. The team arrives at more relevant solutions faster and there's less chance of one person's style driving the result. Also, collaboration reduces the likelihood that an idea from one vantage point will cause costly problems – in a neighboring discipline – that have to later be unraveled.

How can you foster collaboration?
Two dynamics must be in play. Collaborative advisors assess their strengths and proactively invite additional talent to the table based on the family's vision and goals. This requires self-confidence and confidence in their relationship with the family.

Families must also play a role. *Insist that your advisors collaborate.* Foster communication and relationships first. Then move into a more formal brainstorming process. Enlist assistance from the group in confirming your vision. Then draft some ground rules around how the professionals can move beyond communication and into collaboration on your behalf.

Getting started: an action checklist
- ✓ Call each of your existing advisors. Explain why you're interested in creating a collaborative effort. Define what collaboration is, and what it's not.
- ✓ Bring all your advisors together socially. Allow them to become acquainted in a casual unstructured environment.

- ✓ Schedule your first team meeting. Identify a process or methodology for refining or creating your overall vision for your business and your wealth. The collaborative team will need this documented vision to drive their future idea development. Keep ideas "Mission Critical"
- ✓ Together, create communication ground rules for future meetings.
- ✓ Create a schedule for future meetings and ask everyone at the table to commit completely to the structure. Many of these meetings may be held with the advisors only. Then you'll schedule a group meeting at which advisors share ideas with you – only the short list of ideas they all believe are relevant.

Once you've begun, make sure the process and ground rules are followed. Keep in touch about what's working or not working and commit to achieving true collaboration over time. We at WealthPoint are always available to help STAFDA Members think through these and other challenges in the exit and succession planning process.

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