

## FAMILY BUSINESS ASSESSMENT QUESTIONNAIRE

The Family Business Assessment gives all key members of the family and the business a chance to express their views as to the importance of questions relating to the Six Transitions that face the family; **Founder, Family, Business, Management, Ownership and Estate.**

Quite often, what was thought to be obvious to the senior generation as to the priority of issues comes out differently. Most importantly, there is buy-in to the process by the family members because they have an opportunity to have input as to what is important to them.

### THE SIX TRANSITIONS

- ◆ *FOUNDER*
- ◆ *FAMILY*
- ◆ *BUSINESS*
- ◆ *MANAGEMENT*
- ◆ *OWNERSHIP*
- ◆ *ESTATE*

### USE THESE DEFINITIONS:

#### COLUMN A:

Our status in this area is fully acceptable. There is little or no need for improvement at this time.

#### COLUMN B:

There is room for improvement in this area. It is a high priority item. Our improvement efforts should begin within the next 12 months.

#### COLUMN C:

There is room for improvement in this area. However, in view of other priorities, improvement efforts should begin 13 or more months from now.

#### COLUMN D:

I do not have sufficient information/knowledge about this statement to express an opinion or it is not applicable.

## FAMILY BUSINESS ASSESSMENT QUESTIONNAIRE

NAME: \_\_\_\_\_ DATE: \_\_\_\_\_

<p>A - No Improvement needed now          B - Room for Improvement &amp; begin in next 12 months          C - Room for Improvement &amp; begin 13 or more months from now          D - No opinion or do not have enough knowledge or information to form an opinion</p>
---

I. FOUNDER'S (OR CURRENT LEADER'S) TRANSITION	A	B	C	D
1. A documented plan and schedule exists for transferring business decision-making responsibility and authority to the next generation of management.				
2. The founder's continuing role in the business has been discussed with the next generation of management and is well defined.				
3. The founder has developed his or her personal strategic plan.				
4. The founder's plan has been communicated to all family members & stakeholders.				

II. FAMILY TRANSITION	A	B	C	D
1. Our family has worked together to develop the individual and collective communication, problem-solving and conflict-resolution skills of all adult family members.				
2. We have a documented statement of the family's business vision to which all adult family members subscribe.				
3. We have developed, agreed upon and documented rules/guidelines for making decisions about hiring family members to work in the business.				
4. We have considered, defined and documented the rights and responsibilities of each of the various business and family roles we play.				

## FAMILY BUSINESS ASSESSMENT QUESTIONNAIRE

<p>A - No Improvement needed now</p> <p>B - Room for Improvement &amp; begin in next 12 months</p> <p>C - Room for Improvement &amp; begin 13 or more months from now</p> <p>D - No opinion or do not have enough knowledge or information to form an opinion</p>
---

III. BUSINESS TRANSITION	A	B	C	D
1. There is a documented strategic plan.				
2. We have an active, functioning board of directors.				
3. Job performance standards exist for both family and non-family employees.				
4. Rules for compensating family members employed in the business have been established and effectively balance business and family considerations.				

IV. MANAGEMENT TRANSITION	A	B	C	D
1. The management model that will be used in the next generation has been defined and documented.				
2. Criteria for evaluating candidates for the top management position(s) in the next generation have been agreed upon and documented.				
3. The process by which successor selection(s) will be made has been established and documented.				
4. A formal development plan is in place to educate and train family members employed in the business.				

## FAMILY BUSINESS ASSESSMENT QUESTIONNAIRE

A - No Improvement needed now  
 B - Room for Improvement & begin in next 12 months  
 C - Room for Improvement & begin 13 or more months from now  
 D - No opinion or do not have enough knowledge or information to form an opinion

V. OWNERSHIP TRANSITION	A	B	C	D
1. Every adult family member understands the rights, roles and responsibilities that apply to the owners of our family's business.				
2. A decision has been made about to whom ownership will be transferred in the next generation.				
3. Written buy-sell and/or shareholder agreements exist and are current. They define how stock will be treated in the event of death, disability or withdrawal of a shareholder from the business.				
4. All owners receive periodic information about the financial performance of the business and are able to read, understand and interpret financial statements.				

VI. ESTATE TRANSITION	A	B	C	D
1. The estate plans of the founder and all other family stakeholders are complete and are reviewed annually.				
2. The methods and means whereby the founder's (or current leader's) estate will be distributed have been shared with all adult family members.				
3. Funding provisions exist for the payment of estate tax obligations.				
4. The family knows the philosophy and specific intentions of the founder and his or her spouse concerning philanthropy.				