

Don't miss out on early chances to engage kids

BY JEFF SAVLOV

Enterprising families are waiting too long to integrate the next generation. Even though succession is arguably the most widely covered topic in the field of family enterprise, many of my clients (and those of my colleagues) are still missing crucial opportunities to engage the next generation early in the game.

A generation ago, children and teens were barely included in any discussion about family assets. Sometimes this silence lasted until the children were well into adulthood. These days, it is not unusual for families and professionals to see the high school and college years as a starting point for serious discussions about the family's assets and legacy. This is a shift to be applauded. However, too much potential for early communication is still overlooked.

Think about it this way: Junior year of high school (ages 16-17) is a year of great consequence for young adults. Those headed toward college are taking university entrance exams that can have a major impact on their futures. They are visiting colleges, thinking about majors and exploring what they want to do with the rest of their lives. Those not headed to college are faced with a different set of choices and, in some ways, are under more pressure in a society where college degrees are highly valued.

With so much focus on figuring out the future during junior year, enterprising families should already have started having meaningful discussions about how a family business fits (or does not fit) into the young adult's life. This should happen, *at a*

minimum, a couple of years earlier, when the students are in ninth grade (ages 14-15), if the intent is to have them carefully consider the family enterprise as an option.

Ideally, a long-term, proactive approach with plenty of open, healthy communication (a best practice for enterprising families) should start as early as elementary school.

Whether the child's path will lead to a major role in the family business, a minor role or an independent path, starting conversations early—even when children are quite young—is important. Doing so stimulates thinking and allows for managing expectations about scenarios that are potentially problematic (and may harm family relationships) if ignored or delayed too long. When addressed openly and early, these same scenarios can take a positive turn and are often beneficial to both family and enterprise. More discussion can mean fewer faulty assumptions on the part of either generation about what the family's relationship will be to the enterprising endeavors in which they are involved and, in particular, what any individual family member's role will (or will not) be.

But don't wait for the final hour.

Why plant the seeds early?

Teens who go off to college knowing that their parents own a successful company may very well set out with less motivation, believing that they will have some fun and then automatically enter the business. A different set of problems can arise when a child attends a great college and works diligently, assuming he or she has earned a place in the business—but then discovers there is no open position in the family firm. If that child has an older cousin who is already working in the business, the family might create a position for the child in order to be "fair" (since the cousin already has a job there), even though the added expense can't be justified and the need doesn't really exist. Other times a parent pulls hard on a child to coax him or her into the business when the child might prefer to pursue other passions and interests. Out of love and loyalty to the parents, the child might end up in the family firm, doing work he or she doesn't enjoy.

There are many more examples of poor outcomes when communication isn't open and expectations aren't managed before major life choices are made. Conversation along the way minimizes surprises for everyone as people make their choices, and helps the family develop a common vision for what they are trying to achieve together.

What to discuss and when

Middle school is an excellent time to start having these conversations in developmentally



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Getting the Discussion Started

Questions for middle-school-aged kids:

- Should payment for work in the family business be related to what people get paid for the same job in a similar non-family business? Should it be higher or lower, and why?
- What if more than one family member wants to be the boss or president?
- If two or more siblings are both really good contributors to the family business, is it possible they can share being boss or president? If so, what will happen if they disagree on something important?
 - How can we tell if the senior generation (mom, dad, uncle, aunt, etc.) stays around too long? What are your ideas about how to handle that situation? (Simply asking this question conveys to the next generation that the senior generation recognizes there is a time to hand over the reins before death, or is at least willing to look at the issue of passing the baton at some point. Not all senior-generation members value this; tailor this question to your personal values.)
 - How will we be able to tell if a family member is not doing a good job? How should that be handled? Is it possible to handle this situation without harming family relationships?
 - Can you think of ways that being both family members and business partners can be a problem for us going forward? How might that make us a stronger family?
 - Owning a business means it is yours. You decide to keep it or sell it to someone else for money. You hire the person who runs it if you do not run it yourself. Some owners get paid without working in the business. Do you think owners should always work in the business? Why or why not? What if an owner does not work there and does not know how the business runs? What should that owner's role be?
 - Your cousins are all older than you and your brother. They will be old enough to try working in the business before both of you. What if when you are old enough to work there isn't enough room for more people? What if there is room for you both but your cousins have so much more experience that they will run it without much of a chance for either of you to take a lead role?
 - What would it be like to have Mom or Dad be your boss? Do you think you could work your way up to being our boss? What could go wrong for us as a family?
 - How will it feel if your younger sister/brother excels in the business and becomes your boss?

- What if one of you works in the family business and makes a lot of money and the other becomes a schoolteacher and makes a lot less? Will this be a problem? Do you have any ideas about how to handle it?
- All families get into arguments and disagree at times. How can family members disagree and still work together well? Can you think of rules that would help?
 - If you won \$100 million in the lottery, how would you spend your life?

Questions for elementary-school aged kids:

- What do you like about sharing? What is hard about it?
- When are the times you really enjoy being with the family? When it is not fun?
 - You have some of your best laughs with your siblings and also your most angry times. Why is that?
 - Do you ever feel like you do not get enough attention from Mom and me? Is there a way we can do a better job of having "alone time" with each of you and "whole family time," too?
 - What do you know about our family business?
 - What would be fun about working with Mom and Dad (brothers, sisters, cousins, aunts, uncles), and what would be not so much fun?
 - Do you think knowing we have our own business might ever stop you from doing something different with your job and life—something you might like more than our business—when you grow up?
 - How do you and your (sister/brother/cousin) struggle with sharing things now? Are there rules about sharing now that you think might be good rules for working in our business together?
 - Who in our family works in the business, and what do they do?
 - How do we get along at work? How do we get along as a family when we all get together?
 - What do you think it would be like to work with (brother/sister/aunt/grandma/cousin)?
 - Are you good at cooperating? Who in our family is the best at it? Who needs to work on it?
 - For each person in our family, can you name something they are very good at?

appropriate ways. There is plenty that can be done even earlier with elementary-school-aged kids in a casual, pressure-free and fun style. Remember, this is not about setting compensation or making hiring decisions; it is about opening minds, communicating and relating what you as parents value most about life, family and sharing.

Elementary-school-aged children. As a family therapist, I have helped young kids and their families deal with very serious issues, such as death, a major

illness, divorce and more. It is possible to talk to kids about almost anything in a productive and thoughtful way if the discussion is conducted at their developmental level.

Some basic rules of thumb will guide you: Be honest, approach the topic in a way that is comfortable for you and engage your child's natural curiosity and interest. If he or she seems bored or annoyed, back off and find a new approach. This is not a conversation you want to push on young kids; it should unfold naturally. Young kids love to have their input on "adult" topics

respected, and they often have brilliant thoughts to share. Be sure to encourage their playfulness and don't worry about answers from elementary-level kids that do not make sense to an adult businessperson.

Be supportive of their attempts and come up with "what if" scenarios to help them see different sides to their responses. If a child says everyone in the family should be allowed to work in the business, you might respond, "That is really nice that you want to see everyone have a chance to participate. We also value keeping many family members involved. What if there are not enough jobs for everyone and not enough money to pay everyone who wants to be part of the business?"

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Middle-school-aged children. Kids this age are going through massive physical and emotional changes yet are more than just hormones, acne and tumultuous peer relationships. Their brains are developing rapidly and they are becoming deep thinkers as well. These young folks are capable of thinking about the meaning of life (as well as dating and how un-cool their parents are), and they might surprise you with their responses.

For middle-school students, you might set the stage directly by telling them that you'd like their thoughts and opinions about the family business. Get their views on some of the challenges that families typically grapple with as a new generation matures and decisions are made about whether they will be involved and how. Among the many areas that can be discussed are:

- How to figure out how new family members enter the business.

- How family members will be evaluated and assessed over time to make sure they are being good contributors. (This also assumes and relates the value that family members need to contribute: to give and not just take.)

- How to decide how much family members get paid.
- Who can become an owner?
- Is there a fair way to treat family members who choose not work in the business in terms of estate planning?

For this conversation, it is quite helpful for the senior-generation members to clarify their values and show how they are living by them. (The importance of identifying values and instilling them in children has gained acceptance with progressive enterprising families around the world. Many good articles on this topic have been written.)

For example, do the parents support the possibility of the children doing work they are passionate about even if it means the children won't be part of the family business? If so, it is important to get this across to the children so they don't feel pressured to join the business when it is not their passion. Similarly, if meritocracy is a family value and it is expected that family members must earn what they get (rather than getting things simply because they are family), this value will inform the conversation.

The lesson: Talk more, start earlier, have fun

The shift from a generation ago has been quite positive. Then, families waited until someone died to discuss wealth transfers and did so through attorneys in sterile and formal ways. Now, many families consider the late teens and early twenties to be an acceptable age to begin grooming stewards of family wealth and humans of good character. The next leap is to fully integrate the newest members of enterprising families, starting in their earliest years. This lifelong, organic integration of family, values and sharing will create stronger families and healthier societies. FB

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