

The Role of the Owner

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At a recent meeting of the Forum for Family Business, a round-table of owners discussed their roles now that their businesses have become successful and are being lead by a team of professional managers, including members of the next generation.

"What's my role now?" one member of the Forum posed to the other owners in the Forum.

To tackle this issue, one member of the Forum referenced the book *Good to Great* by Jim Collins and his "Hedgehog concept". The Forum focused their discussion on the role of the owner as the visionary whose most important function is to create and champion the strategic direction for the businesses.

In middle market companies, like those represented in our Forum, this means being a great "hedgehog" rather than a "fox". On the one hand, the fox knows many things and tries to reach many objectives at the same time, and is very entrepreneurial. On the other hand, the hedgehog simplifies the complexity of the world and has one single organizing idea. The hedgehog knows how to "niche market" and stay focused on one principle objective.

To answer the question -- "what is my role now?" -- the Forum members highlighted three critical components of success:

- **Passion** - Know what you are deeply passionate about. As the visionary, you must share your passion and the success of your business must flow out of your passions and values.
- **Be the Best** - Know what you are really great at doing. What is your strength? What should you delegate to others? Define the critical competency that differentiates your business from the competition.
- **Measure your Economic Engine** - Define the measures of success for your business in a few key indicators. Make sure these key measures are known throughout the entire company.