

# FAMILY BUSINESS ASSESSMENT



FAMILY LEGACIES

	YES	NO	BUSINESS SITUATION
1.			Do we have an ongoing planning process to address the 'strategic issues' facing the business (that is, changing markets, new products, new technologies, new market channels, new opportunities)?
2.			Are decision-making and management actions influenced by the planning process?
3.			Do we actively spend time 'getting close to customers and suppliers' to learn what is important and changing in our industry and market?
4.			Are we marketing more aggressively than our competition?
5.			Are we entrepreneurial in our management approach: that is, are we encouraging innovation and new ideas and taking risks and happily making some small mistakes?
6.			Are we reinvesting capital in growing the business rather than harvesting?
7.			Is the business profitable and growing enough to support the family in the future?
8.			Are we outperforming the industry on key performance measures (for example, sales growth rate, market share, sales per employee, EVA)?
9.			Are we efficiently managing the business' resources (cash, accounts receivable, inventory, labour costs) at industry standards or better?
10.			Do we have consistent policies and expectations for all employees?
11.			Do we set challenging yet attainable objectives for our employees?
12.			Do we evaluate people based on measurable results and their contribution to the business?
13.			Do people think we listen to our employees, ask their opinions and actively consider their suggestions?
14.			Do we articulate a vision and goals for the business and hold our family and ourselves accountable?

	YES	NO	THE ROLE OF THE SENIOR GENERATION OF SHAREHOLDERS & MANAGERS
1.			Are we committed to family management and ownership succession? Is it a goal that influences behaviour?
2.			Do we have personal financial security after retiring from full-time employment with the business?



	YES	NO	<b>THE ROLE OF THE SENIOR GENERATION OF SHAREHOLDERS &amp; MANAGERS cont...</b>
3.			Have we identified a successor and shared the decision with key stakeholders? Have we announced a date for the transition in leadership?
4.			Do we have a new challenge or interests that will keep us satisfied so we do not have to go back to the business?
5.			Are we willing to accept the loss of personal control in delegating decisions and authority to the next generation?
6.			Are we still willing to share new business risks to support the next generation's plans?
7.			Do we share financial information and business goals with the family members?
8.			Do we know the EVA (Economic Valued Add) performance for the family business?

	YES	NO	<b>FAMILY PARTICIPATION</b>
1.			Does the family know the Family Agreements regarding employment and careers in the family business? What are the qualifications for an entry level position?
2.			Do we offer qualified family members an existing job to begin their careers?
3.			Are our most business-competent children in the most responsible positions?
4.			Do we pay family members what their job is worth on the open market?
5.			Do we have procedures to formally and objectively review and reward family member performance?
6.			How do we balance control (governance) between management and owners?
7.			Do we keep all family members fully informed of financial and estate decisions and arrangements?
8.			Do we have Ownership Agreements covering liquidity and share sales?
9.			Do we have a family council or a regular schedule for family meetings?

	YES	NO	<b>SUCCESSOR (S) &amp; NEXT-GENERATION DEVELOPMENT</b>
1.			Are the possible successors personally motivated about working for the family business?
2.			Is the successor encouraged to get outside business experience to learn new ideas and develop self-confidence that is based on successful performance?
3.			Do we have a clear personal and career development program for members of the successor group?



	YES	NO	<b>SUCCESSOR (S) &amp; NEXT-GENERATION DEVELOPMENT cont...</b>
4.			Is our successor group being taught and mentored by someone other than other family members?
5.			Do the candidates for senior management have an opportunity to manage a profit center and participate in the long-range planning process?
6.			Is our next generation continuing to be educated through university, industry or other personal development opportunities?
7.			Are we purposefully teaching the next generation about our history, core values, vision, relationships, structure and planning?
8.			Does the next generation have outside-of-the business opportunities for leadership and participation (for example, philanthropy, family, community)?
9.			Does the next generation have a Shared Future Vision that supports their commitment to the family business – one that sustain them when things get tough?
10.			Does our next generation have an opportunity to be with peers from other family businesses to share interests and concerns?

	YES	NO	<b>THE ROLE OF THE FAMILY</b>
1.			Does the family perceive the next generation and specifically the successor(s) as enthused, stimulated and challenged by the business?
2.			Does the family value careers equally – in or out of the family business?
3.			Do family members experience ‘the family’ as overly controlling or demanding?
4.			Do family members believe that participation in the family business is a responsibility?
5.			Does the family believe that owning a business together is valuable to the family?
6.			Does the family actively teach in-laws and younger family members about the business – especially if they do not work for the business?
7.			Does the family work to protect family and social time from intrusion by the business?
8.			Does the family teach business values related to saving, consuming, sacrifice and investment to its younger members?
9.			Does the family have the means for and experience in resolving conflict?
10.			Does the family review and update Family Agreements regarding employment, ownership and participation for family members?



	YES	NO	THE ROLE OF THE FAMILY cont...
11.			Does the family have a successor to 'Mom' (that is, whoever has fulfilled the role of 'Chief Emotional Officer')?
12.			Does the family have a clear understanding of the relationship between the family and the business (that is, a Family Business Philosophy)?
13.			Does the family practice 'Fair Process' in decision-making and planning?