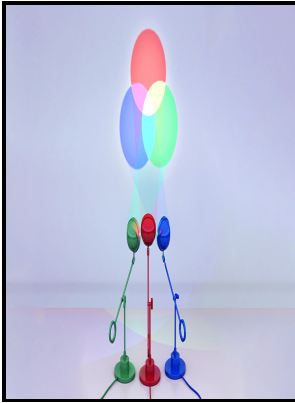


Keeping it in the family - successful succession of the family business

Wiley - A Blueprint for Family Business Succession Planning



Description: -

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Family-owned business enterprises -- Succession. Keeping it in the family - successful succession of the family business

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Planning successful succession in family business

An obviously example is a child who is an accounting major should not be employed in the marketing side of the business, but rather should be a candidate for the controller or CFO job. An advisory board includes outside advisors that can supplement the decision-making and key consideration of the ownership team for the betterment of the enterprise. Installment Sales Instead of gifting the business interest to a successor, the owner can sell some or all of the business to the successor or to an intentionally defective trust.

Transferring Power in The Family Business

Not only will this make for a smooth leadership transition, but it can also increase nonfamily identification with both the family and the firm, creating a more productive and satisfied workforce that propels the firm for years to come.

Keeping it in the Family

The relational capital created between the successor and employees from these interactions can be pivotal in fostering acceptance for family succession well before the handoff occurs. One of the greatest barriers to even starting a family-run business is the perceived immortality of the founder.

Succession planning

Bequests Alternatively, a business owner could simply transfer the business to the successor generation at death. Longstanding company owners, tending to be in a higher-risk age group, suddenly found themselves unable to go to the office and conduct business in person, as they had done every day for decades before. Does the founder want the family to maintain ownership of the enterprise indefinitely? Further, like a blueprint for building a house, the outline provides direction for original construction, but it does not foreclose the possibility of future modification, renovations, or improvements.

Family Business Succession Planning Opportunities

Creditors cannot force the FLP or FLLC to sell assets. In nutshell, business succession planning needs to be done with serious thinking. Building a separate investment portfolio might also provide greater flexibility during and after a transfer of ownership.

How To Make Family Business Succession Successful

Set a Target It might be wise to have a realistic retirement date in mind. It may even be that there are no family members capable of or interested in continuing the business and that it would be. Current Transfer Tax Law Before discussing succession plan options, a review of current transfer taxes is in order.

Keeping it in the Family

These entities are governed by partnership or LLC agreements that spell out the way that the entities will be governed, including management and distribution policies, transfer restrictions, and dissolution.

Business succession planning via family business trusts

Almost every family business is highly dependent upon non-family member key employees who contribute substantially and who will continue to do so after the second generation takes over the business. Importantly, if done right, the implementation of these plans will not result in any income to the employee at the time of the grant of the right. Retirement planning will also help ensure that each senior individual has a continuing purpose and identity outside the family business.

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