

7 views | Aug 26, 2019, 08:00am

# The Seventh Commandment Of Family Business Succession: Don't Create Competition



**Jacob M. Engel** Forbes Councils Member  
Forbes Coaches Council **COUNCIL POST** | Paid Program  
Leadership

POST WRITTEN BY

**Jacob Engel**

Author and CEO of [The Prosperous Leader](#). I help CEOs and their organizations prosper.



Many family businesses create internal competition for the top job, the idea being that it's survival of the fittest. However, this only creates friction between the contenders. While in other companies, those who don't get the top job will leave, in a family business, if they leave, it creates resentment and acrimonious relationships. Even if they do decide to stay, it creates tension and disharmony.

A company I was working with had two candidates it was promoting for the top job. The problem was that they didn't get along with each other. This created an internal competition that was not helpful for the company or for the candidates. It became so intense that I, a third-party professional, had to step in. While I worked for six months to get the two candidates to work together, it had created a disharmony that was hard to overcome.

If you have been following my previous articles in this series and putting my solutions in place, trust me: You shouldn't have to resort to internal competition.

The following 10 steps can help ensure your family business is putting forth the best candidates and that everyone will enjoy the process.

**1. Have independent members of the board be in charge of the succession plan.** Boards with independent directors that have family business expertise mitigate the conflict and allow each person to shine. They help everyone understand the roles and goals of each person and help them find their best spot in the company. As Jim Collins famously said in his book, *Good to Great: Why Some Companies Make the Leap... And Others Don't*, you have to make sure you have the right people on the right bus and in the right seat. This is even more critical for family members!

**2. Have the candidate(s) report to non-family members.** Having family members report to non-family members will allow them to be coached and mentored without them feeling undue pressure from their father/uncle/brother, etc.

**3. Develop the candidate's leadership skills.** Leaders are both born and made. This person should ultimately relish the role and have the right skill sets to be a leader. Most, if not all, leadership skills are what we call “soft skills” and are rarely taught in schools, homes or businesses, yet are so critical for growth and success. According to a [study](#) by Google named Project Oxygen in which it surveyed its own employees for 10 years, leaders who have coaching capabilities and soft skills or emotional intelligence were viewed as the highest-performing managers.

Encourage the candidate to take courses, attend seminars, read books, listen to podcasts, etc. so they can further enhance their soft skills and grow into the role. Connecting them with a leadership coach is also a helpful option, as a coach can help them understand their strengths and abilities, especially as a leader.

**4. Create a meritocracy so that people understand how leaders are chosen.** Creating a meritocracy is especially challenging in a family business, though it's essential. What happens if one or more family members are laggards? Do you fire them? Or what if members are not in the right seat? Do you move them up or down? If family members aren't held to the same standards as other managers, it will create resentment between the non-family managers. That leads me to my next point.

**5. Create transparency and accountability, for all.** No sacred cows or favorites! This might require better hiring policies, even within the family. It's better than having unfit people in a job because other circumstances are ideal.

**6. Give equal opportunity to all seniors managers to present to the board.** Allowing all managers, including family, to present to the board gives everyone the right exposure and enhances transparency. It evens out the playing field so that everyone has a shot.

**7. Allow the candidates to prove their leadership skills in various projects or initiatives.** Give family members and all managers the opportunity to jump into projects. This allows them to shine and learn new parts of the business. I recall in my own career in the family business, we had decided to move our systems to an advanced enterprise resource planning system. I was asked to plan and implement the system even though I did not have a background in computers. It took me about a year-and-a-half of hard work to get it up and running, yet despite the challenge, it was one of the best things I could have done for the company and for myself. I learned so much about how processes were being done, the financials, managing inventory, Crystal reporting, etc.

**8. Allow them to work outside the business, preferably before even joining.** Some family business won't allow family members to join unless they have some experience working in a similar business. It's a great idea. Having previous or outside experience allows the family member to join with some understanding of the basics and how businesses run.

**9. Have them join a family business institute.** Family institutes are a great way to meet other family members with the same intergenerational business issues. It exposes them to experts in the field, proven techniques and ideas, plus it's a great place for referrals if needed.

**10. Have a family council to deal with non-business matters.** Often times, there are many assumptions that family members who are not in the business make about the business, especially spouses. Having everyone hear the same message and information through a reliable channel such as a

family council will be extremely beneficial.

Open communication between all family members is paramount to keeping the peace. In a family business, peace between the members is key to long-term succession.

---

**Forbes Coaches Council** is an invitation-only community for leading business and career coaches. ***Do I qualify?***

---



**Jacob M. Engel**

Author and CEO of [The Prosperous Leader](#). I help CEOs and their organizations prosper.



**Forbes Coaches Council**

Forbes Coaches Council is an invitation-only, fee-based organization comprised of leading business coaches and career coaches. Find out if you qualify at

[forbescoachesc...](#) **Read More**