

BALLENTINE

Briefs

PASSING THE BATON

Encouraging family entrepreneurship.

PROBLEM

Our client, the owner of a highly-successful business, wanted to pass the business on to his adult children. All of the children were involved in the business in various capacities. He hoped the business would continue to be family-owned and family-managed. He believed that was the best way to preserve the company's unique values and corporate culture.

SOLUTION

We conducted in-depth interviews with our clients, the husband and wife who owned the business, to learn about their values, vision and long-term goals. We produced several drafts of a written statement of values, vision and goals, until we had a version our clients declared accurately reflected their thinking. We also conducted in-depth interviews with all other members of the immediate family and with senior executives of the company. One of the family's core values was to empower family members to pursue their passions in life in a constructive manner.

Meanwhile, we studied the company, its recent performance and its business plan. We found the company was very highly regarded in its industry and had a great reputation. But, we also found that it faced significant long-term challenges as larger players with more resources entered its market. The larger players threatened to disrupt the industry by introducing technology that our client's firm considered too risky and too costly to develop on its own.



RESULT

Over the course of many discussions, the adult children who were most capable of running the business revealed that they would prefer to start their own businesses. They wondered if the sale of the current business could provide their parents with income for life and provide family members with seed capital for new ventures.

After the initial disappointment wore off, the older generation realized this was actually a very good idea. We continued to work with the family to screen and engage an investment banking firm. We also worked with our clients on wealth planning prior to the sale to move family wealth into a structure designed to provide the parents with income and to provide seed capital for new businesses. The early results from the new ventures appear very promising. Our clients are very proud to have raised several budding entrepreneurs.

For more information about succession planning contact Jayson DeAngelis at 781-314-1316 or jdeangelis@ballentinepartners.com.

Disclosure Information:

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