



# Allowing families to help each other offers benefits—but carries risks

*A peer community can be a powerful resource for problem solving and learning. But the process is not easy or automatic.*

By Ed Lazar

**T**O THIS DAY, *Apollo 13* remains one of my favorite movies. Many of us are old enough to recall vividly those anxiety-filled hours of the 1970 space mission. The true story involved an experienced Houston-based ground team, working in a trial-and-error crisis atmosphere, to create workable technology with nothing but the on-board components available to a trio of isolated astronauts. American ingenuity and dogged teamwork resulted in the safe splashdown of a damaged space capsule, preservation of three astronauts' lives and the strengthening of a nation's ego.

Thankfully, most of us will never face such an awesome challenge. However, the story in *Apollo 13* offers a vital lesson when it comes to dealing with issues facing our families and our family businesses: The experience and ideas of others can help us address our most personal, most pressing issues in a time of need. Indeed, sometimes our only option is to look outside ourselves.

We often think of family issues as unique to our situation or too delicate to be discussed outside our family. We sometimes think these issues are too complex to be fixed or will simply fade away if ignored long enough. Challenges such as parenting children of affluence or achieving meaningful philanthropy are two issues that immediately come to mind. The good news is, as in *Apollo*

*13*, these intense issues can be and have been addressed by leveraging the insight of a community of peers.

Just what is a community of peers? While NASA

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was once a shining example, the software maker SAS Institute gives us an apt model today. Privately held SAS has a strong community of practicing peers among its very loyal user group. The group is organized over various geographies and industries, mostly online. These groups are supported by SAS resources and user-volunteers and are led almost entirely by SAS personnel. An annual conference brings together software users, sophisticated and novice, to share experiences.

For wealth owners and the firms that provide services to them, a focused, well-managed peer community can become a vital path toward problem solving, learning and growth. But it's not an easy or automatic process.

At Threshold Group, we have worked both informally and formally with family peer communities. We think of these groups as experimental labs where new ideas can be tested and new approaches are encouraged. We want family members to consider the communities a safe and accessible place to learn and test their own thinking. After several years of experience, our client families and associates have learned some valuable lessons about the benefits and limitations of the community approach.

## The benefits

- **Living case studies.** As lifelong learners, we each are walking case studies in success, failure and everything in between. While the members and, collectively, the group cannot solve for us what we must ultimately solve for ourselves, a community helps to mirror back what others have done or might do if "walking in our moccasins." On one occasion, a family member asked us for insight into determining the scope of in-laws in family governance. Rather than pontificate on what is or is not best practice, we assembled a panel of "experts"—in-laws who had been through this process with their families, for better or for worse. The family facing the challenge found the panel's stories enlightening and motivating.

- **Enlisting collective wisdom.** The give-and-take of personal interaction within a community is infectious. If

done carefully, selecting and assembling a true community of peers—one focused on teaching and being taught—can yield a very high degree of trust and vulnerability. In turn, this increases and encourages the fullest possible sharing of wisdom. Collective ideas and resources broaden the thinking and ease the extremes. One middle-aged community member who had sold his family business, for example, had struggled with the question of “what’s next?” As part of a community, he realized how much wisdom he had to share with the group on the topic and, perhaps most important, that he was not alone. In effect, he became a “go-to” mentor for others who sought counsel on their future plans and ideas. The result was a deep sense of pride in what he could contribute, in addition to gratitude for the group’s insight and support.

- **A healthy dose of resolve.** While no member expects turnkey solutions from mere dialogue, a sense of accountability begins to develop among members. That sense of accountability leads to action and progress toward a better vision for business and family. An added dose of resolve comes from knowing others are there to support a member’s efforts. A recent meeting of our Community for Private Investors discussed how to say no when facing investment requests from well-meaning friends and business acquaintances with an array of “can’t-miss” business ventures. One member discovered not only a process and resources for saying no, but also an increased resolve based on others’ shared struggles.

## The limitations

- **Non-participants.** Sharing and vulnerability are not always natural acts, especially for independent-minded, self-made families in business. In some ways the act of participating in a community can feel like the antithesis of the more private experience involved in creating the family’s financial success. We can’t and don’t expect every family leader to willingly share what may feel somewhat invasive to them—and that’s fine. Those boundaries must be understood and respected.

- **Drivers vs. passengers.** We must understand the need to “seed, then cede.” Creating the right structure and environment is important; however, once the community is initiated, the ultimate drivers are the community’s members. We quickly must give up enough control to let the group decide where to take things and at what pace. The community members also must be willing to take the wheel and do some of their own driving. For example, members of Threshold’s Community for Mission-Related Investing (MRI), a forum for sharing information and experience in the MRI area, are now exploring the notion of joint, direct participation in a specific mission-related investment. We never foresaw this idea at the community’s outset, but we are supporting the group’s initiative with our firm’s human and financial resources.

This driver-passenger dynamic at times can cause some degree of role confusion. Frequent and clear communication about roles and responsibilities is critical.

- **“Messy” family issues.** These communities may offer family members a somewhat cathartic experience but are not a substitute for therapy or intervention. Some family issues are beyond the scope of community help and require assistance from professionals trained in disciplines such as psychology or mediation.

- **Restricted membership.** Even in an environment of trust and confidentiality, some information will always be withheld. In order to foster as open a forum as possible, only clients, Threshold associates and thoroughly vetted subject-matter experts are permitted to be a part of our communities. We also attempt to keep the group as consistent as possible to maintain the high levels of trust necessary for open and honest dialogue among peers.

## A few final thoughts

- **Connecting beyond technology.** Relationships must be initiated and sustained through ongoing physical presence and then enhanced with technology. While Facebook, Twitter and Skype can update us about our friends’ activities, these tools don’t fulfill a deep need for human interaction, dialogue and shared experience. Technology can enhance real-time connectivity, but it does not equip us to sort out the emotionally complex issues facing affluent families. In the communities we have nurtured, we always structure sufficient time for members to get to know one another in person first. As relationships are established, electronic forms of communication can sustain and enhance the connections made.

- **Diversity is healthy but not easy.** Melding families’ disparate world-views, cultures and vocabularies is not an easy task. Let’s face it; with a diverse constituency, just ordering lunch can be a challenge. We’ve learned it is better to begin with a small, passionate group in order to build interest and momentum, and encourage additional members once a committed core is in place.

- **Families’ needs evolve.** By interacting with peers, family members may realize new needs or may come to understand how existing services can be improved or redirected. As a service provider to these families, we must be prepared to accommodate these needs.

Creating, managing and supporting communities involves a tremendous amount of thought, senior management time, energy, discipline, financial resources—and courage. If these investments are made thoughtfully and sufficiently, the long-term benefits to all community members—families, subject-matter experts and the sponsoring firm—can and will be significant. “Houston, we have a *solution*.” FB