

## Collaboration always – getting the most out of your advisory team

Canadian family businesses generate huge revenues, pay considerable tax and provide significant employment. They help shape the economic fabric of the country.



Yet their potential and success is not simply based on what the family members bring to the table. The family's advisory team is also vital, especially if all team members are both qualified and collaborative. There are many challenges and opportunities facing business families, therefore it's important to ensure the right individuals are engaged.

But are the team members working together? In many cases, team members are working in silos, protecting their turf and not collaborating with one another. And that serves neither the client nor the advisor well.

### **Collaborative expertise**

We created this resource to foster more collaboration and improve client outcomes. It shows:

- Where collaboration is necessary across the advice disciplines
- Common family business issues that families often need to address

### **The power of collaborative teams**

Let's start with a team analogy. Assume you are a general contractor, with a client wishing to build a custom home. You know all that's involved in building the home to meet your client's goals. You may even be capable of doing most of it yourself. But the smarter step is to sub-contract work to specialists who can do the job better and faster.

You'd consider many specialists. These might include:

- The architect to design the home
- A foundation crew to prepare the site and pour the foundation
- The framers to build the walls and overall skeleton
- Plumbers and electricians to do the pipes and wiring
- Carpenters to do the cabinetry and trim
- Painters to paint the walls

While it's theoretically possible for one person to be specialized in all areas and do it all, it's rarely done in practice.

We can use this analogy to draw a parallel to the advice a family business needs. The family’s advisor could possibly give the advice, products and services necessary to address the client’s needs. However, if the advisor plays the role of general contractor and leverages specialists to perform the many roles, everyone can benefit by collaborating as a team.

So, who should the advisor leverage? There are several individuals to consider. These include:

- Tax accountant
- Lawyer
- Investment advisor
- Insurance advisor
- Family office
- Family enterprise consultant

A family office acts as a personal CFO to successful families. Although the services they provide can vary, the family office will have a dedicated team of professionals who oversee and manage the complete financial affairs of client families. A family enterprise consultant helps with the human elements of families, like facilitating much needed conversations, as well as structural elements, like strategy and governance. It’s a relatively new discipline but one that’s proven to be invaluable.

These experts might not use the “family enterprise consultant” name, but they’ll often use something similar.

Other team members might include a:

- Private banker
- Retirement lifestyle planner
- Business coach
- Trust officer
- Financial planner
- Philanthropy specialist

Each professional plays an important role in helping shape the success of the enterprise and the family. They also help shape the personal and professional success of each family member.

But for any team to be successful, it must act like a team. That requires trust and open communication between all team members, and means putting the client’s interest at the centre of what each team member does. Imagine the benefits if everyone worked collaboratively to address family business goals and challenges. When it happens, it pleases all parties.

**When faced with family business issues, the family and the advisory team must collaborate to help find a resolution. Here’s a list of 20 common family business issues that the advisory team can help with. The checkmarks indicate who is typically involved.**

Family business issue	Tax Accountant	Lawyer	Investment advisor	Insurance advisor	Family office	Family enterprise consultant
<p><b>1. What are our family values and mission?</b></p> <p>Many families work to determine their professional and personal goals and their management or ownership interests.</p>					✓	✓
<p><b>2. What does our family governance model look like?</b></p> <p>A family governance model provides a framework for joint decision-making among family members. It incorporates shared values, a common mission or purpose and a collective vision for the family’s future.</p>		✓			✓	✓
<p><b>3. How do we handle conflict resolution?</b></p> <p>Conflicts within a family are inevitable and dealing with them productively often requires an agreed-upon structure and process.</p>		✓				✓
<p><b>4. Have we fully addressed our estate planning goals?</b></p> <p>Families need to consider many factors in determining estate planning goals. A professional can help navigate this process to ensure the family covers all angles.</p>	✓	✓	✓	✓	✓	

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<p><b>5. Do we want to be a philanthropic family?</b></p> <p>A unified front is a powerful way to increase a family's impact on causes that matter most to them.</p>		✓	✓	✓	✓	✓
<p><b>6. What legal documents are required?</b></p> <p>Family members need many legal documents for optimum family, business and estate outcomes. These include wills, pre-nuptial and separation agreements, powers of attorney, trusts, and buy-sell agreements.</p>		✓		✓	✓	✓
<p><b>7. How do we manage our capital?</b></p> <p>Capital management ensures maximum efficiency in cash flow. The aim is for the business and family to have adequate means to meet its day-to-day expenses and short-term financial obligations.</p>	✓		✓		✓	
<p><b>8. What's our decision-making process?</b></p> <p>Decision-making strategies can ensure that all members are 'on the same page' regarding major life, business and financial decisions. These also clarify the role and responsibilities of each family member in the decision-making process.</p>		✓			✓	✓
<p><b>9. What is the appropriate corporate structure?</b></p> <p>Corporate structure refers to the organization of different departments or business units within a company. These can differ significantly depending on a company's goals and industry.</p>	✓	✓		✓	✓	✓
<p><b>10. Should we engage an advisory committee and/or board of directors?</b></p> <p>A board of directors is a panel of people elected to represent shareholders. It's required for public companies. But many private companies also choose to name a board of directors.</p> <p>The goal of an advisory committee is to provide valuable assistance, advice, and expertise to the board. They have no voting rights.</p>		✓				✓
<p><b>11. What is our current business valuation?</b></p> <p>A business valuation determines the economic value of a whole business or company unit. These can be used to determine the fair value of a business for a variety of reasons. These include setting a sale value, establishing partner ownership, tax planning, insurance analysis and settling divorce proceedings.</p>	✓	✓	✓	✓		
<p><b>12. What are our stakeholder objectives?</b></p> <p>Stakeholders are the individuals or groups that influence or have an interest in the firm's actions and decisions. Understanding their objectives will help to set priorities and achieve better outcomes.</p>					✓	✓
<p><b>13. What is the ownership succession plan?</b></p> <p>Businesses use succession planning to streamline the process involving a change of ownership.</p>		✓		✓	✓	✓
<p><b>14. What is the management succession plan?</b></p> <p>Management succession planning is the process of preparing an organization for a transition in leadership. This is particularly helpful when a management change occurs due to unforeseen circumstances.</p>		✓				✓

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<p><b>15. How do we manage work/life balance?</b></p> <p>Some people like to draw a line between their personal and professional lives. Some people say work is life. Professionals can help clients determine what works best for them and their family.</p>					✓	✓
<p><b>16. How do we groom family members for success?</b></p> <p>What actions can families take to set family members up for success in life and business.</p>					✓	✓
<p><b>17. What tax planning opportunities should we consider?</b></p> <p>Professionals can explore all tax planning opportunities that will benefit a family's unique personal, business and legacy needs.</p>	✓		✓	✓	✓	✓
<p><b>18. Do we have enough insurance to fund the current and future tax liability?</b></p> <p>Insurance has many uses. Professionals can determine how a family can use insurance to meet its potential tax needs.</p>	✓	✓		✓		
<p><b>19. Have we addressed the financial risks of losing key employees?</b></p> <p>A business needs to undertake a comprehensive risk assessment for key employees to determine the financial impact of their departure.</p>	✓			✓		
<p><b>20. Have we addressed our cybersecurity risk?</b></p> <p>Some families purchase enhanced security options from reputable IT companies including searching their info on the darknet, having procedures for changing passwords regularly, and securing home networks from breach.</p>	✓	✓	✓		✓	

### Good collaboration leads to great results

Families and their businesses have complex opportunities and challenges. An advisory team of exceptional professionals, working together, can help ensure personal, professional and business success for family members.

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