Collaboration

The good, the bad, and the ugly of ego, economics, and expectations

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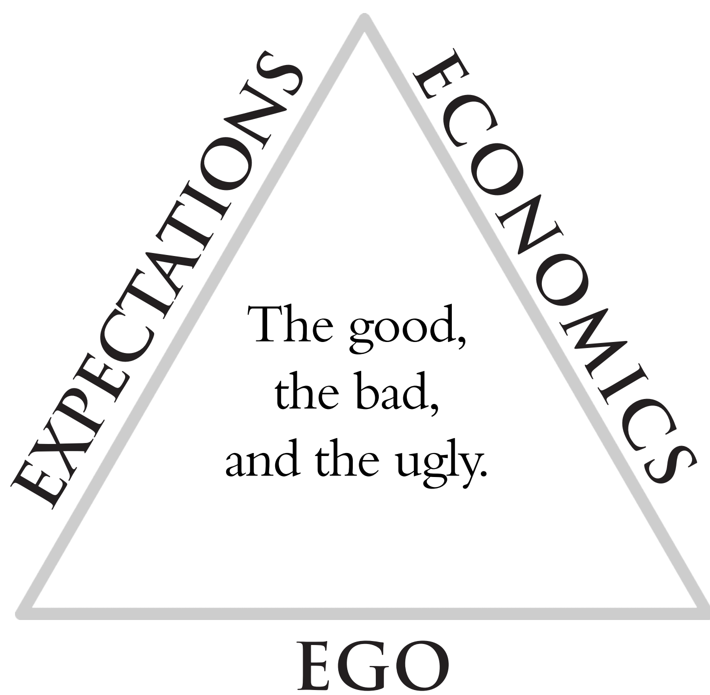
OVERVIEW

The purpose of this paper is twofold: first, to highlight the benefits that high-level collaboration delivers to both the client and the advisor, and second, to identify and offer concrete solutions for the three primary issues that prevent advisors from collaborating together effectively.



INTRODUCTION

In this article we will examine the benefits of launching new business relationships and activities with a clear mindset, and we will explain how by doing so you can simplify, speed and ultimately make your process more effective for you, your clients, and your collaborative team members.

As professionals, we collaborate because in some situations there is expertise required that we don't personally possess. If each of us could do it all, or if we had every skill imaginable in-house, we would never need to collaborate. We typically need outside expertise the most on behalf of our most valuable client relationships. They tend to have the most complicated circumstances, which means the stakes are high for them and for us. The wisdom and ability to humbly acknowledge your limitations, your confidence in the skills you bring to the situation, and your clarity about the opportunities being created for your team members are equally important mindsets in these situations.

Effective collaborative teams help clients to discover and clarify the outcomes they want in life–for their reasons–and then the team works to evaluate and present all of the options and strategies available that can help the clients to achieve those outcomes. When the client makes decisions from among the options presented, the team goes to work on plan implementation, ongoing review, administration and compliance, and they do all of this under an umbrella of open communication, transparency, clearly shared expectations, and mutual accountability.

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Collaborative team engagement at that (admittedly ideal!) level is good for both the client and the advisor. For the advisor, collaboration can:

• increase client certainty and confidence;
• differentiate the advisor's business by simplifying and enhancing the client experience, which results in greater client retention and more and better introductions;
• make your Rolodex a part of your value proposition as clients will come to you first, even for matters that may not necessarily be your primary area of expertise; (Does anyone not want the clients to come to them first?)
• increase revenue;
• increase the firm's value;
• make your firm the business that other advisors want to work with.

We don't live in an ideal world, of course. When it comes to putting a collaborative team of advisors together that can perform at the level described above, you might want to heed the advice of legendary New York Yankees baseball manager Casey Stengel, who said, *"Finding good players is easy. Getting them to play together as a team is hard."* Sadly, too many of us have slogged through more negative collaborative experiences than positive ones. I would suggest that is because some advisors are just not prepared or willing to do the baseline work that is the absolute requirement for achieving a positive outcome. There's no getting around it–assembling and facilitating a high-level collaborative team takes time and work.

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Many advisors have a very narrow view of the collaborative process. For them, it is all about marketing, a way to get more clients.

If you can get the marketing perspective out of your head and focus on the fact that the health of your business depends upon satisfied clients, you can look outside your firm for the expertise that will deliver those outcomes. That is in the best interest of your clientsand your business.

If that is your goal, I believe that the best place to begin is by addressing three major issues that can either make or break your team. In short, if you desire to collaborate to be a leader, to serve your clients at a higher level, and to become the firm that clients and advisors want to work with, you will need to deal with what I call:

The 3 E's of Collaboration: Egos, Economics and Expectations.

If you address these three issues upfront, and remain mindful of them in every conversation you have with a prospective collaborative team member, you will be confident about the decision you make to engage (or not engage) that professional to join your team. Of course, it almost goes without saying that you should be crystal clear in your own mind about exactly what you are looking for from a deliverable standpoint and a relationship standpoint long before you start talking with anyone. (We do tend to hit what we aim for, after all.) Even though that may sound like a pretty obvious piece of advice, I have seen too many advisors who just pull a name from the yellow pages–usually the biggest firm in town–and then set up an introductory lunch meeting despite the fact that they are not at all clear in their own mind what a winning collaborative professional actually looks like for their firm or their client!

I encourage the advisors with whom I work to thoughtfully construct a short, bulleted list of criteria before they start meeting with other professionals with whom they might work in collaboration. It can be this simple:

- I want to simplify my client's advisory experience by saving them time and facilitating some of their needs like tax planning by working with a CPA;
- I need specific expertise in how to own and sell a privately held business in the most tax advantaged way;
- I need to establish basis on a legacy asset;
- I need help creating liquidity in an illiquid estate;
- I want trusting and transparent relationships with the advisors with whom I work;
- I want to bring their ideal client to the table, and be treated as an ideal client myself.

I suggest they also be prepared to communicate the clear value proposition that the new relationship represents for the other advisor. Be specific about what you are you prepared to offer them if in fact you are collaborating on your client's behalf to increase your service level. Other details, including how many clients help to make the business case for the proposed collaboration, are also very important to present.

Get ready to be refreshingly comfortable

When you are fully prepared to sit down for a conversation with a prospective team member, the invitation you are contemplating extending to him is front loaded with an equal promise of mutually beneficial opportunities on the one hand, and possible 'how-the-heck-did-I-get-here' regrets on the other. With that fact in mind, you must be prepared to have one or more 'uncomfortable' conversations with any advisor you may want to hire to work on behalf of your client. If you do, you and the other professional will have the opportunity to build mutual trust and credibility quickly, and to get clear about how you can best work together to deliver a better outcome for the client. However, our experience is that most advisors who expect to be uncomfortable in these conversations actually find them to be refreshingly comfortable because you get straight to the points that matter most to them.

What's an example of an uncomfortable conversation? You turn to the advisor and simply ask, "So, how do you get paid?" It is astounding how few advisors ask that question of one another, and yet it is extremely important to understand. How often do we hear advisors complain about how few (or how few good) introductions they get from other professionals? And yet if we make an introduction to another advisor without knowing if that's the kind of work she does, or how she gets paid, what are the odds that our introduction will work out?

Ask the question.

Find out how she gets paid, what her ideal 'A' client looks like, and what she charges her best client. When you get that information, don't just acknowledge it with a nod–accept and embrace it and expect to be charged what she charges her best clients. You, after all, want to be her ultimate 'A' client.

One of the attorneys with whom I do business was talking with me recently about how the legal field is changing and how he has to make changes in his business as a result. He made a comment that was golden. "You know," he said, "you and one other firm are my best clients. You always know exactly what you want, and you pay my fees immediately. I wish I had more clients like you." That assessment isn't just a casual complement–his regard for our work translates into tangible action. For example, when he sees my name on his caller ID, he always picks up the phone. Those of you who spend a lot of time playing phone-tag know how valuable something that basic can be. And when things don't go perfectly (this is the real world, after all), and I feel it necessary to call him on a particular issue that I didn't think was going as smoothly as it should, he always responds promptly and professionally. I'm his 'A' client, and I trust him. It's a win/win for us both, and especially for the clients we are serving.

Many in our profession are coached to behave like parasites. No one wants to be on the receiving end of a parasitic relationship, and I don't know a single professional who would choose to behave that way.

The mindset I urge advisors to take on is one that views collaboration as a process that delivers better outcomes to the client.

I want your best, and nothing less

Economic factors are among the most visible, easy to appreciate, and most frequently cited considerations in making decisions about the work we do. If you have the uncomfortable conversation above, you will achieve clarity about the role that economic issues play in that advisor's life. There is a follow-up, corollary question that builds off the 'how do you get paid' conversation that exemplifies the ego side of the conversation. That question is:

"What do you need in order to do your best work?"

My business is built on clients who are happy and satisfied. That means I am not willing to engage any professional to do work on a client's behalf if that professional is not fully committed to delivering his or her best work. When I ask the question, I am letting them know that what I want for my clients is their best work. That short little question may be the single most important question you ever ask a prospective collaborative team member. Sure, fees matter; but other considerations, including your mutual working relationship expectations of one another, are equally important.

When you ask someone what he needs to do his best work, you should (mentally) etch his answer in steel. Accept it completely, and if you move ahead and engage him, keep his answer in the forefront of your mind. At some point in the conversation the issue of what he charges will be discussed. This is not the place to go bargain hunting, at least not if you are looking for someone who can consistently deliver his best work at a high level on behalf of your client.

Remember, you are collaborating because you are increasing your value to your best clients. Therefore, never go on the cheap, especially when it is true specialty expertise that you require. You would be surprised how many clients will admit they don't know the first thing about how to conduct due diligence on a CPA or attorney. For example, one of my clients once told me that even though he regarded me like a general-practice doctor, he expected me to help locate the best neurosurgeon in the country for him if he was diagnosed with a brain tumor. He didn't expect me to do the surgery, but he did expect me to select the surgeon because I would know better than he how to go about making that recommendation.

Make this kind of mindset part of your deliverables. It will increase your value in every aspect of your business.

I also recommend that you be blunt: tell your prospective team member you expect to be charged whatever it costs to deliver his best work. When you do, you should also make it clear that when you are working with a client, and you happen to be in that advisor's area of expertise, he is in charge. Even though you are the primary advisor to the client, when work goes to the hired collaborative professional, it's his show. He needs to hear those words. It's not ego stroking; it's smart team-building for the purpose of achieving the best outcomes for the client.

Don't just ask them to do their best work. Help them do it.

Professionals often expect to be asked to discount their fees when working in collaborative situations. I don't do that. It is important to get over the idea that other professionals should automatically offer to discount their fees just to do business with you. It is different if you bring them a client and save them time and money, in which case they may want to factor that into their fee. For example, we work with a CPA firm to provide tax planning and tax returns to our wealth clients.

We took their intake forms for their clients and placed them inside our intake documents. That makes it possible for us to deliver the same intake information they would need to gather for their own clients, which, in turn, helps make it possible for the CPA firm to do their best work. In exchange for the intake work we delivered to the CPA firm, they offered us a discount on their fee for the fact-finding portion of the engagement, not for the expertise.

Ask any client if his favorite thing to do is dig through statements, trusts, insurance documents, tax returns etc.

How many will say they would rather do that then go golfing or spend time with their families? Do the work for them, and get legal authority to share their information and save them valuable time.

In another instance, I sometimes get permission from clients with whom I do Guided Discovery interviews to share the audio recordings and written transcripts of those interviews with advisors who will be doing work, including legal and trust documents. That is a huge benefit to the other advisors, and also to the clients because now they don't have to go through one or more additional discovery sessions, pulling all the documents multiple times. They get exactly what they need to do their best work handed right to them, and everyone on the team is working from the same data.

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A side benefit

There is an important side benefit for the advisor who does everything he can to help his collaborative team do their best work, especially when it comes to introducing a new advisor to a client. When I suggest to a client that we ask another advisor to join the team to help achieve the client's stated outcomes, I tell the client two things: first, that my recommendation is based upon my certainty that the 'new' advisor is going to deliver exactly what is required for the specified work. Second, I tell the client what that service will cost. I also let them know that I am more than willing to work with any advisor they like and trust and with whom they have an existing relationship.

More often than not, the client will agree to use and pay for the services of the professional I recommend–even without meeting that advisor in person. In essence, my recommendation transfers credibility to the advisor I recommend. That's good for the new advisor, good for my business, and good for the client. It saves time and money, and it assures me that I will be getting exactly what I need to best serve my client.

> "Treat a person as they are and they will remain as they are.
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> Treat a person as they can and should be and they will become as they can and should be."
> Stephen R. Covey

A reminder to look in the mirror from time to time

Everyone has an ego. I do, you do, so does the top flight attorney, your high net worth client, everyone. The earlier we accept this and acknowledge the presence of egos the more productive we can be. Sure, we have all seen situations where egos have stopped people from getting things done, and psychologists tell us that the way we manifest our egos is the single biggest factor others use in deciding if they want to work with us or not.

I counsel advisors not to fight against the egos of collaborative team members; in fact, I encourage them to work with those egos in positive ways. Always remember that the ultimate purpose of the ego is to BE something; so, position your collaborative team members to be rock stars. An example of what that looks like in practice is when you ask a potential team member what it is that he requires so that he can deliver his best work. To use a baseball analogy, we all like a fastball right down the middle when we are up at bat. I suggest that you make that part of the (mutually given, mutually received) value proposition if the relationship is going to have the best chance at succeeding. You should be able to deliver some fastballs down the middle; and, in anticipation of them delivering their best, you should expect the advisor with an ego to hit his or her share of home runs. Good baseball managers put their best hitters right in the middle of the lineup. That's how runs are scored. It's also how collaborative teams win for their clients and for one another. So, don't fight the big ego sitting across the desk from you. Find a way to embrace it, focus it, and help it achieve home run after home run.

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Expectations

Every relationship we have, from professional to personal, is influenced to a great degree by the expectations we have of one another and of ourselves. All too often, however, especially in business, the expectations we have for the way this person or that person will act in specific circumstances are never clearly articulated. They are seldom written down, frequently misunderstood, and almost never agreed upon in a simple, direct manner. When we feel that someone with whom we are working with is not living up to our expectations, it is often because the things we expected of each other were never clearly discussed, or no method to resolve troublesome issues was set up in advance, or even that the expectations we set were so unreasonable to begin with that there was no way either party could live up to them.

My friend and mentor Doug Carter has written and taught extensively about the importance of setting and managing clear, agreed-upon expectations in professional relationships. He explains how failing to set expectations can cause intentions to become misaligned, for the focus on the task at hand to become blurred, and for the ground around the team members to become littered with landmines of their own making. How many potentially great relationships never fulfill their promise, Doug observes, simply because the parties involved do not do an adequate job of communicating and managing expectations. If you want a collaborative relationship to get started right, stay aligned over time and deliver maximum value to all involved, Doug recommends that you take the time to learn how to conduct an expectations conversation.

The essential elements of setting expectations

Clear mutual expectations are the key to successful collaborative relationships. The opportunity to address the issue of what expectations we have of others and of ourselves pops up regularly in business conversation. For example, I suggested earlier that when you are talking to a prospective collaborative team professional about working with one of your clients, you should always ask her what it is she needs in order to do her very best work. After she tells you, you have the opportunity to ratchet the conversation up to a higher 'expectations' level by telling her what you require in order to do your best work, as well. It is important to describe your requirements in detail, and to get her to repeat what you said back to you, just as you should repeat her requirements back to her, and then follow it with a written summary. This is not the place or time for uncertainty or inexactness of meaning in your language.

You may deepen the conversation with a few more simple questions, like, "What are your expectations of me in my role as the team leader?" When she has answered, you might want to say, "Do you mind if I add some other expectations you should have of me?" Letting her know, clearly and succinctly, what she can expect from you in the relationship greatly enhances your credibility. (Note: it is important for you to talk about what she should expect of you first.) Next, it opens the door for you to ask the advisor what you should be able to expect from her in a potential relationship. And, yes, the next question to ask when she has told you what you can expect from her is to say, "Would you mind if I added a few more things?" In both the instance of you sharing what she can expect of you and what you can expect of her, you each should ask the other if any of those expectations is unreasonable. If any are unreasonable you can discuss a way to deal with them, or just agree not to include those expectations on your lists.

Among other important topics to discuss in the expectations conversation are things like:

• anticipated timelines for completing work;
• how the client communication process will work (for example, is everyone copied);
• if each team member will know when the other is having a meeting related to the work, when meeting summaries can be expected, and what should be included in those summaries.

In short–clear, concise, complete expectations conversations lead to smooth collaborations.

Your mindset may be the most important determining factor in your success.

A clear mindset can help you to simplify, speed and ultimately make your process more effective for you, your clients, and your collaborative team members.

Good fences make good neighbors

The expectations conversations you have with prospective team members can wind through a lot of different topics over an extended stretch of time. This is not a one-time only event. The more you deal with economic and ego issues in your ongoing engagement with a professional, the happier you will be that you took the time and deliberate care to talk about expectations early in the relationship.

Operating from the premise that good fences make good neighbors, one of the most important components of setting expectations before you embark on your new business relationship is to have the "OK, What If…." conversation. That covers subjects like what happens on that day sometime in the future when one of you is perceived to have failed to meet the other's expectations? It will happen. You know it; he does, too.

You should take the lead with this conversation by simply asking, "OK, so how shall we handle it when one of us fails to meet one or more of the expectations we have agreed upon?" Tackling this subject now (building the good fence), and agreeing upon a method to deal with the potential unpleasantness when it looms large will pay off enormously when, not if, something happens. By the way, in my experience when there is such an upset, it usually occurs through no ill will on anybody's part. It happens because expectations were not set up front.

Review & Debrief

At the conclusion of any case you work on with a collaborative professional, take the opportunity to look back, assess how you both did, and agree upon any needed course adjustments before you work together again. Such a review and debriefing conversation may very well touch upon all three of the big issues of ego, economics, and expectations. One good way to begin this conversation is by saying, "I asked you up front what it was that you needed to deliver your best work possible. Is there anything I could have done better to help make that happen?"

The conversation can go in any number of directions. After he has made several comments, you should ask him if you can repeat (summarize) those comments to ensure that he has been completely and thoroughly heard out. It's a good idea when your summary is done to ask if you missed anything. If he says 'no,' ask if overall you got the comments right. Then, and only then, if you think some things could have gone better, tell him. Be specific, and keep in mind that you and the collaborative professional have already agreed upon a certain set of mutual expectations, including agreeing to openly talk about, monitor and adjust your relationship as you go. Conversations like this one will go a long way towards cementing a relationship that delivers value to everyone and that can stand the test of time.

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Conclusion

When you begin your outreach to build a team of advisors that can help to achieve the best outcomes for your clients, it is important for you to cultivate a truly collaborative mindset and to take the leadership role needed to put the team into place. Deal early (and as often as is needed) with the triple threat of misunderstood ego, muddled economic outlooks, and misaligned expectations. Learn to engage in productive expectation conversations, and make them the foundation of your relationships with other advisors. The three 'E's' of collaboration will always be bobbing out there on the horizon, but you can pro-actively whittle the danger they represent to your business down to the size of a walnut.

The result? You will build great value for your firm, including a reputation for being the advisor everybody wants to work with, and that will be as true for clients as it is with professionals.

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