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Becoming a More Conscious Advisor: Models for Managing Differences

Jordan Rich (JR): Welcome to the *FFI Practitioner* podcast. Hello, I'm Jordan Rich. Today's podcast features a conversation entitled "Becoming a More Conscious Advisor: Models for Managing Differences." This conversation, with Dennis Jaffe, Marta Widz, and Hakim Benbadra, is derived from an FFI Global Education Network course on governance.

Dr. Jaffe is professor emeritus of organizational systems and psychology at Saybrook University and he's a Senior Research Fellow with BanyanGlobal Family Business Advisors. Dr. Marta Widz is a member of FFI and was co-chair of the 2020 FFI global conference program committee. She is currently working with family offices at the Wealth Management Institute in Singapore. And Hakim Benbadra is the VIP and Family Business Director of the Africa CEO Forum, working closely with owners and CEOs of family businesses across Africa, supporting them in their development.

Dennis, share with us why and how becoming a more conscious advisor is so important.

Dennis Jaffe (DJ): The work of advising is often done kind of ad-hoc. A family calls and you talk to them and set [them] up and what we're finding is people have to be a lot more thoughtful about how they approach family. Family has a lot of rivalries and challenges, and everybody sees things differently. If you want to be the advisor to something called "the family," you have to really think through what that means, how you do that, or you're going to potentially find yourself in trouble or not being as effective as you can be.

JR: Marta, tell us in your own words why you think this is so helpful for people to learn.

Marta Widz (MW): This course provides some basics about governance, which is really at the heart between the family and the business systems,

[and] how to become a trusted advisor. So we all kind of know that there are some very difficult processes that happen in families, and [this] course provides a little bit of theory, it is finalized with a capstone webinar in which we can discuss our own cases, our own examples with much more experienced and trusted advisors.

JR: Hakim, how has this course, and all this learning, helped you in your part of the world?

Hakim Benbadra (HB): This course [is] crucial because it gives you perspective. When you advise families, family businesses in particular, it's important to have perspective and to kind of go out of what you know and bring external content. In my case, I've been working with African family businesses, I would say, you just have to adapt to the culture. I would say, maybe if I worked with U.S. family businesses [versus] a Nigerian venture it might be different, but in the end, to be a more conscious advisor is key, to be really helpful and to add value to the family business.

JR: So a lot of what we're talking about here with this GEN course is not just theory, but logistics and how to move, how to approach, almost like learning an exercise routine. Comment if you will on that kind of application in this course, if you would.

DJ: Everybody in the family, including the advisor, is under pressure, and that makes people anxious. And when you're anxious, you have this desire to do something, to make the anxiety go away. And a lot of families [will think], "We have to make a decision, we have to do something," and we know that decisions that are made when you're anxious are narrowly focused, are trying to get rid of the anxiety, not really [trying to] help the system. As a consultant, one of the things that you have to do is take a deep breath, step back, and tell the family, "Wait a minute! We can't rush." There's a statement that consultants use, "Go slow to go fast." And I use that all the time. I say, "Wait a minute! You're feeling pressure, you're feeling anxious, this is really important to you, but let's all step back and look at the situation a little bit more broadly. Let's look at where we are, let's look at where you want to get to, and not just think that you're solving this one particular problem, but really [asking], 'How can we make a better family and a better family business, all of us working together?' This is one of the crucial things that advisors do—step back and look at the big picture.

JR: I'd like to examine each of these common challenges facing the professional very briefly—we've actually covered one of them, "The pressure to move too quickly." Dennis, I'll start with you again on another point, and then we'll move to Marta and Hakim. The challenge of "Staying independent." Not easy in this particular area, but so vital, so critical.

DJ: Well, I think number one, staying independent really starts with the question, "Who is your client?" To say it's "the family" is a good start, but I think you have to really define who you're working with and make it clear to them. So, for example, some consultants say, "We're working with the business family," or "We're working with the owners group." Others say, "We're working with a generation—we're working with the third generation." I think you have to define the client and then, in order to stay independent, it's not—that's *your* assumption, you want to be independent. The family sees a certain way, and there are sometimes many family members. You have to convene a group and really get a clear definition between you of, "What are we doing, what is this all about, what is the goal of this, and how are we working together?" That's not just with one person, it's with a group. If you have thirty family members, you have to have a steering committee of some sort working with you, and "being independent" is really a shorthand for saying "Defining the client and getting on the same page, for everybody to be working together and pulling in the same direction."

JR: Just as important as professionals remaining independent is for them to be *seen* to be neutral and independent. To be seen. Let's comment on that, if you would.

MW: There's a tendency of creating various triangles, or we may be victims of triangulation, in [reality] or only in perception. But it is as important to manage the reality as the perceptions. And sometimes, the perceptions can be created based on tiny, not very important events. For example, you may spend a little bit more time with one of the family members, or go out for dinner with one of them, or accepting a lift to the airport. Things which may not be necessarily really important, but they are much more visible. [Focusing] as much on the perceptions as on the reality is really important.

JR: Hakim, comment if you will on the challenge that is being objective in this particular case.

HB: It's very challenging to be objective, especially when you work with people who become [your] friends, for example. Especially in the African context, trust is key. Trust is key and people will ask you to advise them if they know you and they trust you. It's complicated sometimes to bring in external people to advise. I would say for me, it's a daily challenge to remind myself, "You have to be objective. Just because you know these people, don't overpromise. Bring in some expertise if need be. If you can't do it, step down, say, 'Ok, I'm not a good advisor for this, I would recommend that you talk with others.'" So, it's something that you have to keep in mind, to bring the best to the family and the family business as well.

JR: Dennis, comment if you will on "Inclusion versus representation."

DJ: Well, the issue of inclusion has to do with, a lot of advisors, I think, particularly traditional advisors, say, "Well, you are my client," for example, the elder patriarch or the elder generation, "and you're the decision maker.

It’s your estate plan, it’s your business. You make the decision.” And I think advisors have to think about it not just in terms of who’s there, but if you work with a system and you work with one person independently and in secrecy, the fact that you’re working in secret actually has a negative effect on the other people who are involved. They feel excluded, they feel uninterested, they feel rejected, they fear what’s going to happen.

So, I think as an advisor, you can be clear that “The decision makers are this group,” but you have to help people communicate in the family with the other groups. For example, there’s no reason if you’re a decision maker, why you wouldn’t want to hear the opinions of family members. “Family members, understand, it’s not your decision, but we want to have a family meeting to hear what you think about this.” For example, selling the business, looking to the future, or making a major decision on a change in direction. So there’s a need for working with a group that may be the decision makers and building the communication process that opens up the system and builds transparency. I think a lot of advisors have to help the family understand [the reason to have] a more inclusive process. Another example has to do with the married-in family members. They’re part of the family, but they’re sometimes not part of the family, and it’s appropriate [that] they’re not decision makers. They’re new, they don’t really understand the business, but if you exclude them and you don’t communicate with them, if you don’t bring them into the process and let them know that it’s happening, each of the individual households of family members gets disrupted. Because they feel caught. “Hey, I’m an owner, I’m the daughter of the founder, but my husband has feelings also, and we have kids together, and they’re coming in and asking questions.” So the idea of inclusion is a key area, and it goes beyond who is making the decisions, to say, “How are we opening up this system and building common ground?”

JR: Another challenge facing the practitioner, “Ensuring a fair process.” That takes work, that takes effort. And people recognize when something is fair.

They certainly recognize when something is unfair. How does this learning module help us determine how to do that, how to bring fairness into practice?

MW: One of the ways to ensure fairness is to ensure a fair process. Because the process of establishing governance in family business is more important than the outcome itself. The reason being, in private businesses there's no "one size fits all" model, and there can be as many solutions as there are family businesses. So, for one, being more inclusive towards family members would be a solution, for others being more exclusive would be a solution. We also sometimes speak about family embeddedness. Really the most important is how we as advisors can ensure a fair process for the family to arrive at the specific solution that works for them.

JR: Hakim, if you would, comment on the final point, managing differences, a required skill in the conscious advisor, perhaps more so in the conscious advisor than anyone else. How does that fit into your game plan?

HB: If we talk about families in general—we would say, "This brother is extroverted, that one is introverted," or, "The sister is more into numbers," stuff like that. So these differences are intrinsic—they are part of the family. When you go into the business of families, or family business, then these differences can have a bigger impact, right? They can have an impact on the way the business is managed, for example. And so, these differences, instead of seeing them as something that is [an obstacle], when I talk about differences, I can also talk about different viewpoints—where the business should go. Or for example, [a business] needs a non-family board member. Who do [they] want? Maybe the father [disagrees with the others and] thinks, "Oh, I believe this other person is better." So actually, [it helps] to make the members of the family business understand that differences are natural and that it's important not to see difference as an issue, but more as an added value to the business. If they succeed in communicating—I think communication is very important in this regard—these differences can bring the business forward, and not be something that prevents the business from developing and growing.

MW: So differences of opinion would prevent some inertia, could actually spark creativity and solutions, which would benefit the family and the business in the longer term. The basis of all this is a generally positive relationship and establishment of trust, which could be established with the help of advisors, specifically when advisors understand different personalities of different people. I explain, "What are the stages of the conflict? What are the types of conflict, personal conflict versus differences in opinion?" Sometimes I even force the families to "Wear the six hats." There is an exercise where every person has to wear a different hat—one person is a creative, a second person is the logical person, yet another person is the advocate, and so on. But by forcing them to wear a hat of a different color, I just make them step out of their comfort zone and I take them to the trajectory of a different way [of looking] at it. Sometimes the conflicts are so escalated that I don't think that we as family business advisors can handle it anymore. So it is also very important to know where the tipping point is—the line beyond which you probably can't do much, and you'd be much better off referring them to either a lawyer or a specialized mediator, or just basically sometimes to walk away from the project. Because [staying on with] the project will also damage your reputation.

DJ: First of all, there's a tendency in families to see differences. Every family, if you have people married in, you have young people, parents and children, you have males and females, there are going to be different views. Differences are natural. What happens is, families jump, and they say, "If we talk about differences, that is conflict." I find you have to differentiate talking about differences and conflict. Conflict is when you put aggressive emotional energy into it, which creates polarization and emotional stakes in it. Then what you have to do is help the family step back [and] quietly listen to the differences. In families today, you have families where people are from different cultures, you have families that have very different ideas, they've been raised in different worlds! My children, my grandchildren, their worlds are so different from mine. What I'd need to do, if we were in a family business together, I would have to understand them better. That's the process.

The other thing about conflict is that families have to become comfortable with the fact that talking and listening to differences is not giving power away. A lot of the older generations say, "Well, if we talk about it, they'll get upset. It's my decision, why should I listen to them?" And you have to promote transparency. I think that the other thing about conflict is that families have to become comfortable with it, because one of the things that differences produce is new ideas. What we find is if you eliminate conflict, and you don't talk about differences and you shut out new ideas, you don't get innovation. Somebody may have a new idea and say, "Well, Dad doesn't want to listen to it, family's not interested, so I'm going to go out and do it [on my own]." And what you've done is you've pushed out new energy and entrepreneurial vision that is so precious for your family. Difference is a real overriding theme in the work that we're doing—respecting differences, being fair to everybody, finding a way forward and opening up the family to new ideas. That's a wonderful thing that an advisor can do for a family.

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JR: Thank you to Dennis, Marta, and Hakim for this very interesting exchange. Listeners who are interested in learning more about this topic or enrolling in the GEN certificate programs should visit ffigen.org. For more information on *FFI Practitioner*, go to ffipractitioner.org. Thank you for listening!

ABOUT THE CONTRIBUTORS

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INTERVIEWER: **Jordan Rich** is celebrating a quarter century at one of America’s top legacy radio stations, interviewing thousands of celebrities, authors, actors, and interesting personalities throughout his career. Jordan is co-owner of Chart Productions Inc. and teaches voice-over acting. His main focus these days is in podcast creation and production, featuring conversations with the world’s most creative people.