

The ‘Perfect’ Family Meeting

A carefully planned meeting is the best way for advisors to find out what matters most to members of a family. **BY RICHARD ORLANDO**

THE CLIENT EXPERIENCE

IT WAS DAY TWO OF THE FAMILY MEETING. For the purpose of this article, we’ll call them “the Bairds.” We had dinner together the prior evening, a combination of great food and some laughs. Now we were back in the very comfortable conference room with healthy snacks on the table and the smell of fresh brewed coffee in the air. In the room were Mr. and Mrs. Baird, their four children and the spouses of the two children that were married. In addition, at my suggestion, Mr. and Mrs. Baird’s financial advisor, estate attorney and CPA were sitting at the conference table.

The Bairds have created and continue to create their wealth via a company started by Mr. Baird. This was the second family meeting I designed and facilitated for them. At this point in the process we had covered the family’s vision, values and governance structure, and we were now moving on to investments, taxes and assets protection strategies delivered by the family’s other trusted advisors.

The family members were fully engaged in the process and asked the advisors various questions based on the content they were each sharing. The majority of the children and their spouses had only heard about these other family advisors, but now they not only met them, but also were learning from them and developing relationships with them. In addition, this was the first time all the family



advisors were in the room together getting to know one another.

For many years, I have facilitated multi-generational meetings with families across the United States and with non-U.S.-based families. In many of those meetings, the families’ other trusted advisors were not only present, but also participated. As I observed the interaction between family and advisors, and advisors with advisors, in the Baird family meeting, something I had observed before became quite evident. Not only was the meeting of tremendous value to the family and designed primarily with the family in mind, but it was of equal value for the family’s advisors; it was perfect for all the advisors who participated.

The advisors got to demonstrate their

value to the entire family and other advisors while learning more about what really mattered most to the entire family. They were able to begin developing a relationship with the next generation and their spouses, and for the final kicker, which is not uncommon, at the end of the meeting, as I was leading the family to create the family’s action plan, Mr. Baird turned to his children and encouraged them to spend one-on-one time with each of the advisors, or at least know they could call them directly should they have any further questions. This happened all in one meeting, in one location, in one day!

Family meetings provide the most effective and powerful way to learn about the

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family and build lasting relationships across generations as well as with the family's other advisors. They give you leverage to expand your business, not to mention the tremendous value they provide for the family.

With the expected wealth transfer of \$41 trillion through 2052 from one generation to the next—the ultra-wealthy will transfer an estimated \$27 trillion by 2050—it is imperative for the survival of the families we serve and for the future growth of our practices that we provide services and solutions to help the family plan for success across generations. This is underscored by the fact that, statistically speaking, most families have been unable to successfully transfer their wealth from one generation to the next, let alone carry out a second transfer from the second generation to the third (shirtsleeves to shirtsleeves).

Research shows that the main reasons families are not able to successfully transfer wealth across generations are a breakdown in trust, communication, planning and governance and the failure to prepare the next generation. Families need to emulate a successful company that sets a vision, establishes core values, sets goals, creates a governance structure, communicates across the company, prepares leaders, fosters trust between employees, and intentionally works toward success. It's what I refer to as "the business of the family"—the non-technical side of the family's wealth. By helping the family successfully transfer wealth across generations, it also helps advisors expand their value, which in turn will expand their business. It is also simply the right thing to do for the families we serve.

There are a number of ways to address the "business of the family," but one of the best ways is to arrange a family meeting. It is in the family meeting process that the "business of the family" is proactively and intentionally addressed, not unlike board meetings or executive meetings in a company.

Advisors need to understand the core components of designing and running a successful family meeting. First, you should view the entire family as the client, even if your relationship is with the parents or the patriarch who may have asked for the meeting. A primary goal of any family meeting is to address the themes that matter most to the entire family; otherwise, you may have one person's agenda

The Family Meeting Abroad

There's no question that holding regular family meetings can deliver myriad benefits to everyone involved and that the location chosen for such get-togethers can greatly influence the tone and atmosphere of the meetings. John Morris, CEO of True Latitudes, a boutique travel consultancy for the ultra-affluent, says, "An overseas destination can add a whole level of enrichment to an already important milestone event." Below are just some of the opportunities Morris believes await families around the globe.

- Tracing the family heritage and story back to a particular place or country.
- Understanding and appreciating the family's religious history first-hand.
- Exposing family members to other cultures, languages, cuisines, art, architecture, dance, literature and music.
- Comparing other political and economic environments to the family's primary country of residence.
- Meeting similar families and businesses in other parts of the world.
- Learning about the countries and people with whom the family business will compete in coming years.
- Engaging in philanthropic activities with site visits and volunteer work.

Planning an event at a far-off location where everyone needs to be transported to, housed, fed, educated and entertained obviously entails considerable expense, but is an ingenious way to reinvest the family's financial capital in its human capital. Morris says, "Using the family's resources to stage such a special meeting underscores the importance of the family and its heritage. It's a demonstration of the family's commitment to building its governance, leadership and legacy transferring values across generations." Morris also notes that travel experiences are typically among the most vivid and valuable memories. "Combining travel with a family meeting can turn the event into an key benchmark for the participants and creates the kind of shared memories that will cement bonds between family members and provide a critical foundation for the family's growth and evolution." —Hannah Shaw Grove

being forced onto others. Besides, no one family member holds the entire family story.

Second, to ensure you know what is most important to the entire family, you should speak to every family member before writing the agenda. There may be an exception to this rule, which is when Dad or Mom want to get their children together so they can communicate something specific (e.g., we are selling the business), or, as a general rule, when the children are preteens. Although one can call this a family meeting, it is more like the parents' meeting for the rest of the family.

Third, consider what other personal or professional trusted advisors are involved in this family's life and, with the family's permission, incorporate them into your process—either by talking to them ahead of time to get their perspective and/or having them present at the meeting.

Fourth, where possible, always pick a neutral location for the family meeting: for example, a hotel or country club conference

room, or the conference room of the advisor. I recommend avoiding the family business conference room (especially if not everyone in the family is working in the business) or a family member's home, unless the family agrees to rotate having the family meeting at each family member's home.

Lastly, have a clear agenda for the meeting, establish ground rules for the meeting, end each meeting with a plan of action, and host at least one family meeting a year for each family.

I trust that if you offer family meetings to the families you serve, you will expand your value and as a result expand your business. At the same time, you will be part of the greater cause to help families break the "shirtsleeves-to-shirtsleeves" phenomenon that sees so many family wealth transfer plans end in failure. *Rw*

Richard Orlando, Ph.D., is president and CEO of Legacy Capitals LLC (www.legacycapitals.com). He can be reached at legacycapitals@gmail.com.