

Choosing and using family business consultants

LESLIE B. KADIS, M.D., RUTH MCCLENDON, M.S.W.

The Jacobsons' and oldest son, Jerry, hadn't spoken to them for three years and had forbidden them to see their grandchildren. The business was failing because of rampant sibling rivalries, encumbered leadership, lack of direction and

overwhelming legal expenses. Everyone was pretending that nothing was wrong, making the problems and the stress even worse. Carol, Jerry's mother and co-owner of the business, was silently hoping for magic to untangle the misunderstandings and mend

the wounds that were strangling her beloved family. Finally, she confided in a good friend who suggested that they needed to treat this seriously and call in a consultant.

Carol and her husband Bernard followed the friend's advice and their entire family worked with a consultant for a year and a half. Wounds were mended and Jerry reconnected with his parents and siblings. He now acts as an advisor to the company's legal department and in the development of new ventures. Grandparents and grandchildren love their trips together. When the consultation was completed, Carol said: "You saved our lives together and you saved our business for them (meaning the grandchildren), I can't even begin to say thank you."

This vignette raises important questions for every successful family business: How do you know if your family needs a family business consultant and when should one be called in? How do you choose the consultant who will best meet your needs and also be a good fit with your family? What can you expect from a professional consultant and what will he or she want from you?

When should a family business consultant be called in?

The short answer to this most important question is: (1) when there is a business need such as a prolonged gap between performance and expectations; (2) when there is a crisis because family issues are negatively affecting the business and interfering with problem solving abilities; (3) when it is time to plan for the future of the family and the family business.

There is a need for a consultant when the family business is stuck and for whatever reason unable to move forward. Fresh eyes and an outside perspective can open up new possibilities and opportunities for change and growth. Consultants should be engaged when the family lacks the skills, time or creativity to resolve business problems.

Spring Events

at the
NATIONAL STEINBECK CENTER

Ongoing
MY CALIFORNIA: VIEWS FROM THE GOLDEN STATE
March 11 - May 28
3rd juried exhibition featuring works from a variety of artists. Juror: Dr. Emily J. Sano, Executive Director Asian Art Museum of San Francisco

April
AG FORUM LUNCHEON
Wednesday, April 12
12:00 PM to 2:00 PM
Monterey County's General Plan
Panel discussion from many points of view.
\$35 per person

VALLEY OF THE WORLD AWARDS
Thursday, April 20
6:00 PM to 9:00 PM
Honoring local leaders in agriculture and education. *Bernardus Lodge*
For reservations, call (831) 775-4723.

NATIONAL POETRY MONTH
Be sure to submit your poem for the 10,000 poems project. Visit www.10000poems.com.

May
MY CALIFORNIA: MUSIC & STORIES
May 7, 14, 21
Community free days with music and arts activities for the whole family.
My California exhibit and free days supported in part by the James Irvine Foundation.
Family Program Sponsors:





WELLS FARGO May 7th Event Sponsor: 

AG FORUM LUNCHEON
Wednesday, May 10
12:00 PM to 2:00 PM
Current Bills That Would Affect Ag Labor Supply \$35 per person

Public Program Sponsors:











May Sponsor of the Month: 



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Kelpie Cliffs, Looking South by Judith Corning (3rd place in 2005 exhibit)

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Family business consultants should always be engaged when family dynamics or personal problems interfere with problem solving and the health and welfare of the business. Business-owning families are especially vulnerable to relationship crises that impact the bottom line and consultants can make a difference. Barry Brown called us with the following request. "Can you help? I'm a very competent businessperson, I'm well educated and I've accomplished a lot. But when I'm around my parents I feel like a little boy. And my parents treat me like a little boy. I don't know if it is them or if it is me but it is hurting our production and driving me away." Barry knew that it was his family that would make the difference in the success or failure of their enterprise.

Frequently a family business consultant is called in to help the family find the "right" answers to ensure the future of the family-owned business for generations to come. In this regard consultants help with family transitions, establishing family governance, training and mentoring next generations, to name a few. When second-generation owners Jim Bateson and his brother-in-law Ron Zeig were approaching retirement age, they realized there were different wants and needs within the third generation. They wisely decided to bring in a consultant to help with the transition and avoid the anticipated conflict.

Finally, at least one member of the family must be ready for change. Good family business consultants are change experts and hiring a consultant means you are ready to commit to and participate in a change process. Families and futures change somewhat even when only one person changes; families and futures change in the desired direction when everyone is on board and involved.

How do you choose a family business consultant?


Family business consultants enter the field from varied professional backgrounds and with different skill sets. For example, they come from legal, accounting, wealth management or human resource backgrounds and even from family businesses. Each has unique expertise and experience. However,

no matter what their particular background or current approach to problem solving, every consultant, in whatever capacity or context, must be sensitive to and understand the ins and outs of the multiple relationship issues which will confront them as they proceed with their work.

Choosing the right family business consultant for your firm is both a challenge and an opportunity. Embrace the search with determination and thoroughness. Here are

some things to think about when interviewing possible candidates:

- ▶ Credentials and experience make a big difference, so look for the best and check references.
- ▶ Have a face-to-face interview because it is the "fit" with your family that is most important.
- ▶ Find out how the candidate proposes to work, not only with your family but also with your trusted team of family advisors.



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- ▶ Inquire about the candidate's stance on confidentiality. You will be asked to share trusted family information, both financial and personal, and you will want to know ahead of time how this will be treated.

What can you expect from a family business consultant?

Deciding who to engage as a family business consultant is a critical decision—include as many family members as possible in the process and be prepared to go ahead even if some resist.

Expect excellence, confidentiality, loyalty and responsiveness to your needs. Choose a person or team that listens to you and with whom you are comfortable talking. Good consultants will want to know about your financials and about family relationship difficulties. You need to be comfortable telling them about everything, maybe even some of the family secrets that have been kept for years.

The foundation of a successful consultation is the contract. This explicit agreement made between you and the professional consultant centers the consultation and reminds all participants of their obligations and objectives. A contract focuses attention, problem-solving efforts and energy. It establishes a boundary that defines the work to be done, sets limits on expectations, and both prescribes and proscribes behaviors and responsibilities such as time and fees. Expect the consultant to require a contractual arrangement and to help you define the overall objective of the consultation, such as "keeping the family and the company holdings intact."

Excellent family business consultants are generally qualified to deal with any issue particular to family business. When carefully chosen and used wisely, a consultant can have a very positive impact on the survival and ultimate success of all business enterprises undertaken by families and on families who undertake the challenge of building and running a business together. **ce**