

Can We Talk?

Serving High
Net Worth
Families as the
CLO



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For a HNW Family, conflicts and struggles place in jeopardy the economic stability and viability of the “*family enterprise*,” which may be comprised of several related businesses, financial assets or separate holdings. When the leader(s) of the family enterprise is engaged in these conflicts or struggles, he or she is likely functioning not just as a chief executive officer but also as the chief emotional officer for the family enterprise. Resolving deep unspoken emotions among family members can be the catalyst to success or the straw that breaks the camel’s back and causes a breakup of the family enterprise. No wonder why the leaders of a family enterprise can feel isolated.

A Family Enterprise Consultant, functioning as a *Chief Learning Officer* (CLO) to a HNW Family enterprise can bring significant value to the family. While CLO’s in business have acted as corporate educators, in the family enterprise the CLO role has become to educate family members to be business owners and to think about the future of the family enterprise.

A CLO can help the leaders of a HNW Family breakthrough the isolation mentioned earlier, as the priority of the CLO is to shift the family towards unity. Clarity is required to define family goals and governance policies that help align the family members and run the Family Enterprise more efficiently. Clarity about who the family members are and what they want is also important. This is not a short nor easy process, as it requires families to talk about issues that likely have been glossed over for years. The ability to have the difficult conversations is the best way to ensure lasting family enterprises which will underpin a family’s legacy desires.

A CLO may ask the family leader “what do you want the family enterprise to look like – a family dynasty or separate worlds for each family member?” -- and the family patriarch/matriarch may have an answer that is not shared by Gen 2 or Gen 3 members. Uncovering the individual and collective answers is a key step any family should pursue. The path may involve addressing the toughest issues that keep us awake at night-- intimate, painful and emotional issues that are tearing the gut, tugging the heart, and taxing the brain. Family relationships are long term so developing the whole person of successive generations is critical.

One key value that a CLO can add is constructing a family enterprise learning curriculum, based upon adult development theory. The learning curriculum focuses on developing skills, experience, knowledge and credentials of leaders. This is viewed as horizontal development. The curriculum may also involve vertical leadership development, that addresses the broader enterprise and culture.

For example, a Gen 2 member who has consistently improved his or her skills in sales and marketing (horizontal development) may now be ready to tackle an entirely new level of responsibility such as product development (vertical development). A CLO can help facilitate this growth and transition through coaching, mentoring, suggested course work, etc.

Functioning as a CLO, one should focus on working with families around co-creating the framework for the family enterprise, not just having the leader patriarch/matriarch create the framework themselves without the engagement of second or third generations. Within the family enterprise, each adult family member needs to have framed for them as part of the learning curriculum, a continuum of roles and opportunities, and expectations set for those roles while simultaneously having each of them accepted as both family members and as executives. Each adult family member also needs to develop self-awareness, empathy, framing and innovation skills as well as adding character, values and the family legacy to the learning curriculum to provide the foundation for life long leadership development for the family enterprise.

Family enterprise leaders need to frame what the end expectations are for the succeeding generations. This often includes managing emotions within the family, where second or third generations likely possess deep unsettled and unspoken emotions. Typically, Gen 1 has been focused on running the family business, not developing the leaders of the next generation.

Naturally Gen 1 may be focused on manufacturing, sales, distribution, margin, profits or cash flow issues if a family business is at the center of the family enterprise. Too many eyes may be focused on the bottom line. A CLO's eyes will need to be focused upwards and outward at the horizon when Gen 2 assumes control and operational responsibility of the family enterprise. The CLO can identify where the gaps are and the growth that needs to occur in Gen 1 and Gen 2 to make that happen. Family

governance has a beneficial role to play in this area through family boards, family councils, etc. as collaboration is key for those family members involved in their various roles, to co- create the framework, vision and related plans for the family enterprise.

Our Approach



As CLO one may be pulling the family members upwards, refocusing their energy and efforts so they are not blindsided by a sudden decline in a key Gen 1 member's health, the marketplace or other major shifts. The CLO is undertaking strategic interventions that can ensure success of a HNW family, sometimes, in spite of themselves, as the CLO helps the key family members get out of their own way. The CLOs sees the path and sets the relevant family members' stumbling feet on it!

Acting as CLO, a family enterprise consultant should ask the family enterprise leaders whether they are doing everything to develop the family enterprise to preserve their wealth while embracing the human, social, intellectual and spiritual capital of the family. If there is an expressed gap and need, then a CLO can develop a learning curriculum and educate family relatives to be business owners and to think about the future of the family enterprise.

Let us help you find your way...

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Allow the Spencer Legacy Group to show you how we can help your family overcome the issues that might sabotage your success. When it's time to talk about the elephant in the room, give us a call at 1-800-694-0059, or find us online at www.spencerlegacygroup.com.