

CASE STUDY

# Ownership Transition Team Establishes 10-Year Plan for Blended Family Business

*How Platinum collaborated with a team of advisors to help guide family communications and succession*

## SITUATION

A second-generation family business owner reached his early 70s as his company was gaining strength after the Great Recession, with annual revenues in excess of \$50 million. Three adult children in his blended family worked in the business in different capacities. The owner and his wife wanted to map out a longer view of their life through a “retirement” process that would protect the strong company performance, include a rewarding role for two sons and one daughter in the family business and provide a well-deserved retirement for the owners. Platinum Group was introduced by a board member to facilitate the family’s communication during this transition planning.

## CHALLENGES

- The father wanted to stay involved in the business for up to 10 years, but not in an operating role.
- The mother wanted to continue her own professional service business for at least five more years.
- The older son was emerging as a well-qualified successor to run the core business, yet in competition with his younger half-brother for the top spot. The daughter had an administrative role. Two of three siblings were minority shareholders.
- Family relationships were positive with many social events and holidays enjoyed by all generations, but there was little discussion of whole family needs in the broader context of the parents’ retirement and succession planning. And all of the siblings were in their peak career performance and earning years.

## RESPONSE

Platinum facilitated conversations with each family member to uncover core values and owner retirement needs for a long-term retirement vision. A coordinated team of advisors provided estate planning, business valuation, tax-advantaged ownership transfers, long-term financial planning, and board governance changes. Ongoing family communications were strengthened by monthly owner meetings, conversations with next generation siblings, planning sessions with other succession team advisors, participation with input to board meetings, and an annual family council meeting. Guided by clear owner and next generation needs, a step-by-step succession plan emerged. Family members and advisors were given specific tasks and timelines.



**RESULTS** – A 10-year succession process has been established with the owner moving from management into governance as chair of the board. The owners have an estate plan to transfer ownership in tax-favorable ways, and maintain control after leaving active management. A financial plan for retirement years is in place. The core business has a strategic growth plan led by the older brother delivering double-digit revenue growth and best-in-history profitability. The younger son has successfully launched a separate business in supporting services and remains on the board. And the daughter has taken new responsibilities in management and board participation. The family is holding annual governance meetings to guide the business. The company board is adding outside directors with specific skills. The company is being recognized for exemplary performance in the community as well as the marketplace. Family dynamics are positive for both generations as the long-term plan is moving forward.