



## **Successfully Pass On Your Family Business to the Next Generation**

Starting a family business is a difficult adventure, especially when day-to-day tasks can overshadow your goals. We know your business is something you want to last, and planning ahead will help you achieve that success.

Old wisdom is clear: The critical issue concerning succession was to identify, develop, and install the successor to the business's top executive. That seems simple, but most people don't consider all the other elements like non-family executives and advisors.

The predominant family business statistic has been that only 30 percent of family businesses survive the second generation. The need for succession planning to avoid becoming a victim of that dismal statistic was the reason for developing the family-business field.

But family business experts have come to realize that a 30 percent "survival" rate rather than being a symbol of failure is actually a phenomenal success achieved by the advantages that family strength brings to business enterprises.

We now know that the analogy of "passing the baton" is terribly inadequate. We now understand that succession rarely involves an incumbent and a successor. Instead, the process involves all of the key players, including family members, executives and advisors.

Not just a matter of successor development and the incumbent's preparedness to let go, the process is a complex stew of social, cultural, financial, legal, strategic, moral, and other dimensions that resist logical, "businesslike" thinking."

Success, we came to recognize, depends on being able to combine and balance businesslike thinking with family-like thinking. Clearly, "succession" is inadequate to describe the process. Among the many categories of planning - besides succession - too often neglected in family business were strategic, estate, operational, and governance.

Failure to plan in any of these areas can be fatal. In many instances, the issue was not "how to" but "why not?" What would keep a family business from doing what it should and could to achieve its goal of self-preservation?

The need to develop processes dealing with the massive complexity of changes relating to personal, family, and corporate finances (including the effort to deal with the estate-tax issue) is key. This includes issues of strategy and structure in the business, family values in relationships and structure, governance and accountability, and each of the key players' personal journeys.

If you run a family business it's extremely important to start the planning process now.

Please call us and we'd be happy to talk to you about how to get started.