

Personne de confiance

Laurent Roux

Do you remember the word, the notion, the value, of 'trust'? Can you define what denotes trust, what are its key criteria, how it comes to be and comes to pass? Can you distinguish trust from blind faith? Trust is the ultimate honour. Once established, it creates an affinity between the trusting parties which enables their relationship to be close, personal, deep and of unlimited duration as long as one or both do not breach it.

Family business and wealth advisers, family enterprise advisers, attorneys, accountants and other such professionals consider their trusted advisory role of critical importance to their client relationship. The trusted adviser was historically a valued member of a Royal Court, or the quiet and diminutive person of respected opinion or a thoughtful collaborator, or even the undefined individual. Today, still an established and respected collaborator, other connotations come to mind – consultant, coach, mentor and much more to families around the world. The alliance, the sharing, the body of knowledge available and shared with families by the adviser is indeed founded in trust. Once established, the family and the adviser undertake a journey together of learning, growing and even successful, quantifiable outcomes which would have been difficult to achieve without the partnership and trust in the adviser.

These advisers are trusted by the families they serve as they are allowed by the family to enter into their realm, learn, know and impact it, and hence the phrase 'trusted family adviser' entered the family lexicon. The body of knowledge which has enabled many families to blossom, to move from stagnation to greatness, to simply enjoy each other in ways not thought possible, developed over time through the relentless work – practical, research-based, theoretical, imaginative, thoughtful, collaborative, multi-disciplinary – of individuals and their firms over many years. Indeed, although trusted advisers have existed for centuries, their role and function in relation to the family enterprise has never been more sophisticated, valuable and well-founded.

But who and what is a trusted adviser? This person is a *personne de confiance*. The French term incorporates a relationship founded in confidence and trust. My own learning, discovery and respect for the *personne de confiance* is founded in my family's business. In the summer of 1980, my cousin and mentor Charles Pictet, Partner at Pictet & Cie, Private Bankers in Geneva, Switzerland since 1805, introduced me to the family business and concepts

such as human capital, governance and stewardship. I learned much from my family's firm, founded upon a culture of people and values, respect for relationships, multiculturalism and commitment to clients.

The *personne de confiance*, or trusted adviser, gained prominence over the centuries through the natural course of human evolution, relationships and the deserved respect for another's counsel, but in Europe in the nineteenth and twentieth centuries it gained increased momentum. The concept evolved during this time and for many became synonymous with the *private banker*. We are not talking about private banking here, but rather the traits and characteristics of the private banker. This person was a confidant, a listener, a solutions provider, a second opinion, even a facilitator among family members, a person in whom the client placed great trust and confidence. The private banker was a servant, keen on humility and sharing a journey with his client based upon fiduciary duty and respect. He sought to improve his clients' situation. This did not develop overnight, but rather through respect for human intercourse and relationships, and even business. He was a low-profile, non-aggrandising, quiet professional who played a supporting role, leading from behind as well as from the front. A Calvinist-inspired behaviour, perhaps.

The origins of private banking can be traced principally to Geneva, Zurich and Basle at the crossroads of Continental Europe, where the banks were established in the late eighteenth and early nineteenth centuries. Historically, both ownership and management were vested in each of the firm's partners who were jointly and severally liable for the obligations of their bank. Hence the term 'private banker'. Switzerland's private bankers built a reputation founded upon conservatism, security, performance and personal relations. Two key points here: first, the partnership structure promoted collegiality, communications and a vested interest in risk management; and second, personal relations meant both values and behaviour were focused on the banker-client relationship. Listening, learning, sharing and advising were part and parcel of that relationship.

Historically, private clients formed the backbone of Swiss private banking. At first they came principally from adjacent countries, attracted to Switzerland's geographic location, renowned political stability and neutrality. Gradually, they came from all over the world, and one of the key motivators was 'that something extra' which characterised the close association between Swiss private bankers and their

clients. They often confided much in their banker, and usually about family matters. Also of note, the better the relationship, the longer-lasting the relationship – often spanning generations; no easy task. Indeed, ‘that something extra’ – the bond between banker and client – has been and remains a key ingredient of the private bankers’ success. I recall from my 10 years in the Far East in the 1980s and 1990s the immense value clients placed in trust. Virtually all my and my firm’s clients were Chinese, and our relationships were for the most part strong – so much so that when I visited them the investment portfolio statement often never left the briefcase which is no small and insignificant anecdote. Clients received their statements periodically and as and when requested, but our visits focused on them, their challenges whether they be business, family or otherwise. It took time to build such relationships and I invested much in trying to understand and respect their Chinese culture. I thought it important to appreciate the nuances and differences with my European and American cultures. I believe our relationships were professional, personal and substantive. I learned much from my clients, and tried to share much with them. They were wonderful clients. Granted, there is room for debate here as perfection does not exist, but the essence of the pure and true private banker was indeed founded in trust and confidence – earned not simply granted.

Families are a sacred and complex place. They are composed of related individuals, whether by blood or marriage, whose lives are intertwined and whose values are not always clear but are often superseded by codes of conduct, explicit or implicit, which govern relations often without clear governance. Families can be a place of safety and a source of conflict. Affinity is strong in some and weak in many. Each person and family has different ideas and different views about many things. In the case of the private banker, early on it was about dealing with asset protection and the family’s financial well-being as the likes of Napoleon’s France sought to expropriate and confiscate. The Industrial Revolution created financing opportunities, two world wars disrupted families and their wealth, then came post-war globalisation, another great disruptor which has resulted in three generations of wealth creation like no other time in human history.

Expanding types and levels of investment, two

centuries of ‘risk management’ in a fast-evolving and difficult world, fiscal challenges, changing social behaviours, the impact of successful family businesses on families, transitions such as liquidity events, multi-jurisdictional lifestyles, and of course client thoughts and opinions about worldwide economic, financial and political trends, all led the private banker to become a ‘generalist’. As economies and affluence grew and the world entered a more peaceful (yet tense and sometimes volatile) coexistence, wealth creation, current and future lifestyle requirements, concerns around sources of income, new fiscal challenges and estate-planning requirements brought family and wealth ever more to the forefront. The private banker sought to identify and understand his client’s preferences and requirements through multiple yet personal means. He strove to involve the client so that they were both comfortable with the decisions reached – together. This was not the exclusive domain of the Swiss private banker, but it was historically an important reason for their success. This is especially significant since their goodwill was also a key success factor – relationships mattered and clients trusted them and their advice.

This is not to say other family advisers did not evolve similarly in terms of their relationships with their clients. The lawyer and accountant are the best examples. They also focused on their clients, their goals, and how best to serve them. Their commitment and dedication to their clients was equally significant.

But there is more to the story. The *personne de confiance* evolved to include not only the family’s traditional advisers but independent thought leaders and practitioners. This was because families and their futures in a rapidly evolving world needed help in their affairs and lives. Before going further, we need to understand another concept: the *hommes d’affaires*. My friend and respected mentor, Jay E Hughes, wrote in *Family Wealth* (Bloomberg Press, 2004), pp91–92, that these persons “serve a family as impartial barometers of their governance system’s form and development ... (he) guides the family government through its natural evolution, helping to preserve the basic order and core values the family shares, while always subordinating his or her ambition to the service of the family members”. Importantly, *hommes d’affaires* and *personne de confiance* are often used interchangeably. They are very similar in terms of the

Affinity is strong in some and weak in many. Each person and family has different ideas and different views about many things.

Trust is a word with much mileage and various connotations. Often utilised, perhaps too much so, and subject to sarcasm and cynicism, it is nonetheless endeared to all cultures as denoting the best of relationships.

relationship between adviser and family. In addition, another good friend, Matt Wesley, The Wesley Group, has pointed out, there are advisers who are *structuralists* and others *culturalists*. The former is an adviser to the family but also someone keen on an outcome, as defined more by a transaction. He may or may not have a vested beneficial interest in the outcome and may seek to offer or impose solutions. On the other hand, the latter is focused on serving the family in a more transformational manner – the outcome is for the family to determine but he will help guide them on the journey they will undertake themselves. The *culturalist* is similar to the *generalist*, and to the *personne de confiance*.

As Hughes points out in his latest book, *Complete Family Wealth* (Bloomberg Press, 2018), written with Susan Massenzio and Keith Whitaker, “it is hard to categorize them (*personnes de confiance*) by a single profession, or field, although they may have started out as lawyer, accountant, financial advisor, or psychologist” (p85). As they point out, the *personne de confiance* may be a friend, an in-law or some other non-professional person (p85). The point is that they all share some common and fundamental traits or qualities (pp85–86):

- An interest in the culture – the family system and its complexity requires it finds its way, and the adviser can serve as a conduit once he understands and appreciates the family wealth and can act as a mentor to the family leaders for instance;
- A belief in orderly evolutionary change – they seek to do no harm and have a “skeptical view of human behaviour” (*Family Wealth*, pp.91, 92) which allows them to appreciate family members and their behaviours, challenges, dreams, vision, and more with a certain compassion; they bring to their clients “a worldly-wise view of human behaviour and gentle mentoring in the arts of human interaction” (p92);
- Subordination of ambition to a higher calling – they understand their position and allow the family leader, patron and even the family not to feel challenged in any way other than to respect the servitude and the impact it could have on the family.

What does this tell us about the *personne de confiance*, how does it help a family understand and appreciate their value? Quite simply, that the person is passionate about serving, passionate about undertaking a journey with the family aimed at helping them learn and grow both as a family and as individuals, has a culturalist view, and is both committed and dedicated to the family and its success today and in the future. In other words, they place their clients’ interests first and above their own – perhaps the true definition of a non-conflicted fiduciary.

As mentioned earlier, the *personne de confiance* is a trusted family adviser. Let’s explore both trust and advisers further. The latter can come in many forms, they provide services in a broad sense of the term or counselling, but whether they are a *personne de confiance* depends on a host of factors. I would submit hereby the following metrics as a basis for consideration and appreciation in making such a determination:

- having a focus on helping, serving and sharing;
- respecting there is no one perfect solution or single route;
- thinking outside the box;
- listening;
- putting one’s self in the shoes of the client;
- seeking to learn and understand;
- being sceptical yet compassionate;
- being discrete – confidentiality and neutrality matter;
- being a partner – thinking about and building a process;
- promoting transformation over transactions;
- thinking about collaboration and multidisciplinary solutions;
- being patient and thinking about how the family can evolve.

Trust is a word with much mileage and various connotations. Often utilised, perhaps too much so, and subject to sarcasm and cynicism, it is nonetheless endeared to all cultures as denoting the best of relationships. What is trust, and how can it be defined? The reader will certainly have his own definition of trust, but I like the combination of

Communication and one's desire to serve become the basis for building trust, as does finding commonality of interest and alignment, and a respect by both the family and adviser for each other.

reliability, sincerity and credibility which is to be shared and earned. From the family's point of view, as we all know it is not something easily achieved, granted, shared or otherwise. Communication and one's desire to serve become the basis for building trust, as does finding commonality of interest and alignment, and a respect by both the family and adviser for each other. This does not happen overnight. There needs to be an environment where trust can begin, grow and mature. This is often a tall order. The adviser's challenge is how to build such trust so his listening skills and sensitivities to the family members will be critical. The family will be cautious, protecting itself from external intrusions which might put it at risk. I have found that it is critical in building trust to have the family leader, or another family member, share their thoughts, concerns, challenges etc, in any manner they wish, which then allows me to find windows of opportunity through which I can begin a dialogue. Sometimes theoretical, sometimes practical, sometimes experiential, my objective is to build a basis for communication and sharing. To be clear, at this stage of the relationship, I am not yet in an assessment mode. We are in an exploratory mode, learning about one another, searching for the ties that bind. If this is successful, there is a foundation upon which to begin building a relationship of trust.

I am often struck by how families deal with the myriad challenges posed by their complexity. Families usually try to face their challenges alone, for reasons of privacy, self-confidence, the 'leader knows best', failure to appreciate the severity of a challenge, or even the cost of seeking help. Also important, most families have no idea where or how to find help, or may not wish to include their existing advisers for a host of reasons. Successful families, however, look to their advisers and ask for help. Some advisers for reasons of ego or business protection offer themselves as *personnes de confiance*, often risking advice beyond their body of knowledge. Others are more self-aware and consider their role and function in relation to the family, respect the limits of their knowledge and expertise, and consider a multi-disciplinary approach – they may seek to assist through collaboration with other advisers. In this manner, they become a *personne*

de confiance, their focus shifts to supporting and assisting the family in achieving its goals. Let me be more specific. There are experts who serve families such as attorneys and accountants. They respect their fiduciary relationship with their clients and they seek to assist in finding the right solution for their clients. There are various types of service providers such as banks and asset managers. They seek to ensure that their clients' and their own needs are fulfilled. And there are trusted advisers who are *personnes de confiance*. They go above and beyond the former, they are *culturalists*, they serve by placing their ambitions second, they focus on process and evolution. Can they be experts or service providers? Of course, but they must appreciate their role and function goes beyond their expertise, and serve in a different manner than their function defines.

When families decide they should seek assistance from their advisers, they are immediately challenged: first, with which current adviser should they speak, and second, if not that adviser then with whom? Both these questions are significant in light of the above thoughts on the *personne de confiance*.

A family's current advisers lead from a theoretical and hopefully real position of strength. They have the family's ear, the family trusts them and their services and most likely respect and enjoy their relationship – they like the adviser as a person, listen and appreciate his thinking. But here is the real challenge: how does the adviser define or view family wealth? Financial or more? Is there an appreciation for family, its members, its issues, needs, transitions, aspirations, or vision, etc? As we know, building sustainable, multigenerational families in a complex organism such as family requires much thought and analysis. As many have written and shown, avoiding entropy is no easy task. The *personne de confiance* will appreciate this and seek to assess how to help the family grow through its own learning and to help build inclusion and respect into both family and its members. This also requires reflection once an assessment is made. It is composed of an appreciation of the family capital, its strengths and weaknesses, without emotion and pre-existing notions, founded in neutrality and good faith, as well as objectivity.

These various points would of course apply to other

advisers who are also dedicated to serving families, such as family business and wealth advisers. Besides the notions of transactional or transformational service, and respecting existing advisers' propensity for seeing and appreciating family issues, another important element in the work of a *personne de confiance* is that of starting with a 'beginner's mind', a notion first developed by many of my peers. It is fundamental that the adviser does not enter into a relationship with a pre-existing mindset or seek to impose solutions on the family. Rather, there must be a mutual learning process through which the family finds its own solutions. Issue-spotting is the realm of intelligent people, building a process to empower the family to deal with the issue(s) as a family raises the bar. The *personne de confiance* strives to do so. There are many ways to do this, beginning with an assessment of the family and its culture, individuals and their personalities, an appreciation of their identities as affected by their family affiliations, their location/geographical habitat, life events, experiences, generational biases and beliefs, behaviours and more. In two words, 'family dynamics'. There is just no getting around the need to appreciate the dynamics in order to learn the family culture. Kelin Gersick, in his book *Generations of Giving* (Lexington Books, 2004), shared a wonderful chart summarising elements pertinent to understanding a family's culture (p196). He claimed that family culture, conflict management and leadership were all critical in understanding family dynamics. This is a vast subject, the body of knowledge is deep and a trusted adviser should be both sensitive to the family's issues yet self-regulated in knowing his boundaries. It is often a great area for collaboration among advisers. But the point is that the *personne de confiance* seeks to define and quantify the pieces of the family puzzle in order to form a complete picture, which acts as the basis for serving the family.

What of the family office? The CEO's role and functions have evolved from leading the office and investment management to sharing with the family in its wealth challenges. Many have learned the hard way that family matters are as important, or more so, than the financial. The CEO may not always recognise the family's issues, or if they do may not want to engage the family for a variety of reasons. In some

instances, the CEO's selection process was flawed, there was a misalignment of values, interests, communications or objectives. Family members may micro-manage the family office or some of its personnel. Perhaps staff roles and functions are poorly structured or services to family members are flawed. The CEO may not appreciate the challenges posed by the rising next generation. The *personne de confiance* can help and will often see or perceive things the CEO may not due to his involvement in the family office's day-to-day activities. The trusted adviser can share experiences, knowledge and best practices. He can also coach and/or mentor the CEO after assessing the situation. Enabling the CEO is key, and being there as a trusted adviser with whom the CEO can share his frustrations, ideas, questions, thoughts, etc can yield significant results. In assisting the CEO in improving his emotional intelligence or discussing strategic or tactical issues, the *personne de confiance* has a role to play.

What of professional collaboration between advisers? Should it be considered and how does it work? The *personne de confiance* should be self-aware, as one cannot share knowledge one does not have with another. They also know their limitations. Since they place their own ambitions second, and the family's first, collaboration with another makes logical sense. An adviser who is not a *personne de confiance* will in my view have trouble with this concept, since he will feel challenged and would even consider the work and the relationship to be at risk. Collaboration for an adviser will be difficult and not have a high priority. If, however, there is a basis and opportunity for collaboration among advisers, two thoughts come to mind. First, what type of collaboration and, second, how would it work?

The Mayo Clinic, and other such medical groups, bring together teams of physicians to serve patients, and their collaboration has enabled them to build a reputation for service excellence. Their strength is in their process – they assess the patient, consider the issues and decide together how to deal with the medical challenge(s). This is an over-simplification, but I believe it is relevant to our field. For instance, many financial institutions today have learned the hard way that a *personne de confiance* is a special,

*An adviser who is not a *personne de confiance* will in my view have trouble with this concept, since he will feel challenged and would even consider the work and the relationship to be at risk.*

knowledgeable, experienced, individual who brings a best practice service to a client. Many have in the past tried to build this level of service in-house, only to learn how complex and difficult serving families can be, the time it takes to build trust and the cost of doing so, only to disband their team. Their solution is to in-source and introduce their clients to the adviser best-suited to the family's challenges. This can indeed be a real success founded in productive collaboration. It requires open, inclusive communications, mutual respect and appreciation for boundaries, clarity in mission, ethics and some form of governance which includes the family and defines roles, functions and responsibility. Another view is that the trusted adviser entering a new relationship with a family will explore with them how best to serve them, and undertake an assessment of the client. This will present and highlight the most obvious challenges faced by the family, and should lead the adviser to consider how he will approach the new relationship and serve, but also think about whether another adviser should be involved. It could be the family attorney, accountant, friend or another such as a psychologist or a family systems expert. If needed, the trusted adviser should consult the family and get its approval to include the additional adviser, and the earlier the better in my view. In this way, two brains are better than one, the family is better served and more effectively.

Many years ago, Craig Aronoff and John Ward published a work entitled *How to Choose Advisors: Getting the Best Professional Business Advice* (Family Enterprise Publishers, 1994). The first line of the book contains a quote by Titus Maccius Plautus, 254–184 BC: "no man is wise enough by himself". This raises another important issue for families – how to find the *personne de confiance*. The starting point will be the family's current advisers, and rightly so. The family will need to assess if the various elements denoting a *personne de confiance* depict their adviser(s). If so, then it should seek their assistance. If not, how should a family proceed? The first step should be to define the type of individual the family believes could best serve them – values, behaviour, expertise, etc. The second step should be to ask their current advisers for referrals. There is no substitute for word-of-mouth referrals founded in reputational strength. Other

sources can include organisations such as the Family Office Exchange, the Family Firm Institute, the Family Office Association, Tiger 21, and family peer groups such as Club B, the Metropolitan Group, University Entrepreneurship and 'B' school programmes, and others around the world, or in the family's community of relationships.

The world is smaller today than it has ever been, and many family trusted advisers have emerged in a multitude of cultures. On an international level, the *personne de confiance* is challenged by his family's local culture. The United States has done much in developing the body of knowledge of family business and wealth advisers. Much research and practical, experiential knowledge has been shared in a society whose culture is generally regarded as open and transparent. Many universities have sophisticated family business and wealth advisory programmes, certifications exist, and the number of annual forums for families is incredible. The US adviser working with an American family will need to appreciate the family's own culture as mentioned before but also its regional culture. The California culture is different from that of the Southern States for instance. So too the risk run by an American adviser going abroad. He will need to appreciate foreign cultures. I recall when I worked in Asia and Europe that the cultures were of course very different, let alone the United States. As mentioned earlier, it was important for me to respect and understand the culture in which I was working, and the key components of that culture. For instance, the Chinese culture does not consider family discussions around death of the parents or the patriarch as acceptable, nor does it have an easy time discussing succession and leadership. As for governance, it is unwritten and has been passed on through the generations – conform or beware. Asia has many cultures, and working in Indonesia with a Muslim family will be very different from a Singaporean Chinese family.

To these points, my friends and respected colleagues Jim Grubman and Dennis Jaffe have recently written a book entitled *Cross Cultures* (Family Wealth Consulting, 2016), which discusses the world's three leading cultures and how decisions are made. They have described them as Individualist, Collective

*The world is smaller today than it has ever been, and many family trusted advisers have emerged in a multitude of cultures. On an international level, the *personne de confiance* is challenged by his family's local culture.*

Harmony, and Honour. The first denotes Western culture – United States, Europe, United Kingdom and Canada; the second East Asian culture – China (including Hong Kong), Singapore, Korea and Japan; the third a mix – Latin America, Southern Europe, Middle East, India and Africa. Some may take issue with what they feel are generalisations, others will appreciate the attempt to quantify cultures in order to better appreciate their differences and give thoughtful insights. There is no attempt to provide all the answers, just an analysis which the *personne de confiance* should find helpful when serving families from different cultures. The authors have shared “six core dimensions” they deem “most relevant to global family enterprises” from their analysis of several cross-cultural models (pp15–20). The key message is that families in a globalised world have come to be challenged in their decision-making as a result of “outside world intrusion” (p20). This is exemplified by the family who are exposed to, or are a member of, cultures other than their own. The conclusion is that families who seek to understand and integrate these cultural differences can be strong families. And the *personne de confiance* respecting multiculturalism can play a key role in assisting them.

So what should really matter to the adviser in this

context? The *personne de confiance* will strive to understand and appreciate the cultural challenges facing the family, they will focus on the cultures in play, the family members, and patent and latent issues within the family. They will reflect on their own culture and how it compares with their client family's situation, and will seek to be respectful, neutral, sensitive, understanding and constructive. They will strive to marry their experience, wisdom and professional attributes with the clients' cultural challenges. In doing so, they will avoid arrogance, imposing their own culture biases, and more. Indeed, they will tailor their advice. They will be challenged and cautious not to do any harm but their efforts should enable families to also respect different cultures and become more adaptable, accepting, understanding and resilient.

A *personne de confiance* is a rare commodity and families who have included such a trusted adviser in their lives have found it to be of great benefit. They serve at the family's pleasure, they are honoured by their inclusion and place their client's interests above their own. Their journey is a subtle yet exciting one. Their commitment unquestionable. Their dedication to families and their wealth holistic.

Laurent Roux has over 38 years' experience working with families and family offices worldwide. He has served families in the fields of strategic wealth management, family wealth advising, family office planning, construction and operations, as well as international asset management. He was a Director and Managing Director at Pictet & Cie, and a number of its international affiliates during his 25 years at his family's firm. In 2005 he returned to the United States and founded Gallatin Wealth Management in Wyoming, a wealth management advisory and consultancy which acts as trusted adviser to families, family offices and MFOs. He is also a Partner at the Willow Street Group, a family offices services firm, and its WY regulated Trust Co, the Willow Street Trust Company.

'Personne de confiance' by Laurent Roux is taken from the eighth issue of the new *The International Family Offices Journal*, published by Globe Law and Business, <http://ifoj16.globelawandbusiness.com>.