



When to Go Outside for Leadership

Hiring a non-family CEO may be the best decision for your company

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By Steven Tenney

Your family-run business may someday face a crucial decision: whether to hire an outsider to run the company. That decision can have a considerable impact on family harmony as well as key business issues such as your company's brand identity. But bringing in an outsider also may offer competitive advantages, from fresh organizational thinking to a new skill set. Here are three points to consider as you weigh whether to open your family-run company's doors to an outside executive.

Know when to look outside

When it comes to hiring, the best business owners know to leave politics out of the staffing process and simply choose the best person for the job. Indeed, many successful family-owned businesses believe that being part of the family buys an individual the opportunity to interview for a position; it doesn't guarantee the position itself.

Gene Geiger, fourth-generation CEO of his Lewiston-based family business, believes this is a key point for family-run businesses to understand. Indeed, he expects to hire a non-family CEO to bridge the gap between his leadership and that of his sons. "I'm already past traditional retirement age, and consequently I have a limited number of work years in front of me," Geiger says. "Given that my 2 sons are in their late 20s and early 30s, there will have to be a non-family CEO between us, and that assumes that one of them is capable of assuming the CEO role. It will be a decade or more before we get to that point."

Hiring an outside CEO may also be necessary when a company has evolved to the point where family members no longer possess the skills or qualifications

to run the operation properly. Or perhaps no one in the family is interested in taking over the family business. In these cases, basing these key personnel decisions on what's most appropriate for the company can give your business the best chance to thrive.

Find a good match

An outside CEO must have the right skills and qualifications for the job, and they also need to share the family's values about how the business is run. The right hire also should be able to approach business issues objectively, and not be bound by the emotional and personal baggage carried by many families that can hamper the decision-making process. Outsiders

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– Steven Cote, Chalmers Insurance Group

also can offer the benefits of a fresh perspective or an entirely new skill set based on their prior experience. A new approach can be essential in streamlining and modernizing your operations, even while preserving the elements of your brand and work culture that have contributed to past success.

Plan ahead

Even the best candidate can face a challenging transition into their new role if you haven't planned ahead. One critical element of any transition: communication. You can't simply announce the change to your employees and family members. Be proactive communicating the reasons behind the

transition and the processes involved. This also can't be a one-time message; keep the lines of communication open during the transition process to help keep everyone on the same page.

Steven Cote, the first non-family President of Chalmers Insurance Group in 157 years, explains that communication was an essential part of his successful transition. "There was a lot of discussion," he says. "Bill [Chalmers] was very passionate and supportive from the beginning, and he made sure everybody understood and was on board. It worked because it

was an emphatic statement from the long-time owners that this was the way it was going to be." Communication can't solve every potential problem, however, so consider reaching out to other family businesses that have undergone a similar change to outside leadership to find out what worked—and what didn't. Develop an advisory board of people you trust who can help steer your company through this challenging process. Learn from them. But remember that the right decision will ultimately come down to doing what's best for your firm. Make that your priority and the rest should fall into place.

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