Preparing for Clients' Liquidity Events After Selling a Business

By **Miriam Rozen**
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Speed kills. That mantra best describes David Kujawa's approach when helping clients prepare for and thrive after the sale of their privately owned family businesses.

Kujawa, a partner with OnPath Financial in St. Charles, Ill., which has more than $700 million in assets under management, has advised dozens of entrepreneurs during his career, first as an insurance company employee and since 2011 as an advisor. "My tools are about getting them to slow down," says Kujawa about clients preparing to sell a business. The client often sees a need to get everything done right away, he says. "They often are going about 100 miles a minute."

Kujawa views his role as advisor-in-chief, helping the clients set up a newly recast team of experts to help re-plan their wealth strategies given the impending sale. He assembles a team of tax attorneys, accountants, estate planners and insurance experts. The clients' considerations in all those respective planning categories are likely to change once the sale is consummated, he says. For instance, they may be best advised to replace their disability insurance with long-term care insurance.

When ultrahigh-net-wealth clients sell a family-owned company, their resulting sudden liquidity may increase the need for more effective family governance strategies. After the sale of a family-owned company, all hell may break loose because of the loss of structure that the enterprise provided by virtue of having to open for business daily.

"Their wealth had been tied up in private stock," Paul Cummings says about such clans before the sale of the family business.

Cummings serves as northeast regional managing director of Abbot Downing, a family office advisory owned by Wells Fargo. Formed three years ago, Abbott Downing now has $39 million in assets under management and its average client has $64 million in assets.

To keep those clients humming during suddenly liquid moments, Cummings makes sure his advisors recognize how profoundly the sale of a business can affect a family. “Before there is income coming off the business, but there were not liquid assets that were distributable,” he says. With the possible distributions, he says, “That is a good time to bring everyone on the same page.”

Cummings has a family dynamics team that includes professionals who can help clients draft family mission statements, delve deeply into family history and pass it along to heirs so they understand their legacy, and help establish family councils. “There often was an embedded governance in the family business, and that goes away with the sale,” Cummings says.

Miriam Rozen writes about the financial advisory industry and is a staff reporter for Texas Lawyer.

This story is part of a 30-day series on wealth management strategies.

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