

Talking about generations

Over the years, through observations and in recent studies, Chemark has determined that what triggers the start of a coatings or paint company and what sustains it are certainly married elements to some extent, but fraught with anxieties of difference.

Chemark investigated 110 closely held coatings companies in North America all within the sales revenue range of \$15-100 million. Our interviews were accomplished both directly and through a pre-mailed questionnaire for guidance purposes.

The objective was to determine what made the original entrepreneur start his/her coatings business as well as find the key sustaining factors that made the business viable over generations.

Chemark discovered several general truths pertaining to the first four generations of entrepreneurs.

First generation entrepreneurs had a vision of how things should be based on experience that usually differed with his/her employer or generally, the typical way things are done.

The second generation had a tendency to go along with the first generation's vision, but found only subtle elements to massage and tweak.

The third generation had a desire to branch out beyond the core strategy of the founder, mostly in new markets but sometimes into new geographies or technologies.

The fourth generation entrepreneurs tended to be of two diverse extremes. They were either totally disinterested in the business or were aggressively interested in making a much different statement or reason for being and, therefore, creating a different company altogether than any of the previous generations.

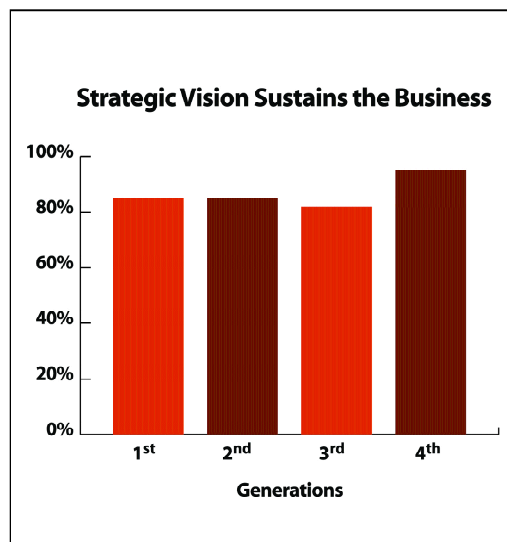
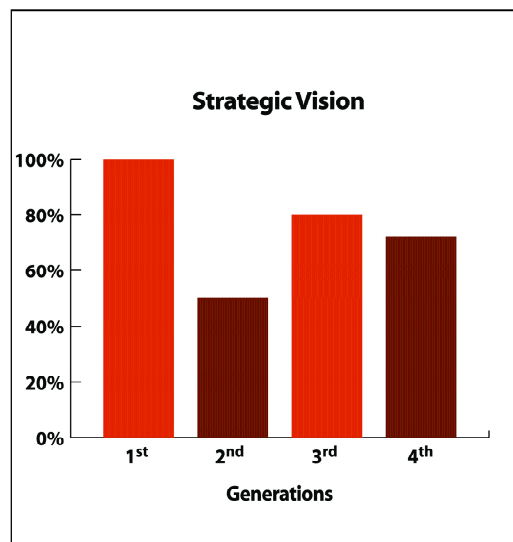
Of the 110 coatings companies we interviewed, 17 fell into the first generation category, 37 in second, 30 in the third and 26 in the fourth.

The survey included 21 basic questions. Three areas were particularly important to our conclusions including the traits an entrepreneur must possess to start a coatings business, the key drivers required to sustain the business and the traits an entrepreneur must possess to sustain and run a coatings business.

TRAITS AN ENTREPRENEUR MUST POSSESS TO START A COATINGS BUSINESS

Twenty traits were identified that an entrepreneur must possess to start a coatings business. Of the 20 traits considered, the dominate trait

Are follow-on generations much different when it comes to core sustaining elements in the management of closely held companies.



possession required by all generations was a strategic vision. The chart on the previous page, "Strategic Vision," shows that 100% of the first, 50% of the second, 80% of the third and 72% of the fourth generation entrepreneurs said that having a strategic vision was a "must have" when starting a coatings or paint business.

SUSTAINING A COATINGS BUSINESS

Five key drivers were identified to sustain a coatings business. Of the five drivers identified that will sustain the business over the long-term, strategic vision was overwhelmingly the number one element that dominated the survey's results at 85%, 85%, 82% and 95%, for first, second, third and fourth generations respectively (See chart on previous page, "Strategic Vision Sustains the Business").

TRAITS AN ENTREPRENEUR MUST POSSESS TO SUSTAIN AND RUN A COATINGS BUSINESS

Twenty traits were identified that an entrepreneur must possess in order to sustain and run a coatings business. As important as it is to have a strong and relentless strategic vision when starting a coatings business, it is just as important when running it continuously. In every generation surveyed, all individuals considered strategic vision along with initiative and persistence to be the second most important elements to running their respective companies successfully. However, the number one element in sustaining their companies was ethical behavior.

The overwhelming consensus of opinions agreed that without a solid foundation of ethical behavior, their businesses could not prevail.

In the end, regardless of the size of the company's revenue as well as varying managerial generations, dosely held coatings companies hold fast to

the need for a strong strategic vision that is driven by energetic initiative and persistence, which is all held in

place by ethical business practices. **CW**

See Chemark's ad this month on page 42.