

5 Reasons a Private Company Should Conduct a Shareholder Survey

1

A Survey will help you learn about your shareholders

A well-crafted shareholder survey will go beyond mere demographic data (age and family relationships) to uncover what deeper characteristics owners share and what characteristics distinguish owners from one another.

2

A Survey will help you gauge shareholders preferences

The results from a shareholder survey will help directors and managers move away from abstract objectives (like “maximizing shareholder value”) toward concrete objectives that actually take into account shareholder preferences.

3

A Survey will help you educate the shareholders about the strategic decisions facing the company

Educated shareholders can provide valuable input to directors and managers, and will prove to be more engaged in management’s long-term strategy.

4

A Survey will help establish a road map for communicating operating results to shareholders

Unlike for public companies, for most private companies, there is not road map for communicating results. A shareholder survey can be a great jumping-off point for a more structured investor relations program.

5

A Survey gives a voice to the “un-squeaky” wheels

Asking for input from all shareholders through a systematic survey process helps insure that the directors and managers are receiving a balanced picture of the shareholder base.



Travis W. Harms, CFA, CPA/ABV
harmst@mercercapital.com
901.322.9760



Nicholas J. Heinz, ASA
heinzn@mercercapital.com
901.322.9788

How To Be a Good Owner

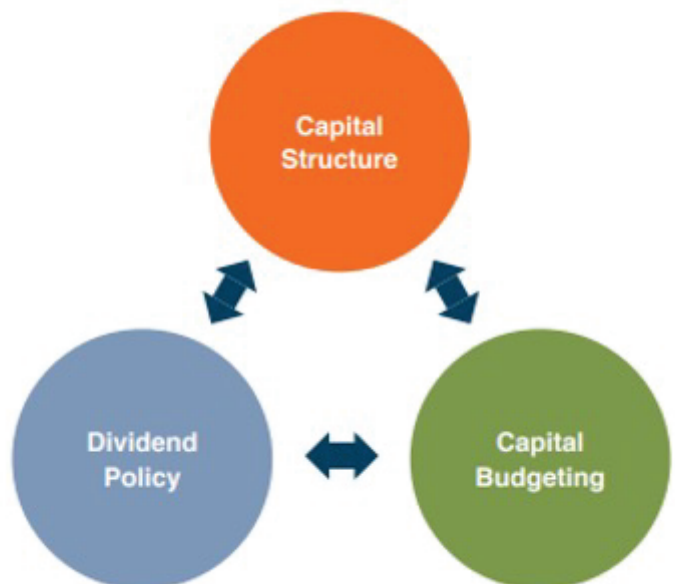
Being a good owner is about more than cashing dividend checks. In this session we will explore the attributes of informed and engaged family shareholders that support thriving and sustainable family businesses.

Good owners are...

- Thoughtful, not emotional
- Consistent, not arbitrary
- Strategic, not reactionary
- Curious, not stubborn
- Realistic, not delusional
- Self-aware, not self-absorbed
- Transparent, not secretive
- Informed, not patronized

...valuable!

The Triangle of Strategic Finance



Discussion Guide :: Best Practices for Developing Good Owners

How has your family encouraged shareholders to take a long-term perspective?

What steps does your family take to prepare individuals to become shareholders?

How much financial information does your family business share with owners? How often?

What are the characteristics your family emphasizes for those wearing the “shareholder” hat? How do you inculcate those values in your owners?

How does your family deal with shareholders who are not being good owners?

How does your family solicit input from non-director shareholders?

Do your family business’s dividend policy, capital structure decisions, and capital budgeting processes “talk” to each other? Can your shareholders explain what they are saying?