



W E L C O M E

TO
Fabulous



LAS VEGAS

POTATO EXPO

2020



FAMILY BUSINESS MANAGEMENT MAKING YOUR BUSINESS SUCCESSFUL

Presented by:

Mike Salisbury

Cooper Norman CPAs and Business Advisors



What We Will Cover

- Define Organizational Structure
- Family business systems
- Common challenges as leadership transitions to succeeding generations

What is organizational structure

- The way the business is managed
- Process and procedures
- It isn't about growing the business, it is about managing that growth and the people
- Most often the people blame each other for the problems caused by lack of effective structure

Key Components of an Effective Org Structure

- Defined and effective communication system
- All team members involved in the process at some level
- Ensure that there is robust discussion
- Have an agenda and publish minutes with to do lists and ensure tasks are completed.

Behaviors that commonly occur with poor communication

- Absence of respect and trust within the group
- Fighting and insulting, hollering and disrespect
- Lack of progress on key issues

Healthy Family Businesses

- **Management of the Business**
 - Organization and its members adapt to changing environment and produce a sustainable, competitive advantage for the business
 - Decision making is based on knowledge and expertise
 - Leadership is spread throughout the company/family
 - Succession is planned early

Consulting to Family Businesses
by Jane Hilburt-Davis and W. Gibb Dyer, Jr



Healthy Family Businesses

- **Development of the Governance and Ownership System**
 - The mission and goals are clear
 - There is constant learning
 - There is a sound plan for succession and transfer of ownership over the generations
 - There is a functional Board of Directors/Advisors with outsiders on it

Consulting to Family Businesses

by Jane Hilburt-Davis and W. Gibb Dyer, Jr



Healthy Family Businesses

- **Effectiveness and Boundaries**

- Individuals understand core competencies of one another and of the company
- Business issues are not acted out in the family and visa versa
- Job descriptions and org charts are commonly used
- Talent development is consistent and continuous

Consulting to Family Businesses
by Jane Hilburt-Davis and W. Gibb Dyer, Jr



Unhealthy Family Enterprises

- Family issues spill over into business issues and visa versa
- Boundaries between work and family are unclear
- Family members' roles and obligations are unclear
- Favoritism and nepotism destroys unity

Consulting to Family Businesses
by Jane Hilburt-Davis and W. Gibb Dyer, Jr



Expansion/Formalization - Characteristics

- Adding structure through written processes and procedures
- A re-examination of vision, mission and goals for both key owner(s) and the business itself
- Multiple enterprises or diversification



Expansion/Formalization - Challenges

- Owner transition from manager to director
 - Often difficult to move away from day-to-day production
- Obtaining growth capital
- Developing a clear long-term direction
- Successfully hiring non-family managers



Expansion/Formalization - Challenges

- Management model and systems not sufficiently developed to handle larger business
 - Accounting, information and communication systems
 - Governance structure



Maturity - Challenges

- Development of a renewal strategy
- Ownership has lost enthusiasm and commitment to the original business mission
- Successfully managing a complex transition process
 - Management transition paramount
 - Successfully incorporating non-family managers into fabric of family team
 - Competing demands for capital



Lack of effective organizational structure



“The final test of greatness in a CEO is how well he/she chooses a successor and whether he/she can step aside and let his/her successor run the company.”

- Peter Drucker

Landmines & Roadblocks: Unseen Hazards



Preparation Prevents Disaster



Question & Answer

Mike Salisbury, CAC, ACFBA
Cooper Norman, CPAs and Business Advisors

Mike.Salisbury@coopernorman.com

Cell: (208) 420-9092

