

# FAMILY SUCCESSION PLANNING

By David Murphy

Not long ago I wrote an article on how to plan selling your business. I stressed it should be planned well ahead of time in order to command the highest dollar the market will accept. I like to present to you another whole topic which needs even long planning. Passing on the business from generation to generation needs a lot of time and input even more so than planning retirement.

If I go back in time to give you an example of a real life experience. Growing up on twelve hundred acres which consisted of five farms, an international cattle export business along with shipping thousand of gallons of milk seven days a week, my dad was just maybe ahead of his time. There were nine in our family so work was never hard to find. My father was no different in those days of the fifties. Dad controlled the business, he and my four brothers worked the farm, with the three sisters expected to marry and raise a family. Whether it is right or wrong by today's standards, that was the way it was. With seven older brothers and sisters and being my preteens I did most of the fun stuff (that's a whole other story). In 1960 my father, whom at sixty one was not only the head of the family but solely operated this complex farm operation, was taken from us by heart disease. None or very little succession planning was done for my older brothers whom did a fantastic job of running the operation for a time but was eventually sold. There is a lesson hears to be had.

Statistics tell us that 30 of family operated business successfully pass on to the second generations with 15 to the third and 5 by the fourth. What is the value in family operated business? One thing that is of value is the reason we describe family itself "Love". Several other points come to mind. Hands on operation, working towards one goal, loyalty are just a few that make a family operation enjoyable.

Before we consider way to successfully do the transitions from one generation to another I have a true story of how one successful food service professional solved the family problems. This was done not too long ago where some of family members were involved some were not. Rather than try to divide is successful operation he simply sold it and set up an equal fund for each one of the children. Because of the man's knowledge in the industry he is busier than ever but still enjoying all the extras life has too offer. Now this is just one solution.

If we are going to see a goal of family succession there are many considerations in taking this to a successful ending. First the average success process will take two to five years not unlike planning your retirement. You

must have a common vision together which will involve everyone's values. Is everyone committed to the business? Is everyone involved being appreciated within the business itself? The key to all of the above is communication.

Communication will be the most important thing the family will do, not only in the early stages, but on a continual basis in order to be successful. One must not let the fear of conflict interfere with the process. The most important aspect of communication is not speaking but listening. All members including the head of the business must listen. In a family just like life, everyone is an individual and their ideas, future visions, enthusiasm, and concerns all must command respect. Conflicts must meet head on and be resolved with patience and understanding. For some of us who are a little more mutton in age, change has an aspect of fear., but for our children, it's a normal way of life. It's therefore vital that we address changes with lots of communication. Out of all of this, a family business brings us love and affection, but one must not forget forgiveness because none of us are perfect. This is a very complex issue and there will be many roles for all individuals to play, so keep the mind open.

There are many helpful ways for a family business to succeed for many years. Establish a code of conduct for all to follow within your family meeting. A vision or mission statement is always a helpful guide. Take time and study other successes. Between the Internet and your local library there is a wealth of information available. Maybe you're having trouble getting started? There are many individuals or companies that specialize with the planning for your future.

As stated earlier, I grew up in a family farm business environment and would not trade it for anything. The lessons I learned were truly life-changing. The closeness of all my eight brothers and sisters is still with us today. I may just be old fashioned in today's world but the love and affection I received has been passed on to my four successful children. To use a common word in today's vocabulary, growing up for me was "PRICELESS"

*"Life is lived by leaning from the past and soaring into the future." -- Book of Motivation*