

Keeping it in the family: Succession planning tips and insights

FLAGSTAFF REGION SUCCESSION SERIES



Currently in Canada we are facing a large transition of both business and personal assets in the next five years that will have an impact on all demographics, regions and industries in the county.

In rural Alberta, our challenges are amplified by so many factors including the current state of our economy, our heavy reliance on the agriculture and natural resource in-

dustries, our proximity to ready markets, labour availability and an increasing migration to larger urban centres.

One of the most evident reasons that our rural communities are perhaps more vulnerable than others during this transition is that many of our local economies are over-reliant on a few cornerstone businesses, most of which are family enterprises.

These family enterprises are facing a myriad of challenges as they look to transition management and ownership to the next generation and these challenges require immediate attention if they want to become opportunities.

Despite some of the limitations that come from living in a small town, it's tough to beat the ability to live and work in an inclusive small knit community.

The chance to really know your customers, know them as your neighbours and as your

friends is truly a diminishing opportunity.

Local business owners not only work to support their families, but they also end up supporting the entire community.

It's local businesses that sponsor a hockey team, donate their time or money to a local park, or even to the food bank to help support the less fortunate.

These types of examples do not even touch on the contributions that family-owned businesses provide to the larger society.

Contributions such as employment creation and paying taxes to all three levels of government influence better infrastructure, education and healthcare.

For far too long, this by-product of family business activities has been overlooked and underappreciated by the majority, but its importance to our very way of life cannot be overstated.

However, positive outcomes always contain challenges. All businesses have challenges, but

family enterprises are unique in that one must consider family dynamics and family expectations into the daily operations and overall strategy of the business.

For example, in a regular workplace it is relatively easy to performance manage or fire an underperforming employee, but when that employee is also your older brother who may (or may not) also be a shareholder in the company that you're responsible for, it can be exponentially more difficult and have deep and far-reaching consequences.

My experience has shown that far too many family enterprises work "in the business" rather than "on the business."

Family enterprises often overlook the importance of open and honest communication and sometimes fail to realize that good governance structures are key to the long-term success of both the business and of the family.

We must take a page out of the "Millennial Handbook" and look to embrace change while benefitting the larger

community.

Managing a family enterprise can't be "all about me," but instead about "what legacy am I leaving behind?"

The implementation of resources such as a family council, external advisory board, or a shareholder's assembly as well as clear and comprehensive estate planning all impact the ability of our rural businesses to successfully transfer onto the next generation.

"Passing on the legacy" can become a reality with advance planning, the right management tools and willingness of the current generation to accept change as they make way for the next generation of family business leaders.

For best results, be open to working with professional advisors to assist with the planning process.

The Alberta Business Family Institute encourages businesses small and large to apply to the Flagstaff Regions Succession Program. For more information on how to succeed your business, please contact Jordyn Prior – Economic Development Coordinator.



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