What the Wealthy Want

People with money come to a planner looking for independent advice, not to buy products. Advisers in multifamily offices think they know the best way to provide it.

Mary Rowland

Illustrations by Knickerbocker

IF YOU THROW ALL THE STOCKbrokers, insurance agents, and other people who call themselves financial planners into one big pot, the good morsels in the stew might make up just 10 percent—or less. That was the dreary assessment of the talent pool in the financial-advice industry offered by one adviser I met late last winter at a dinner meeting I attended at the Stanhope Park Hyatt Hotel in New York. The meeting was part of a week-long conference for the Family Wealth Alliance, a group that serves families by placing them with select wealth-management firms, and my invitation came from Thomas R. Livergood, chief executive officer of the group, which is headquartered in Oak Brook, Ill. In attendance were a couple of dozen advisers who serve every nook and cranny of the multifamily-office business. And serve is the operative word.

The hotel penthouse was elegant, but the company was even more impressive. No one talked about grabbing more wallet share. No mention was made of sales goals, marketing techniques, or new products. Here was a group of people who understood that wealthy families value intelligent problem solving by advisers who put clients' interests first. So that's what they do. Sounds simple, doesn't it?

At my table of eight, someone asked—and I won't pretend it wasn't me—if good advisers outnumber bad, or vice versa. The gentleman to my right argued that the good prevail, chiefly because he's been around the financial-planning business since the limited partnership days of the mid-1980s and he's watched the quality of advisers improve immeasurably during the past 20 years. The gentleman across the table—the one depicting most advisers as less-than-tasty morsels—disagreed.

But they didn't dwell too long on the shortcomings of advisers. They had too much to share about serving clients. We touched on how to help rich kids set goals even when they don't need to work for income and on how to deal with the emotional issues family business owners face when they decide to put their business up for sale. In fact, one of the advisers owned a boutique firm that specializes in helping business owners sell their businesses. He talked about how important it is for him to find not just the right price but the right buyer. Does the buyer plan to make changes that would ultimately upset the seller? Is the buyer a "big fish," whose intention is to swallow up the small competitors? His approach is not universal. Many business brokers, he explained, operate like real estate brokers, trying to get the best price for the business and the highest, low-sweat commissions for themselves. He makes certain the seller really wants to sell. In fact, all the folks at my table provided custom work for the wealthy, focusing on helping them to accomplish what they want to accomplish, not just on making more money.

So is this going to be yet another story about the importance of independence in the business of giving financial advice? Yep. And I'm happy to tell you that even a banker can put advice over sales. Case in point is Teddie L. Ussery, director of Synovus Family Asset Management, a division of Synovus Financial in Columbus, Ga., which is the parent of none other than a bank. I talked at length with Ussery and learned that she started out in a bank herself and now, after 23 years at the same institution, runs a multifamily-office practice where she is free to make clients' needs rather than

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bank products her top priority. I'm sure there are others like Ussery—whose grandmother named her Teddie, after a child actress on her favorite soap opera—but I haven't met them. Neither has she. "I haven't come across any other multifamily offices that are part of banks," she says.

That's because banks normally push products and look for ways to cross-sell to their customers. "The problem most banks have is their products," Ussery says. What prevents a client-centered practice from functioning within a bank "is that the bank wants to get referrals from those who deal with ultra-high-net-worth clients." Everyone wants to squeeze the same client to increase his own department's "wallet share." Ussery considers that kind of culture the kiss of death.

Her multifamily office (MFO) is the financial-management services group of Synovus Financial. Early in the year, Ussery was approached by a family from the West Coast, with $50 million at a private bank in California. They quizzed her thoroughly on the independence of her MFO, and once the California family understood that with her group, the client comes first, they moved their money to Synovus. No one at the bank pressures her to share these customers. "This is a market they wouldn't be serving at all without the multifamily office," she says. Indeed, the management at Synovus has supported the independence of Ussery's practice.

Ussery, who grew up in Columbus, Ga., studied psychology and mental health in her hometown at Columbus State University before joining the local bank, Columbus Bank and Trust, in 1981 as an assistant to its relationship managers in the trust division. The bank was cofounded by W.C. Bradley and G. Gunby Jordan in 1888. She got fiduciary training and became a trust officer. In the late 1980s, the patriarch of the Bradley family asked Ussery to concentrate on their family affairs and to begin to build a family office. Because of her educational background and her vision of wealth management for well-to-do families, Ussery jumped at the opportunity to take the family as clients and look for solutions to their problems—solutions that would not necessarily include the products of the bank.

Ussery set out with a legal pad and pencil to interview family members and find out what they thought they needed—and what they needed that they didn't know they needed. She set up a private family office for the Bradleys, started stewardship training for the children, wealth-transfer planning, and all the other services that good family offices provide.

In the early '90s, Bradley showed Ussery a brochure about family offices. "Do we have a real family office?" he asked. "How does it compare with those of other families?" Ussery decided to find out. She went to visit the family offices of the Cargill family, the Pillsbury family, and the Okabena Family Office, which handles the affairs of the Dayton-Hudson family, all in Minnesota. The offices were similar to the Bradley office in the core financial services they offered, but Ussery had "created more education and stewardship components," such as luncheon learning sessions, weekend retreats, annual family meetings, and topical meetings on issues like family governance. Still, Ussery implemented ideas she'd gathered on her trip when she came home.

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Meanwhile, Columbus Bank and Trust was acquiring banks and spreading throughout the Southeast; it became Synovus Financial in 1989. Then Jim Blanchard, chief executive officer of Synovus, asked Ussery in November 1998 if she would create a multifamily office. "He knew what we were doing," says Ussery, "and he felt that it would be a service in the Synovus tradition." The name of Ussery's division was changed from Special Family Services to Synovus Family Asset Management.

Ussery met with employees of the banks in the Synovus network, explaining what the multifamily office was all about. She made clear that she used "open architecture," or a variety of products from a variety of vendors, for ultra-high-net-worth families. The MFO now has 42 families, and Ussery has become well known in multifamily-office circles. She has hired two directors, one for the private family office and another for the MFO. She attributes her success in gaining independence to the vision of the Bradley family and also to Blanchard.

Synovus Family Asset Management uses the motto: "Insuring the legacy of generations for generations." The MFO provides comprehensive financial planning, estate planning, insurance services, real estate and property management, open-architecture investment services—all the things that other independent MFOs do. It also works to improve family communications, enhance family relationships, and perpetuate family values. Each family can get a customized Website where members can interact with one another and with advisers. Ussery's story was so unusual that I spent much of the evening asking her for details. But I'll bet each one of the dinner guests had a story just as fascinating to tell of how he or she became an independent adviser to wealthy families. They'd all been invited by Livergood, who runs a family-office consulting service in Oak Brook, Ill., called Family Office Management. Livergood has a passion for family offices. He grew up in a family-owned business, which was sold when he was a teenager. He worked in private banking at Harris Bank in Chicago and was founding director of the multifamily-office group of the Family Office Exchange in Chicago. In fall 2003, Livergood set up the Family Wealth Alliance, which focuses on what he calls the "middle market," or families with $20 million to $200 million, who aren't quite big enough to have a private family office.

Ussery is convinced that the future of wealth management belongs to the multifamily office. "Now is the time this particular line of business is really going to take off," she says, "because when you look at the studies from Spectrem Group [a market research and consulting firm in Chicago, specializing in MFOs], you see that wealthy individuals and families want independent advice."

I can't help wondering if clients from the lower realms aren't looking for the same thing.

Mary Rowland's book, In Search of the Perfect Model: The Distinctive Business Strategies of Leading Financial Planners *(Bloomberg Press), may be ordered at www.bloomberg.com/books or by calling 1-800-869-1231.*