



**Level III
of the
CFA® Program**

Constructed Response Set
Private Wealth Pathway

*Essay 2:
Raj Patel*

Learning Outcomes Covered:

LM 2: (Working with the Wealthy)

LOS: Describe how family and human dynamics relate to wealth and its management

LOS: Describe the unique characteristics of ultra-high-net-worth individuals and how these characteristics distinguish them from other private wealth management clients

LOS: Recommend appropriate approaches to the development, implementation, adherence, and amendment of a common, long-term framework for joint family decision making

TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Raj Patel

Raj Patel (68) built a successful chain of **specialty pharmaceutical stores** across the Midwest United States. What started as a single pharmacy in Chicago in 1985 has grown into **Patel Pharmacy Group (PPG)**, a network of **75 stores** known for personalized service and specialization in diabetes care supplies and education.



TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Raj Patel

Raj's wife, Dr. **Priya** Patel (65), maintained her independent medical practice while helping develop PPG's diabetes education programs.

Their three children grew up working in various capacities in the family business.

Arun (38), their eldest, earned an MBA and worked at a major consulting firm before joining PPG as Chief Operating Officer five years ago.

Maya (35), a pharmacist, manages PPG's largest and most profitable location while developing innovative patient care protocols.

The youngest, **Neil** (32), earned his law degree but showed little interest in pharmacy operations, instead focusing on PPG's real estate acquisitions and lease negotiations.

TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Raj Patel

Recently, a national pharmacy chain approached Raj with an offer **to acquire PPG for \$280 million**. While the offer is compelling, family discussions have revealed complex dynamics. **Arun advocates accepting the offer**, arguing that increasing competition from online pharmacies threatens PPG's traditional business model. **Maya strongly opposes the sale**, having developed close relationships with many long-term patients and believing that PPG's personalized approach to diabetes care remains valuable and difficult to replicate. **Neil appears noncommittal** but has expressed concern about losing the steady flow of real estate opportunities that PPG provides.

During family gatherings, **Priya often mediates between Maya and Arun's opposing views**. She notes that while their weekly family dinners once centered around sharing business successes, they now frequently end in **tense discussions about PPG's future**. Raj has started leaving these discussions early, citing fatigue, though Priya confides that he finds the family tension distressing.

TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Raj Patel

The situation is further complicated by expectations within **Chicago's tight-knit Indian-American business community**, where PPG is seen as a model of immigrant entrepreneurial success. Raj has been a prominent community leader, using his position to help other immigrant entrepreneurs establish businesses. He worries that **selling PPG might be viewed as abandoning this leadership role**.



TOTAL POINT VALUE OF THIS QUESTION SET IS 12 POINTS

Raj Patel

Adding another layer of complexity, Maya's husband **David**, a financial analyst, regularly offers unsolicited **advice about PPG's operations despite having no formal role in the business**. Meanwhile, Neil's recent engagement to **Sophie**, whose family owns a **competing regional pharmacy chain**, has raised questions about potential conflicts of interest in future business discussions.



Question 1

Identify three key family dynamics that could impact the Patels' decision-making process regarding the potential sale. For each dynamic, **explain** how it might affect the final outcome. (3 pts)

Note: Each explanation should be in a separate paragraph.

Question 3

Recommend an appropriate governance structure to help the Patel family manage their wealth after a potential sale. Your response should include two specific governance bodies and the key responsibilities of each body. (4 pts)

Question 2

Analyze how each of the following cultural dimensions impacts the Patel family's situation:

- Power distance
- Individualism vs. collectivism
- Long-term vs. short-term orientation

Note: Each analysis should be in a separate paragraph. (3 pts)

Question 4

Compare the unique characteristics and needs of the Patel family as potential UHNW clients with those of traditional high-net-worth clients. Support your answer with two specific examples from the case. (2 pts)

Q1. Identify three key family dynamics that could impact the Patels' decision-making process regarding the potential sale. For each dynamic, **explain** how it might affect the final outcome. (3 pts)

Constructed Response

- I. **Intergenerational leadership transition:** Raj's role as the founder creates a **leadership vacuum** due to his early exits from family discussions and visible distress over tensions. This may lead to delayed or suboptimal decisions as family members seek his guidance.



Grading



Identification and explanation of each dynamic: 1 point (Total = 3 points)

Q1. Identify three key family dynamics that could impact the Patels' decision-making process regarding the potential sale. For each dynamic, **explain** how it might affect the final outcome. (3 pts)

Constructed Response

- II. **Competing professional identities:** Maya values **patient care and relationships**, while Arun focuses on **competitive strategy**. These differing views on PPG's value create opposing frameworks, complicating **evaluations beyond financial considerations**.

