



Enterprising Rural FamiliesTM

This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

CHARACTERISTICS NEEDED TO GO INTO BUSINESS

- Capacity to work long hours— evenings, weekends, holidays, vacations.
- Risk-taker—willing to risk house, savings & retirement?
- Goal-oriented & self-starter—you need enthusiasm & energy to get up early & work late without prodding.
- Self confident, but not blinded to problems & challenges.
- Problem solver—problems should be challenges to be solved to get better. Must be flexible, adaptable, & innovative.
- Persistent—don't give up, give it time.
- People oriented—make the customer first, make their concerns your concerns.
- Honest & accountable—admit it if you mess up and make it right.
- Possess skills in: money management, marketing, self-management, basic office organization.

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Seeds of Succession Must be Planted Early

Lorne Owen and Judy Carter*

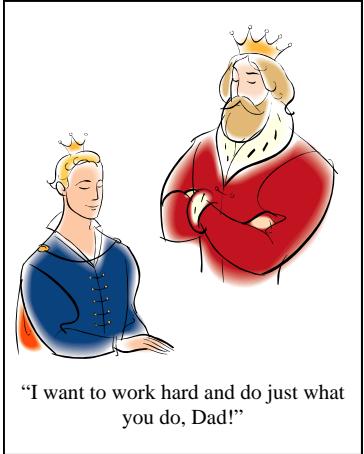
Many business owners dream of passing the business on to their children. Grooming a successor, however, cannot begin when the heir-elect reaches 18, 25, or 35. If parents hope to interest their children in taking over the family business, they must begin laying the foundation for succession when children are young.

In many respects, the first 15-18 years of a child's life, called the "attitude preparation phase," are far more critical than the actual 5-10 year succession grooming phase. That's because children's attitudes, values, and aspirations are firmly entrenched by the time they reach early adulthood. If they're not interested in running a business, no amount of formal succession will sway them.

Parents hoping to pass their business on to their children must make the business an attractive career option. They must show their children that the business offers a rich quality of life--and is a profitable business to be in. They must reiterate this message from toddlerhood through to the teen years.

Set a good example: Children are like sponges. What parents say about the business and the attitude they show has a profound impact on children and their interest in running a family business for a living. If a child sees and hears that the hours are too long, prices are always bad, consumers are unreasonable, suppliers unreliable, employees lazy, taxes and government regulations are killing the business, and there's no money for nice clothes, appliances or a holiday; a secure well-paying 9 to 5 job will look pretty attractive.

The single most important thing parents can do to make running the business attractive is to set a confident example. Enjoy what you do. Focus on the positive. Talk about the salesman who helped fix the equipment, the customer who sent a thank-you bouquet, the accountant who helped computerize the books, the employee who gave years of unfailing service, the banker who over-looked a late payment. Talk about negotiating a good deal, getting top price for your product, paying off a debt, and making a profit. Talk about the benefits of being self-employed and the quality of life the family business offers, both financially and emotionally. At the same time, present a realistic picture. Explain that the family business is as challenging as it is rewarding. Talk about handling adversity, juggling priorities, and managing crises. Talk about the importance of having a business plan, a marketing strategy and managing money and risk.



Values must be instilled: For many, grooming a successor is far trickier than building the business was. In order for succession to be successful and the business to prosper and endure for future generations, the heir-elect must hold certain values. Values most business owners and parents agree are essential to success in business are ambition and a strong work ethic, prudent financial management, and tenacity. Innovativeness, self-reliance, and a willingness to learn and change are attributes many feel will be vital in the future. Values must be laid down early in life. A child who doesn't see the value of hard work isn't going to start putting in 16-hour days when he inherits the business. Likewise, a spendthrift isn't going to turn into a shrewd money manager. Parents must sit down and decide what values they feel are important to instill in their children. Then they must consciously instill them. Deciding what values you believe are important requires reflection and discussion. Values are typically passed down from generation to generation, without much assessment of their benefit or usefulness. Classic examples are beliefs about "being strong" and holding your cards close to your chest. When deciding what values to teach their children, parents should first evaluate their own values and decide if they're practical or will be beneficial to their children in the future. Parents should discuss what values they want to teach their children so that their children receive concurrent, consistent instruction.

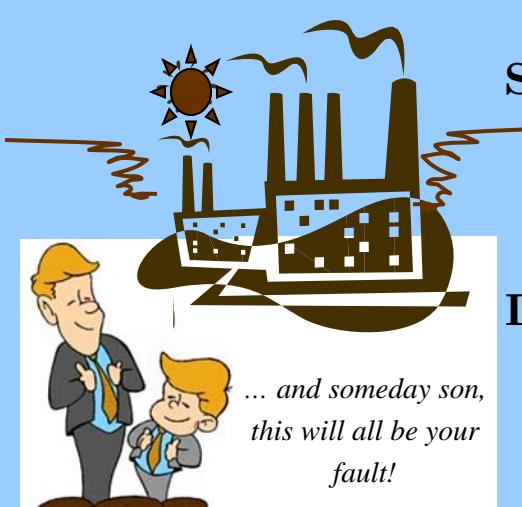
Values vary from family to family. That's perfectly reasonable. One family may believe that competitiveness, winning and material success are what's most important. Another may believe that getting along, keeping the peace, and looking after one another are most important. One may hold innovativeness, independence, and a willingness to take risks in high regard. Another may put tradition, stability, and security at the top of their list. What values a family holds is up to its members. What's important is that the decision to hold them is consciously and thoughtfully made.

Balance: While you're teaching your children the values and skills you believe they'll need to keep the business in the family, take time to enjoy life. Remember, actions speak louder than words. Set the kind of example you would like them to follow. If family and personal needs always take a backseat to business needs, if profits are all ploughed back into the business at the expense of holidays and weekend outings, children are unlikely to be interested in this way of life. If, on the other hand, parents show children that work and pleasure can and should be balanced, the family business is more likely to look appealing.

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To Pass on Seeds of Succession



Set a good example:

- Show confidence
- Enjoy what you do
- Focus on the positive
- Emphasis the benefits

Demonstrate proper values:

- Discuss your family values; give them careful consideration
- Be concurrent
- Be consistent



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