



Difficult Conversations: A Process, Not an Event

We're in an unprecedented time. The world is trying to get its arms around the Coronavirus, the economy has taken a hit and people are suffering. Our hearts go out to everyone affected, especially those most vulnerable from a financial and/or health perspective.

As part of FEX's commitment to supporting advisors who serve family enterprises, we wanted to provide some thought leadership and have chosen the topic of *Difficult Conversations*.

Given the current stress, uncertainty and speculation, we are inevitably going to have to engage in difficult conversations with our clients. So how do we best frame a conversation that has some difficulty to it and/or help our clients to have the difficult conversations they may be facing in their businesses with employees, family members and other stakeholders? How can we ensure that these conversations help our clients recognize opportunities, make conscious choices and take action?

To help us think through the process of difficult conversations, Ruth Steverlynck, Chair of our FEA Council, sat down with two thought leaders and experts in the field of leadership and family enterprise, Tom Epperson and Greg McCann.

RUTH: *What is going on? Tom and Greg, give us a sense of what you are seeing and hearing from business in general and the families you work with?*

TOM & GREG: Some of the businesses and families we work with feel great uncertainty, fear and anxiety. Others are grappling with the guilt and shame caused by forced furloughs and not being able to take care of the needs of their employees. However, what we are observing is that many people are wanting to pull together and do the right thing to help others. We know they are strained but those that have stayed grounded in their values seem to be faring the best. They are staying informed, sharing information and looking to their advisors for support and wisdom, not just information. Of course, this is not true for all, but in general, once clients realize how serious this pandemic is, they put the health and welfare of people first—both physically and economically. The risk in the current situation is that by the time it becomes real for most people, it's easy to get stuck in a cycle of response. We put out fires. We deal with emergencies. We handle one problem after another, but we never get around to fixing the systems that caused our problems.

RUTH: *How is all that is going on impacting family enterprises; both in terms of the families and the businesses?*

TOM & GREG: From the business side of family enterprises, our clients' responses to change varies pretty wildly. Some people are in crisis mode, while others are business as usual. Some have been hit immediately by the shutdowns issued for 60 to 80% of North American populations, while others have found opportunity in the downturn. Across North America, we have seen the biggest

stimulus packages in our history since World War II, which all of our clients believe is the right decision.

For almost all of our clients, the future is uncertain. They feel the risk financially and physically, and are responding with efforts to protect family members, employees and stakeholders. Most stakeholders want to be part of the solution, to find some way of contributing the effort to defeat this virus and get back to work.

From the family side of family enterprises, we see a great deal of commitment to the family, to the community and to those at risk. We are learning to use new technologies—grandma is now on Zoom and we are throwing digital birthday parties. We may practice social distancing, but that doesn't mean can't stay connected to those we love.

RUTH: *Financial markets are in free fall; businesses are on their knees, uncertainty reigns, anxiety is at unprecedented levels...clients are leaning on their advisors for help. What advice do you have for advisors who want to help clients during this time?*

TOM & GREG: We are not experts on all aspects of business, but our work with families often involves having tough conversations. Given the uncertainty, the volatility and the mixed messages families are getting about their individual worth and the overall economy, the role of the family enterprise advisor is vital... and difficult.

Let us start at a high level. We believe that this is a point in time where you can take advantage of this crisis. Though we believe that exponential change and global interdependency are resulting in ever-increasing complexity and chaos, this is a generation-defining event. Accordingly, everyone leading or serving families will need to develop their agility and support the agility of their clients.

Agility is our ability to adapt—to read a situation, to make sense of it, and then intentionally choose a course that aligns with our values and the impact we want to make. Most of what we do is react—we unconsciously choose a path because it's the same path we always take. Agility is about taking not the well-worn path, or the shortest path, but the best path for us and the people we serve.

For example, let's say you always share lots of facts and figures with your clients. Maybe what your clients really need is for you to listen and empathize. Maybe your instinct is to stay behind closed doors until you have all the facts. But maybe the best solution right now is to step out of that door even with incomplete information. Adapting requires agility and it often feels awkward to take a different approach.

As you approach difficult conversations with your clients, consider the other person. What do they really need from you in this moment? Then ask yourself, *what will I need to do differently to give it to them?*

What makes the conversation difficult is not necessarily that the topic is tough, but what the other person needs is difficult to provide.

Another bit of advice we have for advisors is the opposite of adapting—it’s staying grounded in what’s most important to you: your values. In times of crisis, others need to know who you are and what you stand for. Your consistency of character can bring comfort to others—they will have one more thing they can predict and one less thing to worry over. Keep in mind: your values are the rudder that will guide you through these rough seas and uncharted waters. They can create the stability if not the certainty that is needed right now.

Your challenge then is to both honour and stay aligned with your values and adapt your approach to the needs of others.

RUTH: *During times like these, we will often need to have very difficult conversations with our clients about their choices, their investments and their families. It can be challenging for the advisor and the family. How can advisors be effective in the midst of this challenge?*

TOM & GREG: First, give yourself a little bit of grace. The reason it’s a difficult conversation is because it’s difficult. However, a tough conversation for you may not be a tough conversation for them. You might be making up a story about how they might respond based on your own responses. Think about how the other person wants to be treated, not how you want to be treated. This might require you to adapt your approach.

Second, there are no perfect words. But it is helpful to write out your thoughts so that you can be clear and focused. If the conversation does get uncomfortable, you are both going to want to change the subject. Having some notes about what you want to discuss will help you come back to it and communicate more effectively.

During the conversation, start with validation and understanding. People are apt to not listen until they feel heard, remember this is as much about the relationship and trust as it is about money and solutions. Throughout the conversation, stay curious and have empathy. Try to understand their point of view.

Stay calm and rational. In the middle of this crisis, most people’s nerves are worn a bit thin, and many of us have been experiencing a low level of anxiety for a few weeks now. Be aware of this and don’t let yourself get emotionally hijacked in the conversation. If somebody is getting defensive or upset, slow the conversation way down, ask some questions, restate what you’ve heard, then restate your position.

Difficult conversations with your clients are not typically one and done. If you have to leave things unsettled, that’s okay. It doesn’t have to be all tied up with a bow. Be willing to come back to it. Take a couple of days to think about it and then reconnect with your client. Sometimes it takes a day or two of reflection to help that other person come around. Just make it clear that you are going to reconnect with them.

As an advisor, we often feel that we must be the expert and have all the answers. Even amidst this crisis, we feel we must be perfectly confident about the future. That’s not true—our clients want to be seen and heard, and they want to see and hear us – the real us. It’s 100% okay to share the fact

that it's a difficult time and that this is a difficult conversation, or that you feel awkward or anxious about it. You can share that you don't have all the answers, but you do have experience and wisdom on your side. What you do not want to do is hide. Resist the urge to avoid conversations that may be challenging for fear that it could affect the relationship. What is going to damage relationships at this time is clients feeling unheard; that their advisors do not care and are not being real.

RUTH: *Can you give us some examples of how to have a different kind of difficult conversation with our clients, the kind of conversation that could strengthen the relationship?*

TOM & GREG: How you frame the conversation with your clients matters. Right now, for example, if you are a financial advisor you may have clients who want to know if they should sell or hold, if we have reached the bottom of the market or if more bad news is coming. You may have informed opinions about all these questions, but this is the perfect time to consider what the client really needs from you—a quick answer, or something more?

Option 1: It would be relatively easy to have a straightforward conversation about economic data and then a recommendation for what the client should do. For some clients, this is exactly what they need.

Option 2: For other clients, they need to think more broadly about their overall investment strategy. Rather than giving the quick answer, you could encourage them to think about the big picture and how to adapt their overall strategy to these conditions.

Option 3: For some clients, they need to think through their investing philosophy and what they believe their investments are for—to ensure future generations have resources to start new businesses, to contribute to philanthropy, to steward money for children and grandchildren? How can their investment philosophy fund their family's purpose and honour its values?

As an advisor, how you frame the conversation can lead to any of the three options—although you are likely to develop stronger relationships and add more value the closer you move to option three over time. Again, what does the client need in this moment?

RUTH: *What are some risks we, as advisors, should be mindful of as we get into these difficult conversations?*

TOM & GREG: There are two primary risks in these conversations that you can influence, and they both start with you, the advisor.

The first risk is that you don't anticipate what the client needs, and you show up with the wrong kind of conversation. For example, does the client need to be heard and you show up with all the answers? Does the client need a quick answer and clarity, and you provide ambiguous generalizations? The risk here is that you are not agile and don't adapt.



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The second risk is that the client is experiencing an underlying emotional issue that has them stuck. To try to solve or fix that with analysis, advocating or facts seldom works. Lean back, listen and draw the client out. There are two levels of truth: factual truth and emotional truth. You need to help people get to the latter and they only do that when they feel safe and heard.

RUTH: *What opportunities do you believe advisors and their clients can take advantage of during these times?*

TOM & GREG: We are sure there are financial opportunities for some during this crisis—advisors are much better positioned to understand this than we are. Our focus is on the human side of the equation—on personal, relationship and family opportunities that the pandemic is creating for us.

The first opportunity is personal. We all get stuck in patterns—we work too much, or we get disconnected or we put too much of an emphasis on having stuff. This gives you and your clients a chance to reset at a personal level. Is there some aspect of your life that you are dissatisfied with? Can you try something new—a new behaviour, a new hobby, and new way of being, that could work for you now? What can you learn or explore?

The second opportunity is relational. Many people are working from home or have had their normal day to day lives turned upside down. This is an opportunity to reconnect with old friends, to check in via teleconferencing, to send notes to the people we care about most.

The third opportunity is familial. What new family traditions can you create during this time? Board games with mom? Movie night with dad? Bike rides with the kids?

A final opportunity is one of legacy. This is a great time for your clients to regroup themselves in their values. You can help your client reflect on their choices during this difficult time, based on the people they want to be and the impact they want to have. Ask them to remember what matters most. Their choices are about more than money and investments, they are about legacy.

| Interested in learning more? Contact Tom or Greg today

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About Greg McCann, Founder and Principal, McCann & Associate

As an author, educator, coach, consultant, and speaker, Greg McCann works with family enterprises in the areas of succession, communication, conflict resolution, and with a special emphasis on leadership. Greg has coached leaders, executives, and the rising gen for over 20 years and is certified in Leadership Agility and Myers-Briggs Type Indicator. As a consultant McCann has helped numerous family enterprises transition to future generations. As a speaker McCann addresses national trade associations, universities and family business forums on Leadership, Character, and Family Enterprise. Greg proudly serves on the InnerWill board of directors. As a thought leader and author, McCann has published many valuable works on family enterprise. As a coach, McCann has worked with family enterprise leaders, executives, family office leaders, and members of the rising gen since 1998. Learn more at www.greg-mccann.com.

About Tom Epperson, President, InnerWill

Tom is the President of InnerWill Leadership Institute. Born out of the largest family-held and family-run aggregate business in the US (Luck Companies), InnerWill was founded to teach other families and family-held businesses how to build values-based organizations that ignite the potential in people. Tom has twenty years of experience as a leadership coach, facilitator, and speaker, and regularly works with clients to help transform leaders and their organizations. He is a certified business coach and has a Doctorate in Leadership from The George Washington University. Tom is currently an adjunct instructor in Virginia Commonwealth Universities' Executive MBA Program. Learn more at www.innerwill.org.