

All In the Family

By Mike Henning

SUCCESSION & TRANSFER TIPS FOR THE PRIVATELY-OWNED BUSINESS

Seasons and Cycles of a Man's Life

One of the major challenges we face working with families in business is helping members of the junior generation to identify, develop and live their career dreams. Many questions arise, for example, should a teenager work part-time in the family's company? Is it best for the 21-year-old to go directly from college to the family business versus working elsewhere? Why do sons in their 30s and fathers in their late 50s have trouble getting along? What is the best age for a person to take over and run a company -- 26? 33? How does a young person know that leading the family company is truly his or her dream in life? How can a parent know their child's dream is to run the company and how best to prepare them? When is the most opportune time for a business owner to retire from the family firm? What happens if a 38-year-old, committed to running the company, discovers his life's structure is in direct opposition to his dream? The questions are many and the studies are few. However, we will explore some research that has helped us to coach families through some of these difficult cycles.

Age Equals Predictable Value Change

| Stage: | I | II | III |
|----------|--|---|--|
| Age: | 17-25 | 27-33 | 34 - 44 |
| Heirs: | <ul style="list-style-type: none">• Self-identify• Break with tradition & parents | <ul style="list-style-type: none">• Explore career choices• Seek role model | <ul style="list-style-type: none">• Independence• Poor relationship with mentors• Risk/recognition |
| Age: | 40-50 | 50-65 | 60-65 |
| Fathers: | <ul style="list-style-type: none">• Expand business• Power/control | <ul style="list-style-type: none">• Less competitive• Teacher• Tolerant | <ul style="list-style-type: none">• Conservative• Loyalty/stability• Retain Control |

In 1982, John Davis, a Harvard University professor, (now principal at the Owner-Managed Institute at Santa Barbara, CA) studied 200 father-son business teams and

discovered that parents and their children tend to differ significantly because of their differences in ages; consequently, predictable patterns of behavior emerge. Davis discovered that conflict between parent and children can often be explained by their respective stages in life. For example, fathers age 60 to 65, become very conservative, retain their power position and responsibilities, and emphasize loyalty and stability. While their sons, age 33 to 40, seek independence, recognition and areas of greater risk, thus creating a stormy relationship with father/mentor. Fathers between 50 and 57 normally have great relationships with sons 27 to 33. But when the son is 20 to 26 or in his forties and fathers are 40 to 50 or 60 to 65, poor relationships are the norm.

The late psychologist Daniel J. Levinson, researched and wrote a classic book in 1978, *The Seasons of a Man's Life*. Levinson based his study on in-depth interviews with 40 men. He describes the critical part career dreams play during the different stages in male adult development and concludes: "Many young men have a dream of the kind of life they want to lead as adults.

Whatever the nature of his dream, a young man has the developmental task of giving it greater definition and finding ways to live it out. It makes a great difference in his growth whether his initial life structure is congruent with and infused by the dream, or opposed to it. Those who betray the dream in their twenties will have to deal later with the consequences."

What Does This Mean to Families in Business?

In our work as family business advisors, we have interviewed well over one thousand people both active and nonactive in the family business. We have listened to the 25-year-old complain with impatience his idea of leading the company within the next two years, triple his income and gain power and control over his siblings. Nothing is said about the pleasure of working in the industry, the joy of working with his family, or the responsibility of giving back to the community, employees or his family.

We've heard the cry of the 38-year-old divorced, alcoholic who had been bored with the family business since age 29, given much responsibility with little authority. He wanted to change careers, but found he could not get hired on the open market for the income he was used to receiving. The economic "trap" had sprung and he was a victim.

Once a 51 year old told me he was in the business because upon his graduation from high school his father explained he was needed, but he really wanted to follow his dream of being an engineer and build bridges and highways. He burst into tears as he explained how his parents insisted he stay with the family business. He was never able to explore career options, and he will always wonder what life could have been like on the other side of the fence, or what he could have achieved on his own without the support of family and an on-going profitable company.

Those who betray their dreams must deal later with the consequences of frustrations, "I wonder if's", boredom, burnout, unanswered questions, incomplete stage of life and the unfilled dream. They wonder, why am I so miserable.?

We learn that one stage of adult development must be completed before we can successfully move on to the next. (For example, take the twenty-year-old who is coerced into the family business after formal education without the opportunity to explore optional careers. For him, closure on that stage of development will likely not occur until the focus of that stage is complete.) Studies show Americans between ages 22 and 30 will experience 3 or 7 career options on their way to reaching one final career. If a person is to eventually lead their family firm, in our experience it becomes vital to develop a vision for their work and a fire in their belly to accomplish the vision.

As families work together, they tend to assume that others are at the same operating stage of development as they are, even though most would know differently if they thought it through. Our purpose is to give understanding, encouragement, and growth to those people who are struggling to comprehend this implicit concept. Or, to answer the questions, why am I so frustrated if I have been chosen the next president of our family company? If I have a bank full of money, am 64 years old, economically successful children, healthy grandchildren and a loving spouse and have been the president of our family's company for the last 35 years, why do I feel so empty and alone? An individual in a family business will look at any given situation from their own perspective based upon their own stage in life plus the added family dynamics that always play a major role.