

Guide to Stability and Sustainability of a Privately-Held Company

Sixty-Four Important Questions for Management

Personally translated and prepared for Martin Dudziak
With best wishes for his family's and company's future

1 - Strategic Planning	Yes	No
1. Common goals and expectations of ownership & management have been identified		
2. Written long-range strategic plan covering more than one year is prepared		
3. The long-term plan integrates the business objectives and the personal goals of the key owners and managers		
4. The long-term strategy also includes objectives for earnings, return on investment, capital growth, market share, and sales/earning ratios		
5. Performance evaluations of key management personnel including major-shareholder executives are conducted on a regular basis to determine and reaffirm qualifications and professional development		
6. The strategic plan supports the succession plan		
7. The strategic plan is consistent with a long-term market analysis and assessment of competition		
8. Non-owner managers (those without major equity holdings and vested interests) are considered in the strategic plan		
9. Equity shareholders and board directors not active in the business understand the role and responsibility of non-owner managers		
10. The board of directors and management team is in agreement on the nature and purpose of the business		
11. The company has an existing and unanimously accepted method or process for settling disputes		
12. The management team and board of directors meet regularly to discuss business issues		
13. The company has an outside board of advisors		
14. The management team and board of directors revise the strategic plan on a regular basis		
15. There is an established set of resources, tools, and interpretations for assessing the value of the company's products and services with respect to the market and competitors		
16. The owners and managers have read the strategic and executive plan materials		
17. Management presents and explains the fundamental strategic and status information about the company to all employees in an appropriate and understandable manner		
2 – Succession Planning	Yes	No
18. The ownership team has agreed that continuing ownership of the business is a goal		
19. Ownership and management members have a positive image of the company and understand the benefits of being a private company		
20. Everyone in the ownership team agrees that entry into the business is completely voluntary		
21. The ownership team has determined who is eligible to be a successor		
22. All prospective candidates have been objectively considered and evaluated		
23. The career alternatives, personal interests and talents and family circumstances of each prospective candidate have been considered		
24. Expectations regarding formal education requirements for successors have been determined and everyone understands what they are		
25. Requirements for successors regarding length and duration of experience outside the company and/or apprentices within the company have been determined and stated		
26. A succession transition period has been identified and agreed to by the ownership team		
27. The ownership team has determined a schedule for delegating responsibility/tasks to the		

successor during the transition period		
28. Specific responsibilities for guidance and supervision of the successor have been accepted		
29. Non-owner managers are included in the process of bringing on the successor		
30. A means to evaluate the successor's performance is in place		
31. Rules and conditions have been set for the successor's financial compensation, advancement, and promotion within the company		
32. A reliable information flow is in place to insure the retiring owner-manager is aware of all critical business decisions		
33. A set of transition controls is in place to monitor the pace, quality and outcome of the transition process		
34. The owners and company have contingency plans if the successor leaves or must be replaced		
35. The owners/founders have meaningful and active retirement planned		
36. There is an established mechanism for introducing new persons into the key or core team of ownership and management		
3 – Succession of Wealth	Yes	No
37. The owners/founders have determined when and how to "let go"		
38. The owners/founders and their spouses have discussed the lifestyles they will lead after leaving the business		
39. The owners/founders have determined the income needed to support their planned lifestyle after leaving the company		
40. The business is organized so that its tax burden is minimized to the greatest degree possible		
41. The company has investigated the methods and options for deferring taxable income into the future		
42. The company has investigated methods and options for diversified distribution and investment of assets and revenues including offshore/international opportunities		
43. The company has established a fault-tolerant and fail-safe mechanism for information security		
44. The owners/founders have decided whether to transfer ownership and equity relating to the business during his/her lifetime or through his/her estate		
45. The owners/founders have decided who or which combination of individuals will receive the business and what the ownership structure will be		
46. The owners/founders have considered what transfer method is best for his/her personal and business objectives		
47. The owners/founders have investigated the various available methods for transferring the business		
48. Proper insurance coverage has been obtained for all key persons		
49. If an owner/founder will bequeath his/her portion of the business, he/she has included use of the annual gift tax exclusion and unified credit in the planning		
50. The owners/founders have retained some form of ownership leverage should the transfer not work out as anticipated		
51. The business has been valued by an external auditing organization recognized and held in respect for this function		
52. If the value of the business is based upon a fixed monetary amount rather than a formula, the value is reviewed annually in order to avoid inequities		
53. All plans have been implemented through appropriate and recognized legal documents		
54. Emergency plans have been established should something unexpected happen to a key owner/founder that leaves such a person unable to manage their business functions on a day-to-day basis		
55. Estate planning for the owners is reviewed annually		
56. The estate plans of owners support the succession and strategic plans		
57. The owners have established a reliable checks-and-balances system for preventing hostile takeovers		

58. The company has a reliable system of internal security and information control to prevent breaches of confidentiality and disclosure by individuals within the company to others outside the organization		
59. All employees have been trained in matters of security and confidentiality		
60. Personal problems and conflicts among the owners and managers are hidden from the employees and competition		
61. An “open door” is maintained for employees to have a sense of ability to communicate both problems and positive inputs to top management and ownership		
62. Company values and principles are emphasized on a regular and universal basis among all employees and among customers		
63. Public relations activity of the business always includes an emphasis on the positive values for customer relations resulting from the business being able to answer “positive” to the questions in this list		
64. The owners maintain a “public image” among employees and the outside world of being focused strongly in their own domains of responsibility and also not in complete agreement with one another, allowing an image of subtle division and even competition to be perceived, yet maintaining among themselves at all times a solid strong and unified commitment to the strategic plan and the fulfillment of the agreed-upon objectives		

It should be noted that these questions and recommendations apply equally to two very unique and integral institutions of our human society, and they should be carefully considered within both institutions, without fail, if success, stability and sustainability is truly desired.

At one end of the scale there is that “ultimate” form of business organization, namely the State, particularly in those fortunate instances where there is a consensus and recognition among those who hold power and those who desire to hold power that, regardless of whatever name is applied to the “form” of government, the model of the private, family-owned company is the best paradigm for an effective, stable, and lasting State.

At the other end of the scale but at the foundation of both companies and states there is the Family. Be it composed by two, or three, or dozen members or more, the Family is the essence, and without it there is scant meaning to the individual, or to any mass of individuals, no matter how each and every one may pride themselves in strength of mind or body. This Guide, in fact, comes from a very old family tradition, older than any of the companies who are the honored members of our society.

Charles Maurice de Talleyrand-Périgord