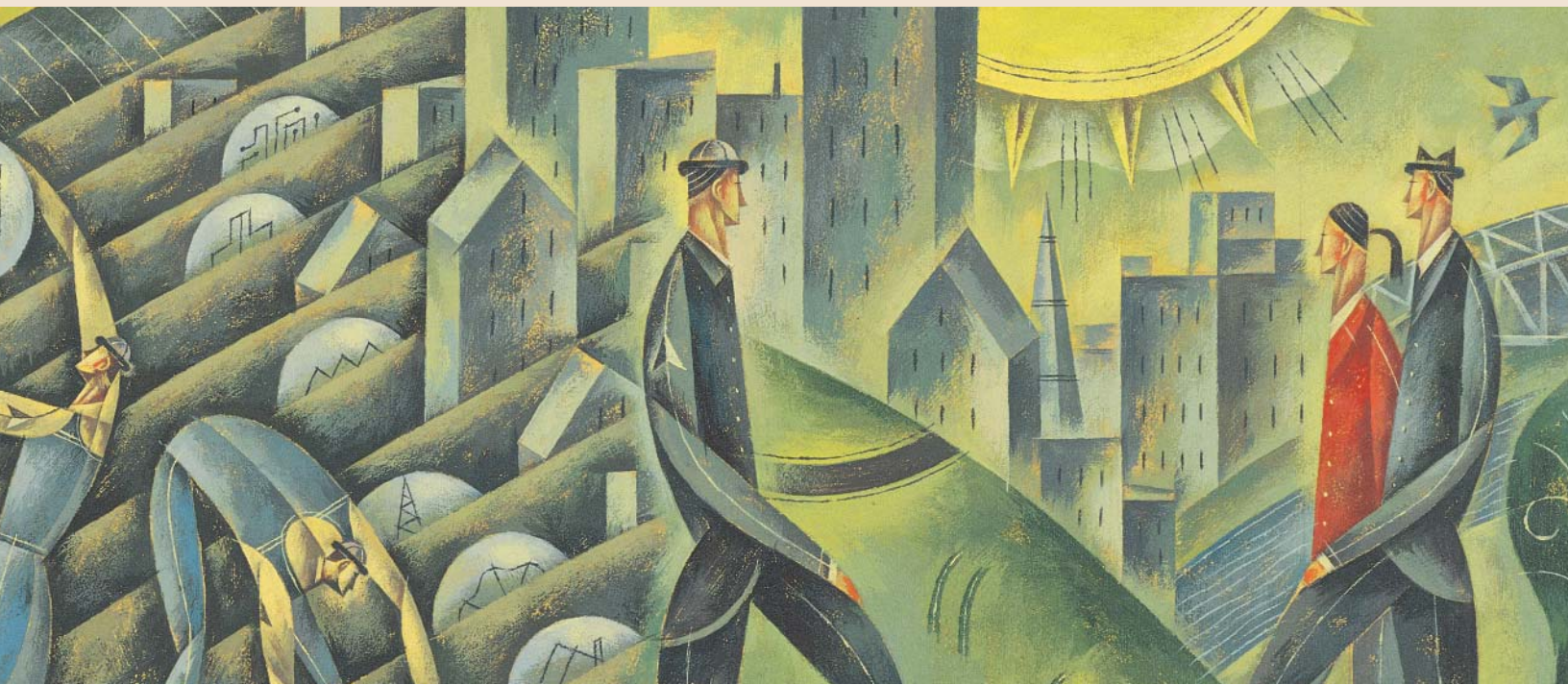


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SHOULD WE HAVE A FAMILY MEETING?





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SHOULD WE HAVE A FAMILY MEETING?

At Calibre, we are frequently asked by client families about the uses and designs of family meetings. Many clients have heard about family meetings — meetings that go beyond regular, quarterly reviews of planning items or investment results — either from their advisors or from other families of wealth. Some experiences have been wonderful while others have been less successful. Although most clients have some idea as to what family meetings are about, those perceptions are often fragmentary and based on limited personal experience. So at some point, most families ask, should we have a family meeting?

This white paper is designed to give you a broad overview on family meetings. It tries to convey some of the details, the inside tips and the lessons learned over the years from Calibre's experiences. To do so, we will review the Why, What, Who, How, When And Where of family meetings.

WHY HAVE MEETINGS

A family running a business is accustomed to meeting together to make decisions and lead the company. After the sale of a business, or after inheriting significant wealth, family members may wonder why they should meet: "Big meetings may be fine for old, sprawling clans like the Rockefellers or Kennedys," they may say, "But we're close. If we want to talk about something, we just talk. Why do we need family meetings?"

The answer: Such meetings are one of the most important tools a family of wealth can use to preserve and perpetuate a healthy legacy. They are the method by which the family can develop, grow and maintain itself across time. "It is not an exaggeration to say that every family that succeeds over multiple generations makes some use of family meetings," observes Calibre Managing

Executive Susan Mucciarone: "That's why we recommend them for clients."

Well-run family meetings can be used for at least three purposes:

- Communication
- Education
- Decision-making

Regular family meetings provide a forum for sharing news, concerns, opportunities and challenges in an open and direct way. Family leaders can deliberate about and make shared decisions in a truly collaborative manner. Meetings offer the chance to train and educate younger family members in the basics of family finances and in family traditions. Furthermore, the interplay of generations is a great way to model and develop family leadership. Especially as time passes and families grow, family leaders need to employ meetings if they are to overcome the natural tendency toward familial and financial dissolution.

WHAT TO DO IN MEETINGS

"It is crucial that a family go into each meeting with a clear agenda and defined goals," emphasizes Dr. James Grubman, a psychologist with extensive experience working with wealthy families. "Without a clear agenda, meetings can meander and bog down, so that members may become frustrated or leave feeling that important business was left undone."

The goals for each family meeting should match the family's needs at that time. Is the primary purpose to decide on a course of action? To educate the family about an event or a set of skills? To mark a tradition, or resolve a conflict?

The design of the meeting will depend greatly on the tasks to be accomplished. Families often launch into a meeting with unclear goals, too ambitious an agenda or without having the right people in the room with the skills to handle the topics.



All this underscores the critical importance of preparation. “Every family meeting should be preceded by several weeks if not months of lead time,” advises Dr. Keith Whitaker, Director of Calibre’s Family Dynamics Practice. Families should use this time to:

- Canvas family leaders and stakeholders about what they see as the family’s current “hot topics”
- Identify challenges to discussing these issues in a family meeting
- Develop strategies for addressing these challenges
- Identify the family’s current educational needs
- Craft and disseminate a clear agenda that responds to this research
- Prepare materials needed to support the agenda, such as financial statements, investment reports, foundation grant reports and recommended readings

Families are often surprised at how much time and effort must precede a family meeting. “This may sound like a lot of work, and it is,” adds Dr. Whitaker. “But the more effort a family invests before a meeting, deciding and clarifying what to cover, the more productive the meeting will be.”

WHO TO HAVE AT THE MEETING

To succeed, a family meeting needs to have the right people present to fit the goals of the meeting.

If a primary goal is resolving longstanding conflicts or team-building, it may be important to limit the attendance to family members and few outsiders. If, on the other hand, the meeting will cover various technical issues, experts may be present for some portions of the event. Examples include lawyers, accountants, investment advisors and even family business or human resources consultants.



“Before we begin this family meeting, how about we go around and say our names and a little something about ourselves.”

Generally, family retreats include more than one generation in the family, facilitating cross-talk across generations and exchange of different perspectives. Elders are often present to provide wisdom, continuity and guidance as well as a voice for the family’s heritage and legacy. Depending on the family’s values and orientation, spouses are typically invited along with direct family descendants. Finally, in many multigenerational wealthy families, teenagers are welcomed into the process as they come of age in order to learn about philanthropy and the family’s finances.

Children below the age of 14 find it difficult to sit through a lengthy family meeting, so child-care arrangements are important. “That said,” adds Dr. Grubman, “for larger family retreats, it can be a great idea to develop separate activities appropriate to children or teens, such as learning certain money skills, doing a group charitable project or even just going on a hike together.” Someday these cousins will be the adults running the family meetings themselves.



But a collection of family members and technical experts does not a family meeting make. The crucial ingredient for a well-run family meeting is skillful management of the process. Family leaders must be able to orchestrate the unique blend of education, guidance, conflict management and fellowship that is a family meeting.

This leads naturally to the question of how much to use outside expertise for family meetings. Different agendas and the family's level of experience in holding meetings can determine how much insiders and outsiders share responsibilities. Explains Dr. Whitaker, "At Calibre, we encourage families to develop internal leadership, so that over time their own members can manage more routine and less complicated meetings. When just getting started and for more complex cases, we often help manage the meetings. When a family is facing a crisis or wants to arrange a series of developmental meetings, then we will coordinate family, Calibre and external resources to get the job done."

To this end, a family meeting consultant can initially help the family get off on the right foot — and stay on the path to family success. An experienced consultant can help individual family members find their voices as well as agree upon and follow ground rules. A good consultant can make the difference between a well-run meeting and frustrating chaos.

Consultants from outside the family may help in several ways, by:

- Taking on much of the work of interviewing family members beforehand
- Identifying reasonable outcomes
- Surfacing challenges or unresolved conflicts
- Pinpointing difficulties in families' choice of locales or topics, and offering alternatives

- Managing complex family discussions that arise at or around the meeting

"Many families use a facilitator or consultant for their first few meetings and then gradually take over the reins. The consultant may still attend, but mainly to fine-tune and to observe how the transition to internal leadership is going," notes Dr. Grubman.

Development of the family's internal resources is fundamental. "A common mistake that wealthy families make," remarks Dr. Whitaker "is to rely too heavily on a few leaders without developing a deep bench of internal reserves." Doing so can put the family at risk over time if a leader becomes incapacitated. It can also limit the family to the thinking of one generation or even one individual.

In the end, a family meeting should reflect who the family is as a whole, in its agenda and its participants. "Make sure to balance general meeting arrangements with the specific identity of your individual family," remarks Calibre Regional Managing Director David Beatty. "Religious families, for example, may want the family meeting to reflect their shared faith in some way." Family-specific rituals or practices can liven up the business agenda so that family meetings never feel "cookie-cutter" or impersonal. A good balance of family tradition and business focus will make meetings productive, inviting and engaging.

WHEN TO HOLD THE MEETING

Time is another central element of family meetings. A meeting may take place for an afternoon, a day, a weekend or several days. The length depends on the agenda, its complexity and the size and dynamics of the family. Allow more time than you think for a meeting, since the issues are often more complex and require more time to digest than you may anticipate.



Family meetings help families in any stage of development. They are especially crucial during difficult transitions, which may include the sale of a business, a leadership succession or the death or disability of key family members. Families who meet as a regular practice have a leg up in facing such challenges.

Regular family meetings also give families a chance to celebrate positive transitions. An annual meeting can include time to welcome new members of the family or to congratulate new parents. It can be an occasion to celebrate coming-of-age or promotions to leadership positions within the family enterprise. Dr. Grubman remarks, “Making time for these celebrations shows everyone that this family pays attention to its key resource: its people. It helps strike that wonderful balance we all need, between the life of the individual and the life of the family.”

The family’s current needs and state of development determines the frequency of meetings — quarterly, semi-annually or annually. “Generally, when a family is just starting the process of meetings, it is good to meet every six months or even quarterly for a few times,” recommends Dr. Whitaker. “Once things are up and running in a stable fashion, an annual meeting may be enough.”

Finally, timing within the meeting is just as important. Far too often, people overestimate how much others can absorb in one sitting. Studies show that most people can’t manage much more than about 20 minutes of sustained attention. That period is even less for younger adults, seniors, and for people with medical or learning difficulties. Good practice is for the family to take rest breaks frequently, ranging from mid-session coffee breaks to longer opportunities to walk, nap or exercise.

HOW TO RUN AN EFFECTIVE MEETING

How often have you been at meetings where attendees were only “half there” or everyone talked over everyone else? A family meeting requires focus and attention in order to achieve its goals. Families need to take steps to make sure their most crucial assets — family members — are ready and able to meet together effectively.

First of all, planning for child-care is often a crucial step in making all participants feel comfortable. It disrupts a meeting if members in their 20s, 30s and 40s need to get up and leave to check on kids. Families should arrange child-care off-site or on-site at the meeting, give participants time to check on children and designate one contact person for all caregivers to call in case some parents are needed. That way parents are freed from constantly checking their cell phones or their children. Child-care expenses should be part of the meeting budget. These expenses are well worth the price as they bring peace of mind, presence and concentration.

Second, it is important to keep in mind that different people learn in different ways:

- Some find it easiest to pore over large amounts of text or numbers before the meeting.
- Others may be visual learners and benefit from flip-charts or illustrated slides instead of text.
- Most people digest many smaller portions of information better than trying to take in large amounts of data in an extended sitting.

Too many families also forget that a meeting should be just as much about listening as about talking. “For example,” explains Kayce King, Calibre Relationship Manager, “Parents may want



to finally disclose information about their estate plans or holdings to their grown children. But that information comes with emotional weight. Make sure you always give people at a meeting a chance to process what they hear, and to react and respond.”

Finally, of all the elements needed for a successful family meeting, solid ground rules may be the most important (see sidebar). Calibre Relationship Manager Mark Carley advises, “It’s a great idea for families to use some or all of their first family meeting to discuss and decide upon the ground rules for meeting together.” It may seem strange to impose rules on a family event. Yet as with any social etiquette or code of conduct, a healthy set of rules exists not to stifle love and caring but to help us express them.

Most ground rules boil down to one guiding principle: respect for each other and for the process. “Always treat others as you would have them treat you,” serves as many families’ version of the Golden Rule. Other spiritual traditions emphasize the same thing, as Dr. Whitaker notes: “I worked with one family who adopted the Buddhist saying, ‘Speak only that which is true, kind and necessary,’ and it works beautifully for them.”

One thing every family should remember about ground rules is that, once adopted, they must be upheld. Dr. Whitaker goes on to explain, “In the heat of a discussion, members will inevitably start to break the rules. What’s crucial is how the family responds.” If the family does not ask wayward members to respect the meeting etiquette, it sets an example of broken promises and shows the family cannot stick by its own decisions. In addition, particularly for young family members, having to stick to the rules just like everyone else offsets any sense of entitlement. The rules are living testimony that, although wealthy, the family acts responsibly and respectfully to all people.

Knowing there are rules also reduces anxiety about possible conflict and encourages people to speak up safely. “Ground rules accomplish at least two goals,” observes Dr. Grubman. “They keep the process effective and they keep it respectful. Both are needed when emotions run high.”

Every family has its tensions, so it is normal that family meetings can be an occasion for conflict. Unfortunately, wealth can turn up the volume in such matters. Powerful voices among different generations can heat up a family meeting. Mistaken or unspoken expectations can lead to deep-seated resentments. Some members may be disappointed over anticipated roles in the family or jobs in the business that fail to materialize.

Properly managed, a family meeting can be a great venue to clear the air in a safe environment. It can give others a chance to respond and support each other. Doing so can be crucial to good family functioning. Of course, this process requires skills for tolerating conflict and resolving issues. If the family has not yet developed these skills internally, this is a great place for a consultant or facilitator. Eventually, family leaders must come to own these skills themselves so they can model trust, non-defensiveness and respect to the rest of the family.

WHERE TO HOLD THE MEETING

Family meetings are special events. Many families look back upon specific meetings as turning points in their development and attach special meaning to where these occurred. Often family retreats become part of the family’s collective memory and traditions. They should occur in special places.

Parental homes or offices make less-than-ideal locations. Meeting at “the old homestead” may encourage family members to fall back into old patterns of behavior, plus it may be intimidating



to in-laws or to children less familiar with the location. Family homes and offices are also filled with everyday distractions, and there may not be room enough for everyone comfortably.

Gathering family members at a resort, a rented home or a country club costs money that is well spent. Using the family's resources for a meeting sends an important message to the family. It says, "We are here not just to grow the money but to grow ourselves, to grow together." Using some of the family's wealth for meeting together demonstrates the family's commitment to building its governance, memories and leadership.

GROUND RULES

Be present. Demonstrate your respect and commitment by setting aside potential distractions. Turn off cell phones, Blackberrys and laptops. If you need to be reached in case of emergency for your children or business, designate a contact person if needed during the meeting.

Be respectful in words, body language and action. Speak respectfully, pay attention when someone else is talking and avoid jumping in to finish sentences. Avoid negative body language such as eye-rolling, shaking heads or other indications of emotional reaction unless you follow up by talking directly about your reaction. Keep profanity to a minimum.

Listen. Listening is a rare skill that must be practiced, but it pays off tremendously in effective communication. Be willing to repeat back what someone has said or otherwise demonstrate you understand what the other

person is saying before making your own point. You may find you are reacting to what you believe someone said, not what was really said. When someone else is saying something you disagree with, make sure you are listening to the points he or she is saying.

Own your views as your own. Make "I" statements rather than broad, global statements that imply you know the truth or that something "is obvious." Saying "everyone knows that is ridiculous" is unhelpful and destructive to communication. Saying, "I really disagree with what you just said" is more honest and may be more accurate. If others share your views, it will be clear there is a shared perspective on an issue. If it turns out your view is not shared by others, you may then open up to new viewpoints or solutions.

Be willing to edit what you say so it comes across better. Saying anything and everything you feel under the guise of "honesty" can simply be a license to attack. Deliver your points with tact and respect. Appropriate editing of your message will make you more likely to be heard. It will also reduce the chances that other people will get defensive.

Avoid indirect communication. Families are notorious for allowing indirect communication and alliances. You may feel temporarily better after venting to your sister about what is happening between you and another person. Unfortunately, your sister may then be stuck with reactions and information she now must either hold or act upon. Indirect communication allows avoidance of conflict rather than resolution of problems. It can in fact make small problems grow into feuds between allied camps. Deal directly with whomever you are having the conflict, whenever possible.



The facilities should allow for recreation in addition to business, including shared meals as well as games, sports and places to hike or walk. People work most effectively together when they feel good about themselves and each other. “Think about that good feeling as a sort of reserve,” recommends Calibre Director of Financial Planning Patti Valeri: “We know that for every stressful or tense interaction, you need to have more than five pleasant or loving interactions to keep the relationship on an even keel.”

Connecting as friends and loved ones during and between meetings helps families maintain that much-needed reserve. Calibre’s Dr. Whitaker observes, “As one family put it, we do ‘care and repair.’ It’s really quite true. The fun and relaxing times are crucial to the family’s doing its work.”

A hotel, rented home or club also allows the family to manage its privacy. Family meetings often include the presentation of highly confidential material, from investment reports to estate plans. Hotel staff should

CONFERENCE CALLS

The larger a family gets, the more geographically dispersed it usually becomes. As it does so, teleconferences become more attractive and useful. Conference calls cannot and should not replace regular family meetings in person. But a family executive board or council can use teleconferences to take care of business in the months between larger family meetings.

The key to making conference calls work is to apply the same rules that apply to the family’s full meetings. Conference calls may feel more informal. But if they deal with the same serious goals as a “regular” meeting — communication, education and decision-making — they must play by the same rules. Otherwise teleconferences may end up impeding rather than furthering the family’s shared work.

be kept from the meeting rooms except during meals. Clubs or resorts should also not display placards with the family’s name on it if revealing it would attract public attention. Larger families may also need to allow for meetings specific to individual branches. Each branch should have private areas to discuss their own affairs while also enjoying the larger space where the whole clan can come together as one.

Places for family retreats should be convenient to everyone who needs to attend. It is not fair to expect members to attend and then make attending a hassle. Other matters of convenience to keep in mind include:

- Making sure bathrooms are easily accessible and adequate in number
- Reducing noises that may obstruct hearing, particularly for older family members
- Using an audio system so all can hear and speak clearly
- Giving attendees traveling from afar time to rest before the meeting
- Arranging for adequate meals and drinks

Wise families recognize that a family meeting is not just about the content to cover. It is about the process, the place of the meeting and the memories it creates. A well-chosen and prepared environment can add immeasurably to the family’s comfort and productivity.

CONCLUSION

A family meeting need not be huge, confusing or scary. Rather, it is one way that a family of wealth can express its love, character and creativity. It is a crucial means of preserving the family assets and family values for generations to come.

As with any new endeavor, creating family meetings does not happen fully in one event; it is a process. Like a new child, a family meeting can be awkward at first,



susceptible to mistakes and probably missing a few steps. Like a child, family meetings require education, and they can end up teaching the family as much as they learn (see sidebar on Education). They require patience and care to adapt to changing circumstances. But with proper guidance and good faith, family meetings will develop with maturity into caring for the family, its wealth and its legacy.

We hope that you and your family find these recommendations helpful and that you can adapt them to your own style, tastes and needs. Your Calibre advisors and the Calibre Family Dynamics Practice are ready to help you take those steps.

EDUCATION

Family meetings are a great place to learn, whether the topic is investments, business, legal matters or the family itself. Outside experts can be brought in to provide education on specialized topics from allowances to wills.

They are also a great occasion for family members to teach each other. Designated members can attend seminars or read materials between meetings and then present to the collected group what they have learned. Teaching is a great way to learn, and family members appreciate seeing one another shine this way.

Regular family meetings are also a wonderful venue for learning topics that break down well into modules. Across several meetings, a family may cover a curriculum on parenting children amid affluence, for example, breaking down the topic by gender or by ages (children 5-12, teenagers, young adults). The family could even cycle regularly through these topics every four or five years. This way, different generations experience the material from different points of view and with different experiences to share.

It is also important for families to revisit certain topics regularly as times and people in the family change. This can help new in-laws, for example, receive instruction about the family's holdings and its governance. New parents may begin learning about financially fit parenting. Keeping up a cycle of education is a great tradition for a family, allowing some members to learn, some to teach and others to relearn material in a new light.

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