

## SKM Associates LLC

*Family Business Consulting  
Developing High Performance  
Leaders and Organizations*

### Is Your Family Ready

Mom and dad worked hard to grow the family enterprise, and over the years it became quite successful. The enterprise's growth included new business units and facilities spread across the region. A consolidated management team reported directly to the owner. As the next generation joined the business, there was an inherent expectation that one of the next generation stars would take over leadership as the next CEO. Mom and dad believed each child wanted to share in the ownership of the enterprise, and they had a plan in place. Or so they thought.

A review of the shareholder's agreement (including the amendments to the agreement that occurred at various points over the years), the estate plan of mom and dad, and a cursory review of life insurance policies, show that the documents tell a different story.

It is not a stretch to imagine such a situation. We have seen versions of this more than once. The business is not owned in the manner the owners thought; mom and dad's estate plan doesn't take into account how life has changed since it was last reviewed; the rising leaders in the business aren't protected like everyone thought; and the life insurance policies, which once seemed like excessive are suddenly inadequate for the way the business has developed.

How does this happen?

1. The founders are busy growing the business.
2. Key executives are not brought into governance issues.
3. The family does not dedicate time to discuss what each individual desires for the future of the business.
4. All business units grow up under one company, and risk is not spread across several operating companies.
5. The family entrusts the drafting of all documents, wills, trusts, and estate plans to advisors who are familiar but not qualified.
6. Documents are not reviewed on a regular basis to include changing needs, new risks, and increased complexities.

What do you do?

1. Identify one person, a trusted advisor, as the quarterback to build a team of subject matter experts that are committed to work together for benefit and best of the family.
2. Think through the changes that are occurring in the family and the business that need to be addressed.
3. Review all documents, governance issues, and estate planning on a regular basis.
4. Establish specific times, at a minimum annually, for the family to discuss ownership, governance, changes in personal goals, family values, and rising generation plans. Some families call this a family council, others use this as both planning and educational.
5. Don't leave the planning of your family's future to chance. Take action!

Too often, growing, privately held family enterprises get stuck and don't take advantage of the invaluable resources a third-party advisor can be. Let's talk today about how we can provide a professional team tailored to your business to help you lead for the future.

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