



Over the next 20 years,  
\$15 trillion in wealth  
will be transferred  
between generations...



## Notes

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### CAFE: Most Family Businesses Are Not Ready

- 70% do not survive transition to second generation
- 90% do not survive to third generation
- 95% do not have a succession plan




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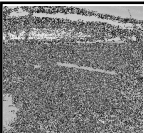
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### Time Management for your Life!

U R G E N T	#3 Urgent but Not Important <b>"Deception"</b>	#1 Urgent and Important <b>"Crisis"</b>
	#4 Not Urgent and Not Important <b>"Waste &amp; Deterioration"</b>	#2 Important but Not Urgent <b>"Meaning &amp; Significance"</b>
	I M P O R T A N T	

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## Focusing on "a Higher Purpose"

**Employees want...**

- ✓ To belong
- ✓ To be respected, valued and appreciated

**To be "fairly" compensated**

**Business Owners want...**

- ✓ To enrich the lives of their customers, employees, the community and their family – their LEGACY

**A "fair" return on their investment**

**Customers want...**

- ✓ To have their expectations met or exceeded
- ✓ To be respected, valued and appreciated

**To receive "fair" value**

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## Leaving a Legacy

We are all going to leave a Legacy.

The question is:

### What Kind?

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## Legacy

What would you rather leave your children:

- A rich financial inheritance with little character and values, or
- Rich character and values with no money?

**With character and values, we can create wealth and much more.**

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Where were the seeds of your core values first planted in you?



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**"I make it very very clear that my purpose in raising Tiger was not to raise a golfer. What I always wanted was to raise a good person."**

**Earl Woods**  
*the leader's navigator*

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**"My dad was my best friend, my greatest role model, and I will miss him deeply... I wouldn't be where I am today without him, and I'm honored to continue his legacy of sharing and caring."**

**Tiger Woods**  
*the leader's navigator*

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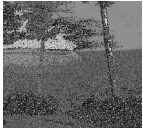
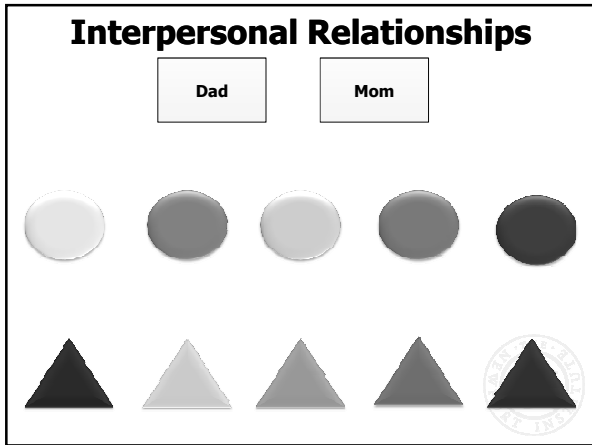
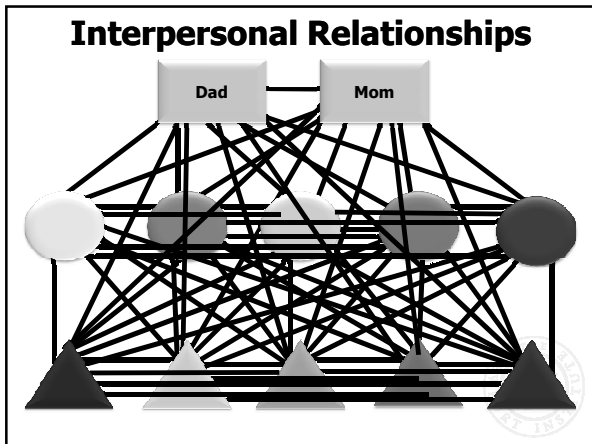
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**“When they are working well, families can bring a level of commitment, long-range perspectives and investment, rapid action and love for the business that non-family businesses yearn for but seldom achieve.”**

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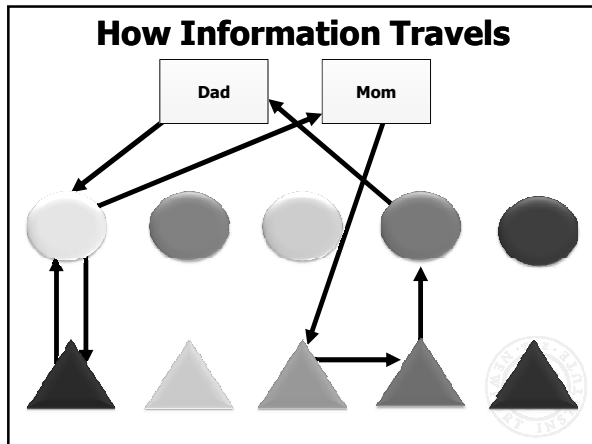
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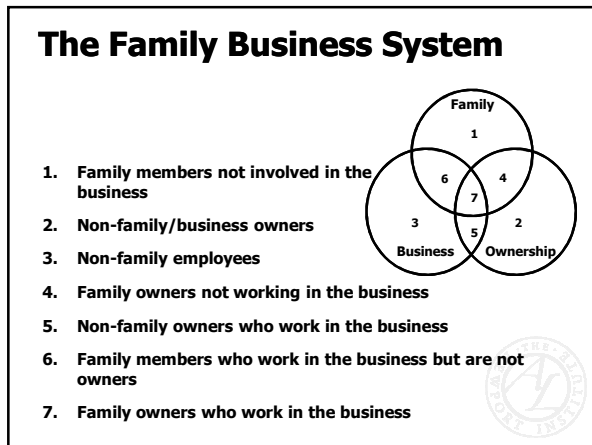
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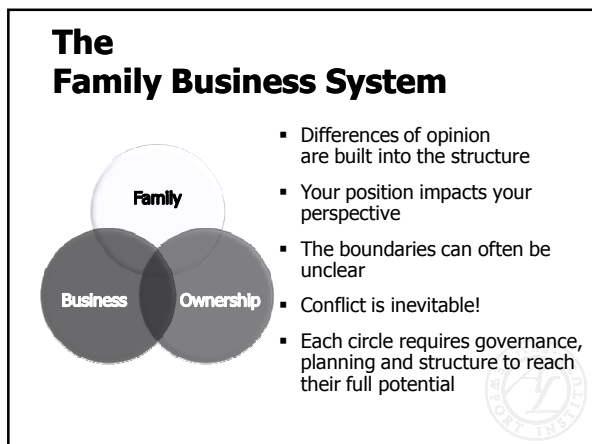
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## Stewardship

...the concept of acting as a guardian of an asset in order to preserve or increase its value.

Stewardship is the beginning of

**Successful Succession Planning.**



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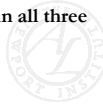
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## Stewards

- Plan early for the transfer of the business to the next stage of ownership
- Prepare the future owner(s) for the challenge
- Include other family members in the decisions that will affect them
- Look at major business decisions with a long term perspective
- Focus attention on continuity – the preparation in all three circles for a transition to an envisioned future
- Develop contingency plans for unexpected successions



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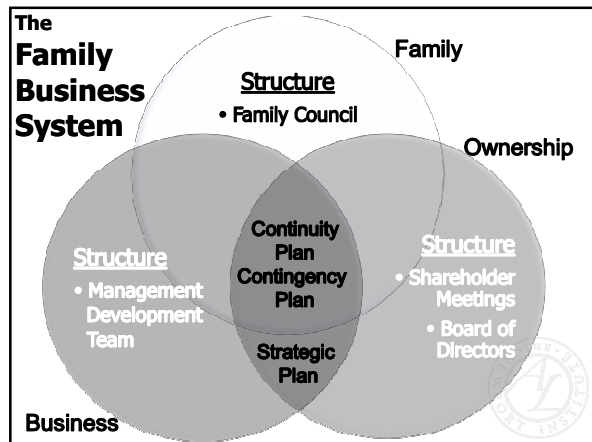
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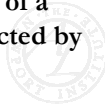
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### Family Councils

The family council is a structure of the family, not of the business or shareholders. It honors the fact that all family members have a stake in issues of family identity – as current or future employees; current or future owners; or simply members of a family whose life is continuously affected by what happens in the business.



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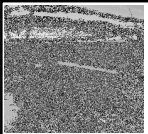
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### Why have a Family Council?

- To ensure the family talks – and listens to each other
- To clarify the boundaries between family, business and ownership
- To share information, opinions, ideas and concerns



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### Family Councils

Family Council is an appropriate forum to develop positions on issues of:

- Succession and Continuity
- Liquidity
- Diversification
- Family Perks
- Hiring and Firing of relatives



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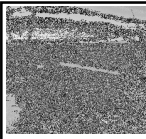
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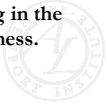
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## Family Councils

Family Councils provide:

- A forum for educating family members about the concept, the responsibility and the privileges of family business.
- A forum for identifying and teaching the family's values and how they affect the business.
- A forum for developing succession planning in the family to allow timely transition of the business.



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## Family Councils

Family Councils provide:

- An opportunity for dialogue and input from family members on their own goals, ideas and perspectives.
- A process for resolving conflicts within the family.
- A place to set family goals for achieving Stewardship of the business.
- A place to design a Family Charter or mission statement that will ensure Stewardship.



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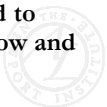
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## Family Councils *Initial Meeting*

- Membership
- Confidentiality
- Attendance
- Frequency
- Listening – each member is listened to about where they see themselves, now and in the future, in all three circles



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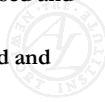
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## Family Councils

### *Initial Meeting*

- Key issues are identified, agreed to, and prioritized
- Rules of discussion and communications are established
- A decision making process is discussed and agreed to
- A conflict management process is discussed and agreed to
- The concept of Stewardship is introduced and discussed



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## Family Councils

### *Typical Outcomes*

- Individuals are clearer about their roles in all three circles – business, ownership and family
- Individuals understand and respect each other more
- The family communicates more effectively
- Individuals are more satisfied with the decision-making process



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## Family Councils

### *Typical Outcomes*

- Individuals feel more secure about the future
- Key issues get resolved openly and levels of trust are improved
- The family is better equipped to address new challenges



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## Family Councils

### *The Top 3 Reasons*

1. Procrastination
2. Wishful thinking
3. Saving pennies on advice



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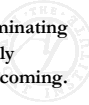
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## Why Family Councils Fail

- **Poor Attendance** – If the family members do not make time for the meetings, they will not take place. Absenteeism will destroy a Family Council.
- **No Agenda** – Without a clear agenda of items for discussion, family members will not see a reason for the meetings. It is often better to postpone a meeting than to meet with no agenda.
- **Not Sharing Air Time** – If one person is dominating the meeting with their own interests, the other family members will not want to participate, and will stop coming.



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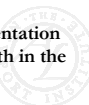
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## Why Family Councils Fail

- **No Sharing of Information** – Families look forwards to an opportunity to learn more about the business and other family members. Secrets, hidden agendas and misinformation destroy family trust and the meeting process.
- **No Facilitator** – Without a facilitator, especially in the first years, families are at risk of falling back into old habits and not addressing sensitive but important issues.
- **No Follow Through** – If there is no implementation of Family Council decisions, the family will lose faith in the process. Eventually the members will withdraw.



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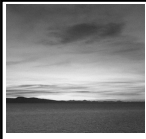
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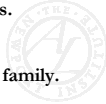
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## Family Councils

The goal of Family Council is to preserve the integrity of:

1. **THE INDIVIDUAL**  
Every family member is an individual with their own goals, dreams and ideas.
2. **THE FAMILY**  
The Family is an important unit, and family relationships are the most significant relationships in our lives.
3. **THE BUSINESS**  
The business must be successful to support the family.



## Notes

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## Steps to Successful Succession



- The realization and/or decision by the current leader
- The identification of a successor
- Preparing the successor
- Implementing an Accountability Process
- Letting GO!



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