

SO YOU WANT TO HOLD A FAMILY MEETING – NOW WHAT?

WITH MATHEW HARRISON AND DR. JIM GRUBMAN

MARCH 2021

BURGUNDY
ASSET MANAGEMENT LTD.

Mat Harrison

00:13: My name is Mathew Harrison, and I am head of Private Client at Burgundy.

00:19: I'd now like to introduce our esteemed guest, Dr. Jim Grubman. Dr. Jim Grubman is a senior consultant to multi-generational families and their advisors about the issues often arising around wealth. He has over 40 years' experience in healthcare and financial psychology as a practitioner, educator, author, researcher, and speaker. He is published widely and been quoted in various media, including the New York Times, The Wall Street Journal and CNBC. His global consulting practice, Family Wealth Consulting, is based in the Boston Massachusetts area. Welcome, Jim.

Jim Grubman

01:00: Thank you for having me, Mat. I'm really happy to be here.

Mat Harrison

01:03: Now, when we first met, which was a couple of months back now, virtually, of course, we knew that we wanted to have you do a talk, but we wanted to know from you what families struggle with and what we could do to really add value to the conversation. We have touched on the topic of wealth stewardship in different ways, beyond the investment estate and tax, call it structural aspects of wealth. But it was your suggestion that we dive deep into the family meeting. Now, what is a family meeting for review, for those that are not familiar with the topic, and why is it important?

Jim Grubman

02:03: Talking and family communication is the vehicle by which you need as a family to be doing multiple things. As we were getting into, for most people, kind of in general society or middle-class life, most families don't necessarily do family meetings and they may not do a lot of family communication. People who migrate and come to wealth do not have a model in their heads, a template, that you need to be having family meetings and talking about things in order to make the family succeed.

02:44: A lot of families never do that. A lot of people come to wealth with no skills for and not even sure how you would do family communication and meetings if you wanted to. You and I talked about that and we talked about why don't we take a deeper dive into why it's important, what it's about, what the fears are about it and how to do it when you're ready to do it.

03:09: Let's look at some basics of family meetings. I'm going to list a couple things here. Family meetings, again, are a vehicle for doing a variety of things. There's a variety of purposes for different meetings or even within one meeting. Meetings can be about communicating, just talking with each other, sharing information, education. Decision-making, particularly about fostering connection and sometimes leadership.

SO YOU WANT TO HOLD A FAMILY MEETING – NOW WHAT?

WITH MATHEW HARRISON AND DR. JIM GRUBMAN

MARCH 2021

BURGUNDY
ASSET MANAGEMENT LTD.

03:43: Make an agenda that fits the purpose. People often pack too much into a family meeting. They make it a business meeting; they don't leave room for discussion. You have to leave plenty of time for discussion. Often a good rule of thumb is make up the agenda and then take out about a third and you'll probably be about right. But have a clear idea. People need to know, what are we going to be talking about? Send the agenda around in advance, get input on the agenda, maybe have people add items, make it collaborative.

Mat Harrison

04:18: What's a good resource, Jim, to know what your agenda should be through time?

Jim Grubman

04:26: In a sense, it's sort of just-in-time learning. It's best to talk about things that are most pressing at this given time. If something is going to be happening five years from now, you don't need to bring it forward. You have to match the meeting as things are happening in the family. That will be of most interest to people for the meeting. Okay?

04:50: We talked about time planning; make the time fit the agenda and the agenda fit the time. People ask, "Well, how long should a meeting be?" The range is about two hours to a weekend. Most of them typically might be a half a day, maybe a full day, maybe less. But it depends on what you have to work on. Start small and get bigger. I mentioned before if you're involving advisors, plan extra time for that but limit the detail.

05:18: And you match the frequency. People say, "Well how often should we do this?" In the beginning you might do it twice a year, maybe more often. After a while people often go to doing it once a year, very occasionally once every two years but that's getting a little long. If you have a lot to work on, you do it once a quarter.

05:40: Where to hold the meeting. This is not just a gathering that's routine. Make it special. Rent a room in a restaurant, have a good meal, close off the doors, tell the staff not to come in, and have the meeting.

06:00: Do not do it in the family home. Very often, again, the elder generation will say, "Well we can do in our house, we've got this huge house, we've got the great room, let's just do it there." When people are in the family home, they default to being family relationships. You may have a 54-year-old woman who's running a major company and in the family home, she's always the baby. Do it in a neutral, special area.

06:32: Make sure it's private. Like I say, have the meal but then tell the restaurant or hotel staff, "When we close the doors. Don't come in." Staff coming in and out giving coffee all the time disrupts the meeting. Make it private. Have it be comfortable, good food and no distractions. Don't have

SO YOU WANT TO HOLD A FAMILY MEETING – NOW WHAT?

WITH MATHEW HARRISON AND DR. JIM GRUBMAN

MARCH 2021

BURGUNDY
ASSET MANAGEMENT LTD.

childcare, people running in and out or whatever. This is a time to be working on the family.

07:00: Let's talk about the process. Sometimes some people dominate the conversation. Who might need to make room for others to speak a little more? A good facilitator or a good leader in the meeting makes sure that it is a discussion and the conversation rotates. Who may need room to speak up more? Some people are shy. The facilitator or the family meeting leader needs to say, "Well, Susan, what do you think about that?" Or, "Let's hear from you." Draw people out. Say, "We really want to know what you have to say." So you need to keep it balanced. You need to set and reinforce expectations that the conversation is going to be safe and respectful because much of what happens depends on collaboration, not just communication.

07:52: People can communicate all day long. It doesn't mean they're making progress. A lot of it is actually collaboration and negotiation. You have to be able to share. Okay. We're going to keep moving to what is probably one of the most important things that gets asked about: ground rules, ground rules for communication.

08:16: I'm going to list several of them here. There are others. Actually, in *Strangers in Paradise*, my book, in the back there's an appendix talking about family meetings and these ground rules are there if people want to look there. Good ground rules are things like put devices away, pay attention, be present. When people are looking down here all the time during the meeting, it's not a good meeting. Speak respectfully, edit what you say, and make "I" statements. Nobody has a lock on the truth about things saying, "Well, everybody knows you destroyed the company when you did that. We should be talking about that." That's not helpful.

09:03: It's more honest to actually say, "Look, I'm concerned that we need to be making sure that we run whatever is going on now carefully. I'm concerned about the risks that we have with such and such." So "I" statements and owning your views as your own is helpful. People need to listen, take time to truly listen, and listen to what people are saying. You have to be patient. Not everything happens all at once. And everybody's got to maintain the privacy of the meeting, and not leave and then everybody figures you're going to be talking about it with a bunch of other people. How do these look as ground rules, Mat, for what might be useful in a meeting?

Mat Harrison

09:45: Well, they look like very good ground rules to me for any meeting. Not just a family meeting.

Jim Grubman

09:51: That's right. Any meeting is good. Be prepared to enforce the rules. Actually, the rules are no good until the first time they're violated and then you have to enforce them. When people see they're going to be enforced,

SO YOU WANT TO HOLD A FAMILY MEETING – NOW WHAT?

WITH MATHEW HARRISON AND DR. JIM GRUBMAN

MARCH 2021

BURGUNDY
ASSET MANAGEMENT LTD.

they relax and it's a safe meeting. If they see that there's no enforcement going on, the meeting is not safe. Be even-handed in enforcing it. Even the matriarch and patriarch have to follow the rules and distribute it around the table. Anybody in the table can say, "Wait a minute. Could you make that an "I" statement? Can you own that view?" Anybody can do that.

10:28: As new members come into the meeting, orient them to the ground rules.

Mat Harrison

10:33: Do you find, and I know we get to a little bit about help towards the end, but do you find that most families prefer to run these meetings as a family? Or do most families use outside help to run their meetings?

Jim Grubman

10:51: There's no good statistics on that. I'd have to give you my general impression. Obviously because I get brought in, of course in 100% of the meetings that I'm in, there's a facilitator. What I would say is probably about 60-70% of families I think try and do it on their own or maybe they use somebody say from their attorney, trusted advisor, wealth management firm, advisory firm. Maybe 30% will reach out for a facilitator. That can be for two reasons.

11:29: One is they can be very concerned, and they feel like we don't want to risk this, we need somebody who knows what they're doing. But it's also the other way around. Some families are proactive. They say, "Look, we don't want to stumble around. We want somebody who's done this before. Let's get somebody in and learn from them." Then gradually segue to doing it on their own.

Mat Harrison

11:53: Jim, when does this meeting make sense to involve children? At what age and what stage does it make sense to get them involved in a family meeting?

Jim Grubman

12:03: Well, I'm going to give you a complicated answer for that. It is a very fundamental question. In some ways, it depends on where you're starting from. For many families, if the G1s are say in their 60s or so and the G2s are in their 30s, it's fine to start just right there.

12:27: If you've got a good family meeting process going, that has been going well, you can actually begin to plan to include the next generation maybe. Not unusual to start with kids down as young as 14, sometimes even 13. They have to be mature; they have to be able to sit in a meeting. They don't necessarily need to be in the meeting all the time for all elements of the meeting, because it might be several hours and different information. But I would say, if your adult children – and I'm going to call them the G2s or G3s

SO YOU WANT TO HOLD A FAMILY MEETING – NOW WHAT?

WITH MATHEW HARRISON AND DR. JIM GRUBMAN

MARCH 2021

BURGUNDY
ASSET MANAGEMENT LTD.

because they're not kids – if they're in their 20s, then they could be in a meeting.

Mat Harrison

13:06: I was very surprised to learn from you, Jim, that kids in your experience know a heck of a lot more than what the parents believe that they do know.

Jim Grubman

13:20: Yes. Yes. Parents often have this real big thing of the big reveal and disclosing things like that. We were talking during the planning, and I've been in multi-generational family meetings where we did breakout groups. I sent maybe the younger G3s off with a computer and said, "You have 15 minutes. Come back with as much as you can find out about the family." And I may make it specific like, "Find out how much do you know about grandma and grandpa's net worth." It is stunning. It's sobering, particularly the elder generation, when they come back and how much is available.

14:07: So often younger members of the family know a lot more about what's going on in the family. By the age of 15, they've Googled a lot of different things, including the worth of the houses, maybe dad's company, who knows what else. It's not what we think. Another fear that many elders have is, "What if I get asked a question that I don't want to answer or that's too soon or too much or not right?" And just like the part about discussing doesn't mean you delegate. Just because somebody asked a question doesn't mean that you have to give an answer. However, you don't want to punish people for asking questions.

Mat Harrison

15:00: Well, you've seen this a lot I'm sure, but there's the idea that once you've sort of opened up that box, you can't put it all back.

Jim Grubman

15:10: You cannot un-ring that bell as they say.

Mat Harrison

15:13: It's a scary proposition to be going down that trail.

Jim Grubman

15:17: Well, as we will talk about as we go along here, very often we think the G2s have a certain reaction, but in actuality what most G2s are most concerned about is they just want to be able to plan for what's going to happen in their adult life. They're not greedy; they're not looking for different things. But they're in the dark. Family communication, and family meetings in particular, are a way of sharing information so that the family can begin to plan together. It's legitimate for them to want to know what to expect in adult life. That's really mostly what they want.

Mat Harrison

15:59: What about girlfriends or the married spouses of the immediate family?

Jim Grubman

16:06: Well, let's take those separately. Let's talk about spouses or committed partners. Because more and more these days, people actually don't get

SO YOU WANT TO HOLD A FAMILY MEETING – NOW WHAT?

WITH MATHEW HARRISON AND DR. JIM GRUBMAN

MARCH 2021

BURGUNDY
ASSET MANAGEMENT LTD.

married, but they are committed and cohabiting. Generally, for a lot of families, they're nervous about including the in-law or the spouse at the very beginning. Many of them are hesitant about doing family meetings in the first place. Recognizing that your adult children may wish to include their married partner; they have a close relationship. But it is okay to ask in the beginning to begin with bloodline only and to get a solid foundation of getting relaxed and talking with each other.

16:51: For many families, more and more these days, including in-laws does occur. It has to do with the quality of the relationship and a variety of other things we can talk about. But the norm is more becoming, at some point, to respect the fact that the in-laws are parents to your grandchildren, and you want to foster a close relationship. But if you feel nervous, you can ask your G2s, "Could we just start with our family first, get used to it, and then maybe include people?" For many families, that's not a bad place to start.

17:31: You talked about girlfriends and boyfriends. One of the things is understanding what is the boundary of the family? That's a question actually that is very valid to talk about in the family meeting. At what point is somebody eligible to be in the meeting? You need to be thoughtful about that. You don't want people coming in and out who may be gone in three months. You want some sort of commitment and depth of the relationship, because you are going to be sharing if not very detailed information, you're going to be sharing important things about the family.

18:05: Getting the family to talk about *what is the boundary of the family?* When is somebody inside versus outside? That is actually a valuable conversation to have.

Mat Harrison

18:18: Good. I want to circle back on one question that I'll ask you to sort of use in summary. Clearly, the benefits of opening up and having a family meeting and opening up to family communication outweigh the potential consequences, if there are consequences. What is your general pitch on why people should move forward? What should they do next week to sort of start this process and start to move forward with having a family meeting?

Jim Grubman

19:06: Number one, think about your skills for doing the meeting. If you've never done it, if you are hesitant about communication, then the first step would be to plan a meeting in which you get some help, let's say from Burgundy or someone else, but start with the people that you trust. Are we going to kind of do it ourselves with some coaching or are we going to enlist somebody?

19:33: Number two, think about what you would want to lay out as purposes. A great place to start is to go to your grown children and say, "We have heard that actually there's a benefit to talking. We would like to begin a

SO YOU WANT TO HOLD A FAMILY MEETING – NOW WHAT?

WITH MATHEW HARRISON AND DR. JIM GRUBMAN

MARCH 2021

BURGUNDY
ASSET MANAGEMENT LTD.

process, not just do a meeting. We want to begin the process of sharing with you a little bit more about the family's resources and situation so that we can begin to work together about it. Would that be okay with you?" See what they say. You may find they're very interested. You can also say, "We're doing this not because we want to tell you, 'you're all set for the future of your life,' but we're going to be talking about values, the importance of purpose. We're just simply going to start working together about it and discussing things more as a family."

20:37: Number three, start small. Talk about the resources of the family and how it was created. Your kids may not know the story of the legacy of the family. Begin with that and your values. Build from there.

Mat Harrison

20:58: Great. Well, thank you very much, Jim. We are all sort of very happy to have listened to this. We're all well more informed than we were. Thank you very much for your time and sharing your wisdom with us.

Jim Grubman

21:12: Well, thank you for having me. This is great. The questions that you asked and the things that we talked about are often the typical things that come up and the questions that came up today. I would encourage everybody to talk with your advisor, consider working on it, and, again, in the back of Strangers, there are some more guidelines. Do the best that you can but there is a phrase, "What's the best time to plant a tree? 20 years ago. What's the second-best time? Today."

Mat Harrison

21:44: Right now.

Jim Grubman

21:45: Start today.

Mat Harrison

21:46: Great. Thank you very much, Jim.

SO YOU WANT TO HOLD A FAMILY MEETING – NOW WHAT?

WITH MATHEW HARRISON AND DR. JIM GRUBMAN

MARCH 2021

BURGUNDY
ASSET MANAGEMENT LTD.

DISCLAIMER

Information provided in this transcript is up to date as of the time of recording only. This transcript does not consider unique objectives, constraints, or financial needs. The opinions expressed here are those of the speaker at the time of recording only. This discussion has been organized for information purposes only and is not intended to offer investment, legal, accounting, or tax advice; provide recommendations or offers of solicitation; serve recruitment purposes; and/or serve marketing purposes. Burgundy assumes no obligation to revise or update any information to reflect new events or circumstances, although content may be updated from time to time without notice. Any numerical references are approximations only. Forward looking statements are based on historical events and trends and may differ from actual results. Content and links provided in this piece include proprietary information of Burgundy Asset Management Ltd. Third-party materials that are referenced or discussed in this session are not necessarily endorsed by Burgundy. This content is not to be distributed without consent from Burgundy, and this is not intended as an offer to invest in any investment strategy offered by Burgundy. Viewers are advised that investments are not guaranteed, values change frequently, and past performance may not be repeated. Investing in foreign markets may involve certain risks relating to interest rates, currency exchange rates, and economic and political conditions. Because Burgundy's portfolios make concentrated investments in a limited number of companies, a change in one security's value may have a more significant effect on the portfolio's value. Characteristics described are also for illustrative purposes only and may exclude companies in the financial sector or with negative earnings as well as any outliers, as determined by Burgundy. Investors should seek financial investment advice regarding the appropriateness of investing in specific markets, specific securities or financial instruments before implementing any investment strategies discussed. Under no circumstances does any commentary provided suggest that you should time the market in any way. Further information is available upon request.

For more information, please see <https://www.burgundyasset.com/legal/>.