

Can Family Business Transfers Succeed?

In the checkered, but always interesting, history of nepotism (as it relates to business transfer) we find that parents hope a child will take over a business for several reasons:

1. The joy of working together. (At least that's what some owners claim.)
2. Greater employment and financial opportunities for family members than that available elsewhere.
3. Maintenance of the family's focal point — the business. Parents see the business as the "glue" that helps the family stick together.
4. Fulfillment of a childhood dream. The child(ren) has grown up in the business, knows it, and wants to stay in it by acquiring ownership.
5. Gradual retirement. The owner can stay semi-active in the business by gradually turning over operations and ownership to the new generation.
6. Family pride. The owner takes considerable (and often justifiable) pride in continuing a family business and tradition.



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Doesn't this all sound great? It is great, but all too often your hopes and aspirations crash headlong into the brick wall of reality.

- The children, for lack of a more elegant phrase, don't get along with each other.
- The children have substantially different career goals.
- The parents need to achieve financial goals before feeling comfortable transferring a business to children. The children, on the other hand, desire significant ownership sooner, rather than later.
- The children simply don't have the same desire, ambition, or aptitude for running the business as the parents.

All business transfers are challenging yet family businesses face significant obstacles. Despite this, it is indeed possible, given the right circumstances, to successfully exit the business by transferring it to your children.

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