



Servant Leadership

Several years ago, I was sitting in a client's Advisory Board meeting and the topic of discussion focused on what to do with family members who only thought of themselves. One of the advisors mentioned a personal experience with a family business that he worked for. He was aware that a family member had been removed from the family's board and had also been asked to sell his interests back to the company. The problem was that the family member habitually made decisions that primarily benefited himself and not necessarily the company.

As we talked about the example, my client remarked that in order to be an effective leader, he personally felt that good leaders needed to put the interests of the company, its employees and its customers, ahead of personal interests. He described it to his siblings and cousins as being a servant leader. That he worked for the benefit of others. He wasn't worried about benefits to the family. His thinking was "we'll all benefit in the long run if we take care of our business, our customers, our employees, and everyone else that we deal with every day."

Does that resonate with you? I know it did with me. My mantra has been from the very beginning that one needs to take care of the business if one wants the business to take care of the family and his thoughts took that a bit further.

Benefits

Servant leadership helps leaders and managers address a number of issues that often come along with ownership in a family business. High on that list are issues such as conflicts of interest, self-dealing, favoritism, accountability, and performance. Other critical issues are the hiring and firing decisions that affect family members. Problems with entitlement would be a non-issue if everyone had this perspective with their role as an owner and a member of the family.

Conflicts of interest occur more frequently than one might think. And disappointingly, decisions are sometimes made that may not be in the best interest of the company. A recent example occurred as I sat in on a client's strategic planning meeting with their senior managers and supervisors. A proposal was made to subcontract a portion of a large job out to someone else. A family member suggested subbing out the work to his personally owned company as they had the equipment and the manpower to do so. No one wanted to ask whether this was the best deal we can get; except me. Imaginary daggers flew! So the job was put out to bid. And we discovered



that the family member's proposal was not the best deal available. The unspoken backstory was that this family member had been padding his pocket for some time in this same manner.

Effectively dealing with employment, accountability and performance issues are often compromised by concessions made for the benefit of individual family members. Who benefits? The individual family member. Who suffers as a result? Everyone else.

“Uncle, I need a job. Can I work for you?” asks your niece with your sister hovering in the background. What do you say? What happens if you hire a family member when you don't have a vacancy or need? What happens when you hire someone who might not be the best qualified person to do the work? Who benefits? Who suffers? What did your sister just dump in your lap?

Accountability and performance issues have similar effects. No matter if an employee is a family member or not; if they aren't doing their job then they are shifting the burden to everyone else. By their actions, they are also creating morale issues in the area that they work. How much more productive could your business be if they were doing their job? The impact is much worse if the nonperforming employee is a family member. Family members set an example for the rest of the company to follow. And the performance standard that family members are held to (or not) will also have an impact with the rest of your workforce.

Remember what entitlement is? It's the expectation of rewards or benefits that are not earned but are based on affiliation or other factors not related to performance. Such as a son or daughter who is assigned a company car then complains that it's an Altima and not a Beemer. Or the family member who uses the company charge card to pay for personal shopping trips. Entitlement would be a non-issue if family members adopted a servant leadership approach to the family business.

Lead by example

Family members who work in the family's business help to set performance standards and expectations whether they know it or not. Employees model their performance and behavior based in part on what family members do. If a family member shows up late for work, doesn't do what they are told, takes a lot of breaks, or disappears when there's work to be done, other employees will infer that it's ok to do the same. Or worse, employees might feel that family members are protected and a privileged class. If that happens, how will you hold on to good employees who are hoping for a career track with your company?



On the other hand, family members who work for everyone's benefit help to maintain the sentiment that family members support the company. That establishes a positive example that others will emulate. Their behavior helps to maintain and enhance the position of family members as the leaders of the company. Effective family leaders should work for the benefit of the company and put the company's needs first and foremost.

