



# The **Challenges** of **Executive** **Recruitment**

within a Family Owned Business

# The Challenges of Executive Recruitment within a Family-Owned Business

Family businesses play an important part in the economy in most European businesses. For example, in Belgium 45% of businesses are family-owned and more than half of these companies employ over 200 staff.

In most family-owned businesses, the management team is comprised of both family and non-family members, and this can create major challenges. It can be particularly difficult when looking at succession planning if there are no family members either willing or able to take on leadership roles.

It can also be challenging for non-family members to work in this environment, and can lead to issues with motivation and long-term retention of senior staff.

## **Golden rules for family-owned businesses:**

Remove all names and personal details from every CV before you screen the applications. This prevents any unconscious bias from influencing your decisions on which candidates to progress to interview stage.

### **Conduct structured and standardised interviews**

#### **1. Start succession planning early**

A smooth succession process is necessary and would need to begin several years before the retirement of the CEO. It is essential not to shy away from discussion about succession planning. If the CEO does not address the subject in a timely manner, the other members of the family must properly raise the issue for debate.

#### **2. Take time to integrate external candidates**

A smooth, long term process is also important for recruiting at the N-1 level: CFO, COO but with the potential to grow further, keeping in mind the necessity to recruit a candidate who possesses a strategic mind. It is essential not to rush things and for the external manager to get a deep understanding of the business, of the company culture and to be recognized internally for their competencies, before being definitely promoted. The slower process also means that if the candidate is not successful, there will be less damage (although time will have been lost in the process).

#### **3. Ensure robust governance structures are in place:**

Governance structures play an important role. A transparent approach will include a separation of roles between the Board and the family. Independent Directors bring objectivity and out of the box considerations.

#### **4. Listen to outside advisors**

Outside advisors bring a neutral and more “helicopter” view. It is important to include a rigorous assessment of hard skills, soft skills and cultural fit. The role of external advisors will be all the more crucial if the business does not include an HR leader.

#### **5. Evaluate family and non-family members through a transparent recruitment process**

In order to lessen tensions if family members feel frustrated not to be retained, it is common practice to make them follow the same process of recruitment as non-family members. This allows them to identify by themselves their potential missing competencies in regards to the position and to objectivize the decision through the process of benchmarking.

### **The profile of the right candidate...**

The company needs to assess the hard skills required by the business and look for the qualities generally needed at the management committee level; vision, leadership, drive. It is also necessary to investigate if the candidate is aware of what distinguishes a family business from other organizations and if they are able to cope with the dynamics and the culture of the family in particular. The family need to assess their culture and value before starting the recruitment process so that they can be clear what they are.

#### **1. Family-owned businesses tend to be more informal**

Family businesses are usually less formal and bureaucratic. Some employees may feel lost while others will have a feeling of autonomy. It is crucial to assess the needs of the person being recruited.

#### **2. Decision making and reporting structures need to be clear**

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#### **3. It's important to be open to change**

A non-family manager on the Board, especially if they have previously worked for a large corporation, will support the professionalism of the family in bringing best practice and/or international experience. But the company has to be ready and open to changes. It is also essential that the right candidate must possess excellent communication and diplomacy skills.

#### **4. The right candidate must have a hands-on approach and understand the expectations**

On the other hand, when coming from a MNC, the candidate is likely to have been used to a whole team of professionals to count on. The family-owned context will require a more hands-on approach and the ability to do things by oneself even at the CEO level.

It is positive for family businesses to bring non-family members into their management team, as it generally benefits the performance of the company. And it is very possible for family-owned businesses to attract and retain the highest calibre candidates. However, coherent planning and communication is a must and, in addition, the risk must be mitigated by using powerful assessment tools that could provide an insight into the company's culture, the readiness of the Board and the strengths/weaknesses of the candidates in terms of hard skills, soft skills and cultural fit.

# Author



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In addition to leading assignments as an executive search practitioner, Viviane conducts executive assessments for clients across industry sectors.

She has previously worked in the executive search space at Ahead and has held managerial positions at BNP Paribas-Fortis (formerly Générale de Banque), and worked as an Investment Manager for the French sub-holding company of TDG.

Viviane holds a Masters degree in Liberal Arts from the University of Rheims, a DEA from La Sorbonne (Paris) and an MBA from INSEAD. She completed her education with training in board effectiveness at Guberna (the Belgian Governance Institute) and is a Certified MBTI Step I Practitioner.

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