

# **Managing The Soft Issues In Succession Planning**

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# Canadian Statistics

- Family businesses employ 4.7 full-time and 1.3 million part-time
- Total sales are estimated over \$1.3 trillion
- Family businesses make up approximately 70% of Canadian economy

# The \$Trillion Shift

- The soft issues are really the hard issues

- Technical fixes are readily available



# Succession Statistics

- 30% of family businesses make it to the second generation.
- 15% make it to the third generation.
- 5% make it to the fourth.



# Characteristics of Most Family Businesses

- Deeply value their families
- Build successful businesses



# Family Businesses are the Best

It might not be easier to run a business with family members. But when family businesses work, they possess an inborn competitive advantage no other company can match.

INC, March

1992

A collage of office workers in a professional setting. In the foreground, a man in a suit is smiling while talking on a black telephone. Behind him, a woman is seated at a desk, looking at a document. To the right, another man in a suit is seated at a desk, and a woman is standing in the background. In the lower right, a man in a white lab coat is standing. The overall scene is a busy office environment.

# So what IS a FAMILY?

We all want our families to be "circles of love," caring, mutually supportive relationships which help each member to thrive.



# Building Healthy Families

“Good families — even great families — are off track 90% of the time! The key is that they have a sense of destination.”

Stephen Covey

Does your family have a clear sense of destination? A clear sense of what you want your “circle of love” to look like?



Why Don't Most  
Business Families  
Make it?



# Why don't they make it?

- Most family businesses do not plan for transition in a timely manner.
- Many family businesses ignore the impact of family dynamics upon bottom line results.



# The Crisis in Canadian Family Firms

## Lack of Planning

- 78% face a transition in the next 15 years.
- 70% have done no succession planning.
- 65% do not have a contingency plan in case of unforeseen disability



# The Crisis in Canadian Family Firms

## Inattention to Family Dynamics

- Over 80% of family business failures can be attributed to the unawareness of and/or inability of business families to address family dynamics.



**Legal**

**Financial**

**Relationships**

# Four Critical Factors

1. *Communication*

2. *Communication*

3. *Communication*

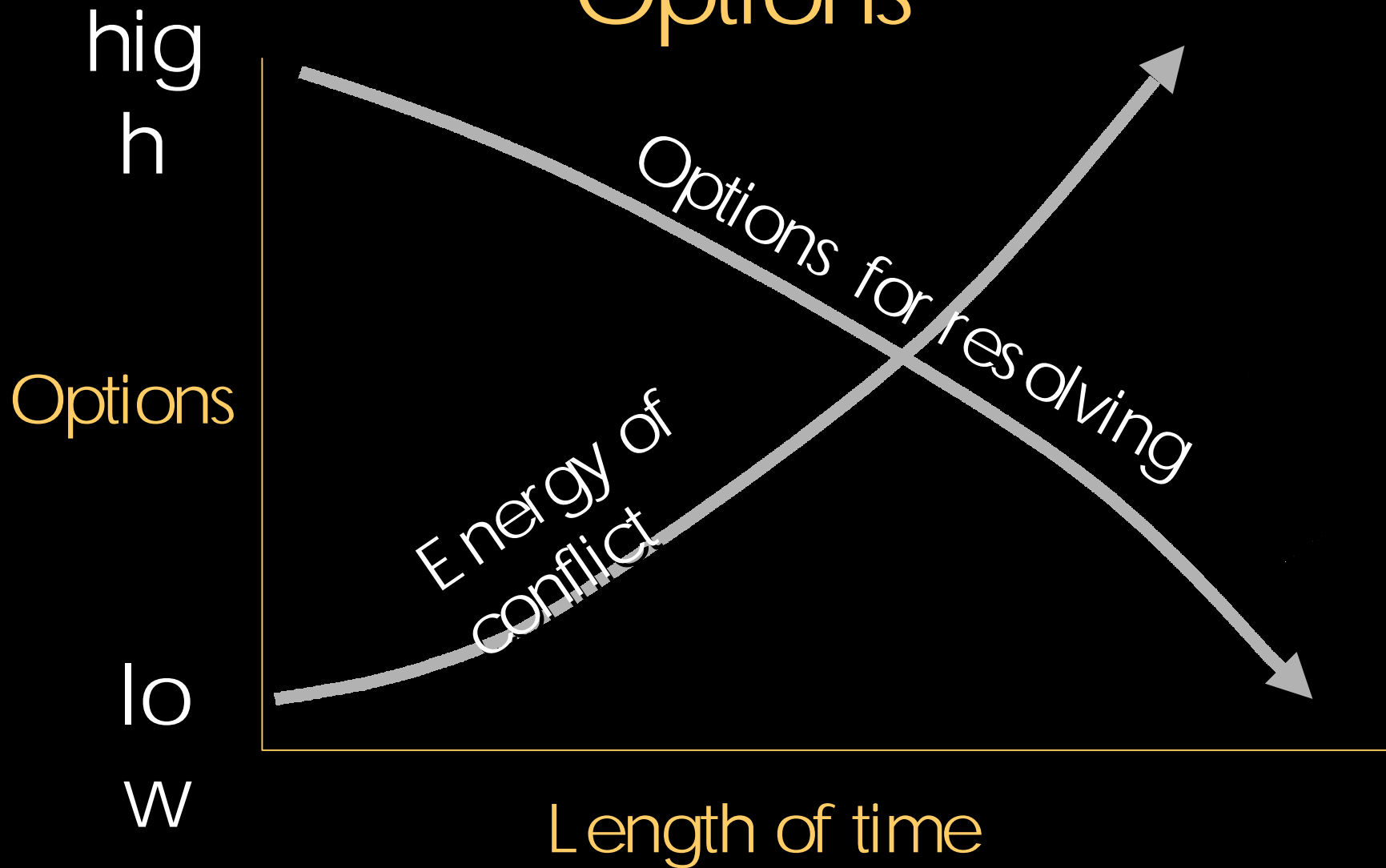
4. **Forgiveness ? ? ?**

# Difficult Conversations

- The “What Happened?” Conversation
- The Feelings Conversation
- The Identity Conversation



# Conflict Energy and Options





# Family Business Dynamics

## 1. Defining Success

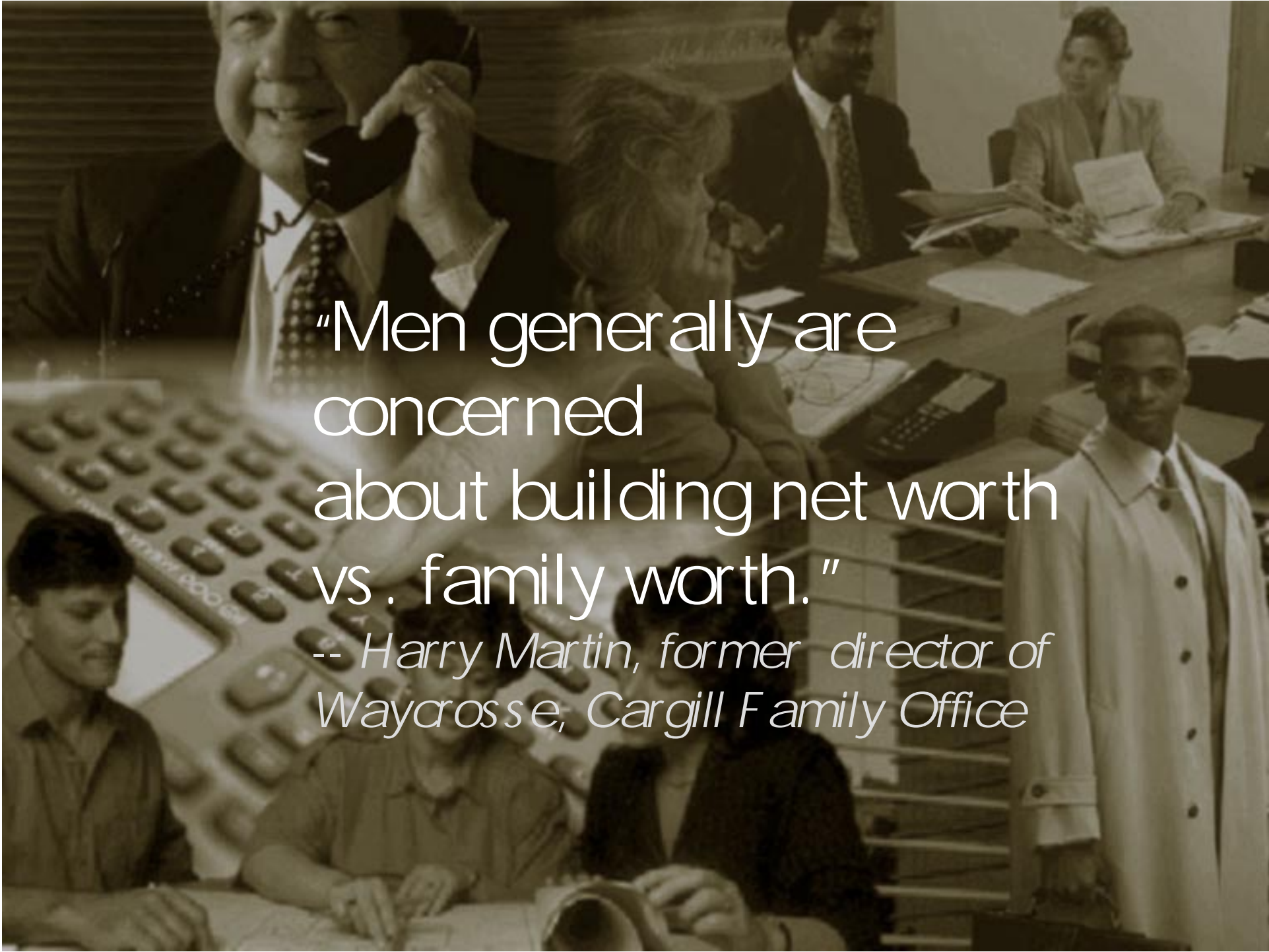


# Defining Success in Family Firms

Family Health  
Optimization

Estate Wealth  
Maximization

Business Risk  
Minimization



"Men generally are  
concerned  
about building net worth  
vs. family worth."

-- Harry Martin, former director of  
Waycross, Cargill Family Office

# Benefits of a Common Vision

- Unites the family to a superordinate goal.
- Creates a source of inspiration when it becomes necessary to make a contribution to the common good.
- Creates a measuring stick for the family to evaluate family as well as individual behaviors.
- Informs family members in their own development and the creation of their individual visions.
- Creates a model for change.

# Prayer for Loving Kindness

**May our family be filled with  
loving kindness**

**May our family be well**

**May our family be peaceful  
and at ease**

**May our family be happy**

# Miller Common Family Vision

We are a loving and proud family who upholds the highest values of integrity, respect, acceptance and open communication. We encourage each other while maintaining a spiritual and balanced life, sharing our wealth and personal gifts to the benefit of our family and community. Remaining loyal to each other and our traditions, we celebrate our family unity.

# Father's Individual Vision

I am a leader that is developing our family business into an organization that continues to be an independent and growing company, long after my involvement, with employees that are proud of their association with the company. I also provide leadership and guidance to my family in improving and uplifting the lives of my children and grandchildren.

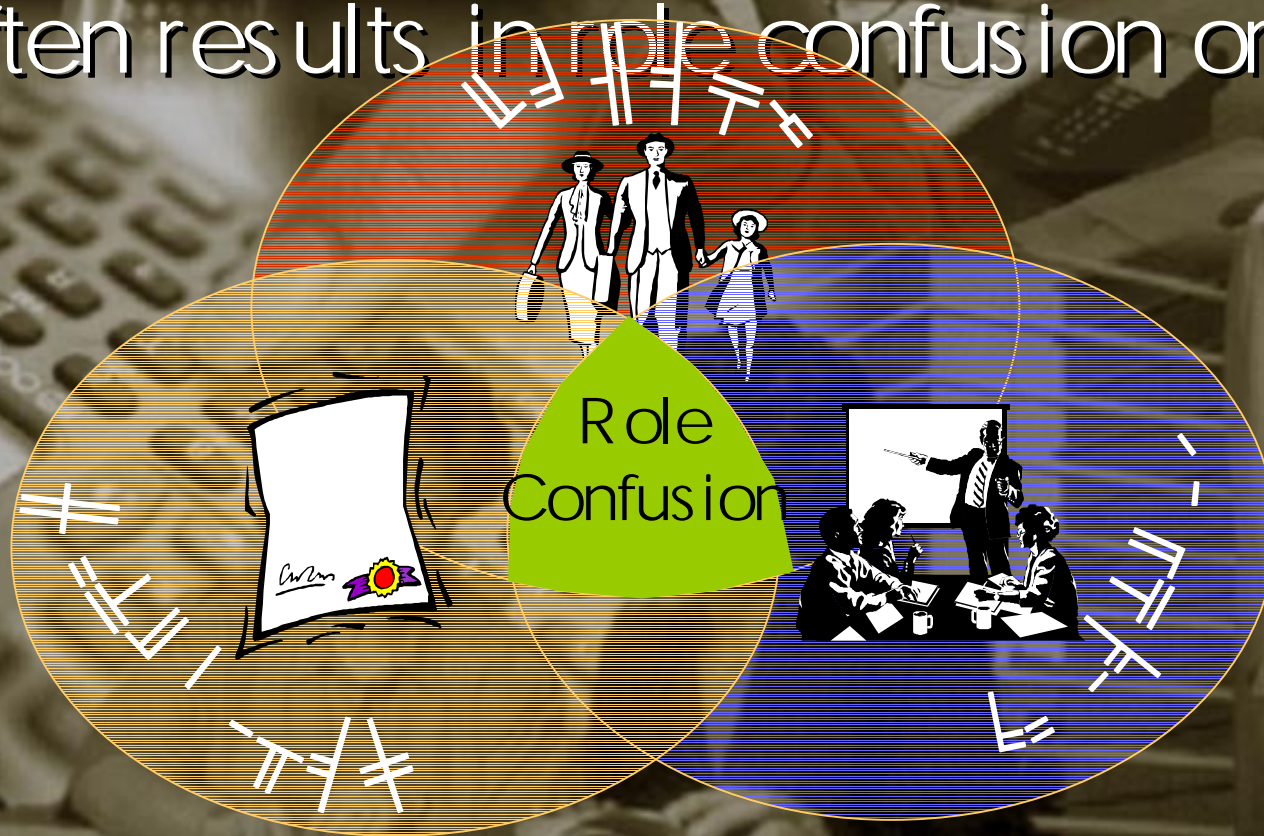
A collage of office scenes with a large calculator overlay. The scenes include a man on a phone, a woman at a desk, a man in a trench coat, and a group of people at a table. The calculator is a large, vintage-style one with many buttons.

# Family Dynamics

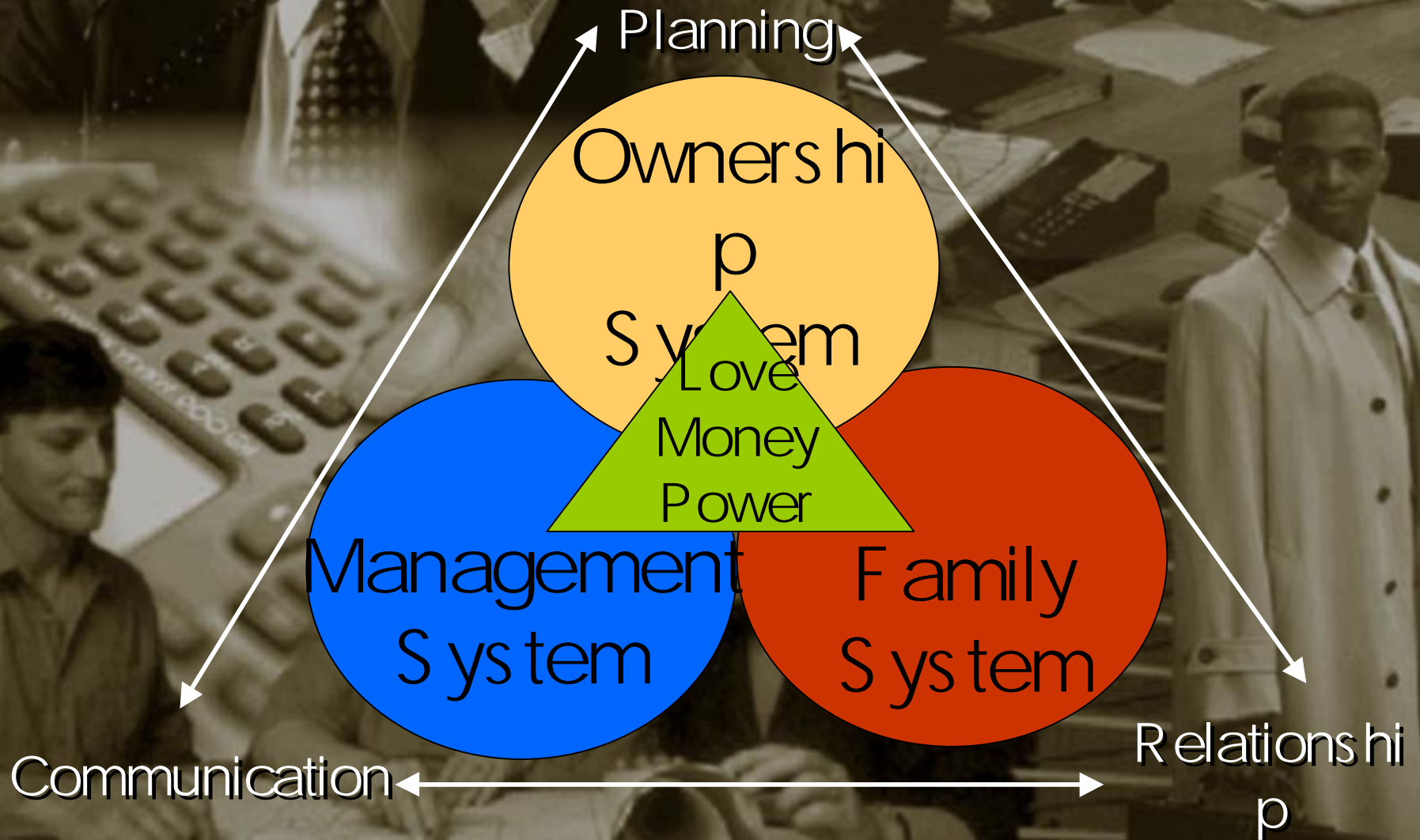
## 2. Role Confusion

# The 3 Circles of Business Families

- Business families face enormous complexity
- Often results in role confusion or conflict



# The Family Business Bermuda Triangle



A collage of office scenes with a large calculator overlay. The scenes include a man on a phone, a woman at a desk, a man in a trench coat, and a group of people at a table. The calculator is a large, vintage-style one with many buttons.

# Family Dynamics

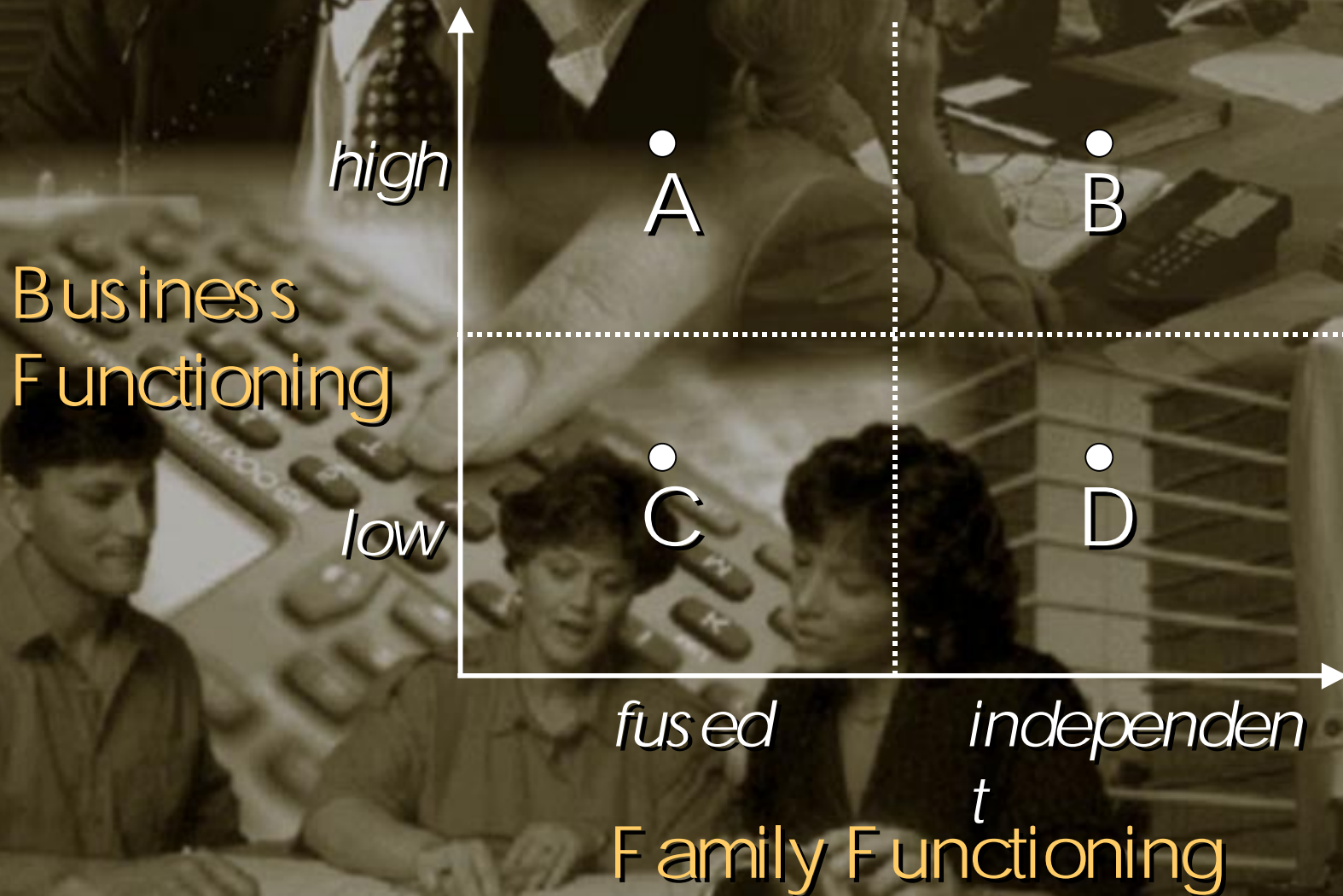
## 3. Genuine Choices

# Lifecycle Development

## Choices & Challenges

Age	Stage	Challenge	Life Task
0 to 12	Childhood	Learn to trust Learn to work Learn to take initiative	Autonomy vs. Shame Industry vs. Inferiority Self esteem vs. Guilt
12 to 18	Adolescence	Finding one's own voice	Identity vs. Role Confusion
18 to 26	The Critical Years	Establish psychological Distance from family	Intimacy vs. Isolation
26 to 35	Early Adulthood	Explore occupational & Interpersonal roles	Seek success and mastery vs. Failure
35 to 50	Choosing one's own path	Deepen commitments to occupational & social roles Establish family & home	Attain recognition, advancement & security Competency vs. Stagnation
	Mid-life	Aware of physical mortality Reconsider future	Come to terms with limitations vs. Despair or Escape
50 to 60	Middle Adulthood	Creating the legacy Calmer time	Sustain mental & physical health while facing aging process
60-	Late Adulthood	Deal with retirement Seek meaningful activities Find integrity	Come to terms with life Pass on authority

# Genuine Choices in Family and Business





# Family Dynamics

## 4. "Founderitis"



# Why Founders Can't Let Go

## Top 8 Reasons

- People die soon after retirement.
- I hate gardening, golf or tennis.
- I need someplace to go.
- The kids want to change the way the business is run.
- I have several capable kids and don't want to have to choose one to succeed me.
- The business is my major source of income — I need to protect it.
- Nobody can run the business as well as I can ... without me, the business is nothing.
- Somebody may run the business better than I do ... without the business, I'm nothing.



# Family Dynamics

## 5. Trust: The Cornerstone of Succession Planning

# Trust



- Is what family relationships are about
- Is what makes human organizations possible
- Is the real glue in every deal; contracts and legal resource are the only rituals

# Trust



## Honesty

- I trust you to tell me the truth

## Motives /Goals

- I trust that you won't hurt me/ I trust that you have my goals at heart.

## Competence

- I trust you to do a good job in a situation whose outcome will significantly affect me.

“I have seen the future, and it is a lot like  
the present, only longer.”

Dan Quisenberry

