



Center for
Applied
Research

Philadelphia, PA
215.320.3200 tel
215.320.3204 fax

Cambridge, MA
617.576.1166 tel
617.576.3015 fax

info@cfar.com

Approach to Family Business Coaching

The family business is a unique form of business enterprise. Connected through strong emotional ties, family-business members can develop a level of trust and mutual understanding that far surpasses the quality of relationships in other business dealings. This special quality is the source of the strength, vitality, and continued significance of family businesses in the American economy. By appreciating their significance and understanding their strengths, CFAR provides family businesses with a unique set of consulting services.

Family members know the details of their business, often having built it from scratch so that its operations are ingrained in the family's daily habits. As a result, they may fail to take account of the wider challenges posed by a rapidly changing marketplace. CFAR helps family business members facing new dilemmas and opportunities *reappreciate* one another's strengths, *rethink* their business strategies, and *realign* their organizational roles and relationships. In doing so, we enable family firms to take a longer-term perspective on their business, so that organizational improvements nurtured through our consulting engagement will be sustained well into the future.

This three-stage process—*reappreciate, rethink and realign*—is what we define as our **coaching** process.

Coaching is a philosophy and methodology of mutual learning rather than of one-sided prescriptions, lectures and rules. CFAR helps family members ultimately realign the family and business systems so that the strengths of each are mutually reinforcing. When coaching a family business, CFAR provides family members with opportunities for developing their relationships by successfully framing and solving real business problems. Family-business members may need certain technical expertise that CFAR often provides. However, the coaching philosophy is based on the strong belief that family-business members will more successfully realign themselves and their businesses only when they think and work together on the *actual process* of realignment.

The professionals of CFAR are not family therapists. As consultants to business, with backgrounds in strategy, organization, marketing, and finance, our primary focus is the business. Unlike other consultants, we are not puzzled by the dilemmas of emotional life that family members feel, nor do we avoid confronting communication problems directly. Rather, we work on these issues insofar as they pose obstacles to the functioning and development of the business itself.

The three stages of the coaching process—*reappreciate*, *rethink* and *realign*—produce tangible results for family businesses.

- *Reappreciate strengths*: Five siblings ran a manufacturing business. The oldest brother was the president; a sister was the controller. The sister argued that the prices of certain products should be raised to increase profit margin, but inhabiting the older familial world they once shared, the brother saw her arguments as “nagging” from his “little sister,” and he resisted her recommendation to raise prices. Through CFAR’s coaching process, the older brother saw that his sister had strong analytic skills. He accepted her recommendations to raise prices and gained a new *appreciation* for his sister’s talents.
- *Rethink strategies*: Three brothers were running a transportation business that faced a declining market. Examining the history of the business and the family story of their own relationships, they realized that the business structure was a compromise between the needs for family stability and the requirements for a coherent business. In particular, the middle brother loved the commercial leasing segment of the business, but it bore little relationship to the core transportation service they ran. The resulting fractured business system limited the brothers’ ability to revamp and redirect the company and its resources so that it could once again be profitable. As a result of rethinking, the middle brother bought the leasing business from his siblings and the transportation company refocused on its core strengths, in a deal that worked for both.
- *Realign roles*: On the basis of careful rethinking of their business strategy, the father and two brothers of a real estate business decided to expand their business by becoming commercial developers. The younger brother, once considered lazy by other family members, was eager to take up the responsibility for this new venture. Reappreciating his interests and strengths, his father and brother agreed to let him lead the effort and worked with him closely to help him develop his executive and business skills, thereby realigning the family and business to meet new competitive challenges.

Recognizing that family relationships and business successes do not happen overnight, coaching is designed to help family-business members work more effectively over the long term. Coaching works on a regularly scheduled basis for a defined period, often of about a year. By defining a time period for the coaching engagement, the focus stays clearly on enabling family-business members to become more effective problem solvers and decision makers on their own.

Coaching is a philosophy of helping. Working with the savvy members of a family business, consultants cannot simply come in and tell them what to do. Rather, they have to help the family mobilize its own problem-solving capacity. To do so, coaches do not step away from the complexity of the family's emotional life. Focusing on the business in all its complexities, coaches help the family examine the array of choices it faces, choose among them more intelligently, and do so by reexamining and appreciating the strengths of its members and their contributions to the business.

For more information on this or related materials, contact CFAR at center@cfar.com or 215-320-3200, or visit our Website at <http://www.cfar.com>.