

A Word from the Chair: Be Patient! Listen Up! & Speak Up!

By DAVID C. BENTALL, Chairman, Business Families Centre

I come from a family with a successful track record of business achievements that span most of the last century. My grandfather, Charles, and my father, Clark both built an enviable record in construction and real estate. Today, over 1,000 people working across North America carry Bentall cards, proudly continuing the legacy our family started. Sadly, nobody in our family is employed in this enterprise any longer, nor do they own any shares. How did this happen? There are many theories, but I think three things which contributed to the situation are worth mentioning.

First of all, I now realize that my own impatience and youthful exuberance played a large part. If I had not been so critical of others and demanded everything change overnight, the story of The Bentall Group might have a different ending. I was not willing to be submissive to organizational authority, and I would encourage all “would be” successors to learn from my experience. Be patient. If you are deserving, your chance to lead will likely come!

Secondly, my father’s generation focused on the “hard issues” (sales, profits, taxes, etc.) As Harvard Professor, Bi Barnes, often says, we let the “hard drive out the soft”. In creating our plans and getting technical advice from our professional advisors for The Bentall Group, the long term implications and the relational impact of many decisions were not considered. Had we been alert to the need to invest in appropriate governance structures and family communications, we may have been successful in charting a different course.

Thirdly, we had good advisors. In fact, some of the best tax, legal, finance, and management talent money could buy. For the most part, they served us well. However, unfortunately, none of them stood up to warn us of the pending relational disaster that was ahead. Had they spoken up, some of them might have been able to prevent the eventual unraveling of our family enterprise. Let me illustrate.

1) We had good legal advice. But, our legal advisors did not notice, nor speak up about the fact that the company’s shareholders agreement lacked a conflict resolution mechanism. My father and his brothers found themselves in an argument after working together for 40 years; and when the documents were examined they found “no way out of the room”. This exasperated matters for the family. Furthermore, no-one was alert to the dangers of the inherently unstable shareholding structure, which eventually collapsed, bringing an end to the family’s participation in the company.

2) Our tax advice was also excellent. However, nobody predicted the loss of control to come as a result of some share transfers. The estate freeze, which was done many years ago, saved on taxes but also contributed to the humiliation of one of our family members, who had to face the helplessness of being cash starved when control of the company slipped into other hands.

3) We also had great corporate management, and capable business strategists and advisors. However, none of them spoke up to prevent the cataclysmic explosion which was coming. They perhaps had not paid attention to the opposing strategic views and life goals of some of the shareholders.

What can be done about situations like ours in the future? Firstly, we would encourage successors to be respectful and patient, while waiting for their turn to lead. This can take a lot of stress out of the family system. Secondly, we would encourage business families to seek input from their

advisors on the non-technical implications of their plans. They will often be able to foresee potential problems in time. Thirdly, we would encourage professional advisors to speak up when they spot issues which the family may not be aware of. Their word of warning can make a big difference. These three steps have the potential to assist other entrepreneurs and their families to enjoy a better end result than we in our family had.

In conclusion, if you are a successor, be patient; if you are an owner, listen up; and if you are an advisor, speak up! You owe it to yourself, your family, and your country!

David C Bentall.

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