



A SUBSTANTIAL ASSET

For many of our clients the family business is the principal source of their wealth and frequently still represents a substantial proportion of their assets. In some cases the business remains in family ownership through several generations and, in other cases, the time comes to dispose of or dilute the family's holding, in favour of a more diversified portfolio.

CONSIDERING THE OPTIONS

Passing the business to the next generation requires the consideration of numerous issues. These include the commercial risks and prospects, the competence and willingness of family members to take over the responsibility, the need to balance financial and non-financial factors and the desire to divide the wealth fairly.

It necessitates a detailed plan, starting with the purpose of continuing family ownership, the role of the family in management, suitable processes and criteria for decision making and safeguards to protect the interests of minority shareholders.

Alternatively, if the decision is to aim for a full or partial sale of the business, rather than passing it to the next generation, this also requires careful planning, both to prepare the business for sale and to prepare the family for a transformational event.

The family will also need to decide what to do with the sale proceeds, whether they should simply be distributed to family members, or held and managed collectively. If the latter, the purposes of collective arrangement need to be defined, with suitable structures and family governance.

PLANNING THE SUCCESSION

Stonehage Fleming helps families plan the successful transfer of the family business to the next generation and will help to put in place a strategic governance framework which will meet the needs of the family for the longer term.

Our approach depends on the circumstances, but it may involve the family developing a shared vision and objectives. In many cases, this results in a written family agreement, often referred to as a family constitution.

RAISING EXTERNAL FINANCE

Many family businesses reach a stage at which they require external capital either to finance expansion or to reduce the family's exposure, enabling them to diversify part of their wealth into other assets. Bringing in an outside investor has huge implications for a family owned company, inevitably forcing the family to adapt to new requirements and expectations.

We support families in defining the need, in searching for the right investor and in negotiating the transaction. We also help manage the transition from being a wholly owned family business to a company with responsibilities to external investors.

PLANNING FOR A SALE

The decision to sell any business requires extensive analysis, good judgment and careful planning. For a family business, it can also be further complicated by family considerations.

Once the decision is taken, both the business and the family need to be prepared for the sale, identifying key objectives for family members and positioning the business to achieve those objectives. Stonehage Fleming is able to assist in facilitating the initial decision, through to the planning, structuring and execution of the deal itself. We will also help manage the impact on the family and will advise on the management of family wealth post the sale.

MAKING THE COMPLEX SIMPLE

However you wish to work with us, you will always have a principal point of contact. This makes your relationship with us simple and straightforward, and ensures that the management of individual aspects of your family's finances is always considered in the context of your broader arrangements.

To find out more, simply contact your Stonehage Fleming adviser
email: enquiries@stonehagefleming.com or visit: stonehagefleming.com

