

# Case Study: Management Training Program Helps Owner Solidify Exit Strategy

Recently, I had a conversation with a bus business owner in the Northeast about how he arrived at his decision to sell his family business. He shared that instituting an experimental management training program played a vital role in mapping out the future of the family business. Many bus business owners can learn from his experience. Below is a summary of our conversation.

## **How long were you uncertain about your kids taking over the business prior to your experiment?**

My wife and I were going back and forth about selling for three or four years. We did not want our kids to feel like we were forcing the business on them. We had hoped that one of the two kids would tell us that they wanted to take over the reins, but that never happened. Eventually, I just decided that I was going to have to be more proactive to protect my potential retirement funds and myself.

## **What did you actually do?**

It was pretty simple; my kids needed to decide if they wanted to take over the company. In order to find that out, some changes were made to help them get the facts and make the right decisions.

## **What did that involve?**

One of the reasons I think my kids were on the fence about taking over the business is because they had not yet experienced the full weight of business ownership. As a result, they could not make an informed decision about taking over the business. To determine if they could be a fit for the bus business long term, it was greatly important to increase their responsibilities, specifically in areas where they had limited experience.

## **What were you hoping to accomplish through intensifying the next generation's training and responsibilities?**

Honestly, the first objective was to find out if they would quit when I poured on the pressure. The second was to help them develop a broader set of critical skills that would allow them to be a successful owner.



**How did you determine what roles they would take on in order to help smoke out whether or not they were a fit for transferring ownership?**

We rewrote their job descriptions entirely based on where I thought they needed the additional experience the most. My son, who was primarily a mechanic and supervisor, transitioned to sales. My daughter transitioned from safety and compliance to operations and financial management.

**How did they respond to the changes?**

We were very open about why the changes were necessary and why it was in everyone's interest to make these adjustments. My son and daughter are both competitive individuals. I think they rather saw it as a challenge. They had great attitudes through it all...well most of the time (chuckles).

**What happened? What was successful about this experiment?**

We formally assessed the experiment as a family after the first year of the management training program. I guess you could say that it was a success in that we are no longer wondering about how we will exit the bus business. Both kids determined that they did not have a desire to take over the business. We will be selling to the open market at some point in the near future.

**At what point in the management training program did it become clear that it was not in the cards for the business to stay in the family?**

It only really took about six months to clearly see the writing on the wall. A spark was missing. The funny thing was, the kids did a great job. They really exceeded my expectations. Despite excelling in each of their new areas of the business, both determined that they would thrive more and would probably be more fulfilled in a different setting.

**What did you learn about your business during this process?**

Maybe just what I already knew. This is a unique and tough business, and it is not for everybody.

**What did your kids learn through the experiment?**

They learned some new things about the bus business. I think they also learned about passion and commitment. The bus industry can be so unforgiving at times. Passion is

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such a key ingredient to being successful in any business. They probably saved themselves a bunch of time and money by being true to their hearts. Most importantly, I think they learned some valuable tools about business ownership, decision-making, and just life in general that I believe will serve them well down the road.

**Is there anything you would change about how you handled this experiment with your family?**

Based on what happened, I wish I had placed greater responsibilities in the hands of my kids earlier on in their careers. Obviously, it may have allowed me to avoid a few years of stress and uncertainty. More importantly, I think it would have helped my business. I underestimated how impactful my kids could be if given the right opportunities.

**What advice would you give to other bus business owners that are in a similar situation?**

Communicate openly, honestly, and often with your family about the future of your family business. These are tough situations and can greatly affect the people you care about most. Do not be afraid to ask for help.