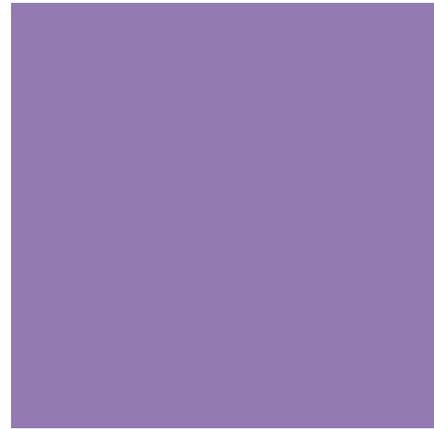




*Family
Business
Assessment*

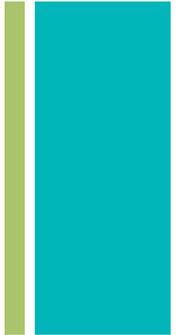
Advisor Tool



- + Purpose: To discuss and assess six major focus areas for family-owned and closely-held businesses.



Galliard's Family Business Assessment Tool



+ The Process



- This is a conversation. We have provided a range of questions and, depending upon your client's answers, a few suggestions for consideration.
- However, the most important component of this process is the conversation, so feel free to expand the questions, dig a little deeper and focus on trying to understand life from your client's perspective.

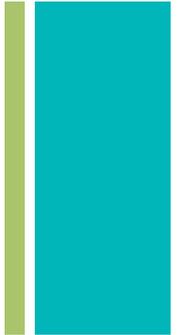


How many questions?!

- At first glance, you may find the number of questions in the assessment a little daunting. However, the tool is designed to skip questions that are not relevant to your client's needs.
- The entire exercise generally takes less than an hour to complete, depending upon the level of conversation.
- You can also choose to just complete one or two sections at a time, the process is up to you!



+ Start by noting this information...



- Get out your favorite client interview note taking tool:
 - Galliard Family Business Assessment Executive Summary & Checklist
 - Pen and paper
 - Electronic Device
 - Microsoft Word document
 - Client management database

- Be sure you are viewing this PowerPoint Tool as a Slide Show!!

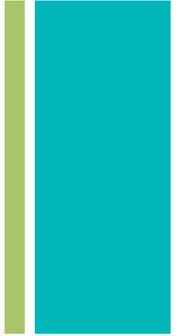
- Move through each slide in the order they appear using the enter key, except to answer questions.

- When answering questions, clicking on any hyperlink will move you to the next appropriate slide for the answer you choose



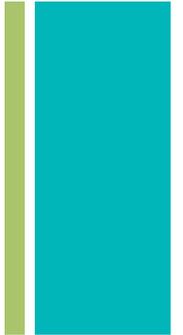
Company Information

+ The Company's Industry...



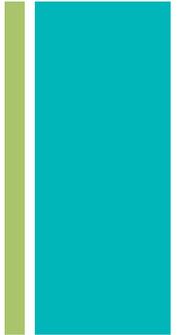
- Manufacturing
- Wholesale
- Services
- Retail
- General and Heavy Construction
- Special Trade Construction
- Agriculture
- Other

+ The Company's Employee Count...



- 0-4
- 5-9
- 10-19
- 20-99
- 100-499
- 500+

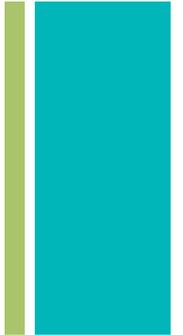
+ The Company's Revenue...



- Under \$499,999
- \$500,000-\$999,999
- \$1.0M - \$4.9M
- \$5.0M - \$9.9M
- \$10.0M - \$24.9M
- \$25.0M - \$49.9M
- \$50.0M - \$99.9M
- \$100.0M +

+ The Company's Legal Organization...

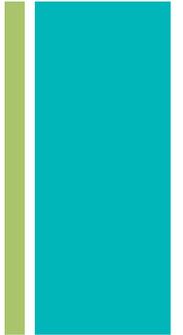
- Sole proprietorship
- Partnership
- S Corporation
- C Corporation
- Other





Strategic Planning

+ Question 1:



Question: Do you have a written strategic plan that is actively used to guide your business?

Answer:

- [Yes](#)
- [No](#)

+ Yes, client has a strategic plan

- Client has a written strategic plan that is actively used to guide the business. This is terrific as only about 10% of small- to medium-sized businesses have, and use, a strategic plan. It is important to note that a strategic plan is absolutely essential to assisting a family-owned business to develop an effective succession plan.

Remember, the most important step is to make this plan a living-document – one that is used as a decision-making guide by everyone in the business. Effective strategic plans help everyone understand what doing “a good job” really means.

In addition to building a more effective workforce, a good strategic plan and documented planning process can help your client obtain a greater price for their company should they decide to sell.

- **RECOMMENDATION:** Review the strategic plan and its measurable goals and objectives in order to make this a living document to help monitor results, hold people accountable, and ensure everyone is on target for achieving the desired results. When updating the plan, be sure to include the family members in a discussion of their future needs and expectations, as well as the identifying the needs of the business.
- **[Go to next question](#)**

+ No, client does not have a strategic plan

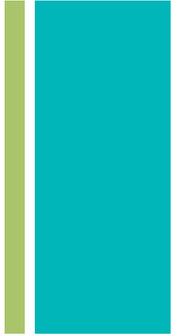
- Client does not have a written strategic plan that is actively used to guide the business. This is common as only about 10% of small- to medium-sized businesses have, and use, a strategic plan.

As you know, effective strategic plans help everyone understand what doing a "good job" really means.

In addition to building a more effective workforce, a good strategic plan and documented planning process can help the business achieve a greater business valuation and selling price because it demonstrates the company is operating effectively and professionally. In order for the strategic plan to be most effective, it must be a living-document – one that is used as an ongoing decision-making guide. It is also important to note that a strategic plan is essential to assisting a family-owned business develop an effective succession plan.

- **RECOMMENDATION:** You will need to work with the client to develop a plan that identifies their goals for the future. Working with clients across the nation, we have identified four common elements in a useful strategic plan. They are:
 - Short; no longer than four-to-six pages in the main body.
 - Written in plain language that is easily understood by everyone in the organization.
 - Clear, practical, and have achievable goals.
 - Much more than a list of current task descriptions. They define specific improvement areas, activities, and responsibilities.
- **[Go to next question](#)**

+ Question 2:



Question: How often do you review your plan?

Answer:

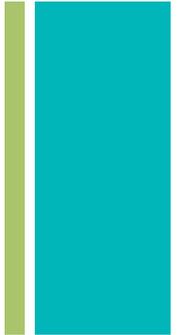
- [Weekly](#)
- [Monthly](#)
- [Quarterly](#)
- [Annually](#)

+ Client reviews plan weekly

- Your client indicates the strategic plan is reviewed weekly which means they are using the plan as a true guide for making decisions and driving behavior in the organization.
- RECOMMENDATION: It might be useful to understand their review process and how they track progress and make modifications. With this information, you may find the business is doing perfectly well in this area. Or, you may find opportunities to help them fine-tune their process.
- **[Go to next question](#)**



Client reviews plan monthly



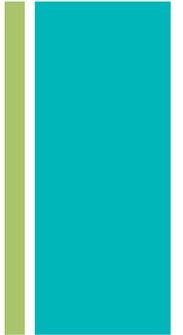
- Your client indicates the strategic plan is reviewed monthly which means they are using the plan as a true guide for making decisions and driving behavior in the organization.
- **RECOMMENDATION:** It might be useful to understand their review process and how they track progress and make modifications. With this information, you may find the business is doing perfectly well in this area. Or, you may find opportunities to help them fine-tune their process.
- **[Go to next question](#)**

+ Client reviews plan quarterly

- Your client indicates the strategic plan is reviewed quarterly which is good.
- RECOMMENDATIONS:
 - However, you might suggest that they increase the frequency in order to more effectively define and track activities that are making their business successful.
 - It might also be useful to understand their review process and how they track progress and make modifications. With this information, you may find opportunities to help them fine-tune their process.
- [Go to next question](#)



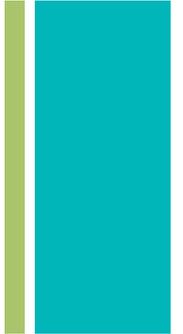
Client reviews plan annually



- Your client indicates the strategic plan is reviewed only annually, which means it is doubtful that the plan is serving as a dynamic guide for making decisions and driving behavior in the organization. Remember, the most powerful strategic plans are those that become living-documents.
- RECOMMENDATIONS:
 - Discuss with your client the intent behind the strategic plan, and any barriers to more frequent reviews.
 - Suggest that this is a good time to review the strategic plan, make modifications as appropriate, and establish a frequency and process that is both convenient for the business and that ensures the plan is a powerful tool for defining and tracking activities that make the business successful.
- [Go to next question](#)



Question 3:



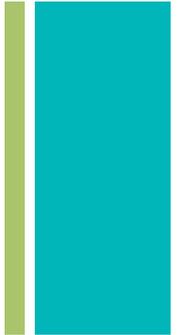
Question: Do you share this plan with your key employees?

Answer:

- Often
- Sometimes
- Never

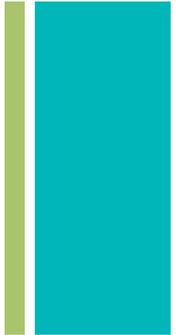
+ Client shares plan with key employees often

- Your client has indicated that the strategic plan is often shared with employees. This is terrific, as the strategic plan is an important way to communicate what is most important to the business.
- RECOMMENDATIONS:
 - Discuss with the client the ways in which it is communicated and the frequency to ensure it is being done in the most effective and timely manner.
 - Look for opportunities to improve the process or the effectiveness of the information shared. The more employees know about the company's goals and how their work contributes to achieving those goals, the more enabled they are to help create business success.
- **[Go to next question](#)**





Client shares plan with key employees sometimes



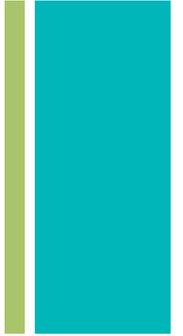
- Your client has indicated that the strategic plan is sometimes shared with employees. The strategic plan is an important way to communicate what is most important to the business. While all employees need to know what is expected of them and what they can do to help the business achieve its goals, helping key employees understand and advocate the strategic plan is critical to the company's success.
- **RECOMMENDATIONS:**
 - Discuss with the client the importance of not only having a written strategic plan, but also the significance of making sure that employees understand what it is and how they can contribute.
 - Help the client identify ways to communicate the strategic plan more frequently, as appropriate, and in ways that employees will understand and be able to support.
- **[Go to next question](#)**

+ Client never shares plan with key employees

- Your client has indicated that the strategic plan is never shared with employees. The strategic plan is an important way to communicate what is most important to the business. While all employees need to know what is expected of them and what they can do to help the business achieve its goals, helping key employees understand and advocate the strategic plan is critical to the company's success.
- RECOMMENDATIONS:
 - Discuss with the client the importance of not only having a written strategic plan, but also the significance of making sure that employees understand what it is and how they can contribute.
 - Help the client identify ways to communicate the strategic plan in ways that employees will understand and be able to support.
- **Go to next question**



Question 4:



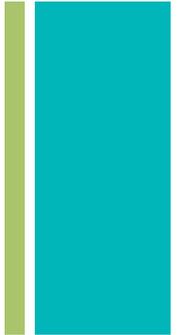
Question: Do your key employees know how their actions impact the success of the plan?

Answer:

- Yes
- No



Key employees know how their actions impact the plan's success



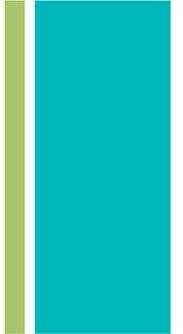
- Your client should be complimented on being one of the few companies that takes the time to discuss with employees what they need to do to help the company reach its goals and objectives. When employees see how their individual actions impact the direction of the business, they can then work together to achieve business goals.
- **RECOMMENDATION:** Encourage your client to continue to communicate the company goals, and empower employees to help them achieve greater success.
- **[Go to next question](#)**

+ Key employees don't know how their actions impact the plan's success

- Your client indicated that their employees may not fully understand how they can contribute to achieving business goals and overall company success. This is an opportunity for improvement.
- RECOMMENDATIONS:
 - You may want to help your client create an agenda and set up a meeting to share the company goals.
 - Coach the client on how to create a safe environment that encourages questions and participation in the discussion.
 - You may also need to help your client work with employees to help them see how their individual contributions tie directly to the company goals and objectives, and how they can work together to move the company forward and achieve greater success.
- [Go to next question](#)



Question 5:



Question: Does your plan include measurable goals or objectives?

Answer:

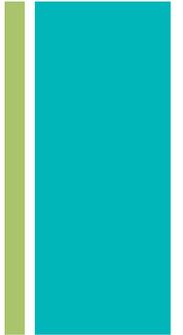
- Yes
- No

+ Plan includes measurable goals or objectives

- Your client indicates the business has a strategic plan that includes measurable goals and objectives. This is terrific as it means your client understands the significance of these measures and how they contribute to business success. Measurable goals and objectives not only help a company to know what they are going to achieve, but they provide a framework for how they will hold people accountable for results. Without these measurable goals and objectives, neither managers nor employees can track progress and course correct if necessary.
- RECOMMENDATIONS:
 - You might check with your client to see how things are going and if there are any opportunities to make improvements.
 - Are they using SMART objectives? Are they effectively using these measures to drive business results?
- **Go to next question**

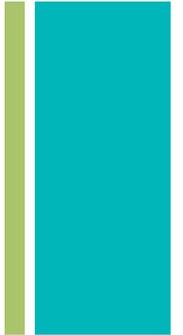


Plan does not include measurable goals or objectives



- Your client indicates that they do not have measurable goals and objectives in their strategic plan. Measurable goals and objectives not only help a company to know what they are going to achieve, but they provide a framework for how they will hold people accountable for results. Without these measurable goals and objectives, neither managers nor employees can track progress and course correct if necessary.
- RECOMMENDATION:
 - Work with your client to review their strategic plan and develop measurable goals and objectives. Goals specify the accomplishments to be achieved if your company's vision is to be achieved. Objectives are statements of specific activities required to achieve the goals. Effective strategic plans contain SMART objectives:
 - S stands for specific - the goals and objectives are written in such a way that anyone reading them can tell exactly what they mean.
 - M is for measurable or at least monitorable - we can put numbers against these goals and objectives.
 - A stands for achievable - is this something that you can really do? If it is pie in the sky, not achieving this can become very de-motivating. Ensure that your goals and objectives are actually achievable by the organization.
 - R is for realistic - maybe you can do it but should you be doing it? If it is realistic, this means it is a wise choice for your organization.
 - T is for time - which means that you have set a date for meeting the objective. Tell everyone how long you believe it will take you to achieve this objective or goal. This gives people something to aim for and again helps to increase accountability.
 - Help your client identify a process for ongoing review to monitor progress and make adjustments as necessary. You may also need to coach your client on how to hold people accountable for their results.
- [Go to next question](#)

+ Question 6:



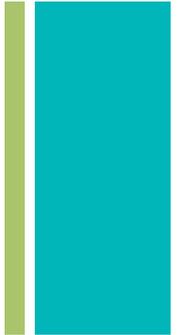
Question: How often do you gather data to monitor your success against these goals or objectives?

Answer:

- [Weekly](#)
- [Monthly](#)
- [Quarterly](#)
- [Annually](#)



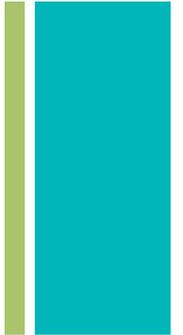
Client gather data to monitor success weekly



- Your client monitors success against business goals and objectives on a weekly basis. While this schedule indicates a strong commitment to staying on track and continually moving the business forward, your client should be conscious of the danger of gathering information too frequently.
- RECOMMENDATION: You might want to discuss ways in which to streamline processes and improve performance in a way that will allow a less frequent schedule.
- **[Go to next question](#)**



Client gather data to monitor success monthly



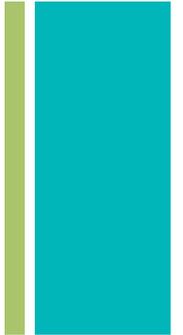
- Your client monitors success against business goals and objectives on a monthly basis. While it may be necessary for your client to gather data and monitor progress on a monthly basis today, perhaps there are ways in which to streamline processes and improve performance in a way that will allow a less frequent schedule.
- **RECOMMENDATION:** You might want to discuss ways in which to streamline processes and improve performance in a way that will allow a less frequent schedule.
- **[Go to next question](#)**

+ Client gather data to monitor success quarterly

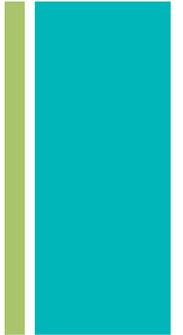
- Your client monitors success against business goals and objectives on a quarterly basis. Quarterly monitoring of success against business goals and objectives indicates a commitment to staying on track and continually moving the business forward.
- **RECOMMENDATION:** Your client should be complimented on this effort as few companies gather data that truly helps to drive behavior in the organization. Remember, the goal is to make the data collection process effective, streamlined, and used in a way that positively impacts decision-making in a timely manner.
- **[Go to next question](#)**

+ Client gather data to monitor success annually

- Your client monitors success against business goals and objectives on an annual basis.
- RECOMMENDATION:
 - Work with your client to create a more frequent, regular schedule to monitor their success, instead of an annual review.
 - Include a streamlined process that will be effective in helping them use the data to make sound business decisions, driving the business forward and achieving desired results.
- **[Go to next question](#)**



+ Question 7:



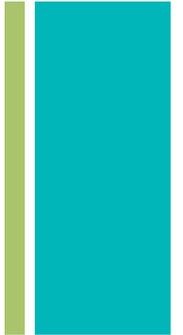
Question: Have the owners identified and documented the skills and talent needed by the senior manager(s) to accomplish the company's strategic plan?

Answer:

- Yes
- No



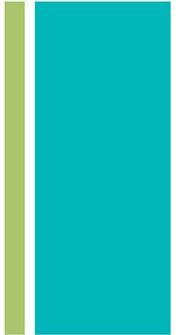
Owners have identified skills needed by the senior manager(s)



- The owner(s) have identified and documented the skills and talent needed by senior management to accomplish the company's strategic plan.
- RECOMMENDATION: Review these together.
- **[Go to next question](#)**



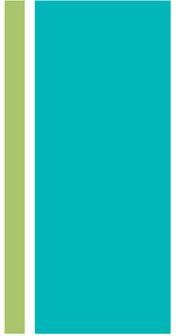
Owners have not identified skills needed by the senior manager(s)



- A vital part of strategic planning is identifying the skills and talents needed to accomplish the plan.
- **RECOMMENDATION:** Use the Galliard Group Roles and Responsibilities Worksheet as a starting point to align skills and talent with achieving strategic goals. A vital part of strategic planning is identifying the skills and talents needed to accomplish the plan.
- **[Go to next question](#)**



Question 8:



Question: Do you have a written marketing plan?

Answer:

- Yes
- No

+ Yes, client has a written marketing plan

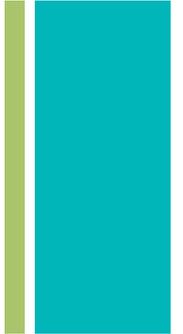
- It is great that client has a written marketing plan. To be most effective, marketing plans should be formalized and in written form. The essence of a marketing plan is that it moves from general ideas to specific actions. Marketing plans may undergo many changes until all the parts are internally consistent and mutually supportive of the business objectives.
- RECOMMENDATIONS:
 - Find out how effective your client's marketing plan has been, and if there are areas that could possibly be modified.
 - Ensure your client reviews their marketing plan on a regular basis, and there is a process for making modifications according to changing market conditions.
- **[Go to next question](#)**

+ No, client does not have a written marketing plan

- Client does not have a written Marketing Plan. In today's competitive marketplace, it is important to have a plan that assures a consistent and effective approach to offering products or services in a way that will outpace the competition. The essence of a marketing plan is that it moves from general ideas to specific actions. To be most effective, marketing plans should be formalized and in written form. They do not need to be complex documents.
- **RECOMMENDATIONS:**
 - Discuss the steps listed in the Client Report with your client. Written plans are essential for your client, and your ability to help them. There are a variety of effective business resources available to help you develop and implement a successful marketing plan. Be sure to make this a priority as you continue to explore ways to improve your client's business.
- **[Go to next question](#)**



Question 9:



Question: Do you have a "Business Plan" - a document that is traditionally used to secure funding for a business?

Answer:

- Yes
- No

+ Yes, client has a business plan

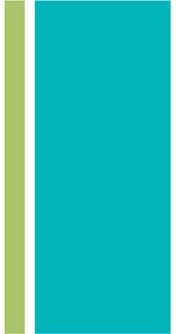
- Client appears to have a formal Business Plan.
- **RECOMMENDATION:** At this point, it may not be necessary to do anything with the plan unless your client is interested in pursuing additional funds (e.g. bank loan, private equity, etc.). However, if your client is looking for something to help make better business decisions, an actionable strategic plan or marketing plan could be beneficial.
- **[Go to next question](#)**

+ No, client does not have a business plan

- Client does not have a formal Business Plan. At this point, it may not be necessary if the business is established and your client is not pursuing additional funds (e.g. bank loan, private equity, etc.).
- **RECOMMENDATION:** If your client is interested in creating a Business Plan, you may want to explore the purpose. If the purpose is to raise money, a Business Plan may be needed. However, if your client is looking for something to help make better business decisions, perhaps an actionable strategic plan or marketing plan would be more beneficial.
- **[Go to next question](#)**



Question 10:



Question: Please share comments regarding the current state of strategic planning efforts in order to maximize the benefit of this process.

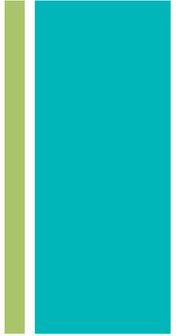
Answer: Open ended (note response on checklist)

(Click enter key to go to the next section – Financial Management)



Financial Management

+ Question 11:



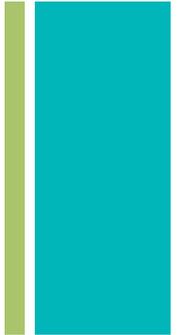
Question: How often do you review your financial statements?

Answer:

- [Weekly](#)
- [Monthly](#)
- [Quarterly](#)
- [Annually](#)



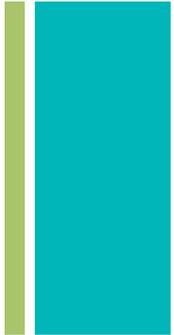
Client review financial statements weekly



- Your client has access to the appropriate financial data needed to make business decisions and can use this information thoughtfully and deliberately. Congratulations - very few companies report that this is the case!
- **Most companies should review their Income Statements (aka Profit and Loss Statement (P&L) and Cash Flow Statement) monthly. A quarterly review of all statements (Income, Balance Sheet, Cash Flow, Equity) and your key financial ratios is recommended.**
- RECOMMENDATIONS:
 - Encourage client to continue to review financial statements on a regular basis - identifying areas with acceptable results and highlighting areas where improvements are needed. This information should be shared with key managers who are responsible for company performance.
 - Client might consider developing a 'Dashboard' that can be easily shared with the management team and employees. Performance metrics provide information about key drivers to the operational and financial success of the business frequently (daily or weekly) so that opportunities to improve performance can be quickly identified and executed.
- **[Go to next question](#)**



Client review financial statements monthly



- Your client has access to the appropriate financial data needed to make business decisions and you use this information thoughtfully and deliberately. Congratulations - very few companies report that this is the case.

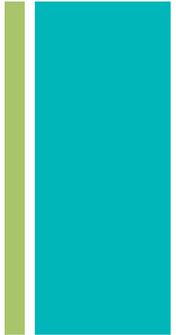
- Preparation and review of financial statements on a regular basis provides objective information about business performance—identifying areas with acceptable results and highlighting areas where improvements are needed. In addition to using financial data to understand the status of the business, **well-managed companies have systems in place to provide information about their performance on a daily or weekly basis, and they use the financial statements to confirm that their operational performance is producing the desired financial results.**

- RECOMMENDATIONS:
 - Encourage client to continue to review financial statements on a regular basis - identifying areas with acceptable results and highlighting areas where improvements are needed. This information should be shared with key managers who are responsible for company performance.
 - Client might consider developing a 'Dashboard' that can be easily shared with the management team and employees. Performance metrics provide information about key drivers to the operational and financial success of the business frequently (daily or weekly) so that opportunities to improve performance can be quickly identified and executed.

- [Go to next question](#)



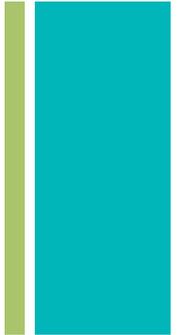
Client review financial statements quarterly



- Financial statements are the medium through which the business communicates with the owners. Preparation and review of financial statements on a regular basis provides objective information about business performance—identifying areas with acceptable results and highlighting areas where improvements are needed.
- **Most companies should review their Income Statements (aka Profit and Loss Statement (P&L) and Cash Flow Statement) monthly. A quarterly review of all statements (Income, Balance Sheet, Cash Flow, Equity) and your key financial ratios is recommended.**
- If owner continues to review statements regularly – especially comparing current statements to historical statements – client will begin to get a feel for cash requirements as well as your receipts. In addition to using financial data to understand the status of the business, well-managed companies have systems in place to provide information about their performance on a daily or weekly basis, and they use the financial statements to confirm that their operational performance is producing the desired financial results.
- **RECOMMENDATIONS:**
 - Encourage client to review Income Statements on a monthly basis.
 - Client might consider developing a ‘Dashboard’ that can be easily shared with the management team and employees. Performance metrics provide information about key drivers to the operational and financial success of the business frequently (daily or weekly) so that opportunities to improve performance can be quickly identified and executed.
- **[Go to next question](#)**



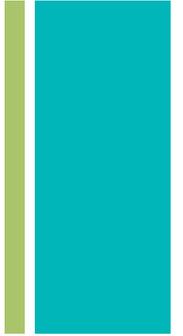
Client review financial statements annually



- Financial statements are the medium through which the business communicates with the owners. Preparation and review of financial statements on a regular basis provides objective information about business performance—identifying areas with acceptable results and highlighting areas where improvements are needed.
- **Most companies should review their Income Statements (aka Profit and Loss Statement (P&L) and Cash Flow Statement) monthly. A quarterly review of all statements (Income, Balance Sheet, Cash Flow, Equity) and your key financial ratios is recommended.**
- If owner continues to review statements regularly – especially comparing current statements to historical statements – client will begin to get a feel for cash requirements as well as your receipts. In addition to using financial data to understand the status of the business, well-managed companies have systems in place to provide information about their performance on a daily or weekly basis, and they use the financial statements to confirm that their operational performance is producing the desired financial results.
- **RECOMMENDATIONS:**
 - Encourage client to review Income Statements on a monthly basis and review all statements on a quarterly basis.
 - Client might consider developing a ‘Dashboard’ that can be easily shared with the management team and employees. Performance metrics provide information about key drivers to the operational and financial success of the business frequently (daily or weekly) so that opportunities to improve performance can be quickly identified and executed.
- **[Go to next question](#)**



Question 12:



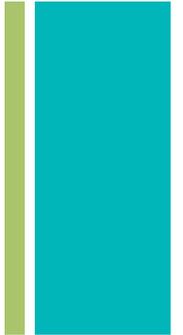
Question: Are you sometimes or often surprised by the results reflected in your financial statements?

Answer:

- No
- Yes



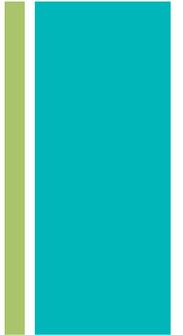
Client is rarely surprised by financial statements



- Your client is rarely surprised with the profitability or cash flow information in the financial statements. This means your client has systems in place that provide information about their performance on a regular basis. Client uses the financial information to confirm that operational performance is producing the desired financial results.
- **RECOMMENDATION:** Encourage your client to continue to monitor their metrics so that opportunities to improve performance can be quickly identified and executed. You might explore helping to identify any key financial metrics that are not currently focused on.
- **[Go to next question](#)**



Owners are sometimes or often surprised by financial statements



- Your client is sometimes or often surprised with the profitability or cash flow information in the financial statements. It's important for your client to consider developing and implementing a performance metrics system.
- **Well-managed companies utilize systems to provide information about their performance on a daily or weekly basis, and they use the financial statements to confirm that their operational performance is producing the desired financial results.**
- Performance metrics provide information about key drivers to the operational and financial success of the business frequently (daily or weekly) so that opportunities to improve performance can be quickly identified and executed.
- **RECOMMENDATION:** Work with your client to develop effective systems for tracking and measuring their financial performance. Once these systems are in place, together you can monitor progress and identify opportunities for improvement.
- **[Go to next question](#)**

+ Question 13:

Question: Are the financial statements that you review presented in a comparative format (statements that show the current period compared with the immediate prior period, the corresponding period in the prior year, or with a budget or plan)?

Answer:

- Yes
- No

+ Yes, the financial statements are presented in a comparative format

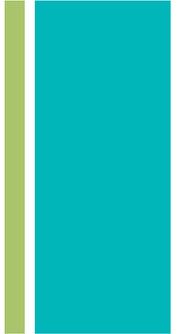
- It is commendable that your client reviews financial statements in a comparative format.
- RECOMMENDATION: While your client may fully understand these statements, it might be worthwhile to see if there are any questions or concerns about the data or how to use it.
- **[Go to next question](#)**

+ No, the financial statements are not presented in a comparative format

- Your client does not review financial statements in a comparative format.
- RECOMMENDATIONS:
 - Discuss the benefits of regularly using comparative financial statements as part of the business financial review process.
 - You may need to help them understand the key figures to note, any important trends, and how to use them to make more informed business decisions.
 - While your client may fully understand these statements, it might be worthwhile to see if there are any questions or concerns about the data or how to use it.
- **Go to next question**



Question 14:



Question: Is a Cash Flow Statement included in the financial statements that you review on a regular basis?

Answer:

- Yes
- No

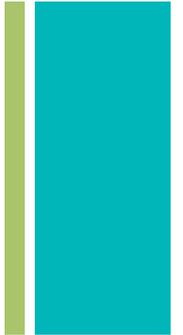
+ Yes, a Cash Flow Statement is reviewed regularly

- It is commendable that your client regularly prepares and uses a statement of cash flows. This statement is probably the most complicated and difficult to understand of the basic financial statements, but it is critical to the success, and to the valuation, of the business.
- **RECOMMENDATION:** While your client may fully understand how to use this statement, it might be worthwhile to see if there are any questions or concerns about the data or how to use it.
- **[Go to next question](#)**

+ No, a Cash Flow Statement is not reviewed regularly

- Your client does not regularly use the cash flow statement as part of their financial review. Many owners and managers are more comfortable with the income statement and balance sheet, but the cash flow statement is critical for business planning and it is a key driver of business valuation.
- **RECOMMENDATION:** Discuss the benefits of regularly using the cash flow statement as part of the business financial review process. You may need to help them understand the cash flows within the statement, and how to use it to make more informed business decisions.
- **[Go to next question](#)**

+ Question 15:



Question: Do you know your key financial ratios such as gross margin, profit margin, return on equity, current ratio, debt to equity, debt coverage, etc.?

Answer:

- [Yes](#)
- [No](#)

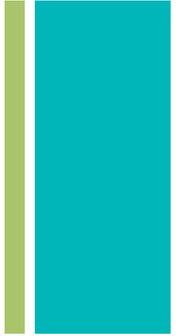
+ Yes, client knows key financial ratios

- Client understands the key financial ratios and appears to know how to use them to the business advantage.
- RECOMMENDATION: While your client may fully understand these ratios, it might be worthwhile to see if there are any questions or concerns about the data or how to use it.
- **[Go to next question](#)**

+ No, client does not know key financial ratios

- Client does not appear to review some financial ratios (such as current ratio, return on assets, return on equity, net working capital, debt to equity, debt service among others), which are important indicators of how much “cushion” a company has in meeting its current debt and other financing obligations. These ratios can also show how much additional debt, if any, the company can incur to take advantage of future opportunities or needs.
- RECOMMENDATIONS:
 - Work with your client to help them understand the various financial ratios and how they can positively impact business decisions.
 - You may need to be prepared to offer additional coaching, over time, to help your client understand these key indicators and/or suggest assistance from a trusted financial advisor.
- **[Go to next question](#)**

+ Question 16:



Question: Did you ever benchmark your ratios against the financial ratios of other companies within your industry?

Answer:

- Yes
- No

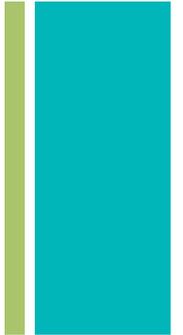
+ Yes, client benchmarks ratios against companies within industry

- Your client has benchmarked ratios against other companies within their industry. Benchmarking financial ratios against other companies in the same industry provides important information about how the company stands competitively. Over time, this benchmarking can show who is gaining on a competitive level.
- **[Go to next question](#)**

+ No, client does not benchmark ratios against companies within industry

- Your client has not benchmarked ratios against other companies within their industry. Benchmarking financial ratios against other companies in the same industry provides important information about how the company stands competitively. Over time, this benchmarking can show who is gaining on a competitive level.
- **[Go to next question](#)**

+ Question 17:



Question: Does client believe s/he has the financial information needed to make sound business decisions for the company?

Answer:

- Yes
- No

+ Yes, client has the financial information needed to make sound decisions

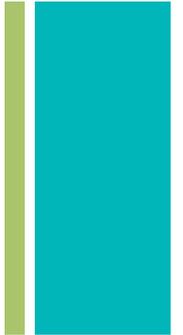
- RECOMMENDATION: You might confirm what financial data your client currently tracks, how often, and ensure your client is comparing the numbers on a relative basis to the previous month, and to the same month in the previous year.
- **[Go to next question](#)**

+ No, client doesn't have financial information needed to make sound decisions

- Client feels like they don't have the financial information needed to make sound business decisions, and it is important to know why. There are many reasons why business owners do not use their financial information effectively.
- RECOMMENDATIONS:
 - You may want to ask questions to learn whether client feels:
 - Lack of experience in reading financial statements
 - Lack of help in interpreting the financial data to make decisions
 - Lack of time and resources
 - Something else is lacking
 - If the lack of knowledge is the reason, you can provide an introductory lesson or refer your client to an appropriate financial advisor. This investment will certainly pay for itself many times over.
 - If lack of time is the reason, take a careful look at the other tasks your client considers more important. Our experience in helping family-owned businesses across the nation suggests that not understanding financial statements is one of the most common reasons for business failure.
- **[Go to next question](#)**



Question 18:



Question: Please share comments regarding the current state of your financial processes in order to maximize the benefit of this process.

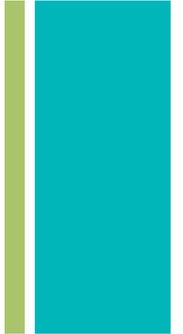
Answer: Open ended (note response on checklist)

(Click enter key to go to the next section – Workforce Management)



Workforce Management

+ Question 19:



Question: How effective are you and your managers in motivating your direct reports, those employees who report to you?

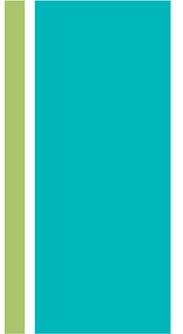
Answer: (note response on checklist)

- Very effective
- Somewhat effective
- Not effective

(Click enter key to [go to the next question](#))



Question 20:



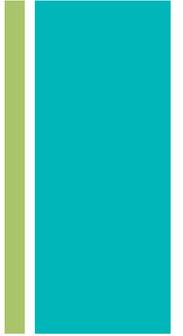
Question: Do you and your managers hold employees accountable for their actions?

Answer:

- Most of the time
- Sometimes
- Rarely



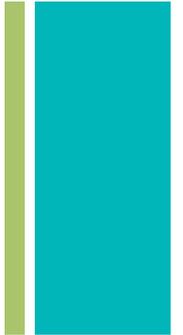
Client holds employees accountable most of the time



- It is good that your client holds employees accountable for their actions. Businesses that hold high standards of accountability tend to outperform others with lower accountability standards.
- **[Go to next question](#)**



Client holds employees accountable sometimes



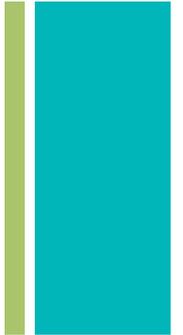
- There is opportunity to improve in the area of employee accountability since your client indicates that this is done only *sometimes*. Businesses that hold high standards of accountability tend to outperform others with lower accountability standards. Establishing accountability means setting clear standards, monitoring results, and providing proper direction and feedback. Often times, this can be simply focusing on providing more positive feedback to employees for achieving short-term objectives.
- RECOMMENDATIONS:
 - Work with your client to determine how you can provide support and guidance in this area. Is your client unclear about how to set expectations, measure results, and provide effective feedback? Does your client struggle with conflict and find it challenging to hold employees accountable? What are the reasons for not holding people accountable, day in and day out?
 - Once you understand the issues, you can better offer recommendations. It is good that your client holds employees accountable for their actions. Businesses that hold high standards of accountability tend to outperform others with lower accountability standards.
- [Go to next question](#)

+ Client holds employees accountable rarely

- There is opportunity to improve in the area of employee accountability since your client indicates that this is rarely done. Businesses that hold high standards of accountability tend to outperform others with lower accountability standards. Establishing accountability means setting clear standards, monitoring results, and providing proper direction and feedback.
- RECOMMENDATIONS:
 - Work with your client to determine how you can provide support and guidance in this area. Is your client unclear about how to set expectations, measure results, and provide effective feedback? Does your client struggle with conflict and find it challenging to hold employees accountable? What are the reasons for not holding people accountable, day in and day out?
 - Once you understand the issues, you can better offer recommendations.
- **[Go to next question](#)**



Question 21:



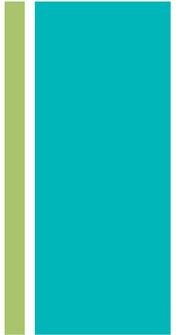
Question: Do you and your managers effectively manage conflict?

Answer:

- Most of the time
- Sometimes
- Rarely



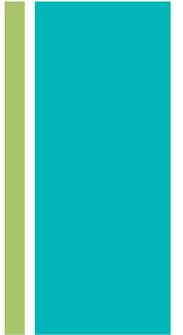
Client and managers effectively manage conflict most of the time



- Most people find it challenging to deal with conflict. And even those who do it well find some situations more difficult than others. Conflict is a natural part of doing business and it arises because people care.
- **When managers effectively manage conflict they are building stronger relationships, encouraging creative solutions, and promoting better communications.**
- **[Go to next question](#)**



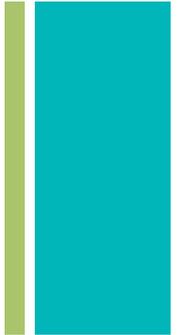
Client and managers effectively manage conflict sometimes



- Most people find it challenging to deal with conflict. And even those who do it well find some situations more difficult than others. Conflict is a natural part of doing business and it arises because people care.
- **When managers effectively manage conflict they are building stronger relationships, encouraging creative solutions, and promoting better communications.**
- **[Go to next question](#)**



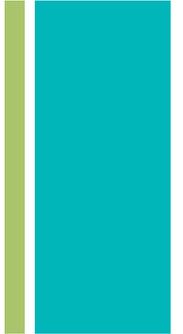
Client and managers effectively manage conflict rarely



- Client indicates the inability to effectively manage conflict. This is an opportunity for improvement. While most people find it challenging to deal with conflict, it is important to note that it typically arises because people care. When managers effectively manage conflict they build stronger relationships, encourage creative solutions, and promote better communications.
- RECOMMENDATIONS:
 - Discuss this topic with your client and determine how you can help. What are the situations that cause concern? What are the barriers to managing conflict? Is learning to manage conflict important to your client?
 - Once you know the answers to these questions and more, you can offer valuable input and recommendations.
- [Go to next question](#)



Question 22:



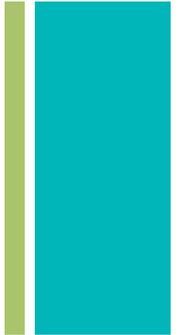
Question: Do you and your managers promote trust?

Answer:

- Most of the time
- Sometimes
- Rarely



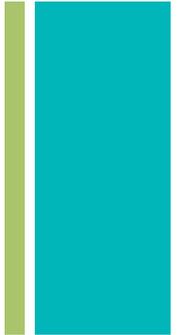
Client and managers promote trust most of the time



- Your client indicates that trust is promoted most of the time in the organization. This is extremely important because trust is the very foundation for all good relationships.
- RECOMMENDATION: Continue to build trust through the use of employee satisfaction surveys and team building efforts.
- **[Go to next question](#)**



Client and managers promote trust sometimes



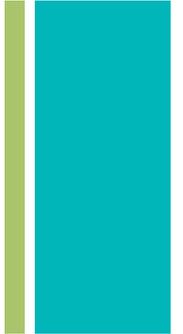
- Your client indicates that trust is promoted in the organization some of the time. This is extremely important because trust is the very foundation for all good relationships. Discuss with your client the issues of trust and any barriers to building a more trusting organization. Look for opportunities to help your client see the value of building a trusting organization, and how to achieve greater success in this area.
- **RECOMMENDATION:** Continue to build trust through the use of employee satisfaction surveys and team building efforts.
- **[Go to next question](#)**

+ Client and managers promote trust rarely

- Your client indicates that trust is rarely promoted in the organization. Addressing this issue is extremely important because trust is the very foundation for all good relationships.
- Trust takes time to develop. Trust is easy to lose and hard to regain. But once trust is established, respect will follow. When there is trust, employees can focus their attention and energy on doing what they were hired to do and at a level that is more productive than in a non-trusting environment.
- **RECOMMENDATION:** Discuss with your client the issues of trust and any barriers to building a trusting organization. Look for opportunities to help your client see the value of promoting trust, and how to achieve greater success in this area.
- **[Go to next question](#)**



Question 23:



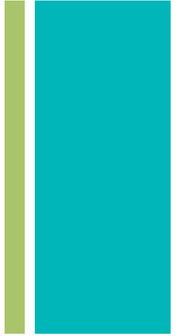
Question: Do you and your managers foster teamwork?

Answer:

- Most of the time
- Sometimes
- Rarely

+ Client and managers foster teamwork most of the time

- Effectively using teamwork to create a successful business largely depends on the management team, and it sounds like your client is doing a good job of fostering teamwork in the organization.
- **[Go to next question](#)**



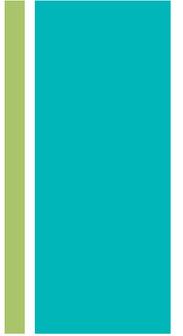
+ Client and managers foster teamwork sometimes

- Effectively using teamwork to create a successful business largely depends on the management team, and it sounds like your client is doing okay in this area. There may be opportunities for improvement, however. Creating an environment where teamwork is practiced is not an occasional event. It involves an ongoing effort of the manager and all team members. In order to build a team attitude, it requires the manager to foster teamwork rather than individual gain. Teamwork is about harnessing the power of the collective group in order to achieve greater success.
- RECOMMENDATIONS:
 - Discuss the topic of teamwork with your client and promote the positive impact to the business.
 - Listen for opportunities to offer recommendations to improve teamwork, which will have an impact on productivity and morale throughout the organization.
- **Go to next question**

+ Client and managers foster teamwork rarely

- Effectively using teamwork to create a successful business largely depends on the management team, and it sounds like your client rarely fosters teamwork. This is a big opportunity for improvement. Creating an environment where teamwork is practiced involves an ongoing effort of the manager and all team members. In order to build a team attitude, it requires the manager to foster teamwork rather than individual gain. Teamwork is about harnessing the power of the collective group in order to achieve greater success.
- RECOMMENDATIONS:
 - Discuss the topic of teamwork with your client and promote the positive impact to the business.
 - Listen for opportunities to offer recommendations to improve teamwork, which will have an impact on productivity and morale throughout the organization.
- **[Go to next question](#)**

+ Question 24:



Question: Please share comments regarding the current state of your company's workforce management in order to maximize the benefit of this process.

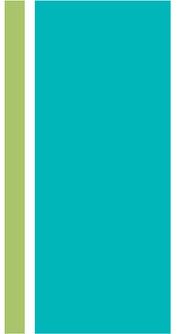
Answer: Open ended (note response on checklist)

(Click enter key to go to the next section – Family Governance)



Family Governance

+ Question 25:



Question: Does your company pay dividends or other distributions to owners, above and beyond fair compensation?

Answer:

- Yes
- No

+ Yes, company pays dividends to owners

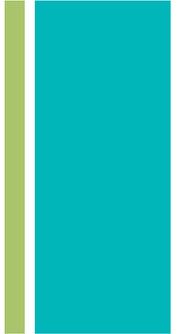
- Company pays dividends/distributions to owners above and beyond fair compensation. This is excellent since distributions provide additional resources for the owners to meet their own obligations, needs, and desires as well as those of their family. Distributions also may allow owners to diversify their investments, including investments outside of their family-owned or closely-held business. It is excellent that your company pays dividends/distributions to owners above and beyond fair compensation.
- **[Go to next question](#)**

+ No, company does not pay dividends to owners

- Client does not pay distributions above and beyond fair compensation. Understanding the reason behind this decision would be helpful in order for you to provide reasonable recommendations.
- There are some situations when an owner makes a conscious decision to operate the family-owned business in a manner that is not expected to produce profitability and cash flow sufficient to provide distributions to owners.
- RECOMMENDATIONS:
 - If that is the case, it is important to make sure that the decision has been effectively communicated to other (minority) owners and family members to reduce the potential for unrealistic expectations about the future value of the business.
 - However, if the business's current operational plan does not include distributions because of profitability challenges, then you might recommend that they develop a strategic plan for the business to increase the company's profitability and cash flow in order to include distributions in their overall compensation plan.
- **[Go to next question](#)**



Question 26:



Question: Do you have owners in the company who do not actively work in the business?

Answer:

- Yes
- No

+ Yes, client has owners who do not actively work in the business

- This company has owners who do not actively work in the business. You will need to clarify their roles and responsibilities as this information is important in terms of helping the family explore options and make decisions.
- RECOMMENDATIONS:
 - Discuss with the family the options of developing an Advisory Board or establishing a structured family-meeting process, and how these options will help to ensure a clear business focus driven by active members of the management team.
 - You may also wish to explore ways in which the minority owners influence the company, and if there are any plans to have them work actively in the business in the future. If there is a plan for these minority owners to be more active in the business, it would be worthwhile to develop some company policies and protocols now, which will be invaluable when these transitions take place.
- **[Go to next question](#)**

+ All owners in the company actively work in the business

- All owners are active in the business.
- RECOMMENDATIONS:
 - Identify each of the owners and their position within the company.
 - Depending on their position, you may also wish to explore how decisions are made.
 - It may be beneficial for the business to develop a professional Advisory Board to help them with their business decisions.
- **[Go to next question](#)**

+ Questions 27a-d:

- Questions for client with owners who do not actively work in the business:
 - Do these non-active owners own more than 50% of the business? (*note response*)
 - Are these non-active owners family members? (*note response*)
 - Do the non-active majority family members regularly exercise their voting/decision making as part of your routine business management? (*note response*)
 - Are minority, non-active family members part of the planning process and regularly involved in key company communications? (choose one: [Yes](#) [No](#))

+ Yes, non-active family members are involved in key communications

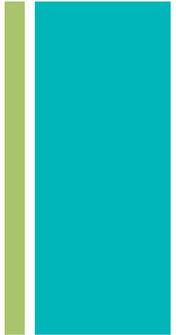
- Minority, non-active family members are part of the business planning process and they are regularly involved in key company communications.
- RECOMMENDATIONS:
 - Explore your client's view of how well this is working. If things are going well, that is terrific. If not, you might explore developing new methods for keeping these minority owners informed about the business, and appropriately involved in business discussions.
 - Some coaching on family governance may be useful. Effective involvement can improve overall family harmony and eliminate the second-guessing and gossip that can undermine your family business.
- **[Go to next question](#)**

+ No, non-active family members are not involved in key communications

- Minority, non-active family members are not part of the business planning process and they are not regularly involved in key company communications.
- RECOMMENDATIONS:
 - It is important for your client to understand that minority owners may make effective contributions to the business if they are informed and have an appropriate role in the planning process. Sometimes those who are not actively involved in the day-to-day operations of the business have useful perspectives and ideas. More importantly, this involvement can improve overall family harmony and eliminate the second-guessing and gossip that can undermine your family business.
 - Explore with your client options for keeping these minority owners informed about the business, and appropriately involved in business discussions.
 - Help them develop methods to utilize the minority owner's experience and ideas.
 - Coaching on family governance may also be useful.
- **Go to next question**



Question 28:



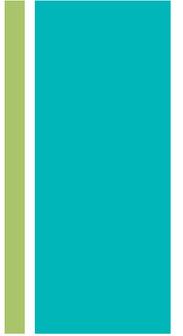
Question: Does client have written policies on the following? (Please note all that apply.)

Answer(s):

- Compensation for family members
- Hiring/firing of family members
- Performance evaluation for both family and non-family members
- Philanthropy or charitable giving
- Company Governance (such as make-up and role of Board)
- Financial Governance (such as use of company assets for security on family loans)
- Pre-nuptial Agreements
- Use of the family/company name by non-active family members
- None of the above

- **[Go to next question](#)**

+ Question 29:



Question: Do you have an active Board of Directors?

Answer:

- Yes
- No

+ Yes, client has an active Board of Directors

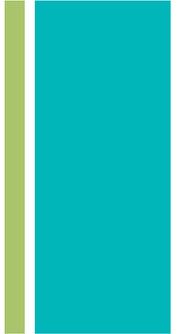
- An active Board of Directors is established for this family business.
- RECOMMENDATION: Talk with your client to ensure things are going well, and that your client understands the purpose of the Board, and its legal and fiduciary responsibilities.
- **[Go to next question](#)**

+ No, client does not have an active Board of Directors

- An active Board of Directors has not been developed.
- RECOMMENDATION: Talk with your client about the benefits of a Board, and its legal and fiduciary responsibilities. Steps on how you can help your client to form a Board of Directors are available through resources at the Galliard Family Business Advisor Institute.
- **[Go to next question](#)**



Question 30:



Question: Does this Board consist of family and non-family members?

Answer:

- Yes
- No

+ Yes, Board of Directors consists of family and non-family members

- The Board consists of a combination of family and non-family members.
- RECOMMENDATION: Inquire about the dynamics of the mix and overall satisfaction.
- **[Go to next question](#)**

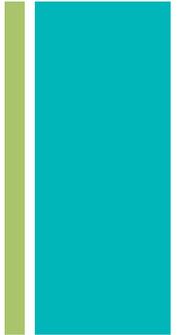
+ No, Board of Directors does not consist of family and non-family members

■ RECOMMENDATIONS:

- Ask if the Board is all family members and explore the dynamics and overall satisfaction.
- In some instances, it may be helpful to talk with your client about the value of including both family and non-family members on the Board.

■ [Go to next question](#)

+ Question 31:



Question: Do you have an active Advisory Board – a board made up of hand-picked members, selected for their knowledge and experience who are not affiliated with your business outside of their role on this board?

Answer:

- [Yes](#)
- [No](#)

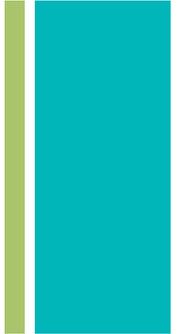
+ Yes, client has an Advisory Board

- It appears your client is using an active Advisory Board to enhance the business.
- RECOMMENDATIONS:
 - You might inquire about the dynamics of the group, the mix of background and experience, and your client's overall satisfaction with the Board.
 - An effective Advisory Board can be a powerful tool for guiding the business. Ask client: Do you use this Board to help you to make strategic decisions for your business?
- **Go to next question**

+ No, client does not have an Advisory Board

- An effective Advisory Board serves as a powerful tool for guiding the business.
- RECOMMENDATIONS:
 - Discuss these reasons with your client and gauge the level of interest.
 - This may be an opportunity for you to help your client through the process of establishing an Advisory Board. A strong Business Advisory Board with quarterly meetings can help the client regularly review and improve key elements contained in this assessment.
- **[Go to next question](#)**

+ Question 32:



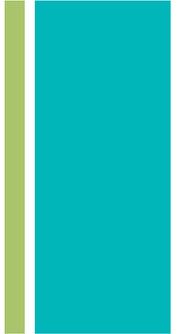
Question: If yes, do you use this Advisory Board to help you to make strategic decisions for your business?

Answer: (note response on checklist)

- Yes
- No
- **Go to next question**



Question 33:



Question: Please share comments regarding the current state of your company's family governance in order to maximize the benefit of this process.

Answer: Open ended (note response on checklist)

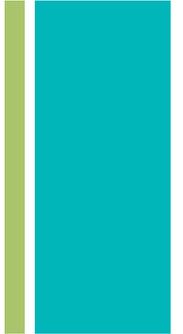
(Click enter key to go to the next section – Succession and Exit Strategy)



Succession and Exit Strategy



Question 34:



Question: Would you feel financially secure if you lost your business tomorrow?

Answer:

- Yes
- No

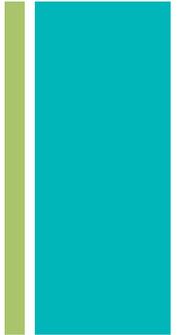
+ Yes, client feels financially secure

- Client indicates a feeling of financial security even if the business were lost tomorrow. Since your client is not dependent upon the sale of the business to secure retirement, there is a wide variety of options.
- RECOMMENDATION: You can help by working together to craft a plan which details the options that best address your client's personal obligations and values.
- **[Go to next question](#)**

+ No, client doesn't feel financially secure

- Client's financial security may be dependent upon the success of the business. Both personal and business financial security is best achieved through a well-planned strategy.
- RECOMMENDATIONS:
 - You can assist your client by exploring options available to both the business and the family.
 - Then, using those options, craft a well-thought plan that will address the personal obligations and values.
- **[Go to next question](#)**

+ Question 35:



Question: Do you have a personal exit strategy to either pass the business onto the next generation, to sell, or to pass along to management?

Answer:

- Yes
- No

+ Yes, client has a personal exit strategy

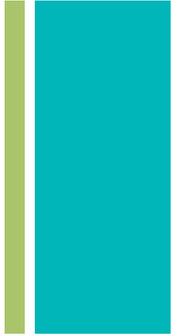
- Client is one of very few business owners to have a personal exit strategy. Whether or not your client decides to implement the exit strategy as currently defined depends on a host of factors. Simply having such a strategy provides a goal and set of realistic expectations for the future.
- **RECOMMENDATION:** Review the personal exit strategy for completeness and verify an established schedule for review.
- **[Go to next question](#)**

+ No, client does not have a personal exit strategy

- Client has indicated there is no personal exit strategy.
- **RECOMMENDATIONS:** Share with your client the important role that other people play in making decisions and understanding the full impact of a potential transition. It is helpful if other family members and key stakeholders understand what the expectations are for the next phase of your client's career - whether this might be a more formal retirement or simply moving on to new career opportunities.
- **[Go to next question](#)**



Question 36:



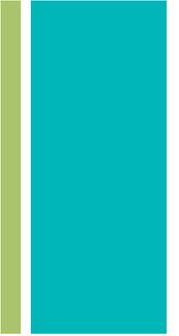
Question: Do you have a Buy-Sell Agreement?

Answer:

- Yes
- No

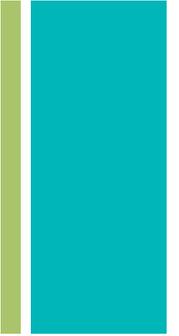
+ Yes, client has a Buy-Sell Agreement

- Client has a Buy-Sell Agreement.
- **Go to next question**



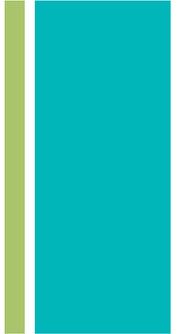
+ No, client does not have a Buy-Sell Agreement

- Client has indicated there is no Buy-Sell Agreement.
- RECOMMENDATION: Encourage your client to have a Buy-Sell Agreement prepared by a legal advisor, and keep this document with the other important legal business documents.
- **[Go to next question](#)**





Question 37:



Question: Have you had your company valued recently by a professional advisor?

Answer:

- Yes
- No

+ Yes, client has a recent valuation by a professional advisor

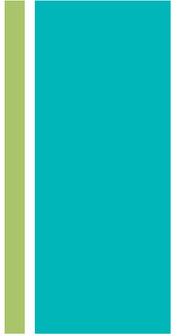
- Client has recently had the company valued by a professional advisor. Knowing the business value, and what steps they can take to increase the value, can be very useful information. If you are working with your client on an exit strategy or any type of sale or transfer, this valuation will be needed in order to help them make appropriate decisions for their personal well being.
- RECOMMENDATION: There are many valuation techniques that could lead to different answers depending on the purpose of the valuation and who is doing it. It is recommended that your client update the valuation on a regular basis, usually every two to three years, to ensure they are making the anticipated progress and that they are increasing the business value.
- [Go to next question](#)

+ No, client does not have a recent valuation by a professional advisor

- Client has not had the company valued by a professional advisor. Knowing the business value, and what steps they can take to increase the value, can be very useful information. If you are working with your client on an exit strategy or any type of sale or transfer, this valuation is helpful for making appropriate decisions and for planning.
- RECOMMENDATIONS:
 - As your client does not know the company's value or has not had the company compared to its competitors, you might suggest a professional advisor to gather this information. The data collected will provide you with an opportunity to help your client increase the value of the company in order to meet their future needs.
 - There are many valuation techniques that could lead to different answers depending on the purpose of the valuation and who is doing it.
 - Once your client has the company valued, it is recommended that the valuation is updated on a regular basis, usually every year, to ensure they are making the anticipated progress and that they are increasing the business value.
- **[Go to next question](#)**



Question 38:



Question: If yes, did the valuation meet your expectations?

Answer:

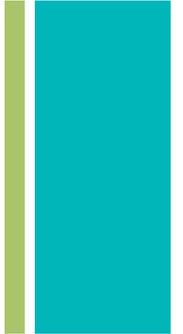
- Yes (go to next question)
- No

+ No, the valuation did not meet client's expectations

- Unfortunately, the business valuation did not meet your client's expectations, and it is important to know why. If you and your client understand the factors that reduced the valuation, you can work together to develop specific objectives to make improvements in the strategic planning process. If you do not know what the factors are, you might consider working with your client and the business professional to provide competitive benchmarking information with the appropriate analysis of the business to highlight areas of weakness.
- **RECOMMENDATIONS:**
 - There are many ways to increase business value, but the most effective and efficient way is to develop a step-by-step strategic plan that focuses on this goal. Help your client to acquire an accurate business assessment and valuation that reflects competitive data and information about areas that could be improved. This is a critical step in the process.
 - Once you have this information, together you can create, or update, the strategic plan to better meet business goals and objectives to position the company for greater financial success.
- **[Go to next question](#)**



Question 39:



Question: Have you identified potential buyers or types of buyers who might be interested in your business?

Answer:

- Yes
- No

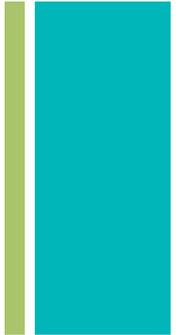
+ Yes, client has identified potential buyers or types of buyers

- Potential buyers, or types of buyers, have been identified for this business.
- **RECOMMENDATION:** Discuss with the owners the details of their research. You may find that they have a general idea and it could be time to look closer at specifics. Identifying potential buyers is an important point in defining and executing an effective exit strategy.
- **[Go to next question](#)**

+ No, client has not identified potential buyers or types of buyers

- No potential buyers, or types of buyers, have been identified for this business. This information is critical in defining and executing an effective exit strategy. Without an understanding of the likely buyer, your client cannot position and prepare their business in a way that will achieve the most favorable selling terms and selling price.
- **RECOMMENDATION:** Work with your client to identify potential buyers or types of buyers. If you need to refer your client to another professional, you may find valuable resources within the Galliard Family Business Advisor Institute network of professionals.
- **[Go to next question](#)**

+ Question 40:



Question: Have you discussed your potential retirement with others? (Please note all that apply.)

Answer(s):

- Shareholders
- Spouse
- Other family members
- Key employees
- Trusted Advisors
- Nobody

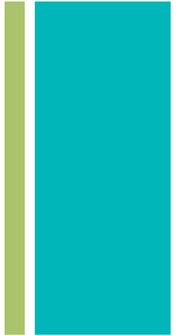
+ Yes, client has discussed his/her potential retirement with others

- Although your client indicates that potential retirement plans have been discussed with others, it's important to explore this topic further.
- RECOMMENDATION:
 - Find out what they have shared and who they have shared it with.
 - Then determine whether or not others should also be included. This information will be important as you work through the exit strategy and succession plan, and to ensure that your client has the support needed for any transition.
- **[Go to next question](#)**

+ No, client has not discussed his/her potential retirement with others

- Your client has not shared potential retirement plans with others. It's important for people who will be impacted by any significant changes to understand your client's expectations for the future. These individuals should understand how changes will impact them, and how they can support the transition efforts.
- **RECOMMENDATION:** Help your client determine with whom s/he should have this conversation.
- **[Go to next question](#)**

+ Question 41:



Question: Do you feel you have a solid plan for spending your retirement time enjoyably?

Answer:

- Yes
- No

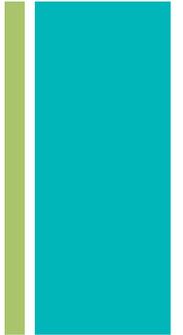
+ Yes, client has a solid plan for enjoying retirement

- Client has a plan for how the retirement years will be spent. This is terrific as many people do not know what they will do once they are not managing the day-to-day operations of their business. It's important to not only create a retirement plan, but to also spend time doing the activities included in the plan before they actually retire so these activities become a long-lasting part of their retirement picture.
- RECOMMENDATION:
 - Help client continue to develop options to consider in retirement - things to do when there is a bit more time.
 - Also, help client think about ways to stage retirement from the business.
- **Go to next question**

+ No, client does not have a solid plan for enjoying retirement

- Client does not have a plan for how to spend the retirement years. Unfortunately, retirement can pose a number of challenges for a hard-working entrepreneur who is used to managing the day-to-day operations of a business.
- **RECOMMENDATION:** Help your client to create a retirement plan that includes options for creating a lifestyle that is enjoyable and positively impacts those things that are important to him/her. Included in the plan should be ways to begin incorporating new activities into the client's lifestyle now, before they actually retire so these activities become a long-lasting part of the retirement picture.
- **[Go to next question](#)**

+ Question 42:



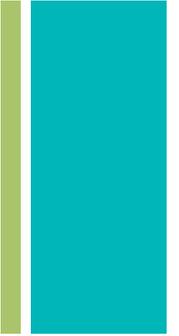
Question: Do you have a support network outside of your business? (e.g., extended family, friends, community, church, etc.)

Answer:

- Yes
- Few
- No

+ Yes, client has a support network outside of the business

- Your client has a support network outside of the business for the retirement transition. This is important since most people find they enjoy their retirement much more when they can share it with people who are important to them.
- **Go to next question**



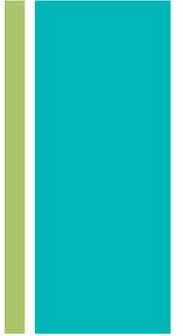
+ Client has a few in her/his support network outside of the business

- Your client may not have a support network outside of the business for the retirement transition. When people leave a business that has been an important part of their day-to-day activities, they often find retirement a lonely stage in life.
- **RECOMMENDATION:** It is important to discuss this support network with your client, and help to create a plan for getting the support needed for this significant change. Consider extended family, friends, community, church, among other groups and individuals.
- **[Go to next question](#)**

+ No, client does not have a support network outside of the business

- Your client may not have a support network outside of the business for the retirement transition. When people leave a business that has been an important part of their day-to-day activities, they often find retirement a lonely stage in life.
- **RECOMMENDATION:** It is important to discuss this support network with your client, and help to create a plan for getting the support needed for this significant change. Consider extended family, friends, community, church, among other groups and individuals.
- **[Go to next question](#)**

+ Question 43:



Question: Have you written your personal goals and vision for the transfer of ownership and/or management of the company?

Answer:

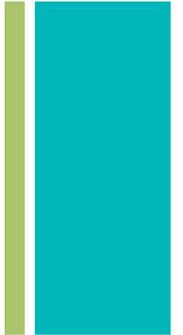
- Yes
- No

+ Yes, client has a written vision for ownership and/or management transfer

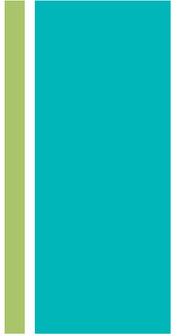
- Client has already documented personal goals and a vision for the transfer of ownership and/or management of the company. That is terrific as this document serves as a beacon for both personal and business planning. It also becomes the foundation for succession planning.
- RECOMMENDATION: Sit with your client to review this document and support thoughtful steps to execute on that plan.
- **[Go to next question](#)**

+ No, client does not have a written vision for ownership and/or management transfer

- Client has no written plan for transferring the ownership and/or management of the company. A successful exit strategy and succession plan must begin with clearly articulated personal goals and a vision for the future.
- RECOMMENDATION: Share the appropriate *Exit Strategy Worksheet* from your Certification training with this client.
- **[Go to next question](#)**



+ Question 44:



Question: Is family involvement in the leadership and ownership of your business important today?

Answer:

- Yes
- No

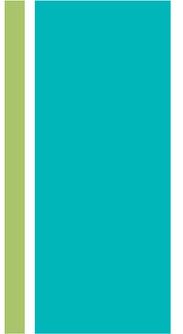
+ Yes, family business involvement is important to client today

- It is important to your client that there is family involvement in the leadership and ownership of the business today. Discuss with your client their vision for the future.
- RECOMMENDATION:
 - Make sure that family members working in the business have the knowledge, skills, abilities, and resources to effectively manage the company in the future.
 - You can help your client prepare for the future by identifying the next generation of leaders, and ensuring they have what's needed to make the vision a reality.
- **[Go to next question](#)**

+ No, family business involvement is not important to client today

- It is not important to your client that there is family involvement in the leadership and ownership of the business today. Perhaps your client has already begun to groom a new management team.
- RECOMMENDATIONS:
 - If not, you may want to work with your client to identify the management skills that are necessary for the company to reach its full potential. It would be important to identify management skills and abilities that are currently missing from the business, as well as those that may be needed in the future.
 - Review these questions with your client in order to determine how you might help plan for the future, and prepare to groom the next management team who will make the vision a reality.
- **[Go to next question](#)**

+ Question 45:



Question: Will family involvement in the leadership and ownership of your business be important in the future?

Answer:

- Yes
- No

+ Yes, family involvement in the business is important in the future

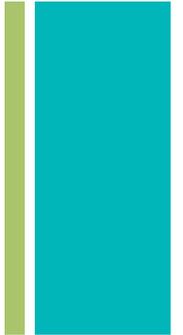
- Client foresees family involvement in the leadership and ownership of the business as important in the future. It will be important to ensure that the successor has the knowledge and skills to manage the company, as well as the interpersonal skills to manage relationships with family members.
- **RECOMMENDATION:** You can work with your client on succession planning, and create a plan for grooming the potential successor.
- **[Go to next question](#)**

+ No, family involvement in the business is not important in the future

- Client does not foresee family involvement in the leadership and ownership of the business as important in the future. This opens up a range of possibilities for the future sale of the business which may include a sale to current or future employees, an employee stock ownership program, or a sale to someone outside of the business.
- **RECOMMENDATION:** You can work with your client to identify the best possible solutions, and how to position the company for a successful transition.
- **[Go to next question](#)**



Question 46:



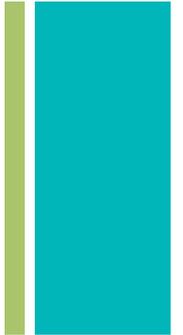
Question: Has a succession plan been developed that clearly describes the changing roles and responsibilities of the current leader and the evolving roles and responsibilities of the successor?

Answer:

- Yes
- No

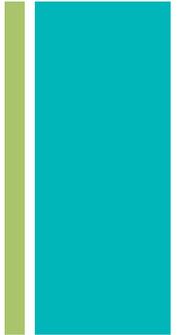
+ Yes, a succession plan has been developed

- Your client indicates that a succession plan has been developed which describes the changing roles and responsibilities of the current leader, and the evolving roles and responsibilities of the successor. This information will be useful if you are working with your client on a strategic plan and/or exit strategy.
- **[Go to next question](#)**



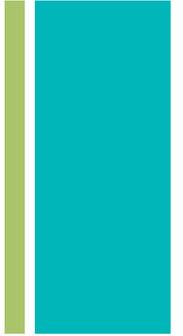
+ No, a succession plan has not been developed

- A succession plan that clearly describes the changing roles and responsibilities of the current leader, and the evolving roles and responsibilities of the successor, has not been developed.
- RECOMMENDATION: Once a Strategic Plan is complete you may be helpful in creating a Personal Transition Strategy for the owner.
- **[Go to next question](#)**





Question 47:



Question: Is your successor identified?

Answer:

- Yes
- No

+ Yes, client's successor is identified

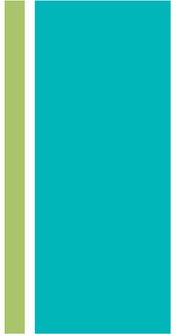
- Your client has identified a successor for the business.
- RECOMMENDATIONS:
 - Be sure to test the desire of the successor to fulfill this role. There could be a disconnect between the owner's perception of the successor's agreement and the successor's interest.
 - Discuss with your client what has been done to confirm the successor's level of interest.
 - You should consider meeting with the potential successor to clarify the level of interest and perceived skills, and the support required for an effective transition.
 - You will find the *Successor Development and Identification Worksheet* in your Level One Training workbook to be a useful tool in this process.
- **Go to next question**

+ No, client's successor is not identified

- Your client has not identified a successor for the business. Identifying the right successor is a vital part of the planning process.
- RECOMMENDATION: Use the *Succession Planning* worksheets in the training materials to guide you in this process.
- **[Go to next question](#)**



Question 48:



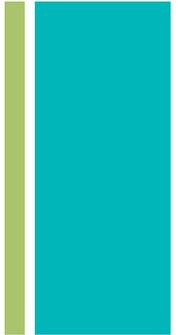
Question: Has your successor agreed to the new role?

Answer:

- Yes
- No

+ Yes, client's successor has agreed to the new role

- The identified successor has agreed to the new role. That's terrific, as sometimes there isn't alignment about the successor's interest in the position.
- RECOMMENDATION: You can continue to assist by making sure the successor has the skills to take on the role or is being given an opportunity to develop the skills necessary.
- **[Go to next question](#)**

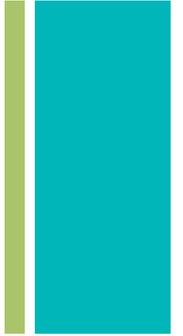


+ No, client's successor has not agreed to the new role

- It's not been confirmed that the successor has agreed to taking the new role.
- **RECOMMENDATION:** Before moving forward with the succession plan, it is important to confirm this agreement in order to verify the planning process is going in the right direction, and to ensure a successful transition.
- **[Go to next question](#)**



Question 49:



Question: Does this person possess the appropriate skills needed to succeed you?

Answer:

- Yes
- No

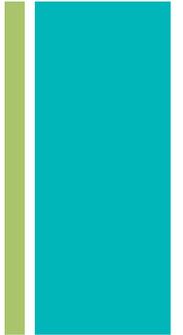
+ Yes, this person possesses the appropriate skills needed

- Client indicates that the identified successor has the appropriate skills needed to be successful.
- **RECOMMENDATION:** The question to consider is how this determination was made. Behavioral and skill assessments can be useful tools in helping to determine the right fit for a particular role. You may find additional resources through the Galliard Family Business Advisor Institute helpful in addressing the assessment of competencies and development of skills for the successor.
- **[Go to next question](#)**

+ No, this person does not possess the appropriate skills needed

- At this time, the successor for this business lacks the appropriate skills and/or behavioral traits to be successful in the role.
- **Remember, it is relatively easy to teach technical skills but very difficult to change an individual's personality.**
- **RECOMMENDATION:** Help your client look for the person who has the personality, characteristics, and integrity needed to create the business legacy that you want for your organization. The use of skill and behavioral assessments is a great way to help with this determination. You may find additional resources through the Galliard Family Business Advisor Institute helpful in the process of successor development.
- **[Go to next question](#)**

+ Question 50:



Question: Has the potential successor had experience outside of the family business to hone his/her skills, learn new management techniques and build a network of mentors and advisors?

Answer:

- Yes
- No

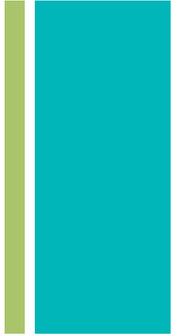
+ Yes, the potential successor has experience and a network

- Your client has suggested the successor has outside experience.
- RECOMMENDATION: Take some time to understand what this experience has been and what skills it brings to this new role.
- **[Go to next question](#)**

+ No, the potential successor does not have experience and a network

- To be most effective, a potential successor must have not only business management skills but also the respect of the employees in the business. Research has found that outside management experience is a key component in effective family business leadership. It appears the potential successor for this business does not have that outside experience.
- RECOMMENDATION: Encourage you client to work with the successor to identify opportunities to address this need.
- **[Go to next question](#)**

+ Question 51:



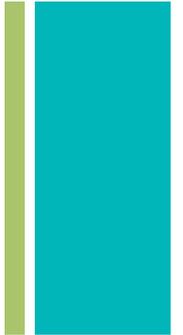
Question: Does the potential successor demonstrate the interpersonal skills to work successfully with the family?

Answer:

- Yes
- No

+ Yes, potential successor demonstrates the interpersonal skills needed

- It appears the successor's competencies include interpersonal skills to work successfully with the family. This is critical as family businesses are often rife with emotions, history, and family needs that are often not addressed in a traditional business situation.
- **[Go to next question](#)**

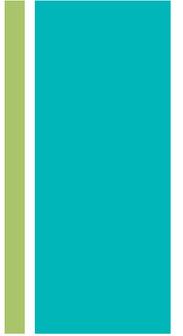


+ No, potential successor does not demonstrate the interpersonal skills needed

- It appears the successor currently lacks the interpersonal skills to successfully work with the family. Family businesses are rife with emotions, history, and family needs that are often not addressed in a traditional business situation.
- RECOMMENDATION: It is critical to identify options for helping this successor develop the skills necessary for this family business.
- **[Go to next question](#)**



Question 52:



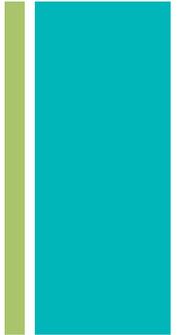
Question: Does the potential successor demonstrate the business skills to successfully lead the organization?

Answer:

- Yes
- No

+ Yes, potential successor demonstrates the business skills needed

- The successor currently demonstrates the business skills necessary to successfully lead the organization.
- **RECOMMENDATION:** Be sure the future needs of the business have been considered as well, to ensure the successor will have the ability to continue to deliver on strategic goals and objectives.
- **[Go to next question](#)**

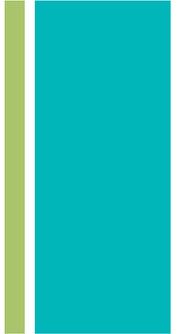


+ No, potential successor does not demonstrate the business skills needed

- The successor currently lacks the business skills necessary to successfully lead the organization.
- RECOMMENDATIONS:
 - You may wish to explore training opportunities for this individual which may include identifying a mentor or developing an Advisory Board to provide advice, guidance, and access to resources.
 - Often, a strong management team can complement the successor's skills and fill the gap, particularly when that successor has the maturity and interpersonal skills to make the most of a dynamic and diverse management team.
- **Go to next question**



Question 53:



Question: Has a personal development plan been written with the potential successor – to ensure on-going attention to skill development and continuous improvement?

Answer:

- Yes
- No

+ Yes, a personal development plan has been written with potential successor

■ RECOMMENDATIONS:

- Since your client has a development plan for her or his successor, ask your client to share the plan with you.
- Look at the strengths and weaknesses of the successor, and make sure the plan will address competency gaps.
- In addition, make sure that the development resources are readily available to this individual.

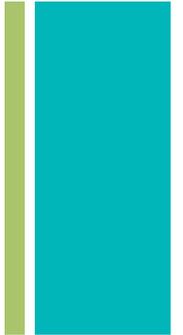
■ [Go to next question](#)

+ No, a personal development plan has not been written with potential successor

■ RECOMMENDATIONS:

- Encourage the owner to work with the successor to create a development plan that addresses any deficiencies. There are many ways to develop knowledge, skills, and abilities. Options may include formal educational programs, the use of a mentor, reading, working with a management/business coach, and even working in other companies.
- You may wish to review the Successor and Development and Identification Worksheet with your client.

■ [Go to next question](#)

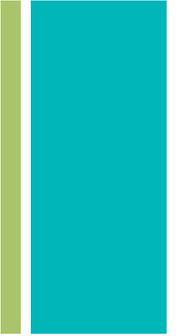


+ Question 54:

Question: Does the potential successor have a positive relationship with the existing Board of Directors and/or Advisory Board?

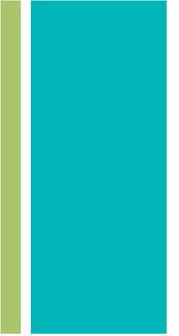
Answer:

- Yes
- No



+ Yes, potential successor has a positive relationship with existing Boards

- The potential successor has a positive relationship with the existing Board of Directors and/or Advisory Board.
- **Go to next question**

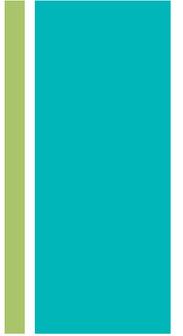


+ No, potential successor does not have a positive relationship with existing Boards

- The potential successor has not yet established a positive relationship with the existing Board of Directors and/or Advisory Board.
- RECOMMENDATION: Explore the best ways to introduce the successor to them individually and a whole.
- **[Go to next question](#)**



Question 55:



Question: Has the family developed a policy for reviewing the performance and compensation of the successor?

Answer:

- Yes
- No

+ Yes, the family has developed a review plan for the successor

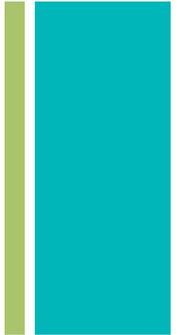
- A policy for reviewing the performance and compensation of the successor has been developed.
- RECOMMENDATIONS:
 - The successor should read and understand the policy prior to accepting the job.
 - In addition, if applicable, it's recommended that the Advisory Board and/or Board of Directors reviews the policy prior to reviewing it with the successor.
- **[Go to next question](#)**

+ No, the family has not developed a review plan for the successor

- A policy for reviewing the performance and compensation of the successor has not been developed.
- RECOMMENDATION: You may wish to work with a local Human Resources provider or a resource through the Galliard Family Business Advisor Institute to develop these protocols.
- **[Go to next question](#)**



Question 56:



Question: Please share comments regarding the current state of your succession planning efforts in order to maximize the benefit of this process.

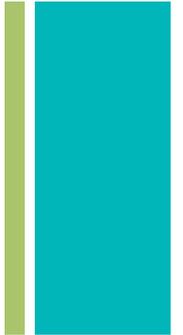
Answer: Open ended (note response on checklist)

(Click enter key to go to the next section – Professional Advisors)



Professional Advisors

+ Question 57:



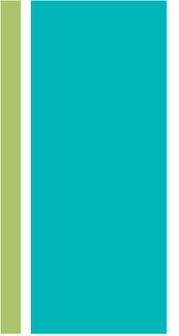
Question: Do you have a trusted financial advisor outside of the business?

Answer:

- Yes
- No

+ Yes, client has a financial advisor outside of the business

- Client has a financial advisor outside of the business.
- **Go to next question**

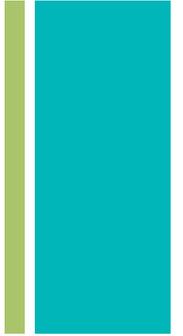


+ No, client does not have a trusted financial advisor outside of business

- Your client does not have a trusted financial advisor.
- RECOMMENDATIONS:
 - You may wish to ascertain what they require. Do they need more in-depth advice about their business and how to manage the finances or are their needs related to their personal financial planning or both?
 - You may be able to assist them to find the right type of professional, but take care to try to match the style of the client to the style of the advisor. Some family businesses owners can become intimidated by business professionals who talk above them or confuse them with jargon.
 - In addition, look for a financial advisor who has experience with family businesses and is proactive about assessing both the needs of the business and the family. Often, inexperienced advisors fail to understand the implications of the business's needs on the owner's personal financial picture.
 - Interview several different advisors and ask if they have experience in working with family businesses. Ask how they integrate the needs of both into the financial planning and advice that they give.
- **[Go to next question](#)**



Question 58:



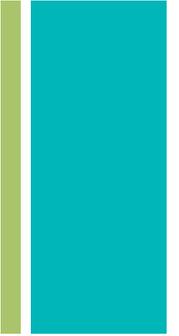
Question: Do you have a trusted legal advisor?

Answer:

- Yes
- No

+ Yes, client has a trusted legal advisor

- Congratulations! A legal advisor can save a company thousands of dollars by assisting with writing contracts, negotiating deals, and evaluating potential liabilities.
- **[Go to next question](#)**

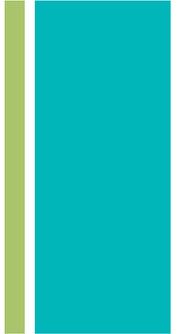


+ No, client does not have a trusted legal advisor

- Unfortunately, client does not have a trusted legal advisor. A legal advisor can save a company thousands of dollars by assisting with writing contracts, negotiating deals, and evaluating potential liabilities.
- **RECOMMENDATION:** If your client would like a referral, and you do not have one, you may find valuable resources within the Galliard Family Business Advisor Institute network of professionals.
- **[Go to next question](#)**



Question 59:



Question: Do you have a trusted business coach?

Answer:

- Yes
- No

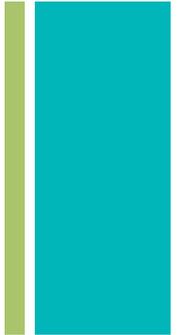
+ Yes, client has a trusted business coach

- Your client indicates they have a trusted Business Coach.
- RECOMMENDATIONS:
 - Find out if your client is currently working with a Coach or if this is something they have done in the past.
 - Depending on the situation, you may need to be prepared to offer suggestions for a Business, Management, or Executive Coach. If you do not have a source for the type of coaching you are looking for, consider Advisors within the Galliard FBA Institute as possible resources.
- **Go to next question**

+ No, client does not have a trusted business coach

- Your client indicates they do not have a trusted Business Coach.
- Coaches are relatively new to the world of family-owned business, but they have been around for decades in larger corporations working with CEOs and other senior management. In fact, almost every top performer in every field has a Coach.
- RECOMMENDATIONS:
 - Find out what kind of knowledge your client has about Coaches, and be prepared to describe how Coaching (Business, Management, Executive) can help your client make improvements in the business, both personally and professionally.
 - Depending on the situation, you may need to be prepared to offer a referral. If you do not have a source for the type of coaching you are looking for, resources within the Galliard FBA Institute may be helpful to you and your client.
- **Go to next question**

+ Question 60:



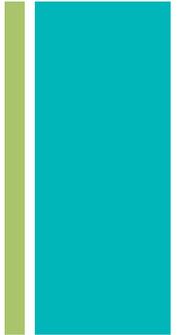
Question: Do you have a trusted CPA outside of your business?

Answer:

- Yes
- No

+ Yes, client has a trusted CPA
outside of the business

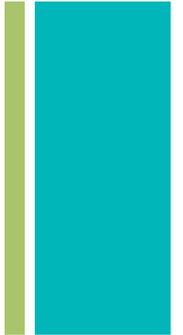
- Well done!
- **Go to next question**



+ No, client does not have a trusted CPA outside of the business

- Client indicates they do not have a trusted Certified Public Accountant outside of the business.
- As trusted advisors who can help minimize tax liabilities, clarify financial statements, and provide insight into the company's financial situation, they help businesses thrive and families to achieve financial security.
- RECOMMENDATION:
 - Be prepared to discuss how this trusted advisor can fill more than just compliance needs. If you need assistance locating a resource for your client, you may find some available through the Galliard FBA Institute network.
- **[Go to next question](#)**

+ Question 61:



Question: Are you currently using techniques to mitigate or eliminate taxes?

Answer:

- Yes
- No

+ Yes, client is currently using techniques to mitigate taxes

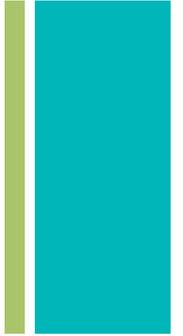
- Your client is currently using techniques to mitigate or eliminate taxes.
- **RECOMMENDATION:** You might find out if they are doing this on their own, or if they are utilizing the expertise of a Certified Public Accountant and/or Estate Planner to help them. If they are not using one or both of these types of financial advisors, they may find it useful to do so. These professionals may be able to provide some additional ideas to further ensure financial well being.
- **[Go to next question](#)**

+ No, client is not currently using techniques to mitigate taxes

- Your client is not using techniques to mitigate or eliminate taxes.
- RECOMMENDATIONS:
 - Be prepared to discuss how mitigating taxes can benefit the business and the family.
 - If they are not using a trusted Certified Public Accountant and/or Estate Planner, they may find it useful to do so. These professionals may be able to provide ideas to protect the wealth of the family and the business. If you need assistance locating a resource for your client, you may find some available through the Galliard FBA Institute network.
- **[Go to next question](#)**



Question 62:



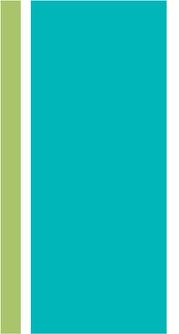
Question: Do you have an operating agreement?

Answer:

- Yes
- No

+ Yes, client has an operating agreement

- Client has an operating agreement.
- RECOMMENDATION: Make sure the Agreement has been reviewed within the past two years and continues to be accurate and up-to-date.
- **[Go to next question](#)**

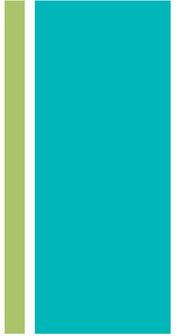


+ No, client does not have an operating agreement

- Client has no operating agreement.
- RECOMMENDATION: You may be able to assist with creating a plain language document that they can then use to talk with a professional service provider about what they want in their agreement.
- **[Go to next question](#)**



Question 63:



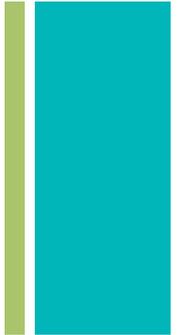
Question: Do you have a trusted insurance advisor?

Answer:

- Yes
- No

+ Yes, client has a trusted insurance advisor

- Client has a trusted insurance advisor.
- **Go to next question**

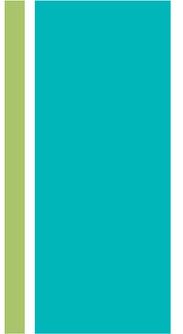


+ No, client does not have a trusted insurance advisor

- Client indicates s/he does not have a trusted insurance advisor.
- RECOMMENDATION: Be prepared to discuss how a trusted insurance advisor can be of assistance to your client's estate planning and business succession.
- **Go to next question**



Question 64:



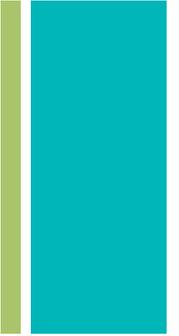
Question: Do you have key person insurance?

Answer:

- Yes
- No

+ Yes, client has key person insurance

- Congratulate your client on having put this very important form of insurance in place to help financially sustain the company in the event of an owner or key executive's death. This insurance is imperative if the company depends solely on this individual.
- **[Go to next question](#)**

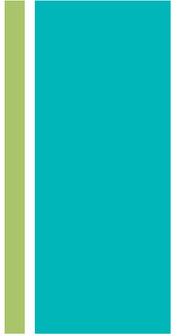


+ No, client does not have key person insurance

- Your client does not have key person insurance to help financially sustain the company in the event of an owner or key executive's death. This insurance is imperative if the company depends solely on this individual.
- RECOMMENDATION: Discuss with your client the importance of key person insurance, and how it may be purchased from their insurance advisor.
- **[Go to next question](#)**



Question 65:



Question: Do you have a contingency plan should you become disabled?

Answer:

- Yes
- No

+ Yes, client has a contingency plan should s/he become disabled

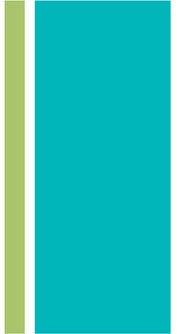
- Client has a contingency plan in place in case they becomes disabled.
- RECOMMENDATION: Make sure it has been reviewed recently with an insurance and/or financial advisor.
- **Go to next question**

+ No, client does not have a contingency plan should s/he become disabled

- Client does not have a contingency plan in place should the owner become disabled.
- RECOMMENDATIONS:
 - You may wish to consider introducing your client to a qualified insurance representative who can explain some of the various products available that will meet the needs of the business and the family if this should occur. However, use caution when vetting providers. Some are interested in merely selling products and not in fully understanding the needs of the business and family.
 - In addition, you will want to ensure that your client has a succession plan in place and is grooming others to take over in key management positions.
- **Go to next question**



Question 66:



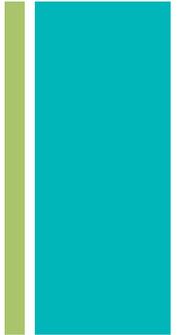
Question: Do you have funds in your retirement plan that would ensure the quality of life you envision for you and your family after you retire?

Answer:

- [Yes](#)
- [No](#)

+ Yes, client has a well-funded retirement plan

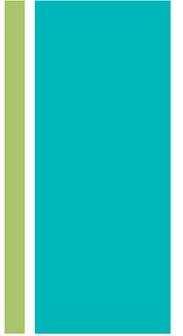
- Your client has a funded retirement plan that will ensure the quality of life they envision after retirement.
- **Go to next question**



+ No, client does not have a well-funded retirement plan

- Your client indicates they do not have the funds in a retirement plan that would ensure their envisioned quality of life after retirement.
- RECOMMENDATION:S You'll need to obtain additional information to determine whether or not your client has a funded retirement plan.
 - If they don't, you can work with your client to identify financial needs and help plan for the next stage of life.
 - If they do have a funded retirement plan, and they come up short in terms of funds, perhaps additional conversation is needed to determine how you might be of service in this area (e.g. suggest a financial advisor and/or estate planner, discuss options during succession planning, etc.)
- [Go to next question](#)

+ Question 67:



Question: When you look to the future, do you feel:

Answer:

- Positive, excited and optimistic
- Curious and hopeful
- Concerned about what will happen to me or to my business
- Filled with dread – unsure about what to do next or how to resolve the challenges I face in the business
- **[Go to next slide](#)**

+ Where to from here?



- Now that you have a wealth of information, what are the issues that you believe your client needs to focus on first?
- Consider the areas of greatest risk – insurance, sustainability, unexpected absence, etc.
- Ask: what can we do first that will give the client the greatest and most influential outcome?
- What is a logical baby-step that will build trust and create value?
- **[Go to the last slide](#)**



We appreciate your interest and care in working with this family-owned business. It is a unique opportunity to assist both the family and the business to be successful and sustainable.

*If you need any help or support in your efforts, please feel free to contact Galliard at:
www.galliardinc.com
info@galliardgroup.com
or 585.484.7085
and we will be happy to assist you.*

