

SUCCESSION PLANNING

Team talent line up

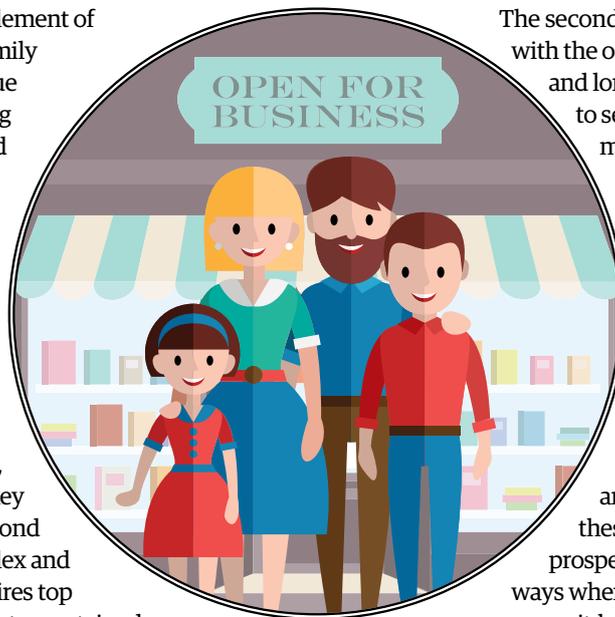
A skilled team is an essential element of success for any business. Family businesses represent a unique work environment, often comprising both family and non-family staff and management. In an increasingly globalised marketplace, it can prove difficult for a single family line to gather all the necessary skills, knowledge and strengths for business growth and development. Searching outside the family for business talent presents two tasks: attracting non-family professionals to the business, and rewarding and retaining these key non-family personnel. Often the second of these two tasks is the most complex and vexing: once a family business acquires top talent, how is this competitive advantage retained as family involvement grows and evolves?

There are significant benefits to working in a family business that not only assists in attracting top talent but also secures their long-term involvement.

Firstly, the organisational structure is often less formal than in non-family firms. Greater accessibility to the top management team and reduced levels of bureaucracy can create a more cohesive and communicative workplace. Secondly, this open organisational structure can increase the speed of decision-making, leading to greater efficiency and less frustration. Thirdly, family ownership often creates a personalised work environment, whereby non-family members feel emotionally connected to the business. Fourthly, due to the inherent long-term outlook of family firms, the prospect of greater job security can entice staff and management.

FAMILY INVOLVEMENT

The other side of the coin is that family businesses can descend into an environment of nepotism, ambiguity and resentment. There are multiple pitfalls to managing non-family involvement, as detailed in a recent article from Boston Consulting Group (Bhalla and Bratton, 2015). Mentioned firstly is the glass ceiling for non-family members, known as an invisible barrier to professional advancement. Non-family employees can feel demoralised if overlooked for promotion – for example, if the CEO's son is appointed successor due to his surname.



Retaining a talented team is the cornerstone for family business success, writes **Dr Eric Clinton**.



Dr Eric Clinton, director of DCU Centre for Family Business

Reduced levels of bureaucracy can create a more cohesive and communicative workplace

The second challenge is referred to as 'dealing with the old guard'. This occurs when loyal and long-serving employees are appointed to senior roles although they lack the management skills and knowledge required to best serve the business. Inevitably, this leads to a demotivated workforce. Thirdly, tensions can arise from the integration of new hires with long-established employees. If not adequately overseen, it can leave seasoned employees feeling sidelined, while newcomers miss out on the in-house learning and support they require. While these deterrents can be off-putting for prospective non-family members, there are ways whereby family firms can move towards a more merit-based professional organisation.

COHESIVE PARTNERSHIP

Harmonious relations between family shareholders and non-family management can be fostered through regular meetings. The culture of the organisation can be evaluated through anonymous employee satisfaction surveys. Finally, rewarding non-family with incentives such as cash bonuses and share options (e.g. share-based rewards; pre-emption rights) can drive morale and increase employee loyalty.

In sum, it is important to evaluate the business from a family and non-family perspective and note the differences between both employment experiences. As stated succinctly by professor of global family business Ernesto Poza (2010, p.235): "Can both family and non-family managers enjoy the prospect of career opportunities in the future? For the health of the business, they must." ■

THE ROAD TO SUCCESS

Dr Eric Clinton is director of the DCU Centre for Family Business. 'Talent in family business' is the topic for the centre's 2016 series of events. The CFB Family Business Roadshow will visit Dublin, Cork and Limerick/Clare from June 1st - 15th. These interactive workshops will explore the roles of family, non-family employees, and board members; the subtleties of finding and retaining suitable business talent; and managing family in a professional environment.

For more details:

t: +353 1 700 6921

w: dcu.ie/centreforfamilybusiness