

Entrepreneurial Growth & High Performance Workshop

Langley, BC, Canada
March 7, 2017



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Entrepreneurial Leaders
ORGANIZATION

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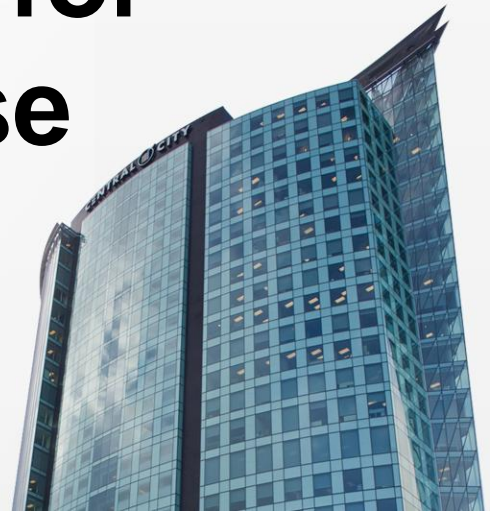
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Lawyer's Perspective: Succession Planning for the Family Enterprise



**What does LEGACY mean
to you?**

LEGACY:

- Corporate Continuity
 - » Family Leadership vs
Third Party Leadership
- Distribution of Cash to Children
 - » Children to Create their Own Enterprise

Family Involvement in Your Family Enterprise

Meritocracy vs. Bloodlines

- Who Works for the Family Enterprise?
- When No Jobs are Available
- Learning the Ropes vs
Starting in Management
- Family Members vs
Involved Family Members
- CEO (Vision) vs
COO (Production)

Successor Selection

SWOT Analysis

- Scan the Marketplace

10, 8, 5, 3 Years Prior to Planned Exit

- » Changing Technology

- » Profit Margins

- » Customer Demographics

- » Competitors

- » Internal Candidates

- » Third Party Purchasers

- Financing at Completion vs

Dependence Upon Success of Enterprise

A Share is a Share is a Share (No, Not Really)

- Common Shares vs Voting Shares
- Re-Investing for More Shares
- Shareholder Agreements for Family Enterprises

Shareholders agreement – Setting expectations among shareholders, especially minority shareholders

- Who is in charge of the company's business?
- Should there be limitations on the director's powers?
- Should the directors be legally obligated to declare dividends on shares held by:
 - » non-directors?
 - » minority shareholders?
 - » non-voting shareholders?

Shareholders agreement – exit strategies

- Inside buyers
 - » Classic shotgun – buy/sell
 - » “Put” option
- Outside buyers
 - » Right of first refusal (ROFR rights)
 - » Piggy back rights
 - » Tag-along rights

Shareholders agreement – exit strategies (cont'd)

- Share sale on death or disability
 - » Life Insurance issues
 - » Financing the buy-out
 - » Share valuation challenges



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