

'Life plan' benefits family businesses

BY EDWARD BOVE

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FLORHAM PARK -- Genghis Khan created one of the most powerful empires in history, yet he had an incredibly difficult time getting his sons to cooperate and preparing them for the eventual transition of power.

If that mighty ruler had trouble developing a succession plan, imagine how hard it can be for family businesses.

Creating a life plan using self-analysis and assessment is one of the keys to maintaining an enduring enterprise, Greg McCann, a college professor and family business consultant, said during a seminar Wednesday at Fairleigh Dickinson University.

"Family businesses, in my opinion, are like nuclear power," said McCann, who founded the Family Enterprise Center at Stetson University in Florida. "If you treat it mindfully with the right safeguards, that power can last generations."

Only 3 percent of adults have any type of written life plan, said McCann, a CPA and a lawyer. And few people end up where they set out to go, according to statistics.

College graduates stay at their first job an average of 18 months, he said. College seniors today will have changed jobs nearly a dozen times by the time they are 38 years old.

Part of the problem is people often fail to look at what they really want out of life and how that matches with the inherent pressure to take part in the family business, he said.

Four of the eight challenges facing the next generation of family business people begin in college, McCann told about 30 business people at the seminar sponsored by FDU's Rothman Institute for Entrepreneurial Studies.

The first challenge of "cultivating an attitude of credibility" can be met only by earning it, he said.

The second challenge is not having your family determine your future. That goes hand-in-hand with the third, which is to take ownership of your life and career, he said.

McCann stressed the importance of external analysis, knowing what you're worth in the marketplace, and internal analysis, determining what you really want to do with your life.

The fourth challenge is having your education and professional development address these risks.

"The secret to family business is emotional resistance," said McCann, author of "When Your Parents Sign the Paychecks," a book about family businesses.

People tend to resist more when dealing with family members than they might with someone who is unrelated, he said.

The next two areas are lifelong challenges, he added.

The fifth involves the importance of social intelligence. For example, if a person graduates at the top of his class but lacks interviews skills, he is less likely to get job offers.

Sixth is management of the family wealth and power. Some people assume that role by becoming stewards of the wealth, while others simply consume it, he said.

McCann noted that while corporate CEOs last an average of 26 months, the heads of family businesses stay for an average of 24 years.

The final areas are challenges that face people throughout their careers. Seventh is "freeing yourself of the 'golden handcuffs' and gaining marketability," he said, noting that people should have an exit strategy so they don't have to be tied to the business longer than they want to be.

The eighth challenge is getting objective feedback and support. McCann encouraged the group to go outside their families to find people who will give them unbiased viewpoints.

"I thought it was a great session," said Ellie Coutts of Robert Lloyd Coutts & Sons, a third-generation insurance agency in Morristown.

Coutts, who attended the meeting with her husband and daughter, said she found the concept of dealing with "emotional resistance" in the running of family businesses very informative.

"You now know how to solve that problem," she said.

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