

Constructing a Family Business

South of Portland in the early 1980s, Carol Duncan took over General Sheet Metal like baptism by fire.

But unlike other family businesses, Duncan's reign came without an earlier generation staying on to play an active role. Her father and uncle owned the company together along with a third partner. When all three were ready to exit because of other businesses or retirements, she got the phone call giving her the opportunity to take the helm. Duncan left her real estate business, rolled up her sleeves and got to work.

Now Duncan is running a successful and growing company that is one of the largest woman-owned businesses in Oregon. "Just wait until you see what we've got in the works," she says about upcoming projects. Her company works with large contractors and commercial businesses, as well as local universities and communities offering mechanical, architectural, fabrication, and HVAC related services.

She struggled in the beginning, as any business owner would know, between staying afloat and building the company, in addition to breaking down the stigma of a woman-led business. But, the company got through the rough patch because of its employees.

"We had great people who believed in what we were doing," Duncan says. "Those were tough times — guys

working partial weeks to keep the company going, but in the long run it paid off."

General Sheet Metal prioritizes the environmental aspect of the company. A "green friendly" approach is used in both the construction along with the workplace from a company smart car to recycling and double-sided paper.

"For me, it all began when Earth Day was established so growing up, it's always been important to be conscious about the environment," she says.

Just like protecting the earth, Duncan is taking care of the company for future generations. Duncan hopes one day that her daughter, Ashley, will step into the executive role, but only by working her way up. Learning more every day, she absorbs the ins and outs of the company, working as a project manager.

In fact, her daughter started learning early as a toddler, as she accompanied her mom to work and voiced her dream of what she wanted to do when she grew up: "Work in mommy's office!"

"Ashley has a seat at the executive table," Duncan says. "Her vision is taken into consideration in our strategic planning because those decisions will affect her. I want to give her the opportunity to put that young energy into it."

Duncan agrees that every family business is unique. In her situation,



W. James Bolt, Carol Duncan and Ashley Duncan building for the future as they break ground on their new company headquarters.

she is working to balance the amount of responsibility for her daughter with the right level of coaching and oversight. Her father took more of a "hands-off" approach although he was part owner until Duncan bought him out in 2012. But it all depends on the dynamics of the family.

"In my case, it was important to leverage my father's perception and strength ... and financial backing," she jokes. "I worked hard on my own skills to help me be better. Running a family business, with your family, requires compromise and more personal growth than you could imagine."



Family Champions: Energy for Success

By Joshua Nacht, Ph.D.

Sofia is a 42-year-old, fourth-generation member of a 98-year-old family business. She has played a pivotal role in helping the family move from intergenerational strife and interbranch conflict to an aligned and engaged owning family. She saw that a new type of leadership was needed in the family to achieve their goal of responsibly stewarding the business as nonoperating owners. Sofia embarked on a mission to help develop the family owners into a more engaged and active group.

What Is a Family Champion?

Business families require effective leadership throughout the system to fulfill their potential. A lot of attention goes to who will be the next leader of the business, and appropriately so. But there is another area in which leadership can bring great value to the family — the role of “family champion.” Family champions are visionary

catalysts who invest energy into the family business system to support and develop the family ownership advantage. The word catalyst is used because these people provide energy, inspiration and leadership that helps the family engage and develop to be the best owners they can be. The family champion is an inspirational leader for the family who works to help develop the family as responsible owners and stewards of their business.

Family champions are rarely designated or appointed by the older generation. Instead, they emerge of their own motivation and desire to make a difference in how the ownership group operates. This role commonly emerges as the family grows in size and complexity around the third generation. In some cases, these people see that a lack of leadership is hindering the family and begin to engage with their family to provide direction. In doing so, they begin to build credibility and trust among family members as a leader and positive influencer.

The family champion emerges in a natural cycle as the family sees the benefit of family leadership and rallies behind this person because they are providing an essential service to the family. Family champions often end up as family council chairs or in a similar type of formalized role that makes their work even more effective. At their best, family champions work in conjunction with the leader of the business to ensure mutually aligned and beneficial coordination between business and family.

Characteristics of Family Champions

One of the most important things that Sofia did was to change the communication patterns in the family. Instead of continuing to

The family champion can provide the leadership necessary to help inspire, guide and develop the family to be a true advantage to the enterprise.

engage in dysfunctional exchanges over email, Sofia would pick up the phone and talk with people directly about their concerns. Through a close attention to communication, listening, and a commitment to not repeat the negative dynamics of previous generations, Sofia helped usher in a new era of familial relationships. She would listen to family members and ensure that all perspectives were being heard in their group meetings. As Sofia began to take on a more active role as a leader within the ownership group, the family placed more trust in her. Her credibility grew as she demonstrated a keen ability to communicate and engage with her family. Sofia was increasingly respected as a leader in the family and they looked to her for guidance on how to proceed with their work.

Family champions display a range of skills and attributes that position them well for leadership within the family owners. Leadership within the family is not hierarchical, so this role is highly relational in nature. Family champions have strong interpersonal skills, most notably the ability to listen well, and they communicate effectively with a wide range of people. Family champions work to bridge the generations by integrating complementary perspectives. They have a strong sense of purpose about why they do the work and help others create their own dedication. Family champions build credibility and trust

by being accountable, transparent and authentic. They have diverse personal and professional experience that they draw upon to inform their work. These attributes are developed over time and the most effective family champions engage in ongoing educational opportunities to grow their capabilities.

Opportunities of Family Ownership

Sofia saw the need to help the family create a long-term vision of their ownership and develop a plan on how to achieve that goal. She helped the family realize that in order to perpetuate their legacy, the family needed to develop a collective vision of what they wanted as a group. She began to ask thought-provoking questions of the family: What do we want to look like in 10 years? If we want to pass this business along to our children, what do we need to do now to accomplish that goal? How can we do something different than our parents to create our own relationships?

By working across the family to develop family members as committed and engaged owners, Sofia inspired both individual and group development. As a group, they engaged in family business educational opportunities, and individuals pursued their own goals for development. They began to develop alignment around their vision as owners and to think about

how they would achieve their goals. Sofia provided the leadership that built the framework for this ongoing conversation.

The family champion plays an essential role in encouraging and inspiring the family to become an ownership group dedicated to a common goal. This person helps create a community of family members dedicated to being responsible stewards and building a family legacy by being actively engaged owners. This requires ongoing development work on the part of the family who must attend to their shortcomings and family dynamic issues that may be holding them back. The family champion helps the family develop their ability to communicate together and to manage their intergenerational dynamics as strengths. The owning family can be the source of valuable contributions of talent, values and capital from people who have a true stake in the success of the family legacy. The family champion can provide the leadership necessary to help inspire, guide and develop the family to be a true advantage to the enterprise.

Leadership as Part of a System

While family champions provide leadership, they cannot do their work alone. Empowering others to step up in responsibility is an important part of engaging the broad group. Thriving business families have involvement from a wide range of people playing different and complementary roles. They see themselves as a system in which their collective actions affect one another, so developing and engaging as many family members as possible is an important element of their success.

Sofia's efforts have been so valuable that the family eventually agreed to pay her an annual salary so she

can focus on her leadership duties full time. The family is involved in individual and group development to build their governance capabilities for both the family and business. Their family council has an extensive taskforce system in which family members focus on certain issues and report back. This helps engage a wide range of people in making informed and thoughtful decisions.

As the family ownership group develops, they are able to contribute to the success of the business through aligned governance structures, most commonly a family council and board of directors. The result is a system in which all the parts are working at an increased capacity and function. The family is aligned, committed and capable of being responsible stewards of the family enterprise legacy. This work is never "done" and the cycle of engagement between individual, family and business is ongoing and dynamic as circumstances change. Family champions attend to the continuous cycle and help lead the family to become ever stronger as an ownership group.

Successful Results

Sofia has played a catalytic role in helping her family transition from discord to being engaged stewards of the legacy business. Sofia is a family champion — a person who plays a key role in developing business families to meet their responsibilities. As a result, the business is thriving and the family

is continuing to develop their own ability to be effective owners.

The most effective, long-lasting business families have a wide range of people playing complementary roles. Family champions play the role of leadership within the ownership group. This position can be vital to helping develop family ownership groups meet the challenges and opportunities of owning a family enterprise. Family champions are catalysts who lead, inspire and develop their business-owning families to be responsible and engaged stewards of their family legacy by investing their time and energy in the service of the whole family.

Joshua Nacht, Ph.D., is a consultant with The Family Business Consulting Group Inc., specializing in governance and family council facilitation, communication, and teambuilding.





Delivering a Difficult Message: Performance Feedback in a Family Business

By David P. Ransburg Jr.

“My brother is not pulling his weight at work, which means more work for our mother and me. I don’t know what to do about it ... so I do nothing, and the problem persists.”

For most people in most situations, delivering a difficult message is, well, difficult. Delivering a difficult message in a family business is typically even more challenging because of the multiple and deeply personal relationships that exist. Difficult messages must be delivered, though, and avoiding this task will likely only make matters worse. With the long-term success of the family business at stake in situations like this one, it’s essential to deliver those messages effectively.

We should remind ourselves why we want to give feedback in the first place and what it is we hope to accomplish by doing so. The need to deliver a difficult message typically starts with your perception that you have a disagreement with someone else or their performance is falling short of your standards. Since performance feedback is one of the most difficult messages to deliver to family members, we will address that specific case.

Your goals in delivering this difficult message are (1) to share your perspective in a way that your recipient will understand it, (2) to learn the other person’s perspective of the same situation, and then (3) to ensure that the performance shortfall is addressed so that sustained success can be achieved for the family and their business.

Soft Startup

Effectively delivering a difficult message requires work before the message is actually delivered. If you simply launch into your message, you will likely ambush the recipient ... and most who are ambushed will be defensive and therefore not receive your message as well as they otherwise might. Using a “soft startup” will help you to minimize this particular challenge and increase the chances that your message will be received as well as it can be.

A “soft startup” introduces the idea of sharing feedback even before you actually deliver the message. In our example, if your sibling isn’t pulling his weight at work, you could introduce the discussion by saying: “There’s something I’ve been thinking about, and I want to share it with you. I feel it’s an important item and therefore will take us more than just a minute or two to discuss. When would be a good time for you to have this discussion with me?”

In my experience, recipients of the above request typically find time to talk in short order. However, if the recipient tries to delay the conversation significantly, then you can simply respond: “This matter is too important to wait that long. When could you find some time to talk in the near future?”

Sharing Your Perspective

Once you’ve established a time to meet (in a comfortable and private

For anyone involved with a family business, delivering a difficult message is challenging but necessary.

location), it's now time to begin delivering your message. I have found that the most effective way to initiate the conversation is with a question: "I'd like to share some feedback that I hope is helpful. Is that okay with you?" In theory, the recipient could say "no," and the conversation will come to a stop. Practically speaking, though, I've never encountered a situation where the recipient responds with anything other than a simple "yes."

Asking for permission is important for a couple of reasons. First, it explicitly communicates to the recipient that you are about to deliver a potentially sensitive message to them. This gives them a few moments to prepare, which will make it more likely that they will actually hear what you have to say. Second, you will feel more comfortable providing the specific feedback. You have, after all, just received explicit permission to do so!

After receiving permission to proceed, the most effective way to deliver the difficult message is using the following framework: "When you [describe the recipient's troubling behavior], I feel [describe the emotions — some combination of happy, sad, angry, and scared — that the recipient's troubling behavior triggers in you]."

The value of this simple framework is that it focuses on the recipient's behavior (which is changeable), rather than their personality (which is not). It also allows the recipient to see how their behavior impacts others (namely you).

In the example that opens this article, this framework might be used as follows: "When you put in fewer hours at work and, as a result, are not as productive as the rest of us, I feel angry, sad, and scared. Angry because I feel like you are taking advantage of me, sad because I feel like I cannot trust you or depend on you like I once could, and scared because we are losing ground to our competitors who, presumably, have all of their key employees working their hardest."

Offer to Partner

Now that you have shared your perspective with the recipient, invite him to share his perspective of the situation with you. Occasionally, this step will provide the deliverer with important additional information that can clear up differences quickly. Even if this additional information does not resolve the situation, both parties now have the more complete picture that is necessary for improving matters.

While it might be tempting for the deliverer to walk away at this point — the bad behavior is, after all, the recipient's problem — remember our third goal for having this conversation: ensure that the performance shortfall is addressed. Walking away at this point could provide the recipient with an "out." If you sincerely want to increase the likelihood of addressing the recipient's performance shortfall, you need to stay involved. So, offer to partner with the recipient as he begins to work on addressing the bad behavior. Depending on the specific issue, there is a virtually endless list

of ways you can provide assistance, but a great way to start is to ask the recipient the following question: "What keeps you from [doing the desired behavior]?" Framing the bad behavior in terms of constraints typically leads the recipient to be more open to discussing the issues. Once you understand the constraints that the recipient faces in addressing this situation, you can best suggest specific options for improvement.

In our current example, asking the constraints question might reveal that the recipient is kept from pulling his weight at work because he feels he's been placed in a position for which he is not qualified. If so, possible solutions might include a structured training and development program or putting the recipient into a different position for which he is sufficiently qualified. If, on the other hand, "What keeps you from pulling your weight at work?" reveals a different constraint (e.g., serious health issues afflicting the recipient's spouse), then an entirely different set of solutions would be appropriate.

Timeouts When Flooded

Even the most carefully planned conversations don't always go well. The above steps will certainly increase your likelihood of having a productive conversation, but there's no way to guarantee success. And, in those occasions where the conversation falls apart, it's important to have an appropriate tool: timeouts.

Difficult conversations are often challenging because they involve emotions and emotions can

sometimes get out of control. In those instances when we lose control of our emotions — a situation that I refer to as being “flooded” — the best solution is to borrow from the sports world and call a timeout. When one is flooded, one does not think clearly. As a matter of fact, research in the field of neuroscience shows that one’s IQ typically drops when flooded and a flooded individual also loses access to the area of the brain where logical thinking resides. If one of our goals for having a difficult conversation is to ensure that the performance shortfall is addressed, then both parties need to be at their best when engaging in this conversation. And, if just one participant becomes flooded, then both parties are clearly not at their best.

The most effective solution in this situation is to call a timeout and take a break from the conversation. Once both parties have had a chance to clear their heads — a process that usually involves something as simple as each participant taking a brief walk alone — they can resume the conversation. If the situation becomes flooded again, simply call another timeout! It may take some time to make progress via small periods of productive conversation, but trying to press on while even one participant is flooded will lead to no progress at all (and, potentially even a setback)!

Catch Them Doing Right

Speaking of neuroscience research, there’s significant evidence that positive feedback is more effective than negative feedback. While it’s true that sharing your perspective on what the recipient is doing wrong can help them to avoid derailing, shifting the focus to dreams and possibilities will allow the recipient to flourish. As leading researcher Richard Boyatzis says, “You need

**WHAT DOES
IT MEAN
TO BE**
Exceptional?

At The Commerce Bank of Oregon, we believe in the value of providing an exceptional experience. That’s why we offer highly customized banking solutions by local, experienced bankers who make it a priority to fully understand you and your business. As an advocate of your company’s success, The Commerce Bank of Oregon is *Exceptional*.

**THE
COMMERCE
BANK
OF OREGON**

1211 SW Fifth Avenue, Suite 1250 | Portland, Oregon 97204
ph: 503.548.1000 | f: 503.548.1050 | tcboregon.com

MEMBER FDIC

the negative focus to survive, but a positive one to thrive.”

So, as you and the recipient work together on their performance improvement, don’t just let them know when they make mistakes (which they undoubtedly will as they first attempt to change their behavior) — also be sure to point out to them when they are behaving in the right way. An example in our case: “I’ve noticed that you’ve been putting in more hours at work recently and, as a result, that your productivity has increased.” If you can catch them doing right, you will increase their likelihood of behaving correctly more often.

In Closing

For anyone involved with a family business, delivering a difficult message is challenging but necessary. While there is no process that can guarantee success in these precarious situations, the steps laid out above can significantly increase your likelihood of achieving the ultimate goal: improved performance that leads to sustained success for the family and their business.

David P. Ransburg Jr., a consultant with the Family Business Consulting Group Inc., assists businesses with resolving intra-organizational conflict and building effective team-oriented organizations.

1. “When You Criticize Someone, You Make It Harder for that Person to Change” Harvard Business Review, 2013.



FAMILY BUSINESS

— newsletter —

1211 SW 5th Avenue, Suite 1250
Portland, Oregon 97204

www.tcboregon.com

*For address change or other concerns,
call The Commerce Bank of Oregon customer
service at (503) 548-1000*

IN THIS ISSUE:

- Constructing a Family Business
- Family Champions: Energy for Success
- Delivering a Difficult Message: Performance Feedback in a Family Business

Articles provided by The Family Business Consulting Group Inc. and reprinted with permission from "The Family Business Advisor" newsletter. Copyright 2017. Chicago, IL. All rights reserved.

www.thefbcg.com or 773-604-5005

The Family Business Newsletter may contain trademarks or trade names owned by parties who are not affiliated with The Commerce Bank of Oregon. Use of such marks does not imply any sponsorship by or affiliation with third parties, and The Commerce Bank of Oregon does not claim any ownership of or make representations about products and services offered under or associated with such marks. The Commerce Bank of Oregon is a division of ZB, N.A., which is a subsidiary of Zions Bancorporation.

Articles are offered for informational purposes only and should not be construed as tax, legal, financial or business advice. Please contact a professional about your specific needs.