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THE KEY OBSTACLE

Is leaving a family business legacy essential? Dr. Tom Deans, former business owner and author of *Every Family's Business*, warns that gifting a family business may not be a good legacy. You could risk pigeonholing future generations based on past business interests. Deans notes that: "Many owners make the mistake of instilling pride in the family business, that life is about tradition and not about pursuing their own dreams – and definitely not about reaching their full potential. Imagine if Henry Ford had followed in his father's footsteps as a farmer and Steve Jobs in his father's footsteps as a restauranteur?"

Deans highlights a common struggle among family business owners who are considering selling their businesses: the challenge of envisioning life beyond the company. Owners often face difficulty separating their identity from the business, hindering the sale despite its benefits for the family.

To overcome this obstacle, Deans suggests reframing the question from what will I do now? to who will I be? Adding a personal approach helps define a vision for the family legacy.

MONEY BRINGS NEW CHALLENGES

Many family businesses reinvest profits into operations, delaying substantial financial rewards for many years. During a business sale, owners often neglect legacy issues like governance and long-term goals due to the rush of due diligence. The liquidity event will bring sudden wealth, which may be a new situation for the family and require careful management to protect it. "Making money is very different from protecting wealth," Deans says, urging owners to understand managing wealth is counterintuitive to their business-building skills. "Owners are good at solving problems, and they can see transitioning as another problem to solve. But managing new wealth is about risk aversion and relinquishing control."

> **Those who make the conscious decision to build a family legacy and get the governance in place to manage their wealth will have a smoother journey ahead.**

WHAT TO DO FIRST?

It's common to delay the decision-making process because the first step is the most difficult. It's safer to maintain the status quo than to risk a family argument. Reading stories about other family businesses and distributing case studies amongst family members can begin the conversation. Connecting with experienced owners may also inspire action. Another worthwhile approach is to organize a meeting with other family business owners who have sold their businesses and been through the journey to wealth management will also help.

Transitioning from family business ownership to family wealth management involves co-operation and preparation for heirs. Structuring and managing liquid assets can be challenging, requiring answers to the key question: What does wealth mean for the family?

PAY FOR EXPERTISE

When transitioning from running a family business to managing family wealth, Deans advises seeking assistance from financial experts. "There are financial advisors to assist business owners through this transition to wealth. Families are complex and emotional. Using financial experts is not a sign of weakness, but of strength and wisdom."

UNDERSTANDING RISK TOLERANCE

Each family member's level of risk tolerance is obvious when skiing or driving a car, but not when planning the family legacy. Constructing a risk framework as a family will foster a mutual understanding of family goals and reduce stress.

PLAN TO PLAN

The road from running a family business to managing the family wealth is well-trodden. It may seem an ideal situation to outsiders, but family businesses who have gone that route know the challenges. One thing is for certain: Those who make the conscious decision to build a family legacy and get the governance in place to manage their wealth will have a smoother journey ahead. As Deans says, "Taking the time to plan the family legacy is how new money becomes old money." B

Date of publication: January 30, 2024

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