



# Conducting Successful Family Business Transition Meetings

Chris Zoller

Ohio State University Extension Educator, Tuscarawas County

“I’m too busy.”

“We’ll start after the corn is planted and the hay is made.”

“We tried them before, and they didn’t work.”

“We’ve never needed them before.”

“We all get along.”

“Why should I care what my son-in-law or daughter-in-law thinks about the farm?”

These are just a few of the excuses people give for not conducting family business meetings. You can probably think of others. However, conducting family business meetings can have a very positive influence on the success of your business. Let’s take a look at what a family business meeting is and some reasons to consider holding these meetings.

## What Is a Family Business Meeting?

There is no one definition that is applicable to all families, but in its simplest form, a family business meeting is an opportunity for family members to come together on a regular basis to discuss issues of interest to those family members involved in or who have an interest in the business. These meetings are not for discussing which field to be planted today or which cows to breed, but rather to determine long-term plans for the operation and management of the business. Some families will hold these meetings as little as once or twice a year, while others choose to meet on a more regular basis.

## Preparing for and Conducting a Family Business Meeting

An agenda is one of the most important items to

develop as you plan a family meeting. The agenda lets people know the starting and ending time of the meeting, meeting location and date, and allows members to know what will be discussed. The agenda should be distributed to all family members one week prior to the scheduled meeting. Someone needs to take notes of the discussion, and these meeting minutes need to be distributed to each member.

Questions often arise about where to hold family business meetings. Some families prefer to go to a hotel or a state park lodge for a relaxed atmosphere. This is advantageous because it puts people in a different environment, minimizes distractions, and allows families to spend time at the pool or visiting local attractions. It isn’t always practical for family members to get away, but when planning a family business meeting attempt to minimize phone calls and visitors and make the location as comfortable as possible.

## Developing a Stronger Family

Family meetings can give individual family members an opportunity to develop their leadership, conflict management, listening, speaking, and management skills. These meetings can also help members understand their role in the successful transition of the business and can help them to develop strategic, capital, estate, or transition planning knowledge.

Meeting together as a family on a regular basis can help members work together for the success of the family business. Throughout the process, members will learn a lot about themselves and the business. Although conflicts will still arise, the purpose of these meetings is not to focus

on the conflict, but rather to focus on building a stronger family team through open and honest discussion.

### Developing a Stronger Business

Not only can these meetings benefit family members, they can also send a message to employees that the family is committed to the future of the business and to helping their employees. This can help employees feel comfortable that the business values its employees and is interested in helping them be successful.

### Planning for Future Ownership

Too often, if at all, family meetings happen because of some abrupt change like the death of the senior manager. Issues faced at this time may not be handled as well as they could have been had family members been previously involved in planning the future of the business. Regular family meetings can help answer questions about the present owners' financial retirement needs and goals along with those of the next generation. Members who have been involved early on and are informed of the discussions that have taken place are more likely to buy in to the transition plan.

Transition can be a difficult decision for many families, especially when spouses are involved or children are not actively involved in the business but have their own ideas about the future of the business. Which family members should be involved? Are in-laws welcome to be involved in discussions? What if there are conflicting goals among family members? What if a family member doesn't have the ability to successfully manage the business?

The earlier you begin holding effective family meetings, the earlier you can avoid potential conflicts. Allowing young children to be involved in discussions helps them to better understand the business and to decide what future they have in the business. Involving the children also helps parents determine the commitment of their children before making plans for expansion or other change in the business.

Unless it is clearly obvious and communicated openly who the next manager of the family business will be, some members may question how and why the decision was made. Family meetings provide a way to communicate how the process was done and why the decision was made. Explaining that the process was carefully and objectively made with a clear plan in place can go a long way in avoiding hard feelings or misunderstandings. Family meetings can also send a message to family members that the new successor will be accountable to the family business.

Family meetings can also be useful if there is no obvious family successor. In this situation, family meetings can

help to develop alternatives such as naming a non-family successor or liquidating the business.

### Recognizing and Resolving Conflict

It is no surprise that conflicts arise in every family business. If disputes over the future of the business — which family members are involved in the process, transition, family members' roles in management, or other issues are allowed to multiply — they can only divide a family and do nothing for the long-term success of the business. The key to resolving conflict is to acknowledge it early on in the process and to realize it is normal. If you are dealing with a particular issue that may cause real conflict, the use of an outside, objective facilitator may be helpful.

### Summary

The business management process is one that should not happen overnight. The use of family business meetings can be a good way to help family members transition smoothly into management roles. In addition, family business meetings can help improve family relations, communicate a positive message to employees, and build a stronger business.

### Learn More

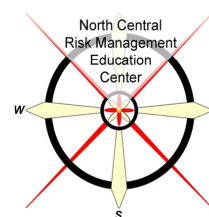
If you want to learn more about this topic, consider purchasing a copy of the book *Family Meetings: How to Build a Stronger Family and a Stronger Business*, 2nd edition, 2002.

### Sample Agenda

A sample agenda for a family meeting is presented on the following page.

### Acknowledgements

This fact sheet was developed as a result of a grant received by Ohio State University Extension from the North Central Risk Management Education Center, 2006-2007.



Reviewer of this fact sheet was Mark Mechling, Extension Educator, Agriculture-Natural Resources, Muskingum County.

# Sample Family Meeting Agenda

Meeting Date: March 15

Starting time: 10:00 a.m.

Ending time: 4:00 p.m.

Location: Spruce Creek Lodge

**Discussion items:**

**Person responsible:**

Welcome/Purpose for meeting

Sally

Individual goals

All members

Key issues for the future of the business

All members

Mission statement

Tom

**Action items for the next meeting:**

**Person responsible:**

**Next meeting:**

Date:

Time:

Location:

## EMPOWERMENT THROUGH EDUCATION

Visit Ohio State University Extension's web site "Ohioline" at: <http://ohioline.osu.edu>

Ohio State University Extension embraces human diversity and is committed to ensuring that all research and related educational programs are available to clientele on a nondiscriminatory basis without regard to race, color, religion, sex, age, national origin, sexual orientation, gender identity or expression, disability, or veteran status. This statement is in accordance with United States Civil Rights Laws and the USDA.

Keith L. Smith, Ph.D., Associate Vice President for Agricultural Administration and Director, Ohio State University Extension

TDD No. 800-589-8292 (Ohio only) or 614-292-1868

September 2007—3612