



In the Money So What Do You Do for an Encore?

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"...and now I come to the dividend we'll be declaring."

For so many family offices and those in the world of family enterprise, 2013 was a "banner year" with record revenues and profits, reinvestment, distributions, and bonuses. For sure, we've all had prior "best years ever," but this time it seemed to have special meaning on heels of the "Great Recession."

That's the good news. Now for the challenge: "What do you do for an encore?" Many of the world's gurus speak and write about the value of setting high expectations. **Sam Walton** said, "High expectations are the key to everything." But high expectations can also set the stage for bitter disappointment. Some pundits are concerned about 2014, believing that 2013 was indeed the **peak** of the recovery. Others believe that we've got a good chance for some **modest growth**. And still others have a rather **"bullish"** outlook.

For many members of the younger generation, the success of 2013 was particularly remarkable as it was the first time they experienced such a dramatic shift not only in their own enterprise but in **U.S. stocks** as well. 2013 marked the largest annual gain in 16 years for the S&P

500, and for the Dow it was the largest annual gain in 18 years. Do they expect past performance to bolster the outlook for the future?

Members of the senior generation, who have seen major ups and downs before, though not quite to this extent, may react with less vigor. As the two generations work together, there needs to be a balance of the two reactions. An obvious goal is to create an expectation that's as realistic as possible. So what should be the goal for 2014? How about some "**cautious optimism**" to perhaps strike a modicum of balance?

Here are some suggested actions to consider as you're looking at plans for 2014:

Revisit your vision. Be sure that stakeholders share a vision that works for both the family and the business. It might be time to ask an age old question: "Is it time for the family to take care of the business or for the business to take care of the family?"

Assure the competencies of stakeholders meet the needs of the business. The competencies required of stakeholders to lead an enterprise vary from business to business and from family to family. Be sure there's the proper match of attitude and behavior in your family and your business. Not all families have members with the requisite styles and skills. Consider adding key non-family member executives where appropriate.

Assure alignment. Key stakeholders need to be on the "same page." If enterprise leaders don't have shared goals, it's pretty difficult to move forward.

Hyper communicate. Inadequate and ineffective communication is far and away the greatest cause of conflict as well as **lower efficiency, poor morale and**



decreased innovation.

Time for a Retreat. It's a good time for stakeholders to go on a Spring Retreat:

- Take two to three days to escape from working in the business to work on the business
- Key stakeholders gather at an off-site location like the mountains, seashore or a golf community
- Schedule some time for play as well as for work
- Who should attend?
 - Key leaders only?
 - Spouses?
 - All shareholders?
 - Professional facilitator? (It's difficult to be both a facilitator and a participant; our experience shows it's more important for a key stakeholder to be a participant)
- An agenda might include:
 - Setting/re-setting the vision
 - Clarifying the organizational structure
 - Team building experiences
 - Communication workshop
 - Establishing limits of authority
 - Strategic planning

The bottom line? It's all about planning and setting realistic expectations and then ensuring their implementation with relentless follow through. 2014 might not turn out to be the best year ever for revenue and profit, but it sure can be the best year ever in re-establishing your organization's core competencies.

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