

APPENDIX 4.2

PUTTING TOGETHER AN OWNERS' PLAN

An owners' plan lets the board know the values, needs, and goals of your owners as a group. There are many ways to develop an owners' plan. Whatever way you use should reflect the needs of your owners' group and be acceptable to all participants.

Use this guide to develop your owners' plan. It is designed to help owners come up with a process that all the owners will support, clarifies how owners are involved, and allows owners to make decisions based on consensus.

1. Develop guidelines that participants will follow in putting together their owners' plan; that is, ensure that they all play by the same rules. Consider the following issues:
 - a. The plan must work for everyone.
 - b. It must reflect the values, needs, and goals of all the owners.
 - c. The owners are *not* deciding what the company can or cannot do—that is the job of management and the board.
 - d. The owners are *not* making decisions for the company—they are creating a plan that must go first to the board for approval, then to management, and then back to the board.
 - e. How are the owners going to decide what goes into the plan? Consider having them make decisions by consensus—where individual owners may not get what they want, but must ask and answer, Can I live with this decision knowing that we will review it in a year?
 - f. If individual owners do not participate then they give tacit approval to the plan the other owners develop.

2. Ask the owners to identify and write down their individual values, needs, and goals in advance so they come to the meeting prepared.
 - a. Send an explanation of what the owners are to do before the meeting and what they will do at the meeting.
 - b. Write out questions that may prompt them to think of their values, needs, and goals applicable to particularly important topics. Topics for questions may include their willingness to be in business together, their desired financial returns, their retirement needs, and other information on risk, distributions, compensation, and so forth.
 - c. Provide guidelines for owners to consider when thinking about their values, needs, and goals for the company. Guidelines may include instructions such as, “How you answer these questions depends on your own personal situation” and “Your response is your own perspective. The goal is to come up with something that works for all the owners.” Here are some guidelines relating to a discussion about the financial return owners are wanting from the business:
 - i. Consider your own resources in assessing your financial needs and goals.
 - ii. Consider your short-term financial needs and long-term financial goals. For example, consider amounts to supplement living expenses, pay education or medical expenses, pursue different careers, and fund retirement.
 - iii. Assume that *all* things are possible when you answer the questions. Remember, solutions may come from management or from the ownership group. You can’t plan if you don’t figure out what you are trying to accomplish.
3. At the owners’ meeting, each owner should explain their values, needs, and goals. Then consolidate individual responses into a single response that all of the owners can accept. The following is a suggested process.
 - a. Each owner has a sheet of paper hanging on the wall in front of the room with the headings “Values,” “Needs,” and “Goals.” Each writes out their responses under the appropriate headings. This process works best when owners think about their values, needs, and goals before the meeting. This process also works best when every owner attends

the meeting. If an owner is not at the meeting, ask them for their responses in advance.

- i. Give each owner the opportunity to explain their responses. If an owner is not present, consider asking them to have another owner explain their responses.
 - ii. If agreeable to all, give owners the opportunity to ask questions of each other in order to understand their positions. But note that this is not the time to engage in disagreement or debate. Owners do not have to answer a question if they choose not to.
 - iii. When asking questions, be tolerant of differences, and be prepared to listen to understand and accommodate everyone's concerns.
 - iv. Continue until all owners have had the opportunity to explain their values, needs, and goals and respond to questions.
- b. Hang a new sheet of paper on the wall.
 - i. Ask the group to identify those values, needs, and goals that they all share. People often don't use the same words, but will express the same idea. Gather and modify responses to come up with a single value, need, or goal that is acceptable to everyone. Write this statement on the new sheet.
 - ii. When values, needs, or goals are not shared by everyone, ask the group to indicate their support for a response, and then whether they can live with the response that has the most support. Give those who object the opportunity to explain how they would change the response in order to support it. Continue this discussion until the group comes up with a response that all participants support. Then write the response on the new sheet of paper.
- c. At the end of this process, the owners will have a common position.
4. If individual owners find they cannot agree on any particular value, need, or goal, they should begin discussions that either lead to agreement or the sale of their stock.