



## SUCCESSION IN FAMILY BUSINESS

By Henry Eygenraam

I recently attended a Family Business Advisors Certificate course offered by the Centre for Family Business. It was an interesting refresher in the issues and processes involved in successful transitions in family business. While this is an area of special interest to me space will not permit much detail here; however perhaps I can highlight a few points to pique your interest and trigger a phone call for some dialogue on the matter.

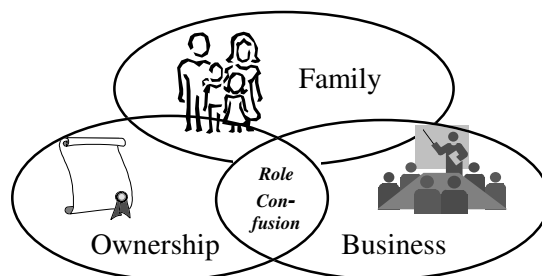
There are some alarming statistics pertinent to a discussion of succession in Family Business, which includes farm operations.

- ◆ Family owned businesses generate 70% of the economic activity in Canada. Some of these are small 'mom and pop' operations and others are large corporations with thousands of employees.
- ◆ Only 30% of these family businesses successfully make the transition to the second generation, 15% to the third and 5% to the fourth. Note that once the first transition is made successfully, 2/3rds of them continue on to make the next transition.
- ◆ 80% of family firms that **fail** to make the transition; can attribute it to the lack of awareness or inability to address the family dynamics involved.
- ◆ 78% of the family businesses will face transition in the next 15 years.
- ◆ 70 % have done no succession planning
- ◆ 68 % do not have a contingency plan in case of unforeseen disability or death.

### A Hopeful message

Family firms who enter into an early Succession Planning Process have a high success rate. The process is not usually short or simple. Enlisting a coach or "quarterback" can play a very helpful role in coordinating the process with other professionals.

At the heart of the issue is the complexity of the different roles played by the members of the family and how these roles and relationships interconnect.



Various family members fit into one, two or all of the circles. Where they overlap there may be confusion of the roles each person plays in that area or how they relate to the others. For example, in the role of owner/manager, the father as *the boss* takes the employee son or daughter to task harshly for a business mistake. The resulting scene around the "family" table can be very strained. Conversely, failure to address such business issues for fear that the "family" table scene might be awkward can adversely affect the productivity of the firm. However if the roles are clear and the relationships defined it creates the potential for a *partnership synergy* that is often the reason family firms are so successful.

The day to day complexity of the roles and relationships tend to discourage the family firm members from attempting the more complex task of examining the ways that succession will impact the people involved.

While the process involves taking some risks the upside potential is great. The earlier the process starts the greater the potential for success.

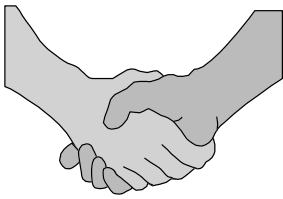
A sketch of what the steps might look like:

1. Exploration & Diagnostics – involves examining the current situation, exploring in some detail where people fit, listening to the concerns, hopes & plans of all the people involved, and discovering what the core values of the family and the business are.
2. Assessing the goals, strategies and compatibility of the people, their vision for the present and the

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## Let's Give a Warm Welcome to Bruce Bishop...

Alberta Representative



We would like to take this opportunity to introduce you to the newest addition to our team – Bruce Bishop.

In keeping with our Strategic Plan developed early last year, we have been looking for people to hire that would be located regionally across Canada. We hired Greta Luimes for Eastern Ontario and Eastern Canada, which has been very successful. We are pleased to add Bruce to our staff to provide service to our Alberta clients.

Bruce was born and raised in Northern Alberta. He has completed his Bachelor of Commerce at the University of Alberta in 1990 and earned his Certified General Accountant's designation in 1998. He currently serves as Deacon and Treasurer at his home church and is on the Board of a start-up missions relief organization. From his experience as a Church Administrator and Treasurer, Bruce has developed solid experience in charitable financial issues. Bruce's charitable experience, accounting, taxation and finance background provide him with the tools to deal with the complexity of financial, estate and gift planning.

Bruce and his wife, Cathy and three young children live in Sherwood Park, are involved in their local church and enjoy spending time on their "Saskatoon Berry" orchard in the summer!

We welcome Bruce on board at CSS and we look forward to a productive working relationship with him. We also know that as a valued CSS client you will also appreciate what Bruce has to offer. We encourage you to introduce yourself to him and avail yourselves of his expertise. You can reach Bruce directly by calling (780) 449-5399 or by email at: [bruceb@cssservices.ca](mailto:bruceb@cssservices.ca).



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future, and their "succession ready -ness".

3. Developing and presenting ideas and solutions.
4. Defining the critical path for action and developing the necessary agreements.
5. Implementing the pieces of the puzzle, which
6. could include all or some of the following:  
Long-term Strategic Business Plan, Contingency Plans, Leadership Succession Plan, Ownership, Shareholder Agreements, and Estate Plans

I have only scratched the surface of the subject here; however, I hope that I have alerted you, (perhaps scared you a bit) to take the matter seriously and start to take action. The benefit of intentionally directed effort now will have real long-term benefits for the people you love and enterprises you have built. In stewardship terms you have been *entrusted* and blessed with gifts. A good steward considers what he or she ought to do with this trust both now and later. We at Christian Stewardship Services would be pleased to discuss your situation with you.

*Merry Christmas*

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We would like to take this opportunity to wish you a very Merry Christmas and a happy New Year for 2003

*Henry Eygenraam*

*Jeannie Luimes*

*Anita Horlings*

*Rick DeGraaf*

*Greta Luimes*

*Bruce Bishop*

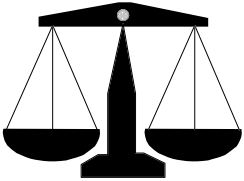


## Don't Deny My Mother the Right to Give

From "Experiencing God"

by Henry T. Blackaby & Claude V. King

One of our new missions needed a building. The financial agency we were working with required that a certain percentage of the cost be paid as a down payment in order for us to get the loan.

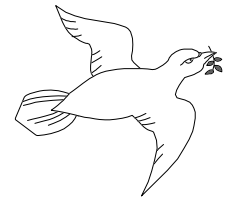


The mission was very small, so I asked our church members if they would be willing to pray about the possibility of contributing toward the down payment. They agreed to pray and watch to see how God would provide. Ivah Bates, one of our real pray-ers, was a widow. In addition to a small pension, she had a total of \$4,000 in the bank to last her the rest of her life. She gave a check for \$2,000 to the building fund.

As her pastor, a whole lot of emotions went through my own heart. Here I was leading our church to do what we believed God wanted us to do. I had pain in my own heart to see what it was costing our people to respond. I talked with Ivah's daughter. She said, "Don't deny my

mother the right to give. She has always trusted her Lord. She wants to do that now, too."

Some pastors or finance committees say, "We can't ask our people to give too often, or it will hurt our ongoing budget giving." I learned to never deny God's people the opportunity to give. I never tried to pressure or manipulate people to give. That was not my job. I would create the opportunity and encourage them to give only what God led them to give. God's people will cheerfully do the will of God. Some of them will respond with generosity and count it an honour that God has allowed them to sacrifice for Him. Some will have life-changing experiences as a result of such an opportunity.



### advancing stewardship

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Alberta Representative



**Rick DeGraaf**  
Education Coordinator

### STEWARDSHIP EDUCATION PROGRAM

#### Facilitating Stewardship in Your Church

You're convinced that stewardship education needs attention and you're tired of hearing the same old song: we need people – we need money! You need both! The challenge is to help your church members give more generously of their time, talents, money and their homes. This is a stewardship issue! You would like to see abundance instead of scarcity; delight instead of reluctance. In other words; "we need people with a heart for ministry". In order to facilitate 'heart' building - training and discipline is important.

#### 1. Training: Try Organizing a Stewardship Month

Set aside a specific month, each year, for every age group in your church to get a 'stewardship tune-up'. Provide solid biblical training in the use of all of God's gifts to his people. Help each generation understand that our relationship to God and our "stuff" is impo-

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tant for our walk with God. We are bombarded with advertisements and models of living that are contrary to a biblical understanding of stewardship and giving. Accumulation, materialism and chasing after “deserving” wants are just some of the more blatant examples of modern living that need to be confronted. Having a regular focus on the application of Christian teaching on the way we deal with ‘stuff’ and money during a ‘*stewardship month*’ is a step towards mitigating the ‘lifestyle’ influences affecting us today – especially in times of affluence. It strives to answer our own internal question: “What is my heart’s desire? One of the best resources for a stewardship month is, ‘The Joy of Generosity’. Ask me for details.

## 2. Discipline: Faith Promise

Scripture is quite clear about tithing and proportional giving. Giving is more than just money - it includes gifts of time, talents or abilities and how I use the piece of God’s creation that I am responsible for in addition to the money that the Lord has allowed me to earn.

But, – how do I apply biblical teaching on giving into my daily living? How does that apply to the work of the church?

Basically – ‘I need to walk the talk!’ It begins with a self-analysis: ‘What have I given to God?’ and ends with a renewed commitment and plan. That is what “faith promise” or “intentional giving” is trying to achieve. I’m convinced that each child of God should take ‘time-out’ to do the following three things:

- Review my giving of time, talents, money and

- other resources last year
- Reflect on how God has blessed me this year
- Re-commit myself and my gifts for the work of God’s Kingdom in the coming year

Developing this discipline will encourage a deeper relationship with God and encourage a greater sense of God’s blessing and involvement in our daily living.

God is looking for us to take initiative, to make a commitment to Him and to live it out. God challenged the Israelites and when they were obedient, He blessed them. We are also challenged to take steps that say ‘yes God, I will! I’ll commit to give my time, talent or treasure for the work of your kingdom but I need your help!’ In 2Cor. 9:7 Paul challenges: “Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver.” (NIV)

For more information on how you and/or your church can get started, give me a call and I’ll gladly give you resources and ideas on where to begin.

Call Rick at his home office at: (519) 620-2242 or by email at: rickd@cssservices.ca



## Request for Information

mail or fax to:

Christian Stewardship Services 600 Alden Road, Suite 315 Markham, Ontario L3R 0E7 Fax: (905) 947-9263

## Request for Information

- |  |   |
|--|---|
| <input type="checkbox"/> More information on the work of CSS       | <input type="checkbox"/> Information on RRSP/RRIF Gifts     |
| <input type="checkbox"/> Information on making a Will              | <input type="checkbox"/> Information the CSS Endowment Plan |
| <input type="checkbox"/> Call me to arrange a visit / presentation | <input type="checkbox"/> Stewardship Education Information  |
| <input type="checkbox"/> Information on Charitable Gift Annuities  |   |

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