

Is Your Business Really Worth Handing Over to the Next Generation?

Before you begin your business, you should be thinking about how you will hand that business over to someone else. No one runs a business forever. Whether you sell your business or let a relative inherit it, at some point you will need to step away.

When you finally do separate from your business, it is critical that you are certain that it is worth handing over. In his January 2019 article in Forbes magazine entitled “Make Sure Your Business is Worth Handing Over,” author Francois Botha dives in and explores this very topic.



In this article, Botha emphasizes that family businesses should not “fall into the trap of prioritizing job creation for their children.” Instead, that the priority should be to perpetuate the business. Botha cites the co-founder and chairman of The Leadership Pipeline Institute, Stephen Drotter, who feels that the main goal of any business needs to be its suitability.

Drotter established five principles designed to assist family businesses as they seek to prepare for succession. The first principle is to “Identify and Fix Your Problems.” Current ownership should deal promptly with any business problems before passing a business on to a new generation.

The second principle Drotter covers is to “Adjust Your Management to the Strategic Evolution of Your Business.” Businesses evolve from the creation of a product to sell to focusing on sales, marketing and distribution to finally addressing a plateau in sales which facilitates the need for multi-functional management.

The third principle cited by Drotter is “Talk to Your People About Them.” In this principle, communication with employees is key. Getting to know and understand employees is vital.

“Be on the Lookout for Talent Everywhere,” is the fourth principle. There is no replacement for skilled and motivated employees, and you never know where you may find them.

Finally, the fifth principle, “Provide Development” emphasizes that “almost everything is learned, and somebody often taught that which is learned.” Employee skill must be seen as a key priority.

Making sure that a business is ready for transition to the next generation involves careful preparation and a good deal of advanced planning. The sooner that you begin asking the right kind of thoughtful questions about the current state of your business and what will benefit it moving forward, the better off everyone will be.

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