

## THE LEAD ADVISOR

*by Ryan Zeeb*

Ask any advisor or consultant who works (or wants to work) with affluent clients what role they would like to play in their clients' lives, and the answer will almost always be the same; advisors want their clients to think of them as the "lead" or "trusted" advisor. That may be an ideal outcome for the advisor, but it raises a couple of important issues. First, very few advisors will actually work with extremely wealthy clients in the course of their careers. That's reality. Second, the suggestion that your goal is to become your client's 'trusted' advisor begs the question of how your client regards his or her *other* advisors. And, there will be others, particularly with affluent clients.

In my experience working with very wealthy clients for two decades, I have identified two truths about the dynamics of their advisor relationships: (a) most affluent families actually *do* work with someone whom they regard as a "Lead Advisor," and (b) those families who don't have a Lead Advisor desperately need one.

A Lead Advisor is the professional who families turn to for advice on a host of issues that are important to them. He or she has a comprehensive understanding of both the clients' financial as well as their family dynamics. That understanding is critical to helping clients make wise choices, and it is also why a Lead Advisor is pretty much the dictionary definition of a true fiduciary; that is, one who makes decisions that are in the best interests of, and inure to, the benefit of others.

The ideal Lead Advisor takes on the Lead role, and only that role. If they are an attorney, for example, they don't do legal work for the family themselves. Instead, they help the family to engage an attorney who is well-suited for the task at hand, and then the Lead Advisor acts as a liaison between the family and the attorney to ensure that everything gets done.

In a very real sense, the Lead Advisor acts as a buffer between the family and the people who are performing the multiple levels of work required to manage their affairs. In doing so, the Lead Advisor relieves the clients from the drudgery and time requirements of endless meetings. In this role, the Lead operates much like the experienced

surgeon's scalpel; he or she knows just where to cut, what to cut, and when to cut (or not cut!), as circumstances dictate. Operating from his or her vantage point behind the scenes, the Lead Advisor makes sure that the family's wishes are carried out.

Most of the documents drafted by top professionals are very good. However, those documents are often drafted consistent with the typical desired outcomes of most families or those of the professional, and they may not be consistent the desired outcomes of the family. Both the needs and desires of a family will change over time. As a result, documents that were written several years ago may be inconsistent with the current desired outcomes of the family. For example, documents drafted with minor children in mind are often not ideal for the family as those children age. One role of the Lead Advisor is to review all of the client's documents to make sure they are both consistent with the client's desired outcomes and with the client's other documents.

Lead Advisors sit on the same side of the table as the family when they hire or fire other advisors. Families with whom I have worked in these situations gladly acknowledge that the Lead Advisor usually knows more about conducting due diligence on professionals than they do. Lead Advisors are also more capable at leading the complete professional team than the client is. (It's hardly a secret that the client doesn't want to do all of that work.)

At a time when the "Family Office" concept is all the rage among professionals and their affluent clients, we are finding that even ultra-high net worth families are actually better served by the Lead Advisor model than by the traditional Family Office. Each family (and each generation of each family) is unique. A traditional Family Office includes a suite of services that may or may not be applicable to any particular family. And, the family is paying for all of those services. With a Lead Advisor model, the family (and each generation within the family) can identify those services and professionals that they need, and only pay for those services and professionals that are necessary for them. A true Lead Advisor can help wealthy families select the other advisors for the team. Some of those advisors will participate on a regular basis in managing family affairs, while other 'specialists' may only be engaged long enough to help on particular issue or to help clear a road block.

In my opinion, Lead Advisor compensation should be on a fee only basis. Their engagements by the client should be no less than a year, but more typically should extend

out from three to five years. Managing the affairs of wealthy families tends to be a complicated undertaking; the Lead Advisor has a steep learning curve ahead of him or her, and that process, as well as creating the implementation team, takes time. In addition, the Lead Advisor should be part of a firm with other professionals who can step in if the Lead is unavailable. Often, that firm may provide multiple Lead Advisors for different generations of the same family.

Families who engage Lead Advisors can experience significant benefits. For example, I ask the same question of both spouses in each generation of a family with whom I am working: "If your spouse were to pass away suddenly, do you know who to call, do you know what to do first, and are you aware of all of the responsibilities that would fall on your shoulders?" To date, no one has given me a fully confident 'yes' answer. And, even when they do volunteer a positive reply about calling 'X' to figure out what to do, it usually only takes a minute of reflection before they acknowledge that even 'X' wouldn't have all the answers. Typically, one spouse will say, "I have no idea who I should call. In fact, I'm not sure I even know who all of our advisors are." Believe me when I say that this is an eye-opening exercise. Everyone, and I do mean everyone, would like to be able to pick up the phone at a time like that and know they only have to make one call.

A Lead Advisor is that person, and they are best prepared to receive that call. One of the Lead Advisor's roles is to keep up to date records of all the client family's important documents, and to make sure that all of the important decisions have been agreed upon and documented so that when someone does pass away, there are really no new decisions to be made. The Lead Advisor can assure them that everything is in place, everything will be taken care of. Now, the family has the space to grieve.

Another benefit of utilizing a Lead Advisor model is that there is a single person with whom all of the family information and permissions resides, including permission to implement decisions. That is a real time saver for families. And, if you have worked with the affluent, you know that time is one of their most precious treasures. The Lead Advisor can work with the family's other professionals, conduct meetings on the family's behalf, and in general, move things along to the point where the family is ready to sign documents. In my experience, some families engage a Lead Advisor just for this specific function; they really do not want the job of managing multiple professional themselves.

Lead Advisors are also often tasked with seeing to it that the inheritors are mentored to develop the knowledge, skills and attitudes required to take on the responsibilities they will one day inherit. Sadly, sometimes the job of the Lead Advisor is to demonstrate to the parents that their children or grandchildren are in fact *not* capable of taking on their roles. When that happens, the Lead Advisor can help develop plans that can be put in place to protect anyone who cannot handle the responsibility of wealth.

An important aspect of this part of the Lead Advisor's role is what I refer to as "Predator Protection." *Every wealthy family needs this process in place for their children, without exception.* The instant word gets out that significant money has come into an inheritors' hands, their phones (and often their advisor's phones) start ringing. The predators are stalking. The calls may be coming from 'sheep' asking for donations to their worthy causes, or they may be coming from 'wolves' asking for loans, jobs, investments in private equity, etc. Either way, these opportunists are predators, and inheritors need a strong wall to protect them from the constant onslaught. This can even more important when those kinds of calls are coming from friends and family, because it can be difficult for someone who has just inherited a lot of money to say 'no' to people they may have known all their lives. With Predator Protection in place, the individual who is being asked for money can simply say, "Yes, we'd be happy to take a look at that. I have a team that helps me make those decisions. Please contact my advisor, and he or she will provide you with a list of questions we would need to evaluate in order to best respond to you." Another benefit of providing the inheritor with this service is that they always get to say 'yes' to those who are calling for money. And, while that yes is really just an invitation to have their requests evaluated by the team, in our experience many of the people who call will never actually take the time to provide the requested information. (Imagine that!) A lot of money, and a lot of heartache can be saved when this kind of process is in place.

Each generation of the family can have its own Lead Advisor, or there can be just one Lead for the entire family; no two family circumstances are exactly the same.

A good Lead Advisor is someone who:

- Is knowledgeable in Law, Tax, Investments, Charitable Giving and Multi-Generational Family Dynamics.
- Has a deep rolodex (contact list) of professional contacts to help design and implement necessary actions for the family.

- Has the strength to lead, including the strength to tell the matriarch or patriarch of a family the kind of news that could get them fired, as well as the strength to keep a high-ego professional in check. The Lead Advisor's own ego must be moderated by a genuine humility that understands that getting the job done will require a team effort. As Lead, they perform *one* role on the team—not every role. They are facilitators, not dictators.
- A Lead Advisor is a person who has worked with affluent families for years, one who empathizes, understands and has helped in times of family trauma, upsets and hurts, and who will be comfortable around the family during difficult times.
- And, a Lead Advisor has a professional, accomplished, efficient team behind them to help organize the necessary documents and meetings, and a backup for each member of their team in the event someone cannot fulfill their duties.

Lead Advisors do not constitute a be all or end all, one-stop-shopping solution. Nothing can replace the presence of a qualified team whose combined skill sets encompass all of the important professional disciplines that must come into play to achieve a family's desired outcomes. That is particularly true for families who choose to pursue multi-generational planning and design. The value of the Lead Advisor in keeping everyone on track in pursuit of the family's desired goals and objectives cannot be overstated: a qualified Lead will save the family valuable time and money, and will help to fend off unnecessary turmoil and heartache.

*Under the watchful guidance of a Lead Advisor, the client's family has a better chance of achieving and maintaining increased wealth and family unity from one generation to the next.*

