

Begin with the Ending: What Happened to Happily Ever After?

As a kid, I thought I might become a Disney animator when I grew up. I still love watching the new films that Disney and Pixar come out with year after year. They know the art of engaging their audience, whether a toddler or an adult. I think what drew me to that profession more than anything else was the storytelling. It is so easy to sit down and get lost in a fantastic story.

When I joined my dad here at Pass It On, I had somehow convinced myself that I would only have to learn the “tricks of the trade”, or understand the tools and formulas, and then I would be an expert at helping business owners plan for their companies and families. It took only a few weeks of talking with business owners and hearing their stories, and then holding planning sessions, for me to realize that it’s not that simple.

If you know my father and me, you know that we are both storytellers. We speak in parables and analogies more commonly than any other form of communication. Part of that is genetic. I was weaving stories before I knew how to write them down. Part of it is our business. It won’t do to get into a discussion over whether I was born this way, raised this way or became this way as a necessity of what I do for a living. What I realized in my first interactions with business owners and heads of families was that there is no such thing as normal. Just as every person is unique, so every family and every business is 100% original and not to be duplicated. The point is, designing a plan that is tailored to fit an individual, company, family or group of families is a story-based business. If you do not know who the characters are and what motivates them, you cannot reach an appropriate conclusion.

A former Pixar story artist tweeted a series in 2011 called “story basics” which encapsulated the guidelines that she learned from her senior colleagues on how to create an appealing story. Here are my favorites of her observations:

- Come up with your ending before you figure out your middle. Seriously. Endings are hard, get yours working up front.
- Finish your story, let go even if it’s not perfect. In an ideal world you have both, but move on. Do better next time.
- Coincidences to get characters into trouble are great; coincidences to get them out of it are cheating.

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Designing a succession plan for any family-owned business, even if there are several different families involved, begins and ends with the story. How did it start? What made it work? What were the detours that were impossible to predict but that made them who they are today? That brings us to where we are right now, and the rest of the story still needs to be written. We could try to predict every possibility for the future and plan according to that, or we can look out into the distance and ask how this story should end. Once we know the ending, we can go back and fill in the middle, putting in place the different steps to bring about the desired outcome in any event.

Beginning with the end requires a decision. When you are no longer around, how should this go? Who should own the company and have a chance at running it successfully? Have they earned it? Will they need to? How do you treat the other heirs, and/or employees? What would be most beneficial to each one you may leave behind? How will you arrange it so that nothing potentially coming from you and your spouse destroys the relationships of your children, demotivates them from their best career paths, or disincentivizes key employees? Once you’ve determined how the story should end, we can start to write the plan.

Another important part of planning is to treat it as a living process. We’ve all experienced the paralysis that comes from trying to plan, and we’ve all had clients who knew what they needed to do, agreed with the plan and yet never finished. The loose ends we see range from neglecting to sign and execute a living trust for lack of the perfect executor, to leaving the valuation line blank on a buy-sell agreement, to failing to add a new partner or fund the agreement. Wouldn’t it be fantastic to know how much your company will be worth you’re finally ready to retire, or if something happens to you before that day? If that were possible, there would be no need for planning or agreements. The fact is, we plan for today and we plan on changing the plan in the future.

Bottom line – there are no coincidences that magically cause all the chips to fall into the right hands without careful preparation. And the chances that a coincidental distribution of company shares or family assets will lend to strong business operations and beautiful relationships in the future are very slim. How many business owners get to ride off into the sunset, leaving their business firmly in the land of “...Happily Ever After”? Too few, and too often the culprit is a failure to agree ahead of time on the definition of “happily.”

Misty Meschter of Pass It On, Inc. (est. 1947) works with a national clientele designing and funding succession plans for privately held companies.



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