

Family Businesses In Transition:



The CAFE Experience

The Canadian Association for
Family Enterprise

Presented By Barbara Benoliel
Preferred Solutions Inc.



Goals for This Session

- ◆ To become familiar with CAFE's key concepts and philosophy of Family Business Governance.
- ◆ To build on the model of Family Business Systems.
- ◆ To learn best practices from each others' common experiences, and to share ideas.



WHAT FAMILY BUSINESS HAS IN COMMON

- ◆ Family Businesses share commitment, flexibility and a sense of purpose.
- ◆ Every family business hits succession eventually.
- ◆ Family businesses are often private, to the point of being secretive.
- ◆ Family businesses are susceptible to spillover, where family and business overlap causes problems for the family and/or the business.

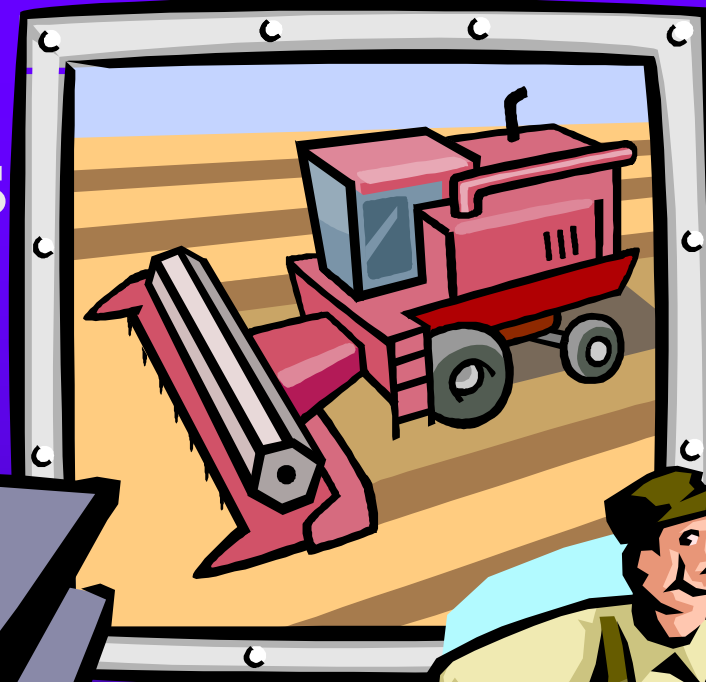


The Family Business Connection

- ◆ CAFE is a national member organization of Family Owned Businesses in every sector of the economy across Canada
- ◆ CAFE was formed to help Families in Business continue to succeed.
- ◆ CAFE members are committed to ensuring a strong future for Family Business.

Where do CAFE members come from?

All Industries





THE CAFE MISSION

- ◆ To create opportunities for families in business to interact on a basis of trust.
- ◆ To be the catalyst to advance the development and delivery of education to enhance the success of families in business.
- ◆ To be the catalyst to promote the best interests of families in business.



FARM FAMILIES NEED:

- ◆ Families need forums and opportunities for all adult members of the family to be heard both in the business and in the family.
- ◆ Families need clearly defined roles and goals for the present and the future.
- ◆ Founders and Successors need to know and plan for the future.



Why do Families Join CAFE

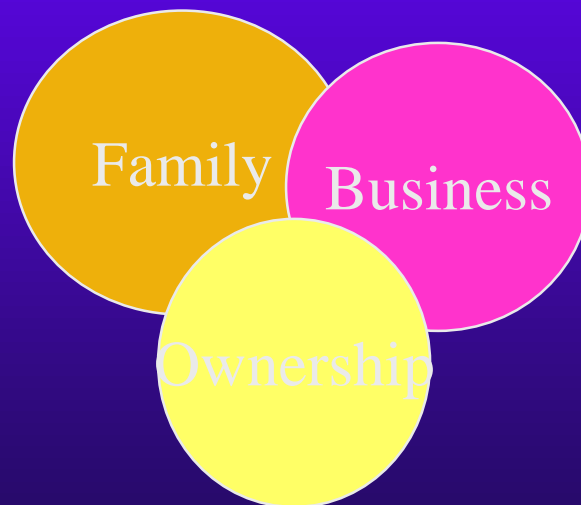
- ◆ To meet other families in the same situation
- ◆ To find resources and expertise
- ◆ To share experience
- ◆ To lobby for family business needs
- ◆ To find out how to manage succession





CAFE FAMILY BUSINESS SYSTEM

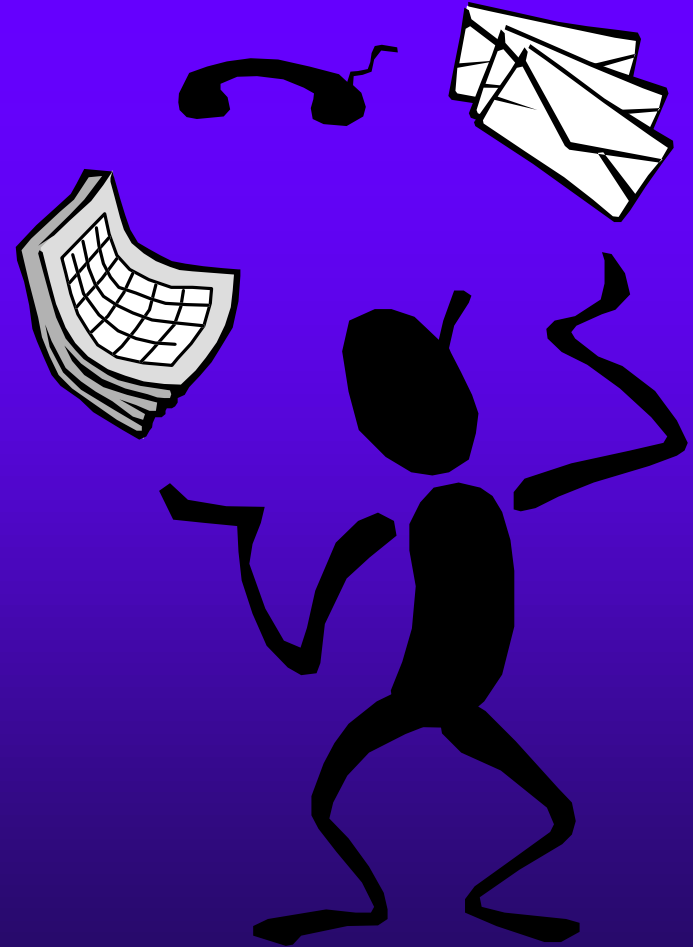
Each of these three circles needs governance, planning and structure to reach their potential





The Unique CAFE Philosophy

- ◆ Take care of the **Individual.**
- ◆ Take care of the **Family**
- ◆ Take care of the **Business**





CAFE Cornerstones of Success

- ◆ CAFE recognizes that communication systems are the key to long term Family Business success.
- ◆ The practice of Stewardship in planning for the future
- ◆ CAFE identifies three cornerstones of every successful Family Business:



Good Communication for All Family Members

- ◆ Good communication is more than an essential ingredient for any successful family business..... *It's a necessity.*
- ◆ Family Businesses need governance and structure for successful ongoing communication.





BEST PRACTICE: *STEWARDSHIP*

- ◆ *Stewardship is the concept of acting as guardian of an asset in order to maintain and preserve its value.*
- ◆ Families who wish to see their businesses continue to the next generation take a Stewardship perspective.





The Three Cornerstones

- ◆ Personal Advisory Groups (PAG's)
- ◆ Family Councils
- ◆ Family Business Board of Advisors

THE CAFE CORNERSTONES

Personal Advisory Group



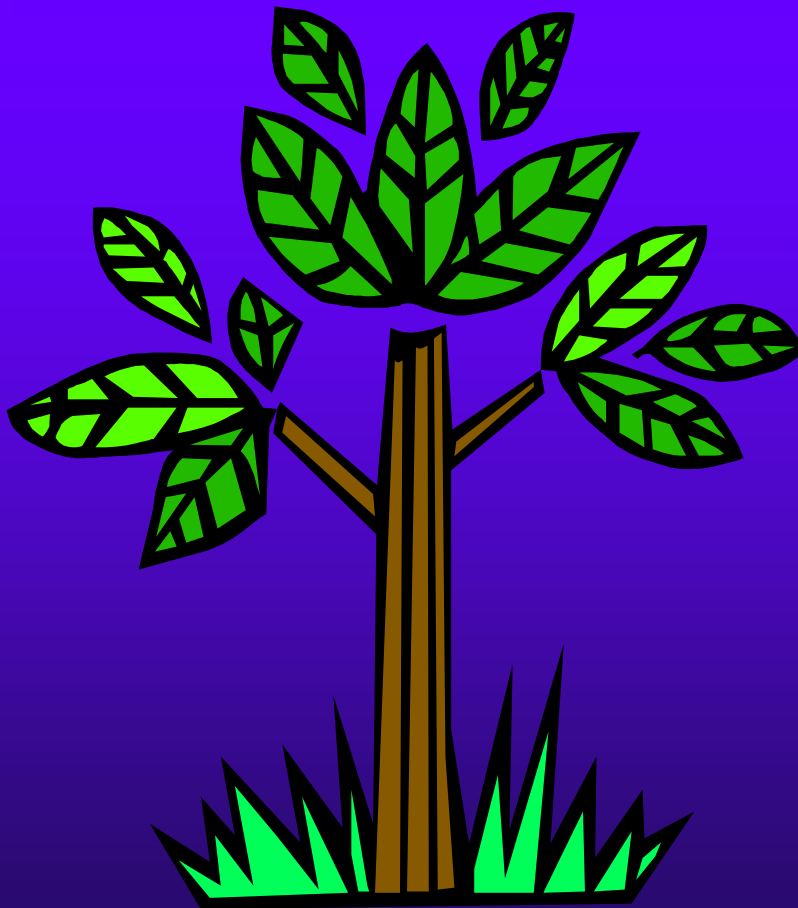
Family Council

Business Board of Advisors





PERSONAL ADVISORY GROUP



- ◆ A group of non-competing family business people
- ◆ Regular monthly meetings
- ◆ Set agenda and protocol
- ◆ Personal development
- ◆ Shared resources
- ◆ Personal support



Family Council

- ◆ Active and non-active family members
- ◆ Regular meetings
- ◆ Pre-set agendas
- ◆ Information/Education
- ◆ Family Values
- ◆ Problem Solving
- ◆ Stewardship
- ◆ Family Commitment





BEST PRACTICE:

A Conflict Management Agreement

- ◆ A written agreement created by all.
- ◆ Respect for individuals and their opinions.
- ◆ Opportunity to discuss differences.
- ◆ A time frame for resolving disputes.
- ◆ Focus on needs, not positions.
- ◆ An agreed means of dealing with impasses



Family Council Facilitator

- ◆ Helps families explore and develop communication
- ◆ Leads family discussions into sensitive territory.
- ◆ Helps families learn to solve problems and resolve disputes
- ◆ Acts as a catalyst for succession planning



Business Board of Advisors

- ◆ The Family Business Board of Advisors are selected to provide expertise and professionalism to the family business.
- ◆ The Board members also act as mentors and developers for the next generation of business leadership.



SUCCESSION PLANNING

- ◆ Ownership
- ◆ Leadership
- ◆ Decision Making
- ◆ Compensation
- ◆ Conflict Management
- ◆ Communication
- ◆ Exit Strategy



FARM FAMILIES NEED HELP

“Can’t we do this ourselves?”

EVERY FAMILY IS UNIQUE

Families need to make changes

Families need to know the experience of
others

Families need outside facilitation to
communicate

BEST PRACTICE: YOU!!!



- ◆ Knowledge of Family Business
- ◆ Personal Philosophy
- ◆ First Impressions
- ◆ Previous Experience
'Chemistry'



MORE ABOUT CAFE

- ◆ PAG's for Family members
- ◆ Family Council Primer
- ◆ Regional Chapters across Canada
- ◆ Social and Educational Programs for Family Business Families
- ◆ National Symposium, in Winnipeg, August 12-17, 2002