



## WHY DOES YOUR CO-OP NEED A TRANSITION PROGRAM?

- **What is the cost of losing just one co-op member?** Reduced rebates, less co-op income, and a reduction in your buying power, to mention a few.
- **Members will not tell you when their business is for sale.** Any good advisor or business broker will tell your members to keep the sale of their business a secret. Employees, competitors, and vendors knowing about a sale can impair the business during the sale process.
- **25% or more of your members' businesses will likely be for sale soon.** Howard Brodsky, Chairman, CEO and Co-Founder of CCA Global Partners (one of the largest and oldest co-ops) presented these thoughts at a recent NCBA Conference:
  - 25% of our members are planning to sell or transition their business in the next five years (according to a *CCA Global Partners Membership Survey*).
  - Helping our members sell or transition their business is very healthy for us as a cooperative.
  - The process isn't fast, it takes years; education is the key.
  - Create a point person (because the process can be long and difficult).
- **Recent family business studies show that:**
  - Between 1990 and 2025 nearly all US privately held businesses will go through a transition of ownership and leadership.
  - Past success rates indicate *at most* only 40% will remain privately held or in business.

## What is your co-op doing to reduce the threat of membership loss due to transition failure?

Unsuccessful transitions lead to members going out of business, selling to consolidators in the industry, or selling to competitive co-ops.

## ROI: AN INEXPENSIVE WAY TO ADD A ROBUST TRANSITION PROGRAM TO YOUR COOPERATIVE

Our Transition Program consists of four essential elements to help your group increase successful transitions of your members so they may continue to support your cooperative.

### [Transition Education and Awareness Workshops \(Click here/page 3\)](#)

ROI Consulting conducts workshops at your cooperative meetings and Webinars between meetings to keep this topic top-of-mind and demonstrate best practices.

### [Confidential Buyer/Seller Matching Services \(Click here/page 4\)](#)

ROI maintains a confidential buyer/seller list of members and provides confidential matching services. These services allow business sellers to be introduced to potential buyers confidentially within your cooperative community.

### [Transition Consultation and/or Referral Services \(Click here/page 5\)](#)

ROI has a network of thousands of referral organizations across the US and Canada to help evaluate or execute successful transitions. These organizations provide a range of services including estate planning, family succession planning, and support for selling the business. ROI takes no referral fees and does not take on cooperative members as direct clients. As a result, your members know they are getting unbiased, independent advice.

### [Next Generation Management Networking Group \(Click here/page 6\)](#)

Prepare the next generation to be ready to take over the business successfully. The networking group educates next generation members and links them so they can continue the dialog on transition issues. Additionally, the cooperative often find next generation leaders for committees and the board through this network.

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## About Rich Morris

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Richard A. Morris is the founder of ROI Consulting, a firm specializing in education and transition services (succession, governance, and strategic planning) for cooperatives, public, and private companies. Rich is an adjunct professor at the Lake Forest Graduate School of Management and co-author of *Kids, Wealth, and Consequences: Ensuring a Responsible Financial Future for the Next Generation*, Bloomberg Press 2010.

Rich started his career developing adult education programs at Raymond Lift Truck, Gould, and Imperial Clevite corporations. He continued his career by joining his family's 80-year-old company, Fel-Pro Incorporated. (Fel-Pro was nationally recognized for its business practices, often rated one of the top ten companies to work for in America). While at Fel-Pro, Rich held several positions starting in distribution, sales, and personnel training. In 1990 he led the marketing efforts of Fel-Pro's Automotive Aftermarket Division, increasing both market share and earnings (EBITDA) by 33% in five years. In 1992 Rich joined Fel-Pro's board of directors. In the mid 90's, looking for ways to expand the company, Rich spear-headed the identification of strategic acquisitions and internal business growth which ultimately led to the sale of Fel-Pro in 1998.

Rich has been asked to share his experience with a wide range of audiences including family business and entrepreneurial centers, associations, family offices, and financial institutions. Rich has appeared on WGN TV, ABC's Washington Business Tonight, National Public Radio affiliates, and business radio programs. He has been quoted in the Wall Street Journal, Crain's Chicago Business, and Family Business Magazine. Rich earned his undergraduate degree from Ithaca College and an MBA from Northwestern University Kellogg School of Management.



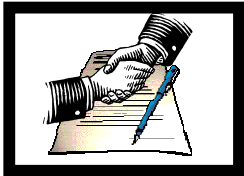
### **Transition Education and Awareness Workshops**

At your co-op meetings, ROI Consulting is available to conduct 1-to-2 hour workshops on transition issues and conduct Webinars between meetings. Sample topics include:

- Valuing the business
- Keeping the business growing for the next generation
- How to choose successor to take over the business
- Training the next leader of your business
- Thinking about selling today or in the future
- Uncovering the business of private ownership
- Succession planning – next generation workshop
- Managing ownership, family, and business
- Boards, family councils, and governance
- Family conflict management
- Raising kids of wealth.

These workshops and Webinars are designed to inspire members to consider succession subjects they may ignore until it is too late. The workshops and Webinars have proven to motivate members to take action on transition issues. Each workshop is customized to your cooperative group.

In the long term, your co-op may want to consider a full [university-style educational program](http://www.richroi.com/roiUniversity/index.html) (see <http://www.richroi.com/roiUniversity/index.html>) to help the next generation owners acquire knowledge to run their businesses more profitably, increase sales, and develop skills needed to survive in today's competitive environment.



### **Confidential Buyer/Seller Matching Services**

As your members consider selling their business, your own cooperative's members are potential buyers. But, of course, most members want to keep the sale of their business confidential, even from the cooperative head office, for fear of competitors and vendors taking advantage of the situation. ROI's safe, independent, and confidential Buyer/Seller Matching Service helps members identify other members' businesses that will be a right fit for them. The selling member maintains confidentiality while "shopping the business." If your members are looking to expand their business through acquisition, the confidential Buyer/Seller Matching Service is also the place to start. Specific services include:

- Confidentiality forms for all to sign.
- Seller forms to
  - Identify with whom they are willing to share information
  - Obtain critical business information to assess a potential match
  - Pre-vet the match before a connection is made to reduce exposure of confidential information.
- Buyer forms to identify critical business information to assess and pre-vet buyer and seller matches.
- Confidential introductions to potential buyers and sellers.
- A database of members interested in purchasing other members' businesses.



### Transition Consultation and/or Referral Services

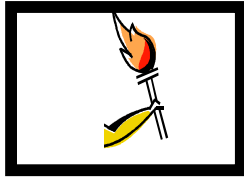
Often just an hour's consultation can answer important questions and get a transition plan moving. Small family businesses (under \$50,000,000 in sales) often do not want to pay for these critical transition services. They often use their current advisors who may not be equipped to give transition advice but choose not to make a referral in order to keep the business for themselves. After your members have an opportunity to attend workshops, next generation programs, and network with ROI, they come to know us a "trusted advisor" and use the value-added **free 1-hour, one-on-one, face-to-face, or phone consultation**. In many cases, this one hour sets them on a great path to achieve their goals. Others recognize the need for additional advice. ROI can provide experts from a network of thousands of Family Firm Institute members (FFI) in the field of family business. These pre-vetted consultants, many graduates from a FFI certificate program, can provide the best legal, accounting, marketing, HR, family business practices, and many other consulting services.

Advantages to cooperative members are as follows:

- Members benefit from unbiased advice because ROI has no conflict of interest. We are not trying to secure members as clients and do not receive compensation for referrals.
- Members can get advice for free – advice that can save thousands of dollars and prevent potential business disaster or failure. Your cooperative will be providing an important value-added service.
- Expert family business practitioners are identified in the member's local area, saving thousands of dollars in travel expenses and providing members with potentially better advice than they are receiving now.
- The members business will be stronger through planning that will lead to increased sales today as well as in the future when a transition takes place. businesses remain strong, the co-op continues to thrive.

Below is a list of advice/referrals typically provided:

- Next Generation Services: Succession planning/transition skills/support services | Governance structures | Family meetings | Family offices | Choosing and preparing the next generation | Family dispute resolution | Who gets the business and how | Interim management solutions/preparing for the unthinkable
- Selling the Business: Calculating what the business is worth | Evaluate sale methods, an employee stock ownership program (ESOP), Competitor analysis| Getting the books in order | Preparing the business for sale | Potential tax implications
- Growth and Business Strategy: Strategy development | Growing for the next generation | Keeping up with competitors | Acquiring more outlets
- Local Consulting Referrals/Identifying Consulting Solutions: Accountants | Lawyers, Estate planning| Life insurance | Family business consultants | Family business support groups | HR practices | Marketing | and more.



## Next Generation Management Networking Group

### What is a Next Generation Management Networking Group?

- An assembly of next generation family business leaders that will be the successors of your members' businesses.
- A safe environment to learn: away from the scrutiny of mom, dad, siblings and employees.
- A place to form relationships with next generation executives who share their concerns, problems and opportunities as business successors.
- A way to learn from each other and find networking partners to discuss issues at and between co-op meetings – issues concerning the dynamics of family business, ownership, management, and succession.
- A group that is self-selected and defined as members who are not currently in charge of the business but are family members who will eventually have ownership or management responsibilities.

### What is in it for your cooperative and for the next generation members?

- The next generation group becomes be a source of new leaders for inclusion on:
  - The co-op board
  - Co-op standing committees
  - Special committees.
- The next generations members have opportunities to be recognized, network, and learn more about business and succession issues.

### What does a Next Generation Networking Group look like?

- During co-op conferences, the cooperative provides a separate room at a reception\* or lunch for Next Generation members. ROI makes a short presentation on a topic related to next generation family business issues. ROI then provides a format for the Next Generation members to explore these issues with others in the room informally in a networking environment. Valuable learning, insight, and relationships result from this process.

\*We recommend offering this session concurrently with a reception or lunch for all other members. No vendors or *now generation* members are allowed in this session. Selected cooperative staff may be invited to observe.