

Paving the Road for Generations of Success

Dave Specht, CFP®



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A few years ago, two men were driving on a cold winter day in Western Canada. One of the men asked the other man who owned a road construction company, “How is it that the roads here in this part of the country hold up so well with the frigid cold of winter and the extreme heat of summer?”

THE MAN EXPECTED A SCIENTIFIC solution for a special asphalt or concrete mixture. “The secret lies in the depth of the road material,” answered the construction company owner. As the cold of winter and the heat of summer come and go, it is the depth of the road base that lets the material expand and contract without cracking or damaging the driving surface.

As I considered this story¹ and its relevance, I discovered several unique parallels between the principles of road construction and the leadership development process of a next-generation

family business leader. Obviously, not all roads remain intact as in the story above. Many become riddled with cracks and potholes following a cold, wet winter or a summer of extreme heat. Like roads that are properly constructed, the “materials” needed to properly prepare a successor are varied and need to be applied consistently with great depth. How then do we explain the variances that occur in the process of building roads—and building leaders?

Minimum Standard or Optimal Standard?

When paving a road, the depth of

the road base is often determined by a “minimum standard” rather than an “optimal standard.”

Within businesses and banks alike, many leadership development plans take place under the guise of “minimum standards.” In a leadership succession study completed in 2008, the majority of bank-owning families from Nebraska, Kansas, and Iowa said they believed the next generation of bank leaders would come from an internal source. However, less than one-fourth of the banks surveyed had formalized leadership development programs that would produce such leaders. Thus, most survey respondents had chosen a “minimum-standard” approach. The hope or expectation that leaders will simply materialize when needed is not an optimal standard that one should rely on for consistent, long-term success. Not being intentional about the preparation of next-generation leaders is near-sighted and lends itself to lasting negative consequences.

Many industries likely fall into this “minimum-standard” category in regard to developing the next generation of business leaders. What should be the standard? Do you view your business succession plan as minimum standard or optimal standard? To which standard does your current plan of action lead?

Short-Term Constraints or Long-Term Functionality?

In road construction, the depth of the road base is often determined by short-term cost constraints rather than the quality and long-term functionality of the road project.

In business, too, short-term cost constraints are often given greater importance than the long-term value of having capable, qualified leaders for the next generation of the company. Lincoln, Neb.-based NEBCO Inc. is a 101-year-old construction materials and road-paving company owned by the Abel family. Eric Anderson is one

of NEBCO's road-paving experts. During an interview with Anderson and Jack Abel, a fourth-generation family businessman, Anderson said he has observed shortcuts being taken in some new developments and parking lot projects to save money and maximize profits. He explained how these jobs are run using "minimum standards." Anderson noted that in as little as four years many of these parking lots and roads have serious cracking or major potholes.

With family-owned businesses like NEBCO, however, short-term profits are not usually the focus. The best family businesses take their time to prepare the ground, use plenty of road base, and then "pave the road" for the next generation by considering the long-term view.

Parking Lot or Runway Approach?

The necessary depth of the materials used in road construction is determined by expected traffic loads, street classifications, and existing soil types.

NEBCO's Anderson shared the story of two different jobs and two very different approaches. The first job took the "Parking Lot Approach," mentioned above. The builder wanted to spend as little time and money on the parking lot as possible. The plan was to quickly sell the project upon completion. Because of the short-term, profit-minded builder, he spent little time preparing the soil, and used as little asphalt as the "minimum standard" allowed. The resulting parking lot looked good for three or four years but could not hold up to the demands placed on it and was soon riddled with cracks and potholes.

Anderson then described the paving of an airport where the Army National Guard would land their expensive, heavy airplanes—the "Runway Approach." He explained that not only did the Guard request something greater than the minimum standard, they expected 18 inches of base, along with 10 more inches of concrete-treated base, topped with 13 inches of concrete. Did they really need that much material? What were the driving forces that led them to request such a deep foundation on which to land? The cost of the planes and cargo landing on the runway would be one good reason, and the safety of the passengers on those planes yet another.

When we think about leadership development and succession planning, are we building minimum-standard parking

lots or are we building sturdy runways for high-powered machines? The value of your business and the prospects for its continuity determine the type of foundation you put in place. With most family businesses that seek to foster healthy long-term growth, it is extremely important to prepare the ground with ample and perhaps even excessive road base to give the next generation the best foundation for success. Here are some examples of how your organization might accomplish this:

1. Encourage the next generation to find an area of the business in which they feel passionately about learning and working.
2. Allow the next generation to have experiences and opportunities to succeed or fail both inside and outside of the business.
3. Provide the next generation with a documented career path and with mentors that can help them develop the unique skills they will need to succeed in your industry.
4. Give next-generation leaders ample time to grow and develop their own identity in the company before elevating them to a top position in the organization.

Each of these ideas figuratively serves as a unique element in the "road base" for the next generation. Remember, not all projects require the same specifications, but if you value your company and expect high performance and growth, you should not prepare the next generation as you would a temporary parking lot. While the investment of time, energy, and focus may seem expensive in the short-term, if done properly the strength created will pay dividends over the long-term. "The secret lies in the depth of the road materials." Prepare the soil through education and discovery of interests and talents, apply plenty of "road base"-type experiences, and then observe and evaluate a well-prepared next generation as they find success on the road to business continuity and growth. ▶

¹ Monson, Thomas S. (2006 November). How Firm a Foundation. Ensign, pp. 62, 67-68.

Dave Specht, CFP® is a lecturer in family business management at the University of Nebraska-Lincoln and is a family business consultant. Specht has gained national attention as a speaker and for his creation of The Family Business Continuity Audit®. Contact Specht at davespecht@gmail.com.

