

# From Success to Significance 'Family-Wealth Alignment' for the Road Ahead

By Lewis C. Haskell

Dave Roberts sat quietly by the pool one afternoon reflecting on his life. After 35 years of working to build then sell his electronics component firm, he had achieved everything he wanted in life, both personally and professionally. His three kids were either in college or headed there shortly. His wife Grace was settling comfortably into her new role as head of pediatrics at the local hospital. His employment contract with his old firm would be up in three months and he did not want to renew it. Friends and family were beginning to ask him what was next and suggesting business opportunities, seeking his investment.

Immediately following the sale of the company, his phone had started ringing with calls from asset managers, insurance people and financial advisors. It seemed as if everyone wanted to sell him something or get a piece of him. They all seemed to offer the next 'ten x' opportunity while he was more interested in staying rich, not getting rich. Over the years, Dave had invested in a little real estate and a few mutual funds but after the sale he realized that he knew very little about investing other than it involved very different skills from running his business.

At 55, he was torn between the desire to slow down and enjoy life after years of 18-hour days and too many games and family outings missed and feeling too young to walk away and retire. He had more money than he had ever dreamed he might have as a result of the private equity players that had purchased his firm. He also realized that it needed to last and support him for many years. With more than \$50 million in the bank, now what? He wondered; what should I invest in, how do I keep the kids motivated, how can we travel with Grace working so hard, what about my sister and her family and, and, and?

That evening Dave and Grace had dinner with Steve Gordon, an old fraternity brother, who sold his business several years ago. Steve and his wife Marlene were in town for an Organ Transplant conference. Steve was the Chairman of a statewide organ procurement organization he had become involved with after selling his company and about the time Marlene had a kidney transplant. Over drinks, Dave shared some of his concerns with Steve hoping to gain some insight into what Steve had done when he sold his company.

Steve and Marlene looked at each other and smiled as they thought back to those earlier days. While many people might wish they had their problems, they are still very real. While the road ahead is shorter than the road behind, it is filled with potholes. Steve shared his experience and Dave was stunned to hear the similarities. Steve then described a process he and Marlene went through to help better understand the larger wealth related issues and how they continue to manage their situation. After a referral from his wealth advisor, Steve was introduced to Bob Andrews, a partner in a firm that specialized in a process called 'Family-Wealth Alignment'.

As a former CEO, Steve had built his business around a clearly defined strategy with systems and a structure to support the strategy. He created within his company the elements he needed to deliver long-term success by developing a leadership style, a set of values and the skills and staffing to support his goals. He recognized some of the same principles and disciplines in the 'Family-Wealth Alignment' (F-WA) process.

Over the course of next two years, Steve and Marlene worked to implement the F-WA process. As Bob Andrews described it, 'Family-Wealth Alignment' is a bit like aligning the wheels on your car. If the wheels are not aligned, the car shakes and vibrates. The faster you go and the farther you go, the worse it gets until the wheels fall off. In a family, if the members are not aligned then the richer you are and the longer you look out to future generations, the more the family will shake and vibrate.

Bob began by outlining the F-WA process and the steps that would need to be taken to create alignment going forward. He started with extensive interviews with Steve and individual family members designed to explore their values. Using a forced choice values clarification instrument, Steve was able to learn more about both his own and his family's value system. Covering such topics as what people deserve by right versus deserve by earning, Steve was able to recognize some of the misunderstandings that had cropped up between him and his daughter. His perspective on personal choice versus social responsibility clarified his feelings on philanthropy.

In the early stages, Bob facilitated a series of meetings with Steve's immediate family to discuss these core values and how they might eventually translate into a strategy for the family. Steve wanted to include the children and his in-laws in the process although Bob said that could come later if he wanted. After developing a 'Values Declaration', the discussion then turned to strategy. What type of family should they create with the wealth they have today and going forward? They discussed the notions of an Endowment family committed to a charitable focus, a Legacy family with a generational focus, or a Dynasty family with an aspirational focus. Once they agreed on their strategy many of the other pieces began to fall into place. In part driven by Marlene's kidney disease and eventual transplant, the family decided to define their strategy as an Endowment Family.

Over the next 18 months, a plan was constructed to establish a Family Foundation as the structure rather than a Family Office or Family Council. The family involved a cadre of experts in the areas of estate planning and taxes as well as wealth management and philanthropy to develop systems to support their goals and to staff the foundation. They identified the skills that family members themselves would need going forward to manage the operation and to accomplish their objectives. Steve became involved in the local Organ Procurement Organization (OPO) in part to leverage his philanthropy and to learn more about how not-for-profits work. Marlene now volunteers as a member of the education group that visits schools to talk about donation, their daughter is the president of the foundation and their son does legal work pro bono for transplant related issues.

The 'Family-Wealth Alignment' strategy now drives most of the decisions they make regarding everything from the investment strategy to charitable giving. Their investing

focuses on ensuring they are personally taken care of as a family, growing a substantial part of their portfolio for transplant related causes, and investing a portion in kidney disease related drugs and biotech firms. Bob continues to facilitate the Family Foundation quarterly board meetings to discuss portfolio performance issues and to review the process changes in situations such as how to handle estate-planning changes with a new grandchild on the way. As part of his own skill development, Steve is also a member of a peer group of other wealthy individuals who meet regularly to learn more about investment issues, family concerns, and wealth management challenges.

As Steve and Marlene shared their plans and the direction they had chosen, Dave and Grace could see their eyes light up and feel the sense of purpose and direction they seemed to have developed. It was clear that they had discovered a direction that both united their family and enabled Steve to transition from success to significance. After dinner, Dave asked for Bob's contact information as Grace and Marlene walked out discussing the education work Marlene was doing and if she would speak to a hospital nurses forum about the kidney recipient experience.

The 'Family-Wealth Alignment' process is based on a well established and highly regarded organizational model for creating alignment. It includes establishing:

Shared Values	- Accountability to Respect
Strategy	- Endowment to Dynasty
Structure	- Family Council to Office to Foundation
Systems	- Decision-making to Performance management
Skills	- Personal and Professional
Style	- Collaborative to Directive
Staffing	- Asset Managers to Trust Attorneys

About the author: Lewis C. Haskell is the founder and CEO of Virtualboard, an advisory service for CEO's, high net worth families and their advisors. The 'Family-Wealth Alignment' process is available for wealth advisors who are looking for a process to support clients interested in a comprehensive wealth management solution. Lew is also the Managing Director of Tiger 21, LLC a peer-to-peer learning organization for high net worth individuals. [lewis.haskell@tiger21.com](mailto:lewis.haskell@tiger21.com)