

# NextGens Stepping Up as “NowGens” in Family Businesses

*by Jeremy S. Lurey, Ph.D.*

Succession planning within a family business can be an incredibly challenging process very few are truly prepared to initiate let alone complete. Unlike some work tasks, succession planning is a complicated, often emotionally charged process that takes unwavering commitment and a long time to complete.

Unfortunately, family businesses tend to be more reactive rather than proactive with these critical leadership transitions. That, however, doesn't set next-generation (“NextGen”) leaders up for success. It merely enables them to grab the reins and hold on as best they can when they take over for their Leading Gen executives.

One reason family business succession planning is so trying is that it requires family business leaders to think long-term when so many are heads-down, focusing on near-term, day-to-day priorities. For succession planning to be successful, current Leading Gen CEOs and other senior executives who have spent decades becoming experts in their fields must also accept it's time to pass the baton to their NextGen successors. What worked for them 10, 20, 30 years ago or more may not be effective moving forward. Family business succession planning then requires those very NextGen successors to be ready, willing, and able to assume greater leadership responsibility when their current executives do transition.

While senior leaders may think their retirement is well off in the distance and that their NextGens will be there when needed, high-performing families start these critical activities early to preserve their legacies and ensure generational continuity for their family businesses.

## Stepping Down or Stepping Up

NextGens often assume role-appropriate positions in their organizations. In other words, they regularly perform their assigned functional responsibilities and subordinate themselves to their

current family business leaders just as children might defer to their parents. For NextGens to be successful, they need to start acting leader-like, not childlike as they may have in years past. Family business succession planning is about legacy and continuity for the future. What NextGens did as teenagers or in their first jobs when they joined their family businesses isn't important anymore. Instead, NextGens' present capabilities must be recognized and considered when evaluating their future potential for succession.



For example, a NextGen operational leader who hasn't been part of the business development efforts before, should be very clear about that gap and create a plan to address it if they will be responsible for customer relationships and revenue creation in the future. Or if the planned successor hasn't been involved in finance and accounting or managing company profitability yet, that should be an area to develop. Then, create a transition timeline to close the gap. Just remember, calling out NextGens for their perceived deficiencies doesn't improve their ability to lead. Instead, identify key areas of development to prepare them for their future roles.

NextGens also need to take personal responsibility for their own actions and demonstrate they can do more. This can take time depending on the

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complexity and scale of a family’s business. It also likely requires a well-defined transition plan that enables those NextGens to learn every aspect of the business rather than just the one or two functional areas they may be responsible for now. Only then will Leading Gen executives and business owners trust their NextGens to take over – when they start behaving like leaders and true business partners. This is also when we should start treating our NextGens as equals and give them the respect and appreciation they deserve, instead of treating them like subordinates or questioning their abilities simply because of their lack of training or perhaps limited direct experience.



The following are four key actions NextGens can take to facilitate this more collaborative process and transition into higher-level positions:

1. Leverage your current leaders as mentors with institutional knowledge and proven capabilities you can learn from to gain greater exposure to the business and industry
2. Share your strategic vision and present specific recommendations for changes
3. Champion those innovation projects to improve the business based on your own insights and individual ideas
4. Be respectful of your Leading Gen executives’ positions and ultimate decision-making power

as the ones in charge until you are promoted and assume control yourself

It’s quite common for family businesses not to have well-developed career paths in place for their NextGens. That means it’s up to those very NextGens to elevate themselves – even into interim leadership positions – if they want to step up into higher-level executive positions one day. It also means they may need to take the initiative to trailblaze a bit as their Leading Gens may not know how to help. More than that, they may be wrapped up in their own emotional journeys for stepping aside and letting go.

## A New Type of Leadership

While family business leaders regularly focus on how their NextGens can’t fill their shoes and do what they do, it’s important to recognize businesses likely need new types of leadership to be sustainable and face new challenges, not more of the same. Therefore, executives in the current leadership generation would do well to recognize that their NextGen successors may need to do things differently. That doesn’t make them wrong. It simply makes them different. What was done in the past may not work moving forward. Or it might simply not work for the next leader!

By identifying changing business requirements, NextGen leaders can learn to adapt and address them. Markets shift, and customers’ requirements evolve. Some businesses may need to scale up from being regional to national if they’re going to survive. Other businesses may need to embrace and implement new enterprise technology solutions to drive their organizations forward. For others, it might simply be shifting to a shared leadership style that engages next-level leaders in a more participative manner.

Whatever the changes might be, future executive leaders will probably require a different set of skills

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and approaches to lead. As NextGens assume these higher-level positions, they don't need to be mirror images of their parents and other Leading Gen executives. They need to be themselves and bring their own unique talents and competencies to their elevated positions.

The key is to stop acting like subordinate children and start being more leader-like. Family is family, but business is business. NextGens need to take initiative and be strategic through these transitions instead of sitting back and waiting for their parents and other family leaders to tell them what to do or simply hand over the reins. As NextGens do step up, they will also benefit from collaborating with their peers and driving employee engagement across the organization. This will demonstrate a clear shift away from what has been common with many Baby Boomer leaders who have managed top-down in a more directive manner.

## **Mentoring & Coaching for Success**

As NextGens chart a course for their future and the future of their family businesses, it's imperative they seek help along the way. These elevated NextGen roles will require new competencies than have been required in lower-level functional positions.

Hence, NextGens will require support to be successful as they assume greater responsibilities in their family enterprises. That is why Leading Gens who can pivot from being active managers to serving as supportive mentors can be the key to success with succession planning.

Unfortunately, many Leading Gens think they achieved their success on their own and do not actively develop their NextGens, believing they can just figure it out on their own. More than that, successful Leading Gens often achieved their success by being driven, results-oriented leaders striving to accomplish more than those before them, not by patiently teaching others what to do.

Leading Gens, therefore, need to recognize that empowering their successors could be their greatest professional accomplishment, one that can produce even greater results for their family and business moving forward. Great business leaders have trusted advisors and mentors as role models. These allies and advocates come in all shapes and sizes though, whether internal or external, family or not.

To that end, identifying and engaging a professional mentor – separate from one's parents and other family leaders – can be invaluable for NextGens. It's about having an experienced trusted confidante by your side, especially early in your tenure and during critical transition points. Partner with someone who can be a great sounding board and help you process your most challenging leadership issues.

In addition, it's important for NextGens to find and be active in communities of other NextGen leaders. This peer group coaching approach, like a YPO (Young Presidents' Organization) group or local Family Business Center, mitigates the “It's just me!” mindset and can be invaluable for helping NextGens talk through their developing situations. It can also create a safe environment for providing open and honest feedback and inspiring greater confidence as NextGens share their similar stories and challenges with each other.

## **Focusing on Legacy & Business Continuity**

It is the responsibility of every family business leader to look to the future and create sustainable enterprises for future generations. Senior Leading Gens need to recognize they aren't going to be the ones running their family businesses forever. We can celebrate your many professional accomplishments and accolades, but if you aren't going to close the doors on your companies or sell simply because you are moving on, then you need to make room for your NextGen successors to step up and support them in their elevated leadership

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positions. It is perhaps the last heroic action you can take before you step aside.

This clearly isn't a complete playbook for transitioning a family business to the next generation. It does, however, present a preliminary roadmap to guide your and your family's journey.

Start by simply having a conversation – Leading Gens sharing their plans and setting expectations with their NextGens, and NextGens expressing their interests and any concerns about the future. Depending on where the conversation takes you, you will likely need to take several more steps along the way.

Just remember this can be an emotional and perhaps confusing time for everybody involved – Leading Gens, NextGens, other family leaders, and

team members. Call a “Transition Timeout” any time it feels like the train is coming off the track. Give others in your family and on your team permission to do the same. Leadership transitions like this don't have to be personal or contentious. It's about preserving the legacy of our family businesses and ensuring continuity for generations to come.

### About the Author

*Dr. Jeremy Lurey* is a talented family advisor, executive coach, and business consultant. He enables business owners and CEOs to improve performance and create greater value for their shareholders. For more than 25 years, he has served clients ranging from families of significant wealth to mid-market companies to Fortune 500 corporations. Jeremy supports family offices and family businesses with the critical leadership and governance practices required to create more sustainable futures. He is passionate about helping established families transition their businesses and transfer their wealth to the next generation, and he excels at supporting Baby Boomers transitioning into retirement and their NextGen successors accepting increased responsibilities.



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