

A photograph of a lighthouse with a black base, a red middle section, and a white top section, situated on a rocky pier. The sky is blue with scattered white clouds, and the sea is visible in the background.

Viewpoint

Family business

The most successful organisations in today's market have transformed the way they think about all employees...

Communicating through the generation barrier

Bruce Hatcher, Partner, BDO Kendalls

Challenge area

For many family businesses the ability to communicate through generational barriers is the critical factor in the ultimate success and longevity of the business.

BDO Kendalls has worked with family businesses across generations for many years and has repeatedly stressed the importance of fostering the powerful synergistic release of cross-generational sharing, learning, and performance.

New Perspectives

For every generation the view of what is 'normal' differs creating a gap that inherently separates each generation and ultimately causes conflict. Couple this with the emotional ties found within family businesses and the gap between generations begins to widen.

Business generally recruits along two distinct lines – for youth to remain competitive and cutting edge and for maturity to access knowledge and experience. The most successful organisations in today's market have transformed the way they think about all employees – each individual brings a different skill set and knowledge to the business. Similarly family businesses need to recognise that each generation brings something new, different and valuable to a family firm.

By understanding generational characteristics, family businesses are more likely to develop an insight into specific generational 'trigger points'

Generational characteristics

If you are a parent, you are probably the founder of your business and belong to either the silent or baby boomer generation and have the opportunity to position your children as your business successors. Your role is not an easy one. Mastering/mentoring or teaching is somewhat like mastering the rhythm and beat associated with playing a musical instrument. Understanding the behavioural and motivational differences between generational sub cultures will help you read the music and enable you to play the instrument with confidence and finesse.

If you are the children of a silent or baby boomer generation member, you are more likely to be from either generation X or Y and have a more challenging role to fill than you imagined. How you handle the responsibility is crucial to the succession process and the future success of your family's business.

By understanding generational characteristics, family businesses are more likely to develop an insight into specific generational 'trigger points' – the things that motivate a member of a specific generation. By developing this understanding, families can begin to remove any conflict and hostility that exists between generations, the results of which are mutually beneficial to the individual, the family and the business.

The way forward

Generational preferences

Research has indicated that baby boomers like collaborative learning and working in teams and as such utilising them in a mentoring capacity could be very beneficial. Family businesses need to recognise that mentoring forms a significant piece of a strategic plan to ramp up staff retention and increase the knowledge and skills of talented employees.

Younger family members often talk about their disenchantment with the family business, describing the onerous demands or expectations (and opportunities) placed on them by parents who may have confidence in their abilities, but lack the time or skills to help them succeed. The result is frustration and a fear of failing, with many members of the X and Y generation planning to move on and look for a 'normal' business environment.

Generational synergies

Many family businesses fail to successfully utilise the synergistic release of cross-generational sharing, learning, and performance. Why not use the more experienced baby boomers with their extensive knowledge, impressive networks, and broad-based business experience to buffer the next generation against frustration and create a focus for their career paths?



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Ultimately baby boomers could help the next generation to acquire the skills-based knowledge necessary to successfully transfer the management and ownership of the family business to the next generation.

Understanding generational differences is the key to surviving the potentially life-threatening stage of business succession but regrettably statistics show that many businesses do not survive to the second and subsequent generations.

Take the time to mentor the next generation, knowing that the only way to shorten the transfer of knowledge from one generation to the next is to have someone with more experience to accelerate the succession process. Remember, each individual brings a different skill set and knowledge to the business and each generation brings something new, different and valuable to the family firm – use the information available in your business to build intergenerational teamwork.

About the author

Bruce is an accredited Family Business Adviser and heads up the BDO Kendalls National Family Business Consultancy practice.

He has worked with a wide range of clients covering most industry sectors. He consults to and serves on the boards of several private and/or family owned businesses.

Bruce has a keen interest in sport in Queensland. He formerly held the position of Chairman of the Lang Park Trust and was a director of the Queensland Rugby League. He is a member of the Board of the Queensland Academy of Sport, Chairman of Eastern Suburbs Leagues Club Limited and is a director of MTQ Insurances Ltd.

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