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SEVEN SHIFTS IN TODAY'S LANDSCAPE

In family businesses, a departure from tradition is underway as owners are no longer automatically bequeathing their legacy to their children. The next generation (“next gen”) isn’t exactly clamouring to inherit the family business anymore.

Mike McCarron, a founding partner of MSM Transportation, witnessed this transformation in the trucking industry, particularly in the wake of the company’s acquisition. McCarron started [Left Lane Associates](#), which today is one of North America’s leading mergers and acquisitions (M&A) experts in the supply chain industry. In an industry characterized by fragmentation and a myriad of family-owned businesses, a profound change is unfolding.

“The next generation,” McCarron notes, “is opting for university education and the prospect of jobs with predictable revenues and hours. Having observed the arduous journey undertaken by their parents, the torch isn’t as eagerly grasped. Moreover, the landscape is evolving with more financially liquid options, making M&A an enticing prospect. The huge jump in land valuations over the past decade offers a far more lucrative exit versus passing along the business to the kids.”

In the dynamic world of transportation, McCarron says, “There is an emerging gig economy, where immigrants, many of whom are from South Asia, want to own their own business and bring their own truck, rather than be an employee. It is an increasingly fragmented industry.”

But the road ahead for the next generation isn’t paved with tire tracks. They are looking to explore new opportunities. M&As are now the cool kids on the block, along with offering cash for the business real estate, they also provide fresh financial options.

“As M&A opportunities become available for more family businesses, traditional succession planning is no longer the status quo. Years of toil for a significant cash return is losing its allure and reshaping succession plans.”

Let's highlight seven shifts happening in the family business landscape.

#1: FROM STRESSFUL TO PREDICTABLE

Stress? With worries of payroll and other responsibilities keeping many owners up at night, the last five years have strained many family businesses. Business owners are hesitant to pass this pressure onto their offspring, who, in turn, are wary of the heightened level of accountability. Guess what? The next gen has clocked in, and the grind of their elders is viewed not as a rite of passage but as a cautionary tale. They've seen the movie, and they want a different plot.

#2: EDUCATION: THE CATALYST FOR CHANGE

The conventional approach of handing over the keys to the next generation is no longer the only song on the playlist. Family business owners are embracing a new paradigm, investing time to understand succession best practices, particularly where next gens are required to complete business education. The family business next gens are discovering the value of education and defining what purposeful work means to them, not simply taking what is handed to them.

#3: RENTING SUCCESSION EXPERTISE

Sophisticated sales processes for businesses are no longer the secret sauce of corporate giants. Family businesses are tapping into advisors, shattering the myth that only the big players get a seat at this table. As M&A opportunities become available for more family businesses, traditional succession planning is no longer the status quo. Years of toil for a significant cash return is losing its allure and reshaping succession plans. The next generation is no longer opting to inherit the family legacy.

#4: NEXT GENERATION'S DESIRE FOR AUTONOMY

The next gen wants out, not because they lack ambition, but because the game has changed. Daunting sale prices for the family business and the labyrinth of raising financing aren't their chosen battles. The next generation is attracted to the cleaner option of full sale of the family business. The significant payout, which will become their inheritance, is predictable. Why risk taking over the business built by their granddad when they may not fit the role? The pursuit of personal career choices is prioritized over familial obligations.

#5: IMPACT ON THE ORGANIZATION

Automatic succession of family members is not always well received. There is heightened awareness among family business shareholders regarding the impact of familial transitions on employees, and this is reshaping succession plans. Instead of automatically hiring a family member, many would prefer to have a professional search firm help with the recruitment process.

#6: CASH IS KING

Family business founders are discovering that a wider range of buyers enhances the likelihood of fair value and a cash deal – the crown jewels of succession. Cash in the hand is secure. This contrasts with relying on the family business managed by the next generation, where the retirement income stream is less certain.

#7: THE PRICE TUG-OF-WAR

A generational tug-of-war ensues. As the aging boomers pull for max value, the next gen tugs for a budget-friendly deal. Finding the sweet spot is not just a financial pursuit. It's a delicate dance to preserve family ties. McCarron says, "Snowplow parents are hesitant to anoint one child the leader at the expense of their relationships with the other children. Easier to sell, distribute the wealth, and let them do their own thing."

SOME FINAL THOUGHTS

As McCarron observes, these seven shifts signify not the abandonment of legacy but a strategic recalibration. The M&A sale option is understandable as it removes the fighting and uncertainty from the gig economy.

Adapting to the evolving contours of succession is the hallmark of resilience, ensuring that family businesses transcend generations without sacrificing financial acumen or familial harmony. The architects of the future, the next gen are driving their own lives, which may or may not include the family business. **B**

Date of publication:

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