



Evolution of Family Business and Wealth

Quick Check-up

INSTRUCTIONS: For each group of three statements, place a check mark in the column to the right of the statement that most closely describes the situation in your family business. Total the number of check marks in each column. When finished, see page two for scoring.

		A		B		C
1.	The founder/leader retains all executive authority. Only family members occupy 2 nd or 3 rd tier management positions.		Executive authority is delegated to family member employees in addition to the founder/leader. Non-family managers may occupy some 2 nd or 3 rd tier management positions.		Executive authority is delegated to a team comprised of both family and non-family executives.	
2.	Less than 25% of the owner's net worth is represented by earning assets other than the business.		25-50% of the owner's net worth is represented by earning assets other than the family business.		More than 50% of the owner's net worth is represented by earning assets other than the family business.	
3.	The owner is dependent on income from the family business for 75% or more of his/her annual income.		The owner derives 50 to 75% of his/her annual income from the family business.		The owner derives less than 50% of his/her annual income from the family business.	
4.	There is either no active Board or a family-only Board.		We have an Advisory Board that includes some independent non-family members.		We have a legally constituted Board of Directors that includes a majority of independent, non-family members.	
5.	The family has not discussed its values and vision for the business.		The family has discussed values and business vision, but neither is documented.		The family has a documented statement of values and business vision.	
6.	The family rarely meets to discuss family/business roles and relationships.		The family meets occasionally to discuss family/business roles and relationships.		The family has regular (at least annual), structured family/business retreats.	
7.	Ownership is held entirely by the senior generation.		A majority of ownership held by the senior generation.		Ownership broadly shared among two (or more) generations.	
8.	Little or no thought given to philanthropy.		Informal approach to philanthropy.		A family foundation exists to fulfill specific philanthropic goals.	
9.	Informal management process; policies and procedures are largely un-documented.		Formalizing the management process; some documented policies and procedures.		Formalized management process; well documented policies and procedures.	
10.	No strategic business plan or process exists.		A written strategic business plan exists - developed through a systematic process.		A written strategic business plan exists that is consciously driven by (and aligned with) the family's business vision.	
	'A' COLUMN TOTAL CHECKED		'B' COLUMN TOTAL CHECKED		'C' COLUMN TOTAL CHECKED	

**SCORING THE FAMILY BUSINESS & WEALTH EVOLUTION
QUICK CHECK-UP**

Total checks in column 'A' x 1	
Total checks in column 'B' x 2	
Total checks in column 'C' x 3	
Raw Result (Sum of above three numbers)	
Factored Result (Raw result / 10)	

Your "Factored Result" will be between 1.0 and 3.0, and will indicate where you believe your family business fits in relationship to stages 1 through 3 in the DH&A Four Stage Model for the Evolution of Family Business and Wealth. Aggregate the Factored Result for all the members of your family who complete this instrument and calculate the average to determine where the family collectively believes it fits into the model.

***NOTE:** This is a practical tool. It is not a scientifically designed instrument and has not been statistically validated. As such, it should be used only as means to enhance your perspective.*

For more information on this subject we suggest you read "The Evolution of Family Business and Wealth" by Ernest A. Doud, Jr. It is available on line through the Doud Hausner website at www.doudhausner.net.