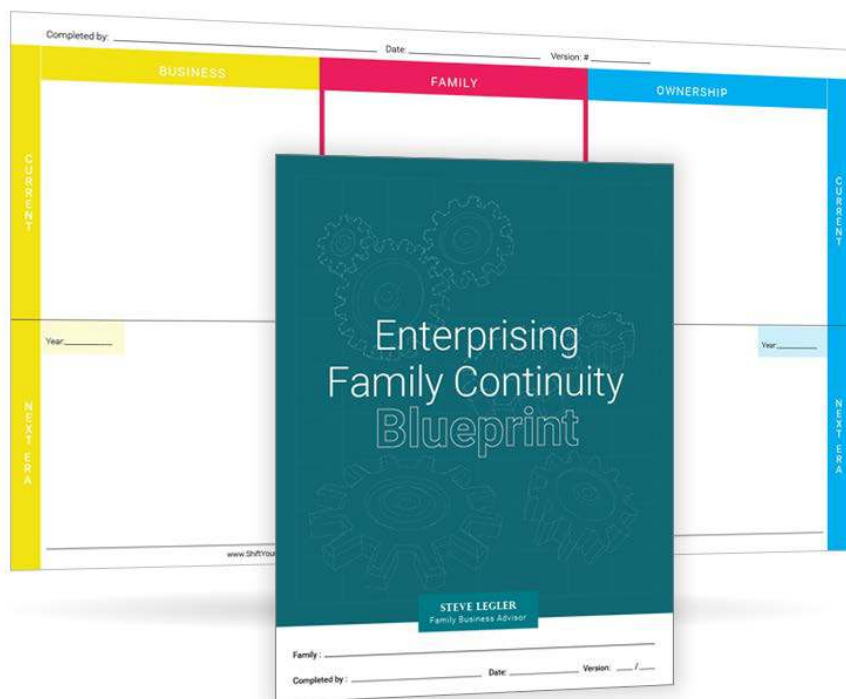


# GETTING EVERYBODY ON THE SAME PAGE

Using the Family Continuity BluePrint  
To Help Enterprising Families Get Clarity



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# INTRODUCTION

## The “WHAT”

### BACKGROUND

The Family Continuity BluePrint (FCBP) was conceived as a TOOL to be used to help families and their advisors get a clear picture of where they are and where they are trying to go.

The FCBP is actually quite simple, in that the simplest version is just a sheet of paper, arranged with 6 boxes to be completed, starting with the top row of three and finishing with the bottom row.

It can, of course, be made more complex, and in fact the original version that I developed had three rows, as it also included a middle section in which the part about “how are we going to get there” was also featured.

After getting some preliminary reactions to it, I decided that it would be easier to develop traction on this method by starting out with a simpler version first.

Because it looks so very simple, and because there is so much flexibility in how it can be used, I want to repeat that this is a TOOL, and not a complete system. Different advisors and families can and will use it in different ways. I will never tell anyone, “No, you can’t do it like that”.

#### The Beginning of a Process

No matter how you use this tool, it should serve as the first step in a process. In fact, the simple act of filling out your family’s BluePrint is a process in itself.

### OPEN SOURCE

This tool is being made available “open source” so that as many people as possible can and will use it.

I am sharing it with others because I believe that it is useful and can help families and their advisors do a better job of understanding and planning intergenerational business, wealth, and legacy transitions.

I have never tried to “corner the market” and much prefer to “spread the gospel”.

## The Main Goal

The world of family business and wealth always gets complex when the time comes to figure out the best ways to get it from one generation to the next in a family.

The first goal of the FCBP is to get a true factual picture of what is at stake on one piece of paper. Simplifying the current situation is always a helpful first step.

## CLARITY: FROM COMPLEX TO SIMPLER

Once you have a clear view of where you are today, in a framework that allows even a layman to understand, you can then use that same framework to look out into the future and begin to look at how you would like things to be in the future.

With so many stakeholders, it is always useful to try to simplify things so that you can at least get everyone to understand where you are today.

In order to actually move forward together, it is always best when the family agrees on where things are going and how the family hopes to get there. But when they don't even understand where they are, how do you expect them to agree on anything?

Clarity leads to understanding, and understanding needs to precede agreement. Think about it like this: When people agree, and then find out later that they did not understand the same thing, they need to start over. We've all been there.

Once you have a completed FCBP that the family understands and agrees with, you can then use it to coordinate the necessary work with all the family's advisors, and use it to implement the changes you will be making.

This Guidebook will deal with the simplest, “2-stage” FCBP only. I will mention a few details about my preferred 3-stage version at the end to give you some other ideas to possibly pursue once you have a good handle on this version.

# So Many Players

## The “WHY”

### FAMILY STAKEHOLDERS & OUTSIDE PROFESSIONAL ADVISORS

If you are reading this, you are likely well aware of the poor results that many families have experienced in attempting to make family wealth last more than a couple of generations.

Much has already been written on this subject, including the reasons why this is the case and suggesting better ways to try to go about this monumental task.

Poor communication and understanding leads to disagreements and even lawsuits that tear families apart and create front-page news stories when things go wrong.

The FCBP is a document FOR the FAMILY. Every family member can fill one out themselves, and then they can get together and compare notes. They can work on one together, or, as often happens, the parents complete one and then share it with the next generation for discussion.

This work can be done with a trusted advisor, or a motivated family could do it alone.

#### Within the Family

Many parents shy away from the important discussions that they know they need to have with their rising generation, and making the FCBP a family project is a novel way to get a family to begin sharing views on this important subject.

The very process of completing the FCBP can often be much more important than simply having a nice completed document

## Around the Family

Every successful multi-generation family that has enough wealth and assets so that they need to worry about this stuff will almost always have a network of professional specialists surrounding them and helping them.

## UNDERSTANDING.... AGREEMENT... COORDINATION

A clear document like a completed FCBP is a fantastic tool to use to explain what the family wants to achieve, and will help all of the family's trusted advisors coordinate their work.

As the work gets done and the new agreements and structures are introduced, the FCBP is also useful to make sure that the implementation goes according to plan.

When both the FAMILY and all of their ADVISORS are clear, things go much more smoothly.



# Using the BluePrint The “HOW”

The FCBP is set up to be completed from left to right, and from top to bottom. Each row represents a moment in time, and is a snapshot of the situation, for either “current” or “next era” states.

You can fill in as much data as you like for the business, and sometimes “less is more”. It also doesn’t really matter if you complete the family section before the business section, or if everyone fills in the same information.

The key is to get everything on one page, and to do so in a way that the stakeholders are all able to better understand the situation. Having them take part in completing it can accomplish that, and so can explaining it in great detail and giving every stakeholder a copy.

Before beginning, let’s just look at the blank document, so we can see what we are getting ourselves into. [Click here to download](#) or user link below:

<http://shiftyourfamilybusiness.com/wp-content/uploads/2017/07/b.pdf>

Completed by: _____ Date: _____ Version: # _____		
BUSINESS	FAMILY	OWNERSHIP
CURRENT	CURRENT	CURRENT
NEXT ERA	NEXT ERA	NEXT ERA
Year: _____	Year: _____	Year: _____

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## PHASE 1 : TOP ROW – CURRENT SITUATION

The top row is phase 1, and it should be something that can be completed rather quickly if the people who have the necessary information are involved. If some information is missing, that's okay, fill in what you can, and if doing it on paper, you may want to do it in pencil so that errors can be more easily fixed.

Because this phase is all about what exists NOW, it involves only facts, i.e. things that are true today and that are not in dispute. If there are things that different people view differently, completing the FCBP will uncover them, and highlight the fact that things need to be clarified.

Current - Business

This section is pretty straightforward and the best way to think about it is to note the 4 or 5 data points that you would use to describe the business to a complete stranger.

A little info about the field(s) of activity, the geographic market, the annual sales range, the number of employees and locations.

It is not terribly important to have all of these included, but just remember that when we fill out the Next Era – Business section later, you will likely be using the same metrics. Of course if you think of more stuff to add after your first go 'round completing it, there is nothing stopping you from adding more info later.

Here is an example of what it might look like when you are done:

BUSINESS	
CURRENT	<ul style="list-style-type: none"><li>- \$50 Million in Sales</li><li>- 200 Employees</li><li>- 4 locations</li><li>- Widget importing and distribution</li><li>- Eastern Canada &amp; N.E. USA</li></ul>



The company used for the illustration above is a more traditional business involving an operating company. You can modify the key points to suit the type of family wealth, including real estate, family office investments, etc. A better heading might be “assets”, and for complex situations, sub-dividing the square into different columns is a valid tactic.

### Current - Family

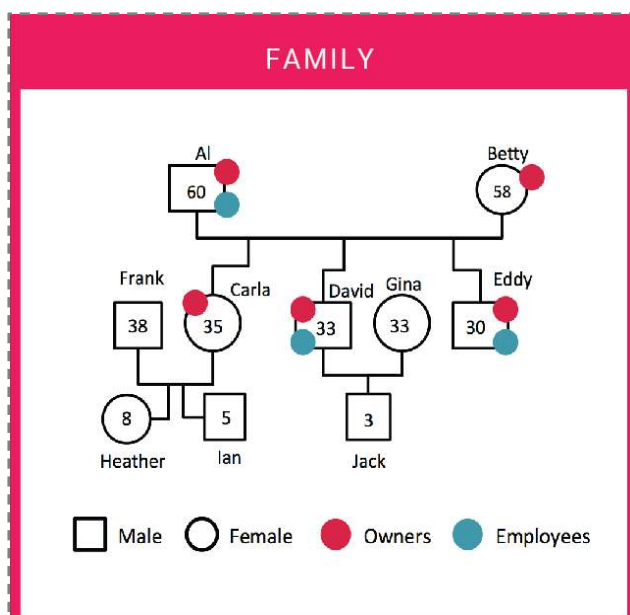
The style that I prefer to use here comes from one used by family psychologists, but we really only need the most basic features. Some people call it a family diagram, others use the term genogram, and that is the one I like.

You will want to denote two or three generations, depending on how many are involved in the business as owners and / or employees.

Males are drawn as squares and females as circles. Convention also has children added from left to right, in chronological order. Noting each person’s age is important as well.

Besides laying out each family member’s gender, age, and birth order, it is useful to note which of them work in the business and which are owners. There are a variety of ways to do this, the one used below is just one of many.

Here is an example of what it might look like when you are done:



## Current – Ownership

This is where things usually get a little more interesting, as we begin to talk about who actually owns what. It is surprising how often just completing this section can open some eyes.

But that’s a good thing. You can’t keep everyone in the dark forever, and completing this FCBP might be just the excuse you need to begin having these discussions.

The current ownership structure is usually relatively simple, especially when compared with the one you will be creating for the next era.

To begin the important discussions about ownership, you need to know where you are starting from today.

Here is an example of what it might look like when you are done:

OWNERSHIP	
<i>Al</i>	<b>60%</b>
<i>Betty</i>	<b>10%</b>
<i>Carla</i>	<b>10%</b>
<i>David</i>	<b>10%</b>
<i>Eddy</i>	<b>10%</b>

CURRENT

Once the top row is completed, Phase 1 is done. Give yourself a pat on the back, as you have already done some important work and helped lay out a clearer picture of things than you likely have done previously.

## PHASE 2 : PROJECTING THE FUTURE DATE

The flexibility of the FCBP as a tool really comes through in Phase 2. You have filled in the facts, now you need to look out into the future. But how far into the future depends on lots of things.

The first thing to look at is usually the age of the people currently heading the business, and how they are looking to the future and their ultimate changing roles.

How old are they, how ready are they for change, what are their goals, do they want to phase out or make a clean break, how old are the members of the rising generation, and what is their readiness and desire to assume key roles.

There is no wrong answer to the question of what year to choose. I can say that if it is not at least 5 years away, the process loses some of its power, because some of the differences between current and next era will likely be minimal.

On the other end of the spectrum, if you go out 20 years or more, then your ability to forecast what is really likely to happen goes down by quite a bit.

If I had to choose one number to use as a default, it would be 15 years, but I could also be swayed to use 10.

The FCBP is flexible, and different families and different advisors can, do, and will use it differently. Here are a few ideas to consider when choosing the year:

- The year that the “NowGen” plans on retiring
- The year that the NowGen will turn 75
- The year that the NowGen will own 0% of the shares
- The year the NowGen moves from CEO to Chairman
- 10 years from now
- 15 years from now
- The year the oldest NextGen turns 40
- The year the oldest NextGen turns 50
- The year the youngest NextGen turns 25

You can play with this and even use multiple time frames, by simply adding extra rows, but that is a more advanced use of the tool, which is encouraged, but beyond the scope of this document.

One thing should be clear, and we are not talking about the date that we are expecting anyone to die or become completely useless. One reason so many people hate talking about “succession planning” is that they think it’s all about how things will be after they are dead and gone.

The FCBP is all about the next era of the family as the wealth and business pass down to the rising generation to lead and manage while the senior generation moves on to other priorities.

Bottom line: In order for this FCBP tool to work, you NEED to put in a year for the Next Era. If you don’t like to think about the next era, by all means use 20 years from today, and hopefully you will “underpromise and overdeliver” and eventually realize that leaving things to the rising generation is something to look forward to.

## PHASE 3 : BOTTOM ROW – NEXT ERA

Now that you have selected a year for the Next Era to begin, you can start to have some fun doing projections into the future. We are leaving the realm of facts, and now looking into the world of speculation, dreams, estimates, guesses, and goals.

### Next Era – Business

For the business, or assets, start by looking at the things you mentioned in the Current section, and update them to what things could possibly look like in the forecast year.

The whole purpose of this exercise is to demonstrate how quickly things can expand beyond where they are now. We are looking at possibilities and growth potential over time.

If you aren't yet familiar with the "rule of 72", please Google it and you will see that at a 12% growth rate, it takes 6 years to double, or at an 8% growth rate, it takes 9 years to double.

So if you have \$10 million in sales or in assets and they are growing, when you look at long periods like 10 or 15 years, things can double and maybe double again, and you might conceivably be looking at \$30 million.

Here is the example  
from before, updated:

Year: **2030**

**N  
E  
X  
T  
E  
R  
A**

- \$200 million sales
- 700 -800 employees
- 12 locations
- Widget & Widget 2.0 Importing, distribution, service
- North American market

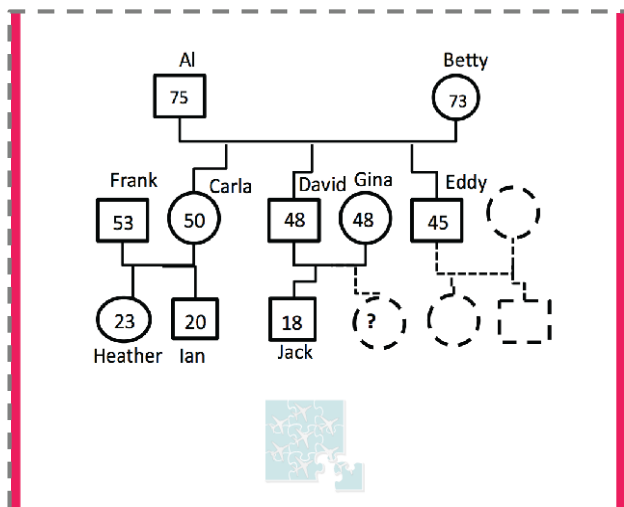
### Next Era – Family

The Next Era – Family is the easiest and most fun section to complete. You just add the number of years to everyone's age to start.

Then you need to think about the fact that there may be some new people, such as spouses and children, who need to be added.

There are also questions to be asked about whether any of the people who weren't working in the business before might work there in the next era, and of course, who are the people who are going to own the business or assets.

There are lots of questions that need to be answered, but the whole purpose of this exercise is to make these conversations happen.



Here is the example from before, updated:

### Next Era – Ownership

Well, we are finally at the last section. Here is where there will usually be some big realizations. Look at the way the business will likely grow, and look at the age everyone will be, in the chosen year. Now, look at the current ownership structure, and I am willing to bet that it will no longer be the appropriate one for the next era.

Voilà.

The way that things should be set up in the future is different than the way it is now. If that is what you are now noticing, AND if you are now in a better position to figure out what needs to be done next, then the FCBP has served its purpose.

Here is the example from before, updated:

Year: **2030**

*If we assume that Al will be 0% owner and Betty will be 0% owner. And if we assume that Carla will not be an employee. And if we assume that both David and Eddy will be employees*

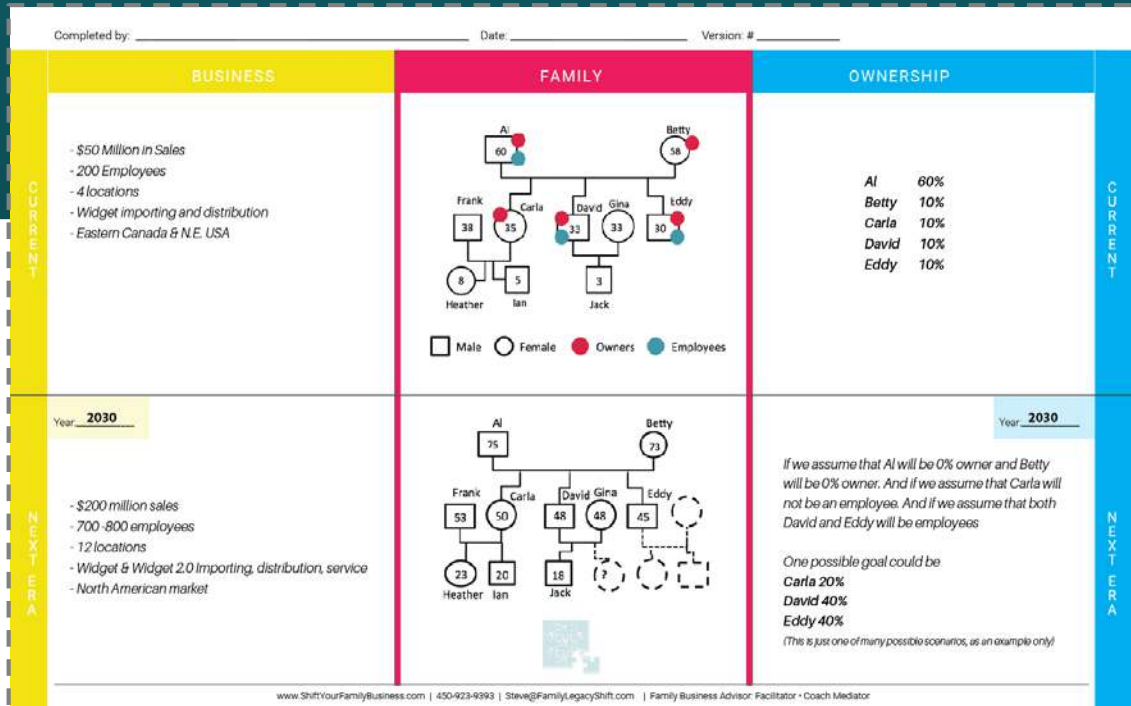
*One possible goal could be*

**Carla 20%**  
**David 40%**  
**Eddy 40%**

*(This is just one of many possible scenarios, as an example only)*

NEXT ERA

Now that we have filled in the six squares, your FCBP should look a little something like this:



## Coordination & Implementation The “What’s Next”

Now that you have a completed FCBP, you may think that the work is done. Well, in a way, it is, and you have come a long way and you deserve to pat yourselves on the back, realizing that you have done more work than most other families.

But you do know that you aren’t really done, right? So let’s just look at the two major areas that you should look at putting all of this effort to good use.

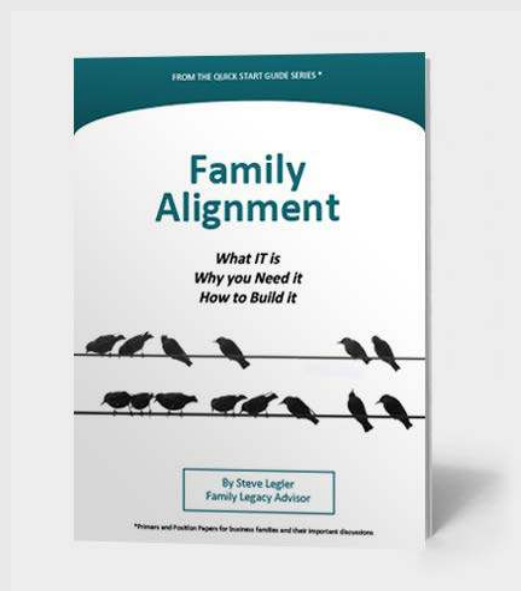
### Internal work within the family

Depending on just how many family members you got involved in completing the FCBP and how many stakeholders there are, there are good reasons to share the information you have put together.

The likelihood of the family legacy transition being successful increases with the amount of understanding and agreement the family can achieve. Many people refer to this as “Family Alignment”.

For more on this subject, please see my 2016 Quick Start Guide, which dealt exactly with that subject.

[See guide here](#)





## External work with the advisors

Getting the family members on board with the plan is one thing, but a great deal of the work to get the structures and agreements put into place will need to be done by external professional advisors, from a variety of specialty fields.

If you have already had discussions with these people, I invite you to revisit those discussions with your completed FCBP in hand. I am willing to bet they now have a fuller understanding of what you are trying to accomplish.

When THEY have a better understanding, because YOU do, they will also be in a much better position to serve your family with the right products and advice going forward.

The FCBP is also the perfect tool to help coordinate the work of all of these professionals, because they will all be able to see what is supposed to happen, including the inter-related pieces.

# Next Level Continuity Planning Steps

I stated earlier that this document would deal with just the simple form of the FCBP, and I think you will agree that we have already bitten off plenty.

But for those who are ready to look at the next level, here is a quick snapshot of the 3-stage version that I originally conceived.

## Preferred Embodiment of the FCBP

Completed by: \_\_\_\_\_ Date: \_\_\_\_\_ Version: # \_\_\_\_\_

CURRENT	FAMILY	OWNERSHIP	BUSINESS	CURRENT
		<p><i>If we assume that AI will be 0% owner and Betty will be 0% owner. And if we assume that Carla will not be an employee. And if we assume that both David and Eddy will be employees</i></p> <p><i>One possible goal could be</i>  <b>Carla 20%</b>  <b>David 40%</b>  <b>Eddy 40%</b></p> <p><i>(This is just one of many possible scenarios, as an example only)</i></p>	<ul style="list-style-type: none"> <li>• \$50 Million in Sales</li> <li>• 200 Employees</li> <li>• 4 locations</li> <li>• Widget importing and distribution</li> <li>• Eastern Canada &amp; N.E. USA</li> </ul>	
TRANSITION	F	O	B	TRANSITION
	<p>"Encourage and support entrepreneurship for all who desire it"</p> <ul style="list-style-type: none"> <li>• Exec MBA course for David or Eddy</li> <li>• Spanish Immersion for David or Eddy</li> <li>• Financial Literacy training for Carla</li> <li>• Exit Planning resources for AI</li> <li>• Possibility of funding Carla &amp; Frank new Business</li> </ul>	ACTION STEPS		<p>"Grow the Biz Internationally, plan to go Public"</p> <ul style="list-style-type: none"> <li>• Recruit top notch CFO</li> <li>• Next Generation product line: R&amp;D or Acquisition?</li> <li>• Identify next 2-3 locations for expansion</li> <li>• Train production staff on new technology</li> <li>• Develop distribution channels</li> </ul>
NEXT ERA	Year: <b>2030</b>	Year: <b>2030</b>	Year: <b>2030</b>	NEXT ERA
		<p><b>AI 60%</b>  <b>Betty 10%</b>  <b>Carla 10%</b>  <b>David 10%</b>  <b>Eddy 10%</b></p>	<ul style="list-style-type: none"> <li>• \$200 million sales</li> <li>• 700 - 800 employees</li> <li>• 12 locations</li> <li>• Widget &amp; Widget 2.0 Importing, distribution, service</li> <li>• North American market</li> </ul>	
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The potential for this tool is limited only by the imagination of the family and their advisors.

The middle stage is the "How do we get there" part, and it enables you to lay out intermediate goals in each of the three areas, of Business, Family, and Ownership.



If you think that this is just a tease, you may be right. I am hoping that others will join me in developing the Next Level Continuity Planning steps, and taking the Family Continuity BluePrint to even greater heights.

Steve Legler, April 2017