TRANSCRIPT

Mary: Welcome to today's episode of Vandenack Weaver Truhlsen, Law Visionaries, a weekly podcast discussing updated legal news, as well as evolving methods of providing legal service. My name is Mary Vandenack, founder, CEO, and managing partner at Vandenack Weaver, LLC. I will be your host as we talk to experts from around the country about closely held businesses, tax, trust and estates, legal technology, law firm leadership, and wellbeing for lawyers.

Mary: On today's episode, I have Rob Wellendorf and Mike Weaver as my guests. And we're going to discuss one of our favorite topics, which is collaborative planning. Well, generally that's our favorite, but we're going to talk about it today, specifically in the context of business exits. Rob is a business exit planning expert and President Executive Wealth Strategies. Mike Weaver is a partner at Vandenack Weaver Truhlsen and is actively involved in assisting clients who are exiting their businesses. Welcome, Rob.

Rob: Thank you for the invitation.

Mary: Welcome Mike.

Mike: Thanks Mary. Wonderful to be here.

Mary: So, Rob, as a starting point, can you just explain your background and what you do in the business exit planning process generally?

Rob: Sure, sure. About 25 years ago, I got into this space and it's evolved to today and perhaps it would make sense to say what I do not do before I say what I do bring. I'm not replacing any of the advisors on the business owners team so what I do is better understand the wishes desires of the business owner and his, or her family, what they're looking to do going forward with their business or businesses as well as their other wealth. And then I work with all the current advisors that are on the team for that business owner through coordination and collaboration of information and advice.

Mary: So, and Mike, what is your role with a client that's exiting a business,

Mike: You know, as a lawyer, we really can have a variety of roles you know, the most obvious is, you know, making sure that the legal structure is correct that the legal documents all reflect what everybody's intent is. So from a legal standpoint, that's, that's certainly one of our roles, but the lawyer, like many of the advisors may have been involved with this business owner really from the beginning. So, they may have, you know, beyond just the legal structure and the legal documents, they may be helping in the process. And in many stages of the process, you know, identifying what the objectives of the owner would be, you know, helping them work through that certainly identifying different alternatives to get to where the business owner wants to be. So, you know, we, I think we can, I think as lawyers we can have different roles and it just sort of, it just sort of depends.

Mary: And sometimes we might be the quarterback. Sometimes somebody else is the quarterback. It doesn't really matter so long as there's a team that's working together to get things done, right? A business exit is a significant event for any business owner in a whole lot of ways. And that collaborative planning in my mind is extremely important at that time. And it's not always easy. You have a lot of different personalities and they're often super busy dealing with a lot of clients and some are charging an hourly rate, and everybody wants them to talk as fast as possible. So, I'm good at talking fast and get off the phone or whatever the case. So how do you Rob, what's your strategy for getting advisors to effectively collaborate as opposed to collaborate? Because I think there's a difference between effective.

Rob: And if you want to get, want to split that again, you could talk about the difference between collaboration and cooperation.

Mary: And yeah, that's a good, that's a good distinction.

Rob: Sit with that for a moment as well, as far as collaboration with the advisors or advisory team for the business owner and his or her family. I like to say communicate early and often, reaching out to each of the advisors initially and say that I had this conversation, I'll be brief. We will talk more down the road in fact, very soon down the road, but I will be in touch just to make that outreach initially. Something that Mike had just referenced with history, that relationship the attorney has and the history I think is significant as well as a CPA. I had this case example where we were looking at growing the business and had the discussion about bringing on a partner. And I had that discussion with the business owner's attorney first and he said, oh gosh, we don't want to do that.

Rob: Let me tell you about the lawsuit seven years ago with a previous partner. To know that history and the information that you can gather from the other advisors again, brings great value to that business owner. So the communication early and off recognizing the history and the experience that each of those other advisors have and bring to the relationship. As you said earlier about quarterbacking, I do believe someone has to coordinate everything, all aspects of this and, and whomever it is whichever advisor I would agree. It does not have to be me or us. I know are very good at it, but it doesn't have to be me or us. And as the process is moving along, the commitment I make to the business owner, the client is that we will not bring any idea or solution that has not been vetted and discussed by your advisory team in that particular, example.

Rob: And in that statement brings a lot of confidence so that when we are advising on how to move forward it’s very efficient. The business owner doesn't say, well, now I need to go check with my CPA. Well, the CPA and I designed this so we can move forward. So, the efficiency, I think is there. I'll say one other thing briefly when I'm speaking to business owners, you think about out hiring and I'll use this a hundred percent thing. If you spend 20% finding the person and then 80% getting them trained, I think that's backwards. Use how to spend the 80% finding the right person, the 20% trained and similar in business succession planning. If we spend a lot of time with the advisors, the

80% upfront coordinating, collaborating, and sharing, then the implementation becomes the 20%.

Mary: I think that's really an accurate statement and important.

Mary: Okay, let's continue our episode. And I know that, you know, both Mike and I sometimes are the quarterback, but I actually really appreciate it when it's somebody other than me, because we have like a whole, you know, we're trying to process a lot of files, but I think that's one of the things is knowing somebody's paying attention to each of those ends so that we're not missing something. I think a lot of times I see documents get drafted before we've really discussed what should be in these documents or as we've are discussing in another podcast, the whole legacy aspect to make sure that we're really talking about the objectives that the client wants as opposed to what any of us as advisors might be. But I do like your point on the information that you get it from other advisors, because what I've found over the years is there's certain things that clients will feel comfortable discussing with me. And there's certain things they'll feel. And it happens a lot, even just us as a law firm, but with other advisors too, they all have a different relationship. The client will have different relationships with different advisors, but they're going to best be served when we bring that information to get other Mike, how does collaboration look differently if at all from, from where you sit?

Mike: Well, I think, you know, when I'm thinking about the process and the collaboration, I kind of have it stepped in my mind is let's identify, let's sit with the business owner, let's identify what the objectives are that you have first. And that obviously in my mind is probably the biggest piece and getting everybody involved in that, all of the advisors I think is important because again, everybody's going to have a different perspective on that. They're going to have different advice on that help the business owner identify those objectives. And then once you have some objectives laid out, it might be one, might be two, might be several, but what are the alternatives then that we can use to reach those objectives? And again, having the whole team involved in that and collaborating on identifying alternatives is I think hugely important because, you know, I, obviously come from things from a bias, legal bias.

Mike: I have a legal way of thinking about things in legal alternatives, but you know, other advisors are going to have a different approach to it. And I think just getting as many alternatives on the table as you can, is going to ultimately be a benefit to everybody, particularly the business owner. And then once you've got some alternatives, you know, you're just vetting those alternatives, what's going to work practically and you know, what can we actually use to go forward to meet the objective, pick that, you know, lay out what the plan is and then implement the plan? I mean, I think those are the important steps. And I think having everybody involved in that process is just, just makes it just an immensely better process.

Mary: Let's talk about everybody involved in the process though, from the perspective of efficiency, because I don't want probably our audience to think that what we think is for anything to happen, we need to have every advisor in the room discussing every little piece, right? So that's where the quarterback comes into play in terms of the collaboration. It's not that we need to have every advisor on a phone conference five times a day as we work through the business exit, but let's say it's Rob quarterbacking, the process. And you mentioned the example of, Hey, you kind of worked through the financial plan with the CPA, but then you might call Mike and say, Mike, I was talking to the CPA about this and we're just a little bit worried about this S corporation and whether this is going to pose a problem in this best business exit, we have this particular, you know, ownership structure, is that going to be a problem and then bring that together and then get the two of them. But it's not that we need every advisor on the call every time. Right?

Rob: Exactly. And I'm glad you made that clarification to further clarify. We do not need the business owner on the phone or in the room for all these conversations you hear me talk about understanding the wishes and then of the business owner that are expressed clearly by him or her and spouse or family. And then we'll take it from there and we'll interact with the business owner as needed and this may be a little direct, to the business owner. However, I should mention, if you are in the conference room with all your advisors for the first meeting, that's probably not going to go well; professionals and advisors, we have different ideas. It doesn't mean one is better than the other, but it makes sense to allow us the professionals to collaborate, independently of your presence so that we can move to something that we believe makes the most sense to effectuate your wishes. And it just, again, around efficiency, we must have these discussions and meetings without you. And I'm also saying that in a way that, hopefully brings some relief, you can focus on your, this, your family, your grandchildren, and not have to be in all of these meetings where we're talking about tax code and areas that perhaps are not very stimulating.

Mary: And one of the reasons I mentioned that is because as you listen, if you think, oh, collaboration means, oh my gosh, as an owner, I have to meet with all of these people, like all of the time. And by the way, that sounds boring. And I don't would rather stick things under my fingernails, but it also sounds extremely expensive when the fact is that collaborative planning done correctly should be more cost efficient, more effective should result in a better net result for the business exiting owner than if you didn't have that collaboration because you're less likely have things get missed in terms of the process. But I did want to clarify, but as we're coming to the end of the episode, I'm going to do what I like to do, which is to ask a vision question, which is again, if each of you could identify what your vision is for the most effective and successful collaborative planning, what would that it look like?

Rob: Very simply and I can elaborate as needed, but very simply my vision for the business owner and in collaborative planning environment is to identify as professionals identify the blind spots because we all have them and by collaboration, we will see what we need to see. And then if we could eliminate surprises for the business owner and the family, I'm smiling, you know, if we could greatly reduce the surprises, that would be wonderful. My vision, my objective is to eliminate surprises and have complete satisfaction in the process.

Mary: And your thought, Mike?

Mike: Yeah, I would just second what Rob said, and I think to me, if there's just really excellent communication between all the advisors, I think is just a key part. Again, I wholeheartedly agree that the business owner doesn't need to be involved in all these discussions. Shouldn't be involved in all these discussions and probably doesn't want to be involved in all these discussions. Although Rob, I do find the tax code very stimulating

Mary: As do I. But oh, well, thanks for the admission there

Mike: But just, you know, having that communication between the advisors I think is just key because, you know, to get to the objectives that the business owner wants I just think that's important.

Mary: Well, we are at the end of our episode. That's all for now. Thanks for listening to today's episode and stay tuned for our weekly releases.