

PDA *CORPORATE COMMUNIQUE...*

ROBERT DENNEY Associates, Inc.

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HOW TO BRING IN – AND KEEP - AN OUTSIDER TO RUN THE FAMILY BUSINESS

More family businesses are turning to non-family members – outsiders - to either save the business or move the company forward when there are no heirs who have the ability or the desire to run it. The problem is that some family businesses fail to give an outsider enough compensation and incentive to attract and keep the executive.

What can a family business that doesn't want to relinquish ownership do to attract and retain a top notch executive that is sorely needed? Number one is a large and attractive compensation package. Then the challenge comes in making sure that the executive you bring "into the family" so-to-speak stays with the company.

One way is by use of increased benefits such as bonuses, profit-sharing and pension plans. Some solid additional perks, such as a car and membership in a country club or health club, are also good "sweeteners". A generous expense account goes hand-in-hand as well.

Some family-owned companies will even part with enough stock to keep the CEO content although they generally won't reduce the total stake owned by family members to less than 50%.

There are also a number of quality-of-life matters that take into account the executive's family. These can include providing low-interest financing for a home, assistance in getting children into certain preferred schools and even paying tuition and providing generous vacation time.

A family business can stay in the family and still attract and keep top executives if it makes a substantial investment which should be more than offset by what the executive brings to the business.

Bob Denney

Bob Denney serves as an outside Director and has also served as an interim CEO in turnaround and crisis situations. For further information visit our website at www.robertdenney.com