Succession planning at family-owned businesses gets its due

By Charles Palkert  
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Succession planning will be the focus in January at the Family Enterprise Forum, a new conference to be held in Celebration, Fla., by Stetson University in collaboration with the Family Wealth Alliance and Lexington Family Office Services.

“Lack of succession planning is one of the primary reasons why family-owned businesses don’t survive a generational transition,” said Mario Fidanzi, director of Stetson’s Family Enterprise Center in DeLand, Fla. “Typically, only one-third of family businesses survive transitions, but we’ve seen that if you plan for a transfer of wealth at least five years in advance, it increases the business’ odds of survival by 80%.”

According to Rona Fingold, partner for Daytona Beach, Fla.-based Lexington Family Office Services, succession planning is a major concern for “almost every family” with which her firm works.

“There are plenty of options, however, but the worst is not having any plan at all,” said Ms. Fingold, who is also a lawyer.

Key issues in succession planning, she said, include identifying leaders in the family, timing transfers, selecting strategies to minimize gift, income and estate taxes, funding the buyout and protecting the owner’s retirement income.

Lack of planning, Ms. Fingold added, often is a result of inertia or the unwillingness of a family business founder to take the necessary steps to cede control of the business, as well as conflicts among the children or spouses within a family.

A family’s core values also have to be taken into account during a transition period, said Teddy Ussery, founder of Columbus, Ga.-based Family Office Matters LLC.

“Families of wealth are beginning to realize that when they transition assets, it’s important to also transition core beliefs and values,” she said. Ms. Ussery is also senior managing director for education and consulting for the Family Wealth Alliance of Wheaton, Ill., another co-sponsor of the forum.

Families find it difficult to motivate the generation that will inherit wealth, a topic she plans to address at a forum session.

Demand from families for education about transitioning businesses and family
wealth was a driving force behind the conference, said Tom Livergood, founder and chief executive of the Family Wealth Alliance.

"We felt that presenting it at Stetson made sense because they are a third party with a safe environment where families can feel comfortable gathering and sharing information," he added.

In 1998, Stetson became the first university in the country to offer a major in family business, said Greg McCann, founder and former director of the Family Enterprise Center. The school's family business program is geared toward students whose family owns a business, or who want to work for a family business.

Ali Aldrich, a sophomore at Stetson whose family recently sold its business, said that she appreciated studying about the process as her family was going through it.

"Being here taught me how to communicate and separate my roles of being a family member, an employee and an owner of a family business," she said.

The forum is scheduled to take place Jan. 29 and 30 at the Stetson University Center in Celebration.

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