

NEXTGEN



Advisors to the Next Generation – An interview with two next gen donors

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From *FFI Practitioner*

Despite the potential for next gen donors to become the most significant philanthropists and drivers of family enterprise to date, still little is actually known about the values and tendencies of this vital demographic. Thank you to this week's contributors, Sharna Goldseker and Michael Moody, for going directly to the source and sharing their interview with two next gen donors about what they value in an advisor.

America's next generation of major donors will have an outsized impact on society and the planet we share. So-called "next gen donors"—whether young Gen Xers or emerging Millennials—will decide which causes have priority, which organizations get the most funding, and how they will use their considerable wealth to advance the public good. In fact, if current trends in wealth and giving continue, these rising major donors will be the most significant philanthropists ever. They not only have unprecedented financial resources, but they have big plans for how to wield their financial power.

The problem is, we know very little about these next gen donors. We need to know much more about them, and what kinds of donors and socially responsible wealth holders they want to be. Our new book pulls back the curtain on these rising new donors, looking at what they want to change about giving and what they want to continue – such as their passion for innovations like impact investing and their desire to continue (and improve) family legacy.

Advisors have a particular interest in learning more about the next gen. Research shows that only 45% of children stay with their parents' advisor after the first parent passes away. And after the second parent passes, only 2% remain with their parents' advisor. Those wealth advisors who build relationships with the next generation of their clients – the beneficiaries, successors, and future owners – who make time to learn their values and aspirations, and who build relationships rather than execute transactions, have a chance at retaining their clients and maintaining their firm's vitality.

To get more perspective on the relationship between next gen donors and the advisory community, we interviewed Mary Galeti and Bryn Mars, asking about what they look for in advisors and how they approach their investing and giving.



Sharna Goldseker/Michael Moody (SG/MM): What do you look for in selecting advisors? Do you work with your families' advisors or your own?

Mary Galeti (MG): When selecting advisors, I look for in equal parts: trust and competence. For me, trustworthiness is more than just confidentiality, it's also inherent kindness and compassion because advisors are some of our first points of contact when major life events happen. When selecting advisors, I will actually ask myself if I would feel comfortable being in their office or on the phone with them during times of crisis or fear. Do I think they have my best interests at heart? Do I think they will be clearheaded, when I can't be, with an eye both for the immediate issue and the long term? The competence question is a little more muddled, because sometimes it's hard to understand what skills and knowledge you are hiring for. A deeply trusted and competent estate lawyer does not make a good real estate lawyer, and so sometimes having someone wise enough to tell you what you need and help you find that person is really important.

When selecting advisors, beyond talking to references, I'll ask for resources that will help me understand, at a lay level, what we'll be working on together. I'll ask them for questions around the work that I might not know to ask. Similarly, I might ask them what is standard and best practice in the areas we'd be working on together to help me get a context on how they work. I'll also try and get a sense of their communication style and preferences to see how they mesh with my own or our family. Do they prefer in person, email or phone? Do they text? Do they listen first or talk first? Do they ask a lot of questions or come with answers? Do they confer with other colleagues? How do I think they would work with other advisors? Would they alert us when they don't have an answer and help us find an advisor that would be a better fit? Thinking through both my own preferred answers as well as the potential advisors' answers help me know if we will be a good client-advisor fit!

SIDEBAR



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Bryn Mars (BM): I'm extremely lucky to have a family office with various advisors easily accessible. For much of my decision making, especially as it relates to financial decision making, I'm quick to utilize the team that I've known for much of my life.

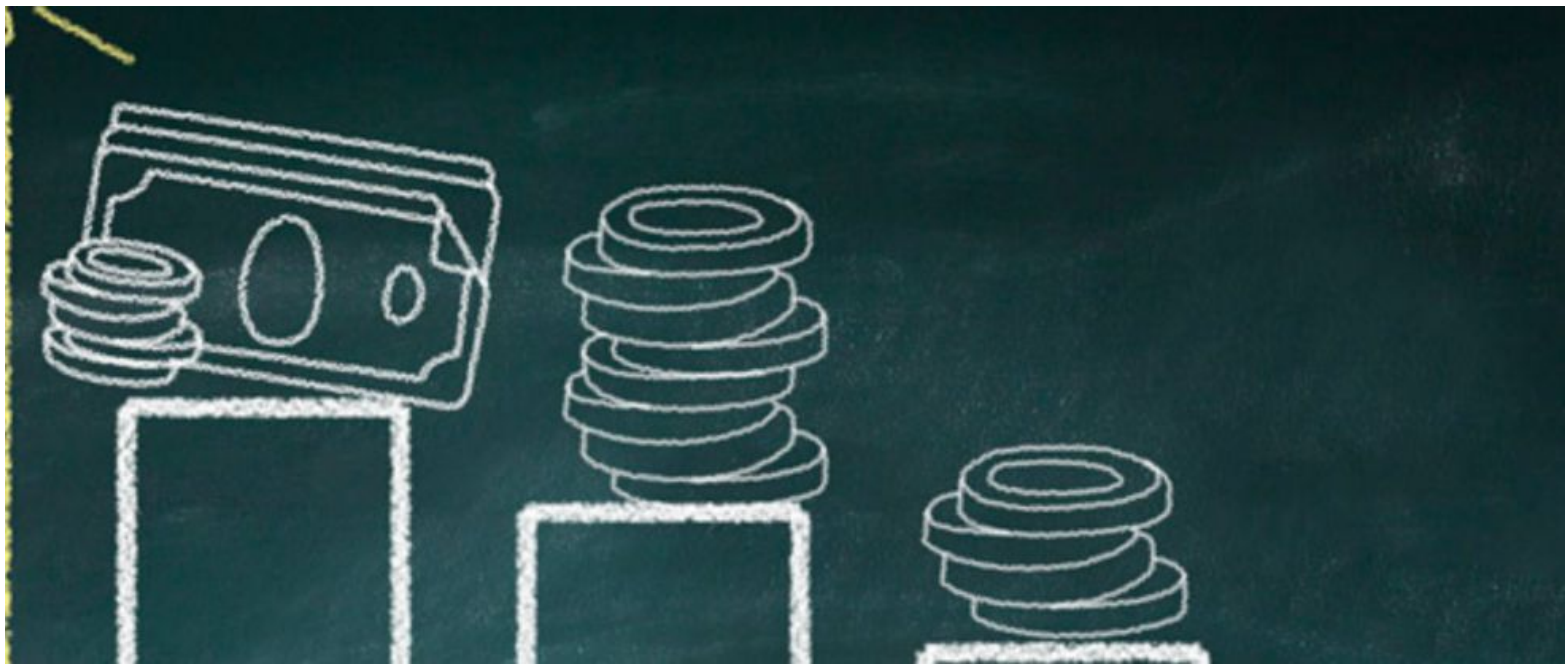
As it relates to my personal investments, there is absolutely no one I trust more than the family office staff who are familiar not only with my personal risk tolerance and general behavior patterns, but who understand how I fit into the larger family whole. In addition, the deep relationships we've made with other advisors have also spanned the majority of my life, and I find that for other decisions I defer to referrals from my closest advisors.

SG/MM: Why it is important to you to align your financial investments with your values?

(BM): My cousins and I started an investing group in 1999. The early stages were simply meant to teach us how to invest, work together, form governance, and watch for emerging leaders. And it did all of that. But a few years in, we had the option to invest in an energy company that was making quite a bit of money. It was a moral dilemma, and the first we came across. As a group, we decided that we didn't feel comfortable investing in a fossil fuel company and instead looked for alternatives in clean energy. That moment was my first foray into Impact Investing.

Since then, I've spent much of my time as a board member looking for ways to align our portfolio with the family values. We began with our charitable foundation, which is now completely divested from companies that did not match with our values, and are beginning work within the larger investment portfolio. Every decision we make is reflective of our values, whether we realize it or not. Investments should not be thought of as different from charitable giving in that way – both have a profound effect on the future of our country, and our world.

“IN ORDER TO MORE EFFECTIVELY WORK WITH PEOPLE, ESPECIALLY YOUNGER PEOPLE, THINK ABOUT HOW YOUR OWN ADVISORY PRACTICE INCORPORATES RAPID FEEDBACK, THE POTENTIAL TO PIVOT, AND A COMMUNICATION STRATEGY FOR THE COSTS AND BENEFITS OF BEING ABLE TO PIVOT IN PARTICULAR AREAS OF WORK.”



SG/MM: How can advisors more effectively work with people in your generation?

MG: I think one of the defining characteristics of this moment in time, though I don't think it's necessarily generational, is that we are constantly pivoting in a lot of areas of our lives. The fighter pilot construct of an OODA loop (Observe, Orient, Decide, Act, Repeat) means that we're constantly thinking about how we work, can we improve our processes, how might we iterate and improve productivity, outcomes and impact. My experience with advisors is that they perceive their role as trying to minimize risk and maximize stability, and could interpret the interest in improvement, iteration or pivoting as destabilizing, impractical and disruptive. In order to more effectively work with people, especially younger people, think about how your own advisory practice incorporates rapid feedback, the potential to pivot, and a communication strategy for the costs and benefits of being able to pivot in particular areas of work. When outlining a strategy, include notes about short, medium and long-term goals, and how to know they're being met, when changes should be made, and how to think about stability while also considering improvement.

BM: The most effective ways for advisors to work with my generation is to be sincere, be open minded, and take time to get to know the individuals. The reason I'm so close with my family's advisors is simply due to time, which led to trust. I would also advise that my generation tends to align personal values with choices we make on a larger scale. Ignoring that element will erode trust, and force next-gens to seek out new advisors.



About the contributors

Mary Galeti is the vice-chair and executive director of the Tecovas Foundation, a family foundation focused on social innovation.



Sharna Goldseker is founder and executive director of 21/64, a nonprofit practice serving philanthropic and family enterprises. She and Michael Moody are co-authors of *Generation Impact: How Next Gen Donors Are Revolutionizing Giving* (Wiley, 2017). Sharna can be reached at sharna@2164.net.



Bryn Mars is the founder of Bryn Mars Consulting, a next-gen engagement consulting firm. She is also a director on the board of her family office, Foster Holdings, and their multi-family office consulting firm, Fam Legacy Solutions.



Michael Moody is the Frey Foundation Chair at the Dorothy A. Johnson Center for Philanthropy at Grand Valley State University. He can be reached at moodym@gvsu.edu.

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