What Can Stand in the Way of Planning — and How to Overcome It

Make laying the groundwork for long-term success a priority

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By Steven Tenney

There's a near constant need for business owners to plan and make decisions in my view. However, while owners may realize the value of *long-term* planning, many likely don't make it a priority—96 percent of boomer business owners surveyed agree an exit strategy is important though only 13 percent have a current one in place.[1] Why the difference? There are a number of reasons why estate and succession plans, among other types of long-term planning, are often overlooked. Consider the following common causes and how you can overcome them.

1. Company

The daily challenges of running a company can make it hard for you to find the time to step back and see the bigger picture. But seeing the big picture is critically important. So rather than waiting for your schedule to free up, take steps to actually set aside time. Consider holding your planning meetings outside of the office to prevent disruptions, as Lee Auto Malls CEO John Isaacson does with his two partners. "Once a year we go away with our spouses for a long weekend," he says. "It's time away together to plan for the year and it's a chance for people to be much more open with what they're thinking. It works quite well for us."

2. Cost

In addition to time, long-term planning also costs money and resources. After all, you will pull leadership away from their normal responsibilities. So rather than a cost, consider viewing the resources spent on planning as an investment in the family and company.

3. Conflict

Long-term planning forces owners to address a number of potentially delicate topics, including the succession or the eventual sale of the family business. It's an opportunity for family members' differing expectations to come into conflict with each other, potentially upsetting family harmony. The solution: Create and maintain a spirit of open communication. People may still feel strongly about an issue, but it can help to talk things through. "If people are allowed to have their say fairly in the boardroom, that's probably half the battle," says Michael Barriault, president of Central Distributors.

4. Control

Business owners are accustomed to having control over their work environment. Long-term planning, when done properly, involves outside advisors, and surrendering even a little bit of control can be uncomfortable for most owners. Instead, view planning as an opportunity to collaborate. Outside advisors can offer a fresh perspective. And by allowing your advisors to lead the way, they can work with each other to generate creative, relevant and coordinated solutions that should leave your family and business in a better place.

5. Complexity

Weaving together succession and estate plans in the context of your long-term business strategy—all while keeping your short- and mid-term issues in mind—can make for a complex situation. You can simplify the process by first putting a basic plan in place. Then build up the complexity as needed from there. For instance, what happens if you or a co-owner dies unexpectedly? Answering that may be more pressing than worrying about succession plans. Make this process even easier (and more effective) by choosing someone from your team of advisors to act as a quarterback so that he or she can coordinate with the other professionals.

It's human nature to be optimistic about what lies ahead, but that optimism may get in the way of planning for an uncertain future. Long-term planning is one of the most important steps you can take to help ensure the long-term success of your family business. Planning can help you create a structure for transition and evaluate how and when an unexpected event might lead to a change in ownership. So by all means stay optimistic, but make the time to plan ahead as well.

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– Michael Barriault, Central Distributors

[1] UBS Wealth Planning Insights, March 2013

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