



# THE FAMILY BUSINESS QUICK CHECKUP

WILL I AVOID THE “TRAIN WRECKS” THAT  
DERAIL THE LIFELONG DREAMS OF TOO MANY  
FAMILY BUSINESS OWNERS?



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# “WHAT KIND OF SHAPE AM I IN?”

## A QUICK CHECKUP



### Profitable Growth

Family Business Leaders/Pioneers are telling us they want an effective way to overcome the rapidly accelerating “perfect storm” of business model, culture, demographic and technology changes affecting the business life and profits of all companies today.

Do you have a **Profit Plan** which deploys a carefully selected, well-informed, very active, decisive, Profit Strategy Team that you are highly certain will keep your Company in a growing, profitable business model?

Priority:  Low  Mid  High

- Yes. Got It.
- No. Not Yet.
- Not Sure
- Look Into It

### Wealth Protection

Family Business Leaders/Pioneers are telling us they want to protect and preserve their Company and their personal wealth from owner and family disputes, lawsuits, loss of key personnel, divorce, bankruptcy, substance dependency and reckless spending issues.

Do you have a **Protection Plan** that you are highly certain will preserve and protect your personal, business and financial wealth for you and your loved ones?

Priority:  Low  Mid  High

- Yes. Got It.
- No. Not Yet.
- Not Sure
- Look Into It

### Lifestyle Continuity

Family Business Leaders/Pioneers are telling us they want more from their Estate Plan. They want lifestyle continuity for themselves and their families and business continuity for their family business.

Do you have an **Estate Plan** that you are highly certain will provide the lifestyle continuity, investment control and “bloodline” success you want for you and your loved ones?

Priority:  Low  Mid  High

- Yes. Got It.
- No. Not Yet.
- Not Sure
- Look Into It

### Personal Freedom

Family Business Leaders/Pioneers are telling us they want freedom on their terms. They are telling us they didn’t go into business to run a business. They went into business to achieve freedom. And they want their advisors to know how to work together with them to achieve this.

Do you have a **Succession Plan** that you are highly certain will achieve the financial and personal freedom you want for you and your loved ones?

Priority:  Low  Mid  High

- Yes. Got It.
- No. Not Yet.
- Not Sure
- Look Into It



In our litigious, competitive society, others will often try (legally or illegally) to take the assets or wealth you have built or the key personnel you have developed. You can take certain steps, before troubles arise, to properly and legally minimize these risks. You don’t want to have to start over or try to recover in your Fourth Quarter if the unexpected (but often very predictable) happens to you.

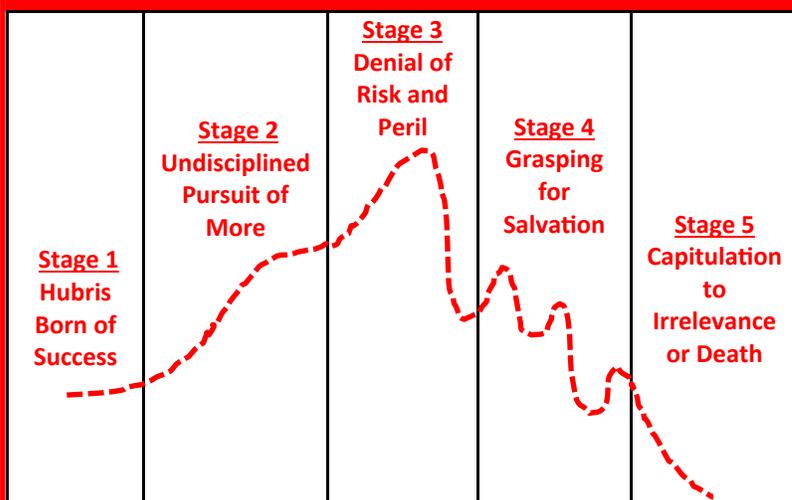


Estate Planning should actually be lifestyle continuity planning through effective guidelines and controls you put into place now while you are alive and well. This should provide you with peace-of-mind today that the controls you have adopted will enable your family to navigate the twists and turns they will face. Family Business Pioneers are addressing several, often overlooked, Estate Planning techniques, funding and control issues that are unique to business owners.



You’ve been successful in building and operating your Company. Will you be successful in transitioning, retiring and exiting from your Company in the future - at your option, on your terms and on your timetable? Specific advance actions are needed to achieve a successful transition and future exit, retirement or time off (from ownership, active duty, or both). By or before the beginning of your Fourth Quarter is the time to be taking these actions.

## “HOW THE MIGHTY FALL”



“I’ve concluded that there are more ways to fall than to be great.”

Jim Collins  
Author: *How the Mighty Fall, Good to Great, Great By Choice and Built to Last*

# “AM I IN TIME FOR AVOIDING MY FOURTH QUARTER TRAIN WRECKS?”

Achieving incredible Fourth Quarter results requires that actions be taken years ahead of time to avoid “Fourth Quarter” Train Wrecks. Some examples include the following (some with more specific pre-exit time estimates):

- Business Model.** Ongoing Business Model design and innovation (always).
- Profit.** Develop and use a Profit Strategy Team (always).
- Culture.** A company culture which creates incredible loyalty with your colleagues and customers (always).
- Income Taxes.** Elect Subchapter “S” tax status to avoid double tax on sale of business (5 years) and to build tax basis to reduce taxable gain (ongoing).
- Financials.** Utilize credible, buyer-acceptable, reviewed or audited financial statements (3-5 years).
- Cash.** Bridge the gap between your “cash-in-pocket” freedom needs and your Company’s net realizable value (5-10+ years).
- Team.** Build a dynamic leadership team depth chart (always).
- Successor.** Identify and develop specific capable successors (5-10 years).
- Funding.** Acquire adequate financial gap contingency funding (such as the build up in life insurance) while in good health and insurable, to fund life’s “capital calls” (always).
- Estate Taxes.** Implement Estate Tax reduction program (10-20 years).
- Key Owners.** Determine and implement key employee buy-in (5-10 years).
- Retention.** Determine and utilize key employee retention incentive (always).
- Industry.** Bring Company up to industry level financial and business benchmarks to be profitably growing today and to help attain desired Fourth Quarter pricing (always).
- Structure.** Implement pre-exit business entity restructuring (2-5 years).
- Guidance.** Develop outside Board of Director members to help guide the Company today and in the event of your unexpected death or disability (always).
- Buyer.** Find acceptable outside buyer at the right time in the business and economic cycle (2-5 years).
- Protection.** Take the actions to protect what you are building (always).
- Options.** Business owner Buy-Sell and Business Continuity Agreements (always).
- Advisors.** Put the right team of outside advisors around you who have specific capabilities and experience in Fourth Quarter issues, strategies and planning (always).

**Sense of Urgency**

“The right leaders feel a sense of urgency in good times and bad, whether facing threat or opportunity, no matter what.”

**Jim Collins**  
*How The Mighty Fall*

**Today’s Reality**

“In today’s economy, change is a fact of life. We cannot cling to what’s worked and hope for the best. ”

**John Doerr**  
*Measure What Matters*

Regardless of your present plans or intentions, putting the proper cornerstones into place now – well ahead of your Fourth Quarter - is critical to achieving profitable success in all Four Quarters. This includes a future transition and future exit, whether your transition or exit occurs according to your timetable or is prompted by unexpected circumstances.

## Next Step

To learn more about the “Train Wrecks” that are destroying the success of family businesses or to check Nick’s availability to design and deploy a “Fourth Quarter” Game Plan with you, your spouse, your CEO, your President, your partners, your colleague, your mentor, your parents or your client, please contact him at (402) 633-1489 or [nniemann@McGrathNorth.com](mailto:nniemann@McGrathNorth.com).

# “Will Our Present Plan Produce Enough Cash At The Right Time?”

<b>Personal Needs</b> 	<b>If I Retire</b>	<b>If I’m “Hit By The Beer Truck”</b>
• Lifestyle Continuity	\$ _____	\$ _____
• Children Goals	\$ _____	\$ _____
• Grandchildren Goals	\$ _____	\$ _____
• Bloodline Opportunities	\$ _____	\$ _____
• Vacation Home Retention	\$ _____	\$ _____
• Estate & Income Taxes	\$ _____	\$ _____
• Personal Debt Pay Off	\$ _____	\$ _____
• Charities	\$ _____	\$ _____
• Estate Equalization	\$ _____	\$ _____
<b>Total Needed</b>	\$ _____	\$ _____
Existing Cash/Liquidity	\$ _____	\$ _____
Deferred Comp (from Biz)	\$ _____	\$ _____
Net Cash If Business Sold	\$ _____	\$ _____
Existing Life Insurance	\$ _____	\$ _____
<b>Total Available</b>	\$ _____	\$ _____
<input checked="" type="checkbox"/> <b>Long</b> <b>(Short)</b>	\$ _____	\$ _____

- We’re looking good so far.
- Ok. Short as of now. Let’s deal with it.
- Not sure. Explore. Find out.
- Check on Life Insurance positioning and endurance.

<b>Business Needs</b> 	<b>If I Retire</b>	<b>If I’m “Hit By The Beer Truck”</b>
• Buy-Sell Agreement	\$ _____	\$ _____
• Deferred Compensation	\$ _____	\$ _____
• Business Debt Pay Off	\$ _____	\$ _____
• Credit & Bonding Support	\$ _____	\$ _____
• Business Expansion	\$ _____	\$ _____
• Key Person Loss	\$ _____	\$ _____
• Business Continuity	\$ _____	\$ _____
• Key Person Stay Bonus	\$ _____	\$ _____
<b>Total Needed</b>	\$ _____	\$ _____
Existing Cash/Liquidity	\$ _____	\$ _____
Existing Life Insurance	\$ _____	\$ _____
<b>Total Available</b>	\$ _____	\$ _____
<input checked="" type="checkbox"/> <b>Long</b> <b>(Short)</b>	\$ _____	\$ _____

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## Results Not Wanted



## Results Wanted



## Results Achieved By



What Is The Financial + Personal Cost  
of Being Too Late or Out of Time?

What Is The Financial + Personal Value  
of Each Great Play Deployed In Time?

### Inspired By Excellence. Committed To Your Success.

For over 60 years we have been working with our nation's food companies, farmers and ranchers to feed people better. We have been working with contractors and companies to build better and more affordable homes and new business facilities.

We have been working with technology companies to develop new ideas that improve lives. We have been working with inventors, startup companies and health care providers to develop patented medical devices, leadership teams and joint ventures that save lives. We have been working with energy companies to help fuel our homes and the businesses we all rely on.

We have been working with bankers, key partners, manufacturers and transportation companies to finance, produce and deliver better products to communities around the world. We have been working with family business pioneers and their other trusted advisors to transform, grow, carry on and transition the family business dream, the backbone of our great country.

We have been working with our community leaders to improve our cities and our schools. We have been working with our elected leaders to improve the business climate to create and attract new and better jobs for families.

For over 60 years, this has been the McGrath North Law Firm.

Working quietly behind the scenes closely with the talented leaders of great organizations around the world to make lives better.

Working together. Working stronger. Working faster. Working better. Overcoming Roadblocks. Avoiding Train Wrecks.

Inspired by Excellence. Committed to your Success.

Our diverse team isn't waiting for the future. We are helping to produce new, incredible, sustainable results right now.

We invite you to join us as we move quickly ahead towards the next 60 years.



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#### What We Do

We "look into the future" with Family Business Leaders to design and deploy what's really needed for you, your family and your colleagues to win the whole game.

#### Why We Do It

Because we believe in the greatness of the family business dream.

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