

LEARN TO LET GO

BRINGING PROFESSIONALISM INTO FAMILY BUSINESSES IS A JOURNEY, NOT A ONE-TIME EXERCISE

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One of the most discussed themes in family business is the need for professionalisation as a growth imperative. Professionalisation is often understood as employment of qualified non-family persons and/or introduction of organisational structure, systems and processes. It is much beyond these, and that's why it isn't always easy. It is not a onetime exercise, but a journey. It is also a question of attitude. Let us discuss some of the key challenges involved and the approaches to address them.

Professionalisation has four key dimensions: knowledge, skill, attitudes and structure and processes. The business should have the appropriate structure and systems in place for an appropriately skilled and knowledgeable person to take decisions. This involves 'letting go' of many responsibilities on an evolving and continuous basis by the person appointing a professional. This happens only if that person has the right attitude and preparedness to do so. It does not matter whether the professional is from the family or not.

Professionalisation is a new phase of life for a family business in its growth journey, giving an identity to the business independent of the person who set it up. It is recognition of the ability of one's child to stand up and grow on its own. Decisions become much more based on an objective analysis of what is good for the health and prosperity of the organisation than what is perceived as good for the family or the entrepreneur. In the process, a clearer identity is created for the business, and business gradually ceases to be a sub-set of the family or an appendage of the business leader. In that sense, personal or selfish interests of the CEO would cease to influence business decisions. That is the beginning of taking decisions keeping only the interests of the organisation in mind. This also means that information collection and distribution for planning, decision making and control purposes should happen with the help of systems and processes, all for the

benefit of the organisation. As the business expands and complexity grows, there has to be more and more written communication and reports have to be in place.

Leaders have to identify talent and groom them to share responsibilities so that they themselves can move on to take greater responsibilities. They have to feel confident about two things. One, letting someone else do what they have always been doing and two, feeling comfortable about doing new things. This is a question of attitude. In other words, professionalisation involves systematic decision making in all situations, as against individual style based decisions. Unfortunately, we do not easily notice the growing need for this transition from informal, verbal, trust based systems to formal, written systems as it is a gradual process, like the way we often fail to notice the transformation of a child to an adult. We tend to postpone or find excuses and explanations for not progressing on the professionalisation path.

In reality, owner-managers' comfort level varies in delegating decision making powers. Hence professionalisation should start with delegation of routine decisions and gradually moving on to decisions of exceptional and strategic nature. This enables the owner-manager to develop trust in the capabilities of the person he is delegating to, as well as to prepare himself to take up new responsibilities. This includes acquisition of relevant new knowledge and skills. For instance, employees and customers would insist on dealing directly with the 'owner', and the 'owner' in turn would like to believe it to be true. The owner-manager should be driven by new opportunities to fulfill ego needs, rather than become a prisoner of those of the past. It is due to the difficulties of such transformation of individuals that we notice a range of styles influencing management of otherwise professionalised organisations.

In some they are highly consultative but in some others, owner-managers are dictatorial. Unfortunately, inconsistent and interfering styles do not add to the building of an organisation.

The first step in the professionalisation journey is to develop a clear goal for the organisation and listing out the emerging challenges of achieving the same. Such strategic goal formation enables the business leader to develop a road map of the human capabilities required. This should also help decide the changes required in the organisation and the systems and processes required. One should make

an assessment of the talent pool and the requirements to recruit or develop a new one. It is always useful to get an outsider's expert view in such an exercise as it involves the top management. Self-medication is always bad.

Since a feeling of comfort and trust in the new person's capabilities is a critical factor, the leader should not attempt to make an assessment of an individual through an analysis of a CV or a short interview. Besides technical capabilities, the recruiter's integrity is a very critical factor to check, as it in many ways influences the comfort factor of the delegator. The higher the level of appointment, the more care has to be taken to check suitability of the new person to drive the destiny of the organisation, whether the person comes from within the family or outside. Here the owner-manager has to start playing a doubles game, the attitude and skills for which are different from a singles game.

Professionalisation covers the entire organization, including the board of directors. At the board level, there are new challenges to tackle but the premise remains the same: do what is good for your baby. A parent need not be the only one to add value to the strategy and governance of the organisation.

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