



Strategic Planning in a Time of Uncertainty: Family Enterprise Strategy

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FOX Virtual Member Exchange | July 21, 2020

Situation on Arrival

START UP FAMILY OFFICE

- Catching up to the founder; he had become a thought leader on succession and family enterprises
- Management succession was in place
- Estate freeze had just occurred
- Gen 2 comprised of two sons; one “active” and “inactive”
- Founder had a development timetable for the “active” Gen 2
- Key management personnel was on hand; Group CFO, Director of Administration, VP Tax (shared resource) and General Counsel (shared resource)
- Board of directors was in place
- Our financial reporting was robust
- We oversaw M&A and capital raising for our operating business
- We were preparing to make new direct investments in 2 to 3 years
- There was much work to be done to get the team and the stakeholders to think like a family enterprise

Goals and Objectives

100-DAY PLAN

- Several high-level principles underpinned our objectives and our planning
 - To persuade the team to work as a team and beyond their silo of expertise
 - To encourage the involvement of others in development of our plans
 - To improve the quality of our analysis, recommendations and decision making
 - To think of the family enterprise as a whole and how decisions would affect all stakeholders
 - Position ourselves growing family enterprise in accordance with our founder's vision
- We settled on three key deliverables to be completed in Q1 2019
 - The business plan
 - The family communication plan
 - Key priorities list

Goals and Objectives

- **To build a business plan**
 - Business, vision, mission
 - Values and principles
 - Goals and objectives
 - SWOT
 - Core Business Functions
 - Key priorities
- **To build a family communication plan**
 - Describe the estate plan and how each stakeholder was affected
 - Role of the family office
 - Governance
 - Approach to future communication
- **Key priorities list**
 - Tracked 25 priorities to be commenced or completed in the first year

Benefits of the Process

- Articulated a clear picture of the relationships among the family stakeholders and the role of the family enterprise
- Fostered better communication among stakeholders
- Maintained a high level of governance
- Created better interactions with active Gen 2
- Created engagement with inactive Gen 2
- Created a disciplined approach to risk management
- Allowed us to react quickly to unplanned events, including COVID 19
- Resulted in better decision making
- Created a team culture

Lessons Learned

- Support of the founder is critical
- Family enterprise strategy is a process and our process continues
- We were all learning together
- It takes effort to get a group of employees, advisors and stakeholders to recalibrate their thinking from focusing the needs of an individual or an operating business to focusing on the shared interests of a group of stakeholders in a family enterprise
- Words are important and its important that everyone understands how they are meant to be interpreted
- At a particularly hectic point in the year, we discovered “daily scrums” were a great way to share information on a timely basis and to convey how the various roles on our team needed to work together
- We could have used a variation of the “daily scrums” to keep stakeholders apprised of certain developments
- Plans are important but agility is also critical as “events” can disrupt good plans
- The ability to “zoom in” and “zoom out” is a skill worth developing
- There is still much to do

Benefits of an Enterprise Family Strategic Plan

WHAT Makes Thoughtful Planning So Valuable?

- **A well-structured planning process gets buy-in from the family about the future** – every family member wants to know where the ship is headed and what they are being asked to agree to.
- Having a **planning document that everyone can read and understand** will take the mystery out of the future plans and it should be specific enough and clear enough for everyone to understand.
- The planning process **requires that you get specific about the family's shared vision** – which is often what isn't clearly spelled out in enough detail to ensure buy-in.
- A **well-defined enterprise plan will clarify key transitions and life changing events** – that might impact the relationships in the family or changes in power and control.
- Mapping out **WHO will have CONTROL over what DECISIONS** is always a concern in every family – so the planning document explains that and **the reasons why** each layer of governance is needed, and the **duties for each leadership role** that is needed.

Elements of the Enterprise Family Master Plan

- I. **Profile of the Family and the Enterprise**
 - Definition of family and roles in family
 - Size of family and type of assets owned
- II. **Family History Together**
 - Family values and guiding principles
 - Patterns to carry forward / leave behind
- III. **Family Enterprise Vision and Goals**
 - Driving forces and key uncertainties
 - Alternative visions by generation
 - Consensus vision for the future
- IV. **Enterprise Governance**
 - Clear levels of authority and accountability
 - Annual measures of success (qualitative and quantitative)
- V. **Family Leadership and Succession**
 - Development of leadership skills
 - Objective succession process
- VI. **Family Capital**
 - Family member roles and responsibilities
 - Family engagement / commitment to future
- VII. **Business Capital**
 - Strategies for each business
 - Industry diversification
- VIII. **Financial Capital**
 - Risk management priorities
 - External advisors and outsourcing options
- IX. **Philanthropic Capital**
 - Mission and values
 - Measurement of impact of contributions
- X. **Strategic Allocation of Capital**
 - Methodology for allocating resources
 - Ability to measure each strategy
- XI. **Role of Strategic Advisor Relationships**
 - Identify most critical advisor relationships
 - Build metrics for measuring their value



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