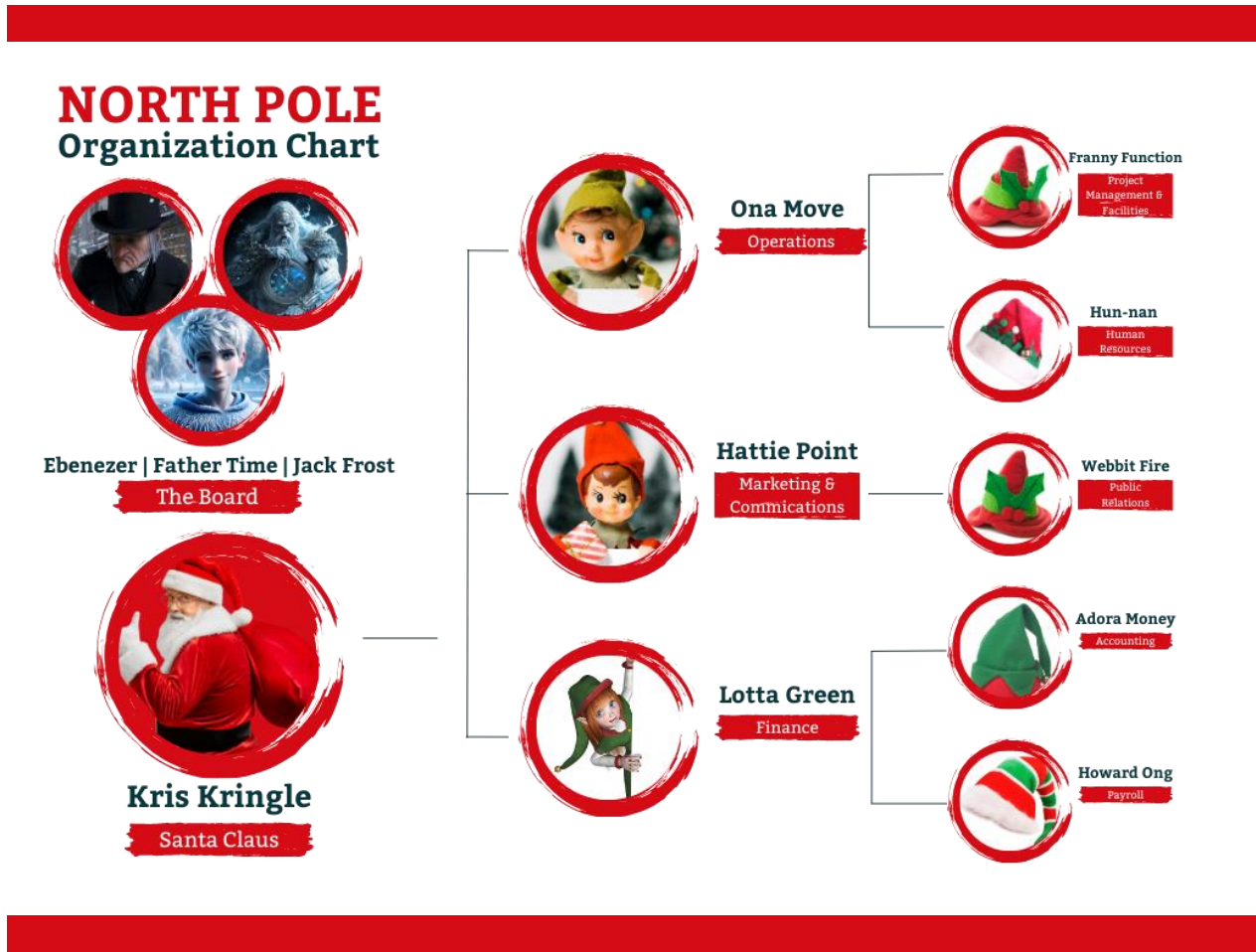


Welcome to the newly created Santa Succession Experts Panel. The Legends Board appreciates your completing the non-disclosure agreement (NDA) and other contracted materials in a timely fashion. Our mainstays have been teamwork and collaboration since 278 AD and believe each of you to be a welcomed addition during this transition period.

Your Name Here: \_\_\_\_\_

Position on the Experts Panel: \_\_\_\_\_

While your primary point of contact will be the Legend's Board and Kris Kringle, from time to time, we expect that you will need to be aware of our organizational chart.



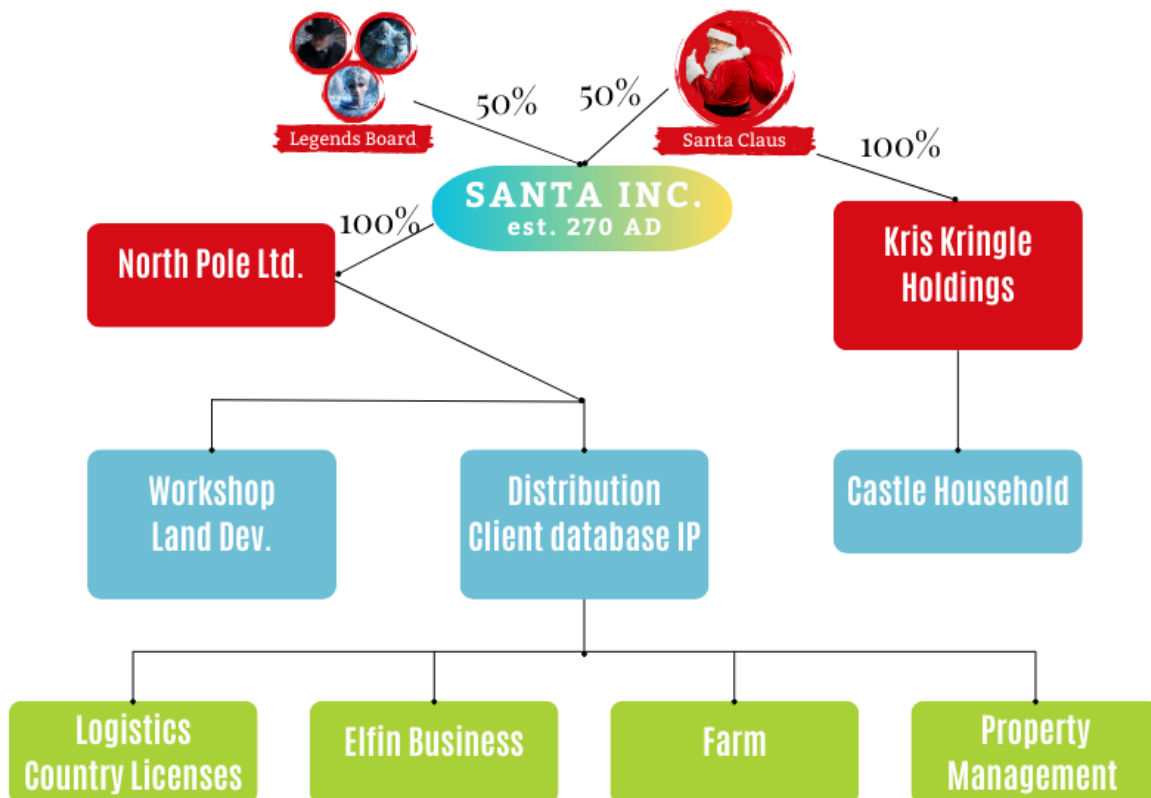
Other than Father Time and Mother Nature, the legend of Saint Nicholas is one of the oldest. Records suggest he was born around 270 A.D, but as they didn't celebrate birthday's back in the day, even the big guy can't quite remember, other than he's always been fond of Tuesday's. We estimate his age at around 1,755. With that kind of history, he always shrugs and says "*been there and see that.*"

## Santa's Succession Plan | A Case Study

Kris Kringle, better known as “Santa Claus”, (*think Tim Allen from the well-known Disney movies*), has been on the job for many—MANY—years and has lost most of his enthusiasm for the same old cookies, what with the rise of Gluten Free, Vegan, Nut Allergies and the like.

Because his is a legacy position, not to mention the geography of head office, finding a replacement is not easy, but not impossible. There are many choices to consider:

- Sell outright
- Re-capitalization
- Liquidate
- Hire CEO/COO | Chairman
- Family Transfer
- Employee Ownership Trust (EOT)
- Management Buy-out



Until Tim Allen showed up, the legend of Santa had been a “family enterprise” transfer, father to son through the centuries.

Kris has three children:

- Charlie (from the first marriage)
- Kasper (from a brief liaison with Judy prior to his marriage to Mrs. Claus)
- Kristi
- Arthur

Although originally interested in “the shop”, **Charlie** saw the decades, perhaps centuries he may have to wait for the red cap to come his way and has made own mark in the world. Always a wiz in technology, Charlie, is a leader in web design and digital marketing, primarily for the other immortals like the Easter Bunny. He was instrumental in the surge of affection for Mother Nature, capitalizing on the environmental movement and is current taking on the train wreck which is the Tooth Fairy.

**Kasper** is a big movie producer, under an alias (*can't tell you who, as they want to make their own way—Santa is a tough act to follow*). He lives in California and has no intention of living near snow again.

**Kristi** has been instrumental in the revitalization of the workshop and shows significant interest in the overall operations. Although she hasn't made a move in the direction of taking over, seeming to be content in the “back office” organization. Kris doesn't want to waste her potential and is considering if he can do like the late Queen Elizabeth and change the transition rules. Gender bias is outdated and even if Kristi isn't interested, he doesn't want to limit the opportunities for potential future generations. Of course, he'd need board approval from Ebenezer Scrooge, Father Time, and Jack Frost (*commonly called the “original old boys club”*) but is very interested in how this may be perceived by the children of the world. He thinks he'll get legal working on this.

Kristi's automation and improvement over the years has preserved the “secret identity” and ensured that the “shop” will run without him most of the year. This is a significant **value driver** for the whole enterprise.



This automation outline stands outside the actual creation of the toys, which is protected by the “secret sauce” contract signed by every elf.

1. Research and Development (R&D) are constantly running the numbers to see which toys are to be built and when. The R&D staff sit on many incubators and start up boards. You may have heard of Dragon's Den? That was an original brainchild of Charlie to get ahead of the curve for toy development.
2. Once the toys are completed and wrapped, the presents are moved from the “workshop” to the distribution center via the conveyor train.
3. Distribution is based on when the toy is completed and where they are most likely to be needed on the “big” day.
4. The consistent “winners” are built in January. These are toys that children always seem to want, like baseballs, ball gloves, skates, etc. The more speciality, new, “latest craze” is left to November and December.
5. Storage is an important component of operational flow. Storage centers are located at strategic locations all over the globe. This means that the “shop” has to have a corporate presence in most countries and abide by jurisdictional taxes and legislation, not to mention local elfin talent.
6. Security is team is headed by the Abominable Snowman and his team, which unlike Frosty and Abominable himself are some pretty chilly characters.
7. Frosty's team, with their love of brooms, take care of the janitorial tasks.

8. The team weigh and measure each gift so it can be packed efficiently into the sleigh at each storage outpost. The sack is only so big.
9. Select teams of Elves are redeployed to each of the storage centers the first of December where a mirror of the automated system is activated.
10. Then on the Big Night, Santa efficiently and effectively uses the sleigh and reindeer to deliver the gifts to children around the world!

This is Kristi's point of pride as she continues to work out the "kinks" and gets the system ever more efficient. Without this constant development of systems and people, having their Standard Operating Procedures (SOP) written down and utilized by the entire team, North Pole operation could never keep up with increased demand and more complicated, labor-intensive toy request.

"The last century has seen a huge increase in demand," said Elliot Snubbins, recently appointed to the newly created post of "Flow and Stow" for the shop. "Today's kids want more complicated toys; gone are the days of simple wooden trains!"

**Arthur**, like Kristi is actively involved in the key drivers of the business, working more closely with Hattie Point and Wabbit Fire building Santa's profile, constantly updating his social media posts and ensuring the mall Santa's toe the line for representing the big picture of Christmas goodness. He's quite put off on the change in Twitter to X and has considered adding Elon Musk to the naughty list.

This is more complicated than it may sound and is a full-time year round endeavour to always keep Santa top of mind. There are a reason people start decorating for Christmas earlier and earlier in the year and why some don't even take their tree down.

### **Social Media: Challenges & Strategies**

- **Maintaining Brand Consistency—Across the Globe.** Santa's image is iconic. Any misstep online could tarnish centuries of goodwill. All posts must embody Santa's genuine self, ensuring his online persona reflects his real-world magic and warmth.
- **Responding with Care.** The digital world is immediate and often unforgiving. Crafting a response strategy that embodies Santa's warmth and understanding is crucial.
- **Managing the brand's reputation is critical in an unpredictable online world.** Arthur understands not all comments glow like the North Star on the big night. Things happen, after all and not all children are careful. Sometimes, while Santa tries his best, the toys are wrapped and may get damaged in process. They don't need those incidents going viral. Arthur and his team commonly referred to as "the Choir" use proactive measures for reputation management, ensuring that every interaction aligns with the joy and goodwill of the brand.
- **The Choir ensures Santa's image keeps up with the times, connect with his evolving audience.** Regular training for his elves, monitoring engagement, and adapting to feedback are all part of this ongoing process.

### Pole Issues

Kris' spouse, Mrs. Claus has been hounding him to make a plan. Mrs. Claus was the bookkeeper until she had enough when Clyde Even, the legendary auditor pointed out that all the books were in a mess. She threw up here hands and ran away to Hawaii. Unfortunately, for Clyde, she all but ignored the jurisdictional legislation and tax. Since her departure, there has been a preliminary audit with some back taxes being added to liabilities, but there are still some questionable things that nobody has been able to figure out, let alone move toward cleaning it up.

Already, she much prefers yoga, meditation and surfing. As a "toe in the water" move, Kris has been trying to join her usually a month at a time, until the fall, when he is needed most during the last 60-days of count down.

Kris' brother Fred has many business enterprises. After having delivered gifts one Christmas when Kris was too ill, he really fell in love with reindeer flight and is now trying to establish zero emissions sleigh flight as an option to traditional air travel and would like Kris to get involved as a spokesperson.

Outside of Kristi and her team, the SOPs for the other divisions haven't been updated since the early 1800's. Kristi's success has created a buzz for a full automation update. There's a great need to get things out of people's heads.

### Other Considerations

With four children and only two with some real interest in the "business" how will wealth from the sale be distributed, while ensuring he and Mrs. Claus have enough for their next adventure. Remember, he is immortal.

He's considered an EOT, but all of the Elves are too short to assume the head role.

There's also the possibility of selling to Ona Move, who's shown significant interest and simply hiring for the position of Sled Driver and Deliver of Goods. Ona Move says that can choose from the multitude of dedicated mall Santa's. However, without ownership, there is a threat of losing the secret identity mystique.

Selling to the board is not something Santa is interested in as he feels the heart of the organization would be lost and fears Ebenezer and Jack would be too focused on the money aspect and start charging. He likes the idea of a legacy position on the board after transition to be there as a counsel for the new "Claus".

His staff are loyal, though there are increased competition elfin employees given their speed and dedication. He learned his lesson when Bernard and Judy were enticed away by Cindy-Loo Who (don't be taken in by that sweet smile. She's a shark in disguise.) to head operations for the Grinch who has made his mark in holiday lawn ornaments. With the recent merger of Horton, they are now direct competition for the naughty/nice campaign.



**Bernard | Judy | Cindy Loo Who**



**Grinch**



**Horton**

As a result of the risk of losing more essential talent, a solid benefit package has been established and forms part of their overall compensation plan, which also includes housing, meals, and entertainment. Headed by the Bob Cratchit and Hermey Elf who gave up dentistry to move into the benefits and pensions world.



**Bob Cratchit  
Hermey Elf  
Benefits**

## Legacy Elements

Until now, Kris is reluctant to even decide because Christmas is truly “his” domain. He has some big boots to fill. It’s his children clamor to see, his face is used to sell thousands of products, and his story which is retold every year. It is an empire built on trust, leadership and efficiency. Delivering happiness annually.

Would people still feel the same if His was not the face of Christmas?

**As the Exit Planning Institute pointed out...**

*“Santa’s unwavering commitment to delivering joy and gifts to children worldwide embodies the power of a clear vision and mission. More than a financial sale, this new leader needs to understand the importance of defining a compelling purpose that guides actions, decisions, and strategies. There needs to be continued focuses on spreading happiness, effectively align the teams toward a shared goal, fostering motivation and unity.”*

*The elves, with their diverse skills and abilities, work cohesively under his guidance to achieve a common objective. Encouraging open communication, mutual respect, and a supportive environment fosters innovation and productivity. He doesn't want to leave them out of the process. Clear communication is essential."*

### The "Legendary Board" of Directors

- Ebenezer Scrooge
- Father Time
- Jack Frost

The Board is supportive and applauded Kris' forward thinking. They hope that Kris will consider a seat on the board after the successor is found.

Given the global exposure and impact, Kris' team, in working with the board, need to address the successor selection, development and transition, and also be very careful of the communication strategy so as not to cause children concern or send parents into a panic or cause elf morale to plummet.

Despite Arthur's counsel to the contrary, they want to avoid the potential for internal and external (social media) panic like:

- "This could be the end of Christmas!"
- "The children are scared!"
- "The parents are going to have our hides!"
- "Where has all the hope gone?"

Knowing that this would be a multi-year development plan, Kris and the Board decided to avoid speculation or rumors and enlisted the assistance of their benefit consultant, Bob Cratchit, to strategize with Hun-nan from Human Resources to have regular meetings with the elves and reindeer to updated them on what was happening, to answer any questions, to thank them for their support and reassure them this was not something that would happen overnight.

Like Christmas Eve, planning and effective execution is key.

"Given it is Santa, our concern and global exposure is great," said Hatti Point. "We have to be very thoughtful; we cannot make a mistake, and we won't."

Core criteria for the successor include:

- Knowledge: the legendary beginnings and oral history. The "why" of geography, toy production, elfin legacy, and logistics
- Skills: Leadership and motivation. Big belly ho-ho-ho's. Sleigh driving and ability to "suck it all in" to get down the chimney.
- Abilities: Work under tight time pressures, high quality standards, team builder, able to lead diverse workforce, engaging and supportive of staff, and get along with animals, primarily reindeer.



- Passion: Commitment to the job

### Private Equity Group

Having dissolved the corporate structure of Scrooge and Marley when Ebenezer succeeded to the Legend's board, the no chains are going to slow me down Marley teamed up with Burgermeister Meisterburger. Their investment into Halloween has launched October 31<sup>st</sup> into a well anticipated world-wide event complete with decorations, corn mazes, and midnight ghost festivals.



**Burgermeister  
Meisterburger**



**MP Marley**

The duo has made a bid for consideration, but to date the Legends Board with their previous experiences back in the 1800's has declined their offer for consideration.

### Capital Value Drivers

#### Human Capital:

The elves are indispensable and form a significant percentage of the value of the corporation. While Santa is the "face" of the firm, he would be nothing if he had no deliverables and that is all due to the magic of the staffing.

In addition to the benefit plan, there is a lucrative bonus structure, pension plan, housing and every accommodation to ensure the elves want to remain in the North Pole.

The land development arm has purchased significant plots of land around the globe. Originally this was to house toys for that country but grew into country cottages and holiday rentals. Inspired by Mrs. Claus, a little known incentive is at elfin retirement is the elves are given leave to live wherever they want in the world in a cottage of their choice.

Many have been featured in Kasper's movies (still can't tell you who) and have made a whole new career.

#### Structural Capital:

Logistics are Santa's greatest strength but also his greatest vulnerability.

There are only eight operational Reindeer, and one red nosed PR consultant. They are not getting any younger and there is no clear succession plan. After depreciation, the book value of these

Reindeer is effectively zero. Their utility is very low at 1/365, but their ROI is huge. If one of them dies the result could be a major reduction in service.

However, thanks to Arthur, many new recruits have been trained and stand at the ready to take up their posts. The hard part is getting the current reindeer to step down and allow the new members of the team to “assume” their identities for the one night. Let's say it is a work in progress.

Kris established his centralised manufacturing in the North Pole in order to maintain secrecy of the operation. There's a huge capital cost if they need to move facilities. North Pole operation is a cold place to work, and the northern isolation fee is a significant expense.

There's pressure from changing global supply chains and increasing scrutiny on social license to operate. The legal team's battle with the frequent IP infringements is starting to become costly.

### **Customer Capital:**

Santa has an astonishingly large and accurate data base. This is frequently the topic of social media banter, especially with that unfortunate song lyric “he sees you when you're sleeping, and he knows when you're awake.” So untrue, but misinformation continues to flourish on the net.

Santa has accumulated a global database of quantitative geospatial information. This includes the number of children and their specific location. He supports this with detailed qualitative information including if have they been naughty or nice and what their gift preferences are. Children, as supported by the parents freely supply this information waiving their right to privacy.

### **Social Capital:**

Thanks to Arthur's dynamic involvement in the media relations, Santa is more popular than ever, as outlined in a previous section.

### **Financial Performance:**

From the sale of Christmas decorations, swinging singing Santa's, paraphernalia of all sorts, there is a constant flow of revenue, enough to support the research and development of toy, influence the marketplace, and distribution. This area has significant growth potential, given Kristi's logistical improvements, as outlined in a previous section. Kris has limited undue growth for the sake of more money, preferring to give a percentage of the profits back to children's charities.

Given all of the years of operations, you'd think this would be a well-oiled machine. Santa, being a master of his craft, may not have been keeping a close enough eye on the financials (especially Mrs. Claus' creative accounting practices.) See the financial statements in Appendix A for more information.

## Planning & Timeline

Peter Pringle, Mrs. Claus second cousin, reminds the team to stick to the following:

- Set an action plan with broad outlines for timing
- Take a look at the compensation strategy
- Determine who should have equity ownership
- Managing multiple roles in the business
- Personal retirement and estate planning (lifestyle)
- If appropriate explore the best ways to bring family members into the business
- Lay out the strategic plan
- Develop wealth preservation strategy
- Resolve conflicts
- Draft set of operating rules specific to the partnership/family

## APPENDIX A - Financials

### Santa Claus Inc

#### Balance Sheet

As of December 31, 2024

Assets	Amount (\$)	Liabilities and Equity	Amount (\$)
<b>Current Assets</b>		<b>Current Liabilities</b>	
Cash	2,500,000	Reindeer Feed & Care	400,000
Accounts Receivable (Toys & Decorations)	2,800,000	Sleigh Maintenance Loan	500,000
Inventory (Toys & Decorations)	800,000	Christmas Eve Insurance	120,000
<b>Total Current Assets</b>	<b>\$6,100,000</b>	<b>Total Current Liabilities</b>	<b>\$1,020,000</b>
<b>Fixed Assets</b>		<b>Long-Term Liabilities</b>	
North Pole Workshop	4,000,000	Automation Upgrade Loan (from the Original Old Boys Club)	2,000,000
Sleigh Fleet (Depreciated)	2,500,000	Back Taxes Owed (Due to Mrs. Claus' bookkeeping)	1,200,000
Secret Elf Cottages (Retirement Housing)	2,000,000	Elves' Retirement Benefit Plan	1,000,000
<b>Total Fixed Assets</b>	<b>\$8,500,000</b>	<b>Total Liabilities</b>	<b>\$4,220,000</b>
		<b>Equity</b>	
		Retained Earnings	9,380,000
<b>Total Assets</b>	<b>\$14,600,000</b>	<b>Total Liabilities &amp; Equity</b>	<b>\$14,600,000</b>