Partnering with a Parent

By Walker Phillips, CIMA®

In the TV show American Chopper, a father and son work together to create one-of-a-kind motorcycles for celebrity clients. The synergy of the family’s collective talents is apparent in the radical design of the bikes, but the show’s entertainment value centers on conflicts between “Senior” and “Junior.” Pressure builds as the deadline for completing a bike grows nearer, and viewers are exposed to all the yelling, door slamming, and chair throwing you’d expect from reality TV.

Investment managers, balancing unpredictable markets and client expectations, can relate. We take our clients’ success personally and work tirelessly to make sure they reach their goals. The difference is that unlike a TV show, which thrives on drama, our job requires staying calm and making sound decisions when emotions run high.

As in many types of businesses, it’s not uncommon for children of investment professionals to follow in a parent’s footsteps. After seven years of advising clients on my own, I seized an opportunity to work with my father and his long-standing colleagues as part of a 27-member team. Dad and I use our relationship to retain clients and connect with heirs—many of whom also work with their parents. Breaking furniture is not an option for coping with the stress inherent in our work (though sometimes we’d like to). But the familial dynamic that makes our service special poses unique challenges.

The first challenge is making sure the goals of parent and child align with the best interests of the firm. The decision to hire me was not solely Dad’s and mine to make. The decision to add new team members to our firm is made by committee. Much consideration was given to assure that my hiring would serve the best interests of clients as well as colleagues. Several candidates were interviewed and the definition of “nepotism” was analyzed and documented. Now that I’m part of the team, the same committee that chose to hire me evaluates my work and gives feedback on my contributions to the firm throughout the year.

Respecting the hierarchy between parent and child is a key factor in making our partnership successful. Dad’s willingness to share his experience provides me a unique opportunity to learn. Given our history, Dad trusts me to follow his lead; the loyalty we share is a trait we seek to use to our advantage. Though the trust between us is certainly a benefit, I’m likely more outspoken in questioning his habits than a non-family member would be. I’ve observed with my own kids that the younger generation naturally seeks independence to prove they can stand on their own. I’m impatient to contribute what I’ve learned, and Dad is impatient to share what he knows. So Dad and I make an effort to spend part of our time working separately and to take advantage of opportunities to each collaborate with our other colleagues. Likewise, the firm has learned that father and son are not exactly alike; our strengths and interests vary. They’ve grown to appreciate that the contributions we make will be different.

Whether managing portfolios or a book of business, taking time to absorb Dad’s wisdom will ensure I serve our clients as thoughtfully as he does.

Although maintaining a chain of command is essential, collaboration propels a familial partnership to its full potential. But asking any advisor to delegate responsibilities he’s held for decades is a real challenge. To establish an effective partnership, Senior has to loosen control and allow Junior the flexibility to make decisions. In a rapidly evolving competitive landscape, success hinges on our collective willingness to embrace new ideas. Defining common objectives as well as individual goals and committing as a team to accomplish them helps maintain momentum and growth in the partnership. We rely on insight from colleagues to help us resolve differences and clarify priorities when our objectives appear to be at odds.

Though we strive to prevent our relationship from interfering with professionalism in the office, Dad and I are quick to admit it’s been hard to shed our father-and-son roles at work. We’ve made an effort to avoid referring to each other as “Dad” and “Son” on the job; likewise, our colleagues try not to refer to him as “your dad” and me as “his son.” Away from the office, we do our best to avoid talking shop, though we are known to strategize while washing dishes after a holiday meal.

When meeting with clients, professionalism and experience are essential advantages in a business where clients place their financial security in our hands. It’s only natural for clients to feel more confident when their wealth is being managed by a person with whom they have years of trust as opposed to someone a generation younger whom they may be meeting for the first time. Because it’s critical for clients to feel confident about the advice they receive from me, time is needed for clients to get

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comfortable with our dynamic. The more interactions and face-to-face meetings we have with clients, the better we’re able to illustrate the advantages of the partnership. Using the expertise and tenure of colleagues reinforces a client’s confidence in the team.

At the outset, we underestimated the challenge of introducing me to each of Dad’s clients. Given that many of his client interactions follow a rhythm established over many years, including me felt unnatural and self-serving at first. With practice, however, clients have grown accustomed to my role. I’ve assumed greater responsibility for those clients with whom I’ve established strong rapport. Dad is still the primary contact for many clients, but we’ve been more intentional about articulating the role I will have in the years ahead. Ultimately our years of partnership will allow for the seamless transition of Dad’s client base to someone trained specifically to serve them. Dad’s clients always will feel a special bond with him, but we’re hopeful they’ll take comfort in knowing his protégé will serve them long after he retires.

If executed thoughtfully, the introduction of the next-generation advisor segues to a conversation with our clients’ adult children. Reviewing estate plans and beneficiary designations is essential to executing client goals and often leads to an introduction to heirs who may benefit from our service. Our father-and-son perspective allows us to relate to multi-generational aspirations such as education savings and business retirement plan transitions. Though Dad is more likely to receive referrals from existing clients and centers of influence, he’s quick to introduce me as the main point of contact in new relationships. Our plan leverages our relationship to better meet clients’ objectives and evolving needs for future generations.

Even when the conflict seems irreconcilable, an episode of American Chopper ends with father and son marveling at the product of their collaboration. Together they create motorcycles that surpass their clients’ dreams, then acknowledge and compliment each other, knowing that the result is something neither could have achieved alone. With the cameras rolling, Senior and Junior reconcile—sometimes tearfully—until the next episode. Swapping bright lights and chrome for suit and tie, Dad and I gain perspective from our differences, celebrate our successes, and look forward to future challenges.

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