Video transcript: “One Question: Family Business Dynamics with Regions' Bryan Koepp”

Video source: YouTube

Note: Fun, upbeat music begins to play.

On screen: Regions logo appears

On screen: Bryan Koepp appears

[Voice-over] Hello, I'm Bryan Koepp. Welcome to the One Question.

Several business owners over my career have asked me: “How do you navigate family events when you feel your business is predominating your time together as a family?” This issue is relatively normal, and it stems from the feeling of being pulled between competing interests as you build your future business transition plan.

For example, you know that a 100 percent of businesses will ultimately transition. But maybe all of your children don't participate in the business. You also know that only 30 percent of first-generation family businesses successfully transition. As you can see, the competing reality of knowing you need to plan or how to do so without disrupting the family dynamic can create stress and obstacles in meeting your goals.

So, how do you thread the needle to plan without disruption? Every family possesses dynamics, which can provide varying effects on your transition plan. The key is to navigate potential dynamics to arrive at your desired outcome. The following are ideas for you to consider to continue your family business journey.

First, you know your children better than anyone. Advisors and consultants can provide direction and assist with facilitation and strategy. But you know your children better than anyone can. You've been involved with the children and have seen them grow. And you can understand the intangibles of what not only motivates them, but how they interact with your family and your business. Leveraging this strength to make the best decisions will put you in the best position to achieve the goals you have.

Second, the right answer is your answer. How to treat your children regarding a next generation transition of your business may be based upon a formula, family custom, incentivizing your children or other techniques, whether all your children participate in the business or not. The key in balancing business and personal issues involved in a family transition plan is to focus on your child's strengths, determining the role to maximize impact.

This approach will allow their career to grow in a healthy manner and love your business to receive their best impact. Outside professionals can often be recruited to fill roles needed within the company that your family can't serve.

Third, commit to a family mission statement. Building a mission statement may be the perfect solution to perpetuate your business and personal wealth. Your mission statement should be concise and focused on purpose, goals, and intended impact. Ideally, the mission statement should be able to be recited and repeated in 30 seconds or less to maximize its effectiveness and improve the chance it will become part of the DNA of your business and family legacy.

Fourth, a strong and updated estate plan goes a long way. The best estate planning process includes collaboration between your legal, tax and wealth management advisors. It will provide structure and financial modeling to build the framework for both a next generation business transition and perpetuation of your personal wealth. Wealth equalization, if desired, may also be a focus with multiple strategies potentially available, depending on how you define equal among your children.

I strongly recommend working with a wealth strategist and trust advisor to work through the primary, secondary, and tertiary issues that may surface as you engage in your planning. Remember your business transition estate plan should be flexible. It will continue to evolve as time passes.

I enjoyed our time together today, and I hope your next family interaction, whether it's formal like a holiday or birthday celebration, or informal, such as a simple family dinner, is energized to address the planning issues you may face ahead as you answer your one question.

Until next time, I'm Bryan Koepp.

On screen: Text appears on screen that says, “Talk to your Regions Wealth Advisor today” and regions.com/wealth-management/private-wealth-management, as well as disclosures.