

# How to Bridge Generations in a Family Business

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Family-owned businesses employ 60% of the U.S. workforce. But keeping a company in the family for multiple generations can provide unique management challenges. Only 30% of family businesses survive the transition from first to second generation ownership, with 12% surviving the transition from second to third.

If you're a family member in a [family business](https://www.nextavenue.org/family-business-succession-successful/) (<https://www.nextavenue.org/family-business-succession-successful/>), don't let yours become a sad statistic. Instead, follow these four strategies to bridge the generation gap and transition your company for the many generations to come:

## 1. Expose Younger Generations to the Business at an Early Age

Early exposure is one reason [Emily Brereton](https://blog.massmutual.com/post/multigenerational-family-businesses/) (<https://blog.massmutual.com/post/multigenerational-family-businesses/>) is still working in her grandfather's business, Napkins-Only, based in San Jose, Calif. Brereton is a marketing coordinator and third-generation employee there.

"Growing up, I knew what my parents did. I followed them to work. I listened in on phone calls with clients. I developed a detailed knowledge of our product line without needing to be trained," Brereton explains. "When I began working full-time, I didn't require training to get up to speed; I'd been following along the entire time."

If you can bring your children into the business at an early age, they'll be familiar with the ins and outs of daily management and understand the hard work it takes to make a business successful. They don't have to be

working at a young age; simply being present will expose them to details woven into their fabric as a member of the family.

## 2. Place Family Members in Appropriate Positions

When placing younger generations into [jobs in the family business](https://www.nextavenue.org/daughters-are-taking-over-family-businesses/) (<https://www.nextavenue.org/daughters-are-taking-over-family-businesses/>), put them in roles where they can use their talents and skill sets. You'll set them up for success by playing to their strengths and weaknesses.

Michel Klein, author of *Trapped in the Family Business*, explains that we often hear about the three circles of the family business: ownership, management or employee. He recommends adding a fourth circle: self.

"For a lot of people whose lives have been spent immersed in the family business, [it's] all they've ever known," Klein says.

So, Klein advises, ask younger members of your family what motivates them, and about their values. Then figure out where they can add the most to the business and be themselves, feeling happy and engaged with their work.

## 3. Avoid Nepotism

[Joseph Brito, Jr.](https://www.familybusiness.org/content/What-it-takes-to-build-a-four-generation/) (<https://www.familybusiness.org/content/What-it-takes-to-build-a-four-generation/>) is a third-generation president of his family-owned utility and construction company, based in Rhode Island. He started riding with his dad in the truck at age 12. But, Brito's quick to acknowledge, all family members in the business have had to earn their way up, starting at the bottom — no handouts.

Brito describes the company policy as: "Come in through the downstairs door, not the upstairs door."

This means all family members need to earn their right to management and leadership roles. They not only spend parts of their careers working at all positions within the company (including entry-level), they get to know every employee and what each one does.

This helps make all employees there feel like family, even non-related employees.

#### **4. Don't be Afraid of Diversification**

Family-owned companies that thrive through multiple generations are rarely the same businesses from founding to their current state. Most develop new practices, diversify their offerings and try new avenues to evolve.

Brito said his father had confidence in him, which allowed the son to make changes to the family business that then allowed for expansion into new industries.

Adopt this growth mindset to survive, remembering that diversification will put you ahead of the curve. Many family-owned businesses often resist change, to their detriment. According to PwC's [2017 US Family Business Survey](https://www.pwc.com/us/en/industries/private-company-services/library/family-business-survey.html) (<https://www.pwc.com/us/en/industries/private-company-services/library/family-business-survey.html>), 67% of family firms prioritize long-term growth, but only 21% prioritize innovation, which is a key bridge to growth.

**Additional search terms:** family business conflict, conflict, succession, human resources, training, motivation