

# **STEP JOURNAL**

Downloaded on 14th August 2024 - 07:59

## **Managing clients who manage**

Improving your own management skills can help you to spot clients' leadership mistakes too, writes Val Cox.

Usually, the professional development column focuses on how you, the practitioner, can improve your management skills and apply them to your workplace. This time we'll look at how those skills could help your clients.

Even if you don't specialise in family business advising, you will probably come across a client who owns a business and employs relatives at some point. What does their management style have to do with you?

Well, there is plenty of potential for leadership problems in family businesses, since formal management training is usually lacking. As a trusted advisor, being aware of the family dynamics and management style might affect the advice you give, whatever your area of expertise is. You probably can't tell your client that their management style is defective, but a little understanding of good practice in management, whether you try to impart it to your client or not, will give you an idea of where potential problems might arise so you can plan around them.

## **Case study**

For example, imagine that you're contacted by someone to plan their retirement. They're one of a group of family members running a company that employs around 20 staff. The current owner-managers are the third-generation siblings and cousins. All members of the family, bar a few spouses and daughters, are employed by the company (see Figure 1). The founder has passed away and his sons, Andy and Barry, were happy to retire early and entrust the business to the various cousins and two of their spouses: Chuck, Diana, Ed, Fiona, Gary and Harry. Members of the fourth generation have been brought up with the expectation that they will work for the family business whether they like it or not. Ownership is relatively informal; each blood relative in the next generation inherits an equal share as ownership passes down. Spouses can occupy a position and draw down a salary, but any attempt on their part to advise the blood relatives is discouraged.

Among the current managers, Ed and Gary are the most forceful personalities, and their word is treated as law. Their main motivation is to look after the whole family, which most would consider a positive trait. As part of that ethos, all family members – and non-family members – at each level of the organisation are paid the same salary. Unfortunately, Harry is employed purely because it's a family business and all blood relatives are on the payroll, but his only contribution to the business is wearing out the furniture. His presence is a constant source of irritation to family and non-family employees. Ed and Gary refuse to deal with the situation, because 'family comes first' and any complaints from other family members, or non-family staff, are met with: 'You could always leave.'

## **What to do?**

A quick search on EBSCO, the publications archive available to STEP members through the CPD Centre, will turn up many articles on leadership mistakes. 'Overcoming the top 10 leadership mistakes', by Robert Pater, lists several management errors that could apply to Ed and Gary. The first

error relates to a manager who believes they know what is best for all stakeholders and prefers the status quo, 'ignoring mistakes or poor performance, and becoming defensive in response to even slightly critical feedback'.

If Ed and Gary continue to be blind to the high turnover of non-family staff, or the demotivation of the younger generation, you might need to plan for the possibility that the business will go into decline, or be sold in a hurry when succession becomes a problem. If your proposals are challenged, you have management theory to support your plan, and, if you're brave enough to try to talk through the issues, the 'Difficult conversations' module on Alchemy Performance Assistant might be helpful in preparing for your meeting.

You can find a library of management skills (Alchemy Performance Assistant, formerly Alchemy for Managers) and business publications (EBSCO) in the CPD Centre.<sup>1</sup> As for more formal CPD, the STEP Advanced Certificate in Family Business Advising covers this topic in detail.<sup>2</sup>

---

❖ <sup>1</sup>[www.step.org/cpd-resources](http://www.step.org/cpd-resources)

❖ <sup>2</sup>[www.step.org/step-advanced-certificate-family-business-advising](http://www.step.org/step-advanced-certificate-family-business-advising)

© 2024 STEP (Society of Trust and Estate Practitioners). All rights in and relating to the STEP Journal and Trust Quarterly Review and to content online at [journal.step.org](http://journal.step.org) are expressly reserved.

<https://journal.step.org/step-journal-october-2014/managing-clients-who-manage>