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Not Everything that Rises to the Top Is Cream:
The Importance of Having a Strategic Plan for Implementing
Leadership Development in Your Family Business

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Do We Really Need to Do This? Won't It Just Happen On Its Own?

Most of us are familiar with the quote from Alice and Wonderland where the Cheshire cat says to Alice, "If you don't know where you are going, any road will get you there". This could be applied to many areas of business, although few areas have more wide reaching implications than having a strategic plan to develop the leadership capabilities and the leadership culture in your organization.

It is essential that a strategic plan cover both capabilities and culture as they are two distinct and interrelated areas that require intentional strategies if they are going to be successful and make a significant impact. It is critical to develop both of these together. Many organizations have invested in sending employees to leadership conferences, only to have them return to a culture that does not accept or is not able to really benefit from the changes the employee has made. The culture must have the values and norms to support the employee's growth and development in ways that benefit both the employee and the organization.

Leadership capabilities are the combination of skills, competencies, and characteristics that a person has that cause others to want to listen to what they have to say and follow them. This would include personal influence, charisma, and technical expertise about how to do the job. Above all, it includes an ability to communicate that is motivating to others.

A leadership culture is one that encourages and promotes initiative, collaboration, high quality decision making, and has the mechanisms and processes to be self-correcting. The culture consists of teams that promote every member's highest level of contribution. One member of an executive team stated it this way, "We want every member to think and act like they own 51% of the company". A

high performance leadership culture develops leadership capability, while working to achieve the highest possible organizational performance.

Historically, family businesses have practiced a “birthright” model or approach to selection and “development”. If you are a family member, you will be a leader in the company. If you have the position, you are a leader. This approach fortunately is falling out of favor as more and more family businesses are seeing that they must be strategic and intentional in both their leadership selection and the development of those leaders in order to remain competitive in the marketplace.

What Are The Benefits? What Can We Expect From A Leadership Development Program?

Below are several comments from leaders in family businesses who are actively implementing a strategic leadership development program.

“It helps to be on the same page; to have a common goal and strategy in our family”

This is one of the key advantages of implementing a leadership development program; the family has a common model for talking to, coaching, and giving feedback to each other to increase skill development. Many families who have done this have noted dramatic improvement not only in the individual leadership performance of family members in the company, but also in the member’s ability to more effectively communicate in the family as well. The ability to articulate the expectation for leadership competencies and have a plan to develop these reduces misunderstanding, confusion and unmet expectations.

“One big advantage we saw was improved communication and morale between nonfamily and family employees”

When a family decides to invest in the development of all of their employees and to employ a common model of leadership development, this opens up communication and gives common ground for talking about expectations and giving feedback. One of the biggest complaints from employees (from both family and non family businesses) is that they do not feel the company is invested in their growth or development. They do not feel they receive enough feedback, either positive or developmental, and they do not understand what it takes to get ahead in their organization.

Many nonfamily employees feel that they can never really gain a higher level position, as these are reserved for family members. The business suffers through lack of morale and/or turnover. Implementing development and training for both family and nonfamily members clarifies expectations and creates an environment of continuous personal development and improvement for everyone.

“Our Leadership Development Program helped us to think more intentionally about who was best suited for positions and how to coach and develop to those positions. It also helped us create a culture where everyone was working towards succession”

Effective leadership development programs are implemented in the context of effective organizational development programs. In other words, you want the culture to be set up with the skills and models so that they not only support, but drive the implementation. The leadership development system ideally impacts the formation and training of teams, creates both formal and informal feedback loops so that people are aware of the positive impact they make, and how they can improve their leadership performance. Many organizations that embark on a development program end up also revising their hiring practices and their performance review systems to also embody the skills and values that they are promoting in their culture.

How Do We Get Started?

Creating intentional leadership and supporting organizational systems requires outside technical expertise. Most organizations have many resources internally that are not being fully utilized. An effective consultant can assess your organization; make recommendations for developing the plan, and then marshal the internal resources to most effectively and expediently carry out this plan. Finding the right consultant is a combination of doing research into their track record in this area, calling references, and seeing if they are a good fit for your family and organization. Many family businesses find consultants by talking to other family businesses that have done a similar project and are happy with the results.

Look for a consultant that has an extensive background in organizational, team, and leadership development in family businesses. Ask what the key goals of the project are. Ask them how they will measure the deliverables and how you will know if you accomplish it. Ask what will be expected of you and your family personally, professionally, and financially. Beware of quick fixes. This will involve improving the norms in the family and in the business and will not be quick.

Many owners are concerned about both the financial cost and the amount of time it will take to put everything in place. What many do not realize however, that the greater cost is in not doing anything. It is often difficult to definitively measure the cost to the family and to the business in terms of the stress of dealing with conflict, misunderstandings, unmet expectations, lowered morale, and turnover. These however, are the significant costs incurred by not having a development program.