

Green, Yellow, or Red Zone Families: Which Do You Have in Your Advisory Practice?

Jim Grubman, Ph.D



FAMILY
ENTERPRISE
XCHANGE

XCHANGING GENERATIONAL WISDOM



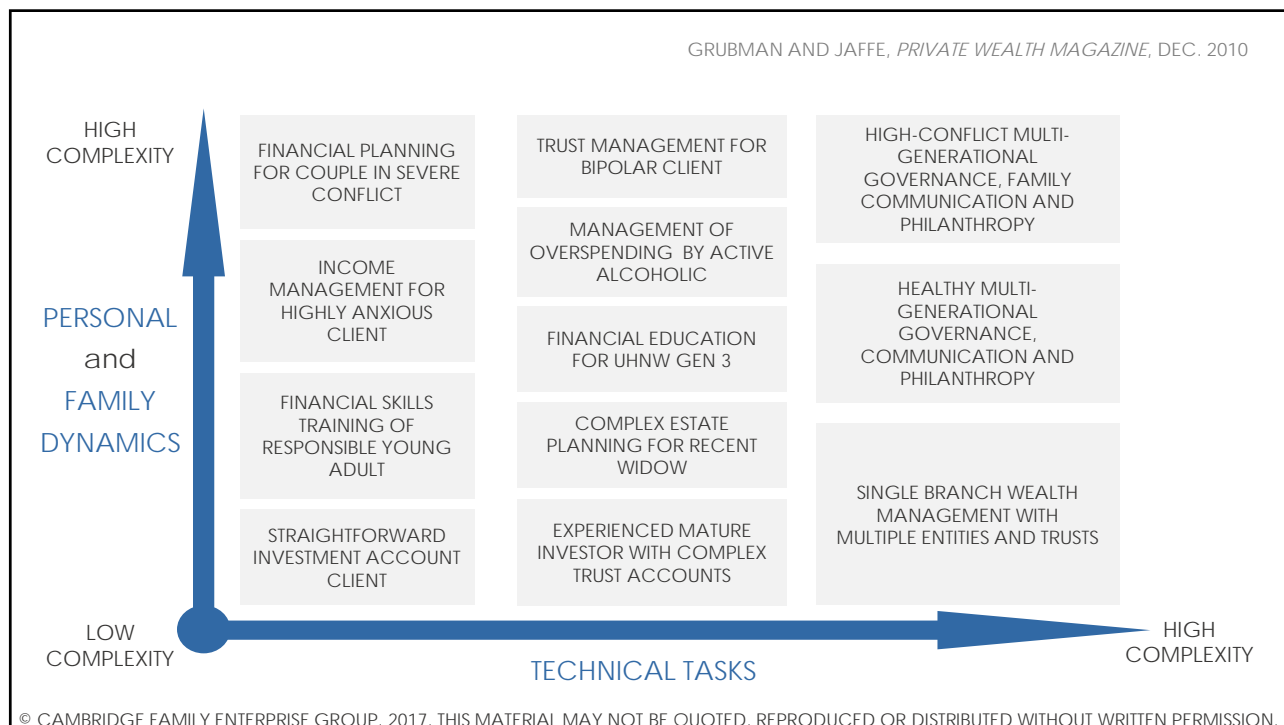
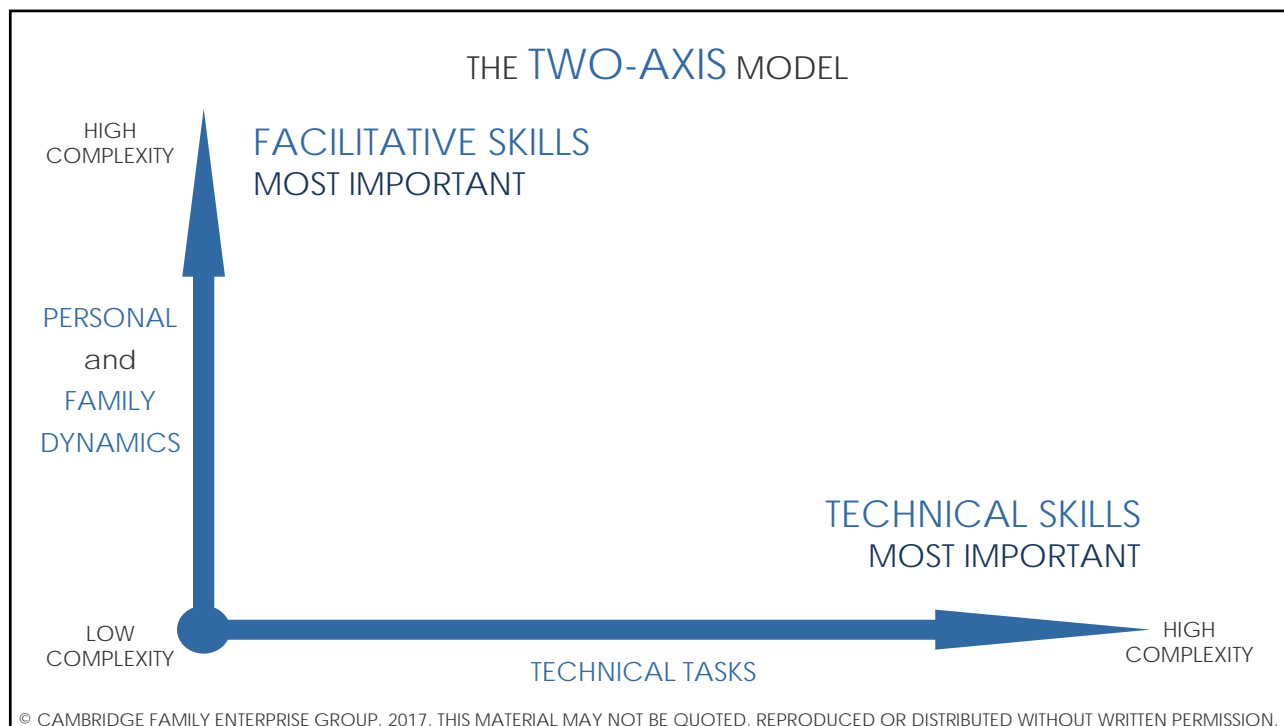
THE ONE-AXIS MODEL OF WEALTH ADVISING

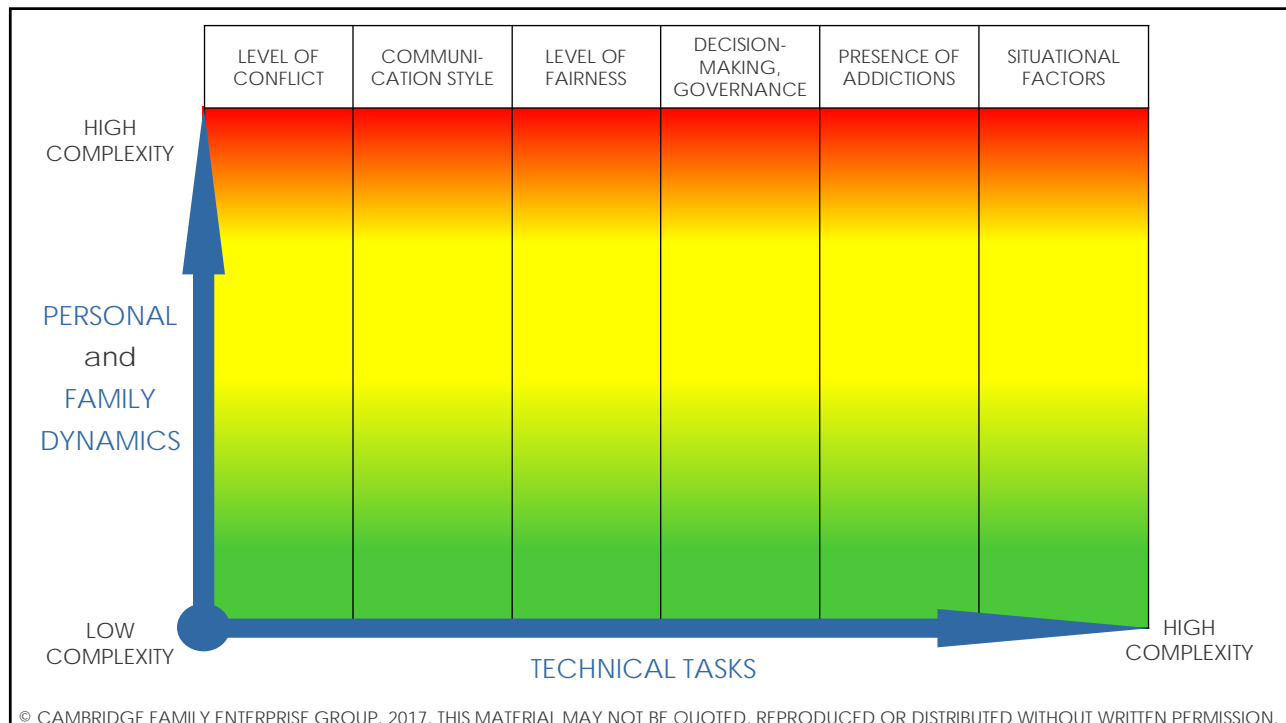
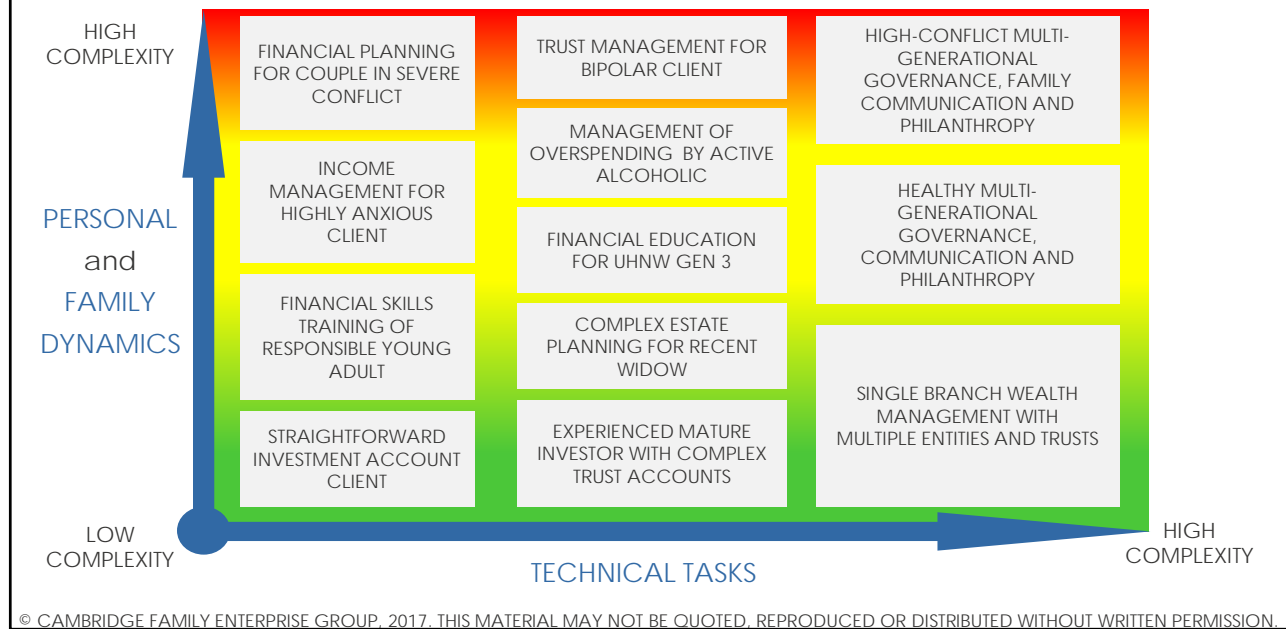
FACILITATIVE SKILLS
MOST IMPORTANT

TECHNICAL SKILLS
MOST IMPORTANT

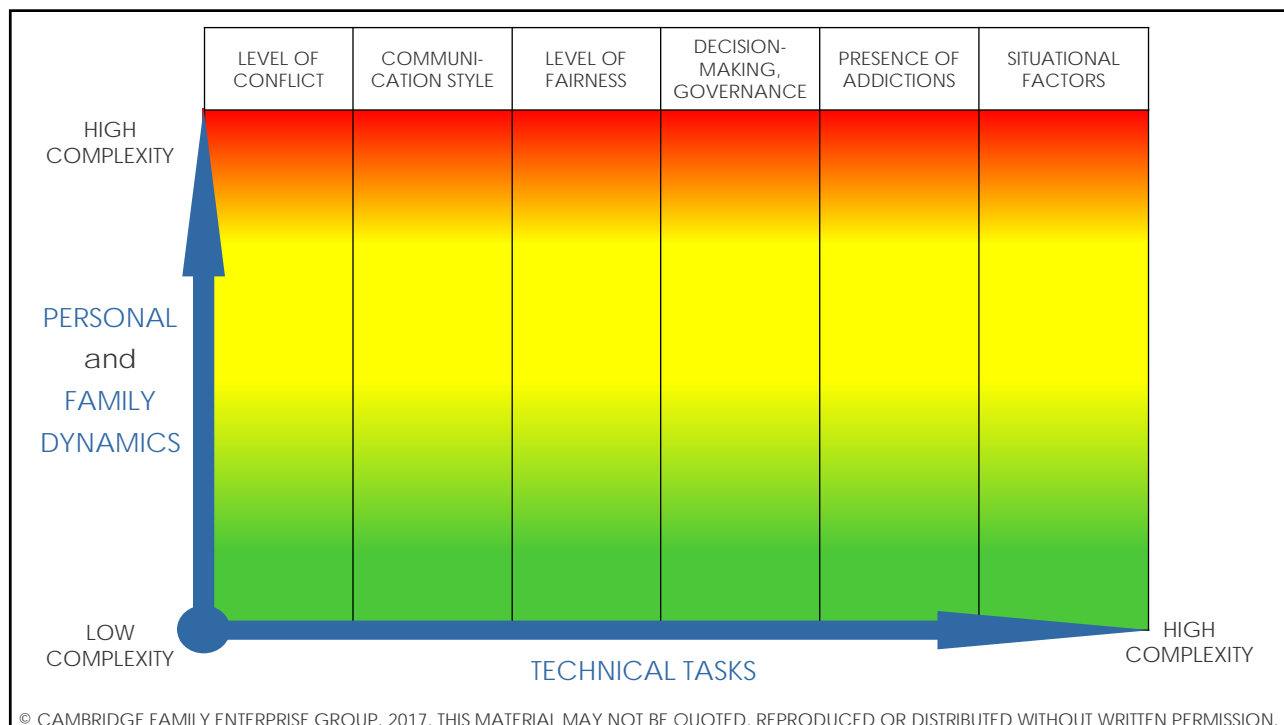
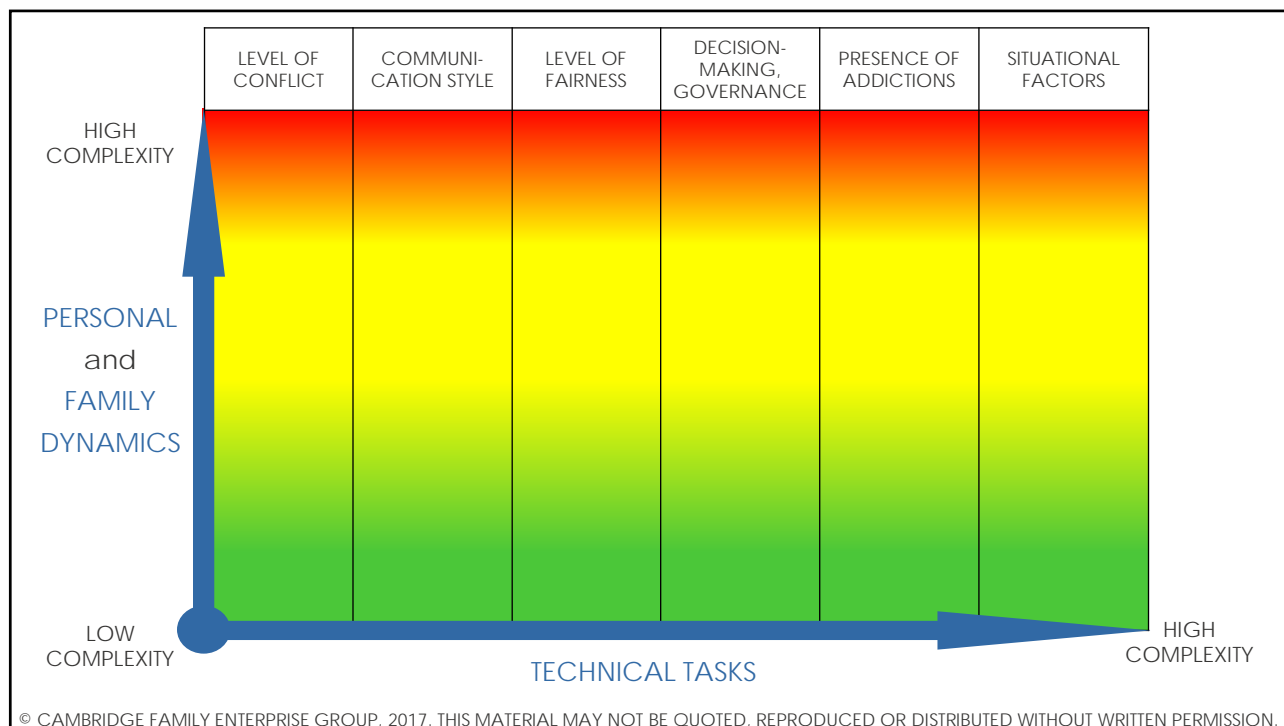


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FACTORS AFFECTING FAMILY COMPLEXITY

11

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Family Structure

Generations, branches, members

Inclusion of in-laws and/or youth (16 – 30)

Strong history of divorce/blended families ✓✓

Family Functioning

Governance structures in place ✓

Decision-making model (stated vs actual)

Leadership style (patriarch/matriarch or others)

Spiritual or faith-based family ✓

FACTORS AFFECTING FAMILY COMPLEXITY

12

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Family Communication

Open vs avoidant vs conflictual ✓

Presence of secrets ✓✓

Presence of longstanding conflicts or rifts ✓✓

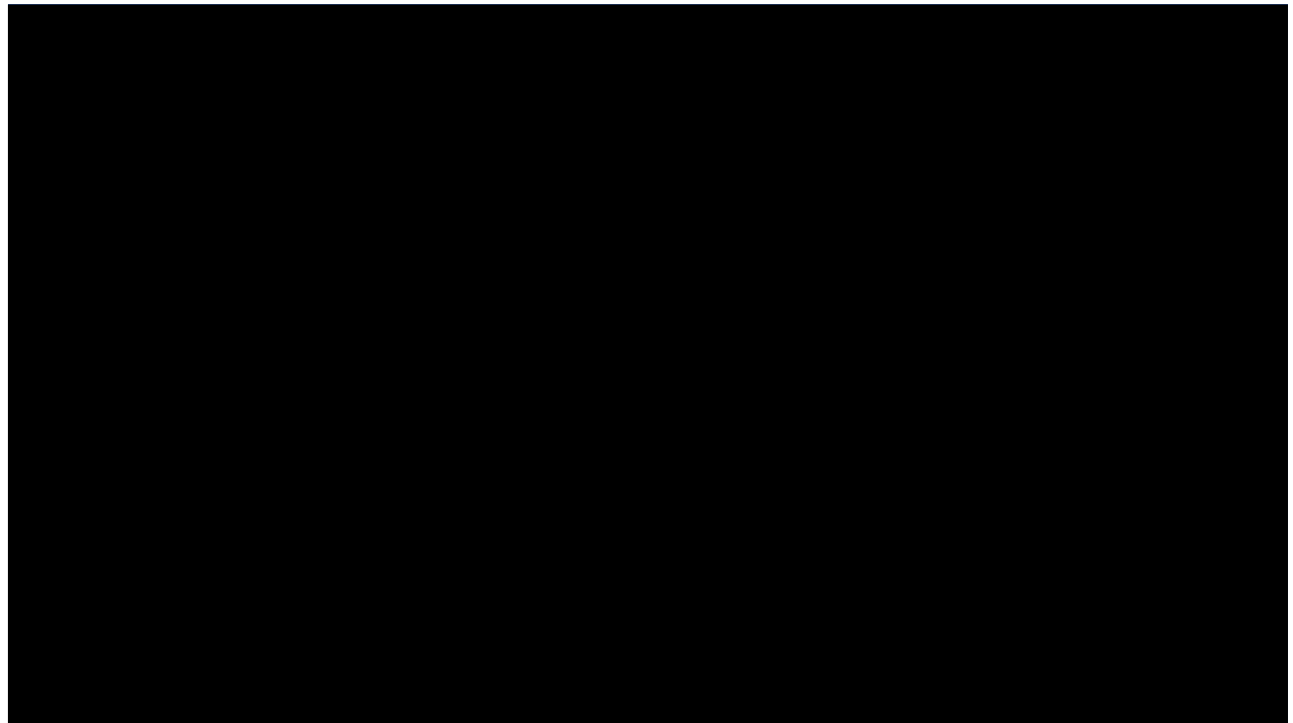
Level of fairness

Addictions ✓✓✓

Substance abuse

Significant overspending

Gambling/sex addiction



FACTORS AFFECTING FAMILY COMPLEXITY

Family Events/Situational Factors ✓✓✓

Succession – upcoming, needed, or overdue

Liquidity event(s)

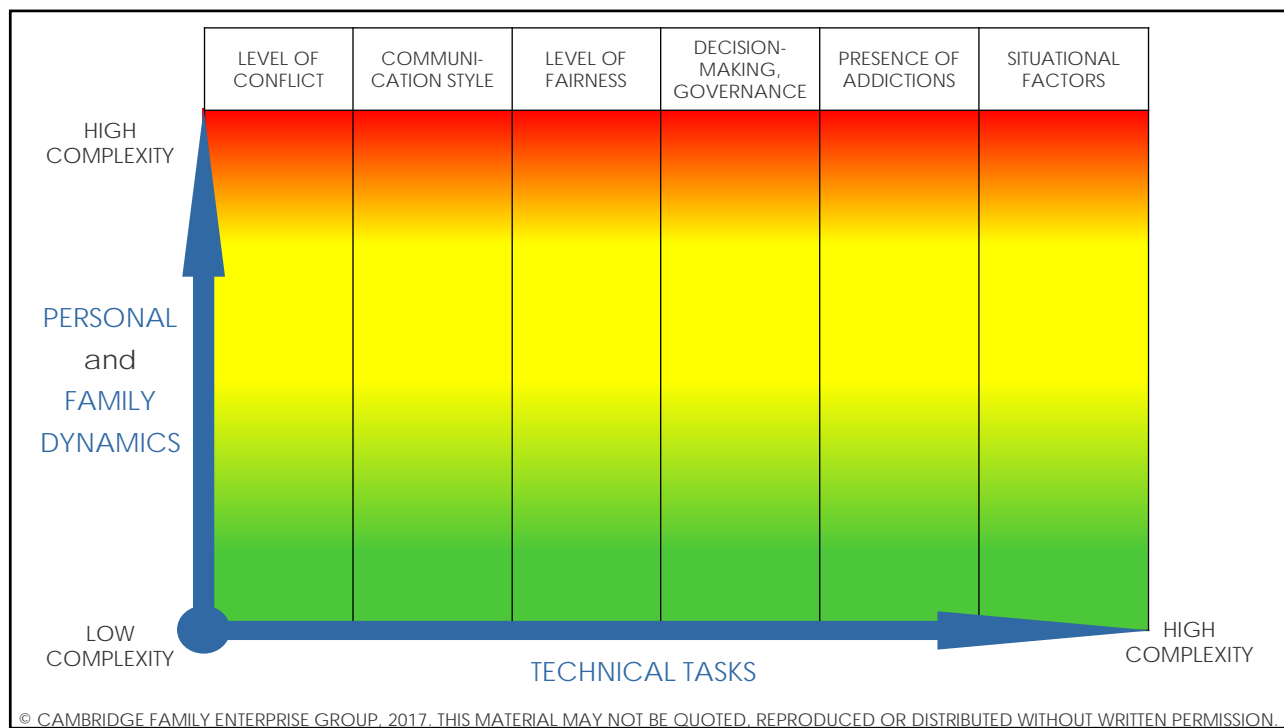
Entrances/exits – death, divorce,
estrangements, upcoming major moves

Strong history of divorce/blended families

Medical crises

Mental health crises

Other Factors?



FACTORS AFFECTING FAMILY COMPLEXITY

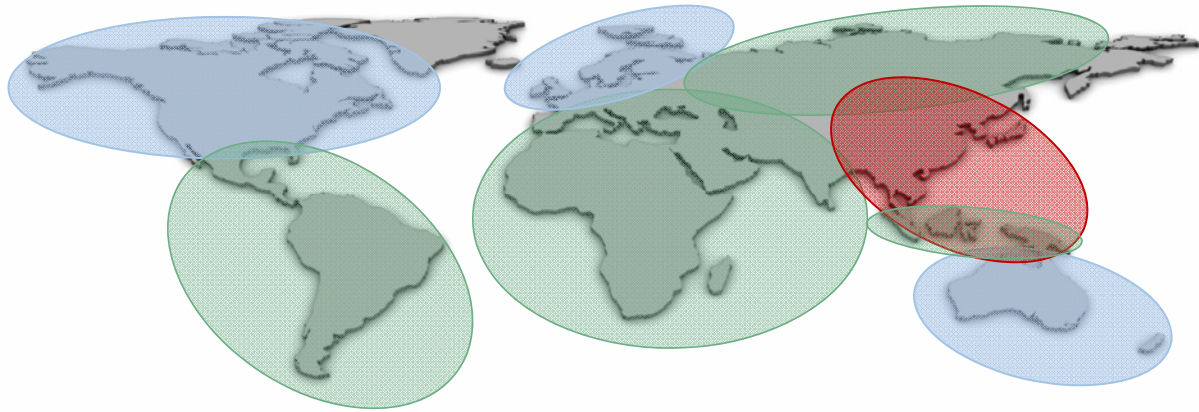
Cultural Heritage

16

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INDIVIDUALIST CULTURE

China, America, Singapore, Europe, Middle East, South Asia, Japan, Russia, [Indonesia]



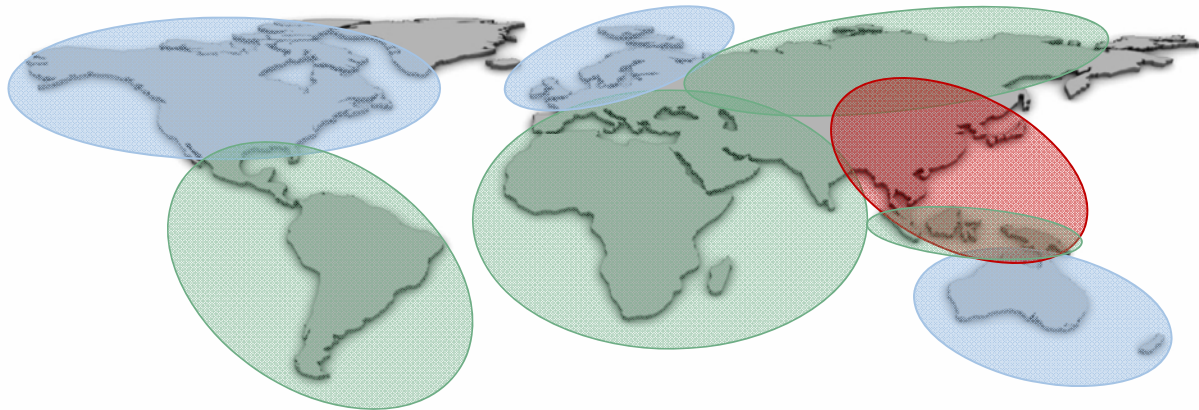
HONOR

INDIVIDUALIST

COLLECTIVE
HARMONY

17

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HONOR

INDIVIDUALIST

COLLECTIVE
HARMONY

18

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INDIVIDUALIST CULTURE

North America, Northern Europe, UK, Australia, New Zealand

Self-worth based on personal dignity
People are equal and have individual rights, above the family
Assertiveness, directness, transparency
Everyone should be heard in decision-making
Shared leadership is possible and encouraged within a family
Trust is built by what you do as an individual

HONOR

INDIVIDUALIST

COLLECTIVE
HARMONY

19

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COLLECTIVE HARMONY CULTURE

China, Hong Kong, Singapore, Korea, Southeast Asia, [Japan, Indonesia]

Self-worth is collectively determined and maintained
(face is to be preserved)
The family and community are pre-eminent
One should respect and fulfill one's place within the family
Issues should remain ambiguous and unspoken
Decisions and relationships are hierarchical
Trust is built more on relationships

HONOR

INDIVIDUALIST

COLLECTIVE
HARMONY

20

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HONOR CULTURE

Latin America, Southern Europe, Middle East, Africa, India, Russia, [Indonesia]

Self-worth based on reputation, maintaining honor of self and family
Contending with unstable governments and rule of law
Transparency is potentially dangerous
Structure is hierarchical, based on family relationship and birth order
Communication is somewhat ambiguous yet can be emotional
Trust is built on relationships and networks, somewhat on personal tasks

HONOR

INDIVIDUALIST

COLLECTIVE
HARMONY

21

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THE JOURNEY UP

ECONOMIC TRANSITION IN FAMILY ENTERPRISES

WEALTH

MIDDLE CLASS

POVERTY

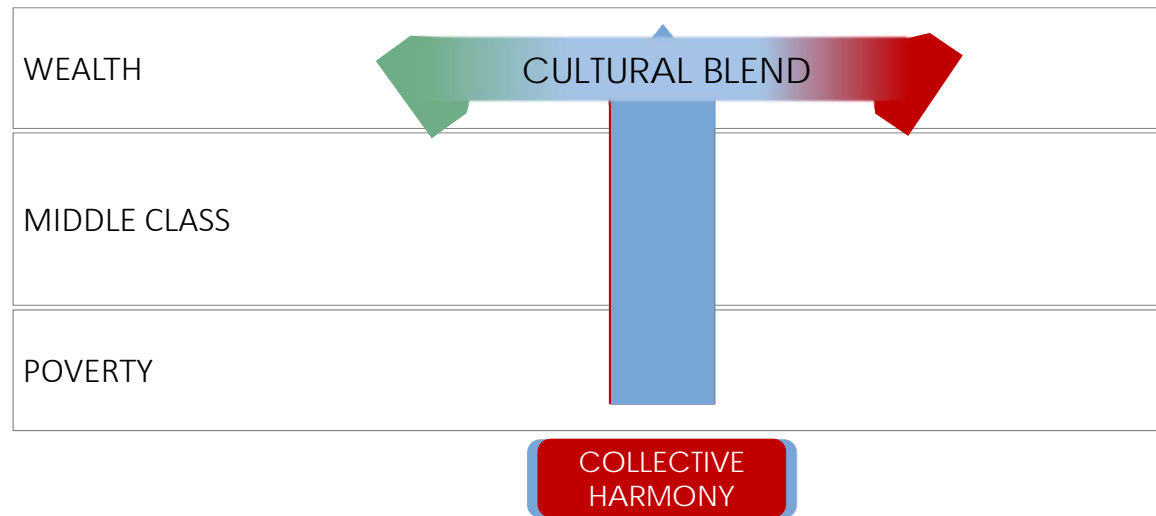
HERITAGE
CULTURE

22

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THE JOURNEY ACROSS

ECONOMIC TRANSITION IN FAMILY ENTERPRISES

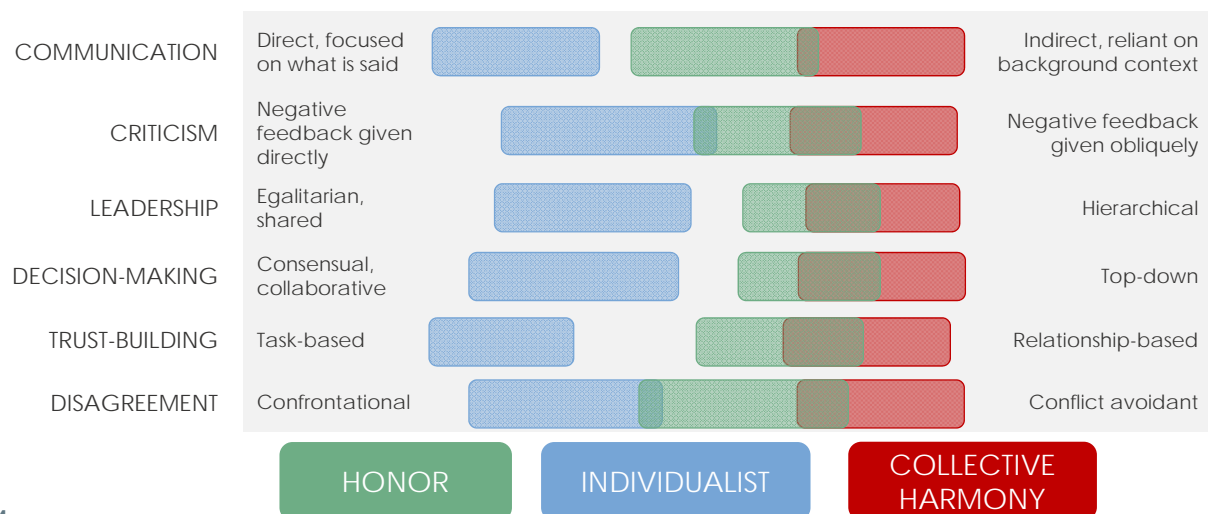


23

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IMPORTANT CULTURAL SCALES

ADAPTED FROM ERIN MEYER, THE CULTURE MAP, 2013



24

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FACTORS AFFECTING FAMILY COMPLEXITY

Cultural Heritage

- Individualist, Honor, or Harmony Culture?
- Impact on directness of communication
- Impact on hierarchical thinking and leadership expectations
- Impact on how trust is built, maintained, repaired
- Impact on decision-making
- Watch your bias as an Individualist advisor

25

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GREEN, YELLOW, OR RED ZONE CLIENTS

Which Do You Have in
Your Advisory Practice?

James
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XCHANGING GENERATIONAL WISDOM
FAMILY ENTERPRISE XCHANGE 2017 SYMPOSIUM