

Hi this is Wayne Rivers at The Family Business Institute. Thanks for tuning in. New feature, look down below subscribe to the RSS feed, and we have a podcast now available in the iTunes store. So another way to catch up with us.

So, I want to talk about a speaker that I heard. I was doing a speech in the Pacific Northwest, and the speaker before me threw out a quote, which was astonishing. I mean it was amazing. I'd never heard this before. He said that, "First of all, about almost 10% of the people that try to ascend Everest die." Well that sounded pretty daunting. But he also said, this is the thing that got me, "80% of the fatalities on Mt. Everest occur, on the way down."

Well, I just thought that was outrageous. That didn't make any sense to me, so I looked around and researched it on the internet, where all things are true, and sure enough that's what I saw over, and over again. 80% of the deaths on Everest occur on the way down. So I started reading about it and it's like, "Why is that?" Because it's kind of counterintuitive, isn't it?

So here are the four main reasons that 80% of the deaths occur on the descent of Everest. The first thing is exhaustion. You know, you've got oxygen deprivation, you've got the physical torture and exhaustion of summiting that mountain. So the people when they're coming back down, physically they are worn out. And that makes sense. I could relate to that pretty easily.

The second, symptom you might say, was euphoria. You talk about a bucket list goal. I mean, ascending Everest and actually reaching the summit, I mean how many people in the history of mankind have ever done that? So the euphoria that these people must feel having achieved a bucket list, lifetime goal, and checking that box, Golly can you even imagine that? And, so they might let their guard down a bit due to that feeling of euphoria.

Planning, the third thing was planning. The commentator said that, "Most of the planning occurs to ascend the mountain." You plan your base camps, you plan all this stuff. And all of the, thought ... not all, most of the thought is getting to the summit. "How are we going to do it? How are we going to execute?" And consequently, fairly little planning is devoted to getting down. But think about this. At home if you become a little clumsy, and you trip going up the stairs, you can catch yourself and the trip isn't all that costly. On the other hand, if you get clumsy as I sometimes do, and you trip going down the stairs that's a little more disconcerting isn't it? And potentially a little more injuriously, than I would think mountain climbing. You know, if you're going down a mountain the scale, and the size of Everest, then you know tripping on the way down probably is more costly, than on the way up.

And the fourth thing, the fourth contributing factor was relaxation. Again, having hit that summit you kind of breathe out, big sigh of relief, "I've done it, now all I got to do is get back down, and we're home free." And that relaxation leads to a little bit of a complacency if you will.

Alright. Now how does all this relate to family businesses? Well, I think the four factors that contribute to the deaths on the descent of Everest exhaustion, euphoria, relaxation, and the planning. I think those four factors apply directly to you in your family business.

So let's talk about the first one exhaustion. My observation about family business leaders is so often they're this close to burnout. By age 55, or so you know your energy begins to flag, believe me. I know. You're just not as energetic, you don't have that fire quite like the way you did at one time. I can tell you that most of our clients are this close to burnout.

Tired people whether it's on Everest, or whether it's in a tennis match or whatever. Tired people make mistakes, we know that. And the thing about it is, you don't know how tired you are, because this is normal for you, this is your life. A few years ago I was having a lot of knee problems, and I ended up having knee surgery. And until the surgery was over, and my recovery was underway I didn't know how much pain I was in. It was normal for me. Walking up and down stairs, it was normal for my knees to be killing me.

And I just didn't know, because that was normal for me. Until I experienced a new normal, the lack of pain. I didn't know how much pain I was in. And I think that applies to you. You don't know how tired you are, you don't know how close to burnout you are, because you haven't experienced coming out the other side into a state of rehabilitation, and rejuvenation.

So think about that. Exhaustion is big in family businesses, and tired people make mistakes, and it's holding you back. That you've devoted so much of your time, and energy to the business, you probably don't realize how little contribution you might be making right now.

The second thing is euphoria. You know, back before the recession six, seven, eight, people were euphoric. Business was great, profits were wonderful, the phone was ringing all the time. And we're back to that again now, aren't we?

2018 it was tough, tough sledding. 2010, 2011 I mean a lot of us almost didn't make it. And now here we are back on top, new revenue records, new profit records, hiring new people. The euphoria of boom times is back. And as you've heard me say before, the seeds of a company's destruction are sown in good times. So right now we're back to that. People reading their own press clippings you know, they're excited. They're almost back to reaction mode where things are happening so fast in the business, they're not staying ahead of the planning, they're just reacting to events because things are moving so fast right now.

So there's that sense of euphoria. The planning. Again, because things are moving so fast people have gotten away from the planning. You know, they sat down in 2010, and 2011 and they worked on cutting expenses, and reducing headcount, and cutting overhead in any way possible, and they planned for how they were going to do more work with few people etc. they planned, planned, planned, planned, planned. And now people say,

"Well gosh the phones ringing so much, and we have so much incoming business, we don't need to plan anymore. We just need to keep doing what we're doing, and we're going to be successful."

Don't let that be your mantra, because you're making a huge mistake. Just as much planning on your ascent, you probably need more planning on your descent. Because the next slowdown is coming, and you need to make sure you're ready for it. Okay?

And finally, the fourth thing relaxation. You know, so many family businesses say, "Gosh, we're really successful right now, and we've been around for three generations. And look at how successful we've been." And I can just see complacency creeping into their thinking. And complacency is a killer for a family business. So please don't get relaxed. You can't afford to be relaxed. Right now with the pace of things, we're looking at another two, three really, really good years. What Dennis refers to is super profits might be out there. For one of the only times in your business life.

By all means stay ahead of the curve. Do your planning, do your strengths, weaknesses, threats, opportunities, Barriers. Do all the financial planning, and forecasting it's so important. You've got to plan now more than ever. You've got to renew yourself, and your company now more than ever, and you've got to reinvent continually, because your business is going to look different a year from now, and two years from now than it does today.

So don't fall prey to the factors that lead to deaths on the descent of Everest. Stay ahead of the planning curve, and take advantage of all the opportunities that come your way. This is Wayne Rivers at The Family Business Institute. Thank you.