

Where Do We Go from Here? Fostering Purpose in the Rising Generation, Both In And Out of the Family Business

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In multigenerational families, there are natural patterns and expectations that members of different generations may fall into. The founder will initially set the tone, building their family business around the values they consider important. Their children will then likely embody many of these values they grew up around, carrying them into their own families.

However, as families move further into the next generations, there may be signs of shifts in values and priorities. This can emerge from an alternative outlook on the world, a desire to experience things differently, or even subtle or not-so-subtle resistance to the environment in which they were raised. A child who grew up in a farming family might decide to become a vegan or a focus on prestige and country clubs can shift to a focus on freedom and experiences. Sometimes, even when the family business has enabled the lifestyle they grew up in, a family member chooses to prioritize in a different direction.

A deviation from the norm can often be uncomfortable, disconcerting, and straining for the family. When things have been done a certain way through multiple generations, a variation from "the way things have always been done" can be challenging. Like other difficult conversations in the context of family businesses, this challenge is best met with open, honest, and clear communication and embracing the "both/and" style of multiple perspectives.

Growing Up with Family Wealth

Members of successful family businesses may have access to a level of wealth thanks to the fruitful efforts of prior generations. Those who grow up with family wealth may not see their family's wealth through the same lens as their forebears, and there could be the perception or reality

that they have not had to grind and hustle to achieve the same type of success that built the family business. This is not to say they are not motivated individuals or hard workers, but when your family enterprise is already successful and well-established, there is a different type of focus than building from the ground up.

This freedom allows for greater reflection and determination of how to think about one's path. However, this can create tension with prior generations, who may have had a different sense of purpose that was always connected to hard work in the family business. For rising generation members, these expectations about predetermined roles and priorities can feel restricting and limiting. Those rising generation family members may desire to forge their own path, which could include diverging from some of the family's expectations about the purpose and the desire to make choices that reflect the family legacy.

So how can family businesses support their rising generation in finding their own purpose and role in the world, backed by the legacy of family values, wealth, and tradition?

Options for Family Members

When considering the opportunities for the rising generation to find their purpose, there are options with varying degrees of direct involvement in the family enterprise or family office.

Working in the business

One option is for family members to work within the family business. An established business can provide opportunities to learn in various positions, eventually settling into a role that best suits their talents or even as

a successor. Working in the family business can provide a straightforward path for the rising generation, as it is a business they are likely familiar with. It can allow them to find their own purpose while also honoring their legacy concerning family values.

Working outside of the business

Some who grow up in a family business may forgo the family industry and enter a different field that more readily fits their interests. Members of the rising generation may recognize that while they greatly respect their family's business, a role in the family business or family office does not match their career goals. They may still have an ownership stake, but they will choose not to take on a role in the business and instead work elsewhere.

Serving the business in another role

Family members who don't see themselves taking on a full-time employee role in the family business often want to remain connected to their family's enterprise and may find themselves taking on adjacent roles, such as serving on the family council or as a family director on the board. These roles can allow rising generation members to serve their families without working in the business's day-to-day operations.

Pursuing entrepreneurial ventures

The wealth amassed by family enterprises and family offices can provide family members with opportunities to start their own businesses. This path is becoming increasingly common, with access to capital to start a business either through the usage of shared assets or family loans. As this option is explored, there are considerations related to this path, such as how capital is accessed, what ownership structures look like, metrics for success, and transparency to appropriate stakeholders.

A communication roadblock can emerge when the older generation doesn't fully understand what the rising generation is trying to achieve but still wants to support them. Additionally, the rising generation may feel stifled if the prior generation isn't immediately on board with their vision. Communication, clear expectations, solid governance, and collaboration are all important aspects to ensure the successful support of the rising generation while honoring the knowledge and experience of those who created the opportunities.

Overall, members of the rising generation currently have more privilege to consider the right path for themselves. Whether working in or out of the business, in a governing role, or building their own business, there will be ample opportunity for constructive conversations and productive conflict as they choose to find their purpose in similar or divergent ways from prior generations.

Case Study #1: Taking the Business in a New Direction

A fourth-generation bottling company faced a difficult decision when the heir apparent, Lisa, openly voiced her intention to make the business plastic-free and carbon-neutral by 2035. Lisa was the daughter of the family business's current CEO, Jon, who was looking to retire in three years. Lisa recently returned to work in the business after earning her master's degree in sustainable business.

Like many bottling companies, Jon and Lisa's family business primarily used plastic material for production. However, with recent studies on the impact of plastic waste on the environment, local environmental advocacy groups were pressuring the business to change its practices. Lisa had long supported environmental movements, with a part of her considering the negative impact her family's business may have unintentionally had on the environment. Jon was a bit more traditional, concerning himself more with the present affairs of the business rather than the potential future environmental impacts caused by its products. He wasn't sure how Lisa's ideas would be received and felt uncertain about the immediacy of the succession planning if Lisa was planning to make fast and broad changes.

Realizing that they needed to align on a direction before a formal transition to Lisa's leadership, Jon and Lisa utilized a family business consultant to facilitate tough conversations around values, strategic direction, and transition planning in a way that honored the family legacy and ensured stability at the company. Jon was able to voice his concerns about too much change too quickly, noting his fears of additional costs leading to potential layoffs of hardworking and loyal employees or employee attrition. Lisa heard these concerns and noted that tax benefits provided by the state to businesses focusing on environmental impact may offset potential costs. Jon wasn't completely on board but agreed to explore options

that would result in long-term changes to the company's business practices.

Ultimately, Jon and Lisa established a strategic plan that would allow for a gradual transition from plastic to aluminum while taking full advantage of the environmental tax benefits. Additionally, they agreed to start a philanthropic arm of the family business to focus on funding environmental initiatives to combat plastic pollution. This longer-term strategy appeased Jon's concerns about thinking carefully about the impact on the company and its employees while honoring Lisa's vision for a sustainable future.

Case Study #2: Starting Something New

In another family business, Rudy, the heir apparent of Myers' Developments, didn't just want to take the company in a different direction — he didn't want to be involved in the business at all. Rudy had grown up watching his mother and father, Jacob and Noa, build their real estate empire from the ground up. Still, Rudy's passion had always been with electrical engineering, with a special interest in clean energy. Even though he was an only child, he just couldn't see himself going into a field he had so little interest in.

Rudy's real dream was to start an electric motorcycle business to develop affordable, eco-friendly motorcycles for city commuters. He had friends working at an electric car company interested in starting a new business with Rudy if they could raise upfront capital.

Learning that their son wanted to take this alternative path shocked Jacob and Noa. Rudy presented his idea as a business proposal rather than an abandonment of the family. Together, they established clear metrics around growth and profitability that led to the entire ownership group of Myers' Developments feeling comfortable with investing in Rudy's company. Rudy understood that this

was not a cash handout but a strategic investment on the part of his parent's business and that they expected returns.

While it wasn't what they had always imagined for their son or business, Jacob and Noa were glad to see Rudy following his own path and creating something for himself. Likewise, Rudy was now free to pursue his own passions while also giving back to the family business his parents had worked so hard to build. In addition, through this new venture, Rudy was honoring the entrepreneurial spirit that reflected his family values and legacy.

Having the Tough Conversations

Often, the conversations that must occur when a rising generation member chooses to explore their own sense of purpose can seem challenging. Members of the leading generation may feel caught off guard, unappreciated, and confused, which could lead to them being initially dismissive of alternative paths. Likewise, those in the rising generation may feel unheard or unseen and feel as though they need to be strong and unmoving in their convictions. When members of different generations take sides in this way, they may feel stuck on "opposite sides of the ring," and this requires them to listen and navigate productive conflict to move forward differently.

Collaborative conversations are incredibly important for any multi-generational family seeking to empower the rising generation and creatively integrate the values of prior generations. Families often find it helpful to look for the common value ties between the current business and the venture or direction the rising generation wants to move into. Additionally, finding ways to maintain the family founder's values in the choices of the rising generation can be a powerful way to honor the past while moving toward the future. Recognizing that change in "the way things are done" is healthy and natural will only help the family create durable family harmony moving forward.

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