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Succession strategies for building generational strengths

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Owners from the boomer generation often wonder how to successfully pass a business to the next generation.

Image provided by Getty Images (David Woolley)

In transitioning a company, you can capitalize on generational differences instead of relying on stereotypes and misperceptions about them.

Sometimes they make comments like, "The younger generation just doesn't get it. They don't understand how important personal relationships are with customers or other employees. They think social media is more important than a handshake or a lunch."

They might feel that younger people don't like taking risks and investing money, so how will they ever buy a business.

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- 8 questions business owners should ask before transitioning out
- 3 questions baby boomers can ask to jumpstart a transition
- 4 tips for passing your business to the next generation

Finally, they may say, "It may be my son or daughter, but I'm not sure he or she can take over this company."

Building generational strengths

An excellent model to counter these comments is evident in a family-owned company focused on building internal generational strengths and not bemoaning perceived generational differences. Models like this are hard to find, and the lessons they offer valuable.

This custom-machine design and manufacturing business started with three employees in the late 1970s by a young boomer, and grew steadily to employ more than 120 today. The company prided itself on meeting unique customer demands for its products, having the best possible customer service and making the highest quality machine products.

The owner wanted the company to continue long after his stewardship because of its value to his employees and the local community. He was in this for the long haul – even if that meant not being at the helm. With his son showing an interest in succeeding him, he set off on an interesting leadership and succession journey.

This founder's vision was to start planning his transition many years before most would have thought necessary. He not only invested time mentoring his son, but he treated other, younger key employees as if they were also members of his own personal family. Using this farsighted "intentional process of succession," he was gradually able to pull away from day-to-day operations as he got into his sixties, but continued to contribute to his own corporate cultural legacy as a mentor, coach and general advisor.

Here are three specific succession strategies this owner created that anyone transitioning a company should consider to capitalize on generational differences:

1. Hire people from different generations

By doing so, this owner was able to quickly fill experience needs and find the best and the brightest young talent who were motivated to succeed.

2. Form an intergenerational leadership team

By having a team made up of older and younger leaders, natural mentoring opportunities presented themselves and future leaders learned leadership by doing – not by talking about it. The older leaders were able to share failure and success stories with younger team members and this created an atmosphere for risk taking and learning from mistakes.

3. Establish key core values

In this company, servant leadership was the key core value the owner insisted everyone practice. This meant that serving the customer, fellow employees and the community were always more important than serving oneself.

This is truly a company that is having little difficulty in "passing the baton." And the reason is simply that a visionary owner – from the moment he decided his business would continue for the long haul – accepted generational differences as strengths. Then spent time developing his employees around accepted, core company values. What a wonderful business legacy!

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