

ties that bind



MINNESOTA BUSINESS

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business cycle of his industry and whether there are any timely opportunities. I also reminded him to consider how attractive the business might be to an investor and to make any necessary adjustments to align the business with an outside buyer's interests. He also needs to consider the liquidity market and the liquidity cycle to position the business opportunely so the family can maximize its value at sale.

O stands for other family members:

what they want and what Dan wants for them. Ideally, family members should be committed to each other's success. What does Dan want for his sister? He needs to understand the goals of his sister and her children to decide if this is a proper time to sell. The success of the transaction depends on their reciprocal understanding of what each other wants so that, as they sort through other questions, the sale goes more smoothly with no negative consequences for the family.

As one of my clients, this family has a Common Family Vision to unite them as a family and to measure how each are acting in support of the vision. They also use the vision to determine if there is anything they should do to align their individual behavior with their common vision. Applying the Common Family Vision and their commitment to each other's success are major (and too often ill-considered) factors in a multi-owner family business sale.

Selling the Family Business

What about the "BOSS?"

What happens to a business when no one in the family wants to take it to the next generation? One of our current clients recently faced this dilemma.

This was the situation: He (I'll call him "Dan") and his sister both own the business, but no children in either family have any interest in owning or managing it. Dan enjoys his leadership role as chairman of the board and interacting with the non-family president. He derives great fulfillment heading the firm his father founded. He takes seriously his commitment to his

family and the business. He is also mindful about the loyal employees, many of whom will benefit financially from a sale of the business. At the same time, he is also concerned about the tax consequences of the sale. How does he wrangle these seemingly conflicting priorities?

That was when I reminded him about the acronym "B.O.S.S." I had mentioned B.O.S.S to Dan and his sister before, and brought it up now to help him evaluate his options.

B stands for the business: what the business needs to continue being successful. Dan needs to consider the



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The first **S** represents self, what Dan wants for himself. He must honestly and carefully consider what he wants for himself within the overall context of the Common Family Vision. Here Dan did some soul searching to realize what he needed to continue to feel fulfilled. I call this self-evaluation Life Career Planning. This process allows owner-entrepreneurs to solidify their plans with their spouse to articulate their future plans and dreams. This is important so there are no surprises for anyone involved.

By means of an example, I remember one time when an entrepreneur had initially left his spouse out of his planning process. As the accountant was presenting the financial plan to them on how they would retire and sell the company, the wife slapped her hand on the table three times and said, "I'm just too young for my husband to retire." Today, five years later, he is still working at the company.

Life Career Planning begins by clarifying your life purpose and using that purpose to drive all other decisions regarding relation to work, family, spirituality and leisure time, as well as philanthropy and service work (social philanthropy). These are decisions not taken lightly. Honest, thoughtful answers require courage, fierce grace and a determination to create

the next steps of your life. All of the questions Dan struggles with about his own personal fulfillment can be addressed here as he and his wife map out their plan for the future. Having these questions resolved is equally crucial to the success of the business sale.

The second **S** represents what you want for the other stakeholders: the family as a whole, employees, customers, vendors and the board. I recommend holding regular family meetings to discuss family values, family wealth, family heritage and the family legacy. Then, the question of whether or not the family is ready to sell can be comfortably and productively discussed at the family meeting. Developing a consensus in the family supports a successful sale and continued family unity.

B.O.S.S. is not an automatically simple solution to the complex question about selling a family business. But it does help a family manage conflicting priorities to create a win-win solution that honors the "B.O.S.S." Even if a sale of the business is not in the picture, it makes sense to have regular family meetings, share a Common Family Vision and include Life Career Planning so that everyone knows where the business is going and why. **MB**