

THE COUTTS HANDBOOK FOR FAMILY BUSINESS OWNERS

FOR CLIENTS OF COUTTS

*Foreword by Grant Gordon
Director General, Institute for Family Business*



Introduction

According to the American philosopher William James, “Whenever two people meet, there are really six people present. There is each man as he sees himself, each man as the other person sees him, and each as he really is.” Well, on this basis, when a family of four sit down together, there are at least 24 people present, assuming that each family member wears at least two hats - father and husband, son and brother, and so on. And when a family business of four family members sit down together there are at least 48 people present, assuming that each family business member wears at least four hats, such as father, husband, shareholder and boss.

With that in mind, it's no wonder it can often be difficult to communicate as a family business. Which is why this book is designed to promote discussion. It aims to distil the accepted wisdom of professional advisers and family business owners into a series of practical tips and high-level checklists. Some will be more appropriate than others, depending on the size and age of the business, and there is not necessarily a right or wrong way of doing things.

You will find this book useful if you have to handle situations like these:

“My dad controls everything that happens in this company.”

“Every time my dad and I agree to take a particular course of action, he goes and does the opposite.”

“My hope is that the family business does not become a burden to my children.”

“I had to tell my eldest son that his sister would be the one who'd take over the business”

“I had to buy out my brother. It wasn't easy.”

“It looks as though my stepfather's children are going to take over the business.”

“How do I tell my parents that I don't want to work in the family business.”

“I would like my sons to join me in the business, but they prefer to build their own.”

“The girls have no role in our family business.”

“In our business, we all get paid the same yet I'm the one who does most of the work.”

"The two branches of our family each have a different vision for the direction of the business and we don't know how to resolve it."

"For the first time, we are not going to have a family member on the Board."


"The business is all I know."

With a 300 year history of working with family firms, Coutts has a special understanding of the enormous contribution businesses of this kind make to both the economy and society. At the same time, we understand that family firms could do with more guidance tackling the unique challenges they face, as the business passes from one generation to the next.

We hope that this handbook helps you and your family ask some of the right questions at the right times, avoid some of the common pitfalls, and consider some of the possible solutions for your family business.



Mark Evans - Head of Family Business and Philanthropy
Coutts & Co



Juliette Johnson - Senior Family Business Adviser
Coutts & Co

There are a number of legal and tax references in this publication which assume that the family business is incorporated and/or carrying on business in England. The position may be different if the business is incorporated or resident in another jurisdiction.

Foreword

The Coutts Handbook for Family Business Owners is a valuable resource for family business owners providing a sign posted road map to help plan for the future especially in relation to the unique issues that you face as a family firm.

Research by the IFB shows that around two out of three firms are family enterprises underlying the sector's importance to the UK economy. However each year around 30,000 family businesses fail as a result of a lack of succession planning. As the baby boomer generation approaches retirement age there are thousands of firms whose owners should be thinking about succession plans for their businesses. A simple way to start the process is with a check list of issues that should be considered as part of creating a wealth and family business continuity plan.

Family business is a strategic pillar and part of the backbone of the UK's national wealth; the prosperity of future generations depends on the sector's continuing collective success. The IFB therefore commends the Coutts handbook to readers and wishes their families success with their business going forward.

Grant Gordon, Director General, Institute for Family Business



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Contacts

Contacts

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Leeds Liverpool Manchester Milton Keynes Newcastle upon Tyne Nottingham Oxford Reading
Tunbridge Wells

This handbook will become an invaluable reference tool for years to come, for all those committed to the success of the family business however large or long it has been around.

Simon F M Berry, Chairman, English Lakes Hotels

I congratulate Coutts for presenting a complicated subject in an easy to follow and yet very thorough way. It is compulsory reading for everyone involved in a family business.

Peter Leach, Chairman, BDO Centre for Family Business

This handbook is a comprehensive guide for the many people inside and outside the family business who would like to learn more about some of the most critically challenging areas of decision making.

Nigel Nicholson and Åsa Björnberg, London Business School

As the family business model is infinitely variable so are the questions and considerations raised in this book. It says take the time to work out what's right for your family business and you will be rewarded with the most appropriate solution. No excuses now then.

Roger Pedder, Former Chairman of C & J Clark Limited (Clarks Shoes)

A 'must' for every family business. If families implemented all the advice given they would save themselves a great deal of heartache.

Brian Rebbettes, Chairman and Founder of BCMS Corporate

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