



# The 2009 FINANCIAL Report

Part One of a Three Part Series

## VIEWPOINT

# Six Steps For Ensuring Your Legacy

BY BILL ANDERSON

In this time of unprecedented economic pressure, family beverage firms are searching for the right next steps to ensure their long-term legacies. Is it time to buy or sell? Invest in new team members or diversify outside the business? My meetings with family operators around the country have evidenced six key habits of those who consistently outperform their peers in up and down markets.

**1. Focus on People.** Successful family operators manage the “people” side of the business better than their peers. They provide training for family members who aspire to management roles and are very careful about appointing only those well-qualified for these positions. Successful firms also engage outside advisors and most

enjoy the benefits (and rigors) of one to two outside board members.

**2. Be Acquisition Savvy.** The best operators have a track record of successful acquisitions. They know how to negotiate with sellers, and are sometimes willing to overpay a little to get a critical deal done. As OC&C Strategy Consultants points out, “the companies [that acquire] frequently and regularly are rewarded with shareholder returns nearly two times those of companies reliant solely on organic growth or sporadic deal activity.”

**3. Manage the Balance Sheet.** Successful family firms take a disciplined approach to their financing and capital choices.

**4. Keep the Mission, Revise the Plan.** They have strong mission statements

and they don’t deviate from their strategic principles.

**5. Communicate.** They communicate often, and their communications aren’t marred by traditional patterns of family business dysfunction.

**6. Manage for the Next Generation.** They have extensive, well-conceived estate plans, including detailed succession plans and are honest about goals and their expectations for each other.

By following these six habits, family firms can build a meaningful legacy even in this downturn. **BW**



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