



# Financial DNA<sup>®</sup>

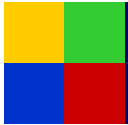
## Using Financial DNA for Family Dynamics & Succession Planning

### Case Study

## Risks to a Quality Family Life

**“Family interaction” will impact the family’s ability to have a quality life**

1. Lack of trust
2. Lack of transparency
3. Lack of understanding of differences
4. Lack of personal clarity
5. Expectation gaps
6. Different and inappropriate skill-sets
7. Introducing outsiders
8. Control – in the wrong hands
9. Liquidity – too little or too much
10. Lack of governance



# Building a Quality Family Life with Financial DNA<sup>®</sup>



## The Primary Issue....Every Person is Different

The primary issue is simple but the resolution is complex: family members all have different innate preferences and behaviors

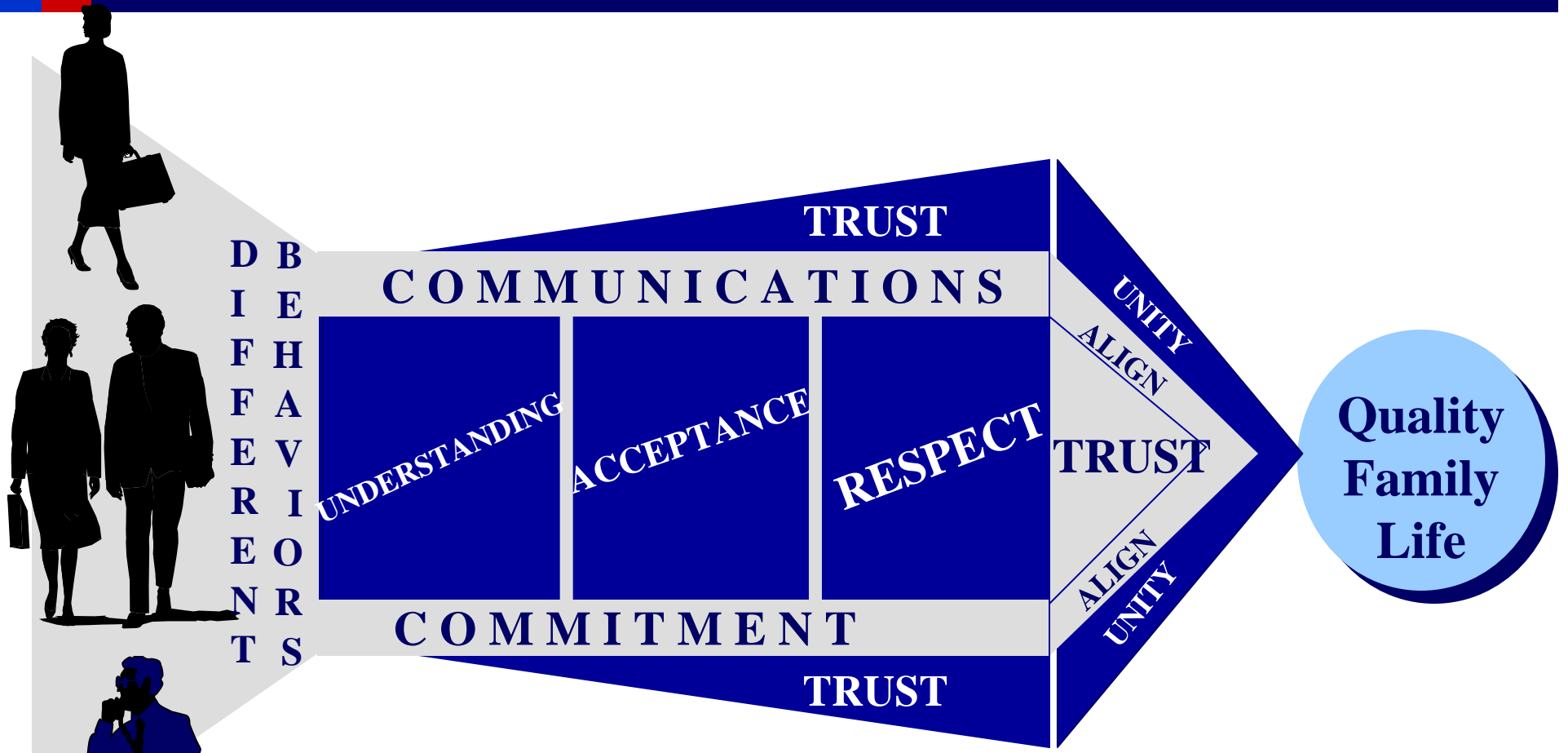
This manifests itself in many different ways which cause us to look at the same situation differently.

Preferences and behaviors are formed around the emotive issues which are rarely understood and addressed.

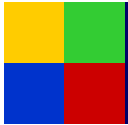
# Typical Family Differences

1. “Financial personalities”
2. Relationship and communication styles, emotions, ego
3. Need for control
4. Aptitudes, skills, interests, passions
5. Perceptions of environment – past, present, future
6. Levels of education and financial knowledge
7. Knowledge of family affairs
8. Levels of self-generated wealth

# The Family Dynamics Model

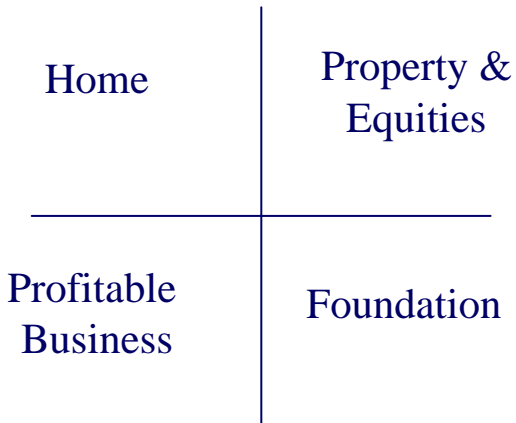


**Family Dynamics:  
From Diversity to Unity to Quality Life**



# Facts: A Family in Transition

## Assets:



**John, 65**

Founder

**Mary, 62**

Independent wealth

**Brian, 37**

Divorced

1 child

Trained accountant

**Sarah, 35**

Unmarried

MBA graduate

**George, 33**

Unmarried

No business interest

## Scenario:

Father wants to retire.

Both parents want to distribute family wealth and responsibilities equitably.

## Framework to address transition:

1. Family relationships
2. Business continuity
3. Family continuity
4. Financial continuity
5. Philanthropic continuity

# Family Facilitation

**Scenario:** Succession; business; investments; foundations; generations of children.

**Issues:** Complex structures; control of assets; liquidity; transparency; multiple personalities; different perceptions of the environment and family history; allegiance to family cause; different skill-sets, knowledge, interests, aptitudes, wealth; introducing outsiders.

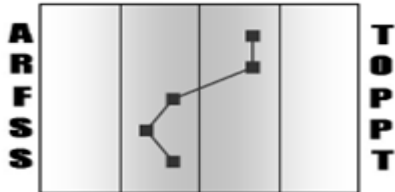
**Risks:** Lack of trust; expectation gaps; poor communication; inequity; litigation.

**Objectives:** Family Vision Statement; developing family group relationships; buy-in; every one to have a say; governance; transparency; Futurity Plan.

**Approach:** Develop understanding of where they come from; are at now and where they are going; conduct a Family Currency Forum.

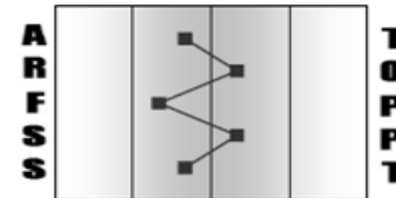
# Family Profiles

**Father John, 65:**  
 Founder, Influencer Profile.



- Vigorous • Promoter • Decisive
- A high energized individual who will make quick instinctive decisions. Fun to be around and loves the fast lane.

**Mother Mary, 62:** Independent wealth. Stylish Thinker Profile.



- Sharp • Cutting-edge • Demanding
- An individual who demands leading, highly sophisticated advice. Ambitious to succeed, and is conscious of image and standing.

**Son 1 Brian, 37:** Divorced with 1 child, trained accountant. Strategist Profile.



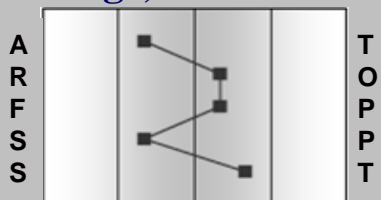
- Evolutionary • Visionary • Entrepreneur
- A highly charged creative person with feet firmly set on the ground and well able to realize visions.

**Daughter Sarah, 35:** Unmarried MBA graduate. Initiator Profile.



- Results-driven • Logical • Determined
- A fast paced demanding individual, excited by change, logical in relationships, sometimes abrupt.

**Son 2 George, 33:** Unmarried school counselor, No interest in family business. Community Builder Profile.



- Advocate • Dependable • Loyal
- An individual whose decision making process is based on history and security. Highly practical, reliable, supportive and compassionate.

# Core Life Profile: John & Mary Williams


## John, Influencer

Agreeable			61	Take Charge
Reserved		56		Outgoing
Fast-Paced	43			Patient
Spontaneous	35			Planned
Skeptical		51		Trusting
Content		54		Pioneering
Cautious		50		Risk Taker
Anchored			62	Creativity

## Mary, Stylish Thinker

Agreeable		49		Take Charge
Reserved			57	Outgoing
Fast-Paced		52		Patient
Spontaneous			56	Planned
Skeptical		51		Trusting
Content		55		Pioneering
Cautious		51		Risk Taker
Anchored		6		Creativity

# Core Life Profile Sub-factors: John & Mary Williams

 John Williams  
 Mary Williams

		Core Financial Life Drivers					
Agreeable/ Take Charge	Passive			51		69	Authoritative
	Group Orientated			49	53		Self-Reliant
	Diplomatic			47			Frank
Reserved/ Outgoing	Serious			53	56		Expressive
	Reflective			52			Sociable
	Quiet					62	Communicative
Fast-Paced/ Patient	Rational		40	48			Empathetic
	Task-focused			51	54		Encouraging
	Confronting		40		52		Accepting
Spontaneous/ Planned	Generalist		38	46			Accurate
	Improviser		34			61	Scheduled
	Instinctive			44		58	Procedural
Skeptical/ Trusting	Controlling		39		51		Delegator
	Suspicious					56	Open
	Questioning			43	52		Agreeable
	Restrained			44		65	Relaxed

		Financial Life Planning Drivers					
Content/ Pioneering	Cooperative			51		69	Initiator
	Balanced			48	56		Competitive
	Flexible			44		58	Determined
Cautious/ Risk Taking	Careful				54	66	Bold
	Stable			48	57		Risk Tolerant
Anchored/ Creative	Experience Based				52	54	Original
	Practical		40	43			Enterprising
	Left Brain			45		58	Right Brain

# Core Life Profile: Brian, Sarah & George

## Brian, Strategist

Agreeable		59	Take Charge
Reserved	48		Outgoing
Fast-Paced	36		Patient
Spontaneous		53	Planned
Skeptical	43		Trusting
Content		63	Pioneering
Cautious		60	Risk Taker
Anchored		55	Creativity

## Sarah, Initiator

Agreeable		57	Take Charge
Reserved		45	Outgoing
Fast-Paced		39	Patient
Spontaneous		45	Planned
Skeptical		46	Trusting
Content		49	Pioneering
Cautious		59	Risk Taker
Anchored		51	Creativity

## George, Community Builder

Agreeable	39		Take Charge
Reserved		59	Outgoing
Fast-Paced		57	Patient
Spontaneous	40		Planned
Skeptical		60	Trusting
Content		51	Pioneering
Cautious	47		Risk Taker
Anchored		63	Creativity

# Family Map: Core Financial Life Drivers

<b>Agreeable</b> Son, George	<b>Mid-Range</b> Mother, Mary	<b>Take Charge</b> Father, John Sr Son, Brian Daughter, Sarah
<b>Reserved</b>	<b>Mid-Range</b> Daughter, Sarah Son, Brian	<b>Outgoing</b> Father, John Sr Mother, Mary Son, George
<b>Fast-Paced</b> Father, John Sr Son, Brian Daughter, Sarah	<b>Mid-Range</b> Mother, Mary	<b>Patient</b> Son, George
<b>Spontaneous</b> Father, John Sr Son, George	<b>Mid-Range</b> Son, Brian Daughter, Sarah	<b>Planned</b> Mother, Mary
<b>Skeptical</b> Son, Brian	<b>Mid-Range</b> Mother, Mary Daughter, Sarah	<b>Trusting</b> Father, John Sr Son, George



# Family Map: Financial Life Planning Drivers

<b>Content</b>	<b>Mid-Range</b> Father, John Sr Mother, Mary Daughter, Sarah Son, George	<b>Pioneer</b> Son, Brian
<b>Cautious</b>	<b>Mid-Range</b> Mother, Mary Son, George	<b>Risk Taker</b> Father, John Sr Son, Brian Daughter, Sarah
<b>Anchored</b>	<b>Mid-Range</b> Father, John Sr Mother, Mary Son, Brian Daughter, Sarah	<b>Creative</b> Son, George

# Family Map: Financial Planning Insights Analysis

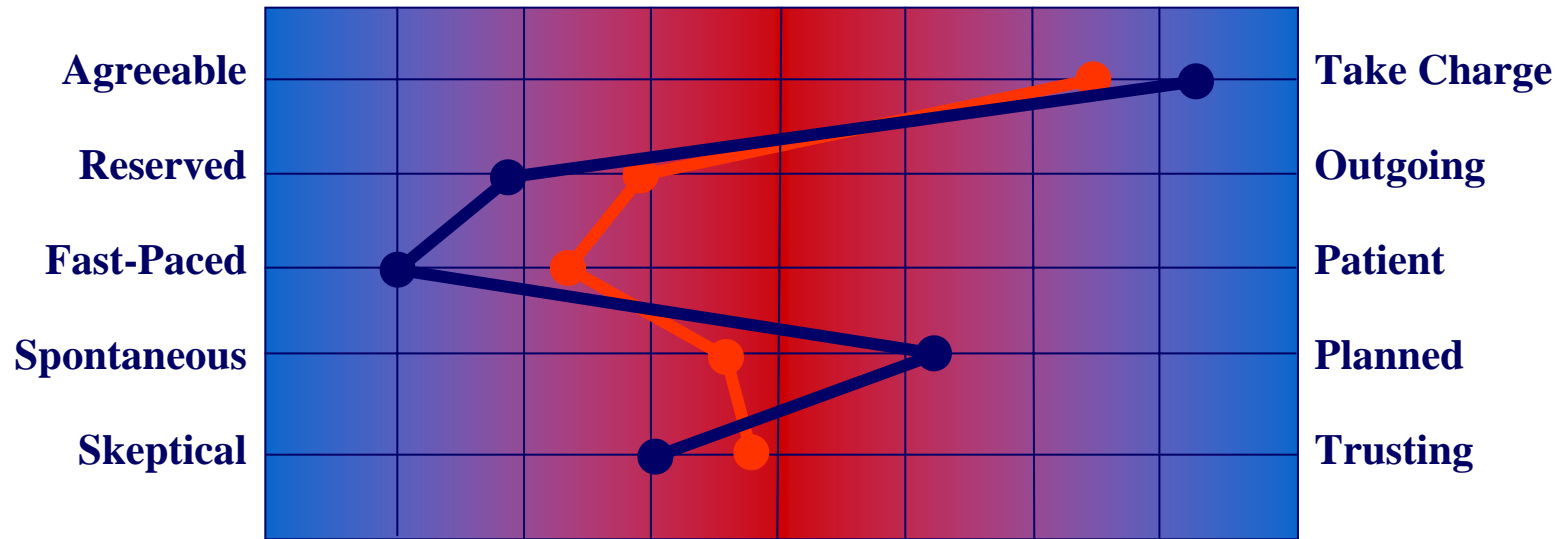
	Sets the Agenda	Relationships	Results	Risk Propensity	Risk Tolerance	Setting Goals	Pursuing Goals	Comfort with Change	New Idea Driven	Financial Managem't	Need for Information	Spender	Need for Control
John	HIGH	LOW	MEDIUM	HIGH	MEDIUM	HIGH	MEDIUM	HIGH	HIGH	LOW	LOW	HIGH	HIGH
Mary	MEDIUM	HIGH	MEDIUM	MEDIUM	MEDIUM	MEDIUM	HIGH	MEDIUM	MEDIUM	MEDIUM	LOW	MEDIUM	MEDIUM
Brian	MEDIUM	LOW	HIGH	MEDIUM	HIGH	HIGH	HIGH	HIGH	HIGH	MEDIUM	MEDIUM	MEDIUM	HIGH
Sarah	MEDIUM	LOW	HIGH	MEDIUM	HIGH	MEDIUM	MEDIUM	HIGH	MEDIUM	MEDIUM	MEDIUM	MEDIUM	MEDIUM
George	LOW	HIGH	LOW	MEDIUM	MEDIUM	MEDIUM	HIGH	MEDIUM	HIGH	LOW	LOW	HIGH	LOW

# Family Map: Compatibility Matrix

		John Williams	Mary Williams	Brian Williams	Sarah Williams	George Williams
John Williams	Influencer	L	H	M	L	H
Mary Williams	Stylish Thinker	H	L	M	H	M
Brian Williams	Strategist	M	M	L	L	H
Sarah Williams	Initiator	L	H	L	L	H
George Williams	Community Builder	H	M	H	H	L

L	Minimal modification required
M	Some modification required
H	Significant modification required

## Example of a Possible Source of Conflict



### Sarah - Marketing Specialist

- Results-driven
- Objective
- Determined
- Blunt, aggressive & confident
- Spontaneous, impulsive, careless, improvising, informal

### Brian - Financial Specialist

- Results-driven
- Objective
- Entrepreneur
- Blunt, aggressive & confident
- Methodical, detailed, precise, analytical, picky

# Example of a Possible Source of Conflict

Agreeable			57	59	Take Charge	
Reserved		45	48		Outgoing	
Fast-Paced	36	39			Patient	
Spontaneous		45		53	Planned	
Skeptical		43	46		Trusting	
Content			49		Pioneer	
Cautious				59	60	Risk Taker
Anchored			51	55	Creative	

- Both desire control.
  - Both communicate very little.
    - Both are abrupt, combative and critical.
    - Both are willing to take significant risks.
- Both are able to be abstract or practical, depending on circumstances.

Significant difference in desire for order, information, administration and due diligence. This will affect what risks Brian feels comfortable with.

# Financial Directions Strands

<b>Desired level of control</b>	John Sr			<b>High</b>
	Mary		<b>Med</b>	
	Brian			<b>High</b>
	Sarah			<b>High</b>
	George		<b>Med</b>	

<b>Optimistic Decision-Making Style</b>	John Sr			<b>High</b>
	Mary			<b>High</b>
	Brian		<b>Med</b>	
	Sarah		<b>Med</b>	
	George	<b>Low</b>		

<b>Emotional Decision-Making Style</b>	John Sr			<b>High</b>
	Mary		<b>Med</b>	
	Brian	<b>Low</b>		
	Sarah	<b>Low</b>		
	George		<b>Med</b>	

# Financial Directions Strands

<b>Investment Confidence</b>	John Sr			<b>High</b>
	Mary	<b>Low</b>		
	Brian			<b>High</b>
	Sarah			<b>High</b>
	George	<b>Low</b>		

<b>Knowledge of Investments</b>	John Sr		<b>Med</b>	
	Mary	<b>Low</b>		
	Brian			<b>High</b>
	Sarah			<b>High</b>
	George	<b>Low</b>		

<b>Requirement to See Results Quickly</b>	John Sr			<b>High</b>
	Mary		<b>Med</b>	
	Brian			<b>High</b>
	Sarah			<b>High</b>
	George		<b>Med</b>	

# Financial Directions Strands

<b>Ability to Accept Factors Beyond Own Control</b>	John Sr		<b>Med</b>	
	Mary		<b>Med</b>	
	Brian	<b>Low</b>		
	Sarah		<b>Med</b>	
	George	<b>Low</b>		

<b>Value New Opportunities</b>	John Sr			<b>High</b>
	Mary		<b>Med</b>	
	Brian			<b>High</b>
	Sarah			<b>High</b>
	George	<b>Low</b>		

<b>Confront Problems</b>	John Sr			<b>High</b>
	Mary		<b>Med</b>	
	Brian			<b>High</b>
	Sarah			<b>High</b>
	George	<b>Low</b>		

<b>Propensity to Take Chances</b>	John Sr			<b>High</b>
	Mary	<b>Low</b>		
	Brian			<b>High</b>
	Sarah			<b>High</b>
	George	<b>Low</b>		

## Other Insights from Financial DNA®

	<b>John Sr.</b>	<b>Mary</b>	<b>Brian</b>	<b>Sarah</b>	<b>George</b>
Understanding of Self	✓	✓	x	✓	✓
Passion for business	✓	x	x	✓	x
Passion for philanthropy	✓	✓	x	x	✓
Aptitude for investing	✓	x	✓	✓	x
Trusting of family	x	✓	x	x	✓
Quick decision-maker	✓	✓	✓	✓	x
Ambitious	✓	✓	✓	✓	✓
Investment Propensity	<b>Adventure</b>	<b>Income</b>	<b>Adventure</b>	<b>Growth</b>	<b>Security</b>

# Resolution:

## Futurity:

Equity  
split 3 ways

Equity  
split 3 ways

Mother,  
Mary

## Assets:

Profitable Business:  
\$100m

Property &  
Equities:  
\$50 m

Foundation:  
\$10m

Home:  
\$10 m

## Succession Plan:

Control given to  
Sarah

Control given  
to Brian

Control given  
to George