

How Does Your Family Measure Up? Using Assessments to Develop Effective Leaders

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In our consulting service to families and their enterprises, we often use assessments to clarify individual and organizational needs in ways that more deeply inform next steps for family leaders and company directors. We are also finding that businesses are using data-driven tools routinely to unlock insights and new assessments are coming on the market designed for specific use within the family enterprise. This is especially helpful for families to rely on unbiased data – rather than emotions – to make higher quality decisions, especially when it comes to navigating complexities of the family system.

Family enterprise leaders can use assessment analysis to consider a family member for promotion within the business, develop a next generation member's leadership capability or determine a family member's potential governance roles. Assessments can also be a way for families to identify and improve communication habits guided by the feedback data.

Business Assessments 101

Assessments take on various forms from simple surveys or interviews to complex statistically robust, multi-rater reporting. For example, the FBCG Client Services team conducts interviews with individual family members to evaluate what the family needs and how FBCG might best be helpful to them and their enterprise. Family members are asked key questions regarding their primary concerns and current challenges as well as the qualities they are looking for in a consultant. Our team then utilizes this data to confirm stated needs and goals then propose a way forward. This process creates alignment and yields more engagement from the family for better, long-term outcomes.



In fact, if family business consultants were asked to distill the steps of their work with families and their enterprises into one sentence, that answer would very likely include 1) assessing, 2) recommending and 3) supporting. Our important work of coming alongside a family always involves assessing the strengths and needs of both family and business, followed by recommendations for individual and family support and organizational change – all based on the information gathered in the assessment process. This is challenging as there are only a few tools that expressly measure and assess the needs of families associated with multi-generational enterprises.

Collecting Data for Better Decision Making

While talking with stakeholders is always a good point of reference in decision making, there are a wide array of more formal tools business leaders can utilize to provide data that informs sound judgments. There is

an assessment for just about everything that one might want to measure from financial goals to employee satisfaction. Business leaders can use assessment results to discover predictors of job success that include the skills needed to perform basic tasks but also less obvious aspects of work like learning agility and collaboration.

Measurement tools provide insight into individual and team performance success and identify the gaps that may be preventing that success. These assessments also produce accurate data that address the “softer,” interpersonal elements of effective leadership and human interactions. This knowledge is essential in helping family businesses transition leadership and ownership to the next generation in increasingly complex environments. In continuity planning, the older generation may ask, “When is the best time to transfer ownership and control to these well-intentioned but naïve kids?” At the same time, the younger generation is asking, “What can I possibly do to demonstrate that I am capable of running this family business?”

While these kinds of decisions may typically be influenced by intuition, gut feeling or even bias, effective assessment of the next generations’ leadership capacities provide data that not only informs intuition but helps form sound strategic decision making for the family enterprise. All while reducing the risk of family disagreements about those decisions.

Kinds of Assessments

There are many personality and behavior-oriented tools that can help individuals and teams better understand their unique traits and blind spots. Behavioral or personality related assessments like Myers-Briggs, DISC, Enneagram, Hogan, Strengths Finder, etc. are all designed to help assess or provide information about how an individual might typically respond or think in any given circumstance. The findings can help that person identify and manage less desirable behaviors while deepening an understanding of how to increase their own effectiveness. Within teams, these assessment tools also help leverage individual differences in ways that increase team effectiveness while managing potential conflicts.

Qualitative or Quantitative Assessments

Other types of measurement tools are useful as well. Qualitative assessments use words, pictures or digital content to describe a behavior or performance while quantitative assessments use numbers to describe a behavior or performance. Both are helpful, in different ways. For example, when watching any sporting event there are often multiple commentators. One person provides the play-by-play and qualitative narrative. The second person provides the statistical comparisons and quantitative data.

Personal vs. Team Assessments

Individual assessments, like those previously mentioned, focus on an individual’s behavior or performance outcomes. For example, when Mark is late to work or exceeds a sales goal, an individual self-report of personality assesses what Mark thinks, even though that may be inaccurate or inflated. Team assessments focus on the commonly shared behavioral or performance outcome of a group. An example would be Mark’s team engagement scores or team retention score after 12 months, or a milestone related to Mark’s family business continuity planning.

Multi-Source Assessments

Multi-rater or multi-source assessments typically ask leaders to solicit feedback from their managers, peers and direct reports in the form of 360 feedback reviews. That data is then shared in confidence with the participant and a plan of action forward is created based on the feedback. For example, a 4th generation family member being considered for a management position within the family enterprise might engage in an anonymous 360 process to determine blind spots and perceptions to be addressed to ensure her success in the new position.

Values-Based Assessments

Values based assessments help families identify signature strengths that everyone agrees describes how the family flourishes when at their best. With this assessment, a family determined their top signature strengths included “gratitude, fairness and spirituality” and were able to hone specific behavior

practices by family members that were consistent with these strengths.

Conclusion

In our ongoing work with complex family enterprises, there are many things to consider in planning for succession, governance and leadership roles — particularly when family members are being considered for those positions. Assessing these softer interpersonal complexities of leadership within the family enterprise,

alongside more traditional types benchmarking assessments, can provide data-driven evidence for the development and continuity of effective family leaders. Assessments can also increase the quality and objectivity of important decisions to ensure the success of the family's business, foundation, family office or family council.

As you can see, we believe that the benefits of assessments are immeasurable!

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To learn more about our firm and how we serve families like yours, call us at (773) 604-5005 or email us at info@thefbcg.com. There is absolutely no obligation.

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