



Exit Planning Information & Education for America's Business Owners

The Exit Planning Review™ is an opt-in, bi-monthly newsletter published by Business Enterprise Institute, Inc.

This issue is provided to you by your professional, Joe Durnford.

For an overview of Exit Planning, please [visit our web site](#).

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Issue 103

Family Business Transfers

How to Determine When it is Appropriate to Bring in a Family Business Consultant

In the last issue of the Exit Planning Review™ (contact [Joe Durnford](#) for the previous issue), we introduced you to what Family Business Consultants are and what role they play in dealing with the emotional and behavioral issues associated with family business transfers. We also looked at how the role of the Family Business Consultant is like that of the Panama Canal pilot captain. Your business advisors help you navigate the vast ocean of topics such as estate, wealth, and business planning opportunities. When it comes time to go through the tough areas such as the family dynamics (emotional and behavioral issues) that inevitably arise when any type of change threatens to occur (leadership, control, succession, wealth transfer, etc.), family business consultants help you, your family and your advisory team navigate the nuances of the special passage way, rather than suffer through the otherwise long tumultuous journey around the problem.

If you are transferring your business to your children and you and your advisory team have determined that the family business issues likely can be resolved by communicating a clear exit plan — then you may not need to enlist the expertise of a Family Business Consultant. However, if the family-based issues and divides are too wide, and considerable time and energy needs to be devoted to working on family issues as they relate to your exit plan, then a Family Business Consultant — properly trained and experienced in facilitation and dispute resolution — should be used to bring your family together and remove the road blocks so that the exit planning process can move forward.

Some of the warning signs and indicators that you might need to involve a Family Business Consultant during the Exit Planning Process are as follows:

- Ownership Related
 - Pain — You are experiencing conflicts that are beyond your control and you feel depressed or frustrated because you want to do something different, grow, or change somehow

immediately, but you feel trapped.

- Triggering event — Someone in your family or sphere of influence gets divorced, loses his or her health, or dies and forces the family to address family conflicts that may surface.
- Aging — You are at a life stage where you want to transfer control, but do not know how to address it with the family without jeopardizing family relationships.
- Business Related
 - Growth — Your business has growth opportunities, but you and/or your key stakeholders feel that the business does not have the infrastructure necessary to create a competitive advantage.
 - Negative Trends — Your business is no longer performing at desired levels and the key stakeholders feel paralyzed.
 - Turnover — Key managers are leaving or the company has an inordinate number of W2 forms compared to the number of employees, indicating excessive employee turnover.
 - Lack of Passion — You have lost the passion for business, making it feel like torture to keep the business going rather than a privilege to steward the business into the next generation.
 - Change in Environment — Competition, regulation or technology is putting new pressures on your business, making the future feel elusive rather than promising.
- Family Related
 - Conflict — Your family is governed by the conflict de jour, rather than by a commitment to a clear common goal.
 - Conflict Avoidance — Your family prefers to dance around all potentially conflicting issues, making it difficult to clarify family members' true goals or someone engages in passive-aggressive behavior causing those goals (and any correlating plans) to continuously fluctuate.
 - Emotional Cutoff — Family members are no longer talking because of a business or ownership decision.
 - Depression — As mentioned above, a family member appears stifled by or paralyzed because of emotion.
 - U-Haul Syndrome — Your family engages in excessive scapegoating, finding a person to blame for all problems rather than recognizing most problems are systemic.
 - "If only..." Factor — Family members keep saying "If only my son or daughter or mom or dad would do 'X' then I would not have problem 'Y'." However, there are much deeper or broader issues than just the presenting problem indicates.

If you recognize one or some of these indicators, it might be advantageous to enlist the expertise of a Family Business Consultant. These valuable third parties can help streamline the need for dealing with the emotional and behavioral issues associated with family business transfers.

In the next Exit Planning Review™, we will discuss the important characteristics and criteria to follow when choosing a Family Business Consultant. If you have any questions about Family Business Consultants, please contact us to discuss your particular situation.

Subsequent issues of **The Exit Planning Review™** discuss all aspects of Exit Planning. The provider of this Newsletter (durnford@jdford.com) offers you unbiased information about what you most need to know — How To Run Your Business So You Can Leave It In Style™.

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