



Good Transitions and the Generation Game

Ken McCracken - Athens

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How many start ups
survive 10 years?





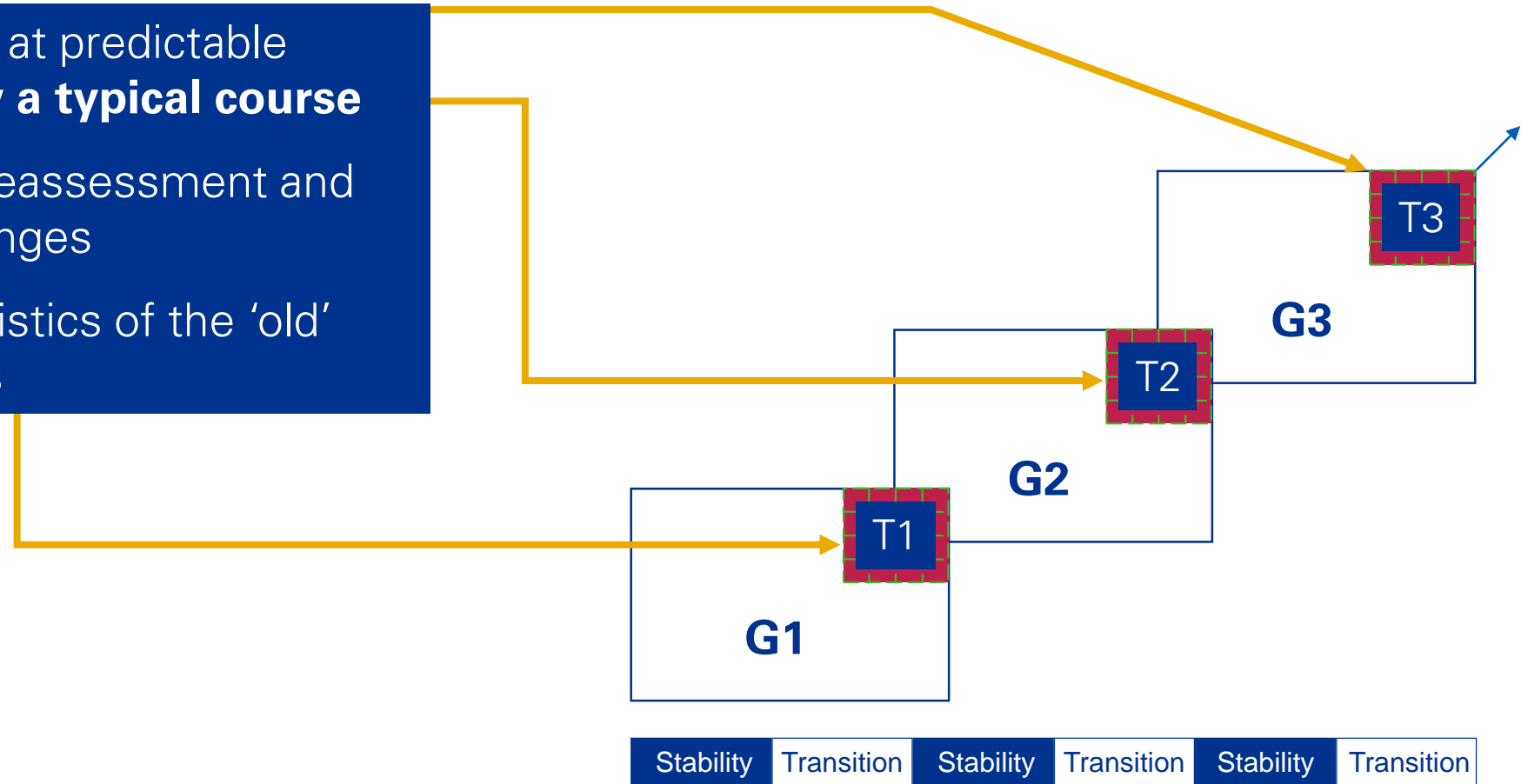
How many start ups
survive 10 years?



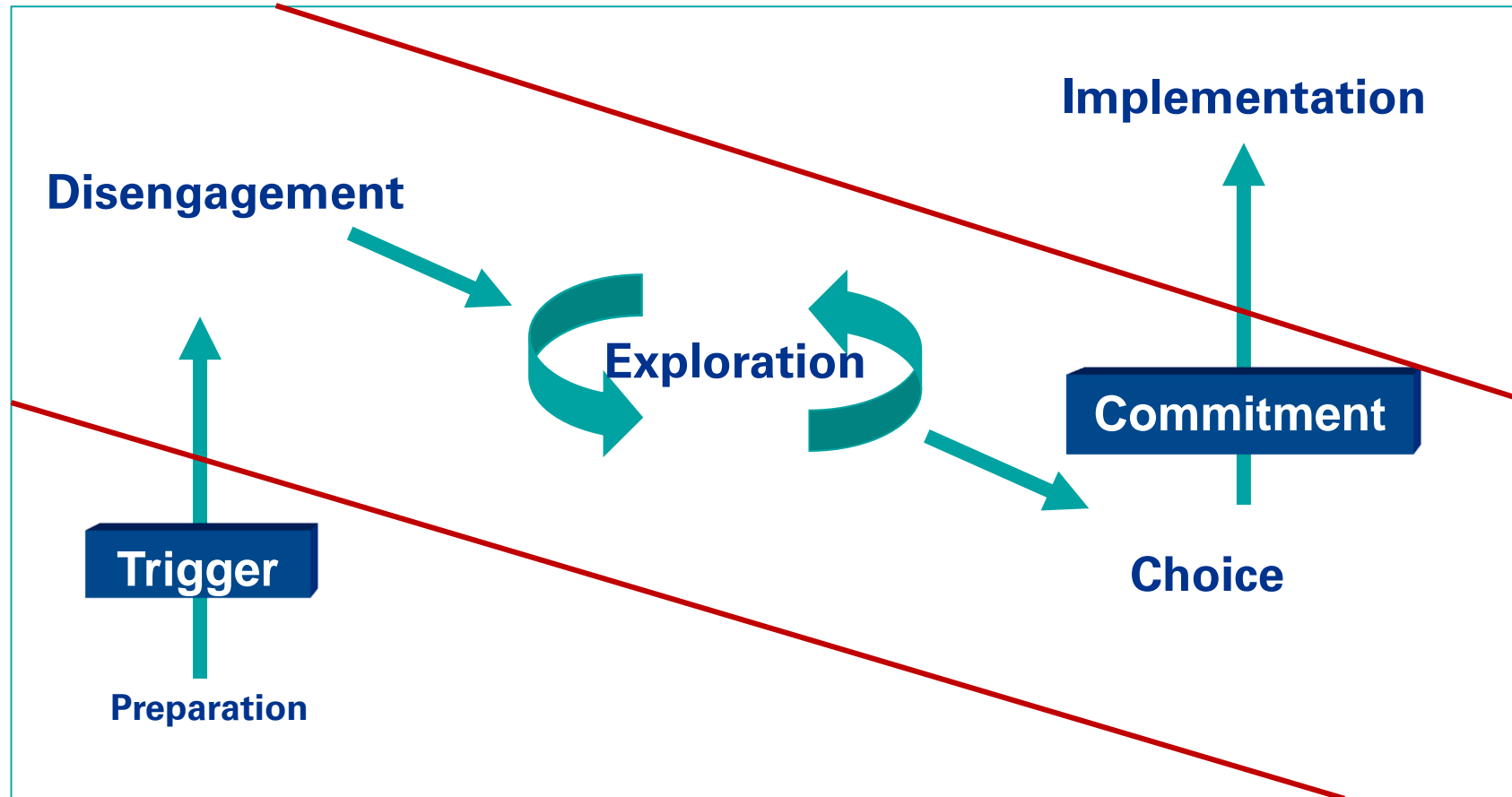
How many
Dow Jones
companies
survive 100
years?

Good Transitions

- Transition occurs at predictable times and **follow a typical course**
- Opportunity for reassessment and fundamental changes
- Shared characteristics of the 'old' and 'new' stages



Roadmap for Good Transitions



Triggers for change



Events

family, ownership,
business, and
externally



Often ignored

cope with issue of
the moment and
move on



Anxiety

build up of many
anxieties and
frustrations



**Eventually the
trigger cannot be
ignored any longer
and change is
demanded**

How will a family feel at this time

de laowesly

How a family will feel at this time

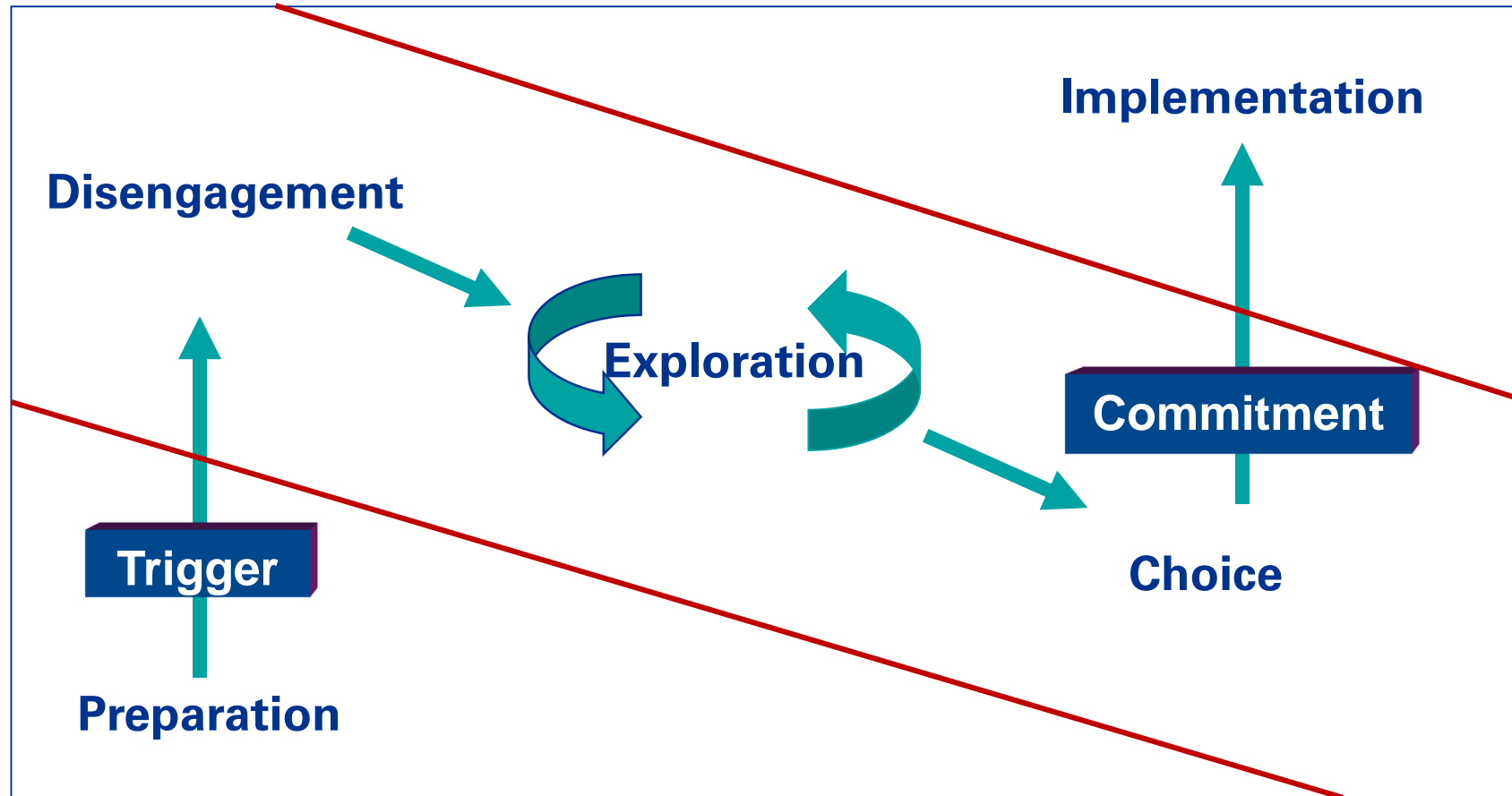


Risks



Jump to implementation
The quick fix to relieve anxiety
(so-called best practices)

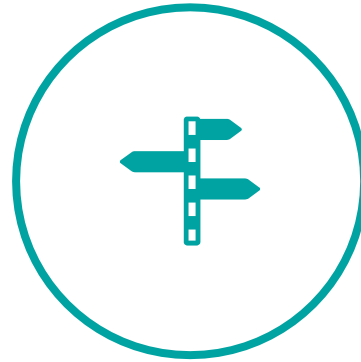
Stick to the map - where next?



Disengagement



Recognise that
change is
imminent



Guide everyone
into the work
without sliding into
chaos



Plan the process
to help manage
anxiety

Exploration – Three key questions



Why does the family want to continue?



What roles will family have?



How do the family and the business need to be organised?

Why continue in business?



A Vision for the future that is linked to the past and, enables a family to work together



Weaves together the individual, the family and the business



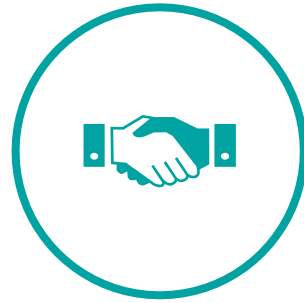
A combination of economic success and other returns on investment to which the family attribute value

What roles will family have?



Creating

Innovate and
create



Managing

Hands-on
involvement



Governing

Oversee and
monitor



Investing

Pool resources and
leverage returns

How do you get organised?



Ownership and exit

Spouses/partners

**Distribution and
use of wealth**

**Employment and remuneration of family
members**

Education funding

Family Council

Conflicts of interest

Board of directors

New ventures

Philanthropy

Media and PR

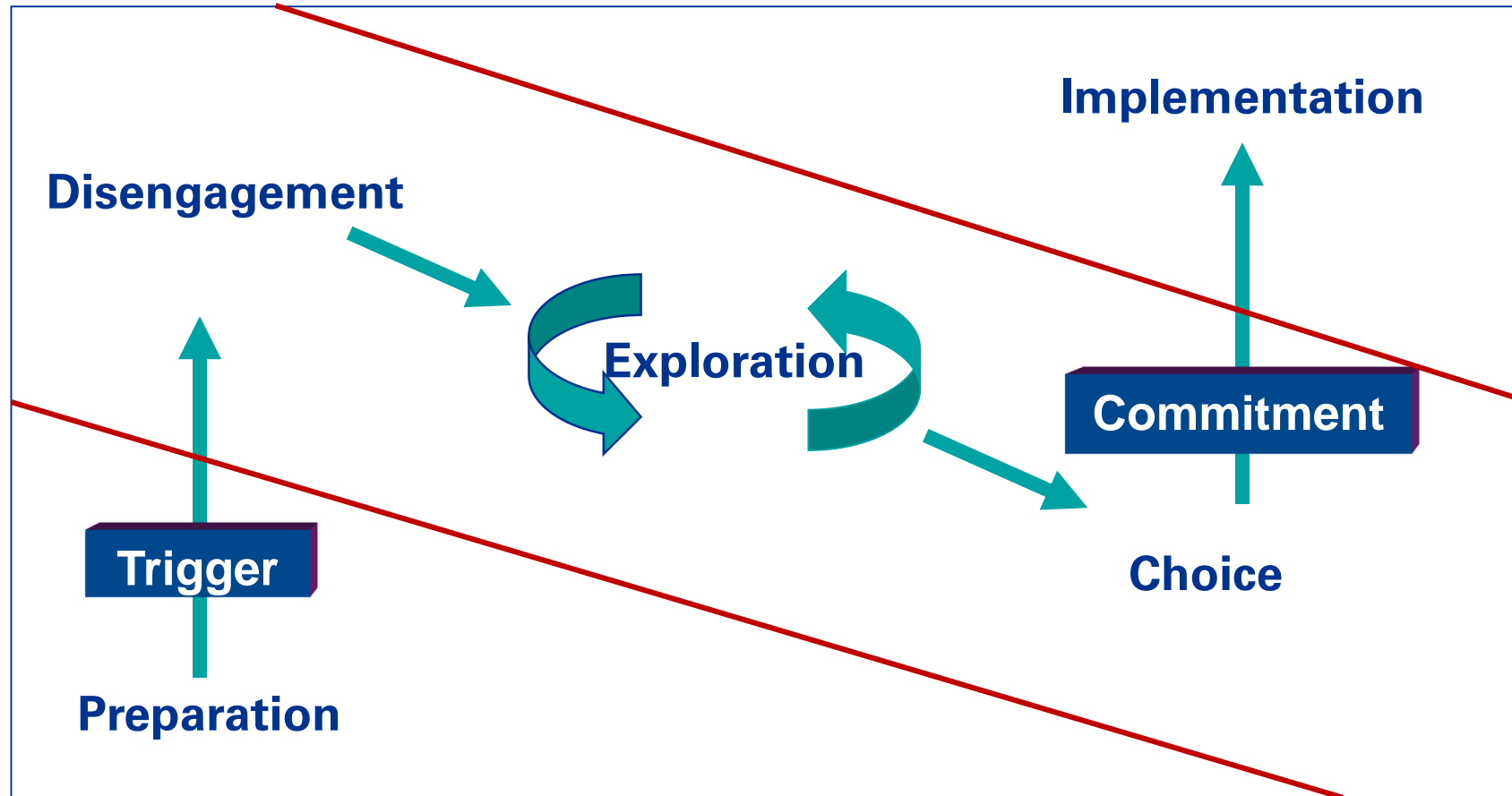


Risks



Endless exploration without
making decisions

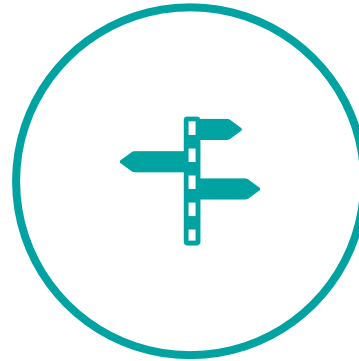
Stick to the map - where next?



Choice and commitment



Recognise when the moment has arrived to pick an option



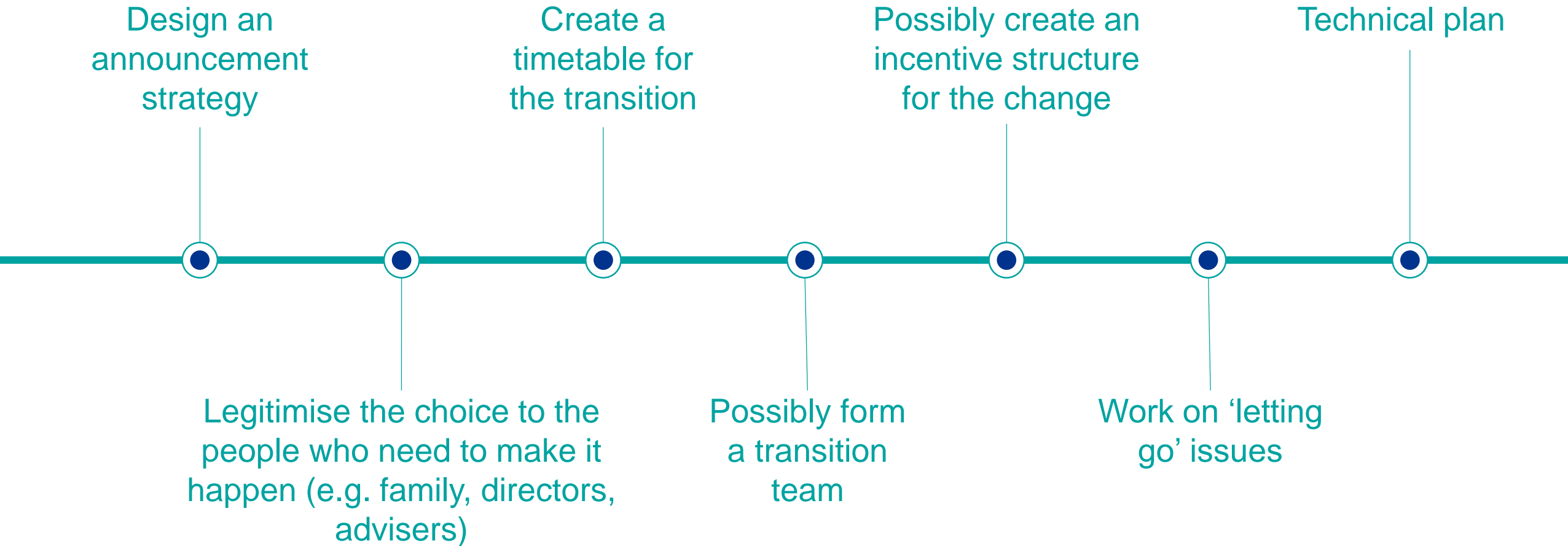
Be assertive and choose decisively



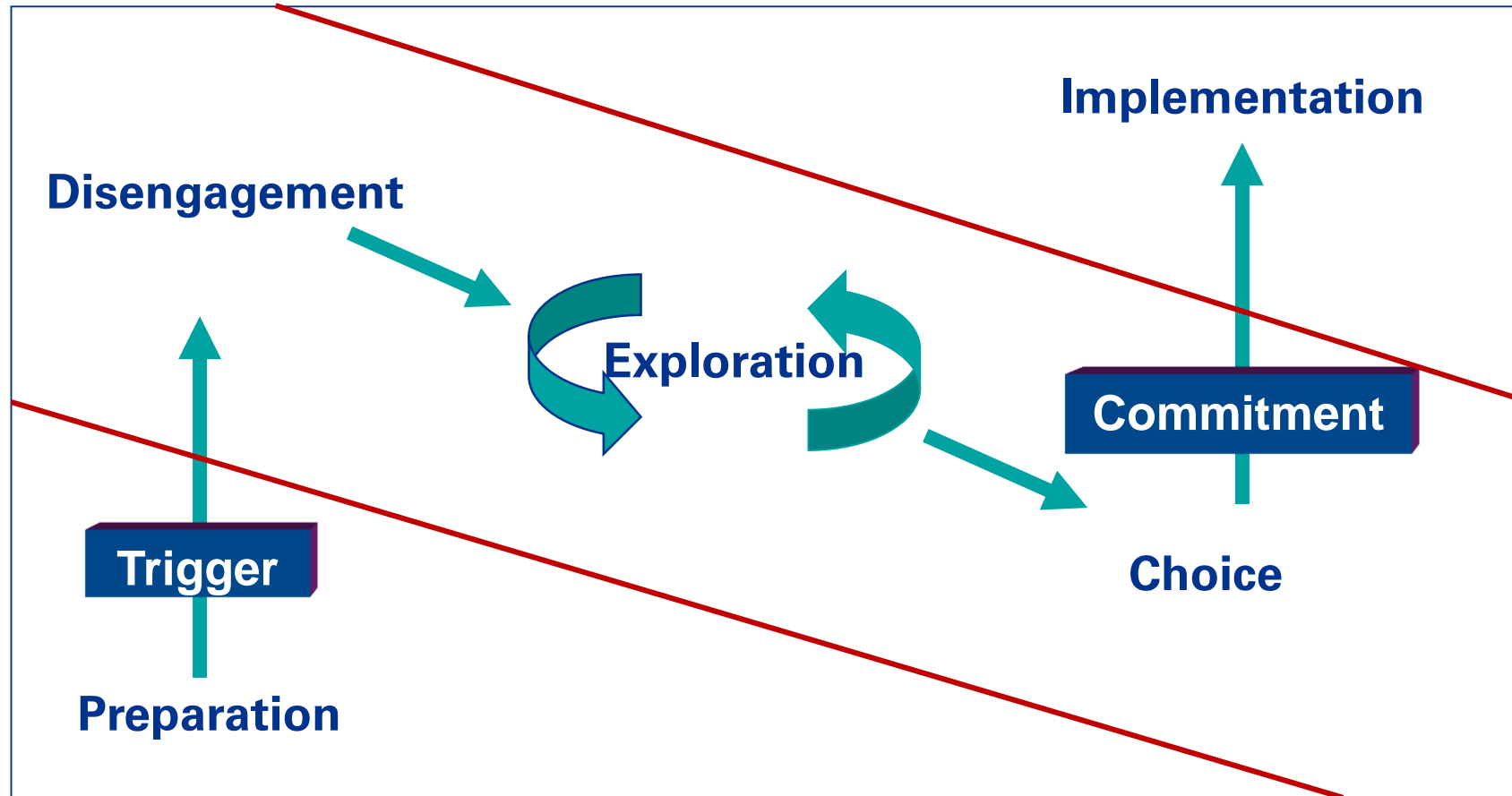
Mourn the alternatives not taken and accept the costs of abandoning them



Tasks in Implementation



Stick to the map - because it works?





Thank you



The generation game

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Who should be involved in succession planning?

Current shareholders?

Spouses and partners

Next generation

Next gen spouse/partners



Trustees who own shares

Non-family shareholders

Trusted advisers

Non-family directors

The generation game

Succession conversations are difficult because the answers that each generation need are tied up in the lives of their relatives



A life structure - 3 elements



My Work

What work do I want to do and will this involve a role in the family business?



My Loves

Who do I want to spend my life with?



My Networks

What social networks (friends, hobbies) do I want?

Young adults – Creating a structure for life

Experiment as a novice in the adult world

Explore and gather experiences

Form identity independent of family

Making choices of career, love, and social network – will this include the family business?

Become one's own man/woman



Mid-life - Around 45

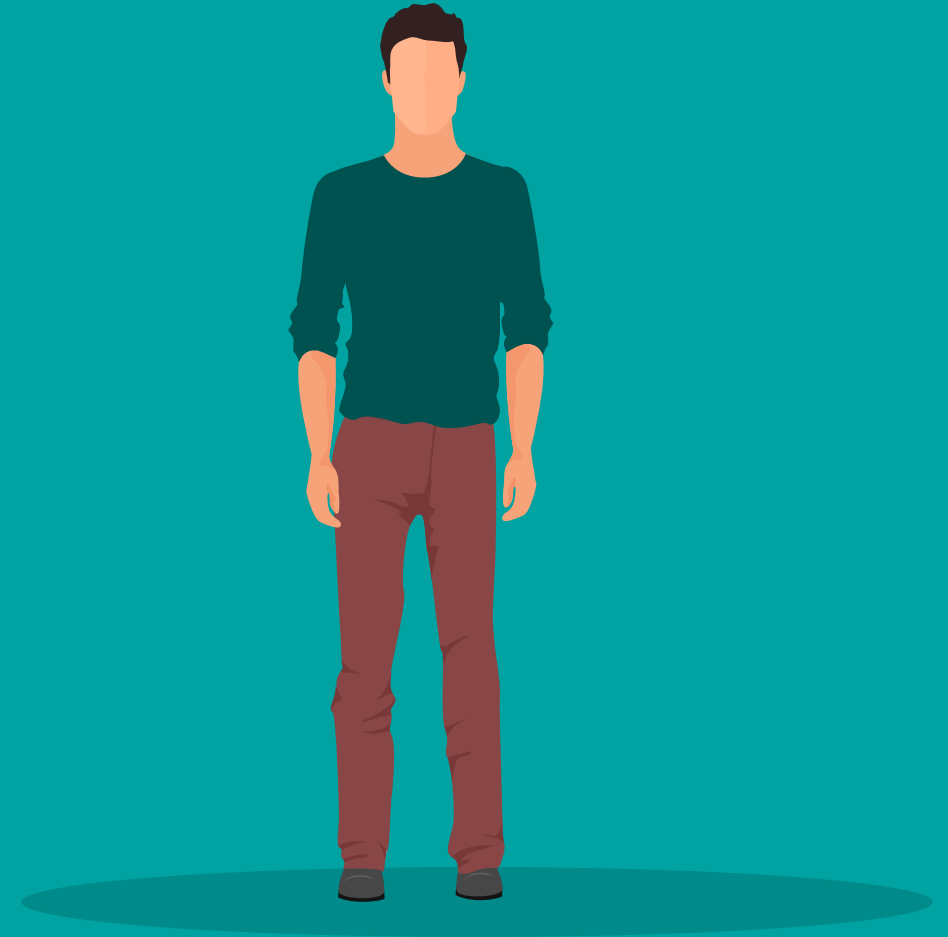
Taking stock

Review choices and decide whether or not to address flaws

Launch children (if any)

Commit to life as is or change direction

Acquire new skills



Later life - 65 onwards

Now what?

Finish major projects

Reflect on unfinished business

Next career?

Mentoring and giving back

Settling your affairs – what legacy?



The generation game

Succession conversations are easier when the generations are in synch because the answers that each generation needs are tied up in the lives of your relatives



Preparing for a good conversation

Thinking about the other generation(s)



What are the main issues at their stage of your life?



What do you think is concerning them?



What would you like to ask them?

Coping with anxiety – these things will happen



Conflict

Have occasional arguments



Reciprocity

I'll put up with it, but I'm not happy



Triangling

I'll speak to someone about it



Distancing

Stay out of each others way/not talk about it



Cut-off

"I'm off"

Who starts the conversation?



Seniors



Next generation



**Outsiders –
Advisers, non-
family executives**



Any other ideas?



Thank you



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