

# Enhancing Family Communication: Everyone Wins

*By Peter W. Johnson, Jr.*

Peter Johnson discusses the importance of communication in protecting the family and the family business. Families need discussion to understand their shared needs. This article explains how communication, family values and history and a system of governance can preserve wealth and values for generations to come.

**T**he purpose of this article is elucidate the importance of family communication in producing successful estate planning outcomes. Although it takes time and effort, the rewards for the client, the family, the estate planning practitioner and society as a whole are well worth the investment. In reading the article, I hope you find some useful ideas and tools that can make a real difference in your clients' lives as well as your own practice. My own experiences provide the impetus and motivation for my interest in family communication and estate planning.

## How I Lost Millions

My great-grandfather was a self-made industrial magnate, who went from selling scrap pieces of wood off his bicycle as a teenager to a man worth some \$100 million, having built a shipping company and an interstate lumber company that supplied more than half the lumber used by China and Japan prior to WWII. He clearly wanted his wealth to last for succeeding generations, and set up trusts for his heirs to carry out the vision. Ultimately, however, our family became another example of "shirtsleeves to shirtsleeves in three generations." What went wrong?

The considerable wealth in our family lasted until relatively recently. But, my grandfather's second wife, who was a very wealthy woman in her own

right, gave away virtually every penny of the family fortune—some \$60 million—to charity when she died. Her reason? She "didn't like what money was doing to the family." She certainly had cause to be concerned, as she watched family members dabble at careers and drift into drugs and alcohol.

In their book, *PREPARING HEIRS*,<sup>1</sup> Roy Williams and Vic Preisser discuss the importance of family communication in preparing children for their eventual inheritances. Leaving money, especially a lot of it, to children can be hazardous to their well-being and development, but it doesn't have to be. Preparing and training them to handle it well is essential. We wouldn't dream of handing over the keys of a Ferrari to a young person who hasn't had driver's training. But too often, people leave large sums of money to a younger generation without adequate preparation, and the results are equally damaging.

In my own family, no one talked about family money values, or even what to expect when it came to inheritance. A climate of open dialog and communication would have allowed us to build trust and explore our own interests in a safe, mentored environment. Instead, more than 20 years after the deaths of our parents, my brothers and I are estranged. Surely this isn't the result that our parents or grandparents intended for us.

## The Need for Family Communication

Although families differ in terms of means and circumstances, they generally share some common

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aspirations and dreams. Parents want to see their children achieve success as productive members of society, carrying on family values and perhaps a family business to succeeding generations. Parents and children, as well as other relatives, desire family harmony and personal fulfillment. Ideally, families wish to encourage the unique talents of their progeny, facilitating personal growth and helping develop the confidence needed for personal success.

Unfortunately, estate planning, as it is commonly practiced, often fails to serve families as effectively as it might. Professionals don't usually think of the entire family as the client, though the choices and decisions made will ultimately have a substantial impact on the lives of every member of the family. Traditional industry service models are part of the problem.

Most financial and legal advice is compartmentalized, fragmentary and incomplete. Families hire specialists for accounting, legal and financial expertise, but these professionals rarely work together as an effective team, taking an in-depth approach to serving the family and its unique circumstances, personalities and goals. Ironically, estate planning is almost never done with the knowledge and participation of the very family it seeks to serve. Too often, the first time the family hears of the family estate plan, it is at the reading of the will or trust of a deceased parent. Predictably, conflict and discord often follow, with damaging and sometimes tragic results.

Of course, families also share in the responsibility of creating successful estate plans. However, most lack the technical knowledge, vision and communication skills to create a vibrant and lasting legacy. They may not be cognizant of the potential for individual and family benefits that can be achieved, or of the possibility of conflict and wealth dissipation, that is largely dependent on effective communication before and during the estate planning process. This is an outstanding opportunity for qualified professional advisors to provide real value.

### **The Benefits of Facilitating Family Communication**

What makes family communication so compelling is that everyone involved will benefit.

Families can enjoy greater satisfaction and harmony, while reducing or avoiding conflicts. Financial and emotional security can be enhanced as a result of full family participation and cooperation. The deepened understanding and inclusion possible dur-

ing the planning process provides a real opportunity and hope of drawing the family closer together. In addition, participatory planning minimizes the risk of wealth dissipation. For family businesses, profitability is generally improved, and the opportunity for smooth business succession and minimal IRS involvement is increased. Less obviously, children may have a greater chance at success, as they have a chance to express their interests, thus building self-esteem and providing the opportunity for support and mentoring. Ultimately, families are happier and have a greater sense of meaning and belonging.

Professional advisors, including attorneys, accountants and financial planners to varying degrees, can also benefit from facilitating family communication. Offering such services differentiates the professional and provides a valuable selling proposition. The ability to serve the family as a whole is still quite rare, and families understand their need, if not the solution. The chances of success in bringing plans to adoption and fruition are greatly enhanced when basic needs and motives of clients are addressed through adequate communication. In fact, a number of possible new services emerge, including facilitating family discussions and support and education of beneficiaries. Not the least of benefits to the financial advisor is a greatly increased chance to work with successive generations and a greater number of family members. Finally, advisors have the reward of doing deeper, more satisfying work.

### **The Big Picture**

Although much of the research on family money communication has only been done in the past 10 years, we can learn from the pioneers who have been working with families, particularly with respect to business succession planning, for many years. We can also draw on the evolving practice of "life planning," a holistic branch of financial planning that strives to discover the deepest dreams and aspirations of clients and help them achieve these goals. What we learn is that communication is basic to good planning and strong families.

Communication doesn't begin at the time the family begins to address the estate plan. Family and individual dynamics are created over many years through overt and subtle interactions. The earlier the communication channels are open regarding the estate plan, the better the chances are of achieving a successful plan and building a strong family.

Parents can do much to teach and mentor children about money as they grow, appropriate to each stage of learning and development. An excellent guide to this process, with particular attention paid to wealthy families who wish their children to grow up with balanced and sound money attitudes, is *SILVER SPOON KIDS*, by Eileen and Jon Gallo.<sup>2</sup>

When the time comes to begin the estate planning, including the whole family in the process provides protection against future family dysfunction in the form of conflict and loss of relationships. As with medicine, an ounce of prevention is worth a pound of cure. In this case, prevention means preparing family members and professionals in advance for their roles, listening to each family member's personal goals and concerns, developing a plan that the entire family can buy into and communicating the results. Although senior family members may be reticent to share their views and intentions, often due to past conditioning and beliefs, or the desire to avoid the conflict that he or she fears such disclosure would bring, the actual results are often a pleasant surprise. Regardless of the approach taken, experts seem to agree that clients should discuss their inheritance plans with their children. According to Gerald and Jeffrey Condon, authors of *BEYOND THE GRAVE*,<sup>3</sup> "Even if discussing inheritance issues with your children goes against your grain, [we] strongly encourage you to do it anyway. If you care enough, this is the true solution to potential conflicts and the simplest way to their resolution." The Condons believe that the *only* time that it is possible to diffuse conflict and anger is before the client dies. Not only is family tension reduced, but in many cases family members make valuable contributions to problem-solving and eventual solutions. Without adequate communication and disclosure, uncertainty and distrust arises, and family members are more likely to resort to roundabout, potentially destructive methods in their attempts to achieve their own ends.

Families can and do follow cycles of communication, dubbed "Cycles of Waste" and "Cycles of Value," by Courtney Pullen,<sup>4</sup> a psychotherapist and business advisor who works with financial professionals. Pullen acknowledges that all families face

tensions, and that under stress, even the most rational people regress to childlike states ("under stress, we regress"). The cycle of waste is characterized by disagreement, defensiveness and destructive behavior, including talking behind others' backs. The Cycle of Value, on the other hand, is one in which participants align, act and adjust, seeking common values. The key is to anticipate bumps in the road, and to actively look for intersections of agreement. The engine that drives the process, according to Pullen, is the search for what family members care about deeply. It may be connection or contribution, but the questions that help keep the communication process on track are "What do you care about?" and "How can I help you achieve it?"

Experienced practitioners who facilitate family communication agree that family members, with all of their personal views and desires, must be addressed first, before estate planning issues can be successfully worked out. As Hugh Massie, of Financial DNA<sup>5</sup> puts it, "people first, numbers second." It's not surprising that sufficient inclusion and buy-in among family members is necessary

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before estate planning, no matter how carefully constructed, can succeed. According to Don Schwerzler, Founder of Atlanta-based Family Business Institute,<sup>6</sup> "Most advisors have been trained to think rationally, logically. They go through the process but then can't understand why the deal doesn't get made." For example, in family business succession planning, there are two types of people: "family business first" and "family first business," according to Schwerzler. That's a shorthand way of saying that people who place business first will have far different goals and priorities than those who place family interests first. Differences such as these must be acknowledged and addressed, and common ground must be established, in order to achieve agreement and move forward in the planning process.

There are a number of parallels between family business succession planning and general estate planning, and it may be instructive to use concepts derived from succession planning when thinking about and discussing general estate planning with clients. For example, in both cases, there is a need



to marshal resources, provide for a decision-making process and structure, and agree on common priorities, sometimes codified in a “Family Mission Statement.” As with a company or business, families must share common visions and goals to operate as a cohesive unit, making efficient use of its resources. In addition, there must be a joint decision-making mechanism, referred to as governance. According to James E. Hughes, Jr., “To successfully preserve its wealth, a family must agree to create a system of representative governance through which it actively practices its values.”<sup>7</sup> Further, the system of governance should be cohesive, yet flexible enough to adapt to changes over time.

Another essential ingredient in preserving wealth through the generations is the sharing of family history and values. Through storytelling, family members learn who they are and how their family is unique. As Hughes emphatically states, “Every family I have studied that is still thriving in its fifth and later generations has, either through frequent oral recitation or written documents, committed to the memories of its members the family’s shared values and the method of governance it uses to practice those values.” These family compacts must be renewed and re-energized over time so that the family does not lose its sense of identity and purpose, especially over successive generations.

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## Overcoming Common Challenges

The promise and potential of effective family communication in estate planning may be compelling, but the application of its principles is the real challenge for financial and legal advisors. Again, we are talking about human beings, with all of their unpredictability, emotions and diverse views. Although no one is promising that it will always be a smooth road, we can identify certain issues and problems that arise frequently, which is key to being prepared when acting as an advisor to families.

Conflict avoidance is a major problem because it tends to halt effective communication before it even gets started. Obviously, there may be cultural and tradition-based biases against disclosing one’s estate plan, but another common reason that elders don’t

share their thoughts and plans is because they don’t want to deal with the fallout of family members’ reactions. It’s easier to just leave it all to the survivors and heirs to deal with. Family elders may not realize that (1) discussion often decreases family tensions, rather than exacerbating them; (2) the misunderstandings that result from poor communication and lack of advance preparation damage family relationships and can be extremely costly, diminishing family wealth; and (3) they, themselves, may not understand or appreciate the desires and talents of other family members, thus producing a plan that doesn’t serve the family well. Finally, the family elder may not realize how rewarding the fruits of family communication can be, in terms of intimacy and/or increased family business success while they are still alive.

A second common communication obstacle has to do with the personality of the person who created the family wealth in the first place. Often, the character of a successful breadwinner is at odds with his or her ability to adequately prepare successive generations to handle wealth or business matters. Often, such individuals exhibit traits of intense focus/self-ab-

sorption/family neglect, control, impatience, a sense of urgency and competitiveness. While excelling at personal achievement, these traits make it difficult for them to nurture or mentor family members. One strategy that is sometimes effective in dealing with such individuals is to appeal to their business dedication, emphasizing that the success of the business may be enhanced, now and in the future, through effective preparation and grooming of successors. In families where the father is a hard-driving, dominant individual, the mother often becomes the Chief Emotional Officer, smoothing over the emotional conflicts between family members. Unfortunately, this can result in what Don Scherzler calls “triangulation,” a process whereby communications between family members are directed through the mother. Predictably, this sort of non-direct communication, although less threatening, can result in distortions and filtered messages. The best form of communication is direct, between the parties involved. To that end, family communication facilitators can offer conflict resolution skills to the family, or act as mediator, if necessary.

Families with their own businesses also experience communication difficulties as a result of role confusion. In these families, members often wear two hats, one as an individual family member (son, daughter, father, mother, *etc.*), the other being the role played in the company (partner, bookkeeper, president, *etc.*). Confusion arises when there is a lack of clarity about the role each person is playing in the discussion. For example, in one illustrative case, a father felt compelled to fire his son from the family company as a result of dismal performance, but supported him as a son, assisting in the subsequent job search. Later, the son successfully returned to the family business, having learned his lesson, and eventually became CEO. In that instance, the ability of the father and son to clearly distinguish their roles enabled them to achieve a satisfactory outcome.

Communication can also aid in overcoming everyday challenges faced in estate planning. For example, tensions and conflicts with “problem” family members can be significantly reduced when estate planning discussions are out in the open, and all members are included. The chances for misunderstandings down the road are also greatly limited, because survivors are clear on the actual intent and motives behind the documents, and there has been buy-in on the part of all concerned. Beneficiaries, trustees, administrators and advisors can function more effectively in their roles with advance preparation and training.

A common conundrum, particularly when a family business or other significant asset is involved, is the goal of treating multiple children fairly. Clients often tend toward the simple answer, which is to divide assets equally. But equal is not always fair, and in fact, may be damaging. Once again, consider the family business. In our hypothetical example, there are three children. Two children have no interest in the business, and have never participated, while the third has been involved for a number of years, helping to build the business substantially over the years. At the parents’ deaths, the ownership of the business is to be divided equally among the three children. When the two nonparticipants demand cash for their shares, the remaining child is forced to sell the business to pay them off, thus losing both a job and the opportunity to continue to pursue a personal passion. With adequate family communication and discussion, such divergent interests may be addressed in advance, giving families a chance of creating a plan that can provide for the divergent needs and interests of each beneficiary.

Sudden wealth is another common estate planning challenge. In the estate planning process, clients and advisors often consider questions such as: “How much money is enough for the children?” “At what ages should the beneficiaries receive income and principle distributions?” “How can we provide incentives to encourage behaviors in accordance with our values of hard work, philanthropy and responsible behavior?” One answer may be to take the “sudden” aspect out of the equation, by providing a framework of gradual exposure, mentoring and education. While “beyond the grave” financial incentives may be effective in encouraging behaviors in some instances, they are crude methods at best, and they are not likely to instill higher values. As human beings, we need to develop skills, knowledge and wisdom about life and money, and these take time to cultivate. Heirs stand a much greater chance of success if they are included in family discussions about money and assets and have a chance to practice with smaller amounts and responsibilities in preparation for their ultimate roles as capable, mature adults.

In some extreme cases, parents or other family elders (such as my grandmother) may choose to leave nothing to the children, as a way to encourage a strong work ethic. But even with this approach, wouldn’t it be better to let the children know well in advance, so that they can begin to prepare themselves to earn their own livelihood? It’s hard to imagine a case where advance knowledge of, and planning for, the implementation of an estate plan wouldn’t be the best approach for all concerned.

## Tools and Techniques

Fortunately, there is a growing body of knowledge and resources upon which consulting professionals and families can draw when seeking to deepen and enrich the estate planning process. The core of the process must be centered on the people involved, because the planning is done for their benefit, and because the results ultimately rest entirely in their hands. True wealth isn’t measured solely in terms of the amount of money accumulated, but must also include the satisfaction, security and relationships of the family members. Each of these components has an impact on the others, and they work together to determine the true wealth and prospects for current and future generations.

Truly effective and meaningful estate planning must, by its nature, start with the goals and inten-

tions of the client. In this respect, estate planning has much in common with the emerging practice of life planning, a holistic approach to financial planning which begins with an exploration of clients lives, and how they want them to evolve based on personal values and aspirations. Standard financial planning may be content with a cursory review of personal goals, but life planning digs deeper, on a quest to uncover people's greatest passions and most profound dreams. Money and financial planning are then addressed within the context of the client's life and aspirations. In the case of family estate planning, the key is to achieve a common vision, taking into account the various values and goals of individual family members. If this seems daunting, keep in mind that family members can be motivated to make concessions and compromises when they see that the common family resources must be preserved and protected to provide the best hope of providing for their individual needs.

One tool for identifying and codifying a family's values and goals is the family mission statement. As in business, creating such a statement can be an inclusionary exercise, and provide a touchstone upon which later decisions may be based. This in itself is a powerful conflict reduction technique, and sets an example for family agreement in subsequent discussions and decisions. It also sets a tone of hope rather than one of focusing on existing assets as a limited resource to be divided and dissipated.

Whether it is explicit or implicit, all families and organizations have a system of governance, which may be defined as the process by which decisions are made and conflicts are resolved. In families where wealth will last for more than a generation or two, the family will best be served by a system of governance that survives over time, in order to provide stability and longevity. James Hughes recommends a republic form of governance, which may be defined as "A state in which the sovereign power resides in the whole body of the people, and is exercised by representatives elected by them." The Constitution of the United States is a document that lays out a viable system of governance based on a system of elective representation. In the same sense, a family system of governance must provide a means for decision-making over time, and must be reaffirmed in successive generations, if it is to be seen as a foundation for each individual's success and the family's overall success.

Another tool that can be helpful is the family advisory board, which can provide the family with access

to greater wisdom, resources and creativity than would otherwise be the case. John Ward, author of *CREATING EFFECTIVE BOARDS FOR PRIVATE ENTERPRISES*, recommends including strong non-family members on boards. Although many commentators recommend the creation of family advisory boards (sometimes referred to as a family council or family board), they usually do so in the context of the family owned business. However, since all families are in the business of wealth preservation, family boards can be useful on a much wider basis. Ideally, the board members come from various fields of experience, and are paid for their services. Professional family advisors can make good candidates. In many cases, this objective consultant can help families break through impasses, and provide solutions.

Karl Bareither, in his book *BECOMING A WEALTH TRANSFER SPECIALIST*,<sup>8</sup> advocates a process for working with families, which he calls the Family Business Renewal (FBR) System. Advisors interested in finding a successful structure for counseling families will find Bareither's systematic approach helpful. The FBR System consists of nine steps:

1. Interview individual family members
2. Determine family objectives
3. Analyze current plan
4. Determine alternate transfer options
5. Seek advisor input
6. Develop new plan
7. Present new plan
8. Consider liquidity options
9. Implement and monitor new plan

A quick scan of these nine steps provides a 20,000-foot view of the terrain that is covered in this approach to the comprehensive family planning process. The benefit to the advisor is that the FBR System provides a proven framework and tools for taking the entire family through the wealth planning process, and addresses the human side of the equation at the same time.

It almost goes without saying that estate plans often turn out far differently than intended. The best insurance against unintended consequences is thoughtful, thorough planning. Clients and planners need to ask a lot of "what if" questions along the way. For example, what if the client dies at various ages? What if beneficiaries die at various ages? What might the beneficiaries need at different ages, in terms of education, shelter and health care? What about the lifestyle choices of beneficiaries, in terms of work, marital status, drug use? What is expected from ben-



eficiaries in terms of financial care for others? What provisions have been included to allow for flexibility in the event circumstances change down the road? A book that addresses these issues through the use of real-life examples is *BEYOND THE GRAVE*, by Gerald and Jeffrey Condon.<sup>9</sup> *BEYOND THE GRAVE* clearly illustrates how good intentions can go awry, and how damaging that can be to survivors. It's a great gift idea for clients because it provides motivation to get estate planning done, while educating clients about some of the devices and techniques that can be used to accomplish goals and minimize risks in estate planning.

What can the advisor do when the family planning process gets bogged down, and the energy is turning negative? When the participants begin to experience despair the advisor and family board can focus on the family purpose, the individual benefit and the security provided by the plan. This focus on the positive can re-energize the process and provide clarity that may help define solutions to problems or stumbling blocks.

## Skills Needed

What skills are needed to do this type of work? Obviously, a certain level of technical knowledge and skill is a prerequisite, as are interactive skills in establishing trust and conveying fundamental financial and legal concepts. Working with families takes us one step further, as described by Karl Bareither:

an additional skill must be developed—something more akin to a mediator or group facilitator's skill. To be effective . . . , the advisor must be able to win the trust of an entire family, uncover all the facts or opinions (including those that are sometimes difficult or controversial), use this information to develop a new plan for the future that meets the needs of everyone involved, and then convince the family to implement the new plan now.<sup>10</sup>

The total life experience of the family group bears upon the nuanced business, personal and communication issues involved in family estate and business planning. As advisors, we must be able to cope with emotion, listen and empathize, and hold a vision for the client, who in this case, is the family. It is helpful if we've done our own life planning, and dealt with the changes that ensue when we dare to pursue our highest dreams. The toughest skill may be in challenging the client about reality.

Successful family advisors will have most, if not all, of the following characteristics:

- Enjoys people, public speaking, gathering information, identifying and solving problems
- Is able to explain complicated issues in a clear, concise manner
- Listens and responds in an objective manner
- Is able to mediate and facilitate large and small groups
- Has been self-employed with experience in business, tax, legal or financial matters

## Getting Started with Family Communication

Not all professional advisors will want to get seriously involved with comprehensive family planning, and not all families will be interested in receiving these services. But almost everyone—professionals and families alike—can benefit from becoming acquainted with the basic concepts and opportunities for serving families that enhanced family communication can provide. Financial planning and legal professionals can make significant contributions to family well-being by informing clients about the benefits of family communication, providing articles, and recommending or giving away books that cover the topics of informed estate planning, family business succession and family communication. In cases where the advisor chooses not to become professionally involved, or where the issues are especially complex or emotional, he or she can recommend specialists that focus on family communication facilitation, business succession planning or dispute resolution.

One obstacle that we all face is that there is no commonly accepted service model for this type of work. Professionals are generally trained and accustomed to working with one client at a time, and professional restrictions may tie the hands of some that would like to work with entire families as a unit. For example, attorneys face complex conflict-of-interest obligations that make such work all but impossible. However, according to Ron VandenBerg,<sup>11</sup> an attorney with Lakin•Spears in Palo Alto, California, there seems to be increasing support for, and interest in, mediation and arbitration models within the estate planning specialty just as there has been in family law for a number of years.

At the present time, the most active professionals in facilitating family communication seem to be

fee-only financial planners, perhaps partly as a result of the growing interest in life planning, mentioned earlier. Fee-only financial planners already have business models in place that emphasize process rather than transaction, and they are more accustomed to thinking in terms of relationships and ongoing client satisfaction, because their compensation is spread out over time, rather than all up front. However, some accountants, attorneys and family offices are involved in deeper communication and discovery models, as are some investment product providers, according to Hugh Massie, founder of Financial DNA. The fact that only a small percentage of advisory professionals are skilled in and prepared to do this type of work may indicate a significant market opportunity—and one with large potential benefits for clients and their families.

For those professionals who choose to build skills or develop a specialty in this emerging field of practice, there are resources available, including training, tools and processes, books and articles on the subject. (In the next section of this article, you'll find specific recommendations for a variety of resources.)

## Resources

Obviously, the subject of family wealth and communication touches on an almost bewildering range and variety of issues. This article is meant only as an introduction, but it is my desire to leave you with concrete, practical resources you can use if you find that your clients have a need for further life planning services.

### Family Communication Facilitators

For estate planning professionals who don't feel prepared to handle family communication matters, or who are more comfortable knowing that a highly skilled facilitator is engaged, a good solution may be referring clients to outside professionals who can help bridge the gap between money, psychological and communication issues.

**Money, Meaning & Choices Institute**  
**Dr. Stephen Goldbart and Joan DiFuria**  
**Kentfield, California**  
**(415) 267-6107**  
**[drstepheng@mindspring.com](mailto:drstepheng@mindspring.com)**  
**[www.mmcinstitute.com](http://www.mmcinstitute.com)**

The Money Meaning, & Choices Wealth and Life Planning System is a practical, values-based framework that brings together life planning with

financial decision-making. Its five steps enable people to clarify money-related emotional issues, determine operational money values, and then use these values as a basis for achieving lifestyle balance, strategic philanthropy and legacy planning. The system empowers people and their families to reach values-based agreements about money matters. It can help transform emotional conflicts that are divisive into opportunities for family unity and family communication. The system encourages effective money communication between the generations, enabling parents and adult children to be clear about each other's intentions and perceptions. It helps families make positive decisions about distributions of estate assets

**Family Business Institute**  
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**[www.family-business-experts.com](http://www.family-business-experts.com)**

Family Business Institute offers a broad range of strategies to address the spectrum of unique and complex problems that impact family businesses. Since 1967, their comprehensive Succession Management process has been used by families interested in passing the business from one generation of family ownership to the next generation of family ownership. The keys to growing a family business and maintaining healthy family relationships are trust, strong family values and open communications. They understand family values and know how best to connect family values to best business practices.

**Family Business Renewal System**  
**Karl Bareither**  
**Avila Beach, California**  
**(805) 595-2089**  
**[info@fbrsystem.com](mailto:info@fbrsystem.com)**  
**[www.fbrsystem.com](http://www.fbrsystem.com)**

FBR System, Inc. is a fee-based family business planning firm that uses a holistic approach to preserving, protecting and transferring wealth while renewing both the business and the family. The FBR Model is based on information developed by founder Karl R. Bareither from a survey of his clients, which revealed that lack of intra-family communication was the root cause of most inadequate business planning and poor family relationships. This led to the conclusion that, when planning for the future of the business, input is required from the entire family, not just the business owner. Shifting



focus to the entire family led to the development of a process approach designed to meet the goals of all family members. Over time, this approach evolved into a comprehensive planning model that focuses on renewing the quality of life for the business as well as the personal lives of business owners and family members alike. In the course of his work with family businesses, Bareither developed computer software and other tools that enabled him to move beyond traditional tax, legal and financial planning.

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A family business is more than just a source of income—it's an integral part of the family's lives. Families in business face the same issues that every company confronts, plus the challenges of maintaining family relationships. Loeb & Associates, LLC works with family businesses to integrate the strengths and assets of the family and the business.

## Training

### Family Business Renewal System

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[www.fbrsystem.com](http://www.fbrsystem.com)

### FinancialDNA

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[www.financialdna.biz](http://www.financialdna.biz)

## Recommended Reading—Books

- ROY WILLIAMS & VIC PREISSER, *PREPARING HEIRS: FIVE STEPS TO A SUCCESSFUL TRANSITION OF FAMILY WEALTH AND VALUES* (2003)
- COLLEEN BARNEY & VICTORIA COLLINS, *BEST INTENTIONS* (2002)
- GERALD M. CONDON, ESQ. & JEFFREY L. CONDON, ESQ., *BEYOND THE GRAVE* (2001)

- JAMES E. HUGHES, JR., *FAMILY WEALTH: KEEPING IT IN THE FAMILY* (2004)
- Karl Bareither, *Planning a Family Business Legacy & Becoming a Wealth Transfer Specialist*
- CAROL AKRIGHT, *FUNDING YOUR DREAMS, GENERATION TO GENERATION* (2004)
- JON AND EILEEN GALLO, *SILVER SPOON KIDS — HOW SUCCESSFUL PARENTS RAISE RESPONSIBLE CHILDREN* (2002)
- George Kinder, *Seven Stages of Money Maturity* (2000)
- DENNIS T. JAFFE, PHD, *WORKING WITH THE ONES YOU LOVE — STRATEGIES FOR A SUCCESSFUL FAMILY BUSINESS* (1991)

## Internet Resources & Articles

- **Family Business Magazine**, [www.familybusiness-magazine.com](http://www.familybusiness-magazine.com)—A superb site for family business information. Family Business is a magazine for family companies.
- **Family Firm Institute**, [www.ffi.org](http://www.ffi.org)—FFI is an international professional organization dedicated to assisting family firms by increasing interdisciplinary skills and knowledge of family business advisors, educators, researchers and consultants.
- **Experts Examine Emerging Concepts of “Life Planning,”** J. FIN'L PLANNING, June 2001, [www.fpanet.org/journal/articles/2001\\_Issues/jfp0601-art11.cfm](http://www.fpanet.org/journal/articles/2001_Issues/jfp0601-art11.cfm)
- **Family Money Communication**, [www.uvm.edu/extension/publications/moneymatters/moneymatters1.pdf](http://www.uvm.edu/extension/publications/moneymatters/moneymatters1.pdf)

## Summary

It's clear that there is a vast, underserved market consisting of families that could benefit from a more holistic and inclusive approach to estate planning. Although there exist few service models in use today, there is more discussion and awareness among professionals of the need and the opportunity. Early adopters in the financial, accounting and estate service sectors may achieve a competitive advantage, but more importantly, they have the increased satisfaction that they are helping families avoid problems and conflicts that deplete wealth and create rifts.

## ENDNOTES

<sup>1</sup> ROY WILLIAMS, VIC PREISSER, *PREPARING HEIRS: FIVE STEPS TO A SUCCESSFUL TRANSITION OF FAMILY WEALTH AND VALUES* (2003).

<sup>2</sup> JON AND EILEEN GALLO, *SILVER SPOON KIDS—HOW SUCCESSFUL PARENTS RAISE RESPONSIBLE CHILDREN*

(2002).

<sup>3</sup> GERALD M. CONDON, ESQ. & JEFFREY L. CONDON, ESQ., *BEYOND THE GRAVE—THE RIGHT WAY AND THE WRONG WAY OF LEAVING MONEY TO YOUR CHILDREN (AND OTHERS)* (2001).

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ENDNOTES

<sup>5</sup> Financial DNA is a service firm that provides behavioral assessments and tools that are delivered through Web-enabled applications and ongoing education, facilitation and mentoring programs ([www.financialdna.biz](http://www.financialdna.biz)).  
<sup>6</sup> Atlanta-based Family Business Institute is a resource for family businesses, dealing in profitability and succession planning ([www.family-business-experts.com](http://www.family-business-experts.com)).

<sup>7</sup> JAMES E. HUGHES, JR., *FAMILY WEALTH—KEEPING IT IN THE FAMILY* (2004).  
<sup>8</sup> KARL BAREITHER WITH TOM REISCHL, *BECOMING A WEALTH TRANSFER SPECIALIST* (2003) ([www.fbrsystem.com](http://www.fbrsystem.com)).  
<sup>9</sup> See "Recommended Reading—Books," *infra*.

<sup>10</sup> *Id.*, at 31.  
<sup>11</sup> Ronald A. Vandenberg, Esq., Certified Specialist, Estate Planning, Trust and Probate Law, The State Bar of California Board of Legal Specialization. Lakin•Spears, 285 Hamilton Avenue, Palo Alto, California 94301. (650) 328-7000. [ronvandenbergl@lakinspears.com](mailto:ronvandenbergl@lakinspears.com).

## Essential Tools for Facilitating Communication

For many professionals, the concept of guiding and facilitating family communication seems daunting. We're trained to be analytical, and we're used to working one-on-one with clients. On top of that, many of us don't like conflict any more than our clients do. The good news is that this work is extremely rewarding, the tools are straightforward, and if we've been working with people for any length of time, we generally have more skills and insights than we give ourselves credit for. The following key concepts and techniques are powerful tools that you can use to facilitate family communication. They can also enrich your own personal and professional life.

### Getting Results

Obtaining successful results and satisfied clients as a communications facilitator requires a basic understanding of human communication dynamics. Often, we don't give much thought to how we communicate with others; we just notice that sometimes things go smoothly and other times they don't. Like financial planning, we're not taught about successful personal relationships in school. A little understanding can go a long way to improve the quality of our lives and to ensure success in our careers. Here are

a few pointers that can serve as a guide in assisting others (and ourselves) with personal communications.

Good communication means a good relationship. Often, family members have been around each other for so long that they stop listening to each other. Effective communication is about really listening to the other members of the family and allowing them to remain different, even respecting their differences. Communication implies a set of attitudes about the other person and the relationship.

Given that communication means a good relationship, what are the characteristics of a good relationship? Dennis T. Jaffe, Ph.D., author of *WORKING WITH THE ONES YOU LOVE*, defines a good relationship as one where people:

- have basic respect for each other;
- take time to listen to and learn about each other;
- allow each other to be different; and
- consider preserving the relationship to be more important than any particular issue.

I might add that the ability to persevere and stay present (physically and mentally) is essential as well. There are going to be times in any relationship when

something the other person says is going to upset us. Given that, a lasting relationship entails some self-discipline and understanding on the part of those in it. Staying focused on the other person in a respectful manner can be a great help in this respect.

There are certain common sources of conflict that can be identified and anticipated, thus giving communication facilitators leverage in defusing, and even turning around, potentially difficult situations. Introducing offsetting actions that are opposite in effect can ameliorate these negative experiences. Common sources of conflict include (1) violation of one's sense of fairness or justice; (2) feelings of being unacknowledged; (3) feelings of being powerless; and (4) confusion of family and business roles. It's relatively easy to address these problems through anticipatory or remedial measures, once they're recognized.

Sometimes, we're stymied by own mistaken beliefs about communication and conflict. Here are five myths that don't have to be roadblocks to successful communication:

1. Conflict is bad and wrong if people love each other. This is a very common myth, but the truth is we don't always agree with people we care

about, and we don't often have conflicts with people we *don't* care about. Operating on the assumption that conflict is bad leads to a lack of open discussion and precludes effective communication.

2. Talking about problems will make them worse. This is a common, and counter-productive, belief. There are ways to communicate that dramatically reduce tensions and lead to greater intimacy, all of which are based on mutual respect and caring.
3. Feelings have no place in business relationships. Although many people believe this, it's not credible, even upon a cursory examination. People are emotional, as well as rational, beings, and we simply can't unplug ourselves from our feelings.
4. He or she just doesn't care or want to do anything. We're always treading in deep water when we assume we know other people's motives; in fact, it is a challenge to know our own motives. Rather than make assumptions, talk to the other person.
5. Since he or she won't change, there's nothing I can do. This myth is a roadblock because it puts the focus on the other person, whom we can't control. It's tantamount to giving up before you start. Conflict resolution begins with you; start there and you may find the keys to workable solutions.

## Setting the Stage

Although almost anyone can develop effective family communication skills, there are some essential requisites. For example, a successful facilitator practices effective listening, asks probing questions and takes accurate notes. More importantly, he or she holds the intention of creating a safe and nurturing space for family members to express themselves and be heard. This "safe container" is the metaphorical soil in which personal growth can occur, and the family ecosystem can thrive. The intention and expectations of the facilitator are felt and sensed by the participants, and can set a tone of importance, hope and even excitement as personal and family dreams are explored.

An essential part of setting the stage for successful communication is the promise and expectation of confidentiality. Nothing kills communication faster than the sense that one's words might come back to haunt him or her. Successful communication facilitators know this, and build trust through rigorous application of confidentiality, especially in the context of the family, where personal risks may be perceived as greater than in other settings. Further, it is important to explain that there are no right or wrong answers. Finally, keeping the focus on the goals and culture of the family helps to ensure that the discussion stays energized and on track.

The actual structure of facilitation can vary, but many facilitators recommend holding individual interviews as a first step. These interviews provide a

chance for each family member to speak openly about dreams, concerns and family dynamics. It's an ideal opportunity to open up and speak freely, and family members are often encouraged that the family cares enough to hire someone to listen to their concerns and personal views. During this process, the facilitator gathers information not only about each person, but also about the family culture and the degree of coherence of the existing family plan, whether explicit or implicit. This first step provides important data for the facilitator, while simultaneously setting the stage for deeper communication as the process unfolds.

Aside from individual interviews, the family retreat is an important and powerful tool. A family retreat is by its very nature a special time, set aside from the pressures of everyday living and work. It is also the time that the facilitator opens a dialog, based on the fact-finding done in individual interviews. When the family is gathered for discussion, it is important for each family member to feel safe and encouraged to participate. One useful technique for ensuring that each person is allowed the opportunity to speak without interruption is the use of a "talking stick." (The talking stick was originally used in Native North American tribal council meetings. It was used as courtesy not to interrupt a chief when he was speaking. The talking stick was then passed to the next person who wished to speak. Today, talking sticks are used still by many groups, especially in groups of children



or adults who need help preventing discussions from degenerating into cacophonies.)

Because feelings often run high, and family members need to be relaxed and emotionally present to effectively communicate, it is a good idea to break the ice by acknowledging feelings at the outset of meetings. One simple technique is to ask each person present to say how he or she is feeling, without embellishment or explanation. A response of “glad,” “angry,” “afraid,” “excited,” or whatever, or a combination of feelings, is fine. It is amazing how much this says, and how it helps ground people in the present moment.

When anger and resentment are strong, a deeper process may be helpful. A clearing, involving a person who is upset and the person who is the object of the upset feelings, can work wonders to clear the air and restore a mutual feeling of respect. The process isn't complex, but requires more room to explain fully than I have available in this article. Simply put, it involves four steps: (1) a statement of facts (what happened); (2) the feelings engendered; (3) any judgments or conclusions the aggrieved person may be tempted to believe as a result of the slight; and (4) a request on the part of the person who was upset. The person who is the object of the feelings also participates, responding with active listening. (For example, “I hear that it upsets you when I don't return your calls.”) Each step may require the support of the facilitator and/or other family members, keeping the focus on the person who is doing the clearing. The final step—the request—may result in a negotiation, rather than a

simple “I accept your request.” The clearing process almost always results in calmed feelings and a restored sense of mutual respect and trust. Often, it also provides a window for the upset person to see into him or herself in deeper ways. (A variation on the clearing process, called *The Communication Map*, may be found at [www.relationshipcoachinginstitute.com/communication\\_map.pdf](http://www.relationshipcoachinginstitute.com/communication_map.pdf).)

### Powerful Questions and Exercises

During interviews with *individual* family members, the professional facilitator is working on developing a sense of each individual's make-up, goals and desires, and relationships with other family members. At the same time, the facilitator is seeking an understanding of family dynamics in terms of money and relationships. Some of the questions that can be used to help reveal the inner workings of the family and its members are:

- What are the strengths of the family?
- What are your areas of greatest concern regarding the family's assets?
- In what areas does the family communicate effectively?
- In what areas does the family communicate poorly?
- What roles do you play in the various relationships you have with other members of the family?
- What are your personal dreams and goals?
- What talents or special contributions do you bring to the picture?
- How do you see yourself fitting in to the overall family financial plan?

- Are there any charitable or philanthropic causes that you're interested in?

Things get more interesting in the group discussion setting, where relationship dynamics come into play. This is where the professional facilitator assists in reflecting and clarifying patterns and possibilities on a larger scale, that of the family as a whole. The following exercises and questions can be useful in sorting out relationship issues and arriving at a common family vision.

- *Hat Trick.* In many families, especially when a family business is involved, members have multiple roles to play. For example, a father may also be a boss to his son. It's vitally important to distinguish roles in communication, as illustrated by the following story. After working in his father's business for several months, it became clear that John, his son, wasn't effective, and was creating employee morale problems. One day, John's father invited him over. John's father called John's attention to two hats sitting on a nearby table. One was marked “Dad” and the other, “Boss.” Donning the “Boss” cap, John's father informed him that he was firing him. The father immediately took off the first hat, and donned the cap labeled “Dad,” put his arm around his son, and said, “Son, your mother and I are concerned that you're no longer employed. Is there anything we can do to help?” This story, which comes in various forms from different

sources, illustrates the fact that clarity about roles is important to maintaining trust, understanding and emotional ties. When we reflect on the various roles that exist in families, we see that a single family member may simultaneously be a sister, a mother, a trustee, a stockholder, an employee and a wife. In many cases, it may even be helpful to diagram relationships.

- *Walk in Another's Shoes.* Studies of negotiation have shown that empathy, the ability to see things from another person's point of view, is essential to successful conflict resolution. Here's a powerful exercise that can help build empathy, from Dennis T. Jaffe's book, *WORKING WITH THE ONES YOU LOVE*, which I highly recommend: Find a place to sit quietly and relax for a few minutes. Then imagine a situation with a person who is difficult for you. Clearly picture what this person does, and how you feel when you are with him or her. Imagine how the person looks, and what he or she does that drives you crazy. Now, since this is your imagination, and anything is possible, imagine that you switch places with him or her, and actually become the other person.

Get into his or her shoes, the person's body, and try to see the world through that person's eyes. What does she feel, what does she see, what is she concerned about? What does she want and why is she upset? Get a sense of why you upset her so, and how she sees you. You may be surprised how much you can discover. Now, go back into your own body and look at this person again. From your experience, do you see the situation differently? Can you discover some new ways to respond in a more helpful way?

- *Look to Past Generations.* In order to set a broader context for family discussions, and to open up the dialog about family values, it can be useful to look to past generations no longer with us. Their stories invite a rich discussion of spirit, ideas and practices. Such discussions can also shed light on how differences evolved among family members and groups. In addition, examination of past accomplishments and values can set a tone of lofty ideals to be achieved by future generations.
- *Role Playing.* As families develop new roles for members, such as trustee, beneficiary or

board member, role playing can help prepare individuals for their new positions, and help them succeed. For example, the trustee needs to learn not only about the legal requirements of accounting and reporting, but also the interpersonal skills of dealing with beneficiaries. Playing the role of other positions can deepen appreciation and empathy for the jobs of other family members, too. Younger family members can be encouraged to play junior roles, such as deciding to what charitable organizations small amounts of money are given. Through practice and experience, future generations have a chance to practice such skills as doing research, making presentations and winning support for proposals.

## Summary

As family communications facilitators, we need to have a basic roadmap to the human psyche, and tools that we can use when various challenges arise. Although such work may seem daunting, there are simple strategies that we can use to assist families in building successful financial futures together, while enhancing the self-esteem and skills of those we serve.

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