



5 Family Business Exercises for a Healthy 2014

By Paul and David Karofsky

1. Strategic Planning

We often say that unless you know where the business is headed, how will you know what is required of future leaders to help get you there. For some, the process of [strategic planning](#) may be a half-day workshop preceded by some homework. For others, it may be a multi-day process. We urge you to resist a cookie-cutter approach. One size does not fit all. Given current economic challenges, we encourage a plan that allows for flexibility. Cast the plan in Jell-O rather than in cement. And the real trick here is to assure implementation. We've seen far too many great plans just sit on the shelves and gather dust. It's all about making it happen and that requires accountability- someone inside your organization who will champion the project and be held responsible for its implementation.

2. Review Roles and Responsibilities

Job descriptions need not be static. Typically job descriptions are created based on perceived needs within an organization. As people fill those positions, however, there is often both a change in need within the business and the recognition of other skills and interests that people possess and can utilize in their roles. Research does prove that when people are in roles that match their interests, they are more successful. We encourage an annual audit of [roles and responsibilities](#). It's a chance to review the current written job description and compare it to how time is actually spent. The result may require some fine tuning of roles and responsibilities, but people will now be doing more of what they are better at- to the benefit of both the company and the employee.

3. Corporate Governance

A key contributor to the longevity of family enterprise is effective governance. Long gone are the days of dad pulling out his old green American Express card once a month at family dinners and claiming they were board meetings. Today's governance structure can take many creative forms, but at its core is having people involved whose skill sets match the critical success factors of the company. But first, you've got to ask the all important question of yourself and other leaders "Are you prepared to really listen to what others might suggest?" If the answer is "no" then what about a structure for family governance? The menu of opportunities is vast. If the answer is "yes," we suggest you check out our [family governance](#) page.



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4. Leadership Transition

Often we make the assumption that simply because our sons and daughters are working with us in our business, that one of them will be the next leader. While that may be so, we think it's time to consider all the leadership options- both family members and non-family members. The needs of the business today and going forward may be very different than in the past. As such, the needs for leadership today might be different than in the past. Matching the leadership needs of the business with the attributes of current and emerging leaders is critical to the success of the company. We have instruments that can assess the needs of the business and compare them to the competencies of emerging leaders. The next generation of family enterprise leaders is sitting in the wings. Don't let the "Prince Charles Syndrome" take over.

5. Ownership transition

While many may be addressing ownership transfer in 2012 due to impending tax changes in 2013 and beyond, we discourage the tax tail from wagging the dog. Decisions around ownership transfer are complex- is it equal to all children? Does ownership transition only to those who work in the business? Is ownership to be gifted or purchased or, perhaps, a combination of the two? Must there be a minimum age requirement? Must there be a direct family connection? What about in-laws? What if a family member shareholder exits the business? What kinds of restrictions are to be placed on the stock? What are the details of a Shareholders' Agreement? Is the transfer of ownership to be a one-time event, or over several years? What about voting control- do the current owners retain it and, if so, for how long? The list goes on and on. But you get the idea. There is much to talk about and consider here. We can help you with some "best practices" and would be pleased to talk this over with you.

About Transition Consulting Group, Ltd

Transition Consulting Group is a family business that consults to other family businesses. The father-son team of Paul and David Karofsky offer a dual generation approach to working with family businesses around the transition and succession of ownership and leadership. We focus on helping clients address challenges ranging from communication and conflict resolution to strategic planning and governance. www.ForTCG.com. 508.875.7751

