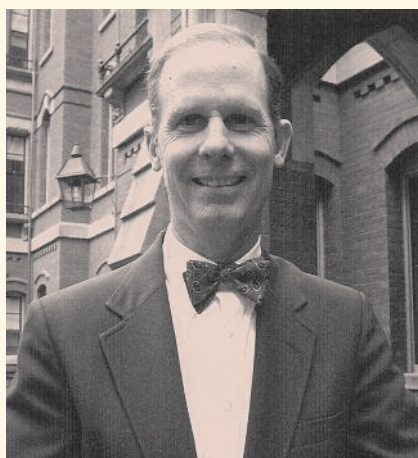


Resolving Family Differences

Asking the Big Questions

An Interview with Charles Collier



*Charles Collier is Senior Philanthropic Advisor at Harvard University and works with individuals and families on issues of strategic philanthropy and family cohesion. His book, *Wealth in Families* (Harvard University, 2001), helps families think deeply about financial wealth and its effects on their lives. Mr. Collier is a senior fellow of The Philanthropic Initiative and serves on advisory committees at the National Center for Family Philanthropy and the Family Office Exchange Learning Academy.*

MTM: Your book, *Wealth in Families*, stresses the importance of families asking what you call “the big questions.” What do you mean by that and how does it help resolve family differences?

CC: I think asking essential questions is a key to family cohesion. I call it “the art of questions.” When I ask parents what they want for their children, they say: “I just want them to be happy.” Then I ask an important question: “What will make them truly happy?” They typically respond, “Being passionate about something.”

There are things more important than money in a family, but so often we act as if money is what matters most. I would say that the most important things in a family are a sense of purpose, meaning, and identity—and that having those qualities is what will make your children happy. So the question to ask becomes: “How can we nurture the growth and development of our family members, and what role does money play in their life journey?” By discussing that question, financial tensions and family differences may be resolved more harmoniously.

MTM: Are there other questions families need to ask themselves?

CC: Before families can make effective decisions about money, they ought to ask themselves a number of big questions, chief of which are: “What is the meaning of our family’s financial wealth?” “What does our family want

to preserve besides our financial wealth?” and “What is our family’s purpose?”

MTM: How do families answer those questions?

CC: First, families ought to understand that they have four dimensions to their family’s wealth (as developed by the faculty of the Family Office Exchange Learning Academy):

Human capital has to do with talent, skills, and “calling.” Human capital needs to be nurtured and grown over a lifetime. To do that, you can ask your children: “What are you good at? What are your talents and gifts and how can we invest in them?”

Intellectual capital is about knowledge, communication, and managing family differences and conflict. To foster the development of intellectual capital, you can celebrate differences in learning styles, encourage lifelong learning, and think deliberately about family governance.

Social capital has to do with civic engagement, developing bonds and networks to your community, and extending care beyond your own family. To develop your family’s social capital, you need to ask: “How do we raise compassionate children? How do we encourage our children to form and sustain a commitment to the public good?”

Financial capital is your money and other assets, such as stocks, bonds, and real estate.

For Charles Collier’s 10 best practices of a successful family, visit www.morethanmoney.org/issue30.

I suggest that the purpose of financial capital is to enhance the other three dimensions of true family wealth. The real wealth of your family is not financial. Financial wealth is simply a tool to enhance the growth of every family member, no matter what life journey they are on.

MTM: Would you say more about how asking the questions resolves differences and promotes family harmony?

CC: Just asking these fundamental questions is not enough. You need to act on the answers. For example, you might ask your son or daughter, “What is your passion?” and “How can we invest in your talents and interests?” If a career as a boat builder is not your family’s definition of success, yet that’s what your son or daughter wants to pursue, then what do you do? You need to allow your children to dream their own dreams, but it’s not easy.

Parents may want to ask themselves, “In what ways are we using money as a form of control?” I would say a key issue in wealthy families is the inability to let go of their children. For example, when a young person in their late twenties rejects the family money, there is often an issue around control. The individual may have the perception that the parents are controlling him or her with money—and the parents actually are! The issue is not really about money—money is the tool for control. To resolve the relational issue, parent and child have to reach out to one another. Usually, it is a parent who needs to take the first step by reflecting on his or her contribution to the relationship.

Many wealthy families tend to overprotect and rescue their

children. They often think money can “fix the problem.” For example, they or their lawyer will call the boarding school headmaster to get their children out of trouble. I like to remember what Albert Camus said: The purpose of all that love is that they shall separate.

MTM: How might “the big questions” affect family communication?

CC: When you are deciding what to do with your financial resources, if you start with the question, “What is the meaning and purpose of our family’s financial wealth?” the decision process has the potential to enhance communication and personal growth for the whole family. The process itself holds within it the statement of what the family values. For example, if a family decides to leave 90 percent of its money to the family, 10 per-

Legacy Planning: Letting Go

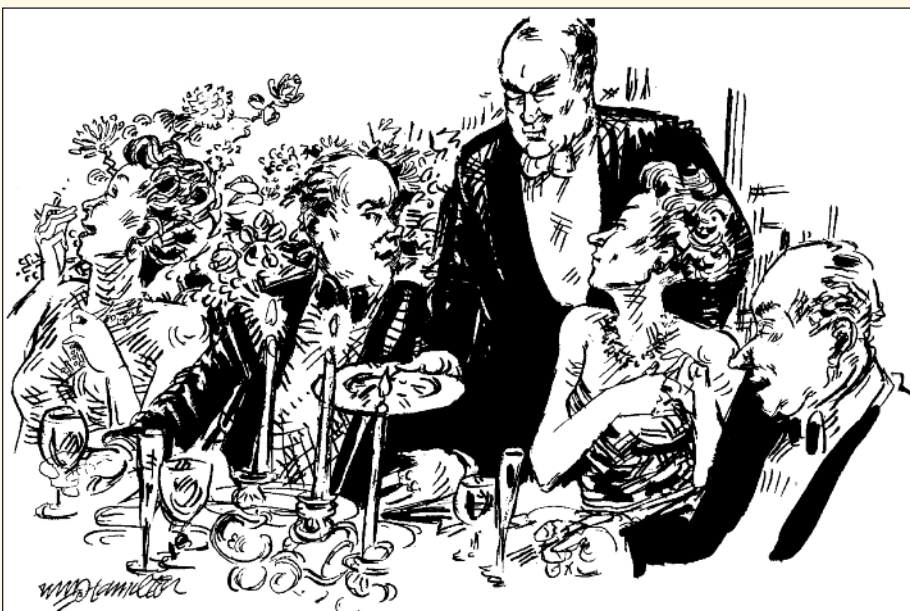
When transferring assets to the next generation, these steps will help you release control and promote children’s financial competence and independence:

1. Transfer the money in flexible trusts.
2. For children who are beneficiaries of trusts, include them as co-trustees.
3. Think about one of the trustees being someone outside the family who can act as a mentor.
4. Give the child a say in who the third trustee is.
5. Pay for your son or daughter to have his or her own fee-only financial planner (not the same as yours).

—Charles Collier

cent to tax, and nothing to charity, just as important as the final decision is the process that was used to reach it. Having that discussion over time among family members holds enormous possibility for growth and for clarifying the family’s values, as well as for enhancing everyone’s human, intellectual, and social capital. If the parents make the decision alone, the children may feel disenfranchised—they may feel as if their parents do not value their contribution, as if they do not value them as people.

That is the ultimate decision—how are you going to address these questions? Engaging in these kinds of conversations with your family over time forces you to think about your values, to communicate, to



“I like the big questions—but I’m more comfortable with money.”

resolve conflict, and to be lifelong learners. It's not something you do in one weekend retreat. The process itself is an incubator for the competencies of the four capitals, including how the family will deal with money in the next generation.

MTM: Do you do this in your own family?

CC: I'm trying! In my family, something positive that grew of this approach happened recently with my father. He is 88 and has 10 grandchildren, and has sometimes shown more preference to some of his grandchildren than others. Because of family meetings we have had, my siblings and I decided to

Family Meeting Tips

- Rotate the leadership of the meeting among family members. (Sometimes you may need an outside facilitator.)
- Give everyone input on the agenda.
- Meet regularly; for example, at least once a year as an extended family, and more often with committees (such as a family foundation meeting).
- Start your first family meeting by talking about family stories, traditions, rituals, or history, before tackling more sensitive issues, such as financial wealth and family philanthropy.

—Charles Collier

his grandchildren (independent of their parents) that charitable giving is important. The grandchildren all had a positive experience around giving. The amount of money was not important; the process was.

MTM: It sounds as if you have had good results with family meetings. Would you say more about them?

CC: Because of positive experiences in my own family, I'm a great advocate of family meetings. They send two wonderful messages: You count, and you belong. This is a process that takes time, but you can get noticeable effects fairly quickly. You may struggle in the first meetings to get it right, but it will get better over time. (See sidebar: Family Meeting Tips.) Some family topics are so emotionally charged that you need

an outside facilitator. A facilitator will often interview individual family members before a meeting. I know of families who, with a capable outside facilitator, worked through issues and, in six months, resolved serious conflict and increased family cohesion. Of course, it entailed a commitment of time and effort.

It's important to remember that enhancing family harmony is a learning process—and it can take a lifetime. I like to think of the learning curve. You start out at the bottom, where you're in a state of "chaos." Then you grow more competent as you go along. Eventually, you may level out, and then you might start off in a direction of learning something new, or of staying where you are and going deeper into that learning. I like to ask families: Where are you on the learning curve? Where is your family on the learning curve? What are you called to do next? What impact does your family want to have? ■

—Interviewed by Pamela Gerloff

Charles Collier's book, *Wealth in Families* is available (in single copies or in bulk) from Harvard University. To order, call: 617-495-5040.

Family Foundations

Family foundations can both harmonize and accentuate family differences. The following resources can help you start or run a family foundation:

Council on Foundations
www.cof.org

Foundation Strategy Group
www.foundationstrategy.com

Grantcraft
www.grantcraft.org

The Family Foundation Advisor (newsletter)
www.bbpnews.com/familyfoundation

The Foundation Center Learning Lab
<http://fdncenter.org/learn/topical/family.html>

The Foundation Incubator
www.foundationincubator.org

The Institute for Family Foundations
www.familyfoundation.com

The National Center for Family Philanthropy
www.ncfp.org

For additional resources, please see Resources, p. 34.