

FAMILY BUSINESS SUCCESSION CHALLENGE

PART 4

Date: 13 December 2022, Category: Insights on Family Business, By SOCH Business Mentors LLP



Thank you for all your pouring in trust and the valuable time you took to write your succession challenges and related silent killers. You have broadened our perspective, allowed us to serve our purpose, and given us pride in fulfilling our ode to our profession **Ode to our profession**. We never thought we would receive several multi-generational family businesses worldwide narrating and appreciating what we do.

This article series has secured the most pertinent voices from business families in the second to fourth generation, ranging between USD \$50 million to USD \$8 billion in turnover. The vocal groups as above are from various demography of the planet, including Indian cities of Mumbai, Jaipur, Chennai, Bangalore, Ahmedabad, and surprise new entries Kanpur and Indore. Other parts of the world from where business families shared their views on series here are from London, Chicago, Boston, 5 from LatAm, Dubai, HK, Belgium, Zurich, Geneva, Luzern, Paris, Amsterdam and Helsinki.

To all folks reading avidly, I want to thank you and ensure them that their value of time and trust is taken seriously and caution behind every word's integrity and usefulness to your attention & expectations. At least, I sincerely hope I am doing justice to most.

Below are some insights from discussions with business families from the above demography. Indian family businesses are echoing massive issues underneath, but most are still in private, in silence, in indirect conversations and similar.

One primary reason family businesses fail is admittedly poor succession planning. The first-generation owners often leave the company or die without having left a proper succession plan in place.

They do not realise that once they are gone without a well-rounded succession plan, the family's confusion can cause a poisonous impact in ensuring that their family's and businesses' accelerated demise will occur.

The idea is to have a multi-year succession planning (like I shared in part 2 of a minimum of 12 – 36 months) made home while the first generation still has a decade in hand to perform a critical stewardship role of theirs. Their strong stewardship will give the backbone to enable the new successor, appointed via a carefully designed process, to perform and succeed in the stewards' presence.

Most business families ask the widespread question – **How do you get every member to agree to a process that must help the family achieve its mission of sustaining love, harmony, prosperity and boundless growth?**

They share, "We did try and failed in the past, damaging the balance and breeding disharmony and fear among members", So, how do you break this double-edged trouble?

If the above resonates with you, I assure you there is an astoundingly promising and superior way. A way that is honourable, fearless, happier and long term promise of harmony and unity. A way from its inception, it will save you and your family from decades of pain from the gradual loss of love, time, morale, and worst faith even along with losing a sheer possibility of having a majestically and prosperous multigenerational business that lasts for dynastic centuries.

I recommend you read the above until you find it sinking in your gut dealing with all initial denial and other natural reactions that you would have upon reading it and as normal humans you might dismiss it and find yourselves in false invincibility mode. This false invincibility is what I am trying & aiming to help you.

The way is to have a common decision model where every individual uniquely but unequivocally connects, align and love to oblige! This common decision model born out of a process which a family owners of all generations decides to build.

Families that are smaller in number (2 owners or less) and are below 50 million USD turnover should focus on gaining a family agreement formal artefact in first generation if they are.

Families with 2-4 owners with next generation cousins on the way or are in business ownership structure already and are above USD \$50 million shall begin engaging in process of building a family constitution and family governance for making family succession planning become primordially natural and acceptable with heart head and soul of all members in family including distant shadows (that is in-laws).

To many, it seems cumbersome that selection of heir is straightforward and we must not waste time and money in investing on such institutionalisation of our business family. They are not wrong if they aren't considering the long-term health and consistently growing prosperity for generations ahead.



But if they want to stay united, deepening the faith & emotions they share among members then they must think again. It is outside the purview of the article to explain why must you if come in the criteria of business families as above not skip to your peril the aggressive adoption and building of family constitution and governance based structure of decision making that guarantees much beyond a mere dynastic existence in abundance and prosperity.

Once you have these basic institutionalisation elements in place and you are using them religiously such that every member has gained a sufficiently deep habit of using—the hope for superior gains from succession planning spans way beyond mere selection of heir. It will span into guaranteeing how all generations including heir will behave, unit, hold faith, hold strategic intent and pull together the glory and prosperity of their family name.

I am afraid, I cannot over emphasis the criticalness of all above for successful national and international business families. The above will make them poised and equip them with skills and confidence to roar in the world with businesses all across the planet. Mind this please that with phrase I use above that roar in the world, I essentially not mean at all that you sprawl your sales of products alone across the planet but instead sprawl various business enterprises across the planet or keeping your unique identity grown in geographies without middlemen but directly serving consumers (not customers only!). Two vastly different things that affects your families actual growth and identity.

Poor succession planning makes family fall along with all businesses. By 'poor' it is mainly the delayed efforts in formally starting the succession planning. Like already mentioned that succession planning must not be delayed as it could get very costly beyond what money and/or time combined even can repair.

Choice is yours. Make a wise choice. Begin the internal dialogue and arrive at an agreement to discuss until concluded. Engage facilitators who don't see their interest but are able to keep families interests above all interests and are experts in guidance and help you think!

I hope this has helped.

End of the article