

E Pluribus Unum

When clients have a **sudden change** in their money situation, **collaboration** among advisors is crucial

BY SUSAN BRADLEY

A

S FINANCIAL ADVISORS, WE DEAL WITH A BROAD RANGE OF issues with our clients, many of which go way beyond money. Because of the nature of our work, we must be skilled at collaborating with our clients' other trusted advisors. Although I have been a financial advisor for more than twenty years, I have become acutely aware of this need for collaboration through my work with people in financial transition and, since 2000, via my conversations with members of the Sudden Money Institute.

I have discovered that there are some huge gaps in our financial planning process—gaps that are especially egregious when dealing with an individual or family that is experiencing a “life transition” event. Life transitions almost always have a “sudden money” component to them.

When people hear the words “sudden money” they may automatically think of coming into money versus the other way around. But in reality, a sudden money event can be a sudden increase, sudden decrease, sudden liquidity, or sudden availability of money. Sometimes these events are planned for—such as the sale of a business or an expected windfall (e.g., professional athletes). Sometimes they are unexpected and come in the form of an inheritance, legal settlement, or even winning the lottery.

However they occur, and whether the asset level is shooting up or dropping down, the important thing to keep in mind is that it's not so much about the money or even the amount of money in question—it's about the change. One chapter in the person's life has come to an end and a new one is about to begin. It is the task of the financial advisor, and of all of the other trusted advisors in the person's life, to help the individual successfully navigate the transition.

The space that we find ourselves in with such clients can be messy and conflict-laden. Clients generally need help from a variety of advisors—lawyers, therapists, accountants, business planning specialists, and others. These professionals all have an important role to play, and they are probably very seasoned and good at what they do, but they, too, have challenges when they work with a client who is going through a major life event. At the Sudden Money Institute, our advisors frequently serve as the entry point for people and families in transition. As we train and work with the advisors, financial planners, attorneys, therapists and philanthropy planners who attend our programs, we find that we all are doing exactly the same thing—caring for the well being of our clients—but in different ways.

CHALLENGING THE SILO MENTALITY

Professional advisors from the various disciplines tend to be on their own learning tracks, with their own conferences, continuing education requirements, and ethics that dictate our

standards of care and service engagements with our clients. And we don't have a lot of time to talk to each other.

This silo mentality breeds a separateness that causes collaboration to feel unnatural and perhaps threatening. However, the separateness dissolves when we connect at the one point that unifies us all—the well being of our shared client. It is from this unifying point that our differences are minimized and we elevate our service to our client.

As financial service professionals, we have long recognized the importance of collaboration when it comes to client referrals. Informal (and sometimes formal) alliances among estate planning attorneys, accountants, and financial advisors are a standard element of a professional's business development strategy. But collaboration is so much more than "you refer a client to me; I'll refer a client to you."

Truly effective collaboration based on the best interests of the client creates affinity and understanding among the professionals. As a financial advisor, I don't want or need to become a lawyer or an accountant or a therapist. But the client may desperately need the services of those professionals in order to move through the stages of a sudden money financial transition. If we can learn to see ourselves and our professions from the point of view of the client, then we're all progressing; not just providing a higher level of service for the client, but personally advancing in our craft, in our art form of serving people. The challenge is to learn how, as a group, to function at the higher level necessary to provide real added value without increasing risk to the client or one's self [[OR ONESELF?]].

At this point you may be thinking: "I just want the short cut to the solution so that I can implement it." That's what we all want. But there is no magic bullet. This approach to serving clients is in its formative stage and it is too early for a neat package that delivers a quick end result.

CHANGING COLLABORATION

Some professional groups have created collaborative models. There are collaborative law groups that have some very clear policy, procedures, structure, and forms. They do great work, but they are focused generally in the family law area.

In our world, we serve clients and families experiencing a wide range of life transition events. We're talking about families and individuals that come to us from all walks of life, with all kinds of life events. We're talking about a lottery winner who was a fireman yesterday and has \$25 million today. We're talking about a woman with children to rear who is recently widowed

and has some assets, but not really enough for the long haul. We're talking about someone who beat the odds and built a fabulous business and liquidates that business with more money than they ever expected. We're talking about people of all ages, of all cultural backgrounds, gender, education, and sophistication. This is much broader than what the collaborative law group has addressed; however, we have a lot to learn from them because they are certainly farther down the road in creating process and procedure.

My vision is to provide the family or individual with something like a board of directors—professionals working together who can share information and see the big picture. This requires coordination, communication, and a willingness to understand the client's goals, values, core beliefs, and greatest hopes and fears. It means knowing the client from the inside out and applying one's professional expertise in unison with the other "board members."

Think of this as a brain trust model with three Cs—collaboration,

Seven Steps

In forging a strong interdisciplinary advisory team there are a number of issues to face, including:

Sharing Client Information: This is a big issue from one profession to another. In some cases, it's pretty easy to do. In others, there are formalities and potential liabilities that must be addressed before information can be shared.

Competency: Just because someone has a professional degree or certification, it does not mean they have the specific competencies required for the particular client situation. So you may have varying degrees of competency among the existing advisors.

Required Disclosures: These vary professionally as well as within each company or firm that the advisor represents. There are different beliefs around disclosure.

Existing Relationships: In many cases, a client has professional relationships in place even before they experience a major financial transition. They may have an accountant who prepares their tax returns or an insurance professional who has been helping them with business insurance for decades. If they work for a company with a 401(k) or 403(b) plan, they may have a company-endorsed financial advisor who helps with portfolio allocations and balancing. These existing relationships can feel very safe from the client's point of view, but they might not be the best for addressing the transition-related needs. Sometimes these existing professionals act as gatekeepers and could hinder—or even derail—the collaborative process.

Communication: There may be several different styles of communication at play in face-to-face meetings, written communications, follow-up, and accountability assessments.

Scheduling: Who is going to schedule and organize meetings? Who is going to follow up and make sure everybody attends? Who rules the meeting? Is the client in charge of all this or is it a particular advisor?

Accountability: How are we held accountable, apart from the requirements set forth by our professional organizations? As a team and as a brain trust board member for this client, what's the accountability?

communication, and coordination. Within the model we have different standards of care and rules of professional responsibility, codes of conduct and codes of ethics. Our shared purpose as advisors is the client's objectives, goals, and dreams.

Some professionals may see working in this way as dangerous, but I believe that we can form a brain trust with other advisors to serve clients in transition, and even after the transition experience.

At the Sudden Money Institute, we are looking for new proto-

You will also need to have an understanding among the team members about fees, charges, and procedures. In Kirchenbauer's experience, "Some of the challenges have been when we try to coordinate a process with advisors and then the client gets a big bill as a result—something that they, and we, were not expecting."

Some professionals charge only when they sell their products, like insurance agents. Accountants, independent planners, and lawyers usually charge for their time. If, for example, it's agreed

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cols and processes. We want to bring together allied professionals willing to take time out from their silos to join us in this new approach. One of the things we are doing to provide a structure for this is by hosting the Dialogues Conference in April 2008.

DEVELOPING YOUR PROCESS

As a financial planner, I would frequently ask people to tell me about their estate planning and risk management—who's giving you advice, who's creating your documents, who do you go to for your insurance? I wanted to know who was on their team. But I didn't have a procedure for pulling everybody together. Thankfully, we are evolving as a profession. There are several advisors across the country we could look to for inspiration. They are building these types of alliances, gathering allied professionals and having these more meaningful conversations.

Lisa Kirchenbauer, President of Kirchenbauer Financial Management & Consulting in Arlington, Virginia, has been pursuing this type of collaboration for several years. "We do advisor-only roundtables two times a year," says Kirchenbauer. "Occasionally we'll have a speaker on a topic of interest to our clients and we'll invite them to bring their other advisors."

The most important thing is to understand the client, she says. "As a financial advisor, you must have a clear process for establishing the client's touchstones; their core values, beliefs, and highest goals, as well as their urgent, front burner issues. This takes some time and training on your side."

The next step according to Kirchenbauer is to present the brain trust idea to the client. "In most cases, you've got to build the team. A client does not come with a ready-made team, so there's education on why the client needs to have a team and who should be on it," says Kirchenbauer. She provides clients with referrals to other types of advisors when necessary and will coach a client on what they should ask at an informational meeting, about the advisor's experience, fee structure, how they work, and other areas.

Once the team is in place, a leader should be identified. If you are selected to lead the team, you should meet with each member. With the client's permission, you can share what you've established as the client's touchstones and explain how you envision the process. At this point you may find the other advisor pleasantly surprised and willing to open up about the client if there is a pre-existing relationship.

the accountant, independent planner, and lawyer need to see an existing trust document in order to have an idea of the current situation, they generally do not have to study it. They just have to quickly peruse it, put it in the client's file, and be aware that it's there. The same holds for legal documents. The advisor and the CPA don't often have to read everything. The idea is not to create additional billable hours because of this. It will do that to some degree, but every member of the team should be mindful of how they spend their time on the client's behalf. When you have an advisory board meeting for a client for the first time, it's a big event and you want to really be prepared for it.

Kirchenbauer does not see this as "let's all come together and figure it out while in motion." You want to have some process around this, she says.

REACHING OUT

Lisa Kirchenbauer's roundtables are just one way of engaging allied professionals in the collaboration dialogue. Tyrone Phillippi and partner Dan Hypes of LifePlan Financial Group in Miamisburg, Ohio, identified people in town who would be interested in pursuing collaboration. Their efforts have been well received. They have created a local alliance of professionals and are in the process of developing a Web site so that other professionals and consumers have a local resource for questions about sudden money and financial life transitions.

"This collaborative effort is not without its landmines and sinkholes along the way," Hypes says. "Sometimes you can navigate and sometimes it's especially challenging. Some of it you just learn with experience. Being a part of a big mastermind group is a real plus," he adds. "As professionals, we must remember that the most important thing is a positive outcome for the client. That is reason enough for us to be constantly developing our collaboration and navigation skills." **IA**

Susan Bradley, CFP, is Founder of the Sudden Money Institute (www.SuddenMoney.com), a financial transitions resource center for individuals and advisors. She creates programs, products, tools, and learning opportunities designed to promote the integration of the qualitative human experience of money with quantitative financial aspects. She is the author of *Sudden Money—Managing a Financial Windfall* (John Wiley & Sons, 2000).