

Family Firm Symptom Check List

INSTRUCTIONS: Check each item present in your family firm & add below.

Family Troubles

- Emotional Cut-Offs (Family members who do not talk to each other)
- Excluding type alliances (typically a destructive triangle in which 2 people exclude a 3rd person)
- Rage-like feelings towards other family members
- Threats of lawsuits between family members
- Family conflict which injects itself into board or management meetings, or the workplace.

Ownership Problems

- Lack of advisory board or Board of Directors with true outsiders..
- Lack of valid buy-sell agreement.
- Lack of unified mission..
- Refusal to allow outside advisors (attorney, CPA, banker, etc) to intervene or enter system (i.e., valid estate plans rejected)
- No liquidity for shareholders.

Management Difficulties

- Non-standard compensation schedules
- Underperformance of a family firm.
- Threats by well-trained 2nd or 3rd generation family members to leave firm
- Decision-making based on emotion & relationships rather than business logic.

Succession Obstacles

- Unclear or unrealistic succession plan
- Lack of specific date for succession
- Lack of named successor.
- Lack of training program for successor(s) and management in general..
- Isolated CEO
- Lack of interest by CEO in matters outside the business

Add Total Number of Check Marks

Interpreting Your Score:

0-2 items: Excellent

3-5 items: Potential Risks Lurking

6-8 items: Serious Problems Putting Firm and/or Family at Significant Risk of Failure

9+ items: Urgent crisis impending or in effect

Clues that it May Be Too Late For Help

- Two sides of the family have hired litigators
- Family member has filed a lawsuit against another family member
- Persistent pattern of rapidly decreasing revenues with no proprietary product or service