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A Family Business: Up Close and Personal

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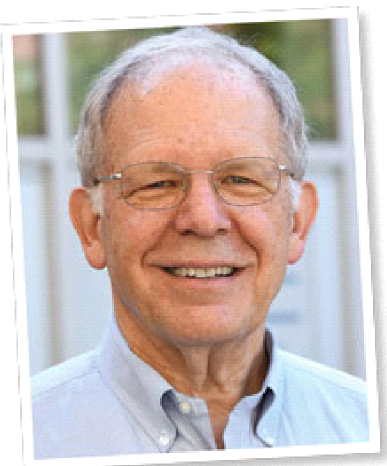
Bill McCurry

It's amazing how our parents become wiser as we grow older. The McCurry family business intended to transition to the third generation. Two brothers formed the second generation. My cousin, brother-in-law and I were the third generation.

Regarding succession planning, the first brilliant thing "the brothers" did was hire a senior industry executive, Norm Enos, who wanted to return to his Sacramento roots. Now our executive vice-president, he had held a very senior sales position with an industry leader. He was also of "the brothers" generation.

Not obvious to "the kids" was Norm's role as intermediary. He would figuratively throw us against the wall, chastising us for not respecting our elders, for not recognizing what that generation had built and the knowledge they'd obtained. He beat into my generation the recognition there was value in history, allowing us to double down on learned victories while avoiding known pitfalls.

Then Norm would meet with the brothers, telling them to loosen the reins a bit and allow the kids to make their own mistakes. Don't shoot down an idea just because "it didn't work" years before. The younger generation could take that idea with different implementation and harvest a huge success.

My brother-in-law and I wanted the company to make a modest investment in new technology with a potentially huge payback. The brothers, unsure of the technology's future, were hesitant to invest. What would happen if we were wrong? My brother-in-law and I seriously started to plan our departure from the company to form our own start-up and exploit this new opportunity. We weren't secretive about sharing our plans.

The brothers planned to work four more years before turning the business over to "the kids," but felt it would be self-defeating if we split from the business. They called a meeting with our generation and dropped a bombshell.

"This is our two weeks' notice. We're retiring. You guys figure out who's going to run the company. You decide how and when to make our retirement announcement. Starting in two weeks, we won't visit any company locations or make any calls into the company for 90 days—unless you call us first. The employees have to understand we're gone. McCurry's has new leadership."

Shocked, my generation immediately decided Norm, the non-family EVP, would be president. The brothers were so wise to have imported an experienced non-family person who could be independent while guiding both generations. For years McCurry's had benefited from outsiders on our board of directors; now they were pressed into service with consistent early breakfasts and long coffee breaks. They gave us wise counsel when we discussed various issues as they arose.

Some employees had started working for the brothers before "the kids" were born. The lesson learned is that those long-term employees felt disrespected by hearing of the brothers' retirement second-hand from the kids, instead of directly from their long-term bosses. Doing it over, the brothers would have personally told everyone with 15-plus years of service about their retirement and asked them to support us as we eventually took over the company.

The decision for the brothers to remain away from the company was beneficial for transition—the employees quickly realized there was new leadership. Our decisions couldn't be appealed to the former bosses, but could be appealed to Norm so we weren't seen as omnipotent. The older generation's absence sent a clear signal: There's a new team in charge.

One of the first things we did was launch that new venture with the help of our cousin and a 30-plus-year employee. As envisioned, it was successful, showing the employees there was continued commitment to growing the company. It also showed no reluctance to invest in new, promising areas.

We quickly learned the wisdom of the older generation and the things they did. As my generation took over and years went by, the actions of our parents seemed ever wiser. **GP**

Bill would love to hear from you with questions, comments or ideas for future columns. Please contact him at wmccurry@mccurryassoc.com or (609) 688-1169.