Brown Brothers Harriman

Women & Wealth

Magazine

THE HARDEST PART OF ESTATE PLANNING: SHARING THE PLAN

Fall 2023

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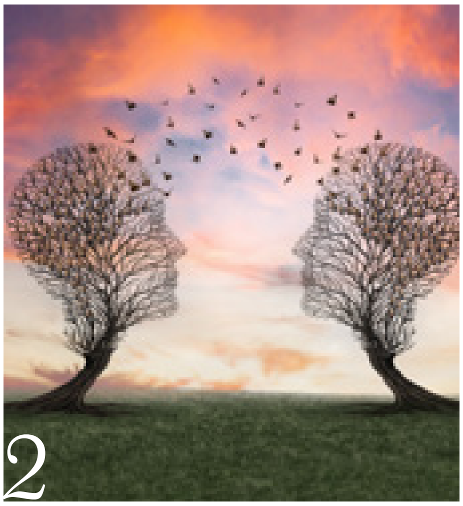

WOMEN & WEALTH *Magazine*

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A LETTER TO OUR READERS

Dear clients and friends,

Happy fall!

Earlier this year, BBH conducted an inaugural Private Business Owner Survey. The respondents represented 400 U.S. private businesses with enterprise values from $10 million to $500 million and more. Of the owners surveyed, 87% represented family-owned enterprises; 74% were male, and 26% were female. We asked about how the business affects their family, how they think about the future, what might happen when they step away from the business, and how business strategy might be changing due to economic conditions. The results were fascinating, and in this issue of *Women & Wealth Magazine*, we look at some of the survey's key highlights.

One main theme of our findings was that of communication – its importance, and the challenges to communicating effectively. For example, among those surveyed, 98% reported that they have an estate plan, but 94% had not communicated them to their family. In this issue's feature article, Adrienne Penta, executive director of the BBH Center for Women & Wealth, discusses five strategies that families can develop to improve communication around estate plans.

On the topic of communication, this issue's "By the Numbers" infographic also looks at our findings around family communication as it relates to estate and succession planning. In addition, we explore the role of gender when it comes to risk-taking in business.

BBH Senior Wealth Planner Ross Bruch looks at five ways to set yourself up for future success by overcoming common barriers to effective communication and decision-making. These are key skills – especially if you are preparing for change implementation. In another article, we speak with BBH Senior Advisor Dr. Lynn Kelley to learn more about the lessons from her new book, "Change Questions: A Playbook for Effective and Lasting Organizational Change," and the importance of experimentation and failure in change management.

Finally, in "Five Questions," we speak with Lydia Fenet, founder of the Lydia Fenet Agency and author of "Claim Your Confidence," about how to unlock your confidence and the importance of being comfortable with discomfort.

We hope you enjoy this issue. If you have any questions about the topics covered in this edition, please do not hesitate to contact us at CW&W@bbh.com. We wish you a wonderful end to 2024!

Sincerely,

Kathryn George
Chairwoman

Adrienne M. Penta
Executive Director

Kathryn George
Chairwoman

Adrienne Penta
Executive Director

The CW&W supports women in the creation and management of wealth. We seek to create a dynamic and inclusive environment where women can engage in conversations about wealth, family and values.

We are committed to helping women business owners and those with substantial wealth achieve their financial goals throughout the cycle of wealth creation, transition and preservation. BBH Private Banking serves female clients and their families through three integrated products and services: Private Wealth Management, Corporate Advisory & Banking and Private Equity.

THE HARDEST PART OF ESTATE

PLANNING: SHARING THE PLAN

By Adrienne Penta,
Executive Director, BBH Center for Women & Wealth

Communication and trust are critical for families who thrive in the long term. Unexpected or unpleasant revelations in an estate plan are a quick way to familial unrest.

Estate planning for business owners is especially complex, as their significant illiquid assets often result in a large estate tax liability and require sophisticated planning to successfully transfer ownership. Moreover, after the death of an owner-operator, not only is there ownership succession, but there is also succession in the management of the company that can make planning even more complicated and evoke strong emotions within the family.

> Knowing the 'why' - or said differently, the values - that underpin planning is critical to creating a plan that meets a family's objectives and allows for long-term success."

Our inaugural Private Business Owner Survey found that while 98% of private business owners have an estate plan, 94% have not communicated this plan to family members. The top reasons for this lack of communication include:

- 49% want to be sure the plan is right before sharing it
- 36% feel unprepared to answer questions likely to come up in discussions
- 30% say no time feels like the right time to discuss
- 29% are unsure how to initiate such a conversation
- 23% don't want to demotivate their family

As my colleague Ali Hutchinson and I wrote in "What We Believe: Principles of Successful Wealth Planning," communication and trust are critical to preserving family wealth and values. To help families open these important lines of communication, we examine the top five reasons business owners report for failing to communicate their plans and provide actionable advice on how to overcome these common hurdles.

1. But the Plan's Not Perfect Yet

Let's start with the most significant reason business owners don't share their plans: 49% fear that the plan might not be right. This concern underscores the business owner's own discomfort with the plan. If the plan does not feel right, it might be time to revisit the underlying values and purposes that motivated the planning and whether the plan is in alignment with what you care most about.

Too often, estate planning starts with how to create a tax-efficient result, instead of what the family would like to accomplish and *why*. Knowing the "why" – or said differently, the values – that underpin planning is critical to creating a plan that meets a family's objectives and allows for long-term success.

Business owners often spend time thinking about the company's values, or mission, which often intersect with the family's values. If estate planning did not start with a conversation grounded in the family's values and the business's mission, then it might be the source of uneasiness with the plan and time to revisit the underpinnings of the planning.

If the plan does appear to accomplish your purposes and is in alignment with your values, then it might be the right plan *for the time being*. There is always an opportunity to revise and finetune the parts of your estate plan that are revocable. Just because the plan might change in the future does not mean you should not begin communicating it.

Unlike the dramatic scenes in the movies, there should be no big, all-inclusive family summit when the entire plan is revealed (resulting in shock and awe). The best communication plans are layered, starting with smaller amounts of age-appropriate information and building from there. With young adults, begin with the information that you are most comfortable communicating.

For example, it might be most approachable to start with the parts of the plan that are irrevocable (e.g., a trust created for grandchildren's education) or the philanthropic elements (e.g., a family foundation or donor-advised fund).

In addition, you don't have to tell everyone the same thing at the same time. Maturity and life experience should be taken into consideration. Before delivering any information, consider how your audience will receive it, how it might make them feel, and the questions they might have.

2. But I'm Not Ready

About one-third (36%) of business owners have not communicated their estate plans because they feel unprepared to answer questions likely to come up in discussions. First off, you are not required to share anything that you are not ready to discuss. Know your limits and how much information you want to share before starting the conversation.

If faced with an inquiry you are unprepared for or just don't want to answer, you may simply say: "I'm not quite ready to discuss that with you, but I will someday," or "I am still working on my plans, and I'm not sure." One client might tell her children: "I'm not going to tell you that because I don't think you need to know, and I'm concerned about how it would change your thinking." Prepare an answer that feels right to you.

Questions that arise in these conversations often provide insight into what your children and others are thinking. Another possible response to a tricky question is: "That is a great question. Why do you ask?" By uncovering the motivation for the question, you can embark on a productive conversation.

With adults, you may ask more sophisticated questions, such as: "How do you think the answer will change your perspective?" You will certainly learn something valuable and perhaps what prompted them to ask in the first place. Having a few prepared responses in your back pocket can make these conversations less scary.

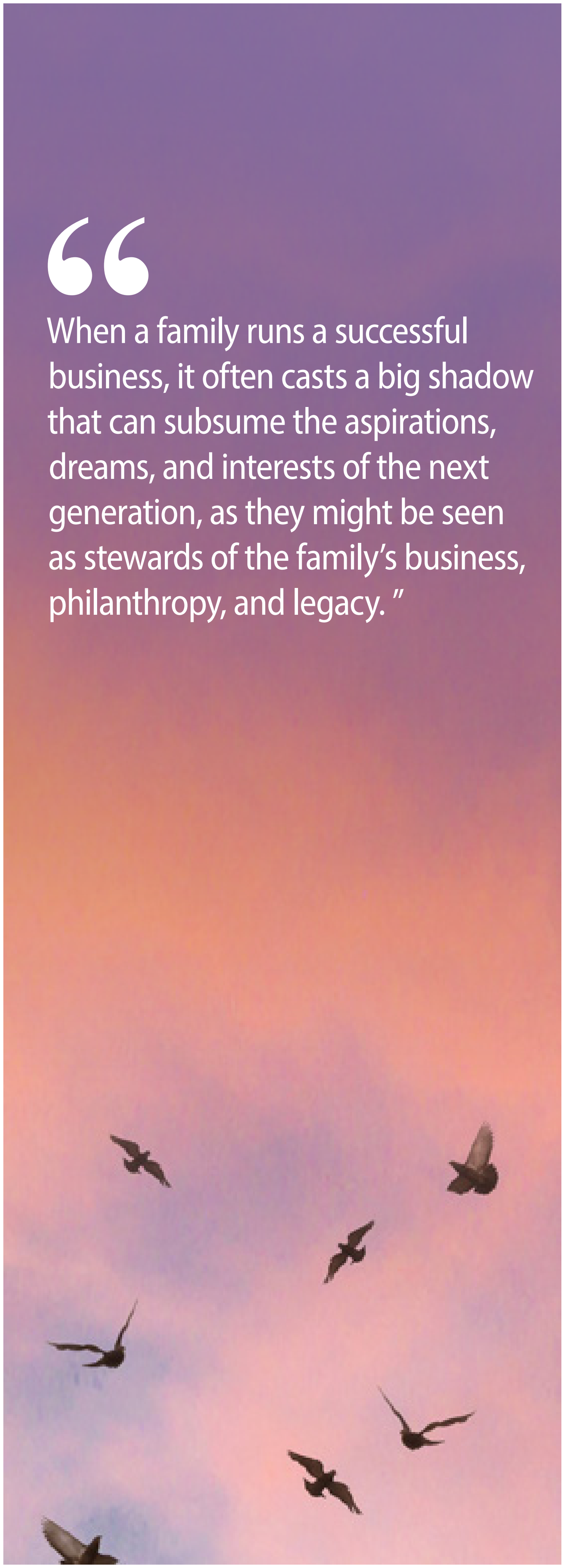
3. But It's Not the Right Time

Another 30% of business owners say that it never feels like the right time to talk about estate planning. This is understandable, as procrastinating is a natural response when faced with difficult or complex conversations. "Present-centric thinking," as BBH Senior Wealth Planner Ross Bruch describes it, causes us to push aside these discussions "because we believe they are better left for 'later.'" When we think about our future self as a distinct person from our current self, we often overcommit or fail to plan ahead.

It is easy to see why it would be preferable to promise that a future self will start the conversation about estate planning when the time is "right"; however, even if it is not elegant, it is critical to have the conversation while you are able to.

Too many heirs learn about their parents' or grandparents' planning from an advisor. Not sharing your planning decisions deprives your descendants of the opportunity to ask questions and for you to share the reasoning behind your decisions.

Often when left to guess about the donor's intention, beneficiaries make bad assumptions. For example, "Dad left my brother in charge of the business because he trusted him (or loved him) more than me." The ramifications of these mistaken assumptions often lead to bad feelings between siblings or cousins, sometimes strained relationships, and even litigation.



> "When a family runs a successful business, it often casts a big shadow that can subsume the aspirations, dreams, and interests of the next generation, as they might be seen as stewards of the family's business, philanthropy, and legacy."

What is the right age to give the next generation substantial information about the family's wealth?

The answer to this question is highly personal and should be determined by the maturity and preparedness of those involved. This article primarily addresses communication with adult children, but "What age is the right age?" is a fair question – and one that is not easily answered. With the help of advisors, each family must decide when to bring each descendant into the conversation about family wealth – and eventually, when to reveal the family's balance sheet.

I asked four experts about their philosophies on when to reveal this information to the next generation, and here is what they said:

"Starting at a young age, I encourage conversations about money generally – like budgeting, saving, and financial realities – but when it comes to talking about the family's wealth and trusts, perhaps you wait. If the trust starts making distributions at age 21, I'd say start the conversations three years earlier. While I do favor preparing kids financially, I think that kids should be left alone to grow up and mature without the burden of their family's wealth. Wait until your kids are launched to provide the full picture."

~ Ellen Perry, author of "A Wealth of Possibilities" and BBH Senior Advisor

"Business owners often use their intuition to tell them when to share details of their ownership transition plan, and unfortunately, this intuition usually tells them to wait way too long before starting a conversation with the next generation. This can create angst, as generally the next generation very much wants to understand the complexities of business ownership sooner rather than later. Private businesses are complex assets, and successors want to get started on learning how to be good stewards."

~ Ben Persofsky, Executive Director of the BBH Center for Family Business

"It is best to think of this conversation not as a light switch – going from no information to all the information at once – and more like a process that unfolds over time. Engage your next gen from a very young age in age-appropriate conversations about what your family's collective endeavors mean to you. This can be about sharing values, excitement about philanthropy, history, and the meaning of a family-owned business. Start early and don't stop, even if the information about specific wealth or business ownership plans starts later. Find ways to talk about the meaning of wealth, not just the information."

~ Debbie Bing, President and Principal at CFAR

"Children are often more intuitive about family finances than we give them credit for. I'm a proponent of starting small with easy conversations and general concepts, gradually adding complexity and more specific details while continuously gauging the child's comprehension and reaction along the way."

~Ross Bruch, BBH Senior Wealth Planner

4. But I Don't Know How to Start

Many business owners (29%) don't know how to initiate a conversation about estate planning. Set aside time for these conversations in an appropriate setting. It is tempting to want to use family vacations or holidays for this purpose, but before asking everyone to leave the beach for a meeting about estate planning, consider whether your audience has the appetite and attention for this type of conversation during a festive family gathering. In most cases, they don't.

Consider using Zoom to start the conversation rather than waiting for the perfect in-person moment. Surprisingly, some family meetings are more comfortable and effective virtually, as participants are in their own homes or offices and can take the time they need before asking questions or engaging in conversation. In addition, each person has exactly the same amount of space and presence on the screen, so virtual meetings can level the playing field for those who might have a bigger presence or take up more space in person.

Do less, not more, when discussing complex issues. When gathering a group of family members for an important conversation or family meeting, it is tempting to put a lot on the agenda. However, discussing challenging or emotionally charged topics, especially for the first time, calls for a simple agenda – for example, focus on just one topic, and keep it between 30 and 60 minutes.

Instead of covering the entire plan, the balance sheet, the current state of the business, and the succession plan in a marathon day-long meeting, create a plan for layering the communication plan over an extended period of time. This allows you to check in with participants after each gathering so that you might understand how the plan is being received, what questions are arising, and if there are side conversations happening.

Rely on your advisors to help you create a communication plan. Estate planning does not end when the ink on the documents is dry: Your estate planning counsel or financial advisor should help you create understandable charts and easy-to-read summaries that will help you describe your intentions and values, as well as the trusts and other vehicles that you have created.

The next step is to spend some time thinking about what will be most important to your children to know now and how they might react to the information you have to share. Their current life circumstances, as well as how they experienced and understood decisions about wealth during developmental years, will affect their reactions. Spending time in advance putting yourself in their shoes might help you sidestep any potential issues and anticipate questions.

5. But I Don't Want Them to Be Unmotivated

Almost one-quarter of business owners (23%) are concerned about demotivating their family members by providing more information about their assets and planning.

First, remember that a lot of financial information is available publicly. The internet is full of personal financial information for inquiring minds to access. For business-owning families, there might be information available about the value of the business or its economic impact on the community. Sharing information is more likely to correct false assumptions rather than provide beneficiaries with the feeling that they will receive an unexpected windfall.

Second, motivation comes from multiple sources, and the cause of long-term motivation to work and achieve is often derived from an alignment between one's goals and values. It is easier for someone to stay motivated if they can understand why their actions matter and see how their activities align with how they view themselves in the world.

In other words, communicating about the family wealth and planning might run the risk of demotivating children or grandchildren if they feel like nothing they do matters. In her book "A Wealth of Possibilities," BBH Senior Advisor Ellen Perry discusses "shrinking the big shadow" of family wealth, legacy, and success.

When a family runs a successful business, it often casts a big shadow that can subsume the aspirations, dreams, and interests of the next generation, as they might be seen as stewards of the family's business, philanthropy, and legacy.

In these conversations about carefully considered plans, it is important to respect children and other next generation members not only as recipients of information and perhaps wealth, but also as independent beings who have a responsibility to reach their own full potential.

Good Communication Enables Successful Estate Planning

Discussing your estate plan with family members can be daunting; however, these strategies can help business owners and their families overcome these communication barriers. Knowing the underlying values of your plan and business, the limits of what you're ready to discuss, and how and when to initiate the different stages of conversations is essential. Communication about wealth, planning, and values will help your family build a foundation of trust and cooperation, which will foster family harmony for years to come.

If you are interested in learning more about estate planning and communication strategies, reach out to a BBH relationship manager or wealth planner. &

2023 BBH Private Business Owner Survey

How Business Owners Approach COMMUNICATION AND RISK-TAKING

Communicating Estate Plans

98% of business owners have an estate plan

But **94%** have not communicated their plan with their family. Why?

49% want to be sure the plan is right

42% dread the emotions and potential arguments

36% feel unprepared to answer questions

Communicating Succession Plans

85% of owners say it is very/extremely important that the business remains in the family for at least another generation

84% of owners say a business decision/discussion has led to severe family disagreement

100% have taken steps to prepare the next generation, but barriers exist:

43% say it's a challenge to choose a successor knowing it will cause family conflict

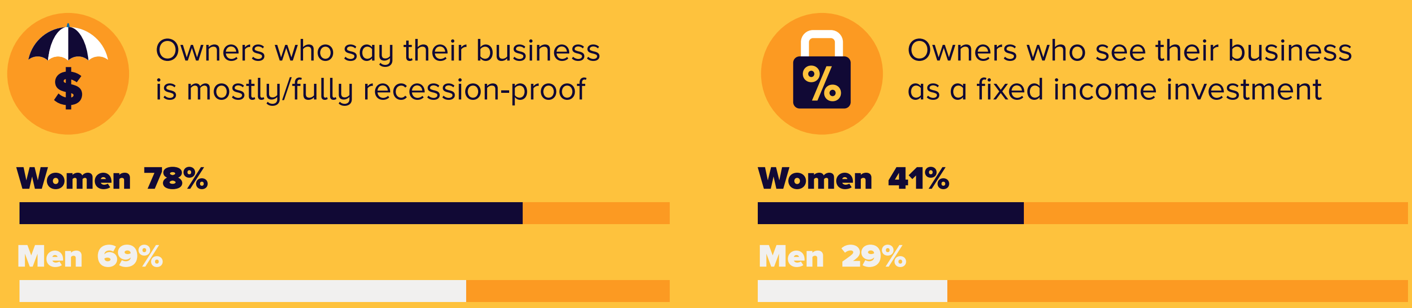
75% feel that the roles are either not well-defined or not fully communicated

Nearly **2 in 5** anticipate a family member will take over leadership of the business when they're ready to step away

Earlier this year, BBH conducted an inaugural Private Business Owner Survey. The respondents represented 400 U.S. private businesses with enterprise values from $10 million to $500 million and more. We asked about how the business affects their family, how they think about the future, what might happen when they step away from the business, and how business strategy might be changing due to economic conditions. Here, we look at some of our key findings around family communication and risk-taking.

Gender and Risk

For the most part, men and women business owners think alike – except when it comes to risk:



Are women business owners more or less risk-averse than men?

There's no clear answer, but data looking at corporate risk taking among women executives and directors of S&P 500 companies gives some insight:

- When a woman is CEO of a firm, there's a significant positive increase in the amount of risk a firm undertakes
- A firm's risk-taking behavior has a positive relationship with the number and percentage of women board directors and a board having a "critical mass" of women
- As the number of women executives in a firm increases, so does the amount of risk-taking by the firm
- Having a greater number of women executives is related to increased spending on capital expenditures and research and development (R&D)

To access the full survey results, visit **bbh.com/2023businessownersurvey**

Sources: Brown Brothers Harriman (2023). 2023 Private Business Owner Survey. Accessed 16 August 2023. https://www.bbh.com/content/dam/bbh/external/www/private-banking/insights/2023-private-business-owner-survey/20230128-PB-Private-Business-Owner-Survey-Accessible.pdf. Cook, A., Glass, C., Ingersoll, A. R. (2023). A free solo in heels: Corporate risk taking among women executives and directors. Journal of Business Research, Vol. 157. Accessed 16 August 2023. https://doi.org/10.1016/j.jbusres.2023.113651

CENTER FOR WOMEN & WEALTH | Brown Brothers Harriman

Speak Today, Plan for Tomorrow:

Guidelines for Effective Communication

By Ross Bruch, BBH Senior Wealth Planner

In today's whirlwind of responsibilities and distractions, it's easy to become consumed by the demands of the present, frequently at the expense of our future selves. This can jeopardize our ability to focus on and communicate with others about difficult and complex, yet essential planning – whether it be financial, estate, business success, or family governance. Here, we delve into the psychological barriers to effective communication that sometimes hinder our efforts and offer strategic steps to become better communicators.

Barriers to Effective Communication

- **Current vs. Future You:** Humans have an innate inclination to prioritize the present over the future. When our thoughts dwell on our current selves, our brains buzz with activity. Yet as we project into the future, this neural activity wanes. Said differently, people typically think about their future selves the same way they think about other people – with much less concern and attention than how they think about their present lives. This cognitive bias presents a host of challenges, including avoidance and a lack of focus, which hinder our capacity for effective communication.
- **Procrastinating:** One of the most common outcomes of our present-focused mindset is procrastination. We put off tasks that will benefit our future selves, opting instead for instant gratification or comfort. This may look like delaying a critical work project until the 11th hour or neglecting important decisions until the last minute – in both cases, our choices have consequences for our future productivity and peace of mind. Procrastination often comes into play when dealing with tough conversations among family members, where there is typically no specific deadline to motivate faster results.
- **Diminishing the Importance of Long-Term Planning:** In an era of nearly instantaneous results, maintaining the patience and focus required for meticulous long-term planning can feel like a daunting task. It can be tempting to reframe this planning as unnecessary or less important than it really is. Thus, we tend to prioritize the here and now, inadvertently relegating communication around strategic thinking and future goals to the background.
- **Dodging Uncomfortable Conversations:** Another facet of our present-centric thinking is our inclination to sidestep challenging subjects or conversations. We push aside discussions about our health, finances, or relationships because we believe they are better left for "later." However, this avoidance only amplifies issues and erects communication barriers with loved ones, leading to misunderstandings, uncertainty, and unaddressed concerns.

Enhance Future-Oriented Communication

To improve communication skills and balance present and future needs, consider these five strategic steps.

1. Focus on Your Future Self: The initial step to overcoming a natural tendency to deprioritize your future needs and goals is to intentionally focus on the idea that your future self is an extension of who you are today. Recognize that the choices you make now will profoundly affect your and your family's future well-being.

By fully internalizing the idea that planning for your future is integral to your long-term success and fulfillment, you'll be better equipped to make thoughtful choices and more willing to discuss these plans.

When you confront a decision or commitment that has only long-term ramifications, ask yourself, "If this was happening to me today, rather than in the future, how would I respond?" This deceptively simple question acts as a potent reminder to consider the long-term implications of your choices and encourage deliberate dialogue around forward-thinking actions and planning.

2. Acknowledge Future Demands and Set Deadlines: In addition to our tendency to emphasize the present over the future, we often tend to believe that we will have more time available in the future than we do in the present. Even though the amount of time in a day never changes, it nevertheless feels as though we will have more flexibility in our calendars a week, a month, or a year from now.

This misconception often leads us to put off important activities and conversations because we assume we'll have more time to address them down the road; however, our schedules often remain just as hectic, if not busier.

> “By repeatedly connecting with a well-defined future image, you develop a deeper commitment to it, making it easier to engage in essential discussions that pave the way to that envisioned outcome.”

Recognize that you'll likely face similar levels of busyness in the future and that if something is truly important, you need to set clear goals and deadlines now. Imposing deadlines, even if they're arbitrary, can create a sense of urgency.

Ahead of conversations about planning, establish a deadline for conveying vital information. It's okay if not all the details of the plan are worked out by then – gaps or uncertainties can be acknowledged as "in process" or disregarded until a future session.

The important takeaway here is that self-imposed deadlines function as a motivational force to overcome procrastination, driving the conversation forward and ensuring that discussions translate into actionable outcomes.

3. Employ Visualization Techniques: Often, the reason we dismiss concerns about our future is because of its abstract nature. To bridge this gap, employ visualization techniques.

Spend time immersing yourself in the scenarios of your and your family's future lives. What does this future world look like after your death if you never discuss your current plans with your loved ones or your business partners? What would you prefer it to look like? What realistic and actionable steps are necessary to help achieve that desired outcome?

This exercise not only makes your future seem more tangible, but also reinforces the importance of making decisions today that can positively shape tomorrow. By repeatedly connecting with a well-defined future image, you develop a deeper commitment to it, making it easier to engage in essential discussions that pave the way to that envisioned outcome.

4. Utilize a Structured Communication Framework: The complexity of certain topics can make them challenging to broach, especially when multiple issues are intertwined. A structured approach like the Situation, Task, Action, Result (STAR) method can streamline the conversation:

- Start by outlining the current situation, detailing the specific tasks or challenges at hand.
- Then, delve into the actions or solutions you're considering.
- Conclude by envisioning the potential outcomes or results.

This structured approach brings clarity, ensuring everyone involved understands the topic from all angles and making complex discussions more navigable – essentially breaking one large and daunting hurdle into several smaller, more manageable tasks.

5. Seek Third-Party Assistance for the Most Challenging Topics: In some situations, the nature of the conversation, the complexity of the subject, or the dynamics between the participants can make direct, effective communication challenging.

A third-party advisor, including BBH wealth planners and relationship managers, can be invaluable when emotions run high, the subject matter is dense and confusing, or there's a history of miscommunication.

Often, such advisors have encountered similar situations throughout their careers and can rely on such experience to help guide successful communications among family and business partners. They also bring an unbiased perspective and help to facilitate the conversation, ensure all voices are heard, and guide the discussion toward a productive resolution.

Conclusion

Becoming an effective communicator necessitates transcending the pull of the present moment. You can harmonize today's demands with future aspirations by engaging in activities that highlight your future self, recognizing the enduring demands of tomorrow, and relying on third-party advisors. While never easy, elevating your communication prowess is a crucial step toward building a more fulfilling and successful tomorrow. &

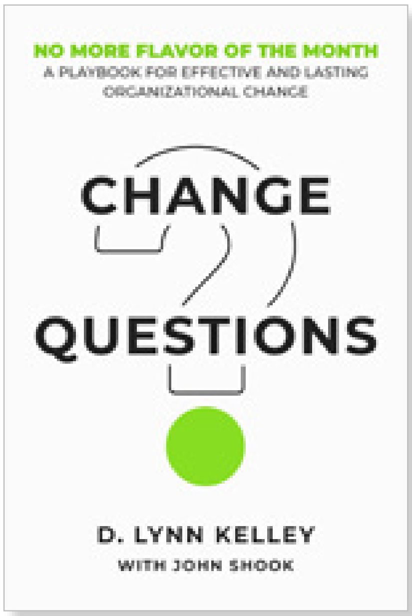
Secrets of Sustainable Organizational Change:

A Conversation with Lynn Kelley, Ph.D.

By Adrienne Penta,
Executive Director, BBH Center for Women & Wealth

BBH Senior Advisor Dr. Lynn Kelley is a renowned thought leader in change management who specializes in helping organizations sustain change to cultivate a high-performance culture. Her new book, "Change Questions: A Playbook for Effective and Lasting Organizational Change," serves as a powerful tool for individuals and organizations alike, enabling them to experiment with and devise highly effective change management strategies.

We recently sat down with Dr. Kelley to discuss her process for implementing change, how we can overcome change resistance, and the importance of failure in change implementations.



Your work and your new book, "Change Questions: A Playbook for Effective and Lasting Organizational Change," focuses on implementing and sustaining organizational change. How often is a change implementation successful, and what are common reasons for failure?

Change implementation is only successful 30% to 40% of the time. Many organizations set a goal for change, but sometimes the change doesn't meet the objective, or the changes disappear altogether and are not sustained in the long run.

If your definition of success for your change is that you want it to deliver certain sustained results, the probability of success is only 30% to 40%.

So why do changes fail? People often don't recognize how difficult sustainable organizational change is, so they don't take a bit of extra time beforehand to think about how to mitigate the risk of failure.

Throughout "Change Questions," you use Union Pacific (UP) as a case study. Share with us what you were hired to do at UP.

I spent 20 years of my career implementing and leading groups in employing lean manufacturing – primarily in the automotive sector. Eventually, I moved up to implement all kinds of change.

A recruiter called me about a job at UP to look at lean manufacturing for the railroad. UP had 42,000 operating employees who weren't in an office and who sometimes would go six weeks without seeing a supervisor. These were people running the trains and repairing the tracks. It seemed like a fun challenge to determine what it would look like to implement lean with that workforce.

In "Change Questions," you outline 11 questions that help improve the likelihood of success for a change. Are these the right questions for every change? How should readers use these questions?

Most of the change methodologies that are out there are good, but they typically have five or eight steps. Each time I failed over the course of 40 years of implementing change, I researched why that specific implementation failed and how the risk could be mitigated. Those learnings helped me come up with the 11 questions in the book.

When you're thinking of implementing change, ask yourself: Which of these questions are appropriate for my change? Answering those questions will create a customized approach for each specific situation and how to address potential failure, instead following a step-by-step model that is always the same.

Sometimes existing metrics can work against your change initiative. Take a call center, for example, that measures employees based on how long they take to resolve each call. The call center may say it wants to increase customer satisfaction, but if employees spend that extra time to increase customer satisfaction, they're going to get penalized in the measurement system. In that case, it's important to consider fixing the measurement system to achieve the change goal.

I found that following my 11 questions increased the probability of sustainable change to 96% at UP, where we had hundreds of change initiatives a year.

What Is Lean Manufacturing?

Lean manufacturing is the process of engaging employees in improving the way they do their daily work to provide better value to customers. Employee participation in improving work performance often results in a productivity increase, better safety metrics, and better engagement metrics.

The Change Questions

What is your value-driven purpose?

- What is the situational problem you want to solve with this change initiative?
- What value will the change initiative deliver?

What is the work to be done to achieve the purpose or to solve the problem?

- What work changes are required to achieve the objectives of the change initiative?
- Where/how will you conduct learning trials to try out the change initiative in advance of the full launch?
- How will you get feedback on the change initiative to determine whether it's delivering the value that you expected?

How will you engage and develop employees?

- What tools, resources, and development are necessary for employees to have the capability to implement the change initiative?
- What is your communication plan to provide information consistently and proactively to employees/stakeholders about the change initiative?
- How will you provide positive recognition that will support the change initiative?

How will you establish a supportive management system with the appropriate leader behaviors?

- Does the existing management system support the change initiative?
    - If not, what changes can you propose?
- How can leaders demonstrate active and visible support of the change initiative?
- What are your organization's beliefs, values, norms, attitudes, and assumptions?
- Is your organization's culture supportive of the change initiative?
    - What actions can you take?

One of my favorite insights from your book (and from having the opportunity to engage you as an advisor to our work at BBH) is the 20-60-20 rule. Tell us about this idea and how it works.

There is a 20-60-20 curve applicable to people's willingness to adopt new ways of doing things: 20% of people will resist change, 60% will be neutral, and 20% will be the change agents and early adopters.

You need the neutrals to swing over to the positive side. Whenever possible, start implementing the change with change agents. You can do this in many ways – as a pilot, an experiment, or a simulation, for example. When you start to have successes, share these wins – the middle group will get excited and want to be involved. That's where you start the tipping point.

Most change is not done this way. People decide on the change, announce it, and everyone gets the information at the same time. Then, the resistors start the tipping point in the other direction, and it is difficult to overcome that momentum. On top of that, if you haven't piloted with the change adopters, you often have bugs in your launch and create needless challenges to overcome with everyone.

In every organization, system, and family, there is always resistance to change – you describe it as a "natural bias toward the status quo." How should change agents plan for and deal with change resistors?

Often when we're implementing change, we think that people who resist change are the bad guys. It's more helpful to give them the benefit of the doubt. Understand that they may have had issues with change in the past, likely believe their current processes work well, and are trying to protect themselves. Talk to them about their concerns and how to help.

I always create a customized plan for each group, and I leave the resistors for last. No one likes to be told what to do – especially someone not comfortable with change. If you get the change agents leading the charge and the neutrals on board, you reach a tipping point that makes it much easier to get the resistors to come along.

One of the change questions is about whether your culture supports the change. How can we assess this?

Trying to change an organization's fundamental culture is difficult to do, but what you can do is have initiatives that will start to affect culture and push people in this new direction.

Whenever I'm implementing change, I do a quick assessment where I have people from different layers of the organization give me three positive and three negative things about the company's culture. Their view often depends on where they sit in the corporation. For example, leaders tend to have a rosy glow of the culture. Different layers may have their own culture, but the commonalities across the board reveal the truth about the company's culture.

> **“**
> It comes down to how we address our problems, failures, and mistakes. You can iterate yourself to success if you really pay attention and learn.”

To know if your culture can support change, get it down to the key elements. Then, ask yourself, “This is what our change initiative looks like. What in our culture would hinder that? And what can we leverage?” Look at it both ways.

In the book, you talk about the importance of using data to create and sustain a change initiative. How and when do you obtain reliable data on your change?

The research shows that if your change is going to fail, you can detect it in the first month.

Armed with this, I have always tried to get an early detection metric in place. That is why one of the change questions is about how to detect failure early – because you can course correct! No plan is ever perfect – you can experiment and adjust so that you iterate yourself to success.

At UP, we had everyone who was trained in a new way of doing things trained by their managers, but with us in the room to support that. We gave everyone an anonymous survey afterward asking if they understood the topic, if it would improve what it was intended to, if it would improve employee engagement, and if they could implement it.

A few weeks later, we sent a follow-up survey to see if it was actually working and improving outcomes. We were able to see who had and hadn’t implemented the change. The managers and employees who were successfully implementing the change were widely recognized across the company.. For those who hadn’t, we reached out to see how we could help. We continued to follow up with surveys and could measure success by manager. This is an example of how you can track and link success with data.

What is the role of failure in change implementations, and how do successful organizations react to failure?

If there is no problem, that’s a problem. That tells you something about leadership. You need to feel free to talk about problems. Problems are not a sign of personal failure – they’re a sign that something needs to be fixed.

It comes down to how we address our problems, failures, and mistakes. You can iterate yourself to success if you really pay attention and learn. It takes a lot of work, but it takes more work to fail. Not only have you put in a lot of time and effort, but you leave behind failure debris. We do so much damage each time we walk away from a change without trying to fix it.

What’s the failure you have learned the most from personally?

I was a professor teaching about lean manufacturing, statistics, and measurements. A Michigan-based Tier 1 automotive supplier came to me for advice about how to implement lean manufacturing. I put together a plan for them, and the company took off like wildfire. They won the Michigan Quality Leadership Award, and a large U.S. industrial conglomerate purchased them because their numbers were off the charts.

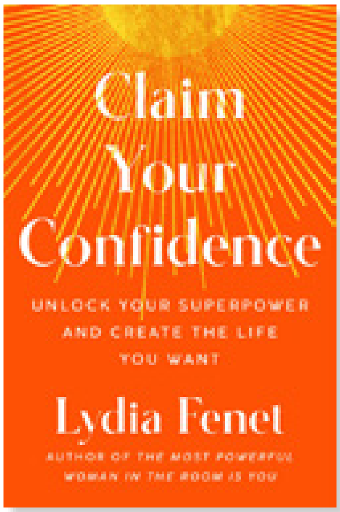
At the same time, that acquirer also purchased a fastener company in France that was operating in the automotive space. They asked me to move to Paris to do the same thing I had done in Michigan. I failed miserably there, and I could not figure out why. It was an iconic French company that had produced the rivets for the Eiffel Tower, bought by an American company, with a U.S. woman coming in to tell them what to do – no way!

That’s when I realized the importance of buy-in and started to fixate on change management. It’s how the change questions started!

Lynn, thank you for your time. This has certainly affected how we will think about change going forward!

LYDIA FENET

Charity auctioneer Lydia Fenet is the founder of the Lydia Fenet Agency, author of "Claim Your Confidence," and host of the podcast of the same name.



1 After nearly 25 years at Christie's, you recently left to start your own boutique auctioneering agency. Why? And what is the mission of your new venture?

It was a truly remarkable chapter to work for Christie's for 24 years, but I was ready for a new challenge.

Over the past two decades as a charity auctioneer, I have received so many texts and emails from friends attending nonprofit galas complaining about painful fundraising moments. I have seen organizations spend a full year picking out invitations, choosing themes, writing speeches for their biggest fundraising opportunity of the year, and then handing the microphone to someone with no formal training to get onstage and do the single most important thing at the event: raise money.

After two decades serving as the lead charity auctioneer at Christie's, and over a decade training auctioneers, I launched the Lydia Fenet Agency (LFA): an agency representing best-in-class charity auctioneers and training the next generation of talent.

Nonprofits using LFA auctioneers can feel confident that the auctioneer will not only be able to maximize the amount raised, but also make it entertaining and fun for the audience. I launched LFA in August with seven auctioneers and have already recruited three more auctioneers to keep up with the demand. We are only two months in, and LFA auctioneers have raised nearly $5 million for nonprofits and will be onstage for over 60 nonprofits this fall.

I am so excited to watch this business grow, and more importantly, help nonprofits unlock the dollars they need to continue their work.

2 As an experienced auctioneer, you clearly know how to draw the attention of a crowd! What is your advice on how to command an audience's attention at a time when there are so many distractions?

In my first book, "The Most Powerful Woman in the Room Is You," I explain what it takes to command an audience and sell your way to success. In short: You need to bring the energy you want from the room. If you get onstage with low energy, the audience will match that energy. No matter how you are feeling when you stand up there, throw your shoulders back, put a huge smile on your face, and make the audience feel like you are excited to be there – and watch them respond with the same enthusiasm and energy.

3 In your most recent book, "Claim Your Confidence," you say that confidence is inside everyone, just waiting to be claimed. How do we uncover hidden confidence?

I truly believe that we gain confidence by getting comfortable with the uncomfortable. One thing I have learned in the past decade is how much confidence I gain when I try something that feels outside of my comfort zone.

If it doesn't work out, it might not feel great, but I give myself credit for trying in the first place. If it does work out, great. Either way, I have trusted in myself to try something new, and I always gain confidence from the simple act of trying.

> "Success always looks so shiny from the outside looking in, but the reality is that there are so many hard-won lessons that go into achieving success along the way.

4 Your podcast of the same name pulls back the curtain on success and introduces listeners to some of the most powerful women in the world. What do you hope listeners take away from your conversations with these female powerhouses?

On the podcast, "Claim Your Confidence," I want listeners to hear from women who have reached the top of their industry about what it took to get there. Success always looks so shiny from the outside looking in, but the reality is that there are so many hard-won lessons that go into achieving success along the way. My hope is by listening to people who have been through the good and the bad, other people will feel emboldened to try.

5 What advice would you give to your younger self?

Stop seeking approval from everyone around you. This is your life; be confident in your decisions, keep moving forward, and realize that there are no mistakes in life – there are only lessons that we take as we move forward. &

INSIDE **BBH**

The Owners' Council
CENTER FOR WOMEN & WEALTH

Update on The Owners' Council

Last year, the BBH Center for Women & Wealth (CW&W) launched The Owners' Council, which brings together a dynamic and diverse community of women business owners for the purposes of sharing both personal and business insights and experiences, supporting and advocating for each other, and thoughtfully growing our shared ecosystem of women leaders. We believe that great things happen when engaged women come together, and we're thrilled to provide an update on how our community has been interacting over the past few months.

Dinners

One of our goals with The Owners' Council is to create a space to facilitate connection for women business owners and leaders. We kicked off our fall events with a dinner in New York, where Lynn Kelley, Ph.D., discussed her new book, "Change Questions: A Playbook for Effective and Lasting Organizational Change." She spoke with us about her process for implementing change, how to overcome change resistors, and the importance of failure in change implementations.

We also hosted a breakfast at our Boston office with Suzanne Brenner, BBH Partner and co-chief investment officer, who shared her perspectives on investing in today's markets.

Finally, we hosted a dinner in Philadelphia featuring Leona Brandwene, associate director of education at the Penn LPS Positive Psychology Center, who discussed how to build effective and thriving teams through intentional leadership.

Candid Conversations

In addition to in-person events, members are invited to a monthly Candid Conversation, which takes place via Zoom. At the start of fall, we featured Jill Koziol, CEO and co-founder of Motherly, who discussed the data around the current state of motherhood in the U.S.

During another session, we discussed the results of our inaugural Private Business Owner Survey, which BBH conducted earlier this year. The respondents represented 400 U.S. private businesses with enterprise values from $10 million to $500 million and more. Of the owners surveyed, 87% represented family-owned enterprises; 74% were male, and 26% were female. We asked about how the business affects their family, how they think about the future, what might happen when they step away from the business, and how business strategy might be changing due to economic conditions. For a look at the results, visit bbh.com/2023businessownersurvey.

If you are a woman business owner and you are interested in joining The Owners' Council, please reach out to your BBH relationship team or cw&w@bbh.com. &

Scenes from The Owners' Council New York Dinner

Left to right: BBH Partner and Co-Chief Investment Officer Suzanne Brenner, AngeLink Founder and CEO Gerry Poirier, and BBH Senior Advisor Dr. Lynn Kelley.

Left to right: BBH Principal Nichol MacManus, Executive Director of the BBH Center for Women & Wealth Adrienne Penta, and AngeLink Founder and CEO Gerry Poirier.

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PB-06866-2023-10-30 Expires 10/31/2025