

Family Business Leadership: The Importance of Versatility

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Imagine you are the 3rd generation owner/operator of a regional road construction company. Your business has grown steadily since your grandparents opened the family's first operation - to the point where your family's business now includes a handful of family members helping you to run 12 facilities scattered across three neighboring states. Even though you spent years working your way up from ditch digger and then truck driver, you now spend most of your time overseeing all sites from a centralized corporate office. You are the company's CEO.

Early one morning you get a panicked call from the manager of your "flagship" location, the original operation that is situated just a short drive from your current office. You learn that all four of this site's drivers have called in sick, and their cement trucks are scheduled to be on the road in 20 minutes.

What would you do?

Running any business is hard, and the complexity of overlapping systems in a family business makes that environment particularly challenging. A family business leader's response to a challenge will be influenced by all the roles he or she plays: CEO, owner, parent, spouse... If the manager in the case above is your son, and you are unhappy with his response to the crisis — are you reacting as his boss, as a concerned shareholder, or as

a parent? You likely have all three of these perspectives swirling around in your head, adding to the emotional load of the situation for you and your son.

In our work with family business leaders, we find those who manage this confusing environment well demonstrate versatility. Because these leaders so often find themselves playing more than one role at once (e.g., boss and mom), making decisions that cannot be neatly compartmentalized, they need to develop a real capacity to walk and chew gum at the same time.

Versatility, as used here, means the ability to do many different things well. A family business leader who is truly versatile is able to be strategic and operational; forceful and enabling. Versatility is very difficult to achieve, but it is an investment that pays off handsomely.

The Benefits of Versatility

The most obvious benefit to versatile leadership of a family business is the ability to manage more effectively those various roles you might play at any given moment and the ability to switch back and forth between the roles quickly and easily.

There's another, more quantifiable benefit to versatility, and it's based on research conducted by Bob Kaplan and Rob Kaiser in their "Developing Versatile Leadership"

(MIT Sloan Management Review, Summer 2003). These researchers examined nearly 1,500 senior leaders and rated them in terms of two measures: their overall effectiveness and their versatility. The results of this research show that versatility accounts for 50 percent of what separates the most effective leaders from those who are least effective. To be clear, versatility is not the only characteristic that matters, but, if it's half of what matters, then there can be nothing more important.

While this research focused on business performance alone, it's not much of a leap to see how the principles of leadership versatility in business are just as important in ownership and family situations. What family leader hasn't been confronted with longer term issues (e.g., "Do we start saving now for our children's education or do we have them learn the value of money by paying for it themselves later?") and shorter term ones (e.g., "How do we get our kids to stop bickering right now?!")?

Is there an ownership group leader who hasn't experienced moments where it was best to be forceful (e.g., "We've discussed the pros and cons of our new dividend policy long enough — we must make a decision NOW") and other moments where it made the most sense to be enabling (e.g., "I've served as board chair for a long time, and I think it's time for me to help prepare my successor.")?

Cultivating Versatility

So, if we see that versatility would be worth strengthening in family business systems, how do you improve your own versatility?

First, you must identify the specific areas where you are lacking balance. We all have comfort zones and it is natural to want to stick to what you do well, but that will make you less versatile. In order to develop versatility, you have to be willing to push outside of your comfort zone. You might start by simply asking yourself, "where do I tend to use a skill too much, or maybe too little?"

If, like most people, you have trouble assessing yourself accurately, it may be helpful to ask a handful of people who see your behavior on a regular basis to answer that same question about you. The most accurate approach, though, would be to take advantage of a

formal, 360-degree feedback instrument that will allow you to identify not only specific areas of imbalance, but also the degree to which your leadership is lopsided.

Once you have a good handle on your own areas of leadership imbalance, then you can begin to make focused changes to your behavior. While each individual's leadership versatility and the solutions to the individual lopsidedness is unique, some common areas of imbalance (with suggested remedies) are summarized in the table at the end of this article. This list is not rigid or exhaustive — it is merely intended to spark your own thinking as you wrestle with your own imbalances or the imbalances of others.

In Closing

Back to our sand and gravel business — what would you do as the CEO? If you are too strategic, you might tell the site manager that absent drivers do not trouble you — after all, you have "bigger fish to fry." If, though, you are too operational, you might decide that your site manager is obviously not qualified to run this particular operation and that you must take over the day-to-day management of this location in addition to all of your corporate responsibilities. Or, perhaps you are too forceful, and you'll tell that site manager to fire the drivers and then himself, as you are going to manage the site and personally handpick all of its employees from now on.

Maybe, though, you are too enabling and you'll simply tell that site manager the same thing you tell him every time he calls with an issue: you trust him to make the right decision and you say this as you hang up the phone, not waiting for his reply. Maybe, though, you will embrace versatility and approach this situation in steps.

First, if there's no other option for drivers, then you'd likely head out the door as quick as you can to operate one of the site's trucks. Since it's been years since you last drove a truck, dug ditches and poured the concrete, you will certainly not be the company's best performer this day. You will, though, be a much better driver than no driver at all — and your presence pitching in will also go a long way toward generating goodwill with your employees and your customers.

After you get through the chaos that this day will almost surely bring, you can then take the opportunity to meet with your site manager to discuss what happened and collaboratively figure out what can be done to minimize

something like this from ever happening again... and you'll have this important conversation armed with some VERY valuable knowledge you just gained from a day spent literally "in the trenches."

Common Areas of Imbalance

Trait	"Too Little"		"The Right Amount" looks like...	"Too Much"	
	Looks like...	Possible Remedy		Looks like...	Possible Remedy
Strategic	<ul style="list-style-type: none"> Caught up in details 	<ul style="list-style-type: none"> Ask yourself if the work you are doing is the "greatest & best" use of your time & when it is not, learn to delegate 	<ul style="list-style-type: none"> Sets long term strategy Considers the Big Picture Looks for growth opportunities 	<ul style="list-style-type: none"> Too many new projects Pushes too much growth 	<ul style="list-style-type: none"> Stick to a limit of no more than 3 to 5 big, audacious goals at a time Empower others to tell you when you are pushing too hard
Operational	<ul style="list-style-type: none"> Misses short-term goals 	<ul style="list-style-type: none"> In addition to laying out longer term strategic goals, be sure to explicitly list the shorter term operational steps required to reach each long-term goal 	<ul style="list-style-type: none"> Gets short-term results Understands how things work Aware of a group's limitations 	<ul style="list-style-type: none"> Micro-manages 	<ul style="list-style-type: none"> Give others ownership of projects small enough that you won't worry if they fail— and with every success increase the responsibility you give team
Forceful	<ul style="list-style-type: none"> Spineless 	<ul style="list-style-type: none"> Many leaders are afraid to fail and slow to make decisions, leading to real inertia. Remind yourself that failure comes with the job—the most successful leaders make the wrong decision more than 1/3 of the time 	<ul style="list-style-type: none"> Takes charge Gets input from the team Articulates positions (theirs and others') clearly Holds others accountable 	<ul style="list-style-type: none"> "Bulldozes" others' ideas 	<ul style="list-style-type: none"> Whether it's leading a business or a family, you cannot do it all by yourself—remember to include others for assistance
Enabling	<ul style="list-style-type: none"> Doesn't develop others 	<ul style="list-style-type: none"> When guiding others, describe to them WHAT you want and WHY... but not HOW it should be done 	<ul style="list-style-type: none"> Empowers others Delegates effectively Listens to others' opinions 	<ul style="list-style-type: none"> Doesn't hold others accountable 	<ul style="list-style-type: none"> Remember feedback is the only way your team members can improve. You do them a disservice if you are not willing to hold them to account when they fail—as then they will be very unlikely to be able to succeed



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