The Age of Casual Family Business is Over

A family enterprise mindset & practice to develop your family’s capacity

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  www.necanet.org/NNSurvey2019
Objectives

- A look at the world, business & family business today
- A mindset to make your family involvement a strategic advantage
- How will you know when it’s working?

Exponential Change
The world we live in today

1. Innovation
2. Entrepreneurship
3. Family
4. Globalization & Interdependency
5. Technology

Are you grounded or reactive?

In this century we will experience 20,000 years of progress as measured by today’s rate of change.
Business examples of exponential change

Losers
1. Blockbuster (An industry created & made obsolete in just a few years.)
2. Kodak (Who buys film anymore?)
3. Airline tickets (Used to be worth the paper they were printed on.)
4. TV Guide (The entire company sold for one dollar.)

Winners
1. Airbnb & Uber (Disrupting the cab & hotel industry.)
2. Japanese watch industry (Digital watches aren’t really watches.)
3. Bitcoin (Currency created independent of the government.)

How this impacts your family enterprise

As a leader in your firm, how do you see your family’s enterprise?

Family Business: 1 good business idea might last 3 generations

Family Enterprise: Each generation may need 3 good ideas
91% said that developing leaders is the most critical success factor for the growth of their business.

- CEOs in North America, Europe & Asia

Family enterprise mindset

A Family Enterprise mindset is:

An agile family that deploys their finances, talent & relationships into opportunities that align with their family’s vision plus, has an ongoing practice to make their family’s involvement a strategic advantage to all the enterprises they are involved with.
How this is impacting your family business

• Realize that 2.1 times their main industry shifted
• Even if you stay in the same industry the industry will change dramatically

The FFI/Goodman Longevity Study

Consider this

For your business, how many advisors, reports, & metrics do you track?
  ▪ How much do you invest in each of these?

For your family, how many advisors, reports, & benchmarks do you track?
  ▪ How much do you invest in each of these?

Exercise
Core questions

• How does your family benefit from this business?
• How does this business benefit from your family’s involvement?
• If we ask the family, management, & the board the same questions, how aligned would the answers be?

Evidence that it is working

<table>
<thead>
<tr>
<th>Individual Development</th>
<th>Family Benefits</th>
<th>Overall Capacity</th>
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</thead>
<tbody>
<tr>
<td>Self-Awareness &amp; empathy</td>
<td>Trust</td>
<td>More effective decisions</td>
</tr>
<tr>
<td>Effective framing</td>
<td>More effective &amp; focused meetings</td>
<td>Greater buy-in &amp; commitment</td>
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<tr>
<td>Managing change &amp; Complexity</td>
<td>Innovation</td>
<td>Creating value from change</td>
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<tr>
<td>Having difficult conversations</td>
<td>Cohesion</td>
<td>Greater alignment &amp; resilience</td>
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<tr>
<td>Resiliency/Rumination</td>
<td>Well-being &amp; availability</td>
<td>Greater productivity, health &amp; relationships</td>
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</tbody>
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Concrete ways to develop these

Self-awareness
- MBTI, Peer coaching, Feedback: I will ask [x] for feedback related to what my reputation is by [date].

Empathy
- I will ask a peer to have a discussion with the intent to listen & understand them. I will NOT give any advice.

Framing
- Framing: The Meeting is Over Before the Meeting

Innovation
- Read Positive Turbulence by Stan Gryskiewicz
- Read The Chaos Imperative by Ori Brafman
- How might I create “white space” to reflect on myself, challenges I am facing & how to be a better leader at work & at home?

Ideas of ways to develop your capacity

- Consistently immerse yourself in complex environments (interpersonal, work, educational)
- Consciously engage in life’s problems (e.g., inquiry, deep dialogue)
- Become increasingly aware of & consistently explore your inner states
- Consistently engage in (over a long period) practices that enhance inner awareness (i.e., meditation)
- Hold a strong desire & commitment to grow
- Be open & willing to construct a new frame of reference when difficulties arise
- Cultivate a personality which is open & agreeable (interpersonally warm)
- Use a map of psychological development to better understand the trajectory of your growth (e.g. integral theory; take an assessment to identify your current action logic)
- Consistently engage in dialogue & interaction with others committed to self-development
- Regularly self-reflect in a structured way (e.g., using the specific technique of action inquiry)
- Engage in a transformative practice in which you develop your body, mind, & spirit, & work to clean up psychological shadow issues
- Engage in cross-cultural experiences
- Cultivate a open-minded personality that seeks novelty, is experimental, questions the status quo, & explores the unconventional
Cohesion & ways to improve it

1. **Family Emotional Cohesion:** Do we get along, like each other, & spend time as family together?

2. **Family Financial Cohesion:** Do family members care about family members & about those in need? For example, are family members able to get education costs paid for, do we come together as a family for civic or charitable events/efforts?

3. **Business Emotional Cohesion:** Do family members link business to their identity & self-concept? Do we have a strong & positive feeling about how our family business acts & is perceived in the community?

4. **Business Financial Cohesion:** Primarily from your role as owner, from a short-term perspective, do we have a good balance of meeting the family’s financial needs & the business’ financial needs? Primarily from your role as owner, from a long-term perspective, do we have a good balance of meeting the family’s financial needs & the business’ financial needs?

5. How would you describe your relationship with the family business?

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Family emotional cohesion

Plans: Family Constitution or Family Values

People: The Family Council &/or Family Assembly can play a large part here. If there is a Family Foundation

- Have fun: get together & play, sightsee, have the younger generation do something fun, laugh. Make sure that fun does not always equate with competition. Play has actually been shown to help with innovation & intimacy.
- Give back to those less fortunate, together. Go do charity work in your community, work at a food bank, volunteer, help at a soup kitchen.
- Tell stories: we all learn & remember more from stories. It can be a place for the older generation to pass along values, share laughs, & convey the family values without sounding too parental.
- Have deeper discussions. Connecting with family members takes time. Texting isn’t enough. Create space for longer, deeper conversations.
- Learn the family history, the values, & the successes & failures in the family.
- Work on your own self-awareness & empathy. Be more aware of how you show up: your strengths, weaknesses, & blind spots. Learn to understand what others truly care about.
- Learn about the field of family enterprise to gain a context of how your family fits in, how vital we are to the national & world economy, & the normal challenges & benefits.
Family financial cohesion

Plans: Family Constitution or Family Values, a Stock Transfer (aka Buy-Sell) Agreement, & Estate Plans
People: The Family Council &/or Family Assembly can play a large part here.

- Overall, become educated on family wealth & how to use it to enhance lives. What are the expectations of gifts or money given to family members? The more the family’s values & honest discussion drive these actions & not tax/financial planning, the better.
- During the senior generations’ lifetime, review, at the appropriate level how wealth, including transfer of stock will be handled in the family.
- Upon the senior generations’ passing, discuss estate & inheritance plans & expectations (e.g. stock will stay in the bloodline, money in trusts is for health/education/maintenance) so that assumptions, misunderstandings, & the need for planning can be dealt with.
- Have a discussion about how the financial benefits of owning the business indirectly translate to benefitting family members. For example, talk about how the college fund or paying health insurance is possible because the benefits of owning our business.
- Discuss how family members have benefited from this financial support: celebrate how their lives & others have been enhanced.
- Learn about the field of family enterprise to gain a context of how your family fits in, how vital we are to the national & world economy, & the normal challenges & benefits.

Business emotional cohesion


People: This could include management, the board, & employees or any of the stakeholders of the business/enterprises (e.g. recipients of the Family Foundation’s generosity).

- Educate the family on what the business does, why it does what it does, & how it does it. Ideally, link this back to the family’s purpose.
- Have the family present at company functions both social & charitable
- Review press & media coverage of your business/enterprises since its inception & ask senior members to comment.
- Ask the youngest family members to interview aunts & uncles about the business & then draw something that symbolizes the family business/enterprise & explain it.
- Stories: who can tell stories about the struggles, the successes, & the failures the family business/enterprise has endured & how that has forged the character of the business/enterprises & the family?
- Learn about the field of family enterprise to gain a context of how your family fits in, how vital we are to the national & world economy, & the normal challenges & benefits.
Business financial cohesion

**Plans:** The Business/Enterprise’s Mission, Vision, & Values & possibly their strategic plan.

**People:** This could include management, the board, & employees or any of the stakeholders of the business/enterprises (e.g. recipients of the Family Foundation’s generosity).

- Help family members understand the basics of business including accounting & finance.
- Help the family understand the corporate structure, including the role of owners & a board, dividends, & key benchmarks.
- Have family members not in the business interview those who are & present to the family about this is who we are & what we do.
- Ask management to give tours or opportunities to shadow employees to educate the family. Have management update the family (council or assembly) on the business even key aspects of its strategic plan.
- Ask to sit in on board meetings. Have the board or a board member present about the long-run vision, expectations on growth, dividends, & competition.
- Learn about the field of family enterprise to gain a context of how your family fits in, how vital we are to the national & world economy, & the normal challenges & benefits.

Objectives – How did we do?

- A look at the world, business & family business today
- A mindset to make your family involvement a strategic advantage
- How will you know when it’s working?
Questions? Thank you!

Up Next:
9:45-10:30 am
Interactive break in Canyon 1-6

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