

Building a Lasting Legacy: Nine Steps to Family Business Success

Interview with George Isaac, Consultant, USA

By Devin Clemens -
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[George Isaac](#)'s immersion in the success factors that define family businesses saw him move beyond his role as CEO of his own family's multigenerational enterprise and into consulting.

In the interim, Isaac served both as a senior executive and on the board of a public company. Over his tenure, the organisation acquired more than 25 businesses and grew to become a billion-dollar firm.

Having familiarised himself with the nuances of mergers and acquisitions, and having witnessed the sale of many family businesses, Isaac asserts that the negatives frequently outweigh the positives when a family divests. Often, a sense of purpose and community is lost when family members no longer have a formalised reason to see each other.

From a financial perspective, it rarely makes sense. Taxes reduce the sales proceeds, often by one-third. Prospective returns from reinvesting the remaining proceeds in fixed income and equity securities are typically less than the family's business returns.

*To prevent both kinds of loss, Isaac developed strategies designed to help families retain their businesses. His [book](#), *Your Business, Your Family, Your Legacy: Building a Multigenerational Family Business That Lasts*, demonstrates that family businesses foster strong communities by instilling positive family values. These values strengthen not only the bonds between family members but also those they share with their employees – a unique competitive advantage.*

*Isaac sat down with *Tharawat Magazine* to share his insight through a nine-step programme designed to ensure the continuity of family businesses.*



Image courtesy of George Isaac.

What are you trying to achieve with your book?

I want to share a blueprint designed to help extend a family business's longevity. My book wades through all the challenges family enterprises face and offers more effective ways to navigate these challenges. It is based on decades of experience as a family business entrepreneur, consultant and partner at Deloitte Consulting.

What is the difference between running a family business and running a non-family business?

Running a family business is more difficult. Family businesses, as well as private non-family businesses and public companies, face similar business issues. A family business must deal with these, plus the added layers of intergenerational problems and family dynamics.

Leading a family business requires patience, discernment and strong interpersonal skills.

Is the family business model suited for the next generation?

Because of their culture – their propensity to take care of each other and maintain a longer-term perspective – family businesses are better positioned for the future. Both non-family and family businesses are faced with the challenges of the technological revolution, shorter product life cycles and an increasingly competitive world. What it comes down to is the desire to survive and the ability to change.

Non-family businesses lack a familial orientation. Personnel are treated as employees and are more frequently subject to unfortunate business practices like downsizing. Family businesses benefit from a stable core, allowing their stakeholders to prosper.

What is your nine-step programme for family business success?

1. Family Planning and Communication

Decisions made by previous generations are often poorly communicated, which can lead to misunderstandings that adversely affect subsequent generations.

For example, you have three children, but only one is chosen to head the company. If expectations are poorly communicated, familial relationships may suffer irreparable damage. Setting clear expectations and defining each family member's role and responsibilities is essential to mitigating future crises.

2. Ownership

The previous generation has established a base from which the next generation can build. The next generation must join forces and determine the direction they wish to take going forward. If they are able to do that, they should formalise their employment and

shareholder agreements with binding documentation to avoid any confusion.

My family business followed those guidelines; agreeing to a business plan with certain “ground rules” helped establish the subsequent generation’s trajectory. With both generations aligned, everyone is working towards the same goal.

3. Retirement and Estate Planning

The current leadership needs a fulfilling retirement. Some may want to play golf every day, while others may want more. What must be avoided, however, is their regular involvement in the business, which can disrupt the management process.

To make their retirement meaningful, they might be given a role within the business (e.g., Community Relations Officer). This way, they can maintain relationships with long-standing contacts. These are the types of roles that continue to give them a sense of purpose.

4. Governance

There are distinct differences between family governance and corporate governance; these two system structures should be dealt with separately. A family council addresses the family matters associated with any family business. A board of directors will oversee the business on behalf of the owners.

Objectivity should thus be maintained when dealing with family members; their roles and responsibilities must be clearly defined in order to solidify expectations.

5. Strategic Planning

All too often, the newer generations tend to adopt the same strategies as their predecessors, which can be harmful. As business conditions change, organisations need to revise their strategies to take advantage of market opportunities and address strategic threats.

6. Risk Assessment

Most successful family businesses have excellent risk management skills. If that weren't the case, they would not be around today. Yet, time and again, they seem to overlook unforeseen risk.

Contingency plans must be in place should unanticipated circumstances occur (e.g., losing a CEO or a major customer).

7. Management

This step builds on solid strategic planning, ensuring organisational needs are met. To implement plans, companies must have the appropriate teams in place. This can involve significant changes to the company's organisational structure, depending on the succeeding generation's business plans.

In the case of family businesses, those changes are considerably more difficult to implement. The current leadership may be reluctant to change the structure of the business. In addition, their loyalty may lie with long-term employees that might not fit into the company's new direction. Difficult decisions must be made.

8. Developing Future Family Leadership

The development of future family leadership is paramount. The company must be prepared for leadership transitions, whether planned or unexpected.

Sudden illness or death may propel an unprepared family member into leadership. Development is a critical component in securing the next generation's future.

9. Stakeholder Communications

Customers, suppliers and shareholders must be kept abreast of company matters. For a better outlook on their future within the company, all stakeholders (especially the current generation) should be made aware of any planned transitions.

The leadership must ensure that stakeholders fully understand their roles within the organisation. I typically recommend a 100-day plan that allows leadership to communicate expectations and measurable milestones when generational transition takes place.

How has the conversation around legacy changed for family businesses?

Leaders of family businesses often say that everything they do is for the benefit of generations to come, and there is truth to that statement. However, I also believe they do it for their wellbeing and sense of accomplishment. They want to secure the future of the business and protect their family, and in doing so, they are securing their interests. Nevertheless, issues such as lawsuits and infighting arise, which is where my passion comes in. I want to protect these family businesses and ensure their stability over generations. Sustainability is work, but family business sustainability translates to stronger communities and benefits society for generations to come.