



Think. It's Your Business: Family Business Conversations



A Handbook for Family Business Leaders

Sequence 2:

The 7 Family F's, Problem Solving, Thriving Through Chaos, Succession Planning



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Think. It's Your Business: Family Business Conversations




A Handbook for Family Business Leaders

First Edition Document

To all Family Businesses and Business Families.
It is our sincere hope that you go from surviving to thriving.

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Outline



Nature Of Family Businesses + Mindset + Leadership + Personality Types+
Problems: Finding Solutions + The 7 Family F's + Thriving Through Chaos +
Strategy + Corporate Governance + Sucession Planning + Conflict Management +
Crisis Management + Lessons + Where Are We Going? + Making Decisions +
Effective Communication + Reaching Desired Outcomes + Buidling A Family Legacy



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Preface

In recent times, as the concept has become better understood, **Family Businesses** have come to represent a dynamic area of interest among all classes of people; researchers, business theorists, investors, policymakers, academics, as well as emerging entrepreneurs. Over the years, research has shown that **Family Businesses** account for **two-thirds of all global businesses**. The global awareness of emerging trends and the impressive technological advancements mean that global competition is on the rise among businesses. However, all things being equal, it has been observed that family firms tend to outperform their nonfamily contemporaries in a highly volatile world. **Family Businesses are often hailed as the linchpin of economic stability**. They are seen as the pure embodiment of the entrepreneurial spirit passed down through generations. Yet, it is common knowledge that **only thirty percent survive into the second generation and a mere twelve percent make it to the third**. Clearly, this means there is an ominous presence lurking in the dark ready to eat **Family Businesses** up.










The truth is, since Adam, Family Businesses have always faced grave challenges. These problems, threaten their very existence and calls into question their foundation. Take off the camouflage, and you will uncover a complex interplay of factors such as leadership transition or succession, governance, family cohesion and roles and responsibilities undermining the sustainability and longevity of the Family Business. The fall of Anheuser-Busch, the brewer of Budweiser, a Family Business which once upon a time was a giant, lends credence to these peculiar challenges. This was a company of five generations that eventually had to be sold due to succession issues stemming from internal family wrangling.

Although Family Businesses are often faced with many obstacles, they also often possess unparalleled advantages that stem from their unique global position. Take a look at greats such as BMW, Marks & Spencer, Walmart, Ford, JP Morgan, Barclays, Tesco and Ford among others. These Family Businesses have been able to navigate the very treacherous waters and survived many generations. They keep thriving and flourishing while their competitors wither and die. How do they do it?

This handbook chronicles the essential strategies that need to be implemented in the areas of managing, growing, and governing Family Businesses, in order to ensure the continued existence of family businesses and business families. These practices will allow for the amplification of the unique strengths and competencies of the Family Business. Every aspect of the business that has the propensity to cause pain or gain is treated analytically. Nothing in this regard is left to chance. A careful study reveals that intentionality around Family Business values and governance as the secret of great Family Businesses which manage to span generations.

About The Family Office Africa

The Family Office Africa, is a resource for Family Businesses and Business Families. It operates as a multi-family office. It is a resource for Ultra High Net Worth Individuals (UHNWI's), Family Businesses, Business Families and C-suite Executives. We offer support with Legal. The firm assists its valued clients thrive through innovation, to ensure continuity and sustainability in a world characterized by constant evolution and unyielding competition.

Business Succession Planning	Wealth Transfer Advice	Estate Planning Advice	Trust Services
			
Leadership	Governance	Strategic Solutions	Legal
			
 <p data-bbox="735 1599 1155 1634">Think. It's Your Business.</p>			

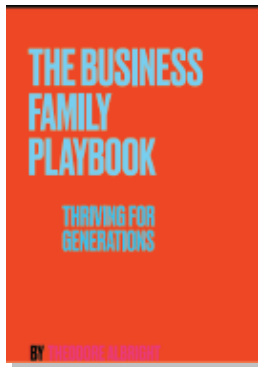
The Managing Consultant



Theodore Albright Esq.

Theodore is a Lawyer ; Thought Leader; Strategist and the Managing Consultant of The Family Office Africa, a multi disciplinary consulting firm .Theodore holds an LLB degree, MBA from University of Manchester. He is also a qualified Certified Trust and Estate Practitioner with a Postgraduate Diploma in Risk and Compliance via the International Compliance Association.

Theodore currently acts as Advisor to numerous boards. He has been engaged in training over a thousand leaders including hundreds of CEOs across Africa. He is also a Fellow of the Institute of Directors, Ghana and a member of the Institute of Directors in England.



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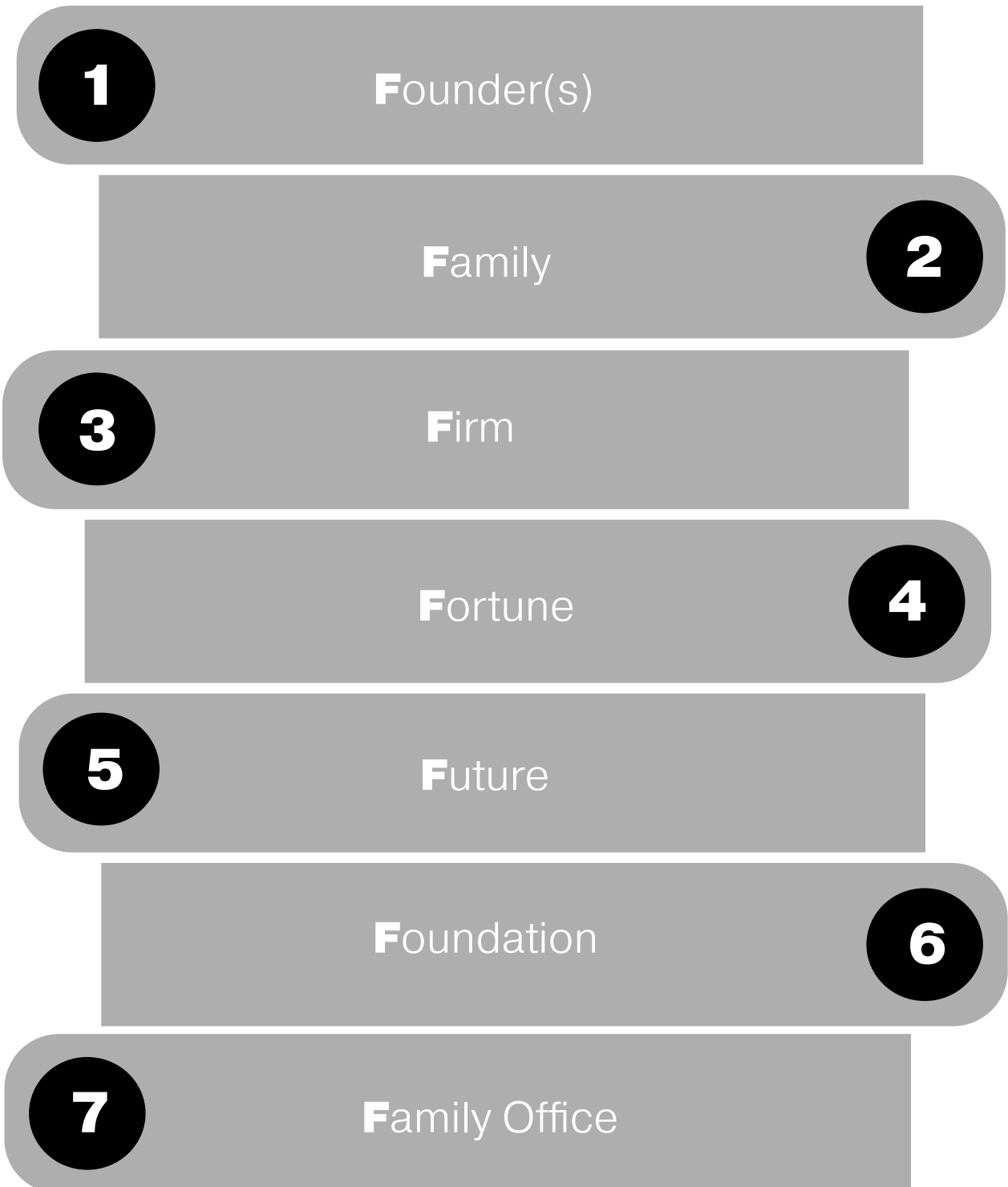
The 7 Key Success Factors For A Thriving Family Business

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Family & The 7 F's

Extensive research has shown that Family Businesses account for **two-thirds of all global businesses**. Global awareness of emerging trends and the impressive technological advancements mean that global competition is on the rise among family businesses. **The 7 F's Model represent strategic areas that all Family Businesses must pay attention to.**



Family & The 7 F's

1

Founder(s)

A great Family Business often begins with a visionary founder whose dreams must extend beyond personal gain. There must be clarity of purpose, driving the business forward with unwavering determination and a commitment to making a difference in the world. Let's look at BMW, one of the few Family Businesses that has outlived generations. At the heart of its success lies the visionary leadership of its founder, Karl Rapp, and later, the Quandt family. Rapp's commitment to excellence and innovation set the stage for BMW's rise, while the Quandts' stewardship ensured the company's longevity through strategic decision-making and investment to achieving the founder's dream.

Again, a look at another great Family Business, McDonald's success story, tells the same narrative. Its visionary founders paved the way to commitment to quality, efficiency, and innovation which in turn laid the foundation for the company's enduring legacy. Despite Ray Kroc's instrumental role in expanding the business, the McDonald brothers' values continue to influence the company's ethos, ensuring a seamless blend of tradition and modernity. At the helm of every great Family Business lies a visionary leader who can see beyond the horizon. The founders of Walmart and JP Morgan exemplified this trait, envisioning enterprises that transcended mere commerce. Their ability to articulate a compelling vision inspired generations, propelling their businesses to their current heights.

Family

2

Successful Family Businesses are able to keep in balance the tension of ownership, family and business. Often exhibiting a strong sense of family gravity—that intangible force that binds family members together. It fosters trust, propelling the business success-ward. Navigating the complexities of family dynamics is crucial for harmony both at home and in the boardroom. Successful Family Businesses prioritize open communication, conflict resolution, and mutual respect, ensuring that personal relationships do not overshadow professional responsibilities. Example, by fostering open communication, mutual respect, and a shared sense of purpose, the Quandt family has fostered cohesion and unity in steering the company toward sustained growth and success. Also, the familial approach to business by Walmart, where the principles of integrity, respect, and empathy are not just corporate buzzwords but lived experiences is what has led the company through decades of change and expansion. This emphasis on values has not only fostered a sense of belonging among employees but has also resonated with customers, reinforcing Walmart's position as a trusted household name.

Family & The 7 F's

3

Firm

Firms by their nature, have the capacity to survive long after their founders whose sojourn is often no longer than the fabled three score years and ten. Paradoxically for the business to flourish beyond the founder, families must acknowledge his mortality, and allow for the corporatizing of the business. Literally and metaphorically, divorcing the life of the entrepreneur from that of the enterprise! Building and leading a distinctive brand identity is essential for standing out in a competitive market. Great Family Businesses leverage the **11S – Strategy; Shareholder Expectation; Sustainability; Structure & Systems; Skills; Statutory Obligations; Security and Risk; Scenario Planning; Stakeholder Engagement; Steering Management and Shifting Lifecycles**. The culmination of these factors creates unique and compelling stories that resonate with customers, employees, and stakeholders alike.

The adherence to the 11S in its everyday operations has led McDonald's cultivating and sustaining a distinctive culture that centres around customer satisfaction, operational excellence, and community engagement. The company's core values which is embed in its strategy and made manifest in its motto of "Quality, Service, Cleanliness, and Value," permeate every aspect of its operations. This intentionality and consistency has earned McDonald's a loyal following and sustained its competitive edge in the fast-food industry.

Fortune

4

Responsible stewardship of wealth is fundamental to the long-term sustainability of Family Businesses. By adopting prudent financial strategies, diversifying investments, and reinvesting profits back into the business, families can safeguard their wealth for future generations. The secret is, successful Family Businesses understand this as important and engage in prudent wealth management to sustain their legacy across generations.

A case in point is McDonald's. It prioritizes prudent wealth management and long-term financial stewardship. The establishment of a dedicated family office has enabled the McDonald family to preserve and grow their wealth across generations while safeguarding the company's interests and legacy. By leveraging diverse investment strategies and philanthropic initiatives, McDonald's is sustaining its dynasty for years to come.

Another Family Business which also exhibits this secret is Marks & Spencer. M&S has adeptly navigated the delicate balance between preserving family values and driving business growth.

Family & The 7 F's

The establishment of a family office has served as a strategic hub for managing wealth, succession planning, and philanthropic endeavours. By maintaining a long-term perspective, prudent investment strategies, and a focus on innovation, the family has safeguarded the company's financial health while fostering intergenerational wealth creation.

Future

5

The longevity and success of Family Businesses often hinge on the ability to identify and nurture future leaders within the family ranks. The task of finding these leaders is not merely about succession planning; it's about ensuring the continuity, growth and legacy of the business. While corporate entities typically hire leaders based on meritocracy and professional experience, family firms must navigate the delicate balance between familial ties and business acumen.

The secret is that the thriving and enduring Family Businesses surmount this challenge by selecting leaders from within the family who possess both the necessary skills and a deep understanding of the company's values, culture, and history. This helps the business preserve its values and culture, long-term strategic planning, stay competitive and relevant in the face of technological advancements and shifting consumer preferences and effectively build trust and confidence within the family and among employees, stakeholders and customers.

Again, these great Family Businesses are forward-thinking entities. They invest in research and development, embrace innovation, and explore new growth opportunities to secure their position in an ever-evolving landscape. Looking ahead, Walmart continues to adapt to changing consumer preferences and rapid technological advancements. The company has invested heavily in e-commerce and digital initiatives to compete with online retailers like Amazon. Sustainability and social responsibility have also become key priorities for Walmart as it seeks to reduce its environmental footprint and improve working conditions.

Family & The 7 F's

Foundation

6

Beyond profit-making, most successful Family Businesses have embraced social responsibility by establishing Foundations—a testament to their commitment to giving back to the community. Through initiatives aimed at education, healthcare, and environmental sustainability etc. foundations make tangible contributions to societal well-being, reinforcing their brands' reputation as responsible corporate citizens.

Example, BMW's commitment to social responsibility is reflected in its philanthropic initiatives and its foundation work. By investing in education, environmental conservation, and community development, the company has made a positive impact on society and reinforced its legacy as a responsible corporate citizen. Again, see the Walton Family Foundation by Walmart. The foundation has made very significant contributions to initiatives aimed at supporting education reform, preserving natural resources, and promoting economic development. The establishment of foundations serve as a beacon for these companies enabling and enhancing their visibility. Helps them protect assets, enables perpetuity and tax benefits.

Family Office


7

Many of the successful Family Businesses have adeptly navigated the delicate balance between preserving family values and driving business growth. The establishment of a Family Office by these firms has served as a strategic hub for managing wealth, succession planning, and philanthropic endeavours. By maintaining a long-term perspective, prudent investment strategies, and a focus on innovation, the family is able to safeguard the company's financial health while fostering intergenerational wealth creation.

An example is BMW. The establishment of a dedicated family office has enabled the Quandts to centralise and professionalize their wealth management activities. By leveraging specialized expertise and resources, the Family Office supports BMW's strategic objectives and philanthropic endeavours while safeguarding the family's interests for future generations. Again, the Walton family manages its wealth through various entities, including Walton Enterprises LLC, which serves as the Family Office. The Family Office oversees investments, philanthropy, and other financial matters on behalf of the Walton family members. The secret is, the leaders of these companies are able to give their full attention to the day to day running of the business leaving the other bits to be taken care of by the professionals at the Family Office.



Family
Conversations
On Problem
Solving

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The 4 Problem Types

The Obstacle
Is The Way

1. Simple Problem

What is the thinking that led to the problem?

Bring in a Subject Matter Expert

2. Complex Problem

3. Complicated Problem

Use the scientific method for solutions

Sustained collaboration between all stakeholders

4. Wicked Problem

Do You See Your Difficulty As An Opportunity



Finding Solutions To Family Business Problems

The 3D's of Problem Solving

1. **D**iaagnose The Problem

2. **D**efine The Type Of Problem

3. **D**escribe Why It Is A Problem

Key Points

Clearly articulate the problem

Clearly set out the desired goal or outcomes

Identify key stakeholders and their needs

Establish metrics for success. What does success look like ?

Problems Within The Family Business

Truth is, to win, you need to find a way of addressing your Family Business problems. In doing this you need to ponder over some of these questions.

What do you do when

There are
problems which
lie within your
control ?

What do you do when

There are
problems which
do not lie within
your control ?

What do you do when

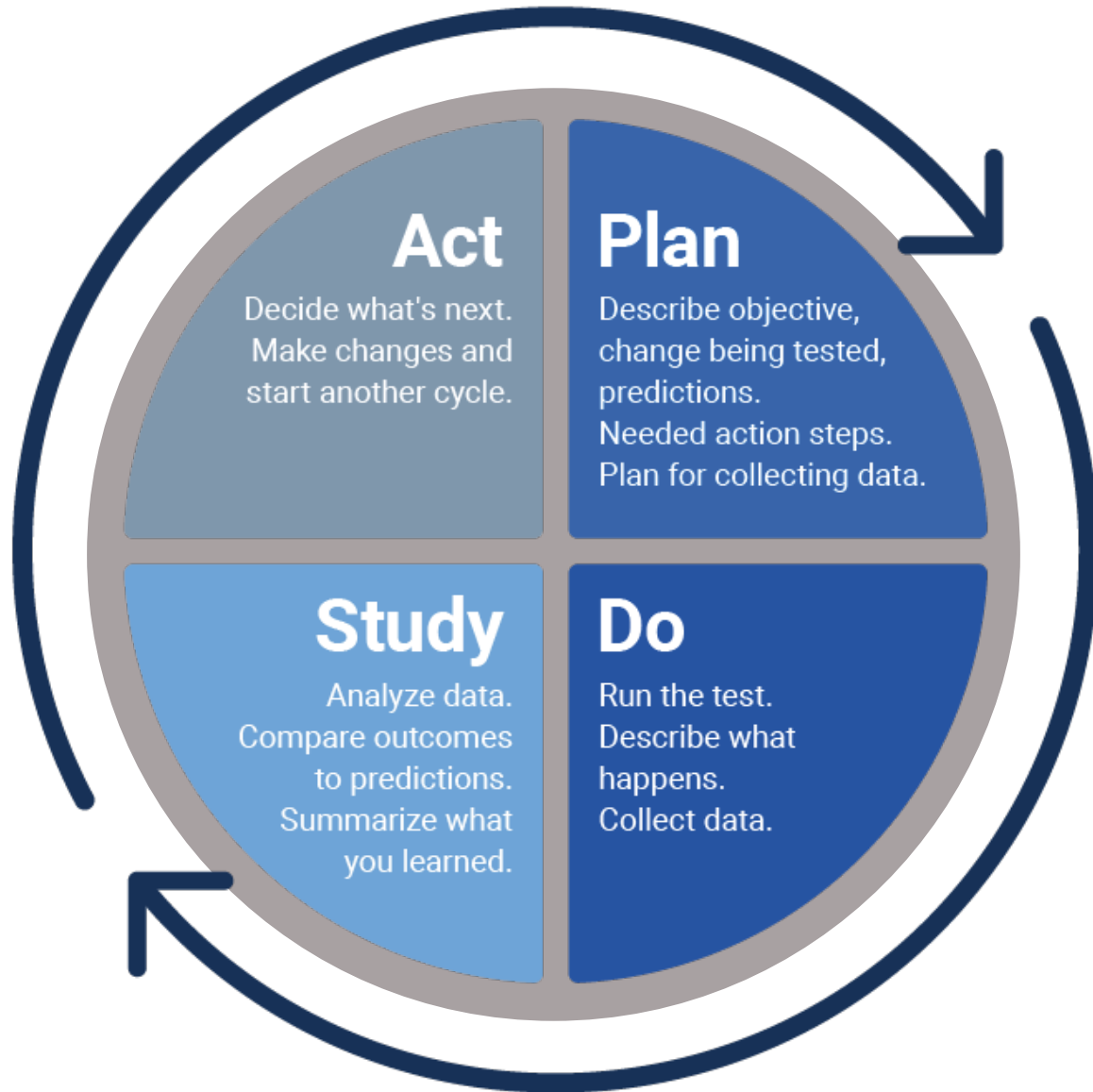
There are
problems which
you have
encountered
before?

What do you do when

There are
problems which
you have never
encountered
before?

Implementing The P.D.S.A Cycle In Family Business

Framework:
PDSA (Plan. Do. Study. Act)



Your Family Business Should Be Worldclass !



You cannot be mediocre and be world class at once. If this happens, then you have become world class at being mediocre.

Theodore Albright
Managing Consultant, The Family Office Africa

Thriving Through Chaos As A Family Business

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Hedge Against Chaos

A

C

C

Adaptability

Creativity

Curiosity

**I can, I will
How do I
remain flexible?**

**What shall
we create?**

**What is
there to
be known?**

Here, adaptability, curiosity and creativity are illuminated as the cardinal values that have propelled our species forward.

Winning Amidst Chaos

Preservation - Risk

What can I preserve? i.e. Reduce, Mitigate, Eliminate?

Conservation - Efficiency

What can I cut out and what no longer serves ? (80/20)

Collaboration - Synergy

With whom can we partner & where can we outsource?

Innovation- Disrupt

Where can we innovate?
Where's the disruption?
What is the disruption?

Conversations On Succession Planning

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Succession Planning In Family Business

Across the globe, all successful business firms face a similar situation — how do we ensure that our family's business continues as a family-owned enterprise, from one generation to the next. Putting these delicate structures in place over time requires constant planning, careful analysis and hours of deliberations. Key decisions around ownership, management and family control will be decided within this period in the search for the best governance structure. This is to be done to mitigate against any future family conflicts and align uncertain thoughts to the overall long-term family vision.

Sun Tzu On Planning (from The Art of War)

Plan for what is difficult while it is easy, do what is great while it is small. The most difficult things in the world must be done while they are still easy, the greatest things in the world must be done while they are still small. For this reason, sages never do what is great and this is why can achieve that greatness.

A Family Business Succession Plan

It is imperative that every Family Business has a well defined leadership succession plan for your firm. This helps to address any future vacancies within senior management and ensures that the board of directors has the right balance of family, management and external perspectives. This simple looking yet delicate task helps to safeguard against ambiguity. It helps to consider the formation of a Succession Planning Team in this regard. This team will help draft a succession plan for both the Board of Directors and the senior management team.

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Succession Planning In Family Business

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Preventing Chaos

In a typical example, there is the case of a client, who owned a large manufacturing business who passed on and left equal business shares to his three daughters. The eldest daughter succeeded her father as president of the Family Business. The other two were not involved in the business. Their father, did not make any plans for the equitable sharing of his estate. He also did not set out the firm's long-term vision. To compound the confusion, he did not create any formal governance structures spelling out how critical information about the business would be disseminated to shareholders and there were no formal guidelines for voting for shares. Thus, within a few years of his demise, his daughters, who worked outside the business raised issues over a lack of relevant information they received from their sister. They complained that they were looking in from the outside and that they were unable to offer any valuable insights regarding the strategic direction of the firm. Over time, emotions reached a boiling point as accusations of mismanagement and information retention were hurled at their sister. Although the three sisters eventually agreed on a new path of travel, the family union was never the same.

This situation, like many others, can be avoided. To do this, it is imperative to outline sustainable family succession strategies and governance structures for the firm. The Family Office Africa presents some options from which you can choose to ensure the preservation of your Family Business legacy.

Consider the following questions, before you begin designing a governance structure for your business

Family	Ownership	Management
First off, who can be considered as family?	Who can own what, and to what extent?	Are there next-gen family members interested in taking up any leadership roles within the business?
What is your long term strategy for the business?	Who will own shares of the business (voting, non-voting) ?	How prepared are these family members for the roles they will be assuming?
Have you communicated your vision to your family members?	Have you marked out any long-term advisors or external parties who can help provide expertise and guidance to family members who own shares of the business?	How are these people being groomed? And who is grooming them?

One On One Executive Coaching

With Theodore Albright



Theodore is a Lawyer ; Thought Leader; Strategist and the Managing Consultant of The Family Office Africa, a multi disciplinary consulting firm .Theodore holds an LLB degree, MBA from University of Manchester. He is also a qualified Certified Trust and Estate Practitioner with a Postgraduate Diploma in Risk and Compliance via the International Compliance Association.

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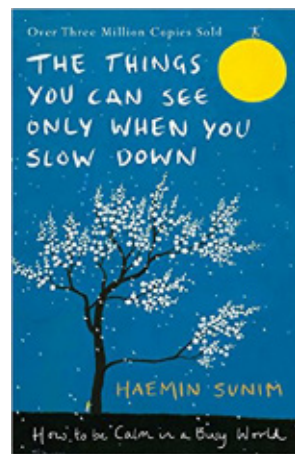
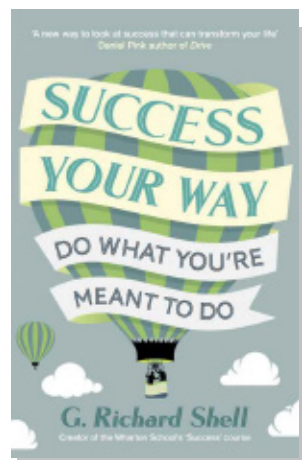
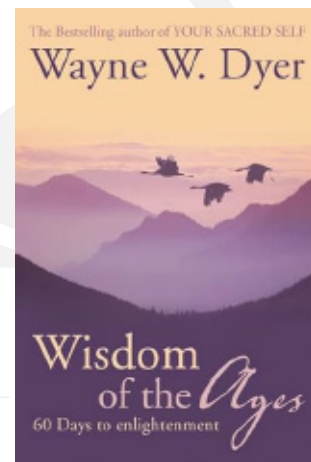
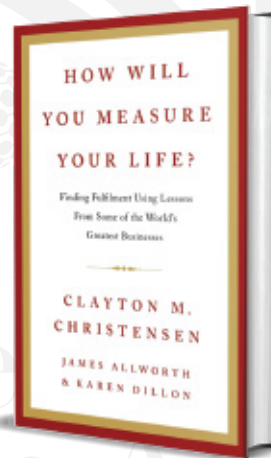
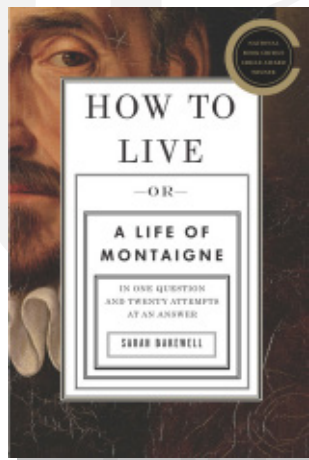
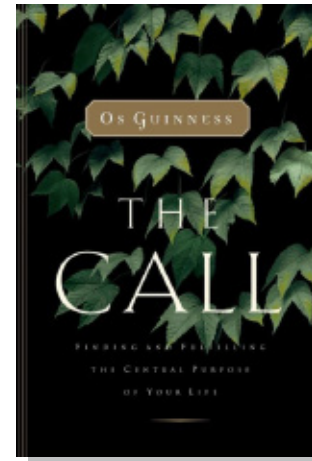
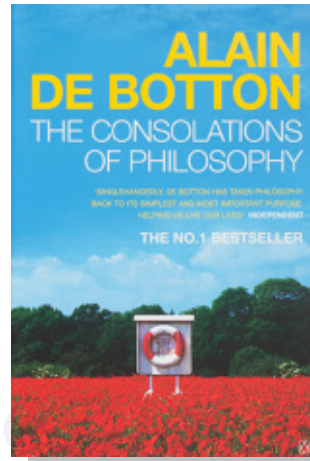
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Notes



Family Reading Recommendations



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End Of Sequence 2

The 7 Family F's, Problem Solving, Thriving Through Chaos, Succession Planning

See Sequence 3



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