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# Family Ties

## …Working Together for Success



NAIFA℠

# Family Ties

FOR SONS AND DAUGHTERS WORKING IN MULTIGENERATIONAL practices, you'd think success runs in their blood. But success is not without sweat and tears. We talked to members of three "family practices"—one a wealth-management firm in rural Washington, another that focuses on meeting a wide range of life and health insurance needs for its Washington, D.C.,-area clients, and a third with a multiline emphasis in suburban Illinois. Despite their differences, a common theme emerged among these agencies: Working with sons and daughters takes patience and understanding, but offers tremendous rewards for the parents, their children and the clients they serve.

**By Helen Thompson**




# Family Ties

THE VAN HAMS
Jim and Camille

Photos of the Van Hams: Lorraine Hart Photography

Once upon a time, people didn't so much choose their careers as their careers chose them. Grandfathers handed down their businesses to their sons and grandsons, and teenaged boys bounded off into adulthood fully aware that they would follow in their parents' footsteps—or, if their older brothers had chosen that path, they entered the priesthood or left for another country.

It's a different world, now—it is just as likely for daughters as it is for sons to take over their parents' business. But expecting them to sign up automatically is not a wise idea. Why? It has to be their idea, says our panel of experts: Robert Ashton, LTCP; Candace Kaplan, CFP, RHU, ChFC; and Jim Van Ham, CLU, LUTCF, CFP. Robert runs Ashton Financial Group in Othello, Wash., with four of his seven children: Todd, CSA; Tony, RFC, CLU, CSA; Scott, CSA; and Stephen, CFP, CSA. Candi's daughter Sarah joined her at Kaplan Benefits Group in Bethesda, Md. And Jim works very closely with his daughter, Camille, at the Van Ham Agency in Lisle, Ill.

In fact, financial services continues to be an excellent field to be in, and the tradition of bringing one's heirs into the business is one that offers a wealth of advantages, despite the challenges. Why does this type of arrangement continue to offer so many benefits to advisors and clients alike?

## Learning work skills

One reason is that the offspring get to learn important skills. But there is a right way to bring them into the business. It's OK to want to prepare them to work with you while they are still in high school. Give them a taste of work by allowing them to intern for you, but be sure to find out what their interests are and give them projects that let them explore those interests within your business. Is your daughter a math whiz? Give her a numbers project. Is your son a natural at organizing and technology? He can probably help you update your filing system so that you're partially or completely paperless. Let them see all sides of the business, including the busywork. But if they don't see the fun side of working for you, they're less likely to want to work with you.

While you can encourage your adult children to join you in the business, you should let the idea come from them. "I'd worked part-time since I was 15," says Sarah. "I started out in retail, and my mom would slyly ask me to help out. In college, I thought I wanted to work in consulting, but then I had this great idea—and asked Mom, 'How come you never asked me to join the business?'"

Jim notes that bringing your offspring into the business is not as easy as it might seem. "There are lots of questions to address: Are you compensating them adequately?" he says. "For example, you want to be fair, but not too generous. And, it's a demanding business and they have to have the instincts for it."

Discovering that your son or daughter may have a knack for the business is one thing, but working them into the business is another. Each advisor we spoke with took a different approach to structuring his practice to meet his individual needs.

## Expand and deliver

The Ashton practice is in a small, main-street town in Washington, about a third of the way between Spokane and Seattle. So how does this rural community sustain not one, not two, but five MDRT producers operating out of one office in Othello? They sought out other veteran agents who needed a solid succession strategy. Todd and Tony joined Robert in 1993, and they started identifying other practices with a similar focus to theirs—highly regarded independent agents with 35 to 50 years in the business, whose high-net-worth business-owner and self-employed clients were at risk of being orphaned when those agents retired. The Ashtons acquired these businesses, always on a favorable basis—16 of them so far. So when Scott decided to join them in 1996 and Stephen in 2002, there was plenty of business to go around.

## TIPS FOR WORKING TOGETHER

- The idea should come from the adult children.
- Mentoring often goes both ways.
- Identify strengths and use them effectively.
- Use the right business model.
- Work hard to maintain closeness.

The Ashtons, who are all members of Tri-Cities AIFA (Wash.), rotate running the business as managing partners from year to year and divide operational expenses according to their performance. "Five years ago, we set up the practice as an LLC so that each of them is an owner in the business," says Robert. "Every 30 days our accountant gives us a receipt for that month's income and expenses, and whatever percent of the income each partner generates, he pays that percent of the expenses."

Through this model, the Ashtons have clients throughout the Pacific Northwest. "The companies we acquire have very high integrity," Robert says. "Retaining those clients has allowed us to get into different geographic and economic areas."

### Thinking forward

The Kaplan practice has covered a lot of ground in the 30 years Candi's been in the business—she started out in disability income insurance and went on to become a life and health insurance producer with MONY, now AXA Advisors. She serves a wide range of clients, including middle-market individuals, small-business owners, and larger businesses in the busy Rockville, Md.,-to-D.C. corridor and the surrounding region. Her business is very client-centered and holistic—she's not afraid to ask her clients what they are spending their money on, for example. As a result, she has very close relationships with them and was worried about what would happen to them when she retired. She had been looking for someone to take over the business when Sarah stepped up to do so. Candi's clients were delighted to hear that Sarah would be the future of the practice; after all, the younger Kaplan had practically gotten her start in the business before she was even born.

Despite their similarities, the Kaplans enjoy seeing how their differences play out in the business. "She's the more emotional one," says Sarah, gesturing at her mother, who nods sheepishly. "I am," Candi agrees. "But that's one of the areas where we complement each other. I never had the formal business training, and Sarah's academic background allows her to look at the practice with a better business view."

THE ASHTONS
Stephen, Tony, Robert, Todd and Scott

Photo of the Ashtons: Lisa Dorsing

### Complementary advantages

In the Van Ham's Countrywide Financial agency, Camille handles their clients' property and casualty (P/C) needs while Jim works on life insurance. But don't let that breakdown of responsibilities fool you: Camille is fully trained in life insurance as well, which helps them cross-sell. "Life insurance is my big passion," she says. "As I'm helping clients meet their P/C needs, I can steer the conversation toward life insurance."

*While you can encourage your adult children to join your business, you should let the idea come from them.*

Most of their calls on any given day are for P/C coverage, according to Jim. "It's up to us to turn those calls into something else," he says. "They know they need auto insurance, and that captures them as clients. Camille's job is to do a great job up front, and that will make them more receptive [to additional sales]."

Camille provides the important bridge that gets clients into Jim's office. Because she grew up in a family in which dinnertime conversation revolved on many things, including her father's business, she's a natural conversationalist who can seamlessly get people talking about their life insurance needs. Once they are open to the idea, Jim takes over. As a result of their teamwork, the Van Hams have qualified for MDRT every year since Camille joined the practice.

### Learning from the best

Jim notes that the mentor relationship is important regardless of familial ties. "I was mentored at a young age by my family's insurance agent," he says. "It's tremendously valuable."

But the mentor relationship between parents and offspring is one that goes in two directions and is uniquely synergistic. "What I've learned on the streets, my sons have learned in the classroom," says Robert Ashton. "But for all that I know about the industry, they've really helped with the computerization of the business."

For the Ashtons, mentoring is just as likely to happen from brother to brother as it is from father to son. Robert notes how his sons have become very good listeners. "That's important because most people with money don't want to hear your story; they want you to listen to theirs," he says.

THE KAPLANS
Sarah and Candi

# Family Ties

Stephen, who was the last of the four to join the practice, says that his father's team approach really helped him early on. "We have the opportunity to team up with each other when we're first starting out," he says. "So I'd go with my dad one day a week, one brother another day, another brother on another day, and then out on my own on the fourth day. We're all a little different, so I could pick and choose what worked for me."

The hardest thing about mentoring her daughter, Candi Kaplan says, is that the industry has changed so much. "I see young advisors struggle with the do-not-call regulations, internet competition and 'no salesman will call,'" she says. "It's made it really important for agents to learn service and emphasize putting their clients first."

Candi also notes that mentoring can be exhausting. "When you do it, you just do it your way," she says. "When you teach it, you have to think about why you do it the way you do."

**From legacy to dynasty**

All three companies are branded with their family names. This is good, but doing so means that you are staking your reputation on that name, which your children can benefit from. There's tremendous value in "getting credibility from the momentum of an agency that will carry on to the next generation," says Robert Ashton.

Jim Van Ham sees ownership as more than a succession benefit for Camille and other second-generation agents: It's motivational, as well. "She has a vested interest in the future and making our business successful," he says.

The Kaplans, both members of NAIFA-Greater Washington, D.C., say one benefit of having a multigenerational practice is that you can mesh well with your multigenerational clients. "Parents don't know how to teach their kids about financial issues, and when they go to college they can learn about business etiquette and resumes but not much else in the way of life skills," says Sarah. "I'm the one who can tell those young adults: 'When it comes time to evaluate a financial decision in your life, call me.'" Candi concurs. "The senior clients appreciate it, because they see us continuing the relationship and getting to know the beneficiaries," she says.

That legacy angle has a surprising twist, as noted by the Van Hams—both very active members of Dupage Area AIFA (Ill.). Camille is involved in NAIFA's Young Advisors Team and serves on the national YAT committee. As a result, she has become vigorously active in advocacy. "I started going to advocacy events while I was in college," she says. "Then my dad noticed we were more able to get an audience by having a couple of young people—turns out it's because those politicians want our insights."

And sometimes, the practice can continue to a third or even a fourth generation, as is the case with many of NAIFA's leaders. Robert Ashton, who has 20 grandchildren (as of last month), is looking forward to running a three-generation practice. "Some of the teenagers are starting to express an interest," he says.

*The mentoring relationship between parents and their offspring is one that goes in two directions and is uniquely synergistic.*

**Expect some stress**

Working with family members has many benefits, including the closeness that results from partnering with them professionally and the knowledge that your business-succession strategy is on track. But keeping the professional and the personal aspects in their respective spheres can present a challenge. "I was worried about how working together was going to affect our relationship," admits Candi Kaplan. "If our relationship ever was at risk, we'd end [the business side of] it."

Sarah also notes that it takes work to maintain both sides of the relationship. "The hardest part is making time for our personal relationship and remembering that we're mother and daughter," she says. "We can spend 12 hours a day together and still miss each other."

Camille Van Ham's take on this is that passing along the practice may not be for everyone—but weathering the ups and downs has made the relationship with her dad stronger. "You have to have a strong family with a closeness that can stand the good and the bad times," she says. "At the end of the day, we're still close." AT

Photos of the Kaplans: Adam Cuthbert