

Brought to you by the Business Families Centre at the Sauder School of Business and the Vancouver Chapter of the Canadian Association of Family Enterprise.

LEGACY MATTERS

Strategic Planning: Essential to the Success of Family Business

Strategic planning has gone in and out of favour with business gurus over the last few decades. Too frequently clients tell stories of 3-day strategic planning sessions focused on wordsmithing mission and vision statements. After a short period of time no one can even recall the vision and mission and the strategic plan becomes “shelfware”—collecting dust. A frustrating memory of the time and energy wasted lingers and a great reluctance to engage in this type of endeavour arises. Thereafter if the family engages in a strategic planning exercise, their participation is often tainted with cynicism and resignation.

So why bother strategic planning—especially within the family business context? Strategic planning has been identified as one of the three factors that contribute to successful transition. In addition, when a strategic plan is missing, the founder and other family members may be working towards very different targets. The drive towards these different ends results in very different priorities and resource deployment strategies. With finite resources and limited budgets, disparate views of the strategic direction can be confusing and frustrating for those working in the organization.

At its core, strategic planning is about being intentional in how you are running your business and where you are taking it. It is about integrating the various desires and perspectives within the family and business into a cohesive strategy to move forward productively. A strategic plan should be utilized as

an important tool for setting priorities and making decisions.

Strategic planning in a family business begins with dialogue. It is about inviting all family members to share their needs, hopes and dreams and exploring the various perspectives and possibilities about what the future might look like. This process requires everyone to be forthright, honest, and open with each other—a different emotional context than some families currently operate within. It requires each person to step outside of their judgment of what is right and wrong with the family business and explore new possibilities.

Key questions to ask during this stage include:

- What is the legacy we want to leave for the next generation (or two)?
- What contribution do we want to make to our family, our community, the world?
- Who are our key stakeholders in the future and how do we want to work with them?
- How do we produce value? What is the impact of our work?

The discussion around these questions allows the family to explore various possible scenarios, and identifies where there is passion for the business within the family.

The family must then put a stake in the ground around a specific vision or end state. This should be something all family members can rally around and feel a sense of commitment and pride. Once the vision is defined,

the family focuses its attention on its purpose, strategic objectives and key performance measures. When a useful strategic planning document is created, it acts as a guide for decisions related to the business for owners, family and non-family management. It is a “living” document that is revisited and revised on an annual basis.

Strategic planning requires dedication by the family to the process. The implementation of the strategic plan requires discipline. It can be useful for a family business to set up structures and systems that allow them to utilize the strategic plan in an ongoing manner. For example, the strategic direction of the business should be discussed at least every quarter at management meetings. Depending on the family business context, strategic discussions at family meetings should occur annually. These structures assist the family and management team to sustain a strategic thread in their decision making and business transactions.

The long and short of it is that strategic planning affords the family a different type of dialogue. It creates a conversation about possibilities, about the future and about dreams. With strategic planning you have greater alignment, more clarity, and a stronger commitment to a shared future.

WENDY SAGE-HAYWARD HAS OVER 20 YEARS OF EXPERIENCE IN COACHING, TRAINING AND ORGANIZATIONAL DEVELOPMENT AND WILL BE TEACHING STRATEGIC PLANNING FOR THE FAMILY BUSINESS AT THE BFC ON APRIL 29-30, 2008.





Words from the Executive Director

Judi Cunningham
Executive Director,
Business Families Centre

Spring marks a time of fresh beginnings and we're very pleased to tell you about a new creation at the Business Families Centre. Our Business Families Advising Certificate Program was launched in December and is opening up a new world of stimulating educational opportunities for the business families' advisor community.

Along with all the work we do with families, we also provide education to the business family service providers. Advisors are crucial to the success of any business family and our goal is to help develop their skills. When advisors build on their technical expertise as well as gain innovative strategies and methods to better manage the delicate nature of business families they will be in a prime position to serve the families in an even more effective way.

Our first course offering in the 2 year program was very well received in December, and we are excited about the future. Please feel free to give us a call if you would like to discuss the program further.

We have even more valuable new offerings coming up in the next few months: Strategic Planning for the Family Business and Governance for the Business Family. These topics are both crucial to the successful functioning of a business family and we hope that you will be able to attend.

The CAFE National Symposium will be taking place in Halifax from May 21-23rd. I have attended past Symposiums before with my family and they are such a great experience for the family. They are fun, educational and an amazing opportunity to meet other families from across the country. I hope you will join me in Halifax for this years Symposium.

Happy Spring and we look forward to seeing you soon.

Sauder School of Business MBA Mentor Program

The Robert H. Lee Graduate School at the Sauder School of Business offers an MBA student mentor program, matching students with experienced members of the business community. Mentors share valuable career and personal development advice, recommend professional associations and reading materials, and provide introductions to personal and business networks. The mentor program runs from October to April, and requires a minimum of three hours time commitment. If you have an interest in becoming a mentor, please contact Denise Baker at the Hari B. Varshney Business Career Centre, 604-822-4968

2008 Business Families Programs and Events

Strategic Planning for the Family Business

April 29-30, 2008

This workshop looks at strategic planning from both the family and business systems perspective.

Module Two: Business Family Governance for Advisors Business Families Advising Certificate Program

May 5-6, 2008

Effective governance is crucial for any well run business. Gain insight into the special governance structures and processes unique to family business.

Canadian Association of Family Enterprise National Symposium

May 21-23, 2008

Halifax, Nova Scotia

The Symposium experience is one of the most fun and valuable ways to learn and grow together as a family. Please join us in Halifax! To register, please visit: www.cafecanada.ca

Governance for the Business Family

June 2-3, 2008

Effective governance is crucial for any well run business. Gain insight into the special governance structures and processes unique to family business.

Executive Breakfast Briefings

These briefings are part of a 10 seminar series exploring issues around corporate social responsibility and sustainability. Two out of the eight topics will be specifically tailored to business families:

Managing Values: Organizational and Business Family Values

April 10, 2008

Business sustainability requires that organizational culture be imbued with the vision of "lasting for the generations". This session explores how family business leaders identify and promote values, as well as the challenges and opportunities of "managing by values".

Family Values: Philanthropy for Community Change

June 3, 2008

Philanthropy is one of the most direct ways an organization can influence its community. This session describes best practices in corporate philanthropy and how to incorporate the goals of a philanthropic effort throughout an organization.

Social Event: Celebration of Light at the Maritime Museum

July 30, 2008

Enjoy an evening with family and friends, viewing the magnificent fireworks in English Bay.

Navigating the Business Family Relationship: Road Map Part One

September 26-28, 2008

Start here! Road Map offers families a guide through the process of succession. It is essential to the success of any business family.

To register, or for more information, visit our website www.sauder.ubc.ca/bfc

All programs and seminars are held at UBC Robson Square, 800 Robson Street, in downtown Vancouver, BC.

From Learning Comes Trusting Business Families Advising Certificate Program

It is a fundamental question business family members have to ask: If they are to trust counsel from their professional advisors, shouldn't those advisors be schooled in the tricky business-family dynamic? Some advisors gradually acquire that kind of knowledge through years of hard-won experience; unfortunately, some never get it at all. Even if they wanted to, there really wasn't a place for members of the advising community to acquire the core knowledge, insight and practical skills needed to deal effectively with the complexities inherent in most every business family.

In winter 2007, the Business Families Centre at the Sauder School of Business, launched a new certificate program designed to fill this knowledge gap. The Business Families Advising Certificate Program will provide accountants, lawyers, bankers, educators and trusted family insiders with access to the latest thinking, training and techniques in family business advising.

"Family enterprises succeed for a lot of reasons. But one of the most important factors in their continued growth is the acumen of their professional advisors," says Judi Cunningham,

Executive Director of the Business Families Centre. "Increasingly business families understand this, and are now demanding a great deal more from their advisors. As one of Canada's leading business family learning centres, we saw this growing awareness as an opportunity to help advisors perform better for their family clients, and by extension to help entrepreneurial families get better results through their advisors."

Developing a curriculum that would meet the needs of both the advising community and business families required extensive consultation with both groups. The end result is a flexible program that addresses the key issues that affect the growth of the family business in both personal and financial terms. Through a balance of theory, strategy and real-life case studies, the Advising Certificate program tackles a broad range of topics specific to the business family, including family and business life cycles, forms and structures of ownership, strategic planning processes, theories of change and assessment tools, governance, succession and continuity planning. The program also delves into the 'soft' or human

issues as well, helping advisors to connect with multiple generations in the same family, and to mitigate any friction between family members.

The Business Families Centre paid careful attention to provide a cross-disciplinary element in the program. In this way, advisors from different disciplines get more than the information relevant to their practices. They also gain an understanding of how to better integrate their counsel with that from peers in other fields.

"We are really excited to be working with the advising community to help make their practices even more effective for their business family clients," says Judi. "By augmenting their unique position in the business-family dynamic, we can also leverage our effect on family enterprise. For every advisor we train, we touch literally dozens of business families across Canada, and potentially around the world."

For more information on the Business Families Advising Certificate program, visit www.sauder.ubc.ca/bfc or call us at 604-822-0102.

The Power of Sharing your Family Business Story

Jill Blain's father died suddenly in 1999, leaving her to lead their family-owned warehousing operation in Houston. It was the height of the dot-com boom and she hardly had time to adjust to her new position—not to mention mourn her father—before she found herself navigating the company through a major technological overhaul to meet their clients' rapidly growing needs.

It was a tumultuous time for the company as many employees resisted the upheaval in their roles. A few long-time employees quit. Jill had a crisis on her hands.

One day, Bob Woodman, the warehouse manager, found Jill at her desk sobbing. Bob had worked for the company for 39 years and was a big supporter of Jill's. He quietly passed her a box of tissues and then he began to talk about her grandfather, the company's founder.

Bob told her the story of how her grandfather had responded to the mass production that swept the country after World War II by mechanizing the methods of storing and retrieving materials. Bob reflected on her father too, and how he had survived the

recession in the 1980s by introducing real-time control systems, keeping his company competitive despite extremely thin margins.

Jill knew that Bob was trying to make her see that her grandfather and father had both led the company through the stormy seas of change, and emerged stronger and more efficient. She already knew these stories. The question was: did her employees know them? And if they did, would they care? Could it inspire them to take on this latest challenge with pride and perhaps even a sense of adventure?

A year later, Jill distributed a book about the company's history to all her employees. It was part memoir, part manifesto—a tool to connect everyone to the company's culture of innovation. Jill dedicated it to the company's employees, past and present, who had bravely answered the many calls to re-invent themselves in order to succeed.

Jill's warehousing business has since tripled in size and the book is in its fourth printing.

Many family businesses like Jill's are taking advantage of the private publishing trend

and printing their histories for their employees, partners, clients and suppliers.

There are tremendous benefits to producing a family business history.

Company values are much better understood by employees when they are articulated through anecdotes that show how company founders "walked the talk."

Written histories are an opportunity for company leaders to set the record straight forever on why a business came to be, establishing a legacy for future generations.

There are many emotional reasons to produce a family business history, which can bring priceless value to stakeholders. It's clear, however, that a professionally produced, documented history of your company also makes sound business sense.

SAMANTHA REYNOLDS IS THE FOUNDER AND PRESIDENT OF ECHO MEMOIRS, A VANCOUVER-BASED PRIVATE PUBLISHER SPECIALIZING IN FAMILY BUSINESS HISTORIES

What is Governance for a Family Business?

Ever since the Enron scandal, the cry for good governance is heard everywhere.

What does governance really mean? And how does governance apply to families in business?

Governance is Communication and Decision Making

Simply put, governance is communication and decision making. In a well run corporation, the leadership is good at communicating and makes good decisions. When things get off track in a family business, I would submit that it is because one or both of these areas are not managed well. Families in these situations often don't have good governance, and are typically not even aware that this is one of their problems.

Communication

I have worked with many families who are trying to manage the succession process. Typically they have not had much prior communication about what "the plan" is (if there is one). The elder generation will usually not know how to bring up sensitive topics such as who will succeed, and the "would-be successors" have difficulty trying to get mom and dad to focus on these topics, because everyone is busy running the business.

While fear on the part of the senior generation, or a desire to maintain control are probably contributing factors, the real problem may be one of governance. In the vast majority of family businesses, there are simply no processes established to ensure these concerns are addressed.

Decision Making

Similarly, in a family business, the entrepreneurial leader is often used to making all the key business decisions without reference to other stakeholders, including offspring. Some might comment that the leader may just need to develop a more inclusive management style. However I would submit that this is more a question of governance

Effective Governance

How do business families develop good governance? Effective governance results from "processes and structures that make revolution unnecessary". There are three initiatives that all families in business should consider.

They are as follows:

1) FAMILY MEETINGS

Regular family meetings provide a forum for communication and decision making. Starting when the kids are young, family meetings can address topics such as chores, family holidays, and charitable giving. Ultimately, family employment policies and succession planning are topics which can be discussed. By having regular meetings, families can build unity and learn to solve problems together before they have a chance to escalate.

2) BOARD OF DIRECTORS

Numerous family business studies suggest that a board of directors, with independent members, is a key element in successful family businesses. A formal board, with non-family membership, can create an environment where professional communication and decision making is cultivated. This can improve business decisions and financial results. Also, a board can assist the leader to learn how to share information and authority in a constructive way.

3) SHAREHOLDERS MEETINGS

Good governance in a family business includes regular shareholder meetings, where the company's vision, and broad strategic direction can be discussed and agreed upon. This will foster an environment with good communication, and can help prepare the next generation for their future decision making responsibilities.

Conclusion

If you want to start building a stronger family business, then I encourage you to ensure that board members, family members and shareholders all meet regularly. It may take several years to develop a strong governance system, but doing so is definitely worth the effort. However, a successful business also takes a long time to establish. Shouldn't we invest in appropriate governance mechanisms to help ensure it endures for generations to come?

DAVID C. BENTALL,
ADJUNCT PROFESSOR, SAUDER SCHOOL OF BUSINESS.
DAVID WILL BE TEACHING A COURSE ON GOVERNANCE FOR THE BUSINESS FAMILY
ON JUNE 2-3, 2008

Return to:

Business Families Centre
& CAFE Vancouver
The Sauder School of Business
The University of British Columbia
800 Robson Street
Vancouver, BC Canada V6Z 3B7



The Business Families Centre and CAFE Your Partners in Family Enterprise

The Business Families Centre (BFC) is one of Canada's foremost centres of academic and teaching excellence for all matters relating to family business, its members and advisors. Built on the simple fact that business families are a major force in Canadian business with a unique set of needs, the BFC exists to offer the current and coming generations of family business leaders the tools that can help their businesses—and families—grow and prosper. We achieve this through solid research, critical thinking and an uncompromising dedication to the ever-changing needs of business families and their advisors.

The BFC is aligned with the Vancouver Chapter of the Canadian Association of Family Enterprise. CAFE the only national organization dedicated to supporting family businesses and their members.

Focused on the Business Family

We serve the varied needs of the business family community by:

- Creating new academic curricula at the undergraduate and graduate level focused on business family issues
- Offering programs for business family members and their advisors in areas such as wealth preservation, managing family dynamics and organizational structure

- Providing access to a multitude of resources to assist families and their advisors with the challenges of business succession planning
- Supporting research on the issues facing business families

Owners, non-active family members, spouses, successors and advisors are all part of the mix, and can all benefit from BFC initiatives.

Why Join CAFE Vancouver?

The Canadian Association of Family Enterprise membership is more than a gateway to an influential network of like-minded business people who share accomplishments and challenges; it is an invaluable asset to help business family members like you navigate the challenging terrain that is family enterprise, ensuring that families and family enterprises build on their achievements.

For more information on CAFE membership, please contact us at cafe@sauder.ubc.ca or 604-822-0102.

Join a Personal Advisory Group

A Personal Advisory Group (PAG) is a group of 8-10 business family members who meet monthly to share personal and business ideas and support. It provides members with expert, objective and confidential advice. Peer Advisory Groups are consistently rated the best value by CAFE members.

Thank You to Our Legacy Matters Newsletter Sponsors



THE BUSINESS FAMILIES CENTRE
& CAFE VANCOUVER
THE UNIVERSITY OF BRITISH COLUMBIA

Tel : 604-822-0102
Fax : 604-822-8496
www.sauder.ubc.ca/bfc

