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“Are You Ready for the Unexpected?”

It is April 19, 2011, and as I write, I am returning to my home in Colorado after a business trip to California. While reading the *Wall Street Journal*, I find a brief story with the headline: “Ferrero Co-CEO Dies in Accident.” Pietro Ferrero, 47 years old, the co-chief executive of Ferrero SpA, died yesterday of an apparent heart attack while cycling in South Africa.

It caught my eye for several reasons, not the least being that a few weeks ago I returned from cycling in South Africa where I completed the Tour de Cape Argus, the largest timed bicycle race in the world. Ferrero, a cycling enthusiast like me, collapsed during a routine bike ride, on Victoria Road, near Camps Bay and the Twelve Apostles Hotel, precisely where I had been riding for the past few weeks! This could have been me and the headline would have read, “Well Known Family Business Consultant Dies in Accident.” I say a prayer of thanks and read on.

Ferrero SpA is Italy’s biggest chocolate maker. The company had \$9.5 billion in turnover in its 2010 fiscal year and the family fortune is pegged at \$18 billion U.S. Michele, Pietro’s father, is reputed to be the richest person in Italy, ahead of Silvio Berlusconi. (By comparison, Koç Holding is number 273 on the Fortune Global list, with \$29+ billion in turnover and estimated family wealth at \$10 billion U.S.) Ferrero makes Tic Tac mints for the North American market, Nutella – the chocolate/hazelnut spread, Ferrero Rocher chocolates, plus many other products for specific markets.

The company was founded during World War II by Mr. Ferrero’s grandfather, also named Pietro. In the late 1990s, Pietro Ferrero, the grandson, and his brother, Giovanni, took over the company’s management from their father, Michele, now 85 years of age. Michele is reported to live in Monaco. While the two brothers were Co-CEOs, it was well known that Pietro was the “force” behind the modernization of the company. He was the one who challenged his father’s deal-averse approach in 2009 by pushing the company to bid for U.K. candy maker Cadbury PLC. Ultimately Ferrero dropped out of the bidding and Kraft Foods Inc. acquired Cadbury.

The death of Pietro Ferrero is a crisis for the Ferrero family. They have lost the “spark plug,” the driver that pushed the envelope in charting a course for the confectionary giant. What the family will do remains to be seen but one can assume that this is a very difficult time for them. They must deal with the leadership issue in the business while grieving the loss of a loved one and a valued leader. It is a sad scenario by any measure.

WHAT IF? This raises the question of what would happen if a key executive in your family were to suddenly be taken from you, either by accident or natural causes. It points out just how fragile life can be and reminds us that none of us is exempt from such forces.

Bonnie Brown Hartley, Ph.D. has written a handbook titled, *“Sudden Death, a fire drill for building strength and flexibility in families”** It is an excellent guide to developing an action plan for such an emergency in a family. There are questions and topics for discussion that will help a family prepare for a host of emergencies. The value lies in the family discussion that takes place while completing the exercises in the handbook.

In the course of my 40+ years of serving family enterprise, I have assisted in preparing for these challenges as well as helping the family deal with the death of one or more family members who were key to the business. (For purposes of this article I will focus on the sudden grave illness or death of the founder/patriarch, but the concepts will apply to any key person.)

In the mid-80s, I worked with Frank Beddor, a very successful entrepreneur. He built a large printing empire by purchasing printing businesses that were marginal, then beefed up their management and sales teams while introducing the most modern equipment. He had a collection of more than 25 independent companies. At my urging, Frank made a “Black Book,” literally a 3 ring binder that had a tab for each company. Under each tab was the critical information for that business unit:

- Who was in charge
- Key persons under that leader
- The sales and profits for the previous year
- Pertinent information about property holdings and/or leases
- A summary of the rolling five-year plan for that business
- Who to *really* trust in each business

There were two copies of the Black Book, one in the office of the corporate attorney and one in the hands of Marilyn, Frank’s wife. The Beddor Black Book was updated every 18 months, at which time Frank reviewed the contents with Marilyn and the top leadership.

In many cases I have assisted clients in the creation of a special personal file that I label, “At time of Death or Emergency.” These experiences caused me to create my own personal file with that label. Its contents include my last will and testament, details of trusts I have created for my heirs, comprehensive financial information and data about life insurance, a “Letter to my children” which I update from time to time, special bequests, instructions for disposition of personal property and collections’ and finally, my express wishes for my funeral and burial.

Survivors of a family business leader must have information if they are to make timely and wise decisions about the business. If they have not been actively involved in the business there are many things they simply do not know. Further, it is quite likely that the founder/patriarch has information in his head that is nowhere else to be found! On the way home from the cemetery is the wrong time to be working out the details of succession and transfer of control.

While this list of contents for such a book is not exhaustive, it might include some or all of the following:

- Location of last will and testament with name of executor
- Names of banks and account numbers, with proper documentation on who has access to them
- Record of properties owned or leased
- Most recent consolidated financial statement for the company
- Key, trusted advisors' names and pertinent information on how best to use their skills
- Insurance policies
- Stock portfolios information
- Location of safe deposit boxes
- Persons who must be notified
- Succession plan (If you don't have one, make one!)
- Strategic Plan for the business
- Any special instructions for the company

This list is a good beginning. It is in no way exhaustive and needs to be customized for your family so they will be fully prepared, should the unexpected show up on your doorstep.