

Leadership From Outside

Turning the business over to a non-family member requires common goals, planning and family interaction.

Among the most difficult decisions faced by families in business is when and how to turn over the leadership of the organization to a non-family member. Such a decision is encumbered with layers of emotional and relational history, potential conflict and uncertainty about how the outsider and the family will work together.



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Unfortunately for many families, the discussion about the value of an outside leader is trumped by an assumption that a relative has to take over. We've all seen situations where a family member couldn't manage effectively after a transition, not having the skills, knowledge or good judgment. As a result, the value built over several generations was quickly lost.

Moving beyond the assumption of DNA-based leadership requires at least three elements: a compelling vision for the future, a good planning process and a meaningful way for the family to continue interacting.

A CLEAR VISION. Instead of first asking if you have a family member who can lead, the key business question is, "What do family members hope for the business in the future?"

Based on the family's overall vision and goals, there may or may not be capable or interested leaders among family members.

A family's vision and goals can vary widely. Some examples include maximizing cash-flow to shareholders, investing in significant growth, preserving the business for future generations regardless of who is involved in the day-to-day operation and selling the business. The family must be clear about where it wants to go and let the leadership discussion follow.

A DELIBERATE PROCESS. Agriculture businesses operating in today's commodity market require making good decisions quickly with a limited amount of information. But choosing non-family business leadership is one decision that requires a deliberate process.

Take significant time to explore—as a family—the expectations and experience of future leaders in light of your vision. Look at their skills and prior experiences, examples of their behavior in difficult situations, their adaptability, the results they achieved in prior leadership positions and the associated costs and benefits of their strategies. Investigate their character and integrity, as indicated by references or people who have worked with them. Discuss their personal vision and how it aligns with yours. These evaluations don't happen in one interview; they happen over several deliberate conversations during a period of time, so the family can begin to understand the prospective leader's potential.

CONTINUED MEANINGFUL INTERACTION. Bringing in a non-family member to lead the business will impact how the family relates. It becomes even more important for family members to continue the communication process, working through expectations and allowing their relationships to evolve in light of the change in leadership.

Some families gather together in a "family council," which focuses more on family issues, communication and fun or learning activities, while giving some level of input to the official business board. Other families focus their efforts on philanthropy, bringing people together to plan around their collective giving. Others bring relatives together in vacation or retreat settings to encourage interaction, celebrating a strong family connection.

Considering a non-family member for leadership is a big move that isn't easy. Doing it right takes thoughtfulness, diligence, patience and communication. By developing a clear vision, taking time to work through leadership expectations and keeping the family engaged throughout changes, you are more likely to succeed in taking your business to the next level. ●



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