



Finding and Choosing an Advisor

Once you know what you want in an advisor - and what you want to avoid - how do you find the right one?

A first step is to define the role you want the advisor to play:

1. Are you looking for a specialist to offer technical expertise on specific questions, such as family compensation, transferring shares to the next generation or adding outsiders to the board?
2. Do you need help defining priorities? This requires a different set of skills, such as interviewing family members and recommending an agenda.
3. Do you need a consultant to lead the problem-solving process? Families sometimes need help improving communication, resolving conflict or picking a successor.
4. Are you seeking a political solution to a problem or a resolution of emotional concerns? A political solution would involve reaching some satisfactory means of divvying up resources, such as buying out someone's stock or creating a new family compensation plan. An emotional resolution might involve counselling, family therapy or training in interpersonal communications. The kind of solution you want should help determine what kind of advisor you call. The next step is to begin a search for qualified candidates.

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Finding Candidates

Searching for an advisor is similar in some ways to looking for a key employee. Asking another business owner or a trusted accountant, lawyer, banker or other current advisor for referrals is a good start. The best advisors often are involved in family business education, making speeches or publishing articles. That means good candidates also can be found through family business newsletters, family business educational programs at colleges and universities, or professional or trade association publications or events.

Some business owners "scout" potential consultants before they feel they are needed. They attend seminars and clip articles. They also get involved in university family-business centres to meet people and establish a network of contacts.



Selecting an Advisor

A rigorous screening is just as important with advisors as with employees. Don't hesitate to call an advisor you don't know for an informational appointment, typically at no charge (unless you hire the advisor and get some work done during the session). You will learn a lot, not only about the advisor but about your business, and the advisor will respect you for it. Many family businesses involve key family members in the selection process, inviting two or three advisor candidates to meetings to discuss their background and objectives. In some cases, you might ask for written proposals from candidates outlining their understanding of your business, your needs, how they can help and how you would be charged. Other advisors follow up initial discussions with a less formal letter confirming their understanding of the client's needs and their plans to meet them. A business owner has a right to expect broad experience.

Some advisors also believe that professionals who personally have strong family business backgrounds are better equipped to understand family business. If the candidate meets all these criteria, ask him or her for references and check them out. As discussed earlier, the candidate should either ask the references first for permission or make clear that the references have already given their ok. If this does not occur, ask the references whether they gave permission for the business owner to give out their names. If not, the advisor may not be worthy of trust with confidential information.

The references should be in businesses at least as large and successful as yours, and they should be enthusiastic about the advisor's contribution. Ask the references for examples of special contributions by the advisor, how to make best use of him or her, and how the advisor charges for services. Note whether the advisor has many long-time or repeat clients, or if most are new customers.

A 12-Point Checklist for Selecting Professional Advisors

1. Do you trust the person and feel confident in him or her?
2. Is the advisor at least as successful in his or her field as you are in yours?
3. Are the advisor and his or her firm growing as ambitiously as you are?
4. Is the advisor still learning and willing to change?
5. Would you be proud to be associated with this person before customers, suppliers and other important contacts?
6. Does the advisor want your business?
7. Is the advisor planning to focus on your kind of business and to grow with those clients?
Or would you be a "side-line" or "add-on" to the advisor's primary market?
8. Does the advisor have a good mix of long-term and newer clients?
9. Does the advisor have experience with clients whose family businesses are at least as complex as yours?
10. Does the advisor have a broad enough client base that the loss of any one client would not be damaging?
Or would the advisor be substantially dependent on the relationship with you?
11. Does the advisor have enthusiastic references from businesses similar to yours?
Have the references given permission to be used?
12. Is the advisor suited to the role you need him or her to play?



Professional Accreditations

Business owners often ask about accreditation of family business consultants. While no formal accreditation program exists for specialists in family business, professional and ethical standards for practitioners are a focus of growing attention among people in the field. The Family Firm Institute, a non-profit association of professionals serving family business, has established a Model Code of Ethical and Professional Guidelines for practitioners that sets standards involving disclosure, confidentiality, conflict of interest, fee structure, integrity and objectivity.

Advice from the Pros

No one has more experience with advisory relationships than advisors themselves. Here are some tips from the pros on selecting an advisor:

“Chemistry and philosophy are even more important than specialization or expertise. You need an individual who has judgment, who can relate well, who is on the same wave length as the family members, who has the same view of the world. The person also needs to be seasoned, and be able to provide what I would call ‘old-fashioned counselling’ to family members.” Michael Horvitz, Jones, Day, Reavis & Pogue

“A true advisor must be totally independent and able to render advice that is completely unbiased. He should be able to present a set of solutions, and no matter what solution the client picks, there is no different financial reward for Solution A versus Solution B.” Francois M. de Visscher, de Visscher & Co.

Ask the following questions:

- Who is going to be in charge of my affairs? Do I have to call different people with different kinds of problems?
- What experience do you have in dealing with family businesses? Don't tell me about closely held businesses. Tell me about family businesses.
- What do you know about family systems?
- What do you know about the specific problems of business governance in the family business context?
- What professional affiliations do you have that are family business related, and from whom can I get references?
- If the candidate says, ‘Here's a list of three family businesses to call,’ you might ask, ‘How do I know it's okay to call them and that you have permission to disclose their identity?’ Michael Fay, Hale and Dorr