

News & Insights

Pam MacDougal Quoted in *Grand Rapids Business Journal* Article on Business Succession Planning

Notes that Some Entrepreneurs Have Difficulty Passing Leadership Reins to Next Generation

March 18, 2013

Pamela MacDougal, senior attorney in Dykema's Taxation Practice Group, was quoted in an article that appeared in the *Grand Rapids Business Journal*. The article, "Path to business succession is littered with obstacles," discusses the challenges that confront those who run family-owned businesses when it comes time to determine second-generation leadership. In an interview for the article, MacDougal discussed the key elements of a well-thought-out succession plan, including identification of the key employees and contingency plans for their replacement (including cross-training), determination of future ownership and management structure, and a good estate plan.

MacDougal, whose practice focuses on transactional tax matters observes that the characteristics that make an entrepreneur successful in launching a business – abundance of creative energy, willingness to take risks, independence – don't always lend themselves to transitioning a business to a next generation..

"Succession planning is about protecting something that exists and handing it off to somebody else. So when you think about that, you understand why succession plans might not be at the top of the list for an entrepreneur," MacDougal states.

The article points out that almost nine of ten businesses in Western Michigan are family-owned or –controlled, a figure that's also true nationwide. According to the Family Business Institute, it's estimated that 70 percent of these family-owned enterprises disappear after the first generation, and – of the remaining 30 percent that survive into the second generation – fewer than half will carry on through the third.

To read this article in its entirety, [click here](#).

Practice Areas

Estate Planning & Administration

Taxation