Fred Olson is the third generation to own his manufacturing business. The privately owned company specializes in injection moldings for the automobile industry and has grown substantially since it was founded by his grandfather. Having seen it passed down to his father, and then taking it on himself, Fred has always had business succession on his mind.

Fred began learning the ropes from his father at an early age. While Fred became very familiar with the way their company worked, he lacked confidence in the business environment. “I think I missed out on learning about people, experiences and decision-making on my own terms because my father wanted me to work alongside him.” Fred learned a lot from his father, but he is taking a different approach with his own children. “My children will have the opportunity to work outside the business and develop core competencies that will enable them to become successful owners.” Having married later in life, Fred’s children are still young. His son has just finished his undergraduate studies, while his daughter is currently pursuing a law degree. “My son is too young and inexperienced to be involved in the business at this time, and my daughter is not currently interested in being involved on a day-to-day basis.” Fred is happy his children are getting the opportunities he missed, but still hopes they will eventually become actively involved in the family business.

Many business owners have children who are not yet ready to take on an ownership role. However, since he is not certain that either of his children will actually take over the family business, Fred’s exit strategy has to be flexible.

With no clear successor as he nears retirement, Fred has been developing an interim solution. Working closely with succession planning advisors, Fred is looking to fill temporary leadership positions to ensure his business is well managed at all levels. “That’s certainly one of the advantages of working with professionals – they can raise potential problems and present possible solutions that I might never have considered.”

During this stage, an interim CEO should be appointed, and Fred should consider creating a contingency plan in case of his sudden death or critical illness.

Over the last five years, Fred has been having family meetings to educate his children about the business and openly discuss potential risks and mitigations. Through these meetings, the family came up with a shareholders’ agreement, an employment policy and a mission statement: “A big topic for us is developing conflict resolution mechanisms that everyone can agree to.”

When Fred is considering strategies for conflict resolution, creating a successor development plan in case one or both of his children eventually wish to be actively involved with the business would be a good option.
Fred is confident about the future of his business: “I think there’s a very good chance that one or both of (my children) will play some kind of significant role in the management of the company and – who knows – maybe one day pass it on to their children.”

Acknowledgement
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