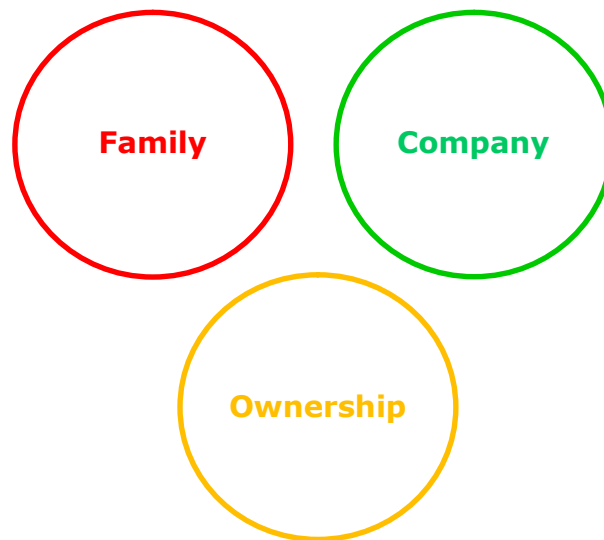


## Three circles to draw out the issues

Whether it is a family succession, a management buyout, or a sale to a third party, decisions must be made that touch on three separate spheres of existence: the family, the company, and ownership.

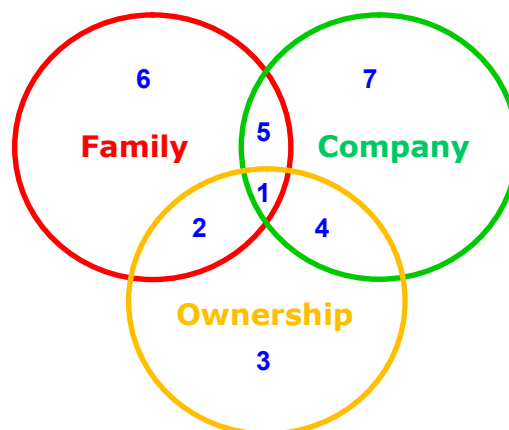
First, situate the players: the owner-managers, the family members, the employees, the management, and the shareholders. If there are people situated in several circles, they can be said to wear different hats, or more to the point, play different roles. Don't forget anyone! Not the children, not their spouses, not the employees, not the shareholders, not the banker...



### Watch out for the intersections!

So, are there people situated within two or three circles?

In a **family business**, people are typically situated as follows:



- Zones:
1. Mother or father, CEO, majority shareholder
  2. Child, shareholder, outside the company
  3. Financial partner
  4. Shareholding executive
  5. Child, non-shareholder, working in the company
  6. Family member, non-shareholder, not working in the company
  7. Employee, non-shareholder, non-family member

Being aware of the placement of each of the people concerned, either directly or indirectly, with the family business, will allow you to understand their point of view, responsibilities, and issues.

This exercise will lead you to ask the right questions on the rules governing the three entities. For example:

- Where are the son- or daughter-in-law situated? Does the current owner-manager want his children's spouses to become owners?
- Could the ownership structure include children and employees or people key to the business?
- Under what conditions will the children become shareholders? Under what conditions will management become shareholders?

And now, what are the issues in the transfer that arise from the family? From the company? From employees and management? From the company's business environment? What does the family say? What does the management committee say?

Note them down in and group them appropriately. Make a list and see how and with whom you could discuss the questions raised by your succession plan and find the solutions.

### ***In a non-family business***

Your business is not a family business? Thinking about the issues above will still serve you well.

As a first step, ask yourself the following question: Is there no link between your company and your family? In other words, is there anyone else in zones 1, 2, 5 and 6, besides you?

Next, ask yourself if there is a possibility that certain people could move from zone 6 to zones 1, 2 and 5. If yes, in what timeline? Under what conditions? What will the implications of such a change be in how your work? Are there actions to take ahead of time or structures to put into place?

Could people in zone 7 move to zone 4? Would they be your successors? Over what timeline? Under what conditions? Here again, what would be the implications of such a change in how you work? Are there actions to take ahead of time or structures to put into place?

Finally, do not forget that for the people in zone 7, typically your employees, succession incites uncertainty. Think about the affect this event could have on these people and anticipate actions to offset them.