

Hello, this is Wayne Rivers at The Family Business Institute. Thank you for tuning in. Click on our social media icons, please, and as always, we welcome your comments. I'd love to hear what you have to say about this, and our other blogs as well.

All right, so this week I want to talk about the worst business advice ever. It comes from this story, we have lots of generation two and generation three people calling and they say, "My mom and dad," or, "My granddad and grandma won't do this, they won't modernize, they don't believe in computers, they run the business the way they did in the 1970s, it's command and control and top down, and they yell at people, and they're not into modern management and people management practices," and things like that.

Inevitably, the mom and dads, the granddads and the grandmas, they say, "Look, I built this company from nothing and now it's worth \$25 million. And, how do you argue with that kind of success. I didn't need these fancy techniques, this fancy software, or this kind and that. This modernization or that modernization." And they go on in this type, and it's hard to argue. Golly Moses. That kind of success in one or two generations of a family is very, very difficult to argue against.

In a sense, their very success has isolated them from the thought that they can fail. And, if you think about it, throughout their working lifetimes they've had challenge after challenge after challenge after challenge, and they've always overcome them. And so, that give them this unrealistic sense that they're bulletproof, that they're inevitably successful in spite of anything that comes down the pike.

So, the most useless business advice ever is – "if it ain't broke don't fix it." You hear this all the time. And, it's really frustrating. For those of you that are auto racing fans, do the crews wait for the tires to wear out and the gasoline tank to be this much from empty before they bring the car in and top it off and do all these little maintenance things? Do they wait for the windshield to get smeared with oil and bugs and track debris and all that stuff before they -- No, they keep the car running at top level all the time by doing periodic, quick, intelligent maintenance. And, those of you that have vehicle fleets, machinery in your business, you do the same thing. You treat your machines, in a sense, better than you treat family business itself.

I've got a buddy who runs a software engineering firm here in Raleigh. He's crazy successful, really a great guy, super successful. And, he purposefully goes in, and the way he says, "This year I'm going to blow up my sales department," or "This year I'm going to blow up my operations or I'm going to blow up this kind of engineering." He purposely goes in and throw some bombs and challenges his people to deliver in a better, more intelligent more thoughtful manner. Boy golly, you can't argue with his success either.

So, what family businesses need is reinvention. And, they need it periodically to stay competitive in all these other things. They need open, honest, blunt talk between G2, G3, whatever, about where the business is headed and how it's gonna get there. And one of the key things that we've learned in all this reading and some of the blogs I've done lately, is one of the ways to get the most out of these family business discussions is to actually have disagreement. Family businesses try to tamp down disagreement, they don't want that, they don't want conflict. But, disagreement is actually proven to be one of the catalysts in developing the best business solutions.

So, if you subscribe to this foolishness, if it ain't broke don't fix it, then I can think of at least six things that are going to happen in your business, potentially, that are going to cause you to have to reinvent at some point.

So, the first thing is burnout. If you've got a business that's being run the same way grandma and granddad did in the 1960s or 70s, that means crazy, insane long hours. People, as we talked about in a blog just a few weeks ago, people are only designed to work productively about 50 hours a week. After that, the productivity begins to fall off.

The other thing that happens is that employees begin to leave, and we get calls about this now all the time. That's one of the sure signs that your family business needs planning and direction and a clear vision of the future, when your key employees begin to desert the company because that don't see where the company is going and how it fits with their own personal desires and needs.

The third thing is that next generation leaders pull back in terms of their effort and commitment because they realize, if it ain't broke don't fix it, I'm going to have to work 100 hours a week just like mom and dad did, and I don't want to do that. Today's world, I don't want to work 100 hours a week.

Customers or vendors begin to leave because they don't see modernization in the business and they're looking for green pastures for themselves, so they align themselves more closely with you competitors or other people.

Competition will slide past you. I can guarantee you today, irrespective of industry, the enlightened companies that have figured out how to be people-centric are going to attract people to them better and more capably than you're doing in your own company. And, that is going to allow them to slide past because I don't care who you are or what industry you're in, you're in a people business. Your employees are people, and your customers are people, and if you don't find a way to be people-centered in 21st century in your thinking, you're going to lose to the competition.

And, finally, these businesses leave themselves open to catastrophe in terms of health or even death. When some of these senior leaders actually reach the end of their capabilities, reach their limits, then not having retooled, not having reinvented and not having moved beyond this hard to argue with success mentality, is going to be crippling for them.

So, basically, what I'm saying to you is this. You have to argue with success. If you're a younger person or a key non-family employee, you have to argue with success. You have to challenge, you have to reinvent the business. You have to engage in rigorous business planning and thinking. Because if you don't, this if it ain't broke don't fix it mentality is going to come back to bite you, and it's going to put you and your company at risk.

Love to have your comments. This is Wayne Rivers at The Family Business Institute. Thank you!