

"I wish there had been a book like this when I was going through the sale of our business!"

~ RON WATERS, Former Vice Chairman, CHUM Limited

A high-angle photograph of four business professionals (three men and one woman) seated around a dark, rectangular conference table. The man at the top is wearing a white shirt and a dark vest, looking down at a tablet. The woman on the left is wearing a brown top and holding a pen. The man at the bottom is wearing a light blue shirt, looking towards the center. The woman on the right is wearing a light green shirt, looking towards the center. The table is dark and reflective, with some papers and a tablet on it. The background is a patterned carpet.

WHO WILL TAKE OVER THE BUSINESS?

SUCCESSION
PLANNING FOR
THE CANADIAN
BUSINESS FAMILY

SUSAN LATREMOILLE & PETER CREAGHAN

with Frank Archibald, Linda Betts, Arnie Cader,
Sheila Crummey, Tony Ianni, Steve Landau,
Ron Prehogan and Pearl Schusheim

Contents

Cover

**Advance Praise for Who Will Take
Over the Business?**

Title Page

Copyright

Preface

Part I: Victor Banks' Dilemma

Chapter 1: Victor's Situation

Chapter 2: Discussion Time

**Part II: Solving Victor's
Dilemma: Taking Care of the
Business**

Chapter 3: Laying the Groundwork

Atlas Plastics: Hold or Sell?

**Where Are We, and Where Do We Go from
Here?**

What's the Financial Picture?

Who'll Run Atlas If the Family Keeps It?

Chapter 4: How Do I Sell a Company?

Preliminaries

Getting Down to Business

The Process

Private Equity or Strategic Buyer?

Chapter 5: Talking Taxes—Making a Good Deal Better

Understanding the Tax Implications

The Estate Freeze and the Trust

What Are Victor's Tax Options?

Just What Is Wrong with the Old Trust?

Chapter 6: Let's Make It Legal—Getting the Deal Done

Private Equity Partner: Pros and Cons

Tying Up Loose Ends

Part III: Resolving Victor's Dilemma: Taking Care of Other Business

Chapter 7: My Family Is My Business; My Business Is My Family

Defining the Business

Discovery Meetings

Deciding to Move Ahead Together

Chapter 8: I Invested My Life in My Business—How Do I Invest the Proceeds?

Defining the Goals

Deciding What Matters

Where Do We Go from Here?

Combine and Conquer

Chapter 9: What Should My Estate Plan Look Like?

Taking Care of Rose

What to Do about Robert

Planning for Victor and Anne

Chapter 10: Ensuring the Outcome—Innovative Insurance Solutions

Getting Down to Business

Epilogue

Appendix A: People in Victor Banks' Story

Appendix B: Financial Data: Atlas and Personal Assets

Appendix C: The Banks' Family Empire Before and After the Private Equity Deal

Appendix D: Asset Allocation of the Investment Portfolio

Appendix E: The Insurance Solution

About the Authors

Index

Advance Praise for Who Will Take Over the Business?

"Do not do another thing about succession planning until you have read this book. *Who Will Take Over the Business?* is an easy-to-read guide for family business owners who want to take their business past their ownership and to the next stage. The results will be happy families who are both wealthy and wise. "

—Jacoline Loewen

Family business private equity expert, Loewen & Partners

"Management issues . . . tax issues . . . family issues. You might not have a clue how to solve all these issues, but the authors of *Who Will Take Over the Business?* do. This book reflects an unmatched depth of knowledge and experience. "

—Herb Singer

Founder & President, Discount Car and Truck Rentals

"An excellent book on the complexities of succession planning. The content covers a wide range of useful information on tax planning, trusts, private corporations, and estate planning, and will be of great interest to accountants, lawyers, portfolio managers, bankers, wealth managers, and their clients. "

—Doug Mackay

Former Vice Chairman, RBC Dominion Securities

"A book that every family business owner should take seriously. "

—Hank Mews

Chairman, The Myers Automotive Group

"Families around the globe will enjoy reading about Victor Banks and the Atlas business—and they will gain

a wealth of knowledge in doing so. The authors cover the many dilemmas facing a family-owned business with great clarity and depth of expertise. Readers will come away with a very realistic view of the contribution each specialist brings. ”

—Barbara R. Hauser

LLC, Independent advisor to global families

“Who Will Take Over the Business? is an invaluable resource for anyone who wants to sell shares in a private company. I was fortunate to have several of the authors advising me when I sold my shares in Bulk Barn Foods. They held my hand every step of the way, ensuring the process was both easy and painless. ”

—Maureen Ofield

Former owner, Bulk Barn Foods Ltd.

“Who Will Take Over the Business? offers practical and clearly set out strategies to help advisors work more effectively with family business owners—and one another. The book is valuable to both trusted advisors and their business-owner clients. ”

—Evan Thompson

Founding Partner, Thompson, Wiley + Associates Board member, The Family Firm Institute (Ontario Chapter)

“A must-read book for family businesses, families in transition, accountants, money managers, and other professionals working in the field of wealth management. It will also serve as an excellent case study for students in business and law, particularly students in wealth management programs. The take-away from this book is that various options are available to families in transition, and that professional support is out there to help them choose the ones best suited to their situation. ”

—Iraj Fooladi
*Douglas C. Mackay Chair in Finance, School of Business
Administration Dalhousie University*

“Over the past thirty-five years, I've heard thousands of great stories about financial advisors providing extraordinary service to their clients. They all have several common features: the clients were almost always entrepreneurs, usually dealing with the complex issues of their multi-generational business families; the financial advisors invariably worked successfully as a team with the clients' other advisors; and the solutions created by these advisory teams always brought great, lasting value to dozens of individuals involved with the clients. The authors here do a great job of showing how their specialized knowledge and skills contribute to the overall teamwork needed to transform the financial, succession, and legacy issues that business families cannot deal with on their own. ”

—Dan Sullivan
Founder, The Strategic Coach Inc.

“Our parents founded our company in 1946 and my brother and I have been responsible for it for the past 50 years. Like Victor in *Who Will Take Over the Business?* we considered a sale to a private equity fund but decided against it. I enjoyed reading the story of how one family dealt with all the decisions surrounding the sale of a family business. The book is a great guide to the many issues involved and to the available resources in addressing family business succession. ”

—Tom Pick
Chairman, Pickseed Companies Group

“As an advisor to owner-managed businesses for over forty-five years, I recognize that the process of

business succession can be sensitive and explosive. *Who Will Take Over the Business?* clearly illustrates how a team effort can guide an owner through the process to a satisfying conclusion. ”

—Bernie Nisker
President, Bernie Nisker Inc.

“The example of Victor Banks and Atlas Plastics may be fiction, but the book reveals a storyline I've seen many times as a private equity fund partner. *Who Will Take Over the Business?* provides solid financial advice for family-owned businesses. Anyone in a similar situation will benefit from the authors' insights. ”

—John B. MacIntyre
Partner, Birch Hill Equity Partners

“Transitioning a family-owned business can pose daunting challenges. *Who Will Take Over the Business?* lays out obtainable goals to a secure succession plan using an open and methodical approach while also engaging the very real and emotional concerns of the family. A must-read for any family in a family business. ”

—Kim Mihalcheon
Executive Director, Steel-Craft Door Products Ltd.

“As a professional advisor to family businesses, I wholeheartedly support the collaborative approach outlined in *Who Will Take Over the Business?*. The book is a must-read for business owners concerned about their businesses and their families. ”

—Luanna McGowan
President, The McGowan Group

“While it is necessary to take into account culture and the unique character of each family, for entrepreneurs everywhere the challenges of transition are similar. *Who Will Take Over the Business?* helps people realize

there is a way of working through the complex issues that arise in trying to balance multiple systems. ”

—Christian Stewart

Managing Director, Family Legacy Asia (HK) Limited

“After forty-two years of observing families and businesses owned by families, and having my own experience in these environments, I can recommend standing back from your situation with the support of a strong team of advisors as you chart the future. This story will help you in your deliberations for yourself, your family, and your business. ”

—Bryce M. Hunter

Chairman, Hunters

“This thought-provoking book brings back memories of selling a majority of my own business five years ago. A team approach for advisors is absolutely critical for a successful divestiture. ”

—Marc Campbell

Former CEO, Plastic Moulders Limited

“The toughest issue facing business owners is how to transition their business while at the same time ensuring that the resulting wealth enhances their family. It's great to journey with Victor, Anne, their family, and their advisors in *Who Will Take Over the Business?* The advice given is understandable and real. This is a book any Canadian family with a significant business should read to gain the confidence to act on their own situation. ”

—Grant Robinson

Partner, BDO Canada LLP

“*Who Will Take Over the Business?* clearly illustrates the advantages of pulling together the right team of professionals to secure the dreams of this and future

generations. A must-read for anyone with a family business in transition. ”

—Tracey Brophy

Former President and CEO, Shred-it International Inc.

“I highly recommend *Who Will Take Over the Business?* for families planning the sale of the family business. For me it was déjà vu, as I worked with many of the same professionals and had the same concerns as Victor and Anne during the process. The book is enjoyable to read, and readers will find it easy to relate to the Banks family. ”

—Ron Besse

President & CEO, Gage Learning Corporation Ltd.

“Having spent the bulk of my career working with successful families, I know that the most difficult challenge facing entrepreneurs is not how to build the business; it is figuring out what to do when the time comes to step back from the firm that has been their life's work. The issues the business owner must deal with are complex, emotional, and multi-dimensional. In *Who Will Take Over the Business?*, the authors demonstrate how one entrepreneur, working with a range of highly competent advisors, resolved the challenges he faced. This highly readable book is a template for how to transition a business in the right way and should be read by any business owner contemplating retirement. ”

—Sandy Riley

President and CEO, Richardson Financial Group

“*Who Will Take Over the Business?* is almost like having a personal GPS device that leads you to your desired life destination. ”

—Mark Leon

President, Lewmanic Investments Inc.

“Running or being part of a family business is not always easy—or intuitive. We need to use modern advice and tools to promote succession of the business and of the family. There are many times when the leader of a family business should ask for outside professional assistance. I have used many of the professionals who are part of this book and would recommend them wholeheartedly to any member of any family business. ”

—*Dan Greenberg*
President, Ferguslea Properties Limited

“*Who Will Take Over the Business?* explains key succession challenges very well. Anyone who has faced these challenges knows that a process like the one the authors describe is essential for avoiding the catastrophic losses caused by lack of planning. ”

—*Ken Reucassel*
Third-generation owner and President, The International Group, Inc.

“A must-read for any private business owner. The authors have highlighted the issues and considerations facing thousands every year. ”

—*Gordon Schofield*
Partner, Murphy Business Canada Inc.

“*Who Will Take Over the Business?* is an insightful look at the issues entrepreneurs face as they transition their businesses. The authors deftly touch on the practical, emotional, and financial issues surrounding succession, the sale of a business, and the process of providing for multiple family stakeholders into the future. An important read for those thinking of embarking on this process as well as for those who provide trusted advice during the process. ”

—*Gordon Pridham*
Chairman, Monarch Wealth

Who Will Take Over the Business?

Succession Planning for the
Canadian Business Family

Susan Latremaille & Peter Creaghan with
Frank Archibald, Linda Betts, Arnie Cader,
Sheila Crummey, Tony Ianni, Steve Landau,
Ron Prehogan, and Pearl Schusheim



John Wiley & Sons Canada, Ltd.

© Copyright 2011 Susan Latremaille & Peter Creaghan
with Frank Archibald, Linda Betts, Arnie Cader, Sheila
Crummey, Tony Ianni, Steve Landau, Ron Prehogan, and
Pearl Schusheim

All rights reserved. No part of this work covered by the
copyright herein may be reproduced or used in any form
or by any means—graphic, electronic or mechanical—
without the prior written permission of the publisher. Any
request for photocopying, recording, taping or
information storage and retrieval systems of any part of
this book shall be directed in writing to The Canadian
Copyright Licensing Agency (Access Copyright). For an
Access Copyright license, visit www.accesscopyright.ca or
call toll free 1-800-893-5777.

Care has been taken to trace ownership of copyright
material contained in this book. The publisher will gladly
receive any information that will enable them to rectify
any reference or credit line in subsequent editions.

The material in this publication is provided for information
purposes only. Laws, regulations, and procedures are
constantly changing, and the examples given are
intended to be general guidelines only. This book is sold
with the understanding that neither the authors nor the
publisher is engaged in rendering professional advice. It
is strongly recommended that legal, accounting, tax,
financial, insurance, and other advice or assistance be
obtained before acting on any information contained in
this book. If such advice or other assistance is required,
the personal services of a competent professional should
be sought.

***Library and Archives Canada Cataloguing in
Publication***

Latremaille, Susan, 1951-

Who will take over the business? : succession planning for
the Canadian business family / Susan Latremaille and
Peter Creaghan ; with Frank Archibald . . . [et al.].

Includes index.

Previous ed. published under title: On the shoulders of
Atlas: a story about transitioning a family-owned business

ISBN 978-1-118-08753-4

1. Family-owned business enterprises—Succession—
Canada. 2. Strategic planning—Canada. I. Creaghan,
Peter, 1958- II. Archibald, Frank, 1952- III. Latremaille,
Susan, 1951- . On the shoulders of Atlas. IV. Title.

HD62.25.L38 2011 658'.0450971 C2011-902611-2

Production Credits

Cover design: Adrian So

Interior text design: Pat Loi

Typesetter: Pat Loi

Printer: Friesens

John Wiley & Sons Canada, Ltd.

6045 Freemont Blvd.

Mississauga, Ontario

L5R 4J3

www.wiley.com