

# FAMILY BUSINESS 101 #6

## GOING OUTSIDE TO GROW

- ▲ It is important to bring in outside people when necessary and avoid attempting to do everything within the family
- ▲ When is it time to do that?
- ▲ Openness to learning which can come from anyone.
- ▲ Humility to expertise - a willingness to challenge assumptions
- ▲ Not knowing “the truth”
- ▲ Blind spots

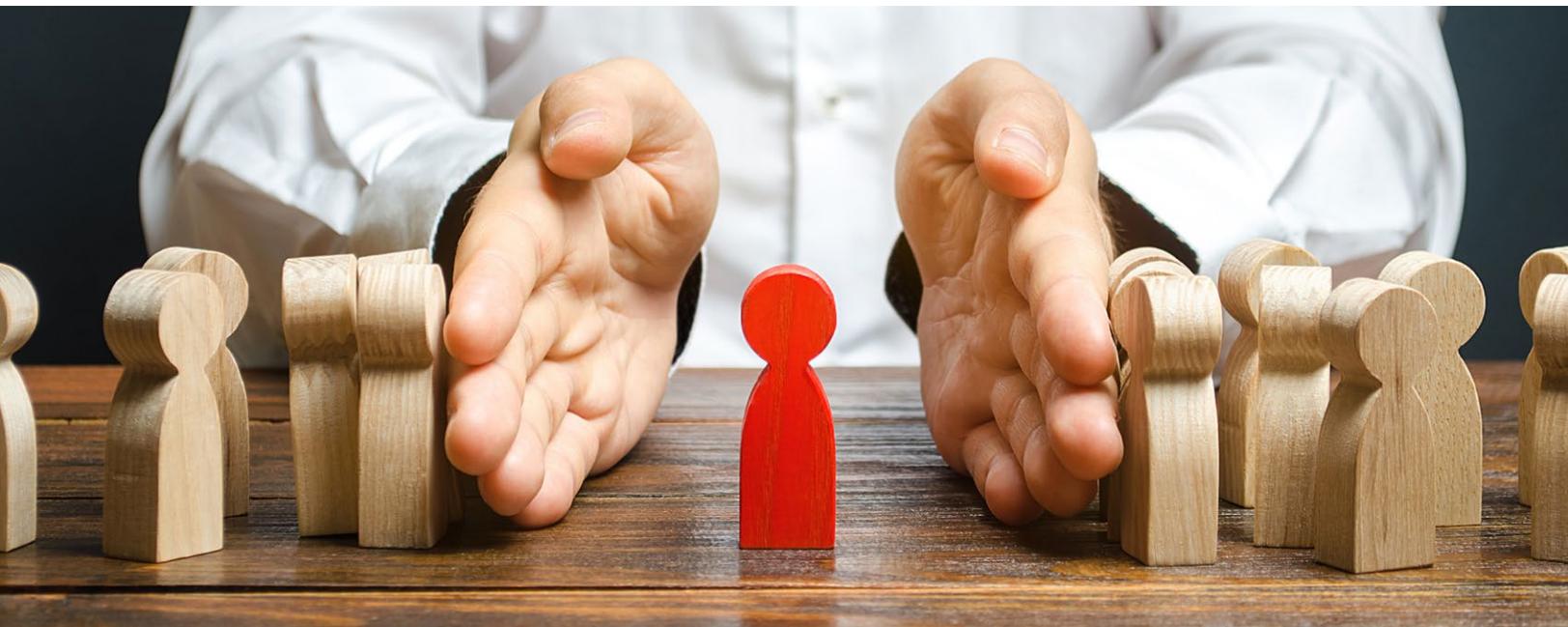


The founder had worked tirelessly to get his “baby” to a point where it had finally broken into the black. Try as he and the other family members might, they struggled to get a handle on their expenses. It seemed that there were always sudden surprises that dealt the enterprise setback after setback.

The tight-knit family had always managed every aspect of the business. They kept their financial information very close. Unfortunately, none of the members had a strong background in accounting and the off the shelf software they had bought didn't seem to do the trick. **At a family meeting, the arguments went back and forth as to who would take up the finance role. After a great deal of wrangling, one of the sisters agreed to take on the role.**

The member, who was reluctantly willing, spent the weekend thinking it over and researching the situation. At the next meeting she brought up the issue of finance again. She finished her regular presentation on the week's performance with a suggestion: **What if we went outside the family to find someone who really had the chops to help straighten out the books?** She followed up with the resumés of three potential candidates that she believed would be able to add value to the business.

The addition of a seasoned CFO enabled the enterprise to understand where they were struggling to tie down costs and plan for the seasonal swings that affected the business. Consequently, the management team was able to concentrate on what they did best. With the finances stabilized, it was easier to focus on the future. **The company thrived.**



Family businesses have the same challenges that other businesses do. **As author Jim Collins described it, businesses need to put the “right people in the right seats on the bus.”** Any business needs to find the right combination of team and talent to help the enterprise to thrive. Family businesses, especially those that have relied primarily on family members for most leadership and management contributions, may have difficulty bringing in outsiders.

**One of the five key factors in any healthy organizational culture is Altruism.** Contained within that factor are the behaviors of humility, gratefulness, and connecting to purpose. A key component of humility is being willing to recognize that knowledge and contributions to value can come from anywhere within the enterprise. If an organization lacks the necessary tools or people to perform a particular function, having the humility to seek it out beyond customary resources is important for management to embrace. In the case of a family business, this may include going “outside the family” for certain kinds of talent that isn’t available within.

Any management team can suffer from “blind spots.” The challenge may be to accept that they have those areas where they are lacking talent and that expertise can come from a non-family member and can be relied upon to contribute.



When should a family business consider going outside? Gather the family decision makers together on a regular basis – Quarterly, bi-annually, or annually depending on the level of need.

**Some simple approaches to follow here:**



### **Assess your Team**

**What's going well?** Where are we having significant challenges?



### **Envision**

Create a complete picture of the results you expect to attain when those challenges have been met.



### **Humble Conference**

After envisioning what the situation looks like, remembering the commitment to finding the information wherever it lies, discuss whether the talent is already available within the existing framework. **If not, it's time to consider going outside.**

The timing can vary in different enterprises. The key is to revisit talent requirements frequently and maintain a healthy level of humility in the process.

When onboarding the outsider, it can be useful to let that individual investigate the area for which she was chosen without giving too much context as to how things were executed previously. One of the great advantages of bringing someone in from the outside is that they do not know the "truth." They can ask questions from an entirely different viewpoint that may yield insights into better ways of operating that the enterprise may not have considered in the past.

When family businesses make the decision to bring someone in, it is very important to give the successful candidate time to establish trust within the team. With that in place, it will make assimilating outsiders progressively easier as the organization grows.