

# Leadership Evolution: Creating a Culture of Learning and Development in Your Family Office

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Family offices, with their varying origin stories and growth paths, initially prioritize providing financial, investment, estate planning and tax services for families with complex wealth management needs. Over time, especially for those focused more narrowly on finance, there is a shift in the services demanded by their evolving client base. Senior staff must pay attention to non-financial areas like long-term/strategic planning, human resources management, and change management. Although they have well-established relationships with the client base, they may lack the skills and experiences to meet these new requirements.

## Family Offices Need to Actively Address Continuity and Succession Planning

To serve clients into the next generation, family offices need to prioritize and invest in strong, multi-talented leaders. These leaders must be able to work with an ever-expanding group of family members of all ages, spread across the world, with a wide range of interpersonal styles, skills, and passions. The demands of these leadership positions go way beyond financial and legal expertise. In fact, sometimes the requirements of these positions seem almost impossible to fulfill.

In our work with family office professionals, we are often asked to assist with leadership development. We have the privilege of working with top-notch family office staff who seek to build excellent interpersonal skills, strong conflict management abilities, and well-honed strategic skills that allow them to wisely prioritize limited resources and make tough choices. The actual experience of developing leadership skills can be very exciting and satisfying. It is



often clear which skills need attention and how to develop them.

The biggest challenge we see is for all involved – both client families and family office staff – to make leadership development a priority. Families and staff must allocate time and resources for staff to pursue developmental activities and stick with development plans even in the face of pressing, time-bound tasks and a steady stream of client demands that can't always be anticipated.

## Practical Steps for Creating Leadership Development in Family Offices

To help you approach the often-daunting task of implementing leadership development in your organization, we've identified nine proven practices based on our work with family office clients.

### 1. Revisit, Renew, and Confirm the Family's Vision for its Family Office

As the family grows and changes, they often need to step back and collectively revisit and restate their purpose for the family office. What are the overarching goals for the family office? What structure, services, and culture best reflect this vision? How does the budget and make-up of

the family office need to evolve to achieve this vision?

This is one task that can't be delegated to family office staff, although they can provide support to the process. The client family needs to do the hard work of reviewing and renewing its vision. Although it can be very difficult to bring a very busy, dispersed, and diverse family together to engage in this task, it is essential to successful family office continuity.

## **2. Conduct a Gap Analysis against the Renewed Vision**

The renewed vision for the family office provides a collective picture of the desired future state. Determine what leadership structure and skills will be needed for success. Analyze the current state of leadership structure and skills and identify gaps between "now" and "future." Prioritize your gaps and identify developmental activities for family office team members to fill the gaps with a rough timetable. When hiring new staff, use this gap analysis as a part of your selection process.

## **3. Use the Calendar to Create Action and Accountability**

Based on your vision and gap analysis, set annual developmental goals for both the group and individuals in the family office. Use existing processes (e.g., team meetings, performance reviews, strategic planning) to regularly review progress and create accountability. Slot specific developmental activities into each quarter and create a cadence that repeats annually. For example, consider two group developmental activities a year, in Q2 and Q4, and individual developmental activities in Q1 and Q3.

## **4. Recognize Leadership Skills as Key for Family Office Sustainability**

Knowledgeable, capable leaders in the family office are essential to its continuity. Cultivating a strong pipeline of leaders can be as important to wealth continuity as good tax planning or investment performance. Many family offices need to educate family clients about the importance of investing time and resources in building leadership skills beyond the expected technical competence of family office professionals. Since family clients are often not involved in the details of "how the sausage is made," they may not realize how essential general leadership skills will be for continued success in the family office.

## **5. Leverage Existing Processes and Resources**

Incorporate learning objectives within your existing planning processes such as performance management and reviews. Monitor, assess, and recognize advancements in learning through personalized learning plans or summaries of acquired skills and competencies. Place significant emphasis on individual development as a means to attract and retain high-performing individuals. Avoid developing extensive curricula too far ahead. Instead, assess the immediate or near-term skills required and concentrate on those.

Adults learn best by doing, so emphasize hands-on experiences and projects to build skills. Help people develop through coaching and mentoring that is tailored to their specific needs, rather than focusing on general education. The best instructors are people in the trenches. Have people teach each other, mentor each other, coach each other, and build stronger relationships through the learning process.

## **6. Let a Learning Culture Blossom**

As you integrate learning goals and action plans into your existing processes like performance appraisals, strategic planning, and annual goal setting, your organizational culture will undergo a positive transformation. The language used within the family office will embody a mindset of continual growth and advancement. This culture won't demonize failure or mistakes; rather, it will view them as opportunities for correction and improvement. Such a learning-focused environment will naturally attract and retain team members who are motivated by growth and development. A positive cycle will be sparked and continue to burn as the organization is energized by ongoing growth and learning.

## **7. Build Bridges Across Family and Family Office**

Identify opportunities for the next generation of family and family office leaders to pursue development goals together. Nurture these relationships to build trust and understanding. Explore collaborative projects or task forces that unite teams across these groups. Involve participants in planning developmental activities to ensure their relevance and active engagement. When groups learn together, they forge stronger connections, deepen

their appreciation for each other, and cultivate stronger bonds and a deeper understanding, all contributing to the foundation for future success.

#### **8. Use a 360 Feedback Process**

Assessments, surveys, tests, and evaluations are being used more routinely in businesses, and there are now specialized tools tailored for family businesses entering the market. One such tool is the 360 assessment process, allowing multiple individuals with varied perspectives to offer feedback on a colleague's skills, performance, and leadership. These feedback mechanisms follow established best practices, ensuring thoroughness, confidentiality, and relevance.

In our consulting experience with families and their enterprises, we've witnessed how 360 assessments assist firms in identifying individual and organizational development needs. They offer valuable insights into leadership gaps and effective strategies to address them. Two of us (Kent and Doug) have developed a 360-feedback tool specifically designed to give families a sound source of objective data for high-quality decision-making regarding family leaders in their family office or enterprise.

#### **9. Make the Learning Active and Fun**

Appreciate that different people learn in different ways – leverage all the senses in developing learning experiences. Do the unexpected by incorporating a variety of approaches and locations. Bring in outside resources to liven things up and save time. Most importantly, celebrate your successes, your opportunities, and each other.

#### **In Closing**

Family office leaders have strengths that can be assessed and developed. The practical tools listed above are a useful way to get started and while they may seem comprehensive, they are not sequential. We highly advise beginning with the one that seems most fitting or straightforward and incorporating other tools as they prove beneficial.

To learn more about Kent and Doug's assessment tool for family business leaders, visit [www.assessnextgen.com](http://www.assessnextgen.com).

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