WEST SHORE BANK



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- Founding partner of GROW
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- Passionate about supporting family businesses



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Take Homes



 Family businesses have unique strengths and challenges

 Applying the Three-circle Model of Family Business can provide a framework for understanding

 Best practices are deceptively simple...but can be very hard to implement

Questions



- How many are part of a business where multiple family generations work together?
- 2. How many are not in what they would consider a family owned business?
- If you answered yes to #1, are you part of the management team for that business?
- 4. If you answered yes to #1, which generation are you?

Assumptions



- Generally, family business definition is very broad
 - Today's discussion assumes we're talking about businesses where two or more generations work together
- Success ≠ Continuity

Moving....



1. SPLIT into 2 Groups and STAY STANDING!

- NOW Generation To Your Right
 - NOW = Generation currently running the company
- NEXT Generation To Your Left
 - NEXT = Generation to run the company next

2. COUNT off in 5s

- 1s in Front of Room
- 5s in Back of Room

Family Businesses Are Special





- Passion for the Purpose
- □ Flexibility in Decision Making
- □ Patience: Long Term Planning
- Community Based: Commitment to Jobs and the Community (Philanthropy)
- Strong Values
- Perform Better Financially



Family Business Strengths HBR

- Frugal in good and bad times
 - Weather recessions better than peers
- Carry little debt
- Acquire fewer and smaller companies
- Surprisingly diversified especially larger companies
- More international
- Retain talent better than competitors

Family Business Challenges



- Balance between Family, Ownership and Business
- Systems and Procedures
 - Planning and Communication:
 - Transparency— especially G1
 - Strategic, Succession and Tax
 - Hiring Family:
 - Employment Policies for Family members
 - Skills Assessments: the right seat, the right compensation

Family Business Challenges (Cont.)



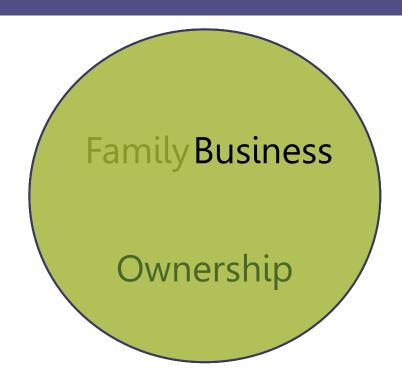
- Succession
 - Stats
 - Planning
 - Fair isn't always equal

How to Harness "Special-ness"





The Three-Circle Model of Family Business



Exercise 1



- □Fill out blank 3-circle model
 - 1. Titles of each circle

2. Name some names! Who in YOUR businesses belongs in each circle or overlap area?

Family & Business Systems



FAMILY SYSTEM

Traits

Emotional Focus
Inward Orientation
Little Change
Unconditional acceptance

Tasks

To nurture
To develop self-esteem
To grow adults

BUSINESS SYSTEM

Traits

Fact Focus
Outward orientation
Much change
Conditional acceptance

Tasks

To generate profits

To develop skills

Critical Issue Paradox



The most critical challenges are generally family based issues rather than business based issues.

Being a "family-first" or "business-first" family business is not an issue to be solved but rather a source of tension to be managed.

Family





"There is little less trouble in governing a private family than a whole kingdom."

Michel de Montaigne

Best Practices

Long-Lasting Business Families



- 1. Conduct meaningful strategic planning
- Address governance deliberately, including a board with independent directors
- 3. Plan and execute family meetings
- 4. Nurture innovation

Exercise



□Take out your 3 Circle Model

- 1. Have you identified where you and your family fit into these circles?
- Highlight the circle that causes the most tension within your family business.
- 3. What is one thing you might do in your family business to tackle this area?

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Wrap up



Questions?



THANK YOU!!



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