

By Richard Hohmann

Several years ago, I attended a certification program for coaches titled, “Coaching the Small Business Owner”. The course was designed to provide how to coach a small business owner through the “rough waters”. The small business owner wants both a sounding board and a resource that they can call, “Coach”. Coaching is different than consulting and most consultants claim that there is no difference but that is an argument for a different day. The majority of small business owners are about to transition their business to other family members within the next ten years and most have not designed an “exit” plan or succession plan. It is really discouraging that most financially successful business owners don’t have a plan for a transition out and the family members into the decision – making roles.

The following facts are presented in The Pricewaterhouse Coopers Family Business Survey for 2007/08:

- 1/4 of the family firms in the survey are due to change hands within the next five years
- 1/2 of those companies are expected to remain in the family. Yet half of all responding companies have no succession plan.
- 84% aim to pass their companies to their family
- 2/3 of family businesses have no defined criteria for choosing which family members who want to take an active role in the company.
- More than 1/2 also employ relatives without requiring them to compete for their jobs on the open market.

Remember, an effective succession plan assesses the company’s leadership needs, determines the positions needed to continue the achievement, and identifies the core competencies needed for those positions. In other words, who is going to assume the roles of the family members starting to leave through the back door?

Many business owners have commented that they don’t have a high confidence level that the next generation can make it as successful as they did. The younger family member wants to know why their ideas and recommendations are not being readily accepted.



It seems to me that it is now time to call the “Coach”. It becomes the role of the coach to assume the following responsibilities:

- Provide a communication channel for all parties
- Make sure effective and open communication is present
- Provide a fair assessment of the talent at the table
- Make sure everyone listens to “what” is being said and not “how” it is being said
- Confirm understanding and expectations
- Monitor the implementation of ideas, policies, procedures
- Hold everyone accountable and measure the results
- Encourage participation and celebrate successes

The above certainly looks like a Results-oriented model that I like to use in the coaching environment. I know that Business Coaching can provide an integral component to the transition of any small business between family members. Most family disputes are focused on the skills, competencies, behaviors, and knowledge demonstrated by the younger family members while the younger members are wondering when the elders will finally let go. It certainly appears to reflect the Definition of Business Insanity, “doing the same thing over and over, yet expecting different results”.

Sounds like we have to let the experienced owners transfer the positional authority to the younger generation and be willing to accept mistakes and just file them as a learning experience. It might also behoove the younger generation to ask questions and include the experienced ones in the problem-solving process. In reality, maybe the coach should focus the family more on how to better understand generational diversity and make the workplace an environment satisfactory to all. Good luck. . .and good coaching.

Explore Coaching with Richard



P: 609-390-2830
F: 609-390-0558
ILDV.org