What Does High-Level Teaming Look Like in Client Advisory Services?

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Multi-disciplinary teaming, also known as collaboration, occurs whenever two or more advisors work together in a process that is "client-centric" to design, recommend and implement specific strategies to the client. The issue at hand could be as simple as recommending a Roth conversion strategy, but also includes planning for retirement, education, portfolio management, risk management, selling a business, as well as a full-blown estate plan involving lifetime gifting strategies, chartable bequests and dynasty trusts. Regardless of the complexity of the task, a successful high-level team approach should ultimately result in a benefit to both the client and the advisors. This article will look at the advantages of high-level teaming, what a high-level team of advisors looks like, how they operate and the challenges it can present to the group.

Benefits of Collaboration

For the client, a collaborative team approach will result in (1) better advice since more than one set of eyes is looking at their situation with less likelihood that something will be overlooked, (2) arguably less expense since there will be less back and forth meetings with the client and other advisors and (3) more confidence to act upon the recommendations since the advice is coming from the team and not just one advisor. For the advisor(s), the potential benefits of collaboration include (1) being able to provide better advice and in doing so, avoiding potentially embarrassing mistakes and (2) creating a better network of referral sources for new business. As further described later in this article, a major ingredient to the success and satisfaction for both the client and advisors will be the makeup of the team.

Why Some Advisors Hesitate to Collaborate

Not all advisors embrace the team approach to providing advisory services. For some, it just seems natural to hear the client's question or situation and then simply plow forward to research the issue and provide an answer. The answer, however, may not be complete and in some cases, lead to a disastrous result. Take the simple case of the client that calls their investment advisor about converting a traditional IRA to a Roth IRA. The mechanics are simple, but the investment advisor will want to collaborate with the client's accountant regarding the tax implications and possibly the timing of the conversion as well as with the client's financial planner to see how the conversion might impact the client's cash drawdown strategy. The failure to collaborate could result in the client converting to a Roth IRA when income is high rather when they are in a lower tax bracket due to losses or large deductions. The takeaway here is that an astute advisor will bring together a team to produce the best result for the client.

Another reason why some advisors shy away from collaborating is the fear of losing control over the client during the planning process or being seen by the client as not being very knowledgeable in the area as they should be. In actuality, teaming up with others can provide the advisor with new knowledge and insights that he or she otherwise would miss out on that can be useful in other client situations.

Traits of a High-Level Team

High-level collaboration is more than mere communication and coordination between advisors. It's true that there needs to be clear and concise communications and the sharing of documents and information between advisors; but for the team to operate at the highest level in the best interest of the client, the key ingredient is for each member to understand his or her role and responsibilities and execute them with the utmost diligence, while respecting and being open to the contributions of the other advisors. Thus, trust becomes a critical factor if the team is to be effective. This trust will allow all team members to openly share their perspectives and insights while at the same time be willing to listen and be influenced by another member of the team.

Each member of the team of advisors should also-

- Demonstrate sensitivity and show respect for the other advisors' way of doing business, especially with regard to differences in how they generate revenue (hourly or flat rate or commission based). Each member must see a benefit in being a part of the process.
- Speak honestly and frankly, but with discretion and respect, especially in the case where you find an error or faulty assumption made by another advisor. A team member should also be open to feedback.
- Be proactive in their communication.
- Give and share credit with others – remember, this is a team effort.
- Be aware of their own and other advisors' professional and ethical requirements and limitations.

Having the Right People on the Bus

We've discussed the traits of the team members and how the team should act. But who makes up the team? Although the answer is simple, not having the right people in the right seats on the bus can be a recipe for disaster. First and foremost, as with any team, there needs to be a captain. This is the client. He or she must approve who else will be on the team as well as the role they will play and how they will be compensated. The other members can include the client's attorney, banker, CPA, investment advisor, life insurance professional, financial planner, trust officer, family or business coach and philanthropic advisor/development specialist if a charitable gift is involved, among others. It is assumed that each professional is competent in their respective area of expertise and will work enthusiastically in the client's best interest and will share the same vision. It is not advisable to ask a family member to be a part of the advisory team. Having a family member present could be uncomfortable for the other independent advisory team members and prevent an uninhibited and open environment for conversation.

The most common scenario is where the client already has a long-standing relationship with his or her attorney, banker, CPA, financial planner and other advisors. This creates a natural planning team. In some cases, the client may not have a trusted advisor in an area that will be addressed as part of the planning (e.g. charitable planning or long-term care issues). In this situation, the existing team should discuss the matter and make a collective recommendation to the client.

Another scenario would be where the client simply doesn't already have a team, but just a single trusted advisor. In this case, the advisor will make recommendations to the client as to the other advisors that will be needed in the process, usually those whom the advisor has previously worked with, has knowledge of the subject matter and would be a good team player. The advisor should then introduce the client to each potential advisor to allow them to be interviewed and

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Collaboration

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become comfortable with them, at which time the client would invite them to be part of the planning team.

In many cases, the advisor that brought the client to the table will stand out as the leader among the advisory team (remember, the client is still the captain). This does not always need to be the case, but whoever takes on the role as leader must be responsible for the coordination and timing of events to keep the process on track. They must also ensure that all team members have been heard and that all ideas presented have been duly considered.

It's important that the planning team should not be overwhelming for the client. If the client's situation is overly complex, consider prioritizing the process with the client and take the process in steps, utilizing the appropriate planning team for each phase of the engagement. Having too large of a planning team could also create hesitation on the part of the client due to the potential or perceived high cost of the engagement. It is therefore important to explain the value that each member of the team brings to the table and the benefits of collaboration so the client can decide on how they want to move forward with the engagement.

The Process

A simple transactional issue such as a Roth conversion may not involve a large team of advisors, compared to a complex estate plan or business continuation strategy, but they both should have one thing in common – a defined process. Once the planning team has been established and approved by the client, a good process will include-

- Meeting with the client to fully understand their personal and financial goals, motivations, concerns and possible strategies for the issue(s) at hand. At the end of this meeting (and it may take several meetings depending on the complexity), the team should have a good picture of the situation and the task to be accomplished and the team leader should begin to delegate specific tasks among the planning team members.
- Creating a comprehensive plan of action for the client. This is where collaboration is critical. Several possible strategies may have been discussed at the initial client meeting. The team will need to narrow down the possibilities to be able to effectively begin their research and analysis. This part of the process will require the planning team to regularly interact and meet on one or more occasions (depending on the complexity of the issue) to discuss and share their findings and recommendations. Ultimately, a comprehensive plan should be established to present to the client.
- Presenting the plan to the client and then, if needed, refining/revising the plan for new concerns that the client might raise or new issues that come to light.
- Assisting the client in the execution of the plan. Each member of the team will have a part in assisting the client based on their field of expertise.
- As appropriate, monitor and amend the plan due to changes in the client's situation or outside influences such as changes in business or tax laws.

Bringing It All Together

For many professionals, the idea of collaboration is nothing new and comes natural to them in their advisory practice. For others, the concept may seem awkward at first, but with experience, it will allow the advisor to provide better advice, higher client satisfaction and a stronger working network. For the client, utilizing a high-level collaborative approach will provide them with the confidence that they are getting the best advice, making them more willing to implement a plan of action.

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