

Advising family businesses and developing leaders



University of New Hampshire Peter T. Paul College of Business and Economics



University of New Hampshire

Peter T. Paul College of Business and Economics

THE CENTER FOR FAMILY ENTERPRISE CEO SPEAKER SERIES CEO PEER GROUPS

EMERGING LEADERS PROGRAM

THE CENTER FOR FAMILY ENTERPRISE

- FAMILY BUSINESSES ONLY
- MISSION: SUPPORTING GENERATIONAL OWNERSHIP TRANSFER
- MONTHLY HALF DAY PROGRAMMING WITH BREAKOUTS
- TOPICS BASED ON BUSINESS ISSUES
 UNIQUE TO FAMILY BUSINESSES
- FOCUS ON PEER TO PEER

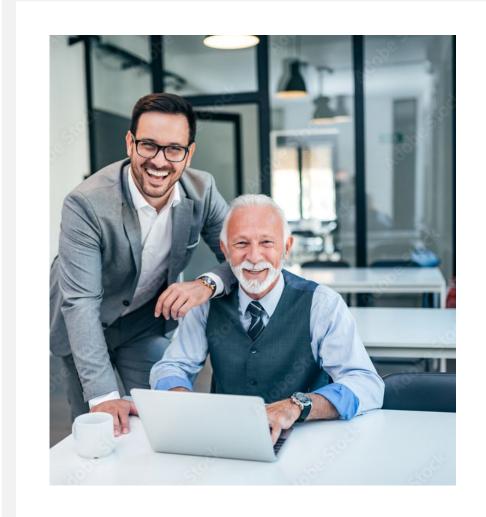
FAMILY BUSINESSES AND THE ECONOMY

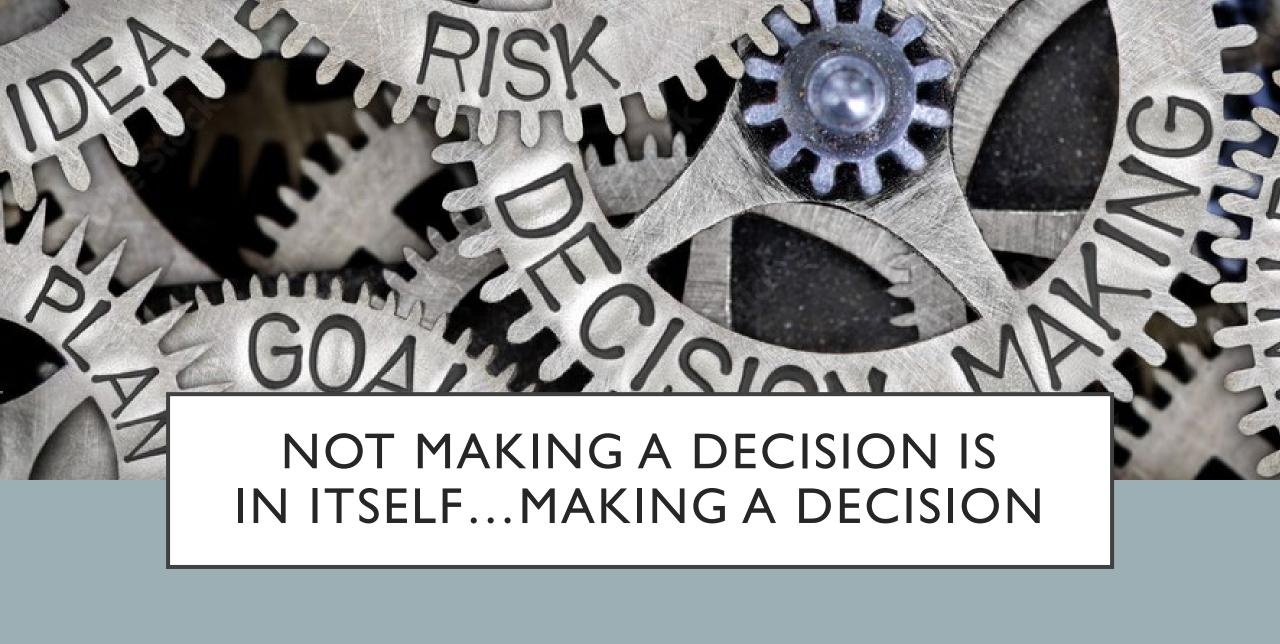
80-90% of Businesses in the United States

57% of the GDP annually

78% of new job creation

60% of the working population







BUILD YOUR BENCH
BOARD, ADVISORS & FAMILY

BOARD OF DIRECTORS

"Only 30% of family businesses have a Board; yet businesses that do have boards are at least 3X more likely to make it to the next generation..."



ADVISORS



Bank/Lender

CPA

Outsourced CFO

Corporate Attorney

Tax Attorney

Insurance Broker

Valuation Firm

Wealth Advisor

Even....

Executive Coach

Family Business Consultants

FAMILY COUNCILS

"Culture, relationships, bonds and communication...all in one bucket."

Multi-generational

Represents different branches of the family

Educational in purpose

Decision making entity for family matters

Can create family bonding events

Great breeding ground for future management leaders



"YOU NEVER REALLY OWN A PATEK PHILLIPPE, YOU MERELY TAKE CARE OF IT FOR THE NEXT GENERATION."



LEADERSHIP

Running the Business

as a.....

Business





THE WONDERFUL
COLLISION OF
OWNERSHIP, FAMILY
AND RUNNING A
BUSINESS



ROLE OF SHAREHOLDERS, BOARD AND MANAGEMENT DAVID KAROFSKY, FAMILY BUSINESS CONSULTING GROUP

P = Primary responsibility **C** = Contributing responsibility

Role	Shareholder	Board	Management
Ownership succession	Р	С	
Board Composition, election, comp	Р	С	
Company values/mission/vision	Р	С	С
Family policy on employment	Р	С	С
Senior management succession		Р	С
Dividends/distributions		Р	
Business strategy		Р	С
CEO appointment/management		Р	
Business performance		Р	С
Company culture		С	P
Day to day operations			Р

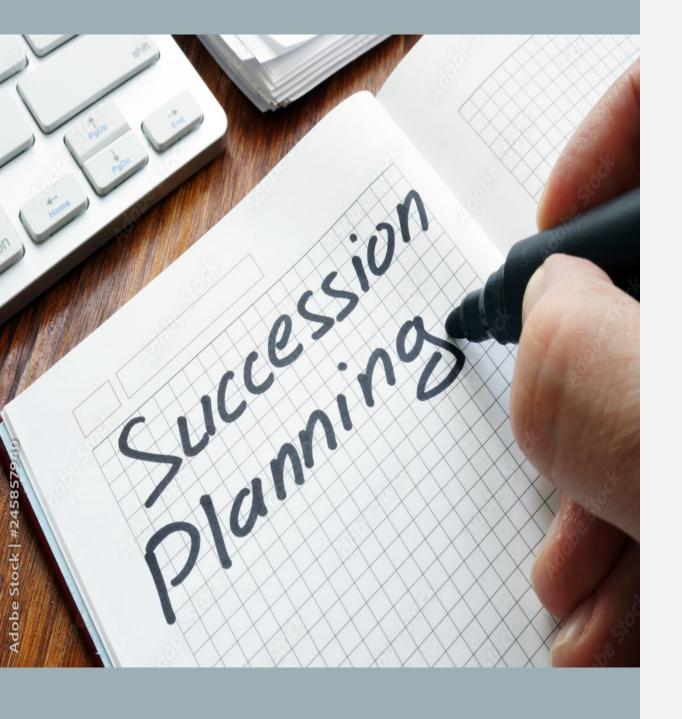
FAMILY...WORKING FOR THE BUSINESS



WHAT MAKES SENSE FOR THE BUSINESS

ALIGNMENT POLICY





 23% have a formal succession plan in place

 40% of family-owned firms have the CEO retire, or exit, in the next ten years

 30% of family businesses survive to the next generation

3-5% make it to the 4th generation





- Early Stage/Career Control the process, focus on growth and protect against the unexpected
- Mid-Stage/Mid-Career Move through the complexities of growth
 - Maintain and modify early-stage arrangements
 - Adjust strategies to optimize growth
 - Concentrate on leadership development of potential successor managers
 - Consider structures to protect current owners while positioning to reduce future estate tax and other taxes
 - Make decisions on next stage ownership and leadership
- Mature/Retirement Execute the plan (Hand over the baton!)
- Attributed: Brad Melson, Orr & Reno



Buy & Sell Agreements

- Sets the value, sets the clock, prepares for the 'what if's', which are inevitable
- Dictates control over tough decisions when emotions are running high, as they usually are when a change is happening.

Key Man Insurance

 Based on the individual who provides the ideas, drive, initiative and skills which, in turn, generate the profits needed for the survival and growth of the business.

Contingency Plan

Estate Plan



THE MOST SUCCESSFUL FAMILY BUSINESSES ARE THOSE THAT TREAT THE BUSINESS AS AN ASSET."

ESTATE PLANNING



FAMILY BUSINESS BOOKS

"So You're in the Family Business..... A Guide to Sustainability"

Paul & David Karofsky, The Transition Consulting Group

"Every Family's Business: 12 Common Sense Questions to Preserve Your Wealth"

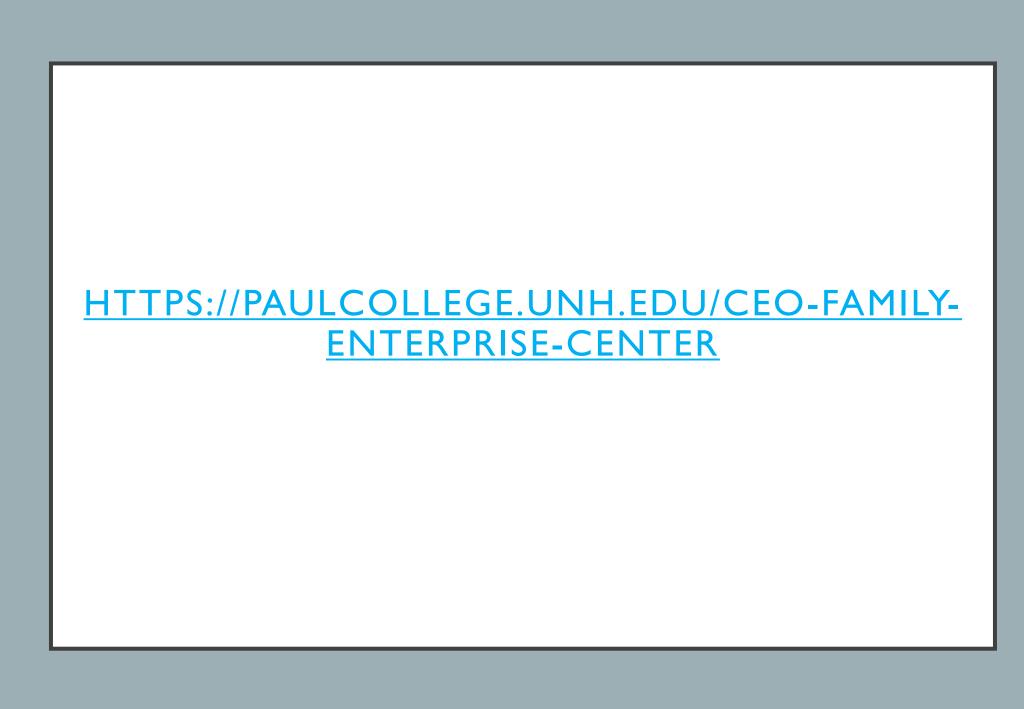
Thomas Williams Dean Ph.d.

"Crucial Conversations: Tools for Talking When Stakes Are High."

Kerry Patterson, Joseph Grenny, Ron McMillian, Al Switzer

"L.L. Bean; The Making of an American Icon"

Leon Gorham, Chairman, former President, and Grandson of L.L. Bean."



QUESTIONS?

MICHELLINE.DUFORT@UNH.EDU