

# Prepare Your Heirs

*Why it's so important for families to work together as a team*



Sitting in his corner office overlooking Central Park, Mr. Burroughs knew he had *arrived*.

He told me the incredible story of how he had come from nothing and now runs one of the largest real estate firms in the United States and Canada. He is highly respected, known for delivering a quality product and trusted among his business contacts. Business is on the upswing, his executive team functions like a well-oiled machine, succession plans are in place and he is excited about the future. The best experts in the country are putting together top-notch estate-planning documents. Taxes are optimized, and preservation and growth strategies are in place.

That was all incredible, but one critical piece was not yet in place: How was he going to prepare his family for the massive amount of wealth he was leaving behind?

## Unprepared for Wealth and Unskilled in Talking About It

Mr. Burroughs held his head in his hands as he told the story of how his family was unprepared for the wealth they had amassed. He worried incessantly about their lack of interest in preserving that wealth and their unwillingness to come together for a family meeting. Signs of entitlement were becoming more common,

and no one seemed to care where or how the money was made. Family holidays were permeated with meaningless pleasantries best described as cordial hypocrisy, with everyone avoiding the “elephants” at the table.

Over the years, Mr. Burroughs had built very respectable levels of trust in the business community. The level of trust within his family, however, needed to improve exponentially. In fact, that lack of trust represented the largest risk to his fortune, especially given the dismal 70 percent failure rate of wealth transition that our research has revealed. (*Failure rate* is defined as a family business in which relationships are no longer intact, and the business owner has lost control of assets).

He knew he needed to have his family come together as a team so the wealth could be a force for good, but he wasn't sure how to get there.

## Open, Honest Communication Is Paramount

Mr. Burroughs contacted us because he knew he needed expert assistance.

When we sat down with his family members, they disclosed that their money was actually a source of friction in the family. The lack of clarity about how they were going to share in the wealth, how it was going to be divided and their inability to talk about expectations was causing increasing tension.

Dad had always made most of the financial decisions in the family — and that, too, was cause for concern. They felt they did not have any say in how the wealth was going to be used or how it might influence their lives. Everyone knew there was an estate plan out there, but they were just in the dark about its goals, how it would be implemented and why Dad structured it the way he did.

## Trust Is the Foundation of Healthy Family Relationships

Family relationships are built on trust — trust that each individual will be heard, trust that they can speak up for themselves and others will listen, and trust that other family members will “have their back.” That does not mean anyone has to give up control. It does mean they will have to learn to listen, be explicit about how and why decisions are made and communicate openly and honestly. Open and honest communication is the hallmark of trust. That can happen only if the family team builds, implements and manages a communication process that cultivates trust.

When trust is *not* nurtured, relationships disintegrate. Here are some of the symptoms of relationships beginning to falter:

1. A lack of willingness to spend time together other than the requisite holidays
2. Making excuses to not attend family meetings
3. Refusing to participate in a foundation, family council or board, or activities related to the estate







4. A lack of willingness to speak openly and honestly, believing that nothing will change even if they did and that it is not worth the effort to try

These all are signs of breakdowns in trust and communication that adversely affect family wealth.

Families don't just inherit wealth; they also inherit communication patterns and skills. Talking about how money will be shared is not an easy subject, especially for the people who made the money. Like executive teams that come together to learn how to optimize performance, families need the same collaboration. Learning how to coordinate more effectively together, how to speak truth to power and how to build trust with each other are vital to any family becoming a team.

## Roles Need to Be Defined Clearly

All teams have to learn how to work together, especially family teams. They need to know their roles and responsibilities on the team.

For example, if there is an executor of the estate, everyone on the team needs to understand what his or her role is, the level of skill required to do the job and clear expectations of his or her outcomes in the role. These components are all vital to having everyone else

on the team be able to do their jobs well, too. It is difficult to be a good beneficiary if you are suing the executor for incompetence.

Another example of a key role on the family team is leadership of the family foundation. Again, everyone needs to have clear expectations of the length of the term, deliverables for the position and the required prerequisite skills to be on the board, such as leadership training. By addressing these key issues of trust, communication and clearly defined roles, today Mr. Burroughs' family is thriving. Through facilitated meetings, education and one-on-one coaching over a period of 18 months, they came together as a high-performing team. They have implemented large-scale philanthropic development projects, built new governance processes so the next generation has clear roles and responsibilities in the family and family-business matters, and created a highly effective family council that settles family disputes and works to avoid outside litigation and legal fees.

The purpose of sharing this case study with you is to demonstrate the opportunity and breakdowns families can experience when they fail to learn to function effectively as a team. The breakdowns can be misunderstandings between generations, spouses who have different values, being unable to talk through a challenging topic or a mood of resignation that emerges over years of inaction.

## Invest in Your Family's Ability to Function as an Effective Team

Proactively engaging your family in conversations about wealth transfer will increase your odds of the family remaining intact and staying in control of your assets. Learning how to increase the levels of trust and communication on your family team, preparing the next generation to have a responsible relationship to wealth and aligning the family on a set of values are essential to avoiding the 70 percent failure rate noted earlier.

The greatest risk to your fortune is not the market, poor advice or a bad plan. It is actually ignoring the integrity of your family unit. Investing in your family's ability to function as a high-performing team may be the best gift you can give them.

## Successful Wealth Transition Is Our Specialty

Regardless of the challenge or opportunity, we know from research and experience that families have a choice to either *build* or *lose* their fortunes and sense of unity. We assist families in sustaining and growing their wealth across generations by codesigning a clear and compelling future direction for the family and its wealth. Integral to this design are the components of building trust, creating a shared purpose for family wealth and building requisite governance structures for family members to generate positive social impact.

The Williams Group has a proven track record of serving



  
**THE WILLIAMS GROUP**  
*We Prepare Heirs®*

more than 800 wealthy families for the past 54 years. We are considered thought leaders in the domain of generational wealth, with consistent success in our consulting, as well as a wide array of award-winning publications, books and keynote speaking engagements.

Our expert team of credentialed family coaches and organizational consultants is uniquely trained in our highly successful process. We help families create a shared purpose for their wealth, manage difficult conversations more effectively and design governance structures for seamless decision making.

Let us help you take the next steps to build high-trust relationships, design successful wealth transfers to the next generation and bolster your business and philanthropic ventures.

To learn more about how to become a high-performing family, visit us at [www.thewilliamsgroup.org](http://www.thewilliamsgroup.org).

  
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