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The Family That Learns Together Stays Together

By **Stephanie Brun de Pontet & Amy Schuman**

While most people agree investing in education is a good idea, converting those intentions into something relevant, engaging and practical in a family business can come with some daunting challenges. To illustrate, consider the following case (names and identifying details have been changed to protect confidentiality):

The Miller family is looking at its first transition to a cousin ownership group. Located in Mill Valley, Pa., Miller Mountings has been a mainstay of the local economy for more than 65 years. Who would have imagined that this small, local manufacturer would one day source parts in Korea and sell assembled products in Belgium? The founders of the business and current owners' parents would have been so proud of the business' success—and of the family members' ability to work together over several decades.

The success of Miller Mountings mirrors many U.S. businesses started just after the Second World War. The current group of siblings, who own and lead the business with strength and vision—and their spouses, who have been reliable supporters of the business for decades—understand that they have to educate and pass their knowledge on to the next generation. However, every time they sit down to plan something, they become overwhelmed. Why? Consider these three familiar factors that trip up many families planning education for their growing family:



- **How do you reach out to a diverse and dispersed group of owners, all with busy lives?** The next generation cousins are more than 20 in number, ranging in age from 2 to 25 years old. Even if you only take the cousins aged 18 or older, there are big differences: some are good at book learning while others haven't done so well in school; some are quite business-minded while others prefer the arts and sciences; finally, as the cousins go to college, they have become spread out across the country. One cousin is living in England for the next few years of school. So, how can you successfully reach out to such a diverse group of family members?
- **How do you make a dent in all the areas of education needed by the next generation?** When the siblings and their spouses discussed possible education for the cousins, they decided to brainstorm a list of topics to cover. Here's what they listed:
 - Business education in general and our business specifically: Basic finance, including understanding of growth, risk, profitability and liquidity, understanding our business' strategy and history of success and failures, our markets and competitors, our products, our approach to human resources.
 - Ownership education in general and our ownership specifically: Who owns the company, voting/non-voting shares, trusts and estate planning, shareholder-



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ers agreements and valuation, roles and responsibilities of cousin groups, values, vision and mission as owners, our board of directors, where it's been and where it's going.

- Family education in general and our family specifically: Our family's values, vision, history & legacy. Our community and religious involvement and presence, and our charitable activities. How we make decisions, resolve conflict and maintain open and effective communication. Personal communications styles and our family team.

By the time the siblings got this far, they were completely overwhelmed, and they hadn't even made a complete list. How does one make a dent in all the areas of education that would be needed for the cousins? Where do you start?

- **Finally, who should prepare and deliver the education?** The family wasn't sure, though they certainly all care about the business, but they weren't the most interesting teachers. In fact, some of the brothers were downright dull as presenters, and they knew it. Should they have their CFO and HR director put something together? Should they go to the local community college? How much would this cost, and how much time would it entail?

After years helping hundreds of families approach the daunting task of family education, we have discovered some approaches that help address the challenges of these questions:

1. Clarify Your Purpose:

In order to plan education programming, the family needs to first come to a consensus on the purpose of the education. *Why* spend time and money pursuing knowledge? What are you hoping to accomplish? There are many good core objectives: understanding family businesses better; appreciating the role of ownership; learning better communication skills; understanding governance; becoming better stewards of wealth; educating the next generation so that they can appreciate what the business means, and determine what role they

may aspire to play in the future; “onboarding” new family members, etc. These are only a few of the many valid learning priorities a family could state, so it is important to get clear on those that are most pressing or relevant in your family first (bearing in mind that most families will have several goals for their education programming). Spend time as a family discussing how the family and business are growing and what this suggests about the skills and knowledge you will need to be effective in the family, ownership and business roles you pursue going forward.

2. Get Buy-In and Input from All Key Stakeholders:

This is not as easy as it sounds. For starters, who are the key stakeholders? Is there an age cut-off? At what age do we begin to educate family members on these matters? Are we soliciting input from spouses as well as blood descendants? Are we educating the entire family or just some subset that will play a more active role?

What we recommend is that you err on the side of being as inclusive as possible in your education efforts AND in your education development planning process. In our experience, the more knowledgeable you can make your stakeholder group about the business, the family and the challenges and opportunities that come from a family-business overlap, the less conflict you have over silly yet destructive issues. We find education is key to developing psychological ownership, as it is through education that some other fundamentals—like shared values—can get reinforced or set into motion.

Another challenge on input & buy-in comes from the maxim “I don't know what I don't know.” When individuals have little information about the family business, they may be hard pressed to tell you what they think they need to learn, as they do not yet have enough information to formulate these questions. We find it is sometimes helpful to provide the family with a very basic family business primer to introduce them to the business, and review family, governance, community, shareholder, and other issues that may require their input over the years—to help them begin to think of the many topics on which they may want to develop some fluency.



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3. Build a Team:

Determine who will lead the charge on the education programming. If your family has a family council in place, we typically find that this is the right location for these efforts to be centered. If you do not yet have a family council but there is an ad-hoc group of family members who have an interest in pushing for education, do your best to ensure this is a well-balanced team, ideally composed of family working in the business, family not working in the business, spouses, blood-descendants and some younger and older folks as well. You don't need a committee of 12, but you need to ensure it is not just one person who is carrying this entire project on their shoulders.

Bear in mind that the process of working on education programming is itself a terrific learning opportunity. This is a project that can involve a number of people and provide a situation where family members can collaborate and learn how to make decisions together. This may be a way to develop the next generation team; to demonstrate to a senior generation that you are able to work together effectively. Finally, putting together shared education can be a way to learn about each other's hidden skills, e.g.: who knew Aunt Martha was such a dynamic teacher and so knowledgeable about philanthropy and tax strategies related to giving?

4. Pace Yourself:

Rome was not built in a day, and you will not cover all the knowledge you need to gain at one meeting, in one year, or even in a lifetime. Approach the process of educating the family as an ongoing pursuit. You will never be done, so there is no need to rush things or put undue pressure on yourselves, but at the same time you need to persevere. There are logistical hurdles that will be hard to overcome (calendar coordination is a biggie), there will be new issues that emerge as more pressing, there will be varying levels of commitment to the effort, etc. Understand these bumps in the road are normal and do not get derailed or discouraged.

5. Finally, Have Fun!

We always stress with our families how important it is to build some fun into all their family business interactions. While learning how to read financial statements may not strike everyone as an enjoyable topic, if you push yourselves to be creative, you may find surprising ways to make even dull topics fun and engaging. Obviously, some topics are serious and should be presented in an appropriately serious manner - the key is to find ways to inject fun where suitable, vary the method and sources of knowledge delivery, and mix up mediums of learning. You can deliver learning in many different ways and variety is key to keeping folks engaged. For example, you can provide suggested readings, deliver PowerPoint presentations, bring in expert presenters, engage in facilitated small-group discussions, do problem solving games, visit business sites, etc. The point is, you do not want to spend hours sitting in a room reviewing dry content as that is a certain recipe for driving away family members who may be less engaged in the learning (who, of course, are often those who need it the most).

While it is certainly a lot of work, family business education is a critical investment in the long-term success of your family and your business. Do not get overwhelmed by the size and scale of the education project; eat the elephant one bite at a time. Successful education programs look different from one family to the next. The best content is always a reflection of the current priorities of the business and family, as determined with input from a broad cross-section of the family. In addition, families who are the most satisfied with their education programs are those who have a long-term commitment to the process, regularly provide knowledge in a variety of engaging ways to the entire family, do not get derailed by the logistical challenges that will inevitably be a source of frustration, and inject fun wherever and however possible!