

## How Does Technology Create a Smoother Ownership Transition?

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### Overview

- **Business Type:** Multi-generational family LBM (Lumber and Building Materials) dealer
  - **Owner's Age:** Late 60s
  - **Current Situation:**
    - The current owner is resistant to implementing a new technology system, despite the limitations of existing systems
    - Difficulty in attracting and retaining talent
  - **Objective:** Develop a technology integration plan to streamline business functions, improve efficiency, and increase profitability
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### The Opportunity

The second-generation owner is within 5 years of wanting to transition ownership, but the business faces significant challenges:

- **Fragmented Systems:**
    - The business uses multiple, non-integrated systems for tracking inventory, recording accounts receivable, managing revenue and expenses, and taking orders.
    - These disconnected systems lead to frequent errors, inefficiencies, and a lot of time spent fixing issues.
  - **Talent Retention Issues:**
    - The owner struggles to attract and retain younger employees, which is essential for ensuring a smooth transition and continued business growth.
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### The Solution

We began by discussing the owner's primary goals:

1. **Ownership Transition:**
  - The owner wanted to transition out of the business in the next 3-5 years.
2. **Talent Challenges:**
  - The owner's inability to attract and retain younger talent could undermine the transition plan. We agreed that addressing this issue was critical.

After understanding the owner's concerns, we took the following steps:

1. **Process Review:**
    - We analyzed the business's processes for collecting, monitoring, and reporting key data. While there were systems in place, they were not integrated, causing inefficiencies and errors.
  2. **Technology Integration:**
    - We partnered with an enterprise management system (EMS) provider to identify and implement the right solution to integrate the various business functions, ensuring seamless operations and reducing errors.
  3. **Employee Involvement:**
    - We worked with the technology provider to ensure clear, documented processes were in place for training employees on the new system.
    - We also created a feedback loop where employees could offer suggestions on how to improve system use. This "open door" policy helped foster a sense of shared purpose, motivating employees to take ownership of their roles and understand how they contribute to the business's profitability.
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## The Result

- **Increased Margins:**

The integration of business processes through the new EMS enabled ongoing monitoring and analysis, which helped improve efficiency and increase margins.
- **Expanded Leadership Team:**

The owner successfully hired two mid-career professionals to expand the leadership team, addressing the talent retention challenge.
- **Successful Succession Plan:**

With the business running more efficiently and the technology reducing the owner's workload, we were able to develop and implement a solid succession plan, setting the stage for a smooth ownership transition.