

The Austin Family Business Program Presents:

# Who Will Lead? Filling Leadership Gaps in Your Family Business

**Jim Grew**  
**President, The Grew Company**

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**FAMILY  
BUSINESS 360<sup>o</sup>**

[Business.oregonstate.edu/familybusinessonline](http://Business.oregonstate.edu/familybusinessonline)



**Oregon State University**  
Austin Family  
Business Program

The Austin Family Business Program Presents:

# **Who Will Lead?**

## **Filling Leadership Gaps in Your Family Business**

**This webinar is being recorded and will be available for later viewing.**

**If you are having difficulty hearing the webinar through your computer you may dial in via your telephone:**

**Dial: 415-655-0002**

**Access Code: 924 862 153**

FILLING THE GAPS

# WHAT'S AT STAKE?

- Valuation
- Emotion:
  - Your kids
  - Your business

# ROUGH VALUATION FORMULA

ANNUAL OPERATING INCOME:	\$1,000,000
	X 1.25
	= \$1,250,000
	<u>X 4</u>
	<b>= \$5,000,000</b>

ESTIMATED VALUATION

THE PROBLEM IS YOU

# PLAN YOUR EXIT

- PLAN YOUR EXIT
  - THEN
- PLAN YOUR SUCCESSION

# SUCCESSION TIMETABLE

- CEO
  - Chairman
    - Active Owner
      - Board Member
- Advisory Board Member
  - Full Retirement (Out)



# SOLUTIONS TO GAP

- SELL

OR...

- REPLACE YOURSELF
- REPLACE KEY LEADERS

# REPLACEMENT STRATEGIES

- SET YOUR TIMETABLE
- GROW OR BRING IN REPLACEMENT
  - SAME WHETHER FAMILY OR NOT
- COMPETENCE BEATS FAMILY MEMBERSHIP

# FAMILY STRATEGY

- START ANNUAL MEETINGS AT AGE 12
  - ROLES:
    - OWNER VS. FAMILY MEMBER

# FAMILY ROLES

# FAMILY MINORITY OWNERS

- PROVIDE DATA, DISCUSSION

# OWNERS DECIDE

1. SELECTION PROCESS
2. JOB RESPONSIBILITIES
3. JOB QUALIFICATIONS
4. COMPENSATION
5. TIMING

# KEY JOBS: NEW LEADER

1. Balance today's results with actions for tomorrow
2. Structure communication in business and with family
3. Move leadership process from dad's head to Mgt. Team
4. Deliver results for owners, employees and customers
5. Clarify role difference: Owner vs. Business Leader
6. Mine owner wisdom cleverly and respectfully

ALL ANSWERS INCLUDE COMPROMISE & RISK



# MANAGING THE SHIFT SUCCESSFULLY

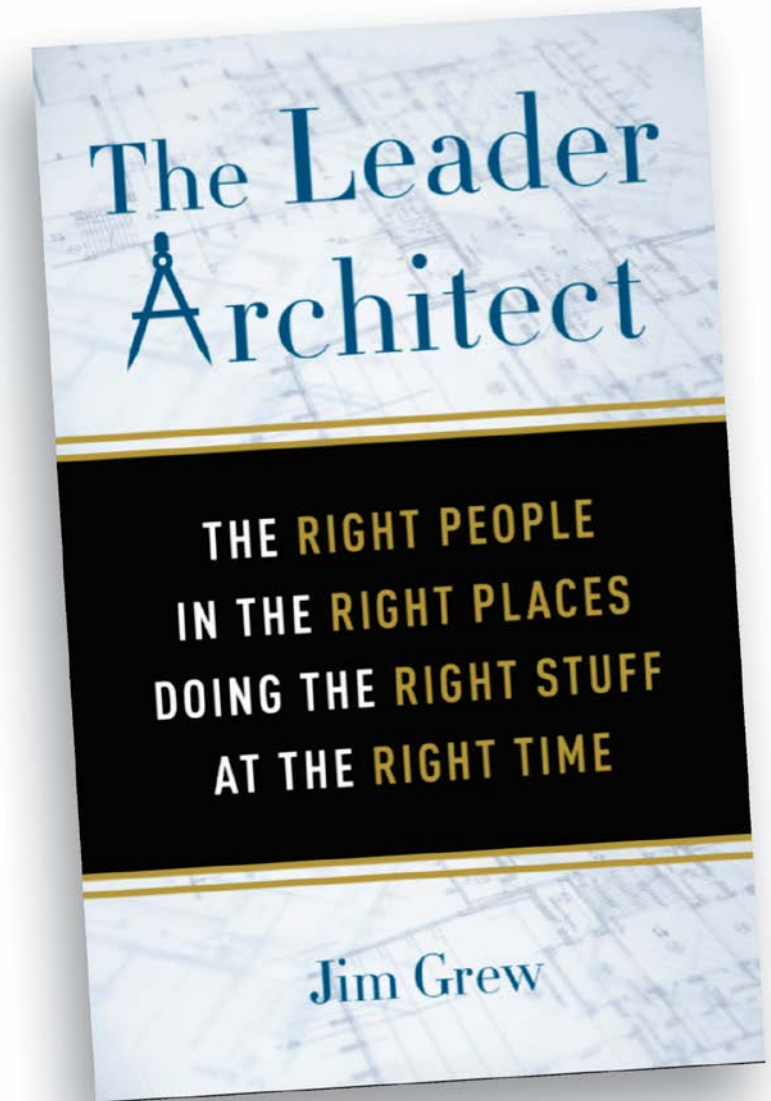
- SUCCESSOR LEADERSHIP PROCESS
  - INCLUDE KIDS AS CANDIDATES
- QUARTERLY LEADERSHIP REVIEW
- KEY SKILLS EVALUATION
- FAMILY PLAN

# CRITICAL ADVISORS

- NEW TERRITORY
- MULTI-LAYERED
- SUCCESS OF KIDS
- SUCCESS OF BUSINESS
- RETIREMENT INCOME

For a complimentary copy  
of Jim's new book,  
**The Leader Architect**  
email Roger Anderson at:

[roger.anderson@bus.oregonstate.edu](mailto:roger.anderson@bus.oregonstate.edu)



# JIM GREW

- 503 544 8857
- [WWW.GREWCO.COM](http://WWW.GREWCO.COM)
- JIM@GREWCO.COM