



The following is an excerpt from the book *Preparing Heirs* by Roy Williams & Vic Preisser, The Williams Group, pages 82-89. For more information, call 949.940.9140 or visit www.thewilliamsgroup.org

Getting Input From the Entire Family, Without Fear and Guilt

If the score attained, by an individual, on the 10-question Wealth Transition Quiz raises concerns, the next step is to look into the *entire* family, in more detail. The 10 wealth transition questions are strong indicators, with high reliability in their correlation with successful families and unsuccessful families. The 10-question reliability level is further improved, *and the problem areas pinpointed*, if the *entire* family (including spouses and adult children) is given the opportunity to separately answer *a more detailed set of questions*, and their responses are used in analysis and correlation.

50-Questions Family Readiness Survey

With 50 expanded questions answered (anonymously) by all family members and their spouses and adult children, the analysis has approximately 10 times the information to work with. That analysis will identify:

- Specific areas of disagreement within the family
- Specific variances within the family with respect to the family's sense of :
 - a. Trust and communication
 - b. Heir readiness for responsibility
 - c. Shared understanding of the family wealth mission

Another reason to seek responses from the entire family is that often in families where there is a shared ownership in the second generation between brothers and sisters who inherited ownership from a founding parent, there can be even wider disparities within their (third generation) heirs in each of their families.

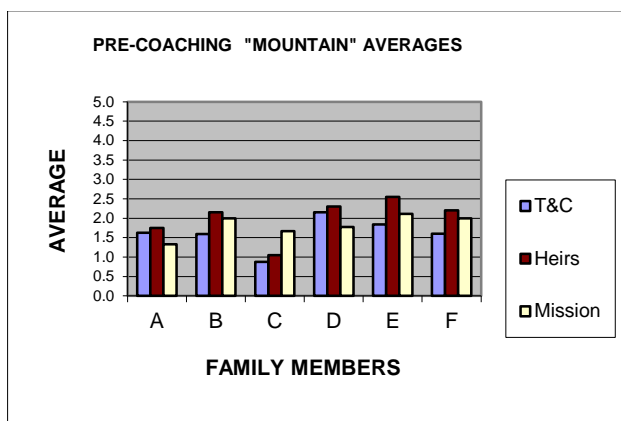
Most frequently, tensions exist between the heirs from the *operating side* of the family (e.g., the daughter of the founder who is running the family business), and the children of the *non-operating side* (e.g., the other daughter of the founder who is *not* running the business and is a passive recipient of income). This is also true for those in the family who are managing assets versus those who are not involved in the management of assets yet are “passive” recipients of income from those assets.

The family 50-question Family Readiness Survey, combined with individual interviews, can reveal where areas of mistrust reside, where the communications are lacking, and who in the family feels included or excluded. These are critical pieces of knowledge, which must be dealt with if the upcoming generation of heirs is to experience a successful transition of the family wealth. Without addressing these problems, “shirtsleeves to shirtsleeves in three generations” has a high probability.

The copyrighted 50 questions, as well as the methods to analyze the responses, were developed by *The Williams Group*. It provides an accelerated response time for families seeking rapid answers/action on wealth transition concerns. While the detailed questions are not included in this book, an example will illustrate the expanded questionnaire’s potential.

An example of the analysis from the 50-question Family Readiness Survey: The individual responses to this questionnaire are kept anonymous, even among family members, to avoid challenges to any individual’s answers and to ensure the highest degree of candid response possible. Below is an example of a “Pre-Coaching” bar graph developed for a family who called their family group “MOUNTAIN.” The family members who responded are labeled A through F across the bottom of the graph. The graph represents responses of the parents, children, and spouses. The three major aspects measured by the questionnaire are:

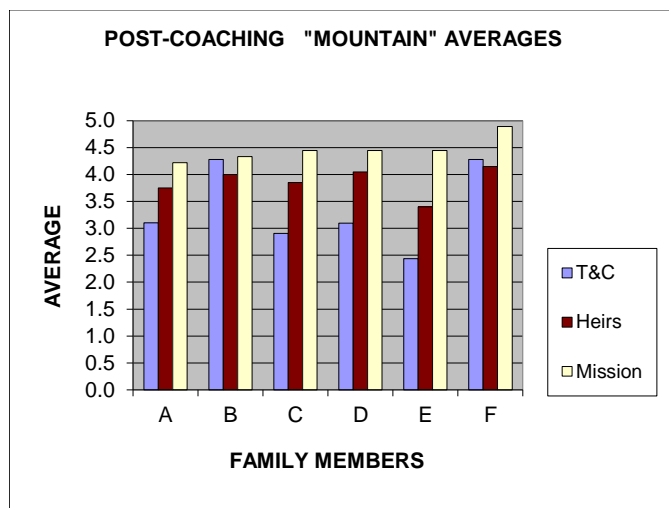
- Trust and communication levels (“T&C”)
- Heir preparedness (“Heirs”)
- Mission clarity for family wealth (“Mission”)



“Perfect” would be a score of 5 with a minimum of 3.0 for all family members in every category. From the graph above, it is evident that the Mountain family was operating with a generally low level of **trust and communication**, since the highest score (D) was a little over 2, and the lowest (C) was less than 1. **Heir preparedness** was perceived by the family as high as 2.5, and as low as 1. Finally, the **mission of the family wealth** ranged

uniformly low, between 1.5 and 2. In short, *everyone* in the family felt unprepared for the transition (even the parents) and the spouses/heirs rated their needs for assistance as relatively urgent. This led to a prediction that, on transition, there was likely to be litigation and a breakdown in the family unity. Their lack of trust was literally preventing everyone from declaring their “beginner” status, thus preventing learning, preparation, and improvement in the family’s odds of a successful transition.

These findings, combined with subsequent individual interviews, clearly pointed out the need for and the direction of remedial actions for the family. The patriarch and matriarch called a family meeting, scheduled a series of meetings over the upcoming year, and brought in skilled family coaches. The family, as a unit, went to work on clearly identifying problems and focusing on clarifying the mission for the family’s wealth. The patriarch and matriarch were surprised to discover how many values were shared among their heirs, even in the context of mistrust that hovered over the gathered family. The family then turned to the coaching team and began work on building bridges of trust and communication within the family, dramatically improving their ability to talk with and help one another. Finally, they turned to the task of preparing the heirs. Moving on to the analysis of heir interests, then to the evaluation of competencies, and finally to the development of individualized programs and individual mentors for each heir. After a concerted family effort in a series of six (two day) meetings over a 20-month span, the post-coaching results showed a remarkably improved picture. While the complete “post-coaching report” is shown in Appendix 2, the post-coaching graph shows



obvious improvements in each of the three categories. Trust and communication improved remarkably as a result of well-run and professionally led family meetings. The overall assessment of the readiness of the heirs was much improved, leading to greater trust in the competencies of the heirs-and a much lower likelihood of costly post-transition litigation. Finally, the clarity of the mission was obvious to all, and will serve as a guidepost for future communication and heir performance assessments.

The family functioned better and was certainly more harmonious. Disputes and family friction eased, and the stable transition of wealth seemed much more probable. The family continues to work on the basics.

SUMMARY: There are now powerful analytical tools privately available that can identify the sources of family conflict. A simple 10-question poll can indicate a family's odds of success in transitioning wealth. A more detailed 50-question poll, taken anonymously by *all* family members and their spouses, can identify (with better than 90% accuracy) *specific areas* that will benefit from attention. Skilled family coaches (who are not necessarily lawyers, accountants, psychologists, estate planners, or trust officers) can make use of these analytical tools to identify areas where harmony is threatened within the family. Increased harmony is founded on increased trust, improved communication, a shared mission for the family wealth, and carefully prepared heirs. The odds for a successful transition of wealth are dramatically improved *only* if the patriarch and matriarch take action. Simply knowing what is wrong is not a solution. Simply knowing what needs to be corrected, or even how to correct it, is not a solution. Skilled coaching assistance is required for a family to personally experience a different way of interacting that will ensure a greater probability of the successful transition of family wealth. Finally, without a before and after measurement tool, how can any advisor know whether or not an improvement has occurred – or that the family just “feels better” from the attention they’ve received?