

Fit and Family-Owned Business

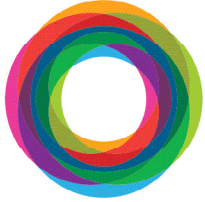
by Bruce Walton



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When I'm helping family-owned businesses find new executive leadership, I often hear the following: "We want to find someone who is the right fit." This word—fit—is difficult to define, yet is always key to a successful hire. When assessing candidates for fit, it's helpful to use the following questions as guiding principles:

1. Does the candidate's leadership style align with company's value systems?

Fit really means linking the value systems and leadership style of the executive candidate with those of the hiring company. In fact, "value systems linkage" is the best predictor of happiness, in all its dimensions, for any hire. Therefore, for a family-owned business, where hiring a non-family CEO can often feel like arranging a marriage, fit is particularly important.



About Our Firm

Battalia Winston has been partnering with companies to find and retain top executives for more than 50 years. As one of the nation's largest woman-owned executive search firms, Battalia Winston conducts searches for key executive, senior leadership and management positions for companies across industries and for clients that range from start-ups to Fortune 100 global enterprises, always keeping ahead of the market and always providing a diverse and inclusive slate of candidates for every search.

Naturally, the starting point for the hiring process is understanding the Core Family Values that drive the business. Businesses that have survived across multiple generations have invested much thought in the development of family values. They are typically recorded somewhere, either in a corporate handbook, website, or other core material. If this is not the case, formalizing and recording corporate values is an important exercise to complete before starting a CEO or COO search. Since the family can never be separated from the business, these core values will drive decisions that otherwise would be hard for an outsider to understand.

2. Does the candidate possess the most important competencies for the position?

When a candidate clearly aligns with the family's value system, it can be tempting to conclude that the candidate is automatically a great fit. However, it's important to move the decision beyond "I like them." This is why a position competency model, designed to measure the candidate's specific skill set against the company's business goals, is critical. The key is to build a competency model that helps separate and prioritize the must-haves from the nice-to-haves. Nobody will be a perfect match on every competency, but the best candidate will have successfully demonstrated the top three to five competencies in the recent past.

3. Will the candidate be a steward of the family's success?

When I try to consolidate all of the aspects of fit for family businesses, the single word that comes to mind is "stewardship." Good candidates understand and appreciate what the family has already built. The new CEO becomes a steward of that success, even when the mandate is to transform the company. Family members in the business, ownership or governance have their own self-images (both within the family and in the community or industry) so tightly connected

Our Family Business Expertise

As their leadership needs evolve, family-owned businesses must attract and retain executives who are committed to growing the company's legacy. To find the right individuals, family-owned businesses need recruiting partners who understand the nuances of attracting top talent during times of transition, including the importance of proactive succession planning, long-term incentive plans and cultural fit.

Battalia Winston's family-owned business division is led by recruiting experts with more than 30 years of experience. We work directly with company leadership as well as outside advisors (compensation consultants, private equity sponsors, etc.). Our experts understand governance as it applies to family-owned businesses and have placed more than 125 candidates in family businesses in the last decade.

We study each industry and continually expand our network of talent, as well as our network of business consultants who support family-owned businesses, including board members, consultants and attorneys. We work closely with our clients to position their firms as employers of choice in their target landscape and actively cultivate relationships between existing executives and high-potential candidates. In addition to identifying top talent, we are closely involved in the interview stage, negotiations, the development of long-term incentive plans, post-hire consulting and onboarding.

to the business that outside leadership needs to account for it and factor it into the leadership process.

To be a successful steward for the company, the candidate must be a confident adult who is prepared to handle sensitive situations that will arise within family businesses. For example, a mature non-family CEO will be able to react appropriately when ownership wants to drill down into the details of the business, as they always do at some point. The mature steward will not be threatened by this, while an insecure autocrat will not react well.

Investor Relations (IR) also deserves some thought. Every CEO spends a significant amount of time caring for the company's owners. In public or private equity owned companies, this is pretty clear. In a family-owned business IR involves multi-generational dynamics and strong emotions. It may involve dealing with a Family Council or helping educate a new generation to be successful future owners. So IR does not go away; it is just very different.

In summary, the "best fit" candidates will embrace the core family values and have the capacity and patience to deal with family dynamics without becoming embroiled in them. At the same time the non-family leader will have the right core competencies to lead the business to success, however it may be defined.



Bruce Walton has more than 30 years of executive search experience and primarily recruits CEOs and their direct reports to mid-cap industrial, technology and family-owned businesses. He is co-leader of the Family-Owned Business Practice at Battalia Winston and has been a member of the Family Firm Institute (FFI) for more than a decade.

Before joining Battalia Winston, Bruce was a Managing Director at Conley & Company, a boutique executive search firm in Boston. Prior to that, he was a Partner with Heidrick & Struggles and a Recruiter at Russell Reynolds Associates. Before entering the search industry, Bruce spent seven years in sales and marketing roles with IBM following a pre-MBA position as Dealer Sales Manager for Hood Sailmakers.

A former Deck Officer in the U.S. Navy, Bruce has a bachelor's degree in Sociology from Princeton University and an M.B.A. from Harvard Business School. He is a past-president of the Harvard Business School Association of Boston.

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