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The 8-STEP Plan to Family Business HARMONY



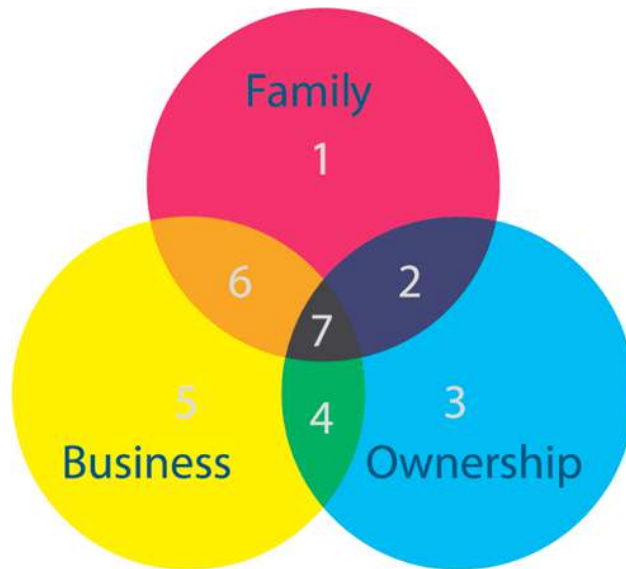
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LEARN THE 3-CIRCLE MODEL

Different people will each have a different perspective, depending on where they are located in the three circle model. Three circles means that there are three separate systems in play at any time, and every person can be in one, two, or three circles at the same time.



Just getting your head around the fact that there are up to 7 different points of view is a big start. Add in the differing personalities and it starts to become clear why everything seems so complicated in family business.



2 START THE CONVERSATIONS

You can't do this work all inside your own head. By definition, harmony has to do with the relationships between people. You need to start somewhere, so it makes sense to start slowly, and to start where you think there will be the least resistance or negativity.

What you want to look for is incremental progress. The earlier you start, the more slowly you can proceed. Try to get into the habit of communicating around the subjects where the family and the business intersect and overlap. The best time to start talking is when things are going well. Don't wait for a problem to arise if you can get out in front of it.



3 GET OUTSIDE HELP

Very few families can get very far when the only people involved all have the same last name. In the same way that kids are better behaved around the dinner table when there are guests present, it also helps when there is an outsider present when you talk about the future of the family business.

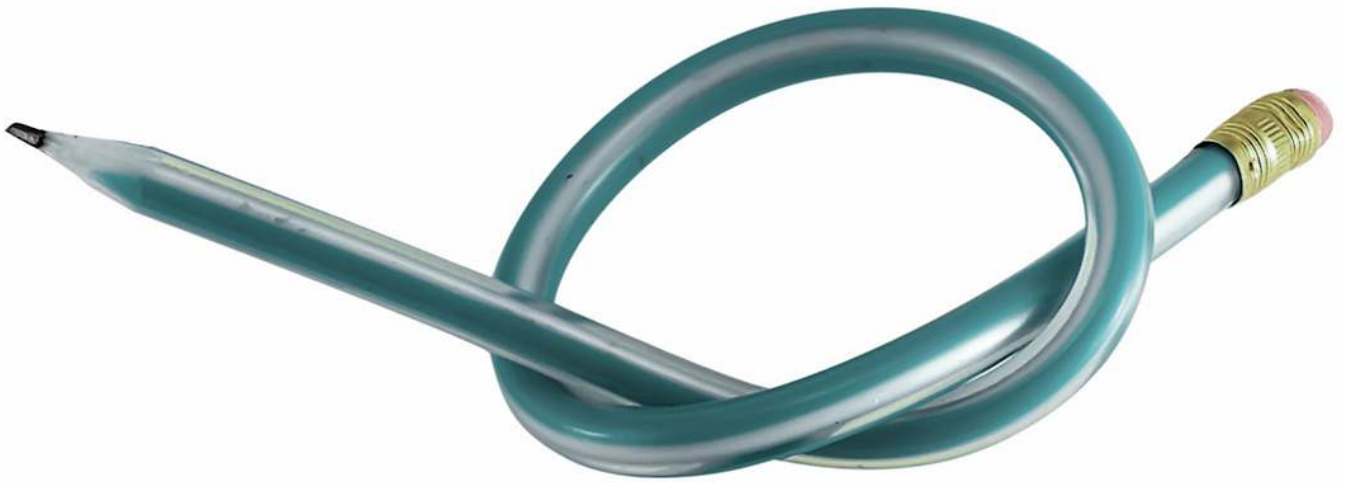
The independent point of view and perspective that this person can bring cannot be overestimated. If you can find someone who knows the field that is a good place to start. If that person is truly independent, meaning that they do not have a financial interest in whatever solutions you come up with together, even better.



4 INVEST THE TIME (AND EFFORT)

There are no quick fixes here. You need to put in the time to work on these questions. And when I say time, it is not just the hours, it is also the weeks and months. Harmony is not created overnight, and very small incremental progress needs to be nourished over time.

There is a time component to the investment, and there may be a financial one too, but it helps if you look at these as an investment rather than as a cost. Making sure that the family gets along so that everyone actually wants to get together over the holidays is not something that you can easily put a price on.



In step 2, we talked about how important it is to start the important conversations. Now that you are at step 5, you will be glad that you started early, because these subjects are tough to get right the first time you talk about them. You may need to look at a plan B or a plan C.

You need to expect this going in. Flexibility is the key. As you talk about and validate certain ideas, things become clearer, and you will realize that some ideas that you had early on just don't fit well, and that by working together, you have come up with new ways that have a much higher probability of resulting in long term, sustainable results.



6 TALK (AND TALK MORE)

When you want to create harmony, the major concern is having good, strong, clear relationships. The more people are involved, the more relationships there are. How do you make sure that all of the relationships are being nurtured?

Communication is ALWAYS the key. Not sometimes, ALWAYS.

So what kind of communications are we looking for? Frequent, clear, and open are all good adjectives to look for. But don't forget, for every person talking, there needs to be at least one person listening. So let's add "Two-Way" to the list of desirable descriptors of good communication.



Most people misunderstand the word “governance”, or at least misinterpret it. Let me clarify it here: procedures and structures of how we are going to work together. If you don’t have a board of directors for the business circle (see the 3-Circle model above), maybe you should start to think about how the business will be governed in the future.

But while you are looking at the 3-Circle model, what about the other circles? Yes, the family circle can and should have its own governance structure.

Choose the circle that could use some form of structured information sharing and decision making structure, and start there. It could be the business circle, or very likely the family circle. If you start governance in the family circle early, before the family gets bigger (think marriage, grandchildren), it will be THAT much easier later.

Alright, maybe I need to clarify what a family office is first. There are so many definitions, but let's just say that a family office is a structure set up by a family to take care of the needs of the family. Very often they arise out of a business family, and are set up to handle investments outside of the family business.

They also handle things like tax returns, setting up trusts, philanthropy, and whatever else the family needs.

The biggest step involved in thinking like a family office is to begin to understand that the family business is one ASSET of the family. The business may have started out creating 100% of the family net worth, but it is quite possible that one day the family will sell the business (at which point it will represent 0%).

The family may very well outlast the business, and that is not necessarily bad. If you are able to extract some proceeds from the business and diversify the family's holdings into other avenues, that 100% will gradually diminish.

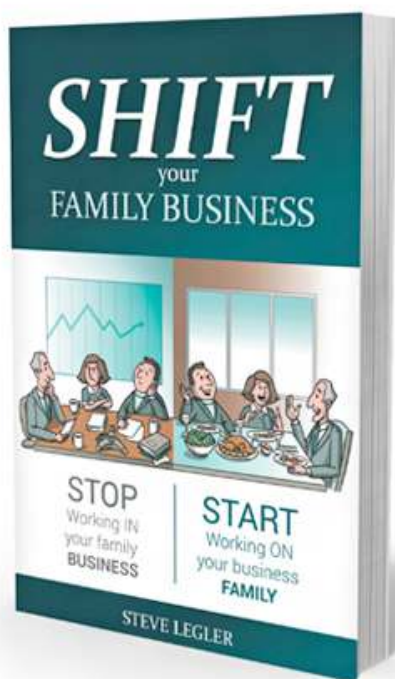
CONCLUSION

Eight steps might sound like a lot, but when you think about it, each one builds nicely on the one before it, so it is actually pretty simple to get some momentum going. And if you are one of the people who lives in all three circles, the earlier you start to get others involved in figuring out how people are going to work together in the future, the better.

If you can get through to steps Seven and Eight, you will see how some formal governance and thinking like a family office bring everything together very nicely, and help position you for the future.

You need to create the right harmony to support the legacy you want. This 8-Step plan is a great way to start.

Best of luck to you on your journey.



For a more detailed look at these steps, check out *SHIFT your Family Business (Stop working IN your family Business, Start working ON your business Family)* by Steve Legler.

www.shiftyourfamilybusiness.com



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