

## INTRODUCTION.

### ► The pace of global change is accelerating.

THIS year's Summit set out formidable queries. How can enterprising families best **recover** from crises? Why has public **trust** in some businesses fallen? Time will tell, yet there exists certainties worthy of action to move communities forward. The fabric of society has broken down in recent years. Now is the time for **civility**, a time for family enterprises to help rebuild. Broadly, positive outcomes are in the hands of the rising generation to build better societies. But how? For starters, with more female leaders. And through stronger, focused, role-based family governance with deeper **family purpose**. Change is accelerating. Our geopolitical landscape will be unrecognizable in five years. The pandemic revealed that families can do amazing things when pushed. They can achieve remarkable feats that no other institutions can. But families need to be ready for accelerated change.

## CONTINUITY: NEXTGEN INTENTIONS.

### ► Storytelling goes a long way to longevity.

Regarding long-term family ownership, how does your family define, if not ensure, continuity? Some boldly say nepotism sums it up. Multigenerational families point to the wisdom of hiring capable external leaders. "G1 founded (the business), G2 grew it and G3 is refining it," goes the logic, along with efforts to build "solid and repeatable processes, and constantly enhance our Enterprise Resource Planning." Storytelling may be the **fundamental ingredient** of longevity. Children must hear from parents as to how they built the business. "We saw first-hand the 'sweat equity,' says one next gen. In this way, younger family members "get a sense" of the family business from tales that help build a "connection." Another states: "We are trying to be very intentional in building our business. To be purposeful." So, what appeals about the prospect of extending family legacy?

In a word, honour. "Realizing what was given up by parents to build the family business. To be able to extend gratefulness in my work. It's all about gratitude." The rising generation can be unfairly misperceived. They want to preserve the traditions of the past yet innovate and modernize – and not necessarily in the shadow of their predecessors. Bottom line: There is a need to respect the values of all and find harmony in shared values.

## RENTIER CLASS VS. ENTREPRENEURIAL CLASS.

### ► Who has more feelings of accomplishment?

A RENTIER, someone who earns through passive income, stands in sharp contrast with an entrepreneur, who is perpetuating the entrepreneurial spirit. The rentier mentality may or may not be a disincentive to entrepreneurialism, yet it is worth exploring how this notion reflects on a family enterprise's growth, the effect it has on how generations interact, perceive the value of their contributions and strategies towards the enterprise direction. Entrepreneurs encourage other entrepreneurs within and outside of the family. This creates a sense of belonging. Rentiers possess wealth, yet **not the same type of belonging**. This creates a "disconnect" with what is actually going on. While possible to be both rentier and entrepreneurial, it is important the rentier class, who can be risk-averse, not deprive the rising generation of opportunities to ask: "**Why am I here?**" In other words, to not disable their entrepreneurial desires. With privilege comes responsibility. For multigenerational families grappling with this issue, there is a need to engage in frank dialogue whereby the generations come to deeper understanding of the family's founding values and how they may be applied (or modified) down the road so as to one day smoothly transition the business.

## PURPOSE AND REPURPOSING: MANAGING DRIVE.

### ► Be ready for the transformation you're inviting.

PURPOSE is a tantalizing form of power. "We constantly explore (purpose). Why are we a business?" a Summit participant asked rhetorically. "Because we're pursuing a common sense of purpose." Such thinking offers clues for enterprising families seeking to fine-tune their drive. In other words, to grow, diversify or do whatever they choose in a **sustainable** manner. Families "need to be intentional" and "affirm their choices," urged another participant. "You should support the community that supports you," because when supported in ways that resonate, an enterprise stays true to its values of why it does what it does. But beware: "If you're **giving back** too much, it's probably because you've taken too much." Ultimately, families seeking a stronger sense of purpose could do well to change the metrics of how they measure their coherence and look to think in "generational time" (i.e., think long-term). Families should be able to say: "We **value** this, even at the **cost** of X."

## DIGITAL TRANSFORMATION AND NEXTGEN LEADERSHIP.

### ► Continuity comes in many guises.

FEW disagree that young minds can drive new strategies, and if they are to join the family business, "You need to integrate them the right way," says a maverick next gen. Allowing them to implement an unproven system takes forward-thinking from seniors. The case in which a retailing family tussled over whether to implement an online platform put both into two camps: doubters and reformers. Ultimately, the pandemic accelerated the digital venture. Once implemented, the retailer captured loyal online clientele, transforming its business. It worked because the entire executive team bought into the project and because the next gen who earned their trust exercised patience. This underscores the importance of family members who add value on their own merit.

"[Family business] continuity needs high-impact flyers," the project's architect concluded.

## FROM PARENTS TO PARTNERS.

### ► Succeed or fail, let next gens try.

IT IS not difficult to be kind when things are easy, when business is good. Yet in a crisis, relationships are tested. How families respond defines their organization and the loyalty people feel. As a parent, your role is to support and encourage your children. This mindset, which encourages success, applies to all employees. Some children grow up in the shadow of their parents, which may forever characterize the parent-child relationship, regardless of unyielding support. There may always be **innate pressure** on children to meet expectations. Yet there are real-life cases where a "shift" (getting to a place of mutual gratitude) and taking advantage of being a next gen reduces pressure and leads to unexpected entrepreneurial success. The key? The generations must **communicate frankly**, frequently and build trust.

## EDUCATION: OUR FUTURE AND THE FAMILY ENTERPRISE.

### ► Learning what it means to be an owner.

"IF OUR family didn't pursue learning, we'd be insular," declared a Summit panellist. "We would be more short-term focused and disconnected. Education and learning are different. The former is modular, the latter to be applied and led, preferably by a family learning champion. Why? Because **learning journeys** help families understand what it means to be an owner. "Family members learn to know what it means to have a voice rather than a vote." Family wealth creates interdependencies on family members. Learning journeys help families understand their **vulnerabilities**. Family learning is an opportunity to get together; to share the load; to never give up.

## LESS INEQUITY. MORE OPPORTUNITY.

### ► Families, not governments, will bring change.

INEQUALITY is a concern, along with climate change, a pandemic and a number of other global problems enterprising families can act upon in any way they see fit. The question is, which way? Some see a deepening lack of faith in our core institutions, shattered confidence in democracy and a pressing need to find collective solutions to global issues. For others, inequality is not the most pressing issue, but a **symptom** of a root cause. The real question is: **What leads to inequity?** Don't count on governments to find answers, one panellist declares. Family businesses will have to step up because, collectively, their knowledge is formidable. In a nutshell, we need to change the flow of wealth at a time when the pace of economic change is accelerating. If families don't look long-term, then the short-term won't exist. Yet we need to take care of the short-term to sustain the long-term. "Patient capital" is about to be redefined.

## FOUNDING A LEGACY.

### ► Heritage is handed down in many ways.

LEGACY is often thought of as financial, yet there is far more to it than assets and money. Legacy is something that you co-create even after you are gone. Some families don't have the luxury of not thinking about legacy. 'Mary' reflected on her family's values when everything they had known in their family business changed. Without the business, what were their values? They were always tied to the land that they owned in South America. But when the land was seized by the government it was time to **rethink** what her **family values** were. The realization was that **her family was the legacy** and not any one asset that they owned or business that they operated. 'Michael's' idea of legacy was different. He came from a successful family, but Friday to Sunday was all about family. His father, who shared this passion, came from a family of 13.

His mother, an only-child, cherished education. Both values are reflected in his business as he pays for his employees' education and values them as family by sharing his wealth. Legacy can be handed down in different ways and from different family members. It's important not to get stuck on one idea of what your legacy may be. It is crucial to **adapt**.

## CHAMPIONING SUSTAINABLE DEVELOPMENT.

### ► Be purposeful and discover better opportunities.

WHAT is going in the world? UN climate talks in Glasgow tell us we need less pollution and more climate action, among a number of other planet-saving measures to ensure we have a safer tomorrow. (See <https://bit.ly/30ymh1f>). It is not unrealistic to think a **tsunami of expectations** is soon to fall on business leaders to take greater action and be more accountable. Customers will expect more too. Yet big problems beget bigger opportunities. So how do we become more purposeful or better stewards of the future? One way is the Certified B Corporation way. B Corps are a progressive kind of business that balances purpose and profit. They are legally required to consider the impact of their decisions on their workers, customers, suppliers, community and the environment. B Corp creates an opportunity to make a measurable impact. Another way is through smarter food production and food choices. The food production sector is one the world's largest **greenhouse gas** producers, yet one-third of global carbon capture could come from land use. There are opportunities to store carbon within soil. Regenerative organic agriculture and techniques to enable soil to sequester carbon (reduced tilling, crop rotations) are good examples. There are many opportunities to be better stewards and make better decisions towards sustainability. Choose the right investors and the right suppliers. Find out what

your customers want. When you do, **measure it against your family's values and see if it aligns with your overall business purpose.**

## WOMEN'S EVOLVING ROLES IN FAMILY ENTERPRISES.

### ► Don't be a spectator. Find and use your voice.

MENTORS, coaches and role models, whether male or female, are a potent ingredient propelling women to new heights in leadership roles. Women have tremendous roles to play and always will. But as one panelist cautions up-and-comers: "Don't be a spectator. Force yourself to find your voice. Find allies. Our voices matter." Indeed, they do. But what about when voices aren't heard? Perhaps there are policies in place that are not helping, speculates another panelist. "There is an ongoing evolution of equal opportunities. Watch out for biases against females in governance and operations. Consider the family systems." Looking forward, here is the consensus: Don't be limited by what you see. See possibilities. Push boundaries. Be courageous. Know yourself and your value. You're not on your own. Successful women require an ecosystem. You are permitted in these (male-dominated) spaces. Yet "women's roles" is not just a female issue. Men have a duty to be sensitive to the needs and aspirations of all women in their lives, too.

## ARE FAMILIES DOING ENOUGH?

### ► If so, next gens may figure prominently.

COMPANIES are facing more pressure to deal with climate change, yet accountability can lack authenticity. Think greenwashing. There's a need for concrete results. How quickly can families deploy assets? It's not always about cash. Younger generations are engaged in environmental issues, but they don't necessarily know what to do. Let them know that they can effect positive change without breaking the bank. How? Millennials are driving new ways of giving back – from charitable donations to charitable living. Many are engaged in the four "Ts" – ties, treasury, talent and time. Younger family members are demanding authenticity in what we do and how we express

what we value. Eco-anxiety, the grieving of what is and what might be, need not rule the day. Yet **families need to inject optimism to better right the wrongs of the world.** The rising generation will then be more motivated to make positive changes.

## ENABLING THE NEXT GENERATION.

### ► The future must be a shared dream.

SOME families impose clear-cut rules: get a business degree and work outside the family business for a number of years before qualifying their children to confidently join the firm. Others hire coaches to discover specific areas of expertise in their rising generation. Some invest in **family enterprise advisors.** The common denominator? There's a two-way flow enabling the rising generation to grow and eventually lead their families into new business territory, that **flow being the younger and older generations sharing the succession workload.** What of next gens not interest in joining the family business? Says one panelist: "You can have a connection with the business despite not having a day-to-day operational responsibility." For those destined to carry on the family legacy, honour the path the senior generation took. All generations take note: "The future of the business is a dream, but it **must be a shared dream.**"

## FINAL THOUGHTS...

### ► Continuity is more of a "dance" than a passing of the baton.

TOMORROW'S challenges are formidable. Those who question their attitudes will move forward. Those who stay grounded in their purpose will progress. Those who **rethink** the flow of wealth will reduce inequity. Those who are **intentional** will find clarity. There is an explosion of **opportunities** for those who think a little bit differently. The velocity of change is blistering. Is it still responsible to think long-term? Today, there is concatenation of risk, but enlightened family businesses can usher in a welcome wave of stability.

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