

Hello, this is Wayne Rivers at the Family Business Institute. As always, thanks for tuning in. As always, let us have your comments. Click below. Good, bad or indifferent, we want to know what you're thinking and feeling about our weekly blogs and feedback is welcome also.

This week, I want to talk about when is the right time to do family business planning. So 100 to 150 families around the world reach out to us every year and they've got an issue or a challenge or an opportunity or a concern or a lot of times, they're kind of in this stuck position where they have options and they don't really know which option on this vast menu of alternatives is the right one.

And the families vary a great deal in size. There might be five family members, plus key executives in a fairly small business. And then, in some bigger, multi-generation businesses ... In fact, we just talked to someone with 150 shareholders scattered from the middle of the Pacific Ocean to France, so literally halfway around the globe. And obviously, there's a great deal of complexity in their system that impedes good decision making. So they clearly have a need.

So if you're talking to 5 people or 50 people or 150 people, you're never going to get pure, 100% unanimous agreement when is the right time to do family business planning. We hear this all the time. It's tax season, so we need to put it off. We have a family wedding coming up this summer, so it's not a good time for us. We're working on a huge customer proposal and that's got us all focused right now. We're bringing on a new vice president of something, so now's not a good time.

And so on and so on and so on. And it's just epidemic. There are always people that are advocating for pushing the project forward but at the same time, the same number or maybe even more who don't want the project or aren't comfortable with the project going forward.

I'll just say this: I can count on one hand, in 29 years, the number of occasions where I've seen family businesses who decided "now's not the right time" where that actually played out to their advantage.

Now's not the right time is almost never the right solution. The opportunity costs are amazing. And it's just ... I know it's frustrating for the people in the family who want to move the project forward; it's frustrating for us also because we know, we've seen it so many hundreds and hundreds of times. Deciding not to decide is always, almost always, sub-optimal, okay?

So here we are in North Carolina, it's early June. And it's now officially hurricane season. So when do the experts tell you prepare for a hurricane? Do you wait for the rain to fall and the wind to blow? And then you rush out and you try to buy water and extension cords and generators and all that stuff?

Well no, of course not. When the weather's nice and the sun is shining you go out and you buy candles, and do all the other things that are associated with hurricane planning. We've done it. If you're from North Carolina, you've got your stash. And so it's been so long ago for us, I can't even remember what's in it.

But that's what experts say. You plan for an event long before the need ... you know, the fact of the event slaps you in the face. Okay? So when's the best time to do family business planning?

It's when the sun is shining and the wind is blowing gently and everybody's getting along in the family, business is pretty good. If you wait until business is at the bottom of the trough and you wait until family members are going tooth and nail at each other and communication has broken down and you just don't have many good alternatives. This wait, wait, wait for this reason or that reason, if that's happening in your family business, you are probably missing the optimal window to actually undertake long term family business succession and strategic planning.

This is Wayne Rivers at the Family Business Institute. I look forward to having your comments.