

Part II: Family Member Interviews

The process I've developed to deal with the issues surrounding the transfer of family business leadership to the next generation is called the Family and Business Renewal Process. The goal of the FBR Process is to transfer, not only the business management and control to the next generation, but also transfer as much of the family's other wealth as well. The key to success in effectively transferring family wealth is obtaining a complete understanding of the wishes of the business owner *and* the other adult members of the family — easier to say than to do.

At the core of the process is the business owner's desire to do what is best for both the family and the business. This desire will fuel the unconditional support for the FBR process on the part of the business owner — without which there can be no success. With the backing of the entrepreneur, the FBR Process becomes a powerful planning tool with real prospects for success.

In order to make the changes required for effective long-term planning, the business owner must take some action in support of improved communication among family members. The best way to create a climate for open and honest communication among family members is to use the direct approach. The owner should convene a meeting of the entire family — which means everyone in or out of the business, including in-laws — to introduce the concept of involving the whole family in the process of planning for the future of the business.

At the family meeting, the owner explains that each family member is to be interviewed by an independent third party for the purpose of learning about his or her goals and concerns with regard to the future of the business. The owner must stress that each family member is to answer all the questions in the interview as thoroughly and honestly as he or she can. They must share the positive as well as the negative. All interview responses will be held in strict confidence. No one, including the business owner, will know who said what during the interviews.

Once the family has been properly prepared for my role in the process, I'm ready to meet with the individual family members. Here are some examples of the questions I ask and the rationale behind them.

Question: What are your thoughts about the current operation of the business and existing plans for its future (if any)?

Rationale: This question is meant to uncover the degree of satisfaction with the status quo. Interviewees are encouraged to discuss their feelings about the current business situation and what they know about plans for the future. If they know nothing about any future plans, that is also important for me to know.

Question: What are your major concerns related to the business?

Rationale: This question will uncover hidden feelings or concerns about what is currently going on in the business or how the interviewee fits into future plans. I will probe areas of concern to obtain an understanding of their source. I will also look for patterns among the responses of other family members.

Question: What are the issues that are currently causing stress and/or poor relationships between family members?

Rationale: This question helps identify inter-family relationship issues that could impact the new plan. Inter-family rivalries or jealousies must be identified and explored.

Question: What would you like to see happen to the business in the future?

Rational: This question will uncover the individual's personal vision for the future of the business. This information represents this individual's goals and dreams for the business as it relates to him or her. The sum of all the individual goals represents the family's goals for the future.

Question: Which of your personal goals would potentially impact the future of the business and vice-versa?

Rationale: The purpose of this question is to learn if there is a conflict between the individual's goals and the family/business goals? For example, if the family expects a son to play an important role in the future of the business but he really wants to join an artist's colony, there is an obvious conflict.

Question: If you could wave a magic wand and change the business and family relationships any way you wanted, what would they look like?

Rationale: This is an example of a catch-all questions designed to bring out any thoughts, comments or concerns that were not drawn out by previous questions. Inviting interviewees to use their imagination sometimes reveals deeply felt wants and needs that are seldom expressed because they may seem unrealistic.

As part of the interviewing process, I will also be looking for information related to hidden concerns about such things as gender bias, generations gaps, personality clashes and other family dynamics such as domineering personalities and rivalries. This information is important because any one of these things has the potential to sidetrack an otherwise perfectly good wealth transfer plan. Identifying them early and addressing them directly greatly improves the chances of success for the new plan.

The information I learn from the family member interviews helps me identify the family's objectives for the business. This will be instrumental in helping me design the new wealth transfer plan.

In the next article, I'll discuss how the new plan is developed.