



Closing the Gap: Understanding Generational Issues in Family Business

Dr. Thaddeus O'Brien, O'Brien & Associates
Paul Bordner, President of Laser Reproductions
Kevin Schoedinger, Schoedinger Funeral and Cremation Service
Jason Mlicki, President, Mlicki

April 16, 2009

The panelists for this presentation along with help from moderator and organizational psychologist Thaddeus O'Brien, PhD, gave the Conway Center for Family Business a glimpse of just what it's like to be in the shoes of next generation leaders in a family-owned business. Not only did they shed light on their own experiences but they also talked about common issues that family businesses deal with when integrating several generations into their day-to-day business.

The participants included: Paul Bordner, president of Laser Reproductions, a second-generation business that provides rapid prototyping, manufacturing and product development services; Kevin Schoedinger, a funeral director and a sixth-generation leader at Schoedinger Funeral and Cremation Services; and Jason Mlicki, president of Mlicki, a second-generation branding agency.

Today people are living longer resulting in more generations being involved in family business at the same time creating more cross-generational issues than ever before. O'Brien described some of the differences between three different generations, noting the major motivating factors for each one.

Baby Boomers (born 1943–1960) are primarily motivated by getting ahead and have a love/hate relationship with authority. They are generally very personable and do well with face to face communication.

Gen Xers (born 1961–1979) are motivated by rewarding challenges and thrive on direct communication. They are often suspicious of authority and use computers as their primary communication tool.

Finally, **Gen Yers** (born 1984–2004) seek a work/life balance and are motivated to give back to their communities. They gravitate to working in collaboration and using electronic and digital devices to get their work done. They are often a source of new ideas and the instigators of change in an organization.

"It would be advantageous for business if family business leaders were able to recognize and value the strengths of each generation," said O'Brien. To explore the issue further, the session

was broken into three main themes, starting with "Being the Boss: Fantasy vs. Reality". The participants explained that stepping into the role of a leader was not exactly what they had envisioned it to be. One lesson learned by the panel was that you have to learn to control what you can but let go of the things you cannot. For example, developing a strategic plan to deal with current issues, such as today's economy, allows you to rest a bit easier. Otherwise, the stress and frustration can be too much to handle. And there is definitely more stress – new leaders can be kept up at night as they worry about finances, tough staffing and personnel decisions, as well as balancing increased work hours with their own family responsibilities. Bordner encouraged anyone who thinks they may become a successor in their family's business to have a discussion with their spouse about what that will mean to their immediate family. Oftentimes becoming an owner means longer hours, additional stress and relinquishing personal time to the needs of the business. Finding ways to de-stress, even if it's just cutting the grass to get some much-needed alone time, can be crucial. And establishing rules, like cutting off business talk after certain hours at home, can help a new leader balance work and home life.

As they started to talk about theme two, "Infrastructure: Pros and Cons", O'Brien said that it can be tough to decide what to keep, what to toss and what to change when you assume a leadership role. When discussing the pros and cons of having an infrastructure in place, Jason Mlicki noted that it was helpful to be given a built-in network of customers but to recognize that those customers may view your business as it has always been and may not be able to see what it is evolving into. Kevin Schoedinger shared that "it can be hard to change a business when you've grown up in it" and that "it can be helpful to have someone else provide a fresh look so you are not just resting on your laurels." Paul Bordner added that outside consultants can give you the perspective you need. His company uses an advisory board, Definity Partners, and Focus Business Solutions to keep them moving forward and evolving their business.

During the discussion of theme three, "All in the Family: Family and Non-Family in the Family Business" one of the key points was changing the older generation's perception of you as a new leader in the business. As Schoedinger said, "It can be hard for your family and long time company employees to quit looking at you as the four-year old who was running around at the business years ago". It really is important for family members interested in being part of the business to start by learning the business from the ground up so that they can evolve from "one of the guys" into a leadership role. The panel also agreed that it was important for those interested in working for their family's business to work outside the business for some period of time so when they return they will have earned credibility from an outside source and business experience from another company. Mlicki echoed that sentiment adding that, "it's also better for the succession process if the younger generation has had outside experience." Bordner shared that his company has a "4-year" requirement for family members that requires that they complete four years of college, four years in the armed services or four years at an outside company before they can join the family business. Laser Reproductions also has a salary review board made up of non-family advisors that reviews and evaluates any salary changes for family members employed by the business.

At the end of the meeting, members were asked if they had any questions. A couple of them follow:

Q. Do you feel you have the passion with your business that the previous generation had?

Bordner shared that he had questioned his passion early on but as he has grown in the business he realized that his passion was just as strong, just focused in a different direction

Conway Center for Family Business 1216 Sunbury Road, Columbus, Ohio 43219

614.253.4820

than his father. That passion has allowed him to grow and expand their business into a different area that has benefited the company. Mlicki answered, "Yes, but it's different. Where my father had to focus on starting out and being successful, I am fortunate to be able to concentrate on how to redirect the business to meet my goals and strategic plan as well as pushing it to the next level." It also was noted that the next generation leaders felt that it is a "privilege" to have their parents around. They are still as passionate about the business as ever and continue to contribute to it. They added that since their parents do not have the financial pressures on their shoulders anymore they are able to more fully enjoy it without all of the highs and lows that go with ownership. And as far as cultivating passion in their children, the panel agreed that it is a parent's job to help kids find something they are passionate about whether or not that involves them in the family business. Older generation members should keep in mind that the firstborn is not always the best choice for a successor. Parents will need to look at each individual and the interests and skills that he or she brings to the table

Q. What about "affluenza" that affliction of third generation members who are accustomed to the success of the business?

Schoedinger noted that having a successful business can be a positive thing because there is not as much pressure for all family members to be a part of the business. On the other hand, it can also put added pressure on that generation because they are concerned about living up to the standards set by the previous generations. Bordner noted that having a family council helps keep his family members focused. Laser Reproductions has started to have children age 14 and up attend family council meetings so they can get a feel for the business and all that it entails. Mlicki added that setting requirements for children of family business leaders is a recommendation that would benefit any family business.

Presentation Materials Available

Members can obtain a copy of the power point presentation prepared by Dr. Thaddeus O'Brien by visiting the Members Only section our website at www.familybusinesscenter.com. If you would like additional information about family business generational issues, please contact Dr. Thaddeus O'Brien at tobrien@copper.net.