

Sustaining Long-Term 8.5.13

Not moving as fast as I used to. As I get older, I realize it's no longer about working harder; I have to work smarter and more efficiently to keep the business moving forward. This is about more than me, as owner. There are good people here. They've helped to get me and the business to where we are today. What happens to them when I'm no longer able or willing to put everything I've got into the business?

Thoughts of the Day: It's never too late to change. Building a business that survives past the current owner yields dividends that the owner may not have originally imagined. Make sure you put in the effort, acquire the training, and allow the time needed to achieve your vision.

Over long timeframes the statistics continue to tell the story. Only 1 business in four survives the 10 year mark. Of those, only one in three survives to the second generation. Odds are, the typical business won't make it to becoming a legacy business. Why is that?

Entrepreneurs are wired to behave a specific way. Pitch in, make things happen, be responsible. They provide direction and knowledge in order to get the business off the ground. And they put in extra time and effort to make ends meet. This resourcefulness and dedication to hard work are essential to a business' early success.

When something happens to the owner, whether age, interest, illness, accident, whatever life may bring, the business stands vulnerable. It has good people, but the driving force is gone. Its proven ability to sell to customers and make a profit is overwhelmed by the lack of long term planning. Employees who are looking for leadership and answers are unsure about what to do next. Competitors will take advantage of a stalled business that seems to have lost its way.

Shifting the business from the one owner strategy to a legacy takes leadership, vision and a dedicated team prepared to accurately evaluate and withstand challenges.

Assess the team. Are they on a mission? Or is this just a job? Assemble the team around an ideal set of core values and purpose. Help them to gain purpose by asking them to engage with building the company's future.

Let's start with leadership. It's a 180 degree turn for entrepreneurs. Instead of doing, leaders need to step back so that others can step up. They guide rather than direct,

influence rather than control. Learning how to do that takes time, practice, instruction and insight. Hire a coach.

Define the vision of the business – by working with a team of employees. It's no longer about what will satisfy the owner. It's what will motivate and be rewarding to people throughout the company. Make it about more than a job and a paycheck by asking employees to define what they do day-to-day and how it relates to a higher purpose in the world.

Guide the process. Get the next generation of leaders ready to successfully run the business of the future. Teach them to have courage as they face challenges. Give them room to learn by trial and error.

Get people the education they need to run a business two to three times the size. Deliberately build a team with complimentary skills in sales, finance, marketing, operations, human resources and strategic planning.

Think through the rewards structure. Someday you are not going to be here to own this company. Who will own it then? Will it be worth owning? Companies do better in consistency and profit when the shareholders reside within the company. Work out a plan to transition ownership to the people who run the company, now and in the future.

Want to bring in your children? Make sure it's their choice. Demand they bring assets and value to the table. Define their path to leadership just as you would any other employee.

Think of the change as a journey. You'll have ups and downs along the way. Creating a company where other people can participate, be rewarded for their efforts, and work on building the follow on generation –there's your legacy!

Looking for a good book? A Leader's Legacy, by James M. Kouzes and Barry Z. Posner

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