

**BUSINESS CONTINUATION & EXIT PLAN**

**QUESTIONNAIRE**

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(Business Name)

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(Date)

***“Exit Your Business On Your Terms.”***

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**“If”**

**Law & Accounting = the Language of Business**

**“Then”**

**Relationship = the Language of Family Business**

**“Thus”**

**“When Exit/Succession/Continuation Planning jumps the tracks, it’s not due to a lack of good technical advice. 90% of the time it’s due to problems within relationships.” Edwin Hoover**

# “Formula for Successful Succession”

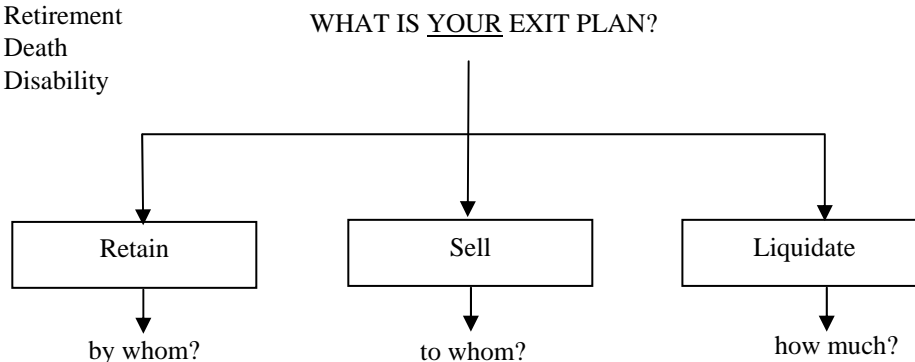
(i.e. How to exit your business on your terms)

$$\Sigma(\text{Estate “Legacy” Planning} + \text{Re-Engagement Planning} + \text{Business Continuity Planning}) \times \text{Readiness} = \text{Succession}$$

**The Definition of Business Succession/Exit Planning** – To be able to control my business for as long as I want to. In the event of my disability, I want to be able to continue the business or receive value from the business so that the business continues to provide for me and my family. When I no longer want to control my business, or in the event I physically cannot, I want to be able to transfer the business to whom I want, the way I want, and when I want. If not transferring the business itself to my family, I want to be able to transfer at least the value of the business to my family. I want to minimize every tax dollar, professional fee, and transfer cost while affecting such transfer as smoothly and efficiently as possible.

**Query:** To what extent does this statement resonate with you as an owner?

- Retirement
- Death
- Disability



The owners of any company should think about where they are headed. This chart offers decisions that will inevitably have to be made. They are not “optional.” An owner will retire, die, or may become disabled. The owners or heirs will have to decide among options such as:

- To retain an interest in the company – will successor management be able to manage the business profitably?
- Sell it – who will be ready to buy and have the cash? Or,
- Go through a forced liquidation – and be ready for a deep discount?

**BUSINESS CONTINUATION & EXIT PLAN**

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**I. Business History and Facts**

**A. How did the business start?**

\_\_\_\_\_  
\_\_\_\_\_

**B. What do you enjoy most about your business?**

\_\_\_\_\_  
\_\_\_\_\_

**C. What separates you from the competition?**

(Note: Your answer must be something other than "Product and Great Customer Service")

\_\_\_\_\_  
\_\_\_\_\_

**D. Expected long term annual growth rate of your business: \_\_\_\_\_%**

**E. Salaries required to replace owners**

(If you were to step back from the business and you went to the open market to hire someone to replace you, what would you have to pay that person?)

Owner Name	Owner 1	Owner 2	Owner 3	Owner 4
Current Salary	_____	_____	_____	_____
Replacement Salary	_____	_____	_____	_____
Training Costs	_____	_____	_____	_____

**F. What impact will a death or disability of an owner have on the business?**

	<u>Owner 1</u>	<u>Owner 2</u>	<u>Owner 3</u>	<u>Owner 4</u>
<u>Name</u>				
No Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Moderate Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Severe Impact	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**G. Whom do you consider most trusted when making important/critical business decisions?**

Name & Role \_\_\_\_\_ Why? \_\_\_\_\_  
\_\_\_\_\_

**H. What's prompting you to look at Exit/Succession Planning right now?**

\_\_\_\_\_  
\_\_\_\_\_

## II. Goals Regarding Your Business Continuation/Exit Plan

### A. Rank the following Concerns 1 (very low) through 5 (very high):

(1-5)

\_\_\_\_\_ **Expansion.** How concerned are you that your cash flow, credit line and business surplus be available to meet plans for expanding your business?

\_\_\_\_\_ **Transfer.** How much are you concerned with making sure that your surplus contributes to an orderly transfer of your company at a price at retirement, death, or at a sale?

\_\_\_\_\_ **Tax Advantage.** How concerned are you about getting all of the tax relief to which you are legally entitled and which is suitable and logical for your business?

\_\_\_\_\_ **Personal Benefits.** Some investment plans and insurance services can be provided for you by your company at an outlay, or cost, less than you might pay individually. How interested are you in using business dollars to fulfill your personal needs?

\_\_\_\_\_ **Recruiting Needs.** To what extent are you concerned that your business surplus helps you recruit and retain key executives and employees?

**B. Expected long term annual growth rate of your business:** \_\_\_\_\_%

**C. Is your business currently immune or vulnerable to being seriously affected by changes in:**

- **Technology**  Immune  Vulnerable
- **Markets**  Immune  Vulnerable
- **Competition**  Immune  Vulnerable
- **Business Regulation**  Immune  Vulnerable

**D. Is it anticipated that these threats may change over the next 10 – 15 years?**

Yes  No

**E. Is it your desire to see the business survive a transition in ownership?**  Yes  No

➤ **What is the driving factor influencing your answer?**

\_\_\_\_\_

➤ **Does your answer affect the way you lead and manage the business today?**

Yes  No

## II. Goals Regarding Your Business Continuation/Exit Plan (cont.)

### F. Survival/Transition Considerations

1. Have you secured a LOC?  Yes  No
2. Have you shared the plan with your lenders/creditors?  Yes  No
3. Have you evaluated the Continuity of Supplier and Customer Relationships if a transition were to occur?  Yes  No
4. Have you communicated your plan with your Key Employees?  Yes  No
5. Have you retained your Profit Makers?  Yes  No
6. Have you considered a “Stay Bonus” to make “hanging around” worthwhile?  Yes  No
7. Have you Determined the Assets Needed to Support the Company During a Transition.  Yes  No
8. Do you see an Exit Plan as a:  Process?  Event?

### G. Ownership Transfer Options – Are you willing to consider... (check all that apply)?

- Sell business to outsiders as a going concern during your lifetime?  Yes  No
- Sell Business to outsiders as a going concern after death?  Yes  No
- Liquidate business during your lifetime?  Yes  No
- Liquidate business after your death?  Yes  No
- Pass on business as a going concern to family members only (through gift, sales or combo)?  Yes  No

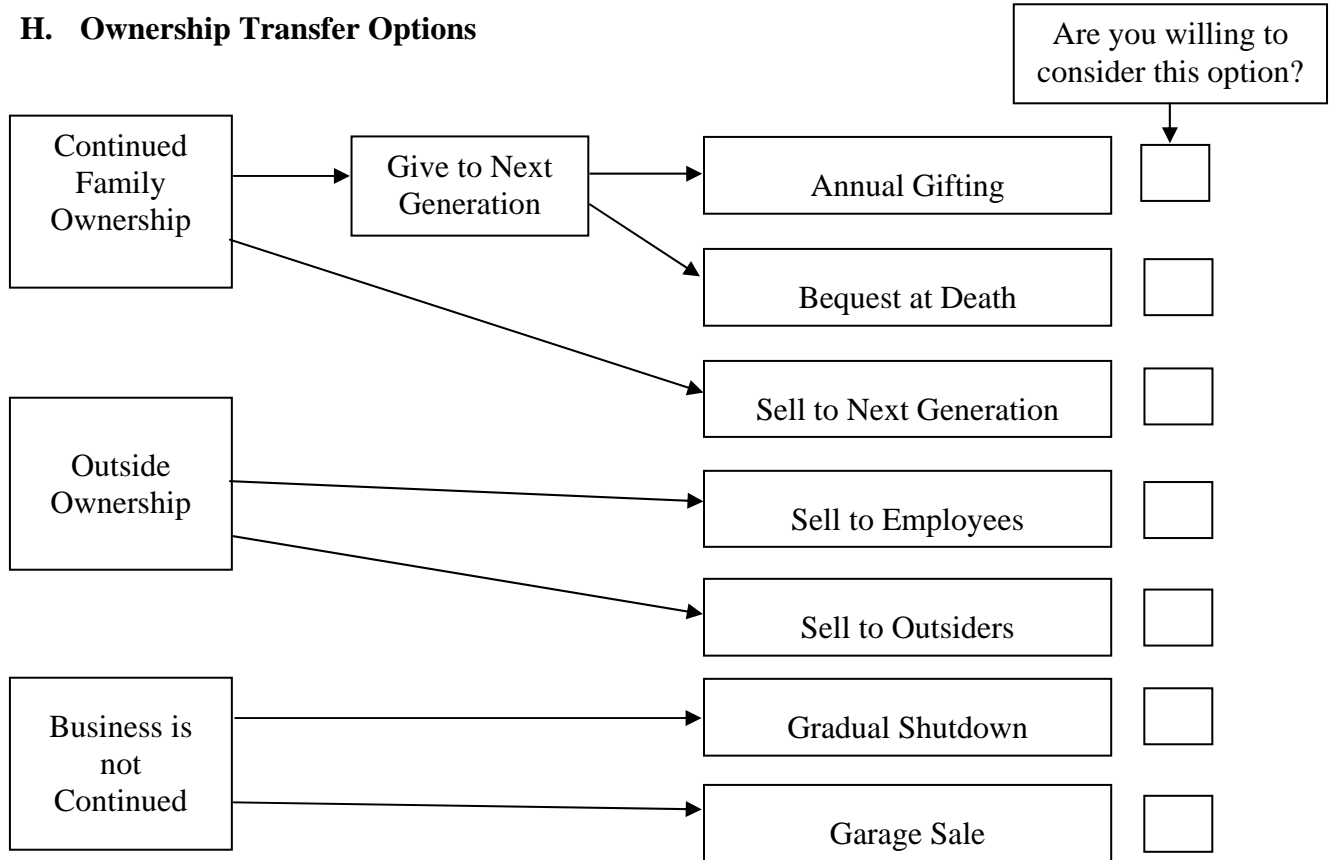
## II. Goals Regarding Your Business Continuation/Exit Plan (cont.)

**F. Ownership Transfer Options (con't) – Are you willing to consider... (check all that apply)?**

- **Pass on business as a going concern to key employees only (through gift, sales or combo)?**  Yes  No
  
- **Pass on business as a going concern to combination of family members and key employees (through gift, sales or combo)?**  Yes  No
  
- **Split up business during your life time into multiple units for transfer (by gift, sale or combo) to different individuals (family and/or key employees)?**  Yes  No
  
- **Split up business after your departure into multiple units for transfer (by gift, sale or combo) to different individuals (family and/or key employees)?**  Yes  No
  
- **Downsize the business (“skinning the business down”) in conjunction with any of the goals listed above.**  Yes  No

**II. Goals Regarding Your Business Continuation/Exit Plan (cont.)**

**H. Ownership Transfer Options**



**I. Have you determined the desire or ability of someone else to continue the business in the future (without you)? (i.e. Competent successor management)**

Yes  No

○ If “yes”, when will they be ready? (Today, 24 months, 5 years, 10 years)?

\_\_\_\_\_

**J. Have you developed a profile of your ideal successor?**

(Note: This is a Successor Development Plan)

Yes  No

**K. Who will replace you in your role?**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

III. Voting Control/Ownership Issues

I. Do you have voting control now? (ie: majority ownership)  Yes  No

J. Do you tentatively plan to keep voting control until your death?  Yes  No

K. Do you intend to keep voting control as long as you are an owner?  Yes  No

L. Do you intend to keep voting control as long as you are employed?  Yes  No

If yes, how many years until you no longer want to be employed?

\_\_\_\_\_

M. How healthy is the majority owner?

Excellent  Good  Fair  Poor

N. If there is a current illness, is it:

Life Threatening (external crisis)?

Life Refocusing (internal crisis)?

O. Does the answer to the above affect your thoughts about Exit, Succession, or Continuation Planning?  Yes  No

P. Are you willing to share voting powers now with other family members?  Yes  No

Q. Are you willing to share voting powers now with key employees?  Yes  No

R. Are you willing to share voting powers now with combination of key employees and family members?  Yes  No

S. If so, please describe the extent of the “sharing” of voting powers:

➤ You retain “final say” over all decisions  Yes  No  
(i.e. Others have less than 1/3 of all voting stock)

➤ You retain “final say” over major decision only.  Yes  No  
(i.e. Others have up to 1/2 of all voting stock)

➤ You and family members/key employees make all decisions by consensus:  Yes  No  
(i.e. Others in combination can “out-vote” your block/% of ownership)

**IV. Valuation**

A. At what price would you sell your business? \$ \_\_\_\_\_

B. At what price would you purchase your business if you didn't presently own it? \$ \_\_\_\_\_

o If these are different numbers, please explain:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

C. Does the business use, but not own, any patents, special processes, or leased equipment or real property?

Yes       No

Asset Name	Ownership	Terms	Use Terms

D. Over the next 10 years, what are the prospects for:

	Not Likely	Somewhat Likely	Very Likely
❖ Business Growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
❖ Business Sale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
❖ Business Merger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
❖ Business Going public	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

o Describe any special considerations that you believe should be included in the valuation of the business interest you own.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

V. Buy-Sell Agreement

A. Does your Company have a Buy-Sell Agreement?  Y  N  N/S

B. If so, was it executed after October 8, 1990?  Y  N  N/S

C. Does it restrict transfers by sale, gift or pledge during your lifetime?  Y  N  N/S

D. **If “Stock Redemption”**: Upon your death, does it provide for a mandatory or optional redemption of your stock by the Company?

Mandatory  Optional  Not Applicable

o **if optional**, does the option lie with your Estate (ie: the company must go along with the Estate’s decision) or with the Company (ie: the Estate must abide by the Company’s decision)?

Estate  Company

o **Funding**: Does the Company own life insurance on your life for fund purposes?

Yes \$ \_\_\_\_\_  No  Not Sure

Death Benefit

E. **If “Cross-Purchase”**: Upon your death, does it provide for a mandatory or optional purchase of your stock by other family members or employees (as opposed to a stock redemption)?

Mandatory  Optional or  Not Applicable

o **if optional**, does the option lie with your Estate or with the cross-purchasers?

Estate  Cross Purchaser

o **Funding**: Do family members or key employees own life insurance on you life?

Yes \$ \_\_\_\_\_  No  Not Sure

Death Benefit

**V. Buy-Sell Agreement (cont.)**

**F. If “Combination”: Upon your death, does it provide for a combination stock redemption/cross-purchase?**

Yes       No    or     Not Sure

❖ if so, is the purchase mandatory or optional?

Mandatory       Optional

○ if “optional”, does the option lie with your Estate or with the purchasers?

Estate?                       Cross Purchaser?

**G. Disability: Is there a buyout of your stock in the event of your total disability?**

❖ Is this provision written in the Buy/Sell Agreement?

Y    N    N/S

➤ if “yes”, after what period of time?

\_\_\_\_\_ (months)

• who buys out-whom?

\_\_\_\_\_

(names of people/entities)

• what is the source of capital to fund the buyout?

\_\_\_\_\_

\_\_\_\_\_

**H. How will the price be determined under each Triggering Event? (ie: What valuation method for the business is to be used)**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**VI. Bonding/Banking Considerations**

A. Does the business carry any long-term debt?  Yes  No  
If so, how much? \$ \_\_\_\_\_

B. What Percentage of the Company’s work is bonded work? \_\_\_\_\_%  
(Fill in the percentage)

C. Are you signed personally? (Recourse)  Yes  No

D. Is your spouse signed personally? (Recourse)  Yes  No

E. If you are signed personally, do you have the benefit of excluding your home from the reach of the obligations?  Yes  No

F. Are there specific assets (other than your home), which are excluded from the reach of the liability?  Yes  No

o If “yes”, list briefly the excluded assets.

\_\_\_\_\_

G. Does the Company have credit lines with one or more banks?  Yes  No

• Name of Bank(s) \_\_\_\_\_

o If “yes”:

• Are they secured? (Recourse Loan)  Yes  No

• Unsecured? (Non-Recourse Loan)  Yes  No

H. Are there any other stockholders (besides you and your spouse) who have made personal guarantees?  Yes  No

o if “yes”, are they family members? \_\_\_\_\_(names)  Yes  No

• or Key employees? \_\_\_\_\_(names)  Yes  No

I. Are there other entities (besides the operating company) that have made personal guarantees?  Yes  No

if so, please name the other entity and extent of guarantee.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**VI. Bonding/Banking Considerations (cont.)**

**J. Have banking obligations been discussed with the next generation of owners?**

Yes  No

❖ if so, are the next generation (and their spouses) willing to sign on the notes personally?

"Yes," List: \_\_\_\_\_

"No," List: \_\_\_\_\_

"Don't Know,"  
List: \_\_\_\_\_

"Some Are,"  
List: \_\_\_\_\_

"Some Are Not,"  
List: \_\_\_\_\_

VII. Liquidity and Insurance

- A. Does the company own life insurance on your life?  Yes  No
  - ❖ if “yes”, please share the total face amount: \$\_\_\_\_\_
  - for what purpose is the life insurance owned?  
(Check all that apply)
    - Replace you as a Key Person.  Yes  No
    - Pay off debt of Company.  Yes  No
    - To redeem stock on your departure, retirement, or death.  Yes  No
    - Required by bank.  Yes  No
    - Deferred compensation for you  Yes  No
    - Other \_\_\_\_\_  Yes  No
  
- B. Is the Company (directly or indirectly) paying premiums for life insurance on your life that is owned by someone other than the Company?  Yes  No
  - If “yes,” please help identify:
    - Policy Owner: \_\_\_\_\_
    - Death Benefit(s): \$\_\_\_\_\_
    - Insurance Company: \_\_\_\_\_
    - Cash Values: \$\_\_\_\_\_
  
- C. Is there life insurance on your life owned by someone other than you and someone other than the Company?  Yes  No
  - If “yes,” please help identify:
    - Policy Owner: \_\_\_\_\_
    - Death Benefit(s): \$\_\_\_\_\_
    - Insurance Company: \_\_\_\_\_
    - Cash Values: \$\_\_\_\_\_
  
- D. Does the Company have any life insurance on your life financed on a “split dollar” basis by the company?  Yes  No
  
- E. Is there life insurance on your life owned by you?  Yes  No
  
- F. Do you now have an irrevocable life insurance trust?  Yes  No

**VII. Liquidity and Insurance (cont.)**

**G. What is your approximate personal net worth including the value of your business?** \$ \_\_\_\_\_

**H. What is the approximate percentage of the value of your business when compared to the total value of your gross estate (For Example if your business was valued at \$3 million and your total net worth was \$4 million, then the percentage would be 75%)?** \_\_\_\_\_%

**I. Do you know the approximate amount of federal estate tax that would be owed on the last death of you and your spouse based on your approximate net worth?**  Yes  No

❖ if so, fill in the amount of the tax: \$ \_\_\_\_\_

**J. Have you ever had demonstrated to you:**

❖ a Section §303 Analysis?  Yes  No

❖ a Section §6166 Analysis  Yes  No

### VIII. Gifting

A. Have you ever filed a federal Form 709 gift tax return?  Yes  No

B. Have you used up any part of your unified credit exemption of \$3.5M (2009 Limits)?  Yes  No

C. Has your spouse used up any part of his/her unified credit?  Yes  No

D. Do you have in place a systematic gift program utilizing the \$13,000 per year annual exclusion (and if relevant, the \$13,000 annual exclusion for your spouse)?  Yes  No

❖ if so, for how many years has the program been in place? \_\_\_\_\_ years  
(enter in the number of years)

E. Have you or your spouse used up any of your Generation Skipping transfer tax exclusion (GSTT) of \$3,500,000 (as of 2009)?  Yes  No

F. Are you familiar with “Crummey” provisions?  Yes  No

### IX. Re-Engagement Planning

A. Does the Company have a Qualified Retirement Plan?  Yes  No

❖ if so, check all boxes that apply:

- ✓ Pension plan – defined benefit.  Yes  No
- ✓ Pension plan – defined contribution.  Yes  No
- ✓ Profit sharing plan.  Yes  No
- ✓ Section 401(k) plan.  Yes  No
- ✓ SEP-IRA.  Yes  No
- ✓ ESOP.  Yes  No
- ✓ Stock Bonus Plan.  Yes  No
- ✓ Simple IRA.  Yes  No

B. If so, fill in the current balance of your vested benefit: \$ \_\_\_\_\_

If so, fill in the anticipated balance at retirement of your vested benefit \$ \_\_\_\_\_

C. What is your current age? \_\_\_\_\_

D. At what age do you see yourself stepping away from operations of the Company (operations vs. ownership)? \_\_\_\_\_

**IX. Re-Engagement Planning (con't)**

**E. Does stepping away from the business (day-to-day) bring:**

Excitement about being able to pursue other personal or career interests that were shelved while being CEO?

Anxiety or fear of boredom or loss of identity?

**F. Do you & your spouse share interests?**

Yes

No

\* If "yes", does stepping away/retirement bring positive expectations for pursuing these interests together?

Yes

No

**G. Do you have a lifestyle that includes broad & varying interest?**

Yes

No

**H. How will you invest your time, energy & talents once your active involvement in the business changes?**

\_\_\_\_\_  
\_\_\_\_\_

**I. Are your spouse's interests different from above?**

Yes

No

**J. How does your spouse feel about Succession Planning?**

\_\_\_\_\_  
\_\_\_\_\_

**K. Are charitable/ activities part of your future?**

Yes

No

**L. Do you have a Salary Continuation Plan for your benefit in the event of disability?**

Yes

No

\* If "yes", does it provide a residual benefit for your spouse if you die during a period of disability?

Yes

No

**M. Do you have a Supplemental Retirement and/or Deferred Compensation Plan currently in effect?**

Yes

No

\* If "yes", what will the accrued benefit be on the date you are 100% vested? (Fill in the amount of benefit)

\$ \_\_\_\_\_

\* If "yes", is the obligation funded by the purchase of a life insurance or annuity product?

Yes

No

**IX. Re-Engagement Planning (con't)**

**N. Do you know how much monthly income is needed to support your lifestyle for the next 20–30 years?**

\* If “yes”, how much? \$ \_\_\_\_\_ /mo.

\* What % is that amount vs. today? \_\_\_\_\_ %

**O. Sources you expect to use for retirement income and approximate percentages derived from each category:**

- ✓ Proceeds from qualified plans: \$ \_\_\_\_\_ %
- ✓ Proceeds from non-qualified deferred compensation: \$ \_\_\_\_\_ %
- ✓ Consulting Agreement from Company: \$ \_\_\_\_\_ %
- ✓ Sales or Redemption’s of Company Stock: \$ \_\_\_\_\_ %
- ✓ Real estate leased to Company: \$ \_\_\_\_\_ %
- ✓ Equipment leased to Company: \$ \_\_\_\_\_ %
- ✓ Non-company related investments: \$ \_\_\_\_\_ %
- ✓ Inheritances from your parents/grandparents:

**X. Key Employee Mechanisms**

- A. **Is it clear where business is going, long-term, and what type of leadership is required to take it there?**  Yes  No
  
- B. **Do you presently intend (at least tentatively) to pass on ownership of the business in whole or in part to one or more Key Employees (non-family members)?**  Yes  No
  - \* **if “No” would you nevertheless like to be made aware of techniques to move ultimate ownership of stock to Key Employees?**  Yes  No
  
- C. **Do you presently intend (at least tentatively) to compensate Key Employees in part based upon the incentive of how profitable the business becomes in the future (other than by a pure cash bonus awarded in management’s discretion from time to times)?**  Yes  No
  - ❖ **if “No” would you nevertheless like to be made aware of such compensation techniques?**  Yes  No

**X. Key Employee Mechanisms (con't)**

**D. If multiple siblings are in line to run the business, do they have experience working in collaboration?**  Yes  No

**\* Have they worked out necessary understandings regarding how they should function as business partners?**  Yes  No

**E. How many of the following business & management structures are in place?**

Strategic & operations planning?  Yes  No

Job Descriptions?  Yes  No

Methods of accountability?  Yes  No

Performance Review?  Yes  No

Formal & rational compensation system?  Yes  No

Standards for production?  Yes  No

Standards for customer relations?  Yes  No

Systems for delegation & responsibility?  Yes  No

**F. Stock Ownership Devices: Are you presently using any of the following devices for Key Employee stock ownership?**

ESOP  Yes  No

Incentive Stock Options  Yes  No

Non-Qualified Stock Options  Yes  No

Issuance of Stock Restricted Under IRS Section 83  Yes  No

Bargain Sale of Stock  Yes  No

Non-Qualified Combination Cash/Stock Bonus  Yes  No

Distribution of S Corp. dividends to stockholder Key Employee, which is then used by Key Employee to purchase more stock?  Yes  No

**X. Key Employee Mechanisms (con't)**

**G. Compensation Vehicles. Are you presently using any of the following vehicles for Key Employee Compensation tied to Company profitability? (Check all that apply.)**

\* Pure cash bonus awarded in an informal manner in the discretion of management?  Yes  No

\* Pure cash bonus determined under a written formal plan tied in some fashion to profits?  Yes  No

\* Deferred compensation agreement with Key Employee?  Yes  No

❖ “Transfer” of C corp. stock to Key Employee coupled with mandatory purchase on death or employment termination? (“Transfer” could be pursuant to stock option, stock bonus restricted stock issuance, bargain sale, etc.)  Yes  No

\* “Transfer” of S corp. stock to Key Employee, followed by subsequent distribution of S corp. dividends and mandatory purchase on death or employment termination? (See preceding entry for meaning of “transfer”.)  Yes  No

\* Phantom stock plan?  Yes  No

\* Bonus life insurance plan?  Yes  No

\* Reverse split dollar life insurance plan?  Yes  No

\* Split dollar life insurance plan?  Yes  No

**H. Are Key Managers fully trained & experienced to do their job based on the needs of the business & demands of the marketplace?**  Yes  No

**I. Have Key Managers been held accountable for their performance & viewed by peers as productive in their positions?**  Yes  No

**J. Do Key Managers demonstrate a long-term view of company?**  Yes  No

**K. Are they realistic in how they will meet challenges?**  Yes  No

**L. Do the Key Managers have a minimum of 5 years of outside experience?**  Yes  No

**X. Key Employee Mechanisms (con't)**

**M. Have CEO Successor candidates demonstrated skills in:**

- ❖ Financial Management?  Yes  No
- ❖ Operational & Strategic planning?  Yes  No
- ❖ Personnel management?  Yes  No
- ❖ Analytical decision-making?  Yes  No
- ❖ Oral & written presentations?  Yes  No
- ❖ Family business management?  Yes  No
- ❖ Industry knowledge?  Yes  No
- ❖ Relevant outside management experience?  Yes  No
- ❖ Desire and aptitude to gain knowledge and skills?  Yes  No

**N. What benefit is considered most important by your key employees?**

\_\_\_\_\_

**O. What benefit is least understood by you key employees?**

\_\_\_\_\_

**P. What benefits could be improved?**

\_\_\_\_\_

**XI. Family and Key Employee Dynamics**

**A. Do family members in the family business generally care about how the business affects their relationships as a family?**

**B. Is this a business first or family first business?**

- Business First
- Family First

**C. How do family members speak about each other?**

- Respect & Caring
- Disdain & Derision

**D. If it weren't for the business, how much time would they spend together?**

- More
- Less
- About the Same

**E. Would you describe your relationship with your management team as:**

\_\_\_\_\_ ?

\_\_\_\_\_ ?

\_\_\_\_\_ ?

**F. Are there rigid boundaries by which communication does not occur?  Yes  No (Check all that apply)**

- Parent & Child
- Older & Younger Sibling
- Employer & Employee
- In-law & Out-law
- Owners & Managers

**G. Does this family have a history of effectively solving difficult, interpersonal problems that have divided them in the past?  Yes  No**

**H. Is the business & it's managers:**

- Inward thinking (we've always done it this way)
- Outward thinking (change is inevitable, let's embrace it)

**I. Do family members in the business feel "trapped" or obligated to remain in the business?  Yes  No**

**XI. Family and Key Employee Dynamics (con't)**

**J. Is ownership perceived as a:**

**Possession (something to use for personal gain only)?**

Yes  No

**Privilege (requires stewardship)?**

Yes  No

**K. None of my children are now involved in the management of the business, but I hope and expect that they will in time continue the business.**

Yes  No  Does Not Apply

**L. One or more of my children are now involved in the upper levels of management of the business, but if I were to die yesterday, they would need substantial upper level management help by one or more Key Employees for at least the next several years if the business is to be successfully continued.**

Yes  No  Does Not Apply

**M. Only one of my children is now or will ever be involved in upper levels of management, and he could carry on as chief executive officer if something happened to me yesterday.**

Yes  No  Does Not Apply

**N. Two or more of my children are now, or will soon be, involved in the upper levels of management, but when I am no longer involved, there will need to be one child with final decision making authority with regard to day-to-day management.**

Yes  No  Does Not Apply

**O. Two or more of my children are now, or will soon be, involved in the upper levels of management, but they do not really get along, and I believe it is realistic to expect that they will go their separate ways after I am no longer in the picture.**

Yes  No  Does Not Apply

**XI. Family and Key Employee Dynamics (con't)**

**P. One or more of my children will (I hope) continue the business and I have sufficient wealth outside the business now to provide for my spouse (if something happened to me yesterday) without regard to any ongoing payments attributable to my stock.**

Yes       No       Does Not Apply

**Q. One or more of my children will (I hope) continue the business, but the adequate support of my spouse (if she survives me) requires some level of ongoing payment attributable to my stock (if something happened to me yesterday).**

Yes       No       Does Not Apply

**R. One or more of my children will (I hope) continue the business, and I have sufficient wealth outside the business, and I have sufficient wealth outside the business now (if something happened to me yesterday) so as to be able treat those children not involved in the business “fairly” in terms of “monetary equality”, without regard to any ongoing payments attributable to my stock.**

Yes       No       Does Not Apply

**S. One or more of my children will (I hope) continue the business, but the “fair” treatment in terms of “monetary” for my children not involved in the business requires some level of ongoing payment attributable to my stock (if something happened to me yesterday).**

Yes       No       Does Not Apply

**T. One or more Key Employees will (I hope) continue the business (with a child or children of mine having at most a minority interest), and I am willing to enter into a legally binding arrangement at this time to implement this decision.**

Yes       No       Does Not Apply

**U. One or more Key Employees will (I hope) continue the business (with a child or children of mine having at most a minority interest), but I am willing at this time to enter only an arrangement that I can revoke in the future without obtaining the consent of any other person.**

Yes       No       Does Not Apply