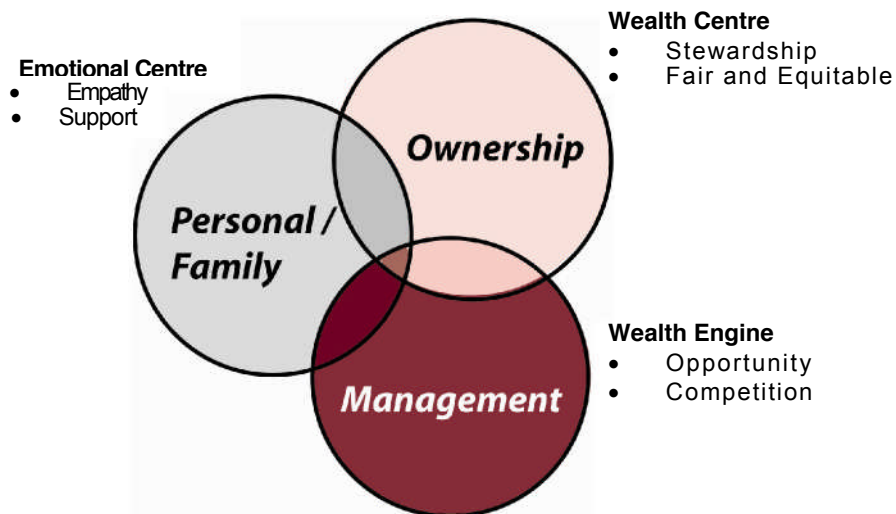


Understanding Your Privately-Owned / Family Business

There are three distinct areas that must be considered when running your business and ensuring its success and continuity:

- The **Ownership** area which focuses on managing and protecting the interests of the shareholders.
- The **Management** area which ensures the business is profitable.
- The **Personal / Family** area which deals with the needs and relationships of the individuals involved.



The 3-circle Model was created by Tagiuri & Davis in the early 1980's to illustrate that a balance of all three areas of the business is essential to its success. When too much emphasis is put on one or more circles, it is unlikely that the objectives of the other circle(s) are being met.

Understanding Your Privately-Owned / Family Business

Understanding the Ownership Area

- Each stakeholder should invest outside the business to ensure financial independence.
- Create an ownership structure that will protect your wealth and minimize taxes.
- Use financial tools to protect the future ownership of the business and provide for those family members not involved in the business.
- In creating your estate plan, treat family members fairly and equitably ~ that doesn't necessarily mean equal.

Understanding the Personal / Family Area

- Know the goals, vision, and objectives of your partners or family members.
- Build stewardship but have a direction, not just a dream.
- Identify the unique abilities of all partners or family members to ensure there is no loss of personal identity.
- Ensure a clear definition between personal / family and business.
- Resolve any issues stemming from conflict or lack of trust.

Understanding the Management Area

- Address burnout / health issues.
- Get your business ready for sale early in its lifecycle and increase the value.
- Ensure that the business can survive and thrive without your leadership.
- Deal with any lack of formality, communication, or clarity around responsibilities and roles.
- Watch the marketplace and changes in the industry.