

# Developing the Next-Generation Entrepreneur

By Doug Baumuel

Can entrepreneurial behavior be taught? This question is of particular concern to family business leaders because so much depends on the skill and commitment of the next generation leader.

The family business was born through the entrepreneurial spirit of the founder. It was carried on successfully through the generations by continued entrepreneurial leadership. So, how do current leaders ensure that this entrepreneurial tradition will continue in the next generation?

Non-family business leaders have the luxury of choosing successors from a pool of professionals who have demonstrated their leadership and ability elsewhere. Prospective next generation family business leaders are typically first-time CEOs and more often than not, have had limited opportunity to show their entrepreneurial mettle.

Entrepreneurism is especially relevant to family business stakeholders because current leaders are more likely to implement succession plans when they see a reflection of their own entrepreneurial spirit in a successor. Moreover, they know that their competition is likely to be led by a seasoned, experienced entrepreneur.

Complicating matters, the next-generation leader may have:

- been raised in a more affluent household, not knowing real need
- had the privilege of professional education, never having had to learn by doing
- identified more with professional, rather than entrepreneurial, values
- inherited wealth and position that he or she is reluctant to put at risk
- been living the prior generation's vision, never having developed his or her own
- had help, never having had the experience of figuring it out for themselves
- not had the opportunity to develop self-confidence and a leadership style
- had greater opportunity to develop competing passions and avocations



DOUG BAUMOEL

These are the all-too-familiar challenges facing the next generation leader. The gap between one's inherent qualities and those of the entrepreneurial leader may be large or small. Closing that gap requires identifying that it exists and finding the right developmental resources – coach, consultant, professor, mentor, psychologist – and being held to entrepreneurial behavioral standards. Just what are these standards? What makes a leader entrepreneurial?

Much of the research regarding entrepreneurism in family business has focused on the need for entrepreneurial *behavior*. Academics have studied successful family businesses and, lo and behold, there is statistical evidence that their leaders typically exhibited entrepreneurial behavior. But little is written about what those behaviors are and how to develop them in leaders.

Following are eight characteristics which, when in the right balance, provide a standard for developing and measuring successful entrepreneurial behavior.

**Innovative:** The status quo isn't good enough. Entrepreneurs always strive for competitive advantage. Leaders lacking this quality are simply caretakers of the business. Too much innovation, however, is also not entrepreneurial and leads to lack of follow through and tinkering.

**Visionary:** Having a clear vision and the ability to inspire others to share it is a hallmark of the successful entrepreneur. Without vision, leaders become like a deer in the headlights when the unexpected happens. But vision must be balanced with

## succession

accomplishment.

**Risk-taking:** Entrepreneurs take calculated risks that may seem unreasonable to outsiders. They perceive risks as lower because they are betting on themselves and the teams they have built – i.e., they are “the house.”

**Questioning of authority:** Asking forgiveness rather than approval, not listening to the experts who say “it can't be done,” distinguishes the entrepreneur. They play by the rules – but by rules that may not have been written yet.

**Inquisitive:** They understand that knowledge is power and are always striving to learn more to stay ahead of the competition. They are inquisitive and know that mere competence is fleeting.

**Passionate:** Successful entrepreneurs are immersed in their product or service and develop strong connections to their industry.

**Vigilant:** The true entrepreneur gets things done and makes sure they are done right. More than attention to detail and a strong work ethic, they take responsibility. The opposite is all too common in family business – entitlement – the killer of family business.

**Value creator:** Entrepreneurs are motivated to create value beyond personal satisfaction. They are driven to make a difference – to the industry, the community, their family or the state-of-the-art. It's more than about money, and this is what distinguishes the entrepreneur from the speculator or opportunist.

These eight characteristics, when in balance, are the qualities that should be expected of next generation leaders – especially when planning for succession. They are the standards to which boards and senior stakeholders should hold their leaders accountable, and the behaviors that should serve as examples to future generations. ■