

An insider reviews...

Strategic Planning for the Family Business,

by Randel S Carlock and John L Ward, London: Macmillan-Palgrave, 2001

Strategic Planning for the Family Business offers family business owners a comprehensive reference guide where they can find answers to many of the issues they face. Building on Carlock and Ward's combined expertise gained from many years of teaching and working with successful families all over the world, they have produced a book that is invaluable for business families. The central theme offered in the book is the concept of parallel planning that addresses the often conflicting needs of both the family and business. The processes described include a series of planning tools that the family and the business can adopt or tailor to their own needs and circumstances.

The parallel planning process is non-prescriptive, offering a menu that can be chosen from and integrated into the planning cycle of any family business, especially if there has been little or no formal planning carried out to date. But the process is equally valuable for mature and sophisticated family companies. The end goal is to help the family (or shareholders), the management and the board of directors reach a point where decisions on the appropriate strategy and the commitment to reinvestment can be made. If the tools are effectively used they can help create alignment between the family and the business goals and assist reaching consensus on the strategy for achieving mutually agreed objectives.

If families are able to adopt formal planning, the benefits that can arise could include improved business performance, meeting family expectations and a higher level of mutual trust. Families know that they cannot take any of these aims for granted. Indeed, securing family commitment is an integral part of achieving enlightened ownership status and the authors emphasise the need to create the

linkages between business and family planning.

Planning for families starts with the expression of family commitment through the family vision and values statement, or definition of the family philosophy. The authors argue that neither the business first or family first philosophies offer the ideal platform for long-term success. Satisfying family needs on the one hand and reconcil-

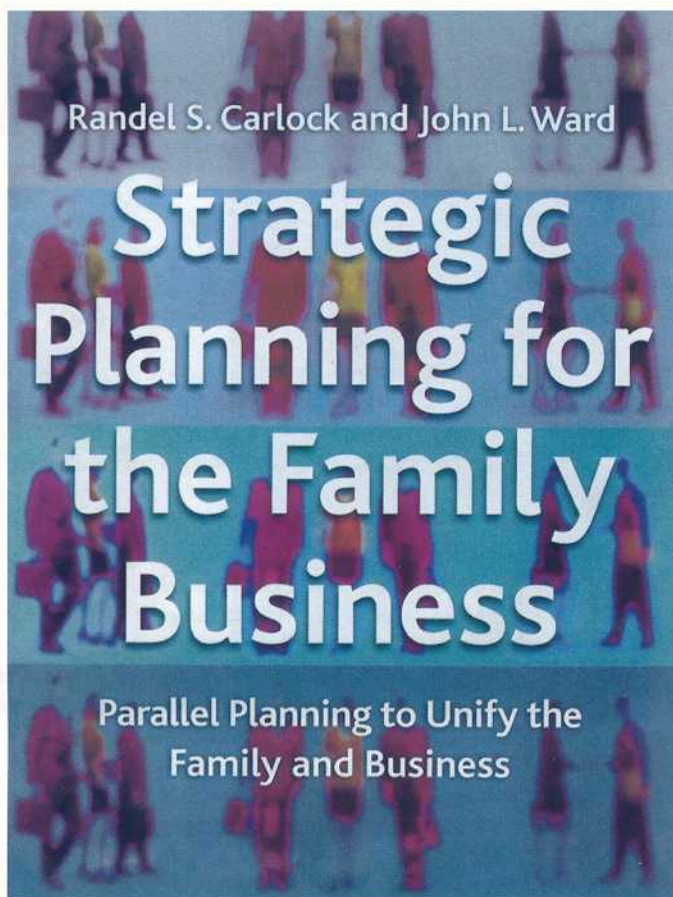
prise, can lead to negative outcomes once the junior generation take over the reins, or they simply may abandon ship altogether.

There are also ample suggestions available on the subject of developing an effective ownership regime. For example, tips are given about how to help ensure that family goals support the business strategy. Ownership continuity can be planned for through education, agreements, estate plans and governance structures and the reader is given good advice and tools to help address these issues.

The business planning processes described also represent a useful overview of the tools that any company can use to help choose the right strategy and make the appropriate investment decisions. The authors are in favour of developing a good understanding at all stages of the implications of business planning on the family. Sustaining owner or family commitment is a key driver and should be factored in when narrowing down the selection of appropriate strategic choices. In defining the reinvestment strategy there are trade offs between control, the liquidity needs of the shareholders and the capital requirements of the business. But, as the book points out, there is ultimately a choice for the owners between satisfying their personal needs and sacrificing for the long-term growth of the business. In the end business longevity and reinvestment logically go hand in hand.

This book will not gather dust as it is a working manual full of practical advice and a 'must have' for family business owners and their advisors. Families who follow the concepts offered in this book should be less likely to fall into the trap of becoming conflicted while finding the harmonious path forward. ■

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ing them with securing the economic health of the business offers a middle path that may lead towards greater longevity.

The book also offers the concept of a "Family Business Continuity Plan", where the future involvement of the family is not left to hazard. Every senior generation owner should ensure that this aspect of planning is proactively addressed. Failure to prepare the family for leadership and ownership roles, or not spell out clearly the paths for participating in the family enter-