

ties that bind

The *Last Challenge* of Entrepreneurship

(Part one in a four-part series focusing on succession planning)

“Letting go,” saying goodbye to your company, is a terribly difficult business family issue. Because letting go is such a challenge it contributes significantly to the fact that nearly three-quarters (70 percent) of families fail to maintain it as their business into the second generation (*Organizational Dynamic*, Summer 1983). Many blame Mom or Dad for not letting go, but indeed the whole family resists change and cannot let go.

Emotional and career issues are at stake. More subtly perhaps, there is the resonance of the BIG letting go—death—which subconsciously entwines with giving up the management reins. Often the entire family avoids discussion to keep from creating an “emotional backwash,” as one client recently put it.

The need to be appreciated is a second factor. Most senior generation entrepreneurs will forever deny that they need other members of their family to appreciate their efforts. I believe however virtually all want validation from their adult children.

Aging entrepreneurs in particular will ask themselves, “Have I made a difference?” “Has my life meant something or not?”

Certainly, adult children appreciate their parents, but they usually fail to express that appreciation. In my experience, the hurt or feeling of being taken for granted causes most of the tension in family business succession planning. The patriarch wants to be appreciated and validated for what he has accomplished. Conversely, validation is exactly what the adult children want from parents. All sides feel slighted.

The loss of significance is the third emotional factor hindering the succession planning process. Successful adults take significance for granted because it is natural to feel worth during a working life. However, as I have talked with people who are retired, their sense of being significant is critically diminished. Once the center of everything in his company, a retired entrepreneur a retired entrepreneur told me he worked hard his entire life to build a successful company. He had reached 67 years of age and had decided now was the time to bring his family together to discuss his plans for the future, and how he envisioned things for both the company and the family. As part of his presentation, he mentioned some of the financial details and how each of the adult children would benefit. The entrepreneur was talking about significant amounts of money, and was expecting a lot of validation



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and appreciation for his efforts. To the contrary, what occurred was the resurrection of some old, unresolved hurts that gradually evolved into a family fight. So what began for the entrepreneur as a wonderful family meeting where he wanted them to understand what he had created for them, actually turned out to be a nightmare.

The emotional factors that affect succession are powerful: fear of letting go, the need to feel appreciated and remain significant. To answer these “Last Challenges of Entrepreneurship” is not difficult when business family members and entrepreneurs systematically address these concerns. First, it must be acknowledged that they are issues for the entire family to address, not just dad or mom who started the company.

I usually begin the process by helping the entrepreneur shape a plan for his or her career in a manner that recognizes the needs of the family, the company and the non-family employees. I call it “helping the B.O.S.S.”—the Business, Other, Self and Stakeholders (see May 2008 article for explanation of B.O.S.S. concept). When these constituencies are acknowledged, succession is successful—and even joyous. I do not think entrepreneurs need “abandon” their companies; they simply need to change their job descriptions.

- Become chairman of the board.
- Design (with input from the adult children) a new leadership system for the company that includes an active board of directors or advisory members.
- Clarify and create a meaningful role for the senior generation in the company’s future.
- Create the governance system for the future and develop a family plan about money.
- Provide leadership for the family; build the emotional equity of the family; generate your legacy.

Future parts in this series will cover these topics. But, the critical first step is for “retiring” entrepreneurs to design their new jobs. If you are that individual, ponder and resolve some critical questions: “What about my current job gives me the most meaning and significance?” “How can I work with my adult children and non-family member employees to integrate this role?”

Just thinking about these questions can carry you past the Last Challenge into rewarding, fulfilling, and appreciative times. **MB**