

Rotational Systems: An Approach to Career Development

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Many family businesses assume that the best way to prepare members of the next generation for work in the business is to move them through a series of different jobs over a period of time. Whether or not the next-generation family members have worked outside the business, they are often encouraged to gain wide exposure within the business before settling down in one position.

How does this usually work? Depending on the size and complexity of the business, the next-generation individual (let's call the person the NG) is assigned to a different job every few months, possibly over as long a period as two to four years. Many families have come to believe that exposing the NG to a wide variety of people, functions and locations in a relatively short period of time is the very best way to prepare the NG for a career in the family business. This practice is similar to management development programs for high-potential managers in public companies, designed to train future company leaders by exposing them to a variety of areas in the larger businesses.

A typical rotational system in a family business might look like this:

In a smaller company:

- Month 1: Shadow Dad/Mom/Uncle/current president to get a sense of the business
- Months 2-3: Shadow top salesperson, visit major customers, learn the product line
- Months 4-5: Special projects in operations
- Months 6-9: Move between such areas of administration as HR, Finance, IT, etc.
- Month 10: Job assignment as position becomes available, or special project

For a larger enterprise:

- Months 1-2: Orientation, introductions
- Year 1: Sales
- Year 2: Finance and Administration
- Year 3: Operations and International
- Year 4: Assignment to top management team

Although this approach has advantages, it has some drawbacks as well:

Advantages	Disadvantages
The NG can learn about many different areas of the company in a relatively short period of time. At the same time, a wide variety of employees gets to meet and interact with the NG.	Moving around too much gives the NG only a superficial understanding of the company. Employees may perceive the NG as shirking the hard work needed to gain a full understanding of the business.
Typically, careers of non-family employees are left undisturbed; no one is displaced or held back to make a position for the NG.	The early years of a career are important opportunities to get frontline experience, have real budget and P&L responsibility, and learn how to manage people. Rotational systems often don't permit this type of responsibility.
The NGs don't have to stay in a job they don't like for too long, but they are required to have some experience in every important part of the company.	The NG is getting a very unrealistic, sheltered view of the workplace if the person never has to endure unpleasant, tedious or boring jobs. The NG is never really accountable and misses the satisfaction of earning a promotion by dint of hard work and perseverance.
Moving around the company gives NGs a chance to find areas where they can make the biggest contribution and increases the chance of finding a good fit for their careers.	Being in a continual learning mode can become tedious and boring for the NG, especially if the person never gets the opportunity to gain and demonstrate deep expertise.

Although the advantages of rotational systems are obvious, the disadvantages often become apparent only over a longer period of time. The main disadvantages of rotational systems have to do with their artificiality: they offer the NG an unrealistic breadth of experience in a relatively short period of time and may create unrealistically high expectations in the NG regarding a career and role in the family business. Rotational systems don't provide the NG with the depth of experience needed for future success in the business and may not create a positive impression in nonfamily employees regarding the level of the NG's commitment and persistence.

Many of the advantages of rotational systems are felt in the ownership realm as opposed to the business realm. The NG owner seeking to understand the business will benefit from a wider view, even if that view is shallow. (If you are looking for a way to prepare next generation owners, not leaders, the rotation program may be appropriate.)

If the rotational approach is the best for your situation, careful management of its downside will be important:

- Do not move the NG too quickly.
- Seek assignments that provide the NG with in-depth understanding and real responsibility.
- Identify opportunities for the NG to demonstrate expertise and to produce meaningful deliverables.
- Find positions where the NG learns management and leadership, two of most difficult skills to master.

How you develop the rotational program will depend upon several factors, including how much time you have to prepare the NG before current generation members retire. Ideally, you will have ample time to rotate the NG through several areas before the person settles into an area where he or she can make a contribution and move up the ranks. But the program may need to be abbreviated due to time constraints. When multiple NGs enter the business at the same time, with clear areas of interest and talent, it may be best to move them quickly into the areas where they have demonstrated interest and prowess. Differences in interests, such as sales versus operations, often are apparent early in a career.



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