

FAMILY BUSINESS

Next-generation ideas driving business revitalization

INTERGENERATIONAL SUCCESSION IS A HOT TOPIC

for the Canadian family business community as many leaders belonging to the boomer generation are looking to hand over the reins. Relinquishing control over a business into which a leader has invested indeterminable hours, efforts, hopes and dreams can be challenging – but it can also present opportunities for revitalization.

Ross Allan, principal at Allan Financial, a Vancouver-based insurance firm, is confident that his daughter Danielle is taking the family business into the future. “There is a lot of change in our industry. Innovation and disruption are big buzzwords,” he says. “I realized that if we are going to make meaningful changes, the ideas have to come from the next generation.”

Inviting change has resulted in a socially engaged, younger and predominantly female team in a field that is still dominated by “men of my generation,” says Ross. “With the notion of transitioning has come a shift away from the old-school way of doing business, and Danielle has initiated fresh new intergenerational ideas.”

Danielle welcomes her father’s willingness to embrace change. “He has given me a ton of licence to do things on my own terms, including improvements to the business and technologies,” she says. “For growing an existing business, there needs to be a bridge between old and new concepts and ideas.”

Danielle held her first job in the company when she was 18. In the intervening decade, she has worked in many – if not all – the different roles at Allan Financial, graduated with a business degree and started her own consulting company. She says there was never any pressure for her to join the family business, which made it easier to determine for herself that this was the right step.

Her work experience has given her insights on how the company operates and an appreciation for the contribution of all team members, says Danielle.

Ross adds she also gained the respect of her colleagues. “Entitlement



When Danielle Allan joined the family business founded by her father Ross Allan, she initiated change that has resulted in a socially engaged, younger and predominantly female team in an industry that is still widely dominated by men. **BEMOVED MEDIA**

can be a big challenge when you bring in a successor, but Danielle has earned her right to assert a leadership role,” he says. “I count myself fortunate that she has the skill set, desire and work ethic, and has won the trust of the team and our clients.”

Ross says trusting new ideas has led to “growth and a powerful new professionalism” for the family business. He also knows that letting go of habituated ways of doing things can be hard for founders in his position. “That’s where many business transitions get side-tracked or derail,” he says.

Bill Brushett, president and CEO of the Family Enterprise Xchange (FEX), says transition planning is among the challenges many business families grapple with. “The dynamics of working with family members can present issues on top of the regular business challenges,” he explains. “And while many families believe that their situations are unique, we have found that

overall issues are very consistent and underlying themes often relate to the ability to communicate desires and visions.”

Mr. Brushett adds that FEX provides a range of support for business families and family enterprise advisers. “We want people to know that they are not alone, that there are people who have faced or are facing similar challenges. Their experiences can help to inform the approach you take to navigate your way through the complexities of issues like transitions or sibling rivalry,” he says.

Danielle has found it helpful to tap into the adviser community for “sharing tips and experiences and connecting with other people who are in a similar situation,” she says.

“We work with mentors who offer advice about building the business with the future in mind,” says Danielle. “We’ve identified our strengths and values, and what we hope to achieve in five, 10 or 20 years’

time.” In addition to looking ahead, Danielle and Ross also learned to ask tough questions. “Is working together turning out the way we envisioned? Is the sharing of responsibilities in the company going well? Are we managing our relationship inside and outside the company well? Are we spending enough time together as father and daughter without talking about work?”

While things are going well, Danielle realizes company transitions are always a work in progress. “That’s where the rubber hits the road – on leading well together. That is something we can always be better at.”

Ross adds that there is potential for integrating Danielle’s younger sisters Emily and Lissy into the family firm. “As a family, we have to decide what is fair when I hand over the legal control of the business,” he says. “But I recognize that Danielle has already added substantially to the company’s value.”

FAMILY ENTERPRISE XCHANGE

The Family Enterprise Xchange (FEX) is a national organization with the goal to empower family enterprises and their advisers so they can succeed and flourish. To achieve this, FEX provides business families and their advisers with a unique blend of shared wisdom and experience, and the world’s best, leading-edge thinking and knowledge.



For more information, visit family-enterprise-xchange.com.

ADVISORY BOARDS HELPING TO FILL GAPS AND ENSURE SOUND DECISION-MAKING

All happy families are alike, according to Tolstoy. And while the same can’t be said of all family enterprises, these businesses do share similar challenges. When it comes to two of the most common – the need for governance oversight and impartial third-party perspectives – experts agree that having an advisory board in place can increase peace of mind for family members and make for a more successful business.

Krista Han and David Florio work with family-owned businesses of all sizes – from small startups to third-generation enterprises – and say that advisory boards can provide value at each stage of an organization’s life cycle.

“Adding more structure to a company’s governance model through an advisory board is very useful for managing risk to an acceptable level,” says Mr. Florio, a partner at Grant Thornton in Toronto. He helps organizations identify potential risks, and he often encourages family-owned businesses to establish an advisory board to bring a more formal structure to their governance practices.



Advisory boards are typically made up of independent members but can also include family members, who contribute their professional expertise and offer informed guidance. **ISTOCK.COM**

Advisory boards are typically made up of independent members who contribute their professional expertise and offer informed and impartial third-party guidance. In her work with privately owned companies as a partner with Grant Thornton in Fredericton, Ms. Han helps owners identify potential board members by reviewing an enterprise’s goals analyzing its strengths, weaknesses, opportunities and threats.

“Advisory board members can fill in the gaps, helping family business owners identify where they need to supplement the company’s expertise and make considered – rather than reactive – decisions,” she says.

However, Ms. Han notes that advisory boards don’t need to be entirely made up of independent members. There may be advantages to including family members, such as by having younger generations of the family join the board to deepen their understanding of the business as they transition into roles with greater levels of responsibility.

The close and long-term relationships that family members bring to their work are both a source of strength and a potential challenge for family enterprises.

“Advisory boards are able to offer an independent point of view,” says

Ms. Han. “Emotions can run high in a family business, and advisory boards provide a non-threatening environment in which to talk about issues and make decisions. Many family enterprises find it much easier to make progress on the hurdles in front of them when an independent advisory board is in place.”

Some of those hurdles may involve periods of growth when a company is seeking additional investment or transition periods when the enterprise is considering leadership succession. “Investors and lenders look favourably on privately owned companies that have the formalized structure of an advisory board in place,” says Mr. Florio. “That can open opportunities for businesses seeking financing or external investment.”

Advisory boards are also a source of strength when the family enterprise is considering succession options, whether that’s the outright sale of the business, bringing in professional management or passing the leadership reins to the next generation.

“In my work with family businesses over the years, I’ve seen that those that are interested in best governance practices have an advisory board,” says Ms. Han. “Those are the companies with a laser-sharp focus on the future.”

Success(ion) runs in the family

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