

How to Attract the Next Generation to the Family Business

By The Family Business Consulting Group, Inc.

Every family business owner worries about succession and is concerned about the next generation's capabilities and commitment. Some pressure sons or daughters to go to work for the company, an approach that often yields disappointing results. A group of potential successors recently met at Northwestern University's Kellogg Family Business Invitational and generated suggestions not only to encourage the next generation's participation but also to prepare for the possibility that it may never happen.

- **Freedom to choose.** The more your children feel that they have the freedom to choose, the more they will want to enter the business. They are unlikely to be satisfied with an explanation that they are fated to carry on someone else's legacy. Parents should acknowledge the importance of children finding their own paths, wherever those lead. Appreciating their power of choice, your children may come to you to explore opportunities in the family business.
- **Communicate the incentives.** There are great benefits to working in a family business. Let your children know what they can expect: a fast track to management, significant responsibility at an early age, good compensation, exposure to high-level decision-making, flexible schedules. Prepare yourself for that conversation by thinking through roles your children may play.
- **Encourage outside work experience.** Many owners are afraid that if their children get jobs somewhere else, they may never come back. This is a risk, but one that bears great rewards. The encouragement itself shows that you are looking out for their

best interests. It reinforces the importance of self-discovery. Outside experience also allows the children to bring valuable perspective and experience to the table when entering the business, helping to establish credibility at that time.

- **Be prepared to give up control.** Too often, children enter the family business and find themselves quickly frustrated when the job is not what the parent said it would be. Entrepreneurs, in particular, have trouble giving up any true responsibility and authority out of fear that something will go wrong. This creates a difficult transition and a lot of tension between parent and child. Have confidence in your children, even if their approaches are different.
- **Have a backup plan.** Should your offspring choose other careers, you should have plans to assure the continued health of your family and your business. The best way to ease the tension is to have an alternate succession plan. Determine who within the firm has the potential to run your company and always work to develop that team. The sooner you have this plan in place, the better you will sleep at night and the less your children will sense that they've let you down.

While a strong family business can be a great opportunity for the next generation, the challenge can be difficult to handle. It is a daunting proposition to take over a company that was led so well by a parent. At the same time, personal pressure to carry on the family business tradition is often felt. The best you can do is to support your children in whatever path they choose, for that will generate the best outcome for everyone.