

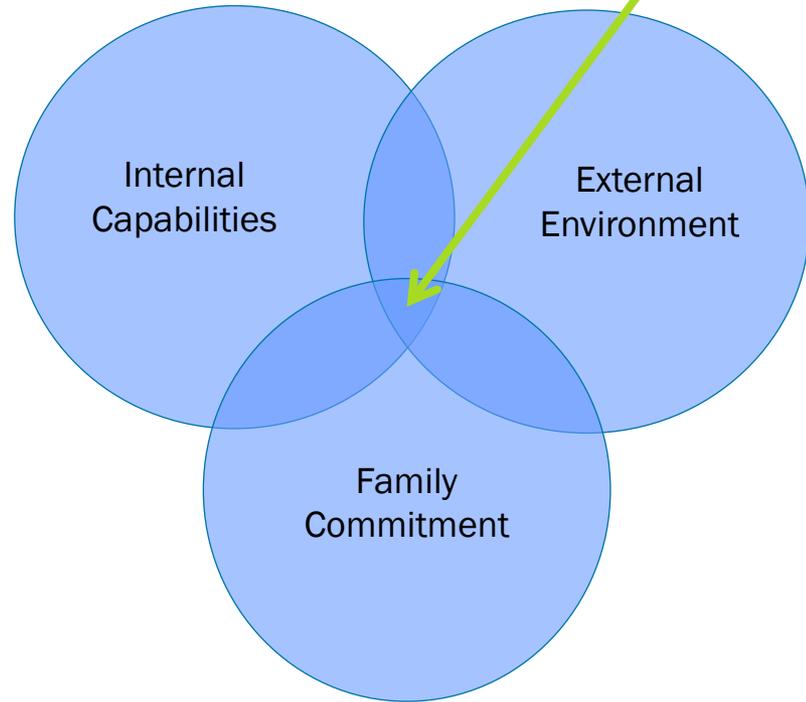
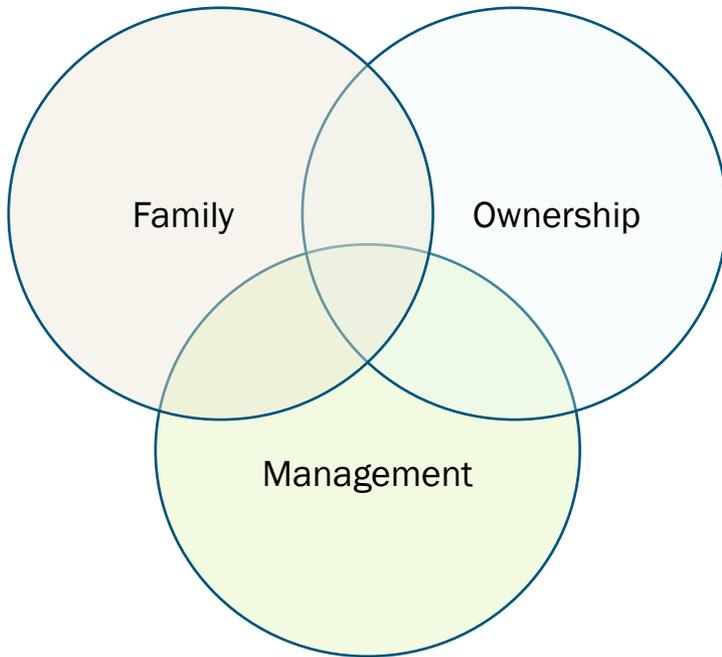
Strategic Planning in the Family Firm

Kristi Daeda
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The Forces at Play

Choice of business strategy area



“Parallel Planning”

Adapted from *When Family Businesses are Best*, Carlock & Ward

Adapted from Gersick, Lansberg, Davis, McCollum (1997)

What's the risk?

FAMILY FIRST

- + Emotional ownership.
- + Family employment & succession.
- + Shared purpose & legacy.
- Inappropriate hiring & compensation.
- Underperforming leadership.
- Draining capital from the business.
- Conflict born of perceptions of fairness.

BUSINESS FIRST

- + Clear boundaries.
- + Strong business performance.
- + Qualified successors.
- + Separation of business and personal \$.
- + Market compensation.
- Inactive shareholders.
- Little next gen interest.
- Lack of family succession.
- Conflict born of lack of shared vision.

A common evolution...

- Founder Stage: Driven by one person's vision.
- Late Founder: Founder and non-family executives.
- Early Sibling: Kitchen table conversations. May be two separate discussions – family/non-family.
- Late Sibling: More likely to be driven by management. May not yet be formal.
- Cousin: Tend towards more formalization.

If the GOAL is strategy
that maximizes
CAPABILITIES, MARKET
OPPORTUNITY AND FAMILY
COMMITMENT, what's the
APPROACH?

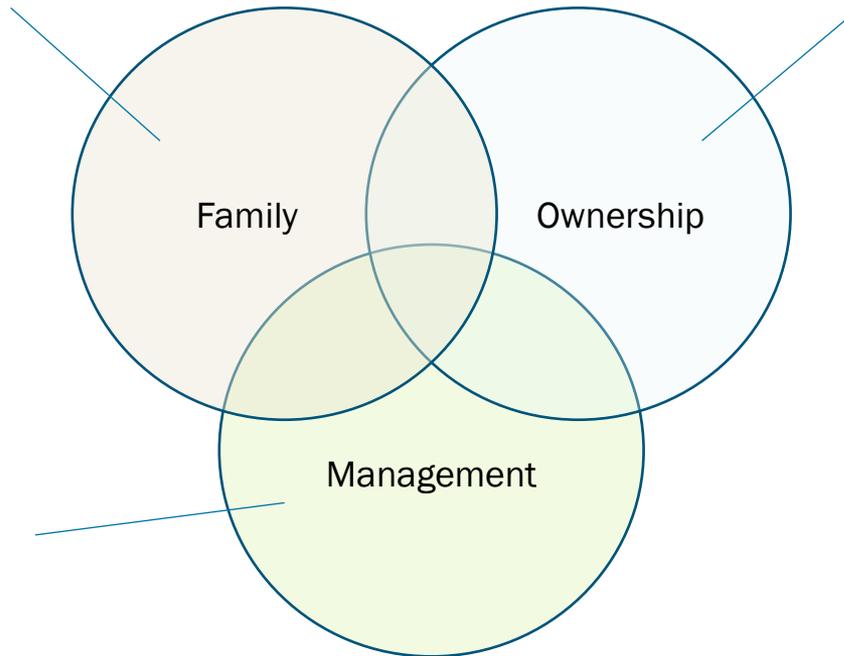
FAMILY drivers of STRATEGIC decisions:

- **Talent development:** strengthening family and non-family human capital.
- **Wealth creation:** using family capital for positive returns.
- **Entrepreneurship:** developing new product or market opportunities.
- **Social responsibility:** making contribution to community or nation.
- **Family harmony:** preventing misunderstanding or conflict.
- **Reputation:** maintaining legacy of quality or service.
- **Ownership continuity:** building commitment to encourage support.
- **Reducing risk:** protecting reputation and assets.
- **Liquidity:** returns to owners through dividends, distributions, sale.

Adapted from *When Family Businesses are Best*, Carlock & Ward, p. 134

Roles & Responsibilities – Early Stage

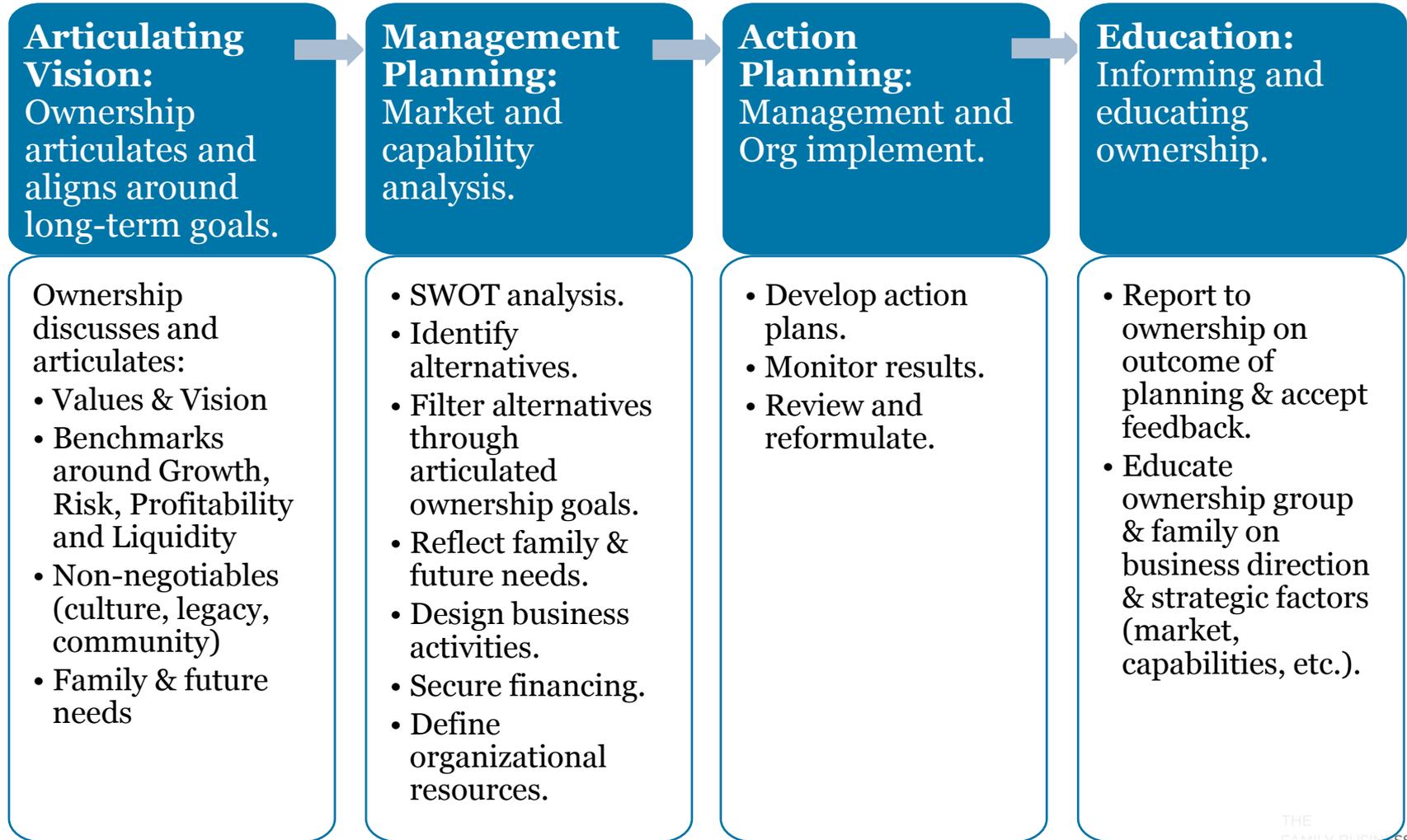
Articulate family values. Be informed. Support ownership and management. Prepare family for long-term needs.



Inform process by articulating vision and goals. Ensure effective planning occurs. Oversee ownership goals. Hold management accountable.

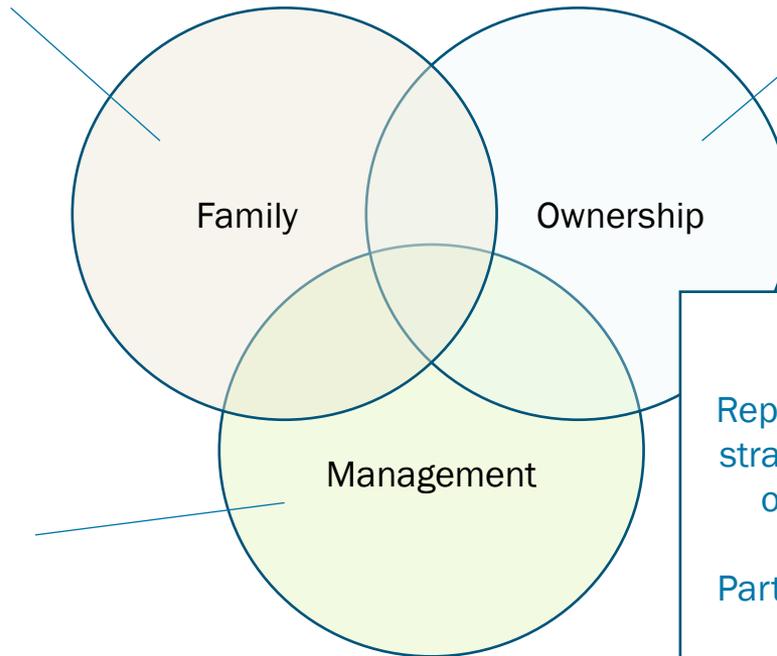
Drive planning process, analyze situation, identify alternatives, implement.

Model – Early Stage



Roles & Responsibilities – Later Stage

Articulate family values. Be informed. Support ownership, management and board. Prepare family for long-term needs.



Inform process by articulating vision and goals and articulating to management and board.

Drive planning process, analyze situation, identify alternatives, implement.

Board of Directors
Represent owners' interests by ensuring strategic planning & continuity planning occurs and reflects owners' stated goals.
Participate in strategic decision making.
Shareholder relations.

Model – Later Stage



Application:

- What does your strategic planning process look like now?
- Is your tendency towards more family-focused planning, or business-focused planning? Formal or informal?
- How might you adapt the discussion today to your own process?



COMMUNICATION

PLANNING

GOVERNANCE

Questions?

Contact Information



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