

Family business

How to nurture the next generation of leaders **Interviewed by Amy Dison**

People who engineer a family business often put most, if not all, of their time and money into the operation to make it successful. Strain can be placed on the relationships within a family if they find it difficult to separate business and family.

“Even the best and most organized families with businesses do not possess complete objectivity,” says Rich Snebold, co-founder of the Family Business Center at NexTier Bank.

Smart Business spoke with Snebold about the importance of training and the steps business owners can take to guarantee success.

Why is it important for the owners of a family business to nurture or train the next generation?

In order for a family-founded business to survive from one generation to the next, it is crucial that steps be taken to prepare the next generation of leaders. The success or failure of such a business can have a ripple effect on other employees, customers and vendors.

New leadership development is necessary and can be one of the best investments for a family-owned company. If the next generations of leaders are family members, then proper training ensures that an owner is continuing his or her legacy. If they are nonfamily members, then training is a great way to maintain employment with your company.

Why do business owners neglect training the future owners of their business?

The owner is often too busy working *in* the business and forgets to take time to work *on* the business.

Another reason training can be neglected is because a business owner does not know how to train others. A person can be very successful at running a business but not very good at training people.

Finally, some owners take the approach to training as, ‘No one trained me so why should I train them?’ This attitude can destroy a company. An owner must realize that he or she has to relin-



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quish some of the control for the business to survive.

Such training is vital and can lead an owner to valuable information. One may find that future leaders are not qualified for the responsibilities of a leadership position.

How can family business owners respond if they find the future leaders are not qualified to manage a business?

Deciding that a family member is not qualified to run the business in the future is a mature decision that needs to be made by the family. Then the family as a whole should begin the search for a replacement leader. Involving a board of directors, advisers or an outside source can help make such decisions easier.

The key to a successful family business is to professionalize the business as much as possible. Objectivity is necessary when running a family business.

How can a business owner create a career development program to help train future leaders?

First, the current leadership team should sit down with the future leaders and deter-

mine where they want the company to go in the future. A good approach is to develop a plan and work backward to determine the steps that need to be taken to reach the ultimate goal.

The company leaders should then do an assessment of the current leadership both inside the family and outside the family.

It is then necessary to determine any holes in the leadership and business plan. This could be as simple as pinpointing what skills and assets will be lost when a leader retires. After the holes are located, a company should actively put together a program of individual growth and development. This may mean training family members in future leadership positions while current leaders are still working in the business.

Most importantly, leaders should visit the plan quarterly and evaluate the progress made.

How can family business owners implement a career development program properly?

Business owners can read a book, take a class or allow a third party to help them implement such a program.

A third party can offer the objectivity needed to run a successful business. Third parties can make tough decisions without worrying about the feelings of family members. An objective third party should start by offering a company a diagnostic analysis that offers insight to what is lacking, such as leadership development or employee issues. Such issues should be outlined and specialists should be brought in to work with the company to resolve issues until the company is comfortable enough to operate without such guidance.

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