HOW TO OPTIMIZE YOUR LEADERSHIP TEAM

Family enterprises face unique challenges in unleashing the collective potential of their top managers. Here's how to cut through role confusion and build a high-performance team. BY DEBBIE BING

Everyone has had some memorable, likely unpleasant, experience of a "team building" effort gone awry. Maybe you had to create a collage of the team as you see it, participate in trust falls and blindfolded walks, or build towers out of spaghetti and marshmallows.

These well-intended efforts to build trust by getting us out of our comfort zones aren't inherently problematic. They can be great door openers to discussion and offer the opportunity to see team members in a different light than day-to-day work allows. But the art and science of building a high-performing leadership team is no simple feat. It requires rigor, ongoing commitment and a deeper understanding of the drivers of durable and effective work needed to achieve collective impact through a team.

This is even more true for leadership teams in family enterprises, who face unique obstacles to leveraging their diverse assets to make the whole greater than the sum of its parts. "Typical" leadership team development challenges can take on even deeper meaning in the context of a family enterprise, where the players, the purpose and the very endeavor of building a team is more complex. For the purposes of this discussion, we'll define

the "leadership team" as the group of roles assembled and led by the CEO, who must connect the dots across an operating company and work interdependently to achieve goals. Together, this team is accountable for enterprise results.

Family enterprise leadership teams may suffer from one or more of the following:

- **Conflicting goals:** Often, the goal of a leadership team is not explicit, and/or team members have different definitions of their chief responsibilities. A shared, meaningful purpose is one that states the reason why the team exists and establishes its alignment with the mission of the larger organization. A shared purpose allows a team to set direction, build momentum and define the commitment of its members. It guides the team's work and creates an identity that reaches beyond individual team members, connecting the parts to the whole. Many teams miss the important step of defining shared goals, exacerbated in a family enterprise with many parts: Is a leadership team responsible only for business goals, or are they responsible for family goals, such as family engagement and NextGen development? How do family legacy, values and shareholder goals influence the primary work of a leadership team? Team building should follow a shared understanding of the team's function.

- **Untested assumptions about roles:** A team has the right mix of roles to achieve its objectives when it has in place the functions and relationships among them needed to fulfill its purpose, and when each member is authorized to do the work required of them. Often, however, roles are not explicitly discussed, causing team members to bump into each other over different assumptions about who makes what decision, creating obstacles to good collaboration or "consensus bottlenecks" where no decisions get made. In family enterprises,

this is magnified when you have both family members and non-family members in executive roles. Do family voices trump role authority? Do people feel empowered to speak their minds and voice less popular ideas if it is seen as taking sides between family members? A lack of explicit conversation about this can lead to back-channel discussions and continuous role confusion about who to go to for what, especially when the formal roles mean less in practice than the roles of influence.

- **Different (real or perceived) incentive structures:** A key ingredient to a successful team is the ability to navigate together through ups and downs toward shared goals. When shareholders and non-shareholders sit on a leadership team together, as is often the case in a family enterprise, team members can perceive different incentives for long-term goals in ways that may undermine shared purpose. For example, a shareholder may wish to invest in longer-term growth, whereas other leaders are incentivized by annual bonuses based on shorter-term gains. There may also be perceptions about risk, exacerbated by generational differences. Tenured leaders, who remember past missteps, might be risk-averse, while younger leaders might be more inclined to push change. This is not insurmountable, especially if the team works to identify shared goals, invites open discussion, and develops guardrails and incentive programs based on an aligned set of business metrics.

- **Noise in the system:** In many family enterprises, especially when there are growing numbers of family shareholders and beneficiaries who don't work in the business, leadership teams can get distracted by a barrage of legitimate but time-consuming questions from family members. Sometimes, this is appropriate and can serve as a needed mechanism to build relationships with family members. But without well-defined roles and systems, confusion can ensue about what information should be shared with whom and in what way, distracting leaders from driving the business. Families can address this with strong family governance and communication mechanisms coupled with good education for stewardship, but it requires a commitment to defining and maintaining clear roles, responsibilities and expectations for both business leaders and family members.

TEAM-BUILDING TIPS

Paradoxically, the very challenges that can make it hard for a family enterprise to build the leadership team they need make it more important to have the right team in place. A high-performing leadership team can have a catalytic effect and drive value for employees, customers and family members. In order to achieve this potential, family enterprise leaders must be intentional about developing a team with the right members occupying the right roles, in the service of the right business goals. This includes the following:

Make strategy explicit. A high-performance team identifies a set of shared objectives, work products and performance measures. Sometimes the leadership team crafts a strategic plan of its own. It might also publish a report card on its progress.

We worked with a family at the helm of a significant enterprise that had grown quickly. The family shareholders working in the business met often to discuss strategy and goals and realized their leadership team was struggling to articulate goals to their teams. Implicit strategy had taken them far, but — particularly as they faced a generational transition — it was import-

ant to make explicit the assumptions and strategic drivers that would guide the next chapter. The work was informed by values and cultural attributes that were often discussed in the hallways but seldom in the C-suite. The work of building a strategy together and defining what it would take to get there aligned the team on a shared view that they used to guide decisions.

Understand individual drives to unleash collective potential. Teams are made up of individuals who, by definition, have different talents, styles, motivations and drives. This is true whether team members are related or not. Yet so often, we expect others to operate in the same way we do. A key building block in leadership team development is a willingness to understand the differences among team members' natural leadership styles and behavioral drivers. The results can be eye-opening and provide insights about ways to put differential strengths to use. We use the Predictive Index (www.predictiveindex.com), but there are many other behavioral and leadership style assessments that can help a team generate insight into how the individuals can fit together and how to leverage differences effectively.

In a recent engagement with a family enterprise leadership team, a deep dive to understand the drivers and communication styles across team members transformed their ability to collaborate by recalling times when they inadvertently talked past each other and made misinformed assumptions about intent that were eroding trust and dialogue. This can be particularly helpful in breaking out of old family stereotypes that get in the way of productive team collaboration.

Develop rules of engagement. Team members should agree on how they will work together to accomplish their objectives. This can be as simple as setting expectations about email response time or as nuanced as clarifying how much feedback team members will give each other and how this feedback will be given. In a family enterprise, shared values are often a place to start.

We worked with a family who had developed clearly defined values that were deeply held by family and non-family leaders — putting customers first, creating safety and growth for team members, giving back to the community. Yet at the leadership team table, people were continually disappointed in each other and pointed to a basic lack of trust between colleagues. They revisited their shared values, explored what was required of them as leaders to achieve them, and then translated their ideas into specific expectations and requests of each other. This team practiced opening each meeting with an example from the previous week where a team member had fulfilled a shared expectation and an example where they had fallen short.

Build relationships with family leaders inside and outside the team. As a family enterprise grows, so does the family, as well as the number of people involved, formally or informally, in the work. While the boundary around the work of a leadership team is critical to its business, it is also important that the team know the family, build relationships, understand goals and serve as a resource to growing generations. This connection drives continuity, and the leadership team is uniquely positioned to support a family to achieve that goal. This can take shape in many ways.

For example, we worked with a business that was transitioning to their first non-family CEO. Rather than leaving the onboarding solely to the business, the family chairman hosted a dinner with the new CEO and all family members. The chairman started by asking each family participant to introduce themselves and talk about what was important to them in the family enterprise. This beginning led to a long and fruitful relationship between business leaders and family members and an appropriate channel for ongoing relationship building.

Invest in time together to do the heavy lifting and learning. Team development work is an ongoing process. Teams move through different stages as a business evolves. They need dedicated time to focus on their own development and deliberate focus on how they work together.

We have seen every version of creating time and reflective space for team development: annual retreats, a reflective practice at the end of a meeting to share observations about the discussion's quality, individual and team coaching that fuels learning and development, and a standard practice of processing mistakes and wins. These rituals keep the team development agenda front and center and offer the opportunity to generate insight about how to continually build effectiveness in the team.

STRIVING FOR GREATNESS

Across all of these strategies runs a commitment to deliberate dialogue and openness. Teams that actively strive to be great and to explore the challenge and opportunity of truly collective work are more likely to drive not only a great culture but also great results. While leadership teams in any setting must do this work to achieve their full potential, it is doubly important in family enterprise settings because of their greater complexity. At the same time, family enterprises offer the values, purpose, talent and long-term view that make the work of leadership team development well worth it. FB

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