

## PRACTICE MANAGEMENT

### **Multidisciplinary Advising**

As entrepreneurial baby boomers start thinking about business succession and transition, they will come to rely more and more on their team of trusted advisors to help them chart a course for the future. **Leah Golob** explores the “multi-professional approach” to financial advice and how this team approach can work well for the financial advisor who understands how multidisciplinary advising can ensure the long-term success of the family business

The field of family enterprise advising is gaining traction within the financial services industry in anticipation of the mass retirement of the baby boomer generation. Many boomer family business owners are only now contemplating the future of their enterprises; they’re apparently not yet ready to hop out of the driver’s seat and let the next generation take the wheel.

A recent PricewaterhouseCoopers study asked a group of family businesses whether or not they had a succession plan in place. Only half of the families surveyed had a plan, and of those families, only half had clearly designated a new leader for the business. As family business clients start to require more comprehensive advice to meet the needs of both their business and family, financial advisors will no doubt feel the pressure.

Judi Cunningham, executive director of the Business Families Centre at the University of British Columbia, has witnessed first-hand the stress businesses face when advice from their advisors has been shortsighted.

“Advisors are trying to talk to them about technical issues that the family has no idea about because they don’t even know what their family wants or needs,” she says. “The families are not being urged to have those conversations because the technical advisors are not equipped to have the deeper, family conversations. They understand insurance or whatever technical advice they give. Unfortunately, that’s not enough when it comes to their current need for strategic advising.”

Cunningham observed a lack of resources for advisors serving entrepreneurial families, particularly for issues such as governance, wealth preservation, relationships and succession planning. To help fill this void she created the Family Enterprise Advisor Program at the University of British Columbia’s Sauder School of Business. The program promotes a more sophisticated, comprehensive and consultative approach to family enterprise advising. The key to this comprehensive approach has been a strong multidisciplinary focus.

The field of multidisciplinary and family enterprise advising is so new that research on the topic is scarce. “Even without specific practical models, philosophically, if advisors understand the benefit and the need to integrate their advice, they will. In many cases, financial advisors with family business clients need to re-think the way they offer their advice,” Cunningham says.

The Business Families Centre is not alone in its vision for a multi-professional approach for the field of family enterprise. One source working for a significant multi-generational Canadian business family says the business has found it critical to bring different teams together to represent the uniqueness of the family.

“Working with families is a little different from working in a corporate environment. A family business needs more options so they can get results organically,” the source explains. “A lot of individuals in a family business don’t know where to look so they rely on their trusted advisor; but unless that advisor has insight into multidisciplinary advising and the family business industry, their input won’t be very helpful,” she said.

Noel Golden, founding partner of the Golden Advisory Group and retired partner and previous regional leader of the wealth management practice of Borden Ladner Gervais, draws on nearly 20 years of experience providing business and legal advice to family enterprises.

“No one person is equipped professionally or emotionally to address all the needs of today’s sophisticated family enterprise clients,” he says. The needs of family enterprises go beyond the traditional technical advice because of the involvement of individuals that bring a lifetime of family dynamics to the table. “It is impossible to entirely separate the business from the family and the individuals within it,” Golden adds. “The emotional intricacies that [impact] decision making make these enterprises unique in the understanding and advice they require from their professional advisors.”

### **Understanding Limitations**

Inadequate advice is what’s given when advisors don’t understand the needs of the client and when they’re unaware of the role other professionals play in advising that client. “I think the most important thing about multidisciplinary advising is that advisors need to understand the limitations of their own work — what they can and can’t do,” explains Cunningham. “The family will always tow their financial advisor into areas where they’re not qualified to provide advice ... because they’ve built a level of trust with their advisor.”

Financial advice is a competitive industry. It can be difficult for an advisor to acknowledge that the family might be better served by another advisor. Admitting this may mean diminishing an advisor's hard-earned relationship with the client, at least temporarily. The problem is most advisors feel this is too much of a risk and are fearful of losing both the client and the revenue.

As Cunningham notes, "The moment [we become] driven by how we get paid, how much we get paid, when we get paid, and all of the other stuff around our payment, [is the moment we cross] over to the side of potentially bad advice. [At this point] we're not doing what's best for the client — we're doing what's best for us."

A common overstep for technical advisors is attending to matters that require a "soft skills" professional, such as a coach, facilitator or therapist. For example, a technical advisor might point out that the family has unresolved issues and it would be prudent for the owner to arrange a family meeting. The business owner, interested but dreading potential discord, asks for help facilitating the meeting. All too often, the technical advisor will agree even though he or she doesn't possess the necessary facilitation or mediation skills and training. Intense emotions can surface during these meetings, and advisors who are not specifically trained in facilitation will find they are simply not equipped to provide a leadership role in these situations.

### **There is no "I" in "Team"**

Multidisciplinary advising can be a challenge because advisors don't always have a specific group of professionals with whom they can approach every family business client. "Advisors must be able to work with advisors from pre-existing relationships and provide the missing links when needed," says Paul Tompkins, president of Tompkins Insurance Services Ltd., in Toronto. "There is a constant need to expand your network and learn who the top advisors are in other fields."

When working within a multidisciplinary team, it's critical to create an atmosphere of trust and respect. "Your reputation precedes you, so each time you act, you create your reputation," Tompkins adds. "For people who advise in family enterprise, it's a small world. Trust and reputation are valuable commodities."

Noel Golden stresses the importance of putting the team before the individual. "If people on the team can check their egos at the door and embrace the concept of 'team,' there is a greater likelihood of success both for the group and, more importantly, for the client," he says. "The old adage [of there being no 'I' in 'team'] rings true in this context. Developing a team of professionals who have common values and goals and complementary personalities will also go a long way toward achieving this goal."

David Sung, president of Nicola Wealth Management in Vancouver, echoes the importance of a team with an aligned vision and mission. "The most satisfied clients are those whose professional advisors have worked together and make a commitment to achieve a common goal," he says. "Who wouldn't want to know that you have a team of advisors looking after you, without you as the client having to orchestrate getting all your advisors together at the table?"

Working as a team sometimes means individually taking a step back. "You need to have one voice that speaks as a sort of final word," says Sung. "You can't have two quarterbacks on one team. Could you imagine if two quarterbacks starting calling out signals to start a play? The team [would accomplish nothing]. The team has to agree that, in any given situation, there will be one quarterback who will take the lead, and that this quarterback is not always going to be the same person. Oftentimes the quarterback will be the person the client most trusts. Ideally, though, the quarterback is going to be the most appropriate expert."

Conflict among a diverse group of individuals is often inevitable, but it doesn't have to be damaging. For Sung, managing conflict within a multidisciplinary team can be as simple as learning one's ABCs. "A" is a reminder that all team members participate in the process of allocating responsibilities and evaluating the effectiveness of the team and its members. "B" is for behaving according to an agreed operating charter. If a charter or a code of conduct has been created, the team is connected by their shared principles, decreasing the likelihood of future conflict. Lastly, "C" represents the importance of commitment and communication. This means frequent, open and honest communication, resolution of conflicts as they arise, and timely frequent meetings to ensure a smooth process.

The multidisciplinary approach to advising the family enterprise ensures both the business and family are expertly and holistically looked after. In turn, this approach enables the long-term success of the family business client. Individually, technical advisors can promote the short-term growth and protection of finances; in a team, advisors can cultivate the growth of a legacy.

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