



ASPEN FAMILY BUSINESS GROUP, LLC

DEEP RELATIONSHIPS. ENDURING LEGACIES.

The Impact of Architecture in Planning

by Aspen Family Business Group, LLC

My partner Richard Hartmann tells a childhood story of his father designing custom homes. He would often watch his father at the drafting table drawing lines with his T-Square, noting that often his father would erase the lines he had drawn. Once he asked his father, "Why do you make so many mistakes with your drawings?" His father smiled and asked him what he meant? He replied, "You draw all your lines so carefully, look at them and then erase them. Why do you make so many mistakes?" To which his father replied, "Son, it is far easier to erase a line on the paper than to jack-hammer the mistake out of the ground"

This story emphasizes the importance of the "architectural process" in planning. No one would buy a beautiful piece of real estate to build the home of their dreams and have the general contractor begin staking out the property for the back hoe to begin digging the foundation without a plan. Quite the contrary, we would first hire an architect to work through our vision for the house and property, determine which direction the kitchen windows should face, and all the myriad of other decisions that would make this the house of our dreams, all done on the architect's drawing board, and all before the contractor begins.

The analogy is just as true of estate and business succession planning for families in business. Their issues are at least as complex as those faced in building a home, yet often there is not nearly sufficient time and depth of questioning to determine the family's values, its idiosyncrasies, its objectives regarding the family business, the skill sets of the successors, and any number of critical issues to be decided before the word processors are turned on and documents created.

This, if done well, should result in a collaborative effort between the financial advisor(s) acting in the role of the architect, and other trusted advisors, such as the family business consultant, the trusted attorney or CPA, and the insurance consultant. As an architect may well consult with the general contractor as the design of the house is taking shape, so should the communication flow freely among the team members to ensure the clients' values and vision of the future of their legacy is kept paramount in offering alternative strategies.

The Advisor Collaboration

This collaboration is not only valuable to the client family, but to the advisors as well. All of us in the planning world can remember situations where clients procrastinated in signing documents that they spent large fees creating. We have discovered that often this is a result of not spending enough thoughtful time up-front, and insufficient communication among advisors.

In future newsletters we are going to address the importance of the collaborative effort among advisors, particularly the advisors who are addressing succession issues for the family business. Some of the concepts that someone beginning the planning process should discuss with the architect of his or her legacy plan (estate and succession plans) include:

1. What messages do you want to communicate to your heirs as they learn about your plans?
2. What are your values that should be represented by this plan (e.g. Philanthropy? Community citizenship? Fun? Family togetherness
3. How should non-operating children be included or not included in the on-going ownership structure?
4. What legacy do you wish to perpetuate in providing for those less fortunate?

As the answers to these questions become clear, the design of documents and strategies follows your desired path to a successful and satisfying conclusion....a plan in place.

Having advisors who understand these complexities increases the willingness to work together to bring about a successful plan.