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Don't be closed-minded.

A new generation of family members entering the business brings ideas and a fresh perspective.

They often have the energy to research and implement new strategies. But again and again, I've seen young people frustrated because a senior member says, "We've always done it this way."

If businesses fail to adapt to new markets, a changing workforce or certain business practices, they may cease to exist. The family's unique legacy is then in danger of becoming mostly a memory. Don't let how a task has been done in the past or the fact that you've never done it stand in the way of exploring how something could be accomplished in the

future. If a similar or better result is achieved, and the core values of the family are intact, then give the next generation some leeway in how it might accomplish the goal.

Don't ignore the uncertainty in your midst.

A business-owning father in his late 70s once told me he didn't need to establish a buy/sell agreement between his adult offspring, who were also partners in the company. He said they were perfectly capable of negotiating buyouts between each other after he was gone.

While he might have been technically correct, I told him some of the family members wanted to exit, and they might not tell him now because of their respect for what he had built. Thus, there was a lot of uncertainty, and a fair amount of stress, about how things would work out. Would those who stay in the business have to sell assets to generate cash and buy the others out? What terms might they expect? What if several partners wanted out at once? Without a good plan for the future, family members were guessing or assuming what might happen. Running the business is already challenging without factoring in the stress of not knowing how owners will deal with each other in the future.

When you transition a business or pass assets to the next generation, you also pass values, attitudes and expectations, some of which are liabilities. Improve your chances of success by avoiding the examples discussed here. Try to resolve festering conflicts. Show your openness to new ideas. And don't use the uncertainty we all face in life as an excuse for avoiding crucial transition questions. ●

The Power of A BAD EXAMPLE

I often dedicate this column to strategies leading to a healthy family company or successful business transition. But we all know people who are floundering and make regretful decisions in passing on their enterprises. In the spirit of learning from these damaging situations, consider how you can avoid passing the following three things to the next generation.

Don't pass on unresolved conflicts.

Conflict is a natural part of our lives and, in some cases, can be healthy. It can create opportunities for change, lead to new initiatives or help redefine personal or work boundaries. When not resolved or openly discussed, however, conflict can destroy a closely held company. The personal stress, emotional drain, avoidance efforts and toll on relationships can be significant.

When family members of one generation do not attempt to reconcile their differences, it sets up the next generation for conflict. I've watched offspring assume the position of their parents when dealing with their aunts and uncles, and I've seen cousins slip into conflict because their parents couldn't get along. I've even seen potential next-generation participants not return because of feuds. If the next generation is working in the business or contemplating a return, make sure your current working family relationships are in good stead.

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