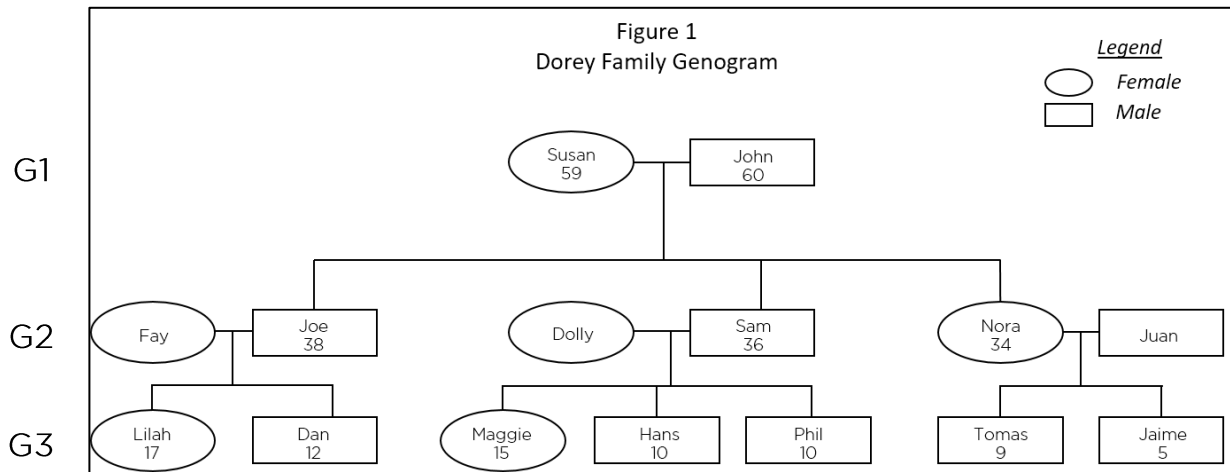


The Dorey Family and Dorey Seed & Supply

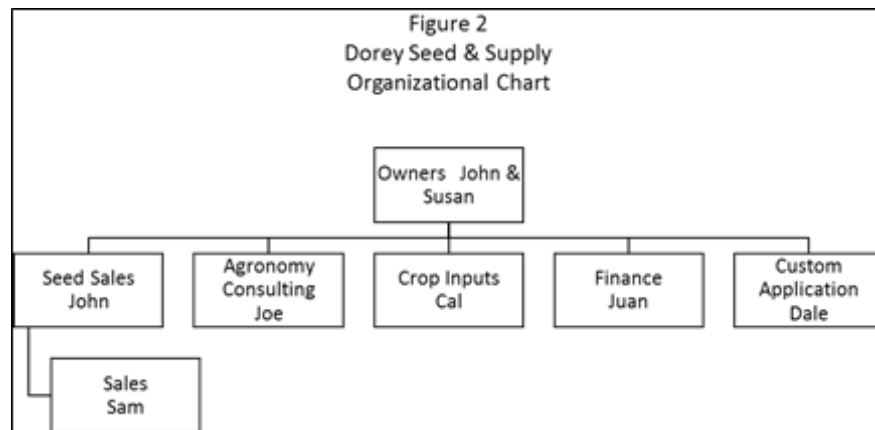
John and Susan Dorey started a specialty seed operation in the late 1980s. They successfully grew the business until Dorey Seed & Supply became a trusted source for high yielding varieties, custom seed treatments, crop inputs, custom application and agronomy consulting across seven locations.

All three siblings (G2) married and settled near the small Midwest town where the business began. The children have worked hard to preserve and extend what their parents built. The family is proud to have their name associated with high quality service and high yielding products that contribute to farmers' success. Not only are they having fun in their business, they are enjoying financial rewards, too.



As the business grew, there weren't enough family members to go around. Several important jobs are now filled by trusted, non-family professionals. Cal leads the service business that provides crop inputs. Dale supervises the Custom Application business unit.

The two eldest sons, Joe and Sam, work in the business, as does their daughter's husband, Juan. Juan runs the Finance Department. The next generation (G3) is still young, but they all love to visit the operation. In fact, some of the older cousins have helped out at the business during school breaks - Grandma and Grandpa would love for them to continue the legacy.



Here is what is on people's minds:

- G1: John and Susan say they want to slow down and take more time off to travel, but they still work long days, almost every day. Last year they took their first long trip, but when they came back, they dug right in again.
- G2: Joe and Sam (and their wives) are worried about their future. They feel they are ready to run the business, but not sure when they'll get the chance.
- G2: Joe always wants to try new things while Sam prefers to protect the status quo. Although they don't openly argue, everyone can see the tension between them. They let off steam by confiding their woes to their wives.
- G2: Nora and Juan feel like they are usually left out of important decisions, hearing about them after the fact. Once John & Susan are gone, will Sam and Joe do a good job running the business? Nora expresses these worries to her mom and dad whenever she gets the chance.
- G2: Sam, Joe and Nora have all been given some stock in the company recently. It happened after John & Susan began meeting with their CPA and attorney about the future of the business. At the time, it wasn't clear if this was a one-time or an annual gift. But Nora has heard from her mom that John & Susan are considering another gift to all the siblings, their spouses along with each of their children (G3) this tax year. The CPA says it's necessary to avoid paying too much tax.
- G3: The children are hitting adolescence. Some of the wives want their kids to work in the business, but others are worried that the kids will feel forced to work for the operation. Last Thanksgiving, Joe's son told his cousins that he is going to run the business when he gets older.
- The non-family managers, Cal and Dale, are wondering what the future holds for them - will there be opportunities to advance at Dorey Seed & Supply or will G3 move into key roles as soon as they graduate from school? Will John & Susan's financial needs get in the way of future growth? Can Joe & Sam run the business together?

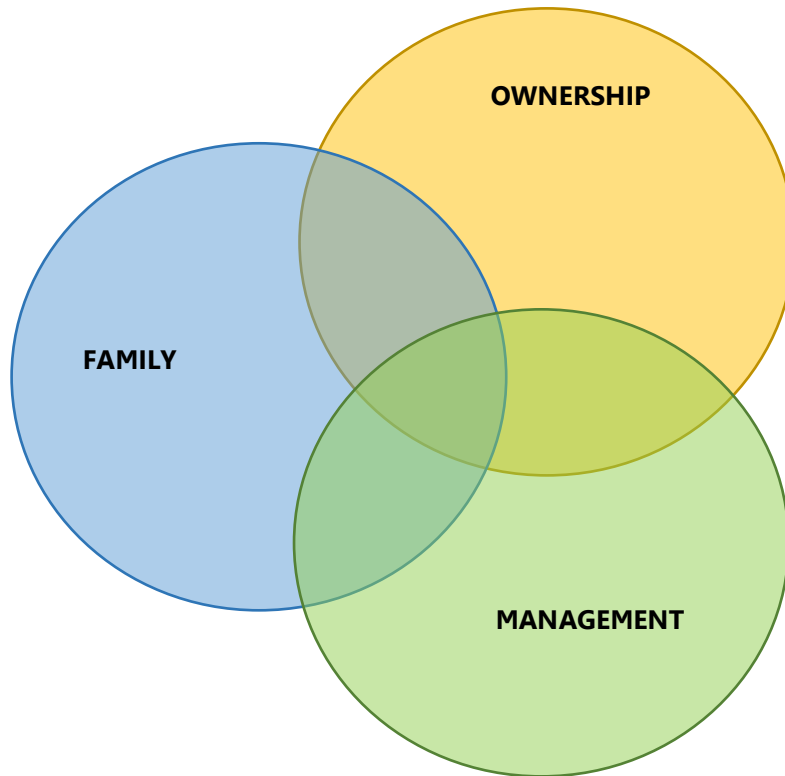
Joe and Sam have come to you, a fellow family business owner, for advice.



**This is a fictional representation of a family business situation, prepared by the Family Business Consulting Group.
Reach us at 800-663-5604 or www.thefbcg.com.**

The Dorey Family and Dorey Seed & Supply Discussion Questions

1. See the 3 Circle model below. Place Susan, John, Joe, Fay, Sam, Dolly, Nora, Juan, Cal, Dale and the G3s in the appropriate spot within the circles.



2. What are the 3 most important questions you would like to ask to uncover more information? Why?

3. What are the concerns of the following groups?

- G1s?
- G2s?
- Non-family professionals?

4. What are the primary issues facing each System – Family, Business and Owner? What might be causing the challenges with these issues within each System?

5. Drawing on your insights from Questions 2, 3 and 4, what are your recommendations to Joe and Sam about where to start the discussion? Why?

6. What do you think might motivate John & Susan to engage in a conversation with Joe & Sam about G2's desire to have more authority in the business?

Dorey Seed & Supply...two years from now

After getting some great advice from their family-business peers, Joe and Sam approached their parents with some questions. Getting to this point did take a while as Joe and Sam had to sort out some of the conflict between them before they could come together around the priorities they wanted to address with John & Susan.

After this initial discussion, the family (G1 and G2) held a meeting to explore each person's key questions and concerns. This meeting was a bit tough – some emotions came up – there were tears and some anger expressed. They got through it, though, and agreed to get some outside help to help them have future conversations.

Today, the family is aligned on their vision for the future of their business and can also clearly state why the family believes their family business is integral to the fabric of their family. They've created a family employment policy so that the next generation knows what is expected of them to earn a summer job or a full-time position at the company. In addition, the family has started to clarify who gets to make which business decisions – for family and non-family professionals alike. There is more work to do here, but they have begun the discussions.

After the initial family meeting, John and Susan put gifting and ownership transition on hold. They wanted to know that Joe and Sam were aligned and wanted to work together as partners before increasing their ownership. Now, they feel like it's time to revisit how to move ownership to the next generation.

Here are John & Susan's Ownership Transition Objectives:

- Continue Dorey Seed & Supply as a progressive, growing business that is family owned
- Provide financial security for G1 whether they are working or not working
- G1 will have increasingly more free time
- Any ownership transition plan will motivate the successors to engage in the business
- Create management and leadership opportunities within the business for family members that have demonstrated commitment to the business, alignment with Dorey Family values and strong performance within their work roles
- We will increase the diversity of owners' financial portfolio so future owners can be less dependent on business assets to assure personal financial health into retirement
- We will keep the process as simple as possible while mitigating tax liability, risk to business and accomplishing objectives

7. What do you think this family implemented to get to the point they're at two years later?

8. What did they do right? What haven't they done?