



LBMC Planning Services

**Successful Family
(Privately Held)
Business Transitions**

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April 23, 2014



Opening Thoughts



- Should I have worn a suit?
- Is my zipper undone?
- Should I tell a joke?
- Why did Janice go on vacation?
- What can I say that is different?
- Who cares, just get on with it!

The Opportunity/Mandate

- 80% of all businesses are family
- Family businesses need help – *You are it!*
- Baby Boomers are ~~going to~~ transitioning
- **Organization wants to know – *Uncertainty?***
- Lose value if done poorly

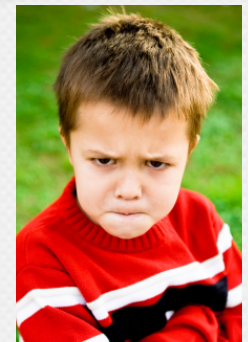


Benefits

- Peace of mind
- Realization of goals
- Protect/expand the wealth
 - “Fair” distribution of wealth
- Better communication
- Employment for future generations



Family Business Challenges



Transition Model: 2 Tracks



**Ownership
Transition
(Wealth)**

**Leadership
Transition
(Succession)**



Our Approach



Philosophy

Create a shared understanding of what is important for the family

- Most important , lasting statements on how family and business will think and act.
- ~~A foundation for all decisions.~~

Examples of Philosophy include:

- Vision
- Values
- Purpose
- Mission
- Strategy



LBMC Family Business Philosophy

Guiding Principles for Successful Transition Planning

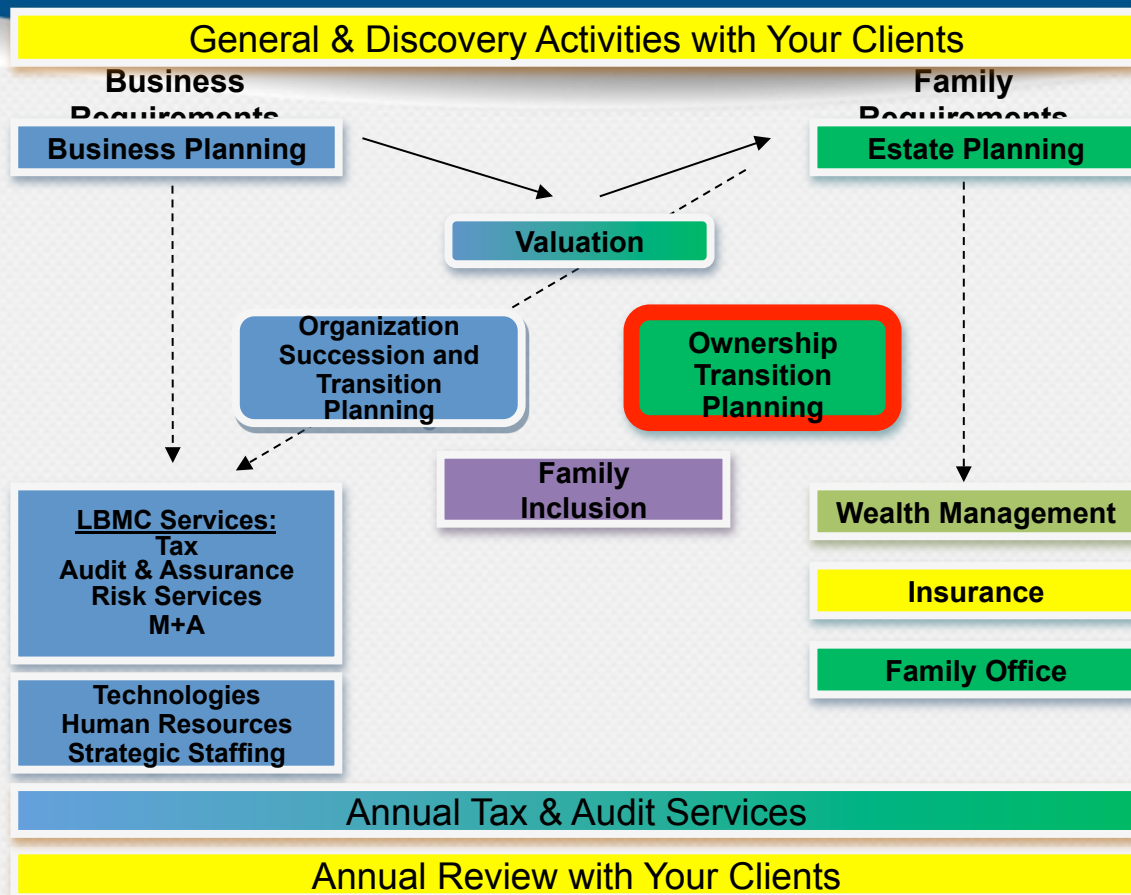
- Family comes first.
- Family wealth should bond, not divide
- Owner has fiduciary responsibility to make an orderly transition
 - Family
 - Employees
- Minimize tax obligations

Guiding Principles for Successful Transition Planning

- Provide for multiple generations
 - *Family retains business.*
- Objective valuation a must.
- Have realistic expectations – *Everyone Knows.*
 - Parents - express feelings/intentions
 - Children - earn parent's respect.

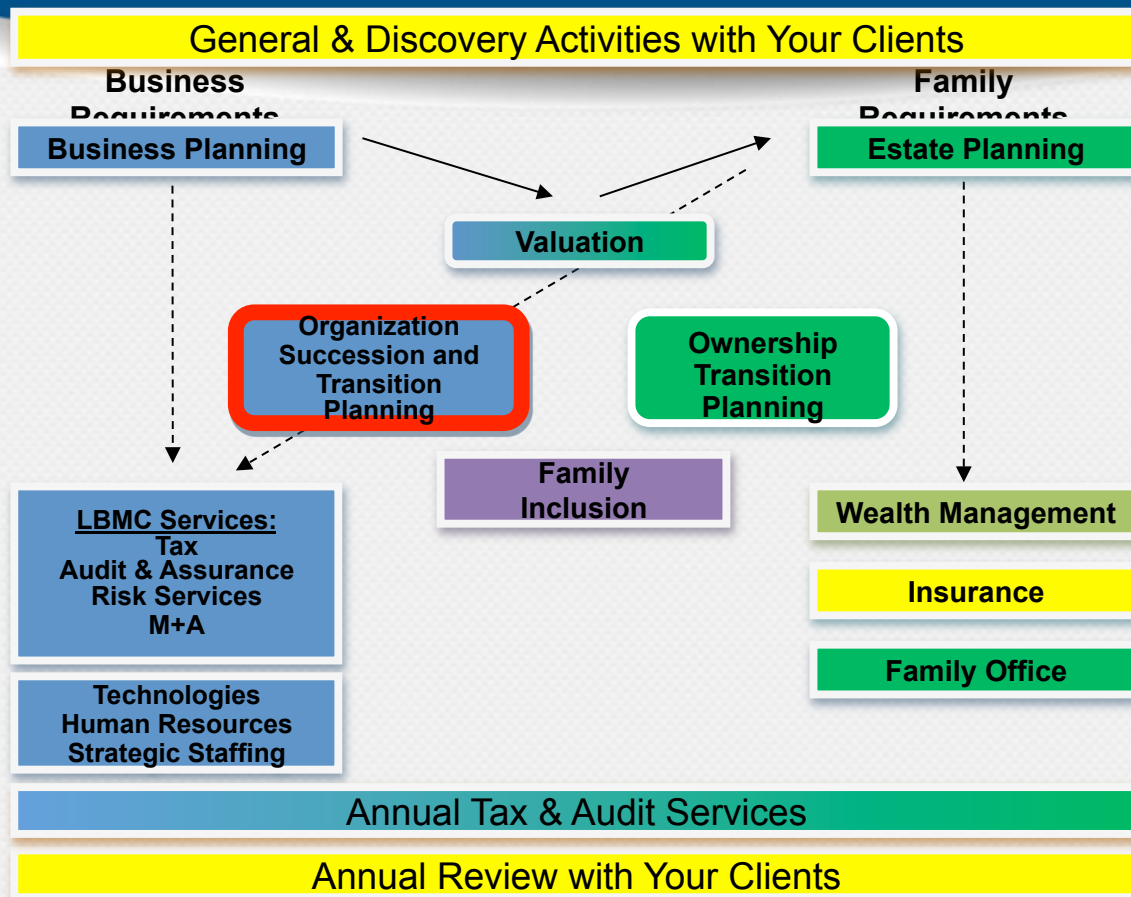
Business and Family Structure

Business Transition Planning Process for the Family Business



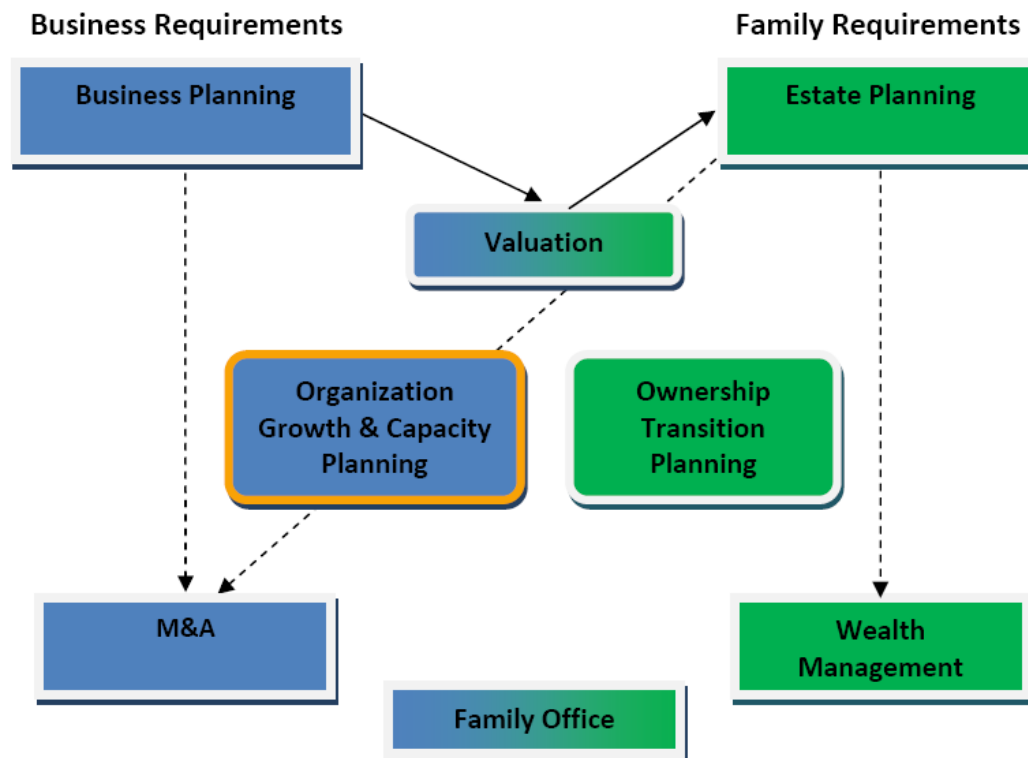
Business and Family Structure

Business Transition Planning Process for the Family Business



Closely Held Business Structure

BUILDING WEALTH WITH A CLOSELY HELD BUSINESS



Discipline



How do you bring up the conversation?

Twenty
Question
s

The Art of
Discovery

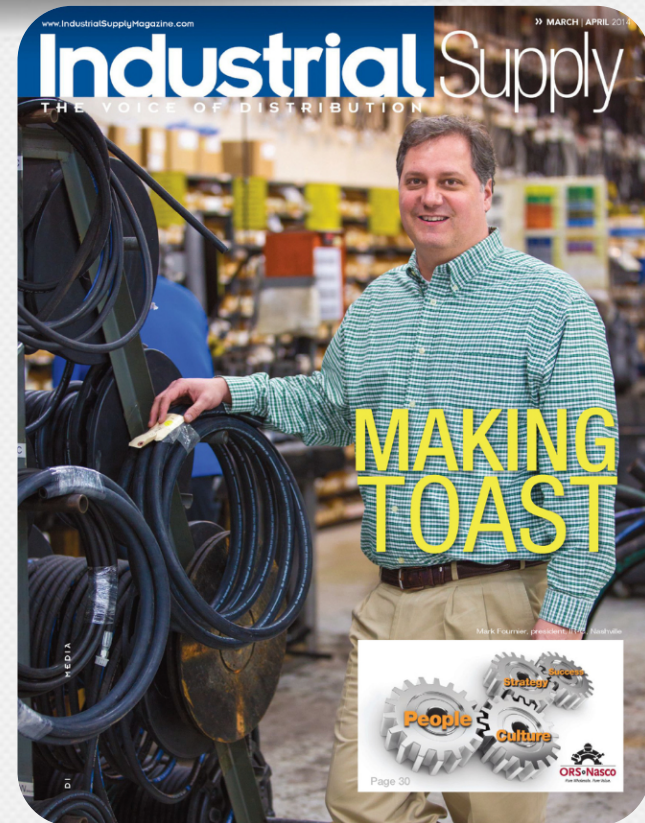


Success Stories!



IRG (Industrial Rubber and Gasket)

- **The Challenge**
 - Father – Engineer
 - Mother – Organized
 - Son – Not in business
 - Son – 20 Year IRG Veteran
 - Daughter – House wife
- **The program**
 - Estate planning
 - Ownership transition
 - Leadership transition
 - Training
 - IP transfer
- **Result = Growth**



SMS

- The Challenge
 - Strong Leader
 - Managed by intuition
 - Rapid Growth
- The Program
 - Strategic Planning
 - Vision
 - Implementation
 - 12 month update



SMS

8x

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Current Work

The Challenge

- Dominant father
- Emerging son – *realizes his limits*
- Organization growth

The Program

- Process design (2010)
- Training for supervisors and management
- Strategic planning

Current Work

The Challenge

- No Apparent Heir
- Strong, dominant leader
- Management capability?

The Program

- Culture shock and alignment
- Strategic planning
- Implementation support

The Tragedy



Rest In Peace



Psychiatrist?

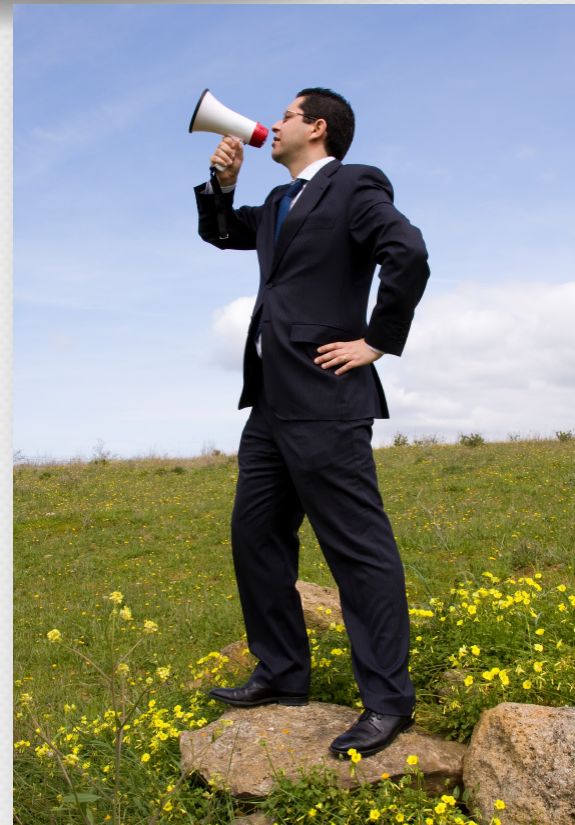


Client Challenges you know about today...



Get Started!

- People love to talk about their business and their family.



Q & A



Thank You



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Questions



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