

Family Education through Roles in the Business: Getting Buy-In From Key Non-Family Managers

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Business-owning families are always challenged with the potential of “us/them” relationships with non-family management. Nowhere is this more evident than when educating young family members through roles in the business. Exposure to a non-family manager or key employee, through a mentor relationship, a summer job or an entry-level job in the family business, is a unique educational opportunity for young family members. To maximize the learning potential of this experience, family and management must be on the same team. The family must be clear to management about the learning goals for younger family members gaining this experience, and the managers must appreciate how they can contribute to these learning goals. However, mixing family and non-family management can push the “us/them” relationship dynamic if not handled properly.

The managers or supervisors you put in the position of overseeing a “learning experience” within the business must be very secure in their position. If these individuals feel the least bit insecure, they may play “not-to-lose.” If you have never participated in sports, playing not-to-lose means that given enough time, you will lose. Playing not-to-lose means these supervisors will provide little challenge to their family “charge,” or some may even create a circumstance where the family member can fail quickly and publicly so that the non-family manager can escape the risky situation as rapidly as possible. While many seasoned senior managers will say they are unafraid to be truthful with family members about work performance issues, in the end, they may not be as frank as their outspoken bravado suggests when it comes to the children of the family members who hold the keys to their livelihood. The risk is too high. Besides,

even if the boss says, “treat them like their name doesn’t mean anything,” there is often another parent in the background who is paying attention to how children are treated.

Many family firms have histories that work against alignment between management and family when it comes to the family’s role in the business. Long-term employees remember when a job was provided for a family member who needed health insurance, when an underperforming family member was left too long in a job, and when summer jobs were given to family members who then disappeared on extended family vacations and had endless absences from work. For most employees, confusion about family shareholder roles in the business leads to disinterest or even a resistance to help. These individuals would rather focus on business operations and stay out of trouble with the family. They perceive that any contact with issues around the owning family is fraught with so much down-side potential that they do not want to risk wading into those murky waters.

Actively Promote Family and Management Alignment

Getting management on the same side as the family on the issue of education often starts with the family being clear about its vision for continuity, how being family-owned is a competitive advantage and leads to business success, how the family’s expectations will prevent family involvement from threatening non-family employment and careers, and how family employment is just and fair so that only capable family members are in roles they are prepared to take. This seems basic, yet many business families have not taken the time in their family

councils to first gain agreement among themselves on these core purposes, nor communicated their thinking for developing younger family members to their managers, key employees or their board, if they have one. Consequently, the family, non-family managers and other employees are left to draw their own conclusions about goals, responsibilities and authority for educating young family members with roles in the business.

If it has not been done, the family council should define its purpose, structure and scope of responsibilities in matters relating to shareholder education in written family education and family employment policies. This is an excellent opportunity for collaboration with non-family management — when drafting the policy — to seek input from management by circulating a draft, listening to their comments, and then taking the time to get back to them with thanks and a response. This engages them in a dialogue, a conversation which can clarify how the family and business structures work together to accomplish goals for family education. For example:

The Family Council has the primary responsibility for educating family members about the business, the family, philanthropy, family values and vision, becoming or being shareholders, skills needed, and teamwork collaboration. The Family Council proposes policy when family education goals involve the business' operations. However, the board has primary responsibility for approving such policies when implementation relies on business resources. Finally, management is responsible for efficient operations and policy implementation, including board approved family employment and family education policy.

Policy Development and Enforcement

Becoming engaged with management in the early stages of developing policy will highlight for the family the challenges from management's perspective and help them begin to weave together management's daily realities with the family's long-term goals. For example, if management is now laying off long-term, loyal employees due to a constricting economy, the family and management need to be prepared with a good explanation if they hire a young family member or create a summer internship to provide an educational experience.

Special attention should be given to the political risk to non-family managers and key employees who are asked to directly supervise, mentor or get involved in any way with educating and developing family members. Realistic business situations are preferred by most savvy business families, which mean realistic feedback, candor and firmness consistent with the business' culture. Non-family managers must hear what is expected directly from the top and must also consistently see that they will not risk their jobs or careers by trusting and acting on what they hear. To ensure all understand the rules, some family councils draft written policies on these issues:

"We seek to uphold the highest standards of employee performance, even if an employee is a family member. You, our non-family managers, do a critically important service for long-term shareholder unity and development by holding family employees accountable to the same standards as all employees. We expect management from the top down to help us carry out these expectations."

Using this statement as a starting point, a joint meeting between senior management and the leader of the Family Council can:

- Set realistic expectations for the family and management;
- Allow management to see for themselves the family's respect for the risk they might take and commitment to their security;
- Emphasize the distinctive role of non-family management; and
- Demonstrate the family's appreciation and dependency on management to accomplish its continuity goals.
- Taking the time to conduct such a meeting with management sends a powerful message that the family intends to collaborate.

Guidance and Oversight

Several family councils have initiated and structured a family Employment Mentoring Team of two or three carefully selected non-family managers. A mentor team's purpose is to oversee young family members working in the business without interfering in the supervisory or management roles. In fact, they help pave the way for more standard reporting relationships between young family members and their non-family supervision

by keeping parents at arms-length from employment decisions, assuring non-family supervisors that their risk is minimized, and providing the objective oversight that gives the broader family the assurance of consistency and fairness. In addition, mentor teams can help coach the younger family members working in the business and help them receive and appreciate the learning experience they are getting.

The family education committee of the family council is where a mentor team solution is considered, and if appropriate, it leads by structuring the rules and procedures, gaining input from the family, the board and management, but also from the younger family members who will be affected. The education committee must also set expectations for young family members. As one CEO recently put it; "If our family members are going to be on the premises and in our plant, we want everyone to see that they are following the rules, right down to wearing eye protection in the plant. The experience of working in the business is invaluable if you are going to be a shareholder in the future!"

A slight modification to the mentoring committee used by some is to add a senior family member (or two) to the mentoring committee so they can help the mentee better understand family expectations and how best to

communicate about their family experience to the rest of the family. Young family employees often wrestle with how much information they should share, and to whom, how they can be loyal to their fellow employees and supervisors while still being loyal shareholders, and understanding appropriate boundaries of confidentiality. Senior family employees are often in good positions to offer this guidance. Of course, a senior family employee should not be in a mentoring role with one of their own children.

Family Councils can do much to minimize an "us/them" relationship with management when it comes to educating younger family members through roles in the business. Involve management as policy is being drafted. Clarify what only the family can accomplish, yet be explicit about the unique contribution of non-family managers, and use the structures of board, family council and management appropriately. Genuinely appreciate the risks and practical challenges faced by management that supervises family members. Engage in dialogue between the family council and management on long-term goals and practical steps, and implement structure to provide monitoring and guidance. These steps will set the stage for the valuable development experiences a family member will receive with a management group that is truly a partner with the family.



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