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ATTORNEYS AT LAW

Ensure Your Family Business Becomes a Legacy

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One of the things that make our country great is the number of small businesses we have. Small businesses in the United States account for more than half of the non-farm, private Gross Domestic Product and around half of the private sector employment. This means that small businesses are not only important to those who own them or are employed by them, but also to our country and its economy as a whole.

A large portion of small businesses are "closely held" businesses – that is, a business the ownership of which is held by a private group of individuals and is not publicly traded. In many cases these businesses are owned by one or more family members. And the owners of many of these family owned businesses would like their business to continue, both as a legacy to pass on to their children or other family members and as a means of employment for the people who work for them. In fact, 88% of current family business owners believe the same family or families will control their business in five years.

Yet, the statistics show a shockingly different story. Only about 30% of family businesses survive into the second generation, about 12% into the third generation, and about 3% into the fourth generation and beyond. Why such a difference between "plans" and "reality"? There can be many reasons, but one common reason is that despite the current owners *wanting* the business to continue on, they do little or no legal and financial planning to help ensure that the transition happens, and happens smoothly.

There are many issues that must be planned for in a comprehensive business succession plan. In addition to the legal and financial issues, you must also plan for the practical issues such as family relationships and employee relationships.

Done well, a comprehensive business succession and estate plan can truly be a family legacy. Done poorly, it can be an unending source of frustration and broken relationships.

Call us to find out how you can help ensure that your family business becomes a legacy, not a liability.