

Family Business Planning: A New Approach at LMWF

By [Scott E. Friedman](#)

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In spite of their importance – to our economy, to our workforce, to our culture, and to families – the legal profession has given woefully insufficient attention to the unique planning needs of family owned businesses. For example, in our informal survey, we were unable to identify any law school whose curriculum includes a course devoted to family business. Another informal survey of resources made available to attorneys through bar associations, including publications and continuing legal education, reveals a principal emphasis on estate planning, tax planning, insurance planning, and buy-sell agreements. While we acknowledge the importance of each of these subjects, their primary focus is on money – how to maximize its value for family members by minimizing federal and state taxes – not on people: strategies for helping individuals, teams, and organizations learn to better able to enjoy life, succeed in business, work together effectively – to flourish. The emphasis on “financial planning” without a comparable attention to “people planning” has come at a great cost.

While these costs are impossible to measure accurately due to the private and confidential nature of many family business affairs, authorities continue to cite statistics suggesting that approximately 70% of family businesses fail to successfully complete a transition to the second generation, and a staggering 90% of family businesses fail to complete a transition to ownership by the third generation. The commonality of family business struggles is often expressed through the well-known proverb, “shirtsleeves to shirtsleeves in three generations,” – a proverb that seems to have a counterpart in every country with family businesses. While the accounts of what compromises these statistics will only be known to the family members and their professional advisors who serve under obligations of confidentiality, there are nevertheless seemingly endless published accounts of prominent families, including Gucci, Guinness, and Gallo, whose infighting has become known through the public litigation process.

Beyond what these inherently imprecise statistics and anecdotal published reports reveal is the tragic human toll taken as a result of family business dysfunction: parents, children and siblings who no longer talk to each other, sometimes as a result of intra-family litigation. Indeed, we suspect that any attorney who works with family businesses on a regular basis has his or her own personal experience involving family business dysfunction and crisis.

LMWF has developed new strategies that are designed to integrate insights from multiple disciplines, including law, business, and psychology, particularly positive psychology. To learn more, please visit www.lippes.com or <http://next-gen-advisors.com/> or contact Scott Friedman (SFriedman@Lippes.com), Amy Habib Rittling (AHabibRittling@Lippes.com) or Andrea HusVar (AHusVar@Lippes.com) or call them at 716-853-5100.

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