



# Family Firm Resources

*Family Business Strategies • Assessing the Present • Assuring the Future*

968 Bromley Road, Suite B • Charlotte, NC 28207 • 704.334.3534

## 3 Keys for Developing Worthy Successors

Robert Caldwell

I'll never forget the time many years ago when my father looked at me in that certain way and said, "I never intended for you not to have to work for a living." It was one of those life-changing, Zen-arrow-to-the-middle-of-the-sternum moments. The light came on for me that I probably wouldn't be retiring in the foreseeable future. My father had seen what that type of life had done to too many young people. He had witnessed at close range the debilitating affects that an assured income and net worth had on some of the children of his friends and business associates, and he wasn't going to do that to me. While he had my best interest at heart, it was disappointing to know that he wasn't going to make me rich!

Entitlement mentality is what it's called. It's a mindset that assumes I'm a special case and the laws of the universe don't apply to me. It took me a while to get it that I wasn't a special case and the laws that others live by are mine as well. The problem with the entitlement mentality is two sided: first, I never have to develop my potential because I don't really need it to survive well and secondly, those around me are going to resent me. My self-esteem suffers from lack of need to achieve and my relationships suffer because of the position in which I find myself. The outcome is that I'm not the one Dad's going to entrust his hard won business to when he wants or needs to step aside. He'd rather sell it or let someone from the outside run it, if I'm not perceived as responsible, competent and worthy of trust.

Preparing children to live contributing and responsible lives is one of the main needs of those in family business. Without it, as we've all seen, things tend to fall apart. As the Chinese proverb says about wealthy families, "From rice bowl to rice bowl in 3 generations." To the degree the younger generation is pampered, sheltered and not held accountable, the enterprise and the family relationships will suffer.

Here are 3 things to consider and pass along to your children as you prepare future generations for your family business:

- 1) Children determine their interest in a family business around the dinner table hearing their parents express either excitement about the business, or hearing their complaints about all that is going wrong. Kids are smart. They'll make their decision pretty quickly if the latter is the conversation they hear.
- 2) Hold children accountable in small ways from an early age. Help them figure out how to earn and use money and to make wise decisions about it. Help them learn about investing, saving and giving on a small scale to build confidence that they can make good decisions as the stakes get higher.
- 3) If you have adult children in the business already, involve them in important meetings and decisions. Solicit their input and listen to them. You may find them naïve or immature, but give them room to grow and encourage this growth by making them feel like they can contribute. It will provide you with teachable moments when you can pass along instruction in real time.

Ultimately we all want to feel we contribute and that we are worthy. Help create an atmosphere for your children and grandchildren where this growth and development can occur.