



It's Never Too Soon to Prepare for a **Next Generation Transition**

BY:

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When I was in my mid-40s, I asked my business partner at the time, "What would happen if I got struck by lightning?" His answer: "We would buy your share and pay your wife." I thought about that for a moment then said "Ok, but I'm not really concerned about the money. I know you would take care of that. But what would happen with the team and with the business?" We didn't have good answers, and we felt that no one was prepared for that possibility at the time. Today we are.

Since that conversation, I have transformed my wealth management practice into a multigeneration ownership enterprise. That wouldn't have been possible without positioning the business for the transformational growth required to finance the entire transition. Part of this transformation is that our financial success is no longer primarily dependent on the founders' grit and hustle. Instead it is the product of a purpose-driven team working in harmony to develop a shared future. Equally important, our transformation hasn't been just about the numbers. Though harder to quantify, it is undeniable that the level of leadership throughout the team has increased exponentially over last several years. That quality of leadership is the foundation of our growth.

YOU NEED TO CONSIDER THE PROVERBIAL "HIT BY A BUS" SCENARIO

As an owner or founder, no matter what age you are, or what stage your business is in, you need to consider the proverbial "hit by a bus" scenario. Take a moment now to think about these questions:

What would happen if I weren't around or able to continue to run my business?

What would happen with my team? Who would lead it?

What would happen with our clients? How would they transition to new ownership?

If you're like many owners, your answer to these questions might be "I don't know" or "I'm not sure." You might try to reassure yourself by thinking, "Well, I have a good team." But even the best teams won't be prepared for your departure unless the business is deliberately structured to facilitate a transition at some point in time.

It's also important to realize that you aren't the only person wondering about the future of the business. The next generation ("G2s") are grappling with their own set of questions:

What happens to me if the founders are no longer around?

If I want to buy the business, how will I pay for it?

If I became an owner, how would I handle the extra workload and provide continuity of relationships with clients?

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If you're a business owner, you'll need to take an all-inclusive view of generational transitions, one that addresses not just your needs, but those of your team.

Where to begin?

One of the first and most important questions founders struggle to answer is **“Who will be the next generation?”** Many founders leave that question to chance, consciously or unconsciously assuming that the next generation leaders will magically appear. That's wishful thinking. Your first step on the road to a successful transition is to deliberately develop your G2s, starting today.

Attributes of successful next generation owners

At Inspire Network, we've identified five essential characteristics of effective next generation owners:

- 1. They are good people. By good people, we mean they are representative of the character of your business, possess a strong work ethic consistent with the culture of your team, and have an “attitude of servitude,” that is, they care about serving others.**
- 2. They have a transformational growth mindset. That means they actively pursue opportunities for personal, professional, and business growth.**
- 3. They have mastered creating delightful client experiences**
- 4. They are highly effective leaders**
- 5. They are highly proficient in business acumen**

Prospective next generation owners don't come pre-wired with all five attributes. But when deciding which team members you want to develop for next generation leadership, it's critical that candidates excel in the first two. They must be good people, and they need a strong growth mindset. Those qualities are hard to develop from scratch. If you've hired well, however, you'll have a reasonable number of candidates to choose from. The last three attributes



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we focus on in Inspire Network's program for prospective next generation owners, the NextGen Owners Academy.

NextGen Owners Academy (NGOA)

At Inspire Network, we recognize that you as founder or owner have primary responsibility for developing your G2s. However, participation in NGOA will not only accelerate the individual development of G2s but also fuel transformational growth of the business as a whole.

NextGen Owners Academy is an intensive program in which participants engage in a shared journey to work on:

- How to deliver a true and masterful client experience in your industry**
- How to be leaders who will inspire others and drive results and outcomes**
- How to strengthen their business acumen**

The heart of NGOA is a specialized Mastermind group. As Stephanie Burns explains in a Fortune article:

Mastermind groups are relatively new to most people, even though Napoleon Hill created the concept around 75 years ago with his book, *Think and Grow Rich*. A mastermind group is designed to help you navigate through challenges using the collective intelligence of others.



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How does a mastermind work? A group of smart people meet weekly, monthly, daily even if it makes sense, to tackle challenges and problems together. They lean on each other, give advice, share connections and do business with each other when appropriate. It's very much peer-to-peer mentoring and if you are lucky enough to get invited to one, you will most likely see a marked change in yourself and your business.¹

The NGOA Mastermind group meets monthly and consists of 6-8 participants from multiple businesses. Participants work together to tackle and help solve real-world business challenges of the firms they represent.

Peer collaboration is a strong component of the sessions. However, each meeting is facilitated by

one or more senior Inspire Network coaches.

In addition to monthly Mastermind sessions, NGOA participants receive individual coaching both from a founder's perspective and from the perspective of a next generation owner.

Ideally, you won't get struck by lightning, and you'll get to choose the timing of your business' transition to the next generation. But if you commit now to developing your next generation leaders, you will have the satisfaction of knowing that whenever the time comes for your business to make a generational transition, you'll have created a precious legacy for your family, your clients, and your team.



Contact Saša Mirkovic at Inspire Network to learn more about strategies for creating transformational growth or positioning your business for a successful generational transition.

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¹Stephanie Burns <https://www.forbes.com/sites/chicceo/2013/10/21/7-reasons-to-join-a-mastermind-group/?sh=1d72b3565deb>. October 21, 2013