FEATURE:
ESTATE PLANNING & TAXATION

By **Todd Fithian, Albert E. Gibbons** & **David W. Holaday**

High Performance Teaming and Professional Collaboration

The whole becomes greater than the sum of its parts

The National Association of Estate Planners & Councils (NAEPC), formed in 1962, functions with the abiding conviction that: (1) the team approach to estate planning is essential to the creation of an estate plan, to which every consumer is entitled; and (2) this team approach is what best serves the client.

The most essential, defining characteristic of a high performance, multi-disciplinary team is an explicit collaborative process—one that's articulated to the wealth-holder(s) and to each and every advisor on the team. Over the past several decades, the estate-planning world has become increasingly complex and interdependent. To navigate through this world, it helps if practitioners incorporate collaboration more deliberately into their estate-planning practices.[1]

What is Collaboration?

The ultimate purpose for collaboration is to tap into and harness the collective wisdom of the group. Clients and advisors benefit from the powerful synergies accessed only through teaming and collaboration.

"Collaboration" can mean different things to different people. Moreover, there are some words, as described below, which are commonly and erroneously used as synonyms. In reality, each of these represents an aspect of the collaborative process and each is critical, but true collaboration requires all of these elements. When these skills are practiced at a high level, the association will rise to the level of a high performance team—the whole becomes greater than the sum of its parts. Only then are we successful in accessing and leveraging the extraordinary potential that exists when a group of estate-planning professionals works together to achieve a single purpose. It's a win-win for everyone. (See "Three Elements of Collaboration," p. 23.)

Cooperation. Many advisors cooperate with other advisors. They subordinate their own interests to those of the client and of the team. When cooperation is fully realized, everyone on the team can articulate a clear purpose.

Coordination. This element speaks to the systemic nature of estate planning, in which the actions of one or more professionals can affect the actions of other professionals on the team, as well as the ultimate outcome of the work. Actions can have different consequences in the short term and long term. It's critical that professionals think strategically and collaborate first, before implementing tactical strategies and solutions.

Communication. At a high level, this component requires us to trust one another enough to share our perspective and rationale openly and honestly, while respecting one another enough to remain open to the possibility that the best thinking may come from someone else on the team or from a client or his family member. The purpose of high level communication is to understand and appreciate one another and to capitalize on the relationship intelligence. One can't accomplish these goals alone. When done effectively, communication will result in new and different solutions that benefit all involved.

Multi-disciplinary teams who perform at the highest levels through true collaboration become learning organizations. They freely share their ideas and opinions and remain willing to be influenced by others on the team. Trust and respect are vital to engaging in

(From left to right) Todd Fithian, **Albert E. Gibbons** and **David W. Holaday** are members of the National Association of Estate Planners & Councils' Multi-Disciplinary Teaming and Professional Collaboration Committee



effective dialogue, so the team must work to foster a spirit of trust, mutual respect and common purpose and, at the same time, affirm a commitment to ethics and transparency.

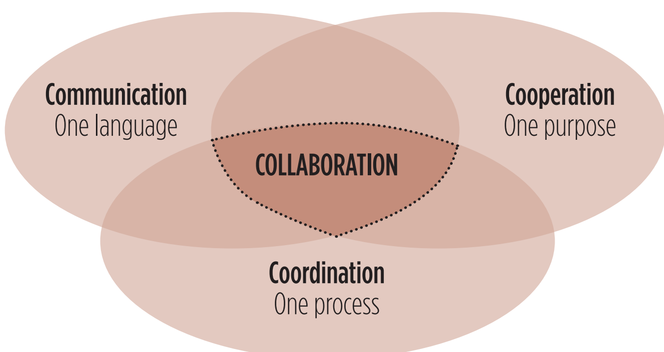
Benefits of Collaboration

When advisors collaborate, clients receive better advice. Vetting ideas as a team can prevent tunnel vision and bring broader and deeper knowledge and experience to the fore. Better advice notwithstanding, the process can be less expensive to the client. Using the collaboration model, the entire team participates together in discussions, fewer discussions are needed and less information is lost in translation. Fewer mistakes are made, and fewer revisions are needed. Finally, when consensus exists among advisors, the client has more confidence and willingness to execute recommendations. By contrast, client confidence is undermined if an advisor privately approaches the client with a message that's contrary to the group view.

Advisors gain a good deal of satisfaction when they know their client is best served and that they've contributed to a great team effort. Advisors can find happier clients, who, having been well-served by an effective collaborative team, are much more likely to pay fees promptly and remain loyal. Good work on the team can enhance an advisor's reputation, resulting in good referral business. At the same time, the team experience can help avoid mistakes or missteps. Having supportive colleagues who take a look at your work benefits you, your ideas and your client.

Three Elements of Collaboration

The whole is greater than the sum of its parts



— *NAEPC*

Consider whether collaboration constitutes an ethical imperative. A client-first mentality is an absolute must, and this must be a shared value for all team members. Participants whose primary goals are compensation or client control shouldn't be included on the collaborative team.

Why Advisors Don't Collaborate

Despite the clear benefits of collaboration, many advisors aren't collaborating. A main reason is that collaboration isn't part of their normal process. Generally, collaboration isn't taught in advanced courses. Most advisors never think about collaboration as they engage a new client: Moving forward in a unilateral way is seen as easier.

The perceived threat of losing control is undoubtedly a contributing factor. An advisor may fear that another advisor will hijack the agenda or recommend strategies that could result in lower compensation. This type of advisor lacks confidence and may worry that any lack of skill or knowledge gap will become obvious to other advisors and, even worse, to the client. The risk of being embarrassed may seem less likely if no other advisors are observing or participating in the process. He may also be concerned that other advisors won't "bless" his ideas. These fears are almost always unfounded. In a true collaborative process, every advisor ends up looking better because the other team members strengthen and enhance ideas.

Still other advisors lack experience with collaborating. If they aren't confident in their ability to lead by influence, they may simply prefer to do it on their own. Further, the process may seem complicated and time consuming. Advisors are naturally concerned about how they'll be paid and, if the process is more time consuming, they may wonder if clients will be willing to pay for it.

Collaboration in Action

Collaboration can be integral to a successful outcome in both transactional and comprehensive integrated

planning. The importance of collaboration increases in proportion to the scope and complexity of planning.

Transactional planning. This planning generally focuses on one primary transaction, such as implementing a pension plan, qualified personal residence trust, charitable remainder trust or a Section 529 plan. Although narrow in scope, many such transactions have gone awry because advisors failed to involve other advisors appropriately.

Comprehensive integrated planning. This planning looks at most or all aspects of a client's financial situation, including income tax, cash flow, asset management, wealth accumulation, risk management, business succession, wealth transfer and charitable giving.

Expect the client to be concerned about the cost of the process because, superficially, it may appear that collaboration is more expensive.

It would be virtually impossible to do an optimal job of comprehensive integrated planning without a collaborative team.

Optimal Behaviors

Effective collaborative team members:

- Bring their best ideas to the group rather than present them to the client in private so as to get credit.
- Give credit where credit is due. Everyone appreciates having his contributions recognized, and the advisor giving the compliment benefits as well by developing a reputation as a team player.
- Demonstrate sensitivity to the interests of the other advisors. Effective collaborators understand the revenue model of the others.
- Speak the truth in kindness. Successful collaborators work out differences in private, not in front of the client. If an advisor discovers an error in another's work, professional etiquette dictates a confidential discussion, with humility, that provides an opportunity for redress.
- Communicate with other team members proactively. Everybody likes to be informed about what's going on.

Happily, sometimes teams exhibit these behaviors without any one advisor necessarily taking the initiative to establish working protocols. When this occurs, it's usually when all the advisors know and/or have respect for all the other members and are: competent; secure in their own abilities and in their relationship with the client; experienced with working as part of a multidisciplinary team; and willing to subordinate their own egos.

The Leader

To spark the process, one of the advisors must take the lead to encourage the client and other advisors to depart from business-as-usual for something better. The leader can gain credibility with the client and respect from the other advisors, but only if the leader is acting on behalf of the group and not for selfish gain. The effective leader will look out for the interests of others. Leadership in this context is more a matter of moderating and facilitating than of giving instructions.

Five Best Practices

The process should incorporate the five critical best practices.

1. The initial client collaboration conversation. The leader must approach the client about the benefits of and the process for collaboration. Expect the client to be concerned about the cost of the process because, superficially, it may appear that collaboration is more expensive. Be prepared to explain why collaboration may be less expensive in the long run. The client must be satisfied that the benefits will outweigh the cost.

Because the motivation to address planning issues is often event-driven, the client may not feel there's a reason to invest the required time and energy right now. If you believe the client would be well served by a collaborative team, don't give up just because the client isn't ready. Try again when you think it's appropriate.

Explain that a meeting with all advisors present would likely lead to good results for the client and that you would be happy to facilitate such a meeting. By raising the issue and indicating your willingness to initiate, you'll likely gain the client's confidence in your ability to

provide situational leadership.

Who has a seat at the table? Ask the client questions about the advisors he's worked with to help him define the collaborative team:

- How long have you worked together?
- What kind of work was done?
- How long has it been since you talked?
- How satisfied are you with the work quality and responsiveness, and is there a high degree of trust and confidence, or would you be open to working with someone else?
- Who would you consult before making a major financial decision or implementing a significant planning arrangement?

Who sits where? Finding the right people to sit at the table is important, as is making sure that everyone sits in their own best seat so that every wealth holder and advisor at the table feels ownership and pride when the game is over. The table is an excellent metaphor for determining how dynamics will play out as planning for affluent families evolves and can provide a single, visual reference that allows us to quickly assess motives, communication styles, compensation, liability and even industry baggage. (See "Who Sits Where?" p. 28.)

Changes in client behavior and the industry have caused professionals to naturally gravitate into three different modes: the sales style, the advice style and the discernment style. Each style represents behavior traits and provides insight into how advisors frame their opportunities and client relationships. The styles can expose barriers, stigmas and probable behavior patterns that will be revealed at the planning table. An advisor's style can correlate or conflict with the client's desired business model.

The sales style is based on persuading the client to follow a specific course of action or to purchase a specific product or service. Advisors with this style are often specialists or experts in a specific area of competency.

The advice style is focused on clearly articulating the best course of action based on the advisor's insight, perspective and experience. The client's core team, which often includes advisors representing the legal, tax, investment and insurance areas of planning, should be operating in the advice style.

The discernment style represents a communication methodology emanating from an entirely different vantage point. It's based on the fundamental belief that when it comes to creating a vision for the client's wealth, the client possesses all of his own best answers. He simply needs the right questions and a compassionate listener. In today's most successful collaborative teams, it's often one of the client's existing long-term advisors sitting in this seat. The question is, does he know in what seat the client sees him? An equally important factor is where the other advisors see themselves.

Right sizing the team. First and foremost, the collaborative team should include the advisors the client knows and trusts. If these people make a recommendation, the client would most likely take action.

> Done well, the advisor's strategy session can revolutionize the planning process.

The team will often consist of three people—an easily manageable group. For ultra-high-net-worth clients, the group may include six or more. More than five or six can become difficult. The complexity and potential for conflict increases exponentially with the number of participants, so it's best to keep the number as small as possible without excluding anyone whom the client would consult after the team makes its report.

Members of a broader group, including a money manager, insurance broker, trust officer, family legacy advisor, development officer or psychologist, may also be at the table. If one of these advisors initiated the idea of collaboration and is prepared to facilitate the process, she may be at the table as the de facto leader. Advisors who demonstrate thought leadership with respect to the benefits and superior outcomes of collaboration will likely enjoy insider positioning and increased influence with the client and advisors alike.

Should the client's family member be on the team? Sometimes a client will include a family member as someone he would consult before making a major financial decision. A family member must be regarded as a client, not an advisor, and shouldn't be invited to the collaborative team. It's critical to establish a safe place for

advisors to speak openly with one another during the planning process. The presence of a non-professional erodes the essential sense of security that all professionals must have with one another. The only exception to this rule would be when a family member is actually a professional, such as a lawyer, and is already practicing her profession with respect to the client.

2. The client's request to the other advisors. The client must be the one who asks the other advisors to collaborate. Don't assume that clients know how collaboration works. They don't. They need your guidance, and you must equip the client with the process and tools to authorize and encourage the key advisors to collaborate.

Asking the client to send an email request to each collaborative team member is the best approach. Help the client by providing language that communicates effectively and avoids missteps, and ask the client to copy you on the message to each other advisor. That way, you know when the message went out and exactly how the client adapted the draft message you provided. Consider this template:

> Dear [Advisor's first name],
> We recently engaged [your full name] to help us update our financial and wealth transfer goals and to refine our strategies accordingly. [Your name] encouraged me to authorize you to work together and I think that is a good idea. With this in mind [your name] will call you soon to find a time for the two of you to meet. Please freely share any of my information with [your name]. I understand you will bill me for this meeting. I look forward to seeing what your collaboration will produce.
> Sincerely,
> [Client's name]

3. The advisor-to-advisor introduction meetings. Make time to meet with the other advisors one-on-one and in person to discuss collaboration, uncover your shared values and invite their participation. A personal phone call is the best way to do this.

Almost all advisors will agree to this meeting. After all, the client requested it and agrees to pay for it. But, just because the advisor agreed to meet doesn't mean she's on board with the big idea. Her unspoken questions and concerns may be:

- Who are you, and what's your agenda?
- Are you trying to take over this process?
- Am I at risk because of something you may do to advance your interests above mine?

Keep the following goals in mind for your initial face-to-face advisors meetings:

Build rapport and trust. Establish a safe environment by demonstrating your willingness to learn from the advisor and your genuine interest in her material participation.

Reach a common understanding on collaboration. It's likely that the other advisor has never collaborated using this particular process before.

Set expectations for the process. Describe the process you have in mind, and ask what "normal" is with respect to that advisor's process.

Desired results: (1) discuss roles and protocols; (2) demonstrate your respect for the other advisor's role and sensitivity to concerns; and (3) reduce fears and heighten positive expectations.

Suggested talking points:

Begin with an ice breaker. Engage in typical social banter to set a friendly and collegial tone.

Purpose of meeting. Even if you already stated this when you scheduled the meeting, it's useful to restate the purpose to avoid misunderstandings and differing assumptions.

Your story. Give a very short summary of your professional background and the nature of your practice. You might talk about how you met the client and what you discussed that led to this unusual request for a meeting.

Their story. Ask about the other advisor's story. Asking questions provides a natural opportunity for the advisor to share her accomplishments and competencies. The intention is to create an atmosphere of mutual respect.

The collaborative process. Share your vision for collaboration and how everyone can benefit. Ask for feedback and suggestions.

Collaboration protocols. Don't put an advisor on the spot by asking for an immediate agreement to the process. Make a unilateral commitment, and express your hope that it will be reciprocated. It usually is.

Next steps. Finally, compare calendars for the upcoming strategy sessions with all members of the collaborative team. Review any other pertinent information.

4. A shared planning process. Processes vary from firm to firm but have many primary elements in common. Each advisor will follow components of her own process, particularly with regard to engagement agreements, disclosures and compliance, but most are willing to accommodate slight variations in sequence in the interest of effective collaboration and service to the client.

The following process should be acceptable to most advisors:

Discover and document the client's goals. Developing a single and succinct written statement of the client's prioritized goals is critical to success and can help achieve the greatest outcomes. If planning fails, it's often because advisors are working from their own set of client goals and are attempting to reach them through their own biases.

Compile financial, legal and tax information. Someone must take the lead to collect the information from the team and prepare a summary analysis. For a comprehensive integrated plan, the summary should include current net worth and portfolio details, current income sources and income taxes, details of all major business interests including outside ownership and buy-sell arrangements, trial estate tax calculation, diagram of existing estate plan with estimated distributions to heirs, taxes and charity and current insurance policies. For a tactical plan that's more narrow in scope, the items in the summary may not be as comprehensive.

Set the advisors' first strategy session. This is the first face-to-face meeting with all members of the collaborative team, a critical component rarely given its due as the capstone leading to superlative results for a client. Done well, the advisor's strategy session can revolutionize the planning process. Its purpose is to reach consensus on the best strategies to recommend to the client. It's important to encourage all advisors to actively participate and contribute, and each advisor should come prepared with ideas and be prepared to put them all on the table.

Give everyone a chance to contribute to a collective understanding of the client's circumstances, and acknowledge helpful contributions other advisors have

already given. Review facts and figures.

Review and discuss goals. This may be the first time some advisors actually look at a written set of client goals. Discuss each goal as a group.

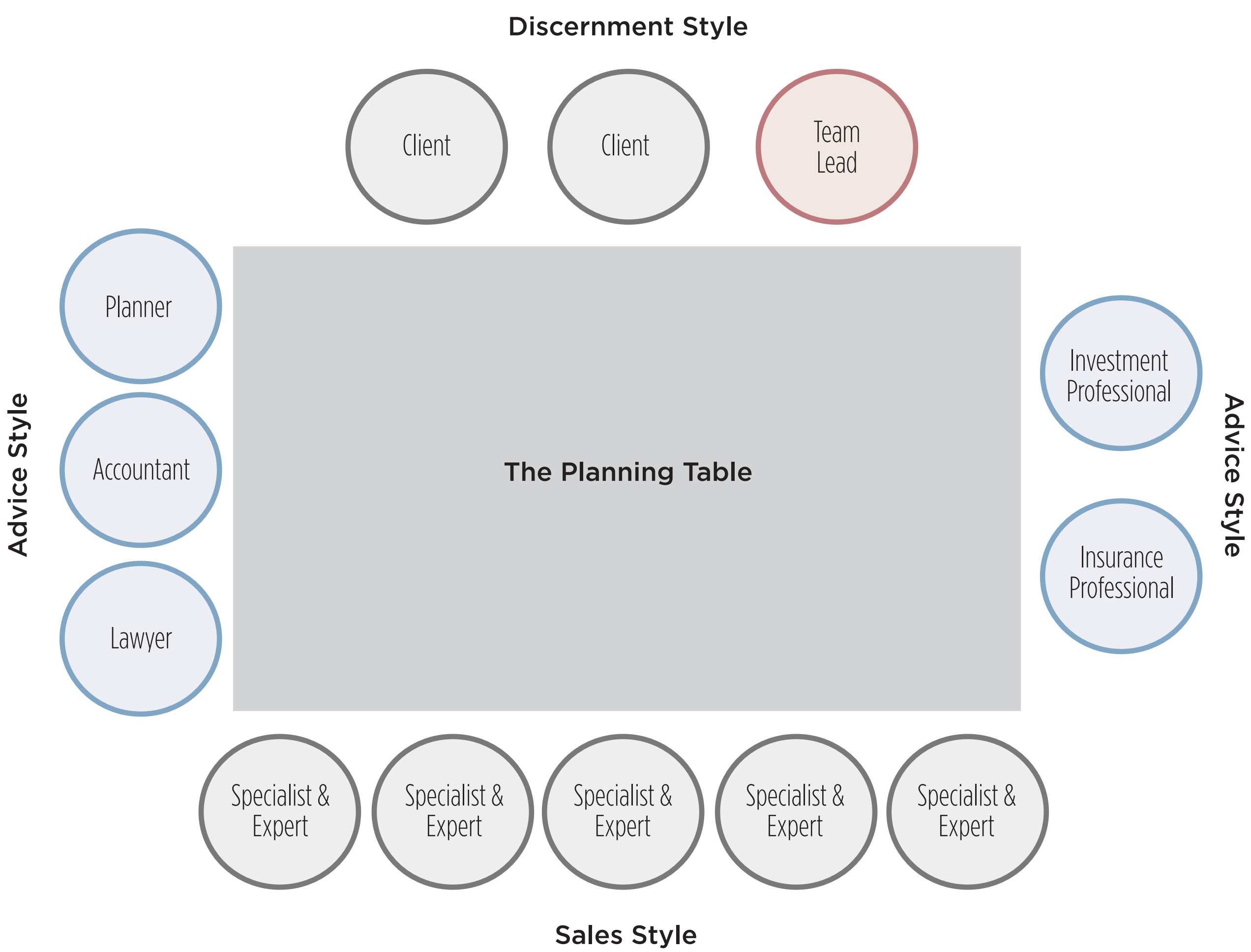
Advisors should be tactful but direct in evaluating ideas. Some strategies may be ruled out by constraints, such as remaining lifetime exemption, annual gift tax exclusions, personal cash flow, business profitability, restrictive stock transfer agreements and the client's desire to maintain control. Build trust and goodwill by letting others demonstrate their expertise. Be prepared with your ideas, but be willing to let others speak first.

The leader should take the initiative to develop consensus and summarize the ideas that appear to be most congruent with the client's goals. Your collaborative team will need a way to develop a short/best list without offending anyone. Most advisors find that an ideal list consists of three to five strategies.

Wrap up the meeting with a review of the conversation, and clarify who has specific tasks. Set up the

Who Sits Where?

How planning for the dynamics of an affluent family plays out



— *Todd Fithian,* The Right Side of the Table

next advisor meeting.

The meeting was successful if all advisors had the chance to speak, felt that their ideas were valued and believe that they have an important ongoing role throughout the planning process.

Develop an internal analysis to compare various alternatives and permutations. Someone should be responsible for preparing and distributing a comparative analysis detailing the combined effect on the client's cash flow, net worth, income taxes, estate taxes and estate distributions. This marks the beginning of an iterative process that will culminate in a report that's ready to present to the client.

Meet again as advisors to review analysis and agree on best recommendations. Each advisor should evaluate the overall plan, paying careful attention to areas in which her expertise is most needed. The plan typically will go through several refinements before all team members feel it works for the client.

Meet with client to present preliminary plan. This meeting is the first full presentation of the plan to the client. Ideally, all advisors should attend and participate in this meeting. Determine in advance which team member will present which parts of the plan.

Advisor team meets again to agree on refinements. A considerable amount of intelligence is usually gathered during the first presentation to the client requiring updates to the plan. Financial data may have changed, and the client often expresses nuances in goals and preferences that inform the selection, design and funding assets for strategies.

Refine plan and prepare the final draft for the next client meeting. Often, this step will be relatively easy if the team developed a good original understanding of the client's goals and a solid preliminary report that came fairly close to addressing those goals and any constraints.

Meet with the client again and present the final draft. This is usually the meeting during which the client agrees to move forward with some or all of the recommendations.

Begin implementation. Each member should clarify with the client exactly what each member's next actions are and communicate with the group, as needed.

5. The client recommendation meeting. When their key advisors agree on the best course of action, clients have confidence in the recommendations and are willing to make decisions. The best way for a client to see this consensus is for all advisors to actively participate in person during the client recommendation meeting.

Few advisors regularly have meetings with the client and the other advisors in the same room. Assuming that everyone knows how the meeting should go would be a mistake. Communicate with the other advisors in advance about the flow of the meeting.

In preparation for the client recommendation meeting, host a pre-call to discuss the following points with the team:

- Decide on the meeting objectives and desired outcome as to what the client will think, feel and do
- Determine if there's consensus on the recommendations
- Set the agenda

To be a good collaborator and successfully facilitate collaborative teams, work diligently to be trustworthy.

- Elect a moderator
- Identify the role of each team member

It's reassuring to a client to hear an advisor communicate with conviction about the importance of a strategy for which the advisor won't receive compensation. Accordingly, advisors with no economic interest in a particular strategy should take the initiative to express support, but only if the support is sincere. On the other hand, if there's no support for a particular strategy, it should have been discussed openly but privately among advisors before the client meeting.

Effective Collaboration

Trust. Without trust, the process won't work. To be a good collaborator and successfully facilitate collaborative teams, work diligently to be trustworthy. Do what you say you will and demonstrate knowledge of and sensitivity to the interests of other team members.

Common purpose. If you fail to talk openly about the process, it's likely that you'll have misunderstandings due to differing assumptions.

Open communication. Pledge to actively participate

and share your best ideas.

No competitors. Two professionals from the same discipline (but different firms) will have a very hard time collaborating, so try to avoid that situation. If the client initially includes two competitors in the list of key advisors, do your best to explain why it's in everyone's best interest (including the client's) to choose only one.

Awareness of and sensitivity to financial interests of team members. Simply put, no one wants you to mess with compensation.

Check your ego at the door. You don't have to be the smartest person in the room. Collaborative groups work well most of the time, but sometimes things are said that may be emotionally upsetting. Be ready for this, and don't get defensive or overreact. Remember, you're part of the team because your opinion is valued. You chose to collaborate to help promote the best interest of the client. Trust the process to do just that.

Communication protocols for collaboration:

- Emails, phone calls and private meetings
- Client approval
- Client copied on all correspondence
- No offline negative or disparaging comments to client
- Host post-calls to debrief, if appropriate

Terms to consider. Certain terms can have unintended consequences and undermine trust. "Most trusted advisor" can be tricky. It's good to aspire to be trusted. It's counter-productive to compete with other advisors for that trust. Efforts to provide such a high level of client service that trust increases after every interaction are laudable when sincere, but loath if the motive for gaining this trust is only to lure a client to accept recommendations and buy more products or services. If you endeavor to establish collaboration among advisors and you don't already have a relationship of trust with them, instead of "quarterback," consider "facilitator," which implies a neutral party serving to aid others in working together and one who asks questions versus giving orders. Finally, "talking points" can be a better choice than "agenda" when offering guidance on how to conduct a productive meeting.

Effective Follow Up

Working with other advisors at this level of interdependence will be a new experience for some advisors. Therefore, it will be very helpful if someone on the advisory team assumes certain moderator and facilitator duties for the good of the team. Such duties could include:

- Circulate reports and information, printing and binding as needed for client meetings.
- Coordinate teleconference calls and meetings.
- Keep track of commitments made by each team member, and provide gentle reminders to keep things moving, especially when others can't complete their work until certain tasks are completed.
- Make sure all members are contributing to discussions. Less vocal members are sometimes content to let the others talk; invite them to share their insights.
- Help build consensus on the best ideas and strategy for sharing concepts with the client. This can be challenging depending on the number of ideas and possible design variations.
- Be aware of subtle body language that may reveal a team member's discomfort. Soliciting candid feedback is essential.
- Clarify exactly what each member agreed to and when it will be done.

Only the Beginning

By working collaboratively with other advisors, you'll likely give better advice, develop better working relationships with other advisors, get more referrals, avoid mistakes, improve implementation rates and deliver a superior client experience. Even better, clients will receive more value from superior advice at fair fees. Seeing all their advisors agree on a particular course of action inspires a level of confidence to act that clients deserve, but rarely experience.

—The authors wish to thank Susan P. Rounds, editor, NAEPC Journal of Estate & Tax Planning, *for her invaluable edits and revisions in adapting this article from a White Paper.*

Endnote

1. Many members of the Multi-Disciplinary Teaming and Professional Collaboration Committee contributed their time and effort to the project on which this article is based. In addition to the authors, the Committee members are: S. Mark Alton, Hartman Axley, Philip Cubeta, M. Eileen Dougherty, Charles V. Douglas, Katti Esp, Lawrence M. Lehmann, Mary Katherine Mac Nee, Laura Malone, Melissa Mitchell-Blitch, Thomas C. Rogerson, Jordan N. Rosen, John C. Scott, Jr., Martin M. Shenkman, Jeffrey M. Turner and John A. Warnick.