Becoming a Wealth Transfer Specialist

If you are currently actively working in the family business market, you probably spend all or most of your energy pursuing the business owner. The typical agent considers the business owner the prospect or client and confines the fact finding process to discovering what the owner wants. The business owner, too, generally believes decisions affecting the business are his alone to make. I believe there is a better approach.

The Family as Client

In my work with family businesses, I treat the entire adult family as the client. From the outset, I obtain agreement from the business owner that every family member's expectations and goals related to the business are important. My objective is to create a wealth transfer plan for the family's entire wealth, not just the business. In order to do that, I must create a plan that will reflect the needs, desires and expectations of the entire family. Contrast this approach with a business continuation plan developed in secret with input provided only by the owner.

To develop the information I need, I personally interview every member of the family — including spouses. Frequently everyone in the family does not have the same attitude as the current owner toward the business, and the only way to understand what the various attitudes are, is to ask. I interview every family member in a "safe" setting where they can be comfortable sharing open, honest answers to the questions I pose. I ask about family relationships, communication problems affecting family members and probe expectations related to the future of the business and their perceived role in it. This information helps me understand the objectives of the family regarding the transfer of the family's wealth.

Once the information is obtained, I work with other trusted advisors of the owner to develop a new wealth transfer plan. I use computer software I have developed for this purpose. The software creates a report that describes the current wealth transfer plan and makes recommendation for changes. The report is written in layman's language so everyone in the family can easily understand it.

The Family Retreat

The new plan is presented to the entire family at a family retreat. The retreat is conducted at a neutral site, such as a hotel or resort, where there will be no distractions. Every adult in the family is invited and expected to attend.

I begin the retreat by asking each family member to respond to three questions, 1)" What do you expect from the retreat?" 2) "What do you admire most about your family and the business?" 3) "What would you like to see changed?"

Responses are recorded on flip-chart pages and posted around the room. As the new plan is unveiled, I point out how its provisions meet the expectations expressed during the three-question exercise. If I've been an active listener during the individual interviewing, I know my recommendations will hit the mark.

The retreat experience is always exciting. Many business owners I've worked with have told me that this was the first time they ever heard their children speak openly about the business and their expectations. Often, the children's comments trigger deep emotions in themselves and others in the room. Sometimes conflicts arise. These are important to address because conflict and hidden agendas jeopardize the success of the wealth transfer plan and the quality of the family life.

In many cases, the family retreat is the first time the family has ever openly discussed business and financial matters. I call my process "family and business renewal" because, while it helps preserve the business and other family wealth, it also enhances family relationships by opening the door to better inter-family communication.

Compensation

You may be wondering how I can afford to spend so much time and energy on each case. Well, the answer is simple. I charge a fee for my wealth transfer planning services. Most insurance agents are focused on their commission and don't stop to realize that they are giving away their valuable expertise and advice. Over the years I generated $1.3 million of wealth transfer fees and qualified as a lifetime member of MDRT and Top of the Table. I believe the services that I bring to my clients add considerable value. My fee typically ranges from $10,000 to $40,000, depending upon the size and complexity of the case. I guarantee to refund the entire fee if the client family is not completely satisfied with my work. I find informed business owners are not reluctant to pay wealth transfer fees once they understand the objective nature and scope of my work.

You can experience similar success in the family business market by following these basic principles: treat the entire family as your client; focus on the family's entire wealth, not just the business; present the new wealth transfer plan in a retreat setting; charge a value added fee for your wealth transfer services. Be more than only a product salesperson, become a wealth transfer specialist.

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