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THE BUSINESS NEWSLETTER FROM AUSWILD & CO
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THE MUST-HAVE CHARACTERISTICS FOR DEVELOPING NEXT GENERATION LEADERS

According to **Jeff Faulkner** from the *Rawls Group*, the family unit has been under attack for several decades now with devastating effects. When the family disintegrates, the next generation suffers and potentially so does the long-term continuity of success in the family business.

It should be the parents' responsibility to develop character in the next generation. However, most entrepreneurial business owners all too willingly download this all-important task onto someone else, or expect that character in their kids will develop by default.

There are several key elements in the development of the next generation. The first is independence. When evaluating the next generation on this point, ask:

- Do they have a deep belief that they have what it takes?
- Are my children comfortable making mistakes as part of their learning or are they afraid?
- Do they recognise their shortcomings and develop relationships with others who have complementary skill sets or do they feel threatened by others who are strong where they are weak?
- Have I enabled my children beyond their ability?
- Am I paying them more than they would be compensated in a similar job outside the family business?
- Do they exhibit an entitlement attitude?
- Are they dependent upon me? Do they come to me for financial help?

Faulkner says that the answers to these questions will give you a starting point to evaluating the next generation. They will also provide you with a reference point for creating a plan of action for the development of independence in your children.

If you want your family members to become capable, competent, committed and potential successors to the family business legacy, it's going to require that you recognise them as the most important asset in your life.

The business represents financial capital that is secondary to the personal, intellectual, emotional and spiritual capital that exists in the members of your family. Financial capital is only a tool that allows you greater latitude in the development of your family members. By itself, it cannot cultivate your children or preserve your family. Learning how to run the business is the easy part. The difficult part is learning to be a great person who is chock full of character and values and capable of leading others.

It's important to understand that rebellious behaviour exhibited by your potential family successors is not a reflection of independence at all; rather, it is evidence of a desire to not be controlled. At the root of this unfulfilled desire to be independent is another key indicator to evaluate in your potential successors – a separate and solid sense of identity. How do you know if your successor has a solid sense of identity?

Ask:

- Do my potential family successors exhibit self-awareness?
- Do they know who they are apart from the family and the family business?
- Are they seeking their own calling in life, or are they trying to fulfil my dreams in an ongoing effort to win my approval?
- Is their work a calling or is it simply a way to earn a wage?

Faulkner says that parents should check their own issues here! Do you have a need to be needed? Do you enable your children? Does it make you feel powerful, important or needed in the lives of your children? Does helping them alleviate guilt you feel for neglecting them?

In evaluating your successor(s), if you have determined that they exhibit a solid sense of identity and independence, congratulations, they are on the right track. For those traits to now translate into a respected leader, the successor must also have humility.

In Jim Collins' book, ***Good to Great***, he says that Level 5 Leaders exhibit a blend of professional will and personal humility. In determining a healthy level of humility in your successors, ask these questions:

- Have my successors independently sought out a mentor to help them learn, grow and develop?
- Can my successors effectively subordinate themselves to mentors and become apprentices in learning the trade to which they feel called?
- Do my successors exhibit an ability to navigate effectively between being right and doing the right thing?
- Do my successors exhibit a stewardship responsibility with regard to the family business?
- What kind of persons are my successors to their colleagues, friends and acquaintances?

It's critically important that you do not confuse low self-esteem with humility or arrogance with strong leadership skills. If your identified successor has successfully shown the characteristics of identity and independence, then you can be reasonably assured that what you are seeing is true humility and not arrogance.

How you answer these questions will help you determine how well your identified successor(s) have developed to this point in terms of the ability to be respected leaders. Business acumen will be developed as a natural by-product of the character trait of humility.

Jeff Faulkner, (jfaulkner@rawlsgroup.com) specialises in family business succession planning and is responsible for cultivating and facilitating client relationships. Jeff relies upon his background in family counselling to navigate the unique challenges of family dynamics in the succession planning process. He is currently writing his first book on this topic. Helping families in business develop more effective and productive relationships is Jeff's passion. He has been associated with the Rawls Group since 2002.

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*Our deepest condolences go to the Gaukroger Family on the recent passing of **Damian Gaukroger**. Our thoughts are with you at this sad time.....Birthday greetings go to **Glen Fulton** and **Angelo Vardanega** who celebrate special birthdays this month. Happy Birthday to you both.....Congratulations to **Rob McKeaig** who clocked up 15 years' service with the Peter Kittle Motor Co this month.....and Congratulations to **Rhys Bennett** and his team at **Lean & Bennett Toyota** who won not only the Toyota President's Award but also the Toyota Financial Services Dealer of the Year Award.*

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