

The Non-Family Executive

By Steve Riege

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What are the synergies and common elements that all non-family executives face when working in family-owned companies?

We discussed this question at a recent meeting of our Forum for Non-family Executives. While specific companies and their missions may be different, these non-family executives, like others we work with, face many common issues.

- I'm caught in the middle...
- How do I hold family members accountable?
- What role do I play in identifying successor competencies?
- I feel like I am part of the family...until...

Do you have issues like these?

- Dad's on going control, and the non-family executive is caught between generations
- Performance measures and termination of family members and holding family members accountable
- Compensation issues and the impact of family "money" issues on the budgeting process.
- Family dynamics -- sand box issues -- that are played out at work
- Succession issues that accommodate family members and successor competency
- Balancing business strategy with the owner's personal goals and time commitments
- Bonuses and the discretionary nature of family business performance rewards for non-family executives.

Key non-family executives carry on a variety of responsibilities beyond the title of CFO, President, or General Manager. They tend to be the key "insider from the outside" who can mediate family generation concerns, hold family members accountable in their performance, and lead business units while balancing family dynamics that are played out at work. It is indeed a challenge, creating an energy not found in other settings.

"It is different" - This comment is echoed by other non-family executives in family businesses, when they compare notes with counterparts in closely-held, or public companies.

For example, forms of compensation including salaries, bonuses and incentives sometimes seem to lag those in other ownership models. Vacation and personal time away might also concern this group as well. While their family business owners seem to have a different set of rules for family members, the non-family executive often falls into a more conservative category of time off flexibility.

But, the pluses can outweigh the concerns. Where else can you feel like part of the ownership group and have total access to the owners and decision makers? Interestingly, non-family executives might also express an appreciated insulation from personal scrutiny other family members may receive from Dad, or other senior family members in control.

When we work with non-family executives, they are generally very positive about their chosen career. A challenge for family business owners today is finding and accepting talent outside the family. More times than not, a non-family executive is more valuable and key to the family and to the family business than are their counterparts in public companies.

Why not join us?

If these and other issues are of interest to you or the key non-family executives at your family business, why not consider joining a small group of executives with similar challenges and opportunities. The Forums for Family Business have been offered since 1987.

We have just formed a new Forum and there is room for a few more members. This Forum for Non-Family Executives meets every other month for a portion of the morning, hosted by one of the members to encourage trusted confidential networking. We facilitate issues common to the members, and learn from the “Best Practices” shared with each other.

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