

SUCCEEDING AT SUCCESSION: Tapping The Power Of People

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"...I then saw something remarkable. For the first time, Paul broke free from Father's instruction into a rhythm all of his own."

From the movie, *A River Runs Through It*

Succession Success: Alignment In Three Key Areas:

1. Trust
2. Goals
3. Unique Talents

Family Business Assessment¹

Every family business has challenges. Even the best families are off-course a big percentage of the time. The thing that makes the strongest families effective is that they are willing to step back and get perspective on where they are, and work together to take the necessary action. Remember two principles: First, *progress* is more important than *perfection*, and second, *direction* is more important than *velocity*.

Look at the statements that describe each level of functioning and see which best describes how your family is currently operating. As you read the statements, think how you can apply the principles discussed today in your family business. Pay attention to where your family is progressing through these stages, as well as where you may be stuck. Check the statements that seem to apply to your own family situation. Be as honest as you can with yourself and others.

1. Survival Stage

- I don't trust family members.
- We're going from crisis to crisis, from argument to argument.
- We don't make time for each other.
- No one helps anyone in our family.
- In our family everyone does their own thing.
- We are often cynical, sarcastic, or critical of each other.
- We say critical things behind family member's backs.

3. Success Stage

- We are committed to stay in touch with and help each other.
- We encourage, appreciate, and support each other.
- We have a family mission statement or motto.
- Family members notice needs and volunteer to help.
- Together we solve problems that arise.
- We experience warmth and laughter together.
- We have clear definitions of shared responsibilities in our family.
- We build strong family traditions (e.g. celebrations of birthdays, holidays, attending church, etc.)
- We plan and hold one-on-one activities in our family.
- Because we make and keep commitments to each other, we have high trust.

2. Stability Stage

- Once in a while something good happens in our family.
- Sometimes we celebrate birthdays and special occasions together.
- We try to be fair with each other.
- We help others as long as they can help us.
- Sometimes we have good experiences together.
- We're not really growing.
- We trade favour for favour.
- We try to keep our commitments to each other.

4. Significance Stage

- Each of us works to make a contribution to our community.
- Together we plan ways to help and serve others.
- We are good friends as well as family.
- We help out with neighbours, schools, churches, etc.
- We celebrate the great traditions we have inherited from our ancestors.
- We use our family strengths and resources to help other people outside our family.
- We are developing traditions that will bless our family for generations to come.
- We have a family mission statement and vision that inspires and guides our decisions.
- We seek to be a mentoring family to others.

¹ Adapted from a presentation given by Stephen R. Covey (Author of "Seven Habits Of Highly Effective People"), March, 2002.

Trust – The Cornerstone Of Succession Planning

Five Important Questions About Trust (For “*Founders*” To Fill Out)

- ◆ How much trust do I have in my successors to take over this operation? What about the trust level of in-laws?
- ◆ What fears do I have of letting go of control?
- ◆ How much do I *want* to trust my successors to take over the operation? Is there good-will here?
- ◆ What do I want from my successors that will strengthen the level of trust in this family?
- ◆ How much can I talk openly about the answers to the above questions to family members involved in the business?

Five Important Questions About Trust (For *Successors* To Fill Out)

- ◆ How much do I feel trusted to take over this operation?
- ◆ What fears do I have of taking over control?
- ◆ How much do I want to take over the operation? Is there good-will here?
- ◆ What do I want from my parents that will strengthen the level of trust in this family?
- ◆ How much can I talk openly about the answers to the above questions to family?

Aligning Goals

Retirement Planning:

1. How do I define "retirement?"

Six Levels of Involvement In Running A Family Business

- (A) **Producer** These are the people who are involved in producing.
- (B) **Manager** This is the job of organizing the production to see that you are doing things right.
- (C) **Leader** Where managers are involved in making sure things are done right, leadership is the job of making sure you are doing the right things! Leaders in the family business oversee the entire process and take charge of setting goals that will position the business in the right place for the market.
- (d) **Owner** Who owns the business? Who will have the final say in long-term important decisions?
- (E) **Advisor** An advisor provides wisdom to the operation. It is a person who is *not* in control of the management and ownership, but who has a vested interest in the future of the operation and past experience where they can lend their advice as needed. We generally need to listen and honour our elders more than we have done in the past.
- (F) **Lender** You act as a bank.

2. How do I see myself spending my older years?
3. How much do I want to be involved in the family business after I am seventy years old? (i.e. Do I want to come and help out on the production end? Do I want to be involved in management? In leadership? Do I want to maintain control and ownership of the operation or a part of the operation? Do I want to be out of the operation all together by the time I am seventy?)
4. What (if any) are my plans for moving out of the operation? (i.e. Do I want to work with my heirs over the next ten years in helping them take over the responsibility for managing and leading the business?)
5. How much money will I need in order to have the kind of quality of life I want in my older years? What is my financial plan for providing this kind of quality of life?

Note: Have all adult family members, regardless of their age, take time to answer these questions. Then sit down as a family (beginning with your spouse) and discuss the answers. The purpose of this exercise is not to have a plan that is written in stone. You will be making many changes to this plan. The goal is keep the lines of communication open and to outline your intentions to each other.

Succession Planning Worksheet

Introduction and Instructions For The Worksheet:

As you know by now, we will be meeting as an operation on__ with the purpose of working together on succession planning.

Our goal, in asking you to fill out the worksheet, is to have you begin to clarify each of your personal and operational goals. The enclosed worksheet is designed to provide you with a road map to specify and clarify what is important to each of you in the next few years. The intent is to come together in the spirit of good-will and respect and arrive at a common understanding of each other. *Understanding*, at this stage, is more important than agreement.

Please take a few minutes to jot down some of your thoughts under each question. It works best to answer these questions on your own first, and then discuss your answers with your spouse (if applicable). We will be asking you to use this only as a guideline to tell us get to know what's on your mind. After meeting with us individually, you can decide how much or how little you want to share these answers with the entire group.

You are not expected to answer the questions completely. They are intended only as a guide to get you thinking about your goals and needs. The questions that don't relate to you, or that you don't have an answer for right now, just leave blank. This is not intended to be a "test." It will be used only to help clarify your thoughts.

The most important thing is to get clear and honest with yourself about what is most important to you.

Thanks for taking time to think about these questions.

Name: _____ Today's Date: _____

We want to help you get clarity about what is most important to you, what matters most. Take some time to reflect on the following questions:

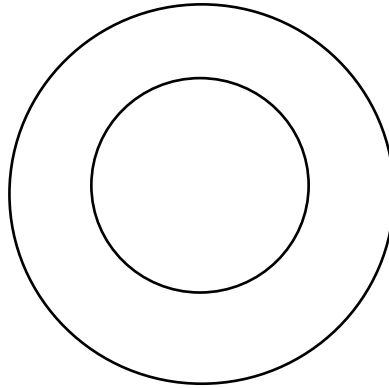
1. How do I feel about the business I am currently in and about making a living from the business?
2. What do I want to contribute to the business?
(i.e. How much time? What are my interests: e.g. bookkeeping/accounting, land management, operations, raising children, etc.?)
3. What do I *not* want to contribute to the business?
(i.e. How much time will I be working off the operation? What plans do I have to work off the operation? How much time off is important to me? How much time do I want to spend with my immediate family?)
4. Where do I want my living quarters?
 - Where I presently am?
 - Somewhere else? (Specify)
5. Where do I see myself in 5-10 years? (What are my goals?)
(On/Off the operation?)
6. What questions would I like to ask anyone in this family? (Be as specific as possible.)

Aligning Unique Talents

“When the deepest part of you becomes engaged in what you are doing ... when what you do serves both yourself and others, when you do not tire on the inside...but seek the sweet satisfaction of your life and your work. What then?

Then you know you are doing what you are meant to be doing.”

(Gary Zukav, Seat Of The Soul)



Some questions for reflection...

Where, in your life, have you been involved in work that was aligned with your gifts, your passion, your calling?

or

Where have you ever been able to mentor someone else to find *their* gifts, their passion, their calling?

Questions That Guide Your Pursuit of Authenticity:

- What legacy do I most want to leave?
- What kind of a person do I want to be known for?
- What do I want to be remembered for?
- What is my passion?
- Why do I get out of bed in the morning?
- What is my *calling*?
- What are my gifts? What do I do well that I *don't remember learning*?
- What is my unique contribution here?
- How does my paycheck link to my *higher purpose*?

10 Steps For Succeeding At Succession – Getting Organized And Getting Everyone On Board

Step #1: Build an emotional bank account with your family members.

Step #2: Decide How You Will Decide on Your Succession Plan

Four Ways Of Deciding As A Group

- (A) Command – “My way or the highway!”
- (B) Consult – “Give me your input; then I’ll decide.”
- (C) Consensus - “Most agree; all accept”
- (D) Convenience – “Leave it ‘till you die.”

Step #3: Appoint a "Succession Planning Leader," one person in the family to take charge of the succession planning process – a “*quarterback*”:

- A person who has the willingness and commitment to lead the succession planning process.
- A person respected by most family members.
- A person who has a vested interest in the overall success of the entire operation.
- A person who will not let their position of being in charge be used as leverage for getting their way.
- A person who will be able to take a neutral position and be impartial to all parties involved.

Step #4: The succession planning leader meets with each member of the family individually - or with their spouse if they are married (in-laws and "non-business" children included), discuss the intent of having a future "family pow-wow," and hand out the "Succession/Goal Planning Worksheet" to every family member. Get input from everyone as to the best approach for a family meeting (i.e. location, who should be there, etc.)

Step #5: Hold the family succession meeting at a time that is reasonable for everyone.

Step #6: Each person is given equal air time to share their responses

Step #7: Allow time for dialogue, questions, and comments.

Step #8: Share the data with all professional advisors, consultants, etc. that are involved in the family.

Step #9: Parents use this data to draft a plan for their estate and business succession with the assistance of a lawyer and an accountant, insurance broker, financial advisor, banker, etc.

Step #10: Continue meeting with the family and getting their input as the succession plan develops with the family.