

Leading a Family Business Requires C-Suite Capabilities and an F-Suite Mindset



Dr. Justin B. Craig, Co-Director of the Center for Family Enterprises at Northwestern University's Kellogg School of Management, discusses the capabilities and mindsets needed for effective family business leadership.

Justin will be leading the CFB's Family Business Roadshow 2017, starting in Dublin (16th May) before moving to Cork (18th May) and finishing in Galway (23rd May).

Leading a privately owned family business requires C-Suite Capabilities and Family-Suite, or “F-Suite,” mindset.

Leadership of private family businesses is different. In addition to *C-Suite capabilities* such as development of sound business, financial, marketing, and operations strategy and tactics to drive profitable growth, you'll need something else as well, something critical: an *F-Suite mindset*.

Here's what I mean by that. An F-Suite mindset includes the virtues inherent in family businesses: long-term vision, community engagement, sense of legacy, and clear values. The most effective leaders not only understand these deeply but *harness and implement* them across every area of the business, from strategy to hiring to culture, thus preserving the founders' vision and values while making sure the business can deliver on its mission and strategy.

The two types of skills/mindsets work in tandem in family business: the C-Suite needs to understand the nuances and idiosyncrasies of the family's tradition and values, and the F-Suite needs to recognize the importance of driving growth. In other words, the same mindset/skillset approach can be applied to those who are not involved in leading the business but are assigned leadership roles in the family. You just flip the terms and consider that those in the “F” Suite require an F-Suite skillset and a C-Suite mindset. That is, they require the skills to manage familial relationships but need to be aware of the challenges of those who are charged with making the business decisions (related to growth and strategy, etc.)

More specifically, when a family business transitions from the founders to the second-generation, it's critical to use the established purpose (typically with focus on the long term over short term), values, and culture of the family/business to inform the development of strategy and tactics going forward—that is, the F-Suite must inform C-Suite decision-making. At the same time, operating well and growing as a second-generation business, typically with larger-scale targets and expectations, requires evolving C-Suite capabilities on top of an F-Suite mindset.

In short, while the skills needed to work at a family firm such as SC Johnson or a nonfamily corporation such as Proctor & Gamble may be similar, the mindset required will be very different, with incorporation of an F-Suite mentality critical at the former.

Moreover, recognizing the importance of the F-Suite and mastering the related mindset will become even more important in managing family businesses in the 21st century, as family-owned firms face rising challenges related to business environment factors including competition and customers.

These issues and much more will be the focus of my forthcoming book written with Ken Moores: *Leading a Family Business: Best Practices for Long Term Stewardship*.