

To be a true family business leader, one must be ambitious, flexible and intuitive



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Synopsis

Based on the perspectives and demands of the four pillars, the leader needs to exhibit the capacity to be flexible to grow the business while keeping the family together, building and perpetuating wealth, and fulfilling aspirations.

Family business leaders must possess unique qualities to navigate challenges across four key areas: Family, Business, Ownership, and Individual.

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Governance, managing and leading

All three are crucial for the success of the family firm. Leading a family business system is complex and requires more expertise. This distinction is neither perceived nor understood by many **family businesses**.

Different areas, different approaches

The family pillar mandates the leader to exhibit compassion and collaboration, and to be someone who can harmonise relationships and foster trust. On the other hand, the business area requires a competitive growth spirit with an unsatiating risk-taking capacity. At times, this may mean making decisions that are right for the business but unpopular with the family, such as using surplus profits more for reinvestment into the business and less for dividends for the shareholders.

The ownership area must be led with a custodian and preservation mindset.

Leading oneself becomes a prerequisite to leading others. The leader also needs to understand the aspirations, ambitions, skills and capacities of each family member and inspire them to create a purposeful existence.

One leader or many?

Some founders have innate leadership skills and can weave through these dimensions. Sometimes, founders may also be deemed the head of the family. This is because they are driven by values and set an example for everyone else. Their dominant personality gives them an authority no one can match.

Leadership succession from the founder to the second generation is an opportunity to rethink the leadership model. Should the next business leader be family or a non-family professional? How should ownership leadership be managed, particularly if family members have divided shares? There is no cookie-cutter formula to answer this challenge.

To consider who and how many will take the leadership mantle requires openness and the capacity to assess reality dispassionately. All family members may not have this clarity. Family business advisers' and mentors' role becomes central to gaining objective perspective. Every family must devise a unique solution from within the system or outside. The mortality of family businesses is often the result of the incapacity to figure out a solution for this challenge at the right time.

Qualities of leader

A successful **family business leader** continuously monitors the health of the family business based on how the four areas are performing. This helps to understand which area requires more focus at any given time.

If there is increased family tension, unhappiness and strained relationships, the family cohesiveness is affected. On the other hand, the business may be stagnating, experiencing a lack of growth or even facing losses, which impacts the ownership pillar. A leader who diagnoses this early can juggle and prioritise.

Family leader

The capacity to show tough love is rare. Among the wolf pack, the leader is empowered with a rank. This enables the leader to make tough survival choices.

Many family businesses face survival questions when they deal with individuals who lack good intentions. Dealing with an individual(s) displaying emotional issues is often the most challenging situation for a leader.

Business leader

The leader encounters moral and ethical dilemmas of fairness, establishing equity and equality dynamics, and, above all, the capacity to evolve win-win propositions for working family members. This constant and consistent constraint can often drain the family business system. Equipped with balance and a capacity to operate fairly, an apt leader can tackle identity needs, power centrality, unhealthy politics and territorial conflicts in the business realm.

Ownership leader

Two distinct categories of individuals exist in the family business: contributors and consumers. Inevitably, there are many consumers and few contributors. Only contributors are gifted with the capacity to be custodians of the ownership and wealth of the family. When contributors become leaders, they can handle the ugly dynamics money creates.

Followership

There is sanctity in leadership only if there is followership. Finding followership in the second or third generation is not easy. After the founders' generation, no person may show the authority orientation to have the capacity to lead all four circles.

A prolonged leadership deficit is a trigger to consider separation to preserve what is left in the four pillars. The concept of separation is a choice worth considering. In certain exceptional cases, family relationships can be salvaged when separation happens properly. Making such unpopular but right choices requires bold leadership.

The captain's journey seems daunting, but it is the most meaningful role one can aspire for. True leaders in the context of family business are blessed with the capacity to build legacies. These leaders emerge tall with impeccable character. There cannot be a bigger and more meaningful purpose in life than this. Most family business leaders live a deeply meaningful existence, and this remains the most precious reward and recognition.

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