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Every Business Needs an Effective Leader

Are you the leader of an organisation? Maybe you have a small or a large team working with you. Have you ever stopped to think what it means to be a leader? As a leader you bring certain characteristics and strengths, but you also have responsibilities.

Leadership in business is about building a vision shared by everyone in your team and motivating and encouraging them to achieve the set goals. Your team is vital because they are the people who will help the business reach its goals. But they are relying on you to show them where the goals are and the best path to reach them.

Being an effective leader is about being a coach, facilitator, trainer and motivator. It cannot be achieved by sitting in isolation in an office. It has to be achieved by upfront leadership, excellent communication, articulating your vision while encouraging the opinions of your team and ensuring that appropriate systems are put in place so the team can perform their tasks effectively.

Effective leadership is vital to any business. It can help steer the business in the right direction and move it forward towards greater profitability.

What’s your vision?

What is your vision and have you shared this with your team? They need to know where the business is heading so they can find their niche and work towards the set goals. They need to be able to commit to the organisation. You’ve built the business, you may have had some very successful years, but is your business still on track with the original blueprint, the vision? Ask yourself these questions so you can discuss them with your team.

- § What do we have to do to achieve/maintain results?
- § Where we are going?
- § Who are we?
- § What is our organisation trying to achieve?
- § What is the identity of our organisation?
- § What does it mean to our customers?
- § What does it mean to our staff?
- § What does it mean to the wider community?



*“Shared vision provides focus and energy to what leadership wants the organisation to be and inspires a commitment from everyone to achieve it.”*

*Building a Shared Vision, C. Patrick Lewis*



## Excite the workplace

Your enthusiasm creates the team culture. You don't want to be over-the-top about it but a leader does need to spend time communicating with and listening to their team about the ideas, goals and vision for the future direction of the organisation.

Leaders need to be able to paint the "big picture" so they can discuss with the other members of the organisation what the goals are and convince them that they are attainable.

## Trust your dream

Leaders must have personal courage. You've taken the time to plan what your business needs to achieve. Now you need the self-belief, both in yourself and your team, to see it through to the end.

If the road gets shaky, keep your eyes looking forward. Don't hide from the bad news – you've got to be seen and heard from in bad times as well as good times.

## The leadership challenge

Leadership is a difficult role! And you wouldn't be alone if you had some self-doubts along the way. But look at these doubts as challenges rather than problems. Where do your strengths and weaknesses lie? What resources do you have for getting around those areas of weakness?

As a leader you have to be continually aware of your own shortcomings and invest in development programmes as well as working with your accountant to advance your own skills. There is always help and advice available – the important part is acknowledging that you need it.

## A leader's attributes

Well run businesses are often led by people who have high personal capacities including:

- § Drive and energy
- § High levels of self confidence
- § High levels of determination
- § The ability to solve problems
- § Sense of realism of the difficulties to be encountered in business
- § Willingness to take advice
- § Willingness to take personal responsibility
- § Preparedness to undertake ongoing personal development in skills needed for business operations
- § Ability to see the big picture
- § Ability to gather data and interpret it
- § Understand their personal strengths and weaknesses.

### Hot Tip

Read this book on leadership and creating a vision:  
*Building A Shared Vision, A Leader's Guide To Aligning The Organization*, C. Patrick Lewis.

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## Dealing with Conflict in the Family Business

Family businesses account for more than 75 percent of businesses in New Zealand yet for many, it's not plain sailing. Unfortunately, family conflicts are common and often lie at the heart of the relatively high failure rate of small businesses.

Many families think that because theirs is a family business they don't need to have the formal control systems and formal structures found in most businesses. But this is often their downfall. While things may operate well initially, with little sound planning and no formal structures in place, family disputes are likely to erupt and problems arise sooner rather than later.

Because of these problems, it's prudent for families and family businesses to agree on a formal structure so that issues arising within the family business can be discussed within set parameters and sorted out before the issue threatens its very existence.

It's also a good idea to distinguish between family issues and business issues and make sure everyone keeps them separate.

### Settling disputes

For many family businesses, having outsiders or independent persons involved in the family business has proved worthwhile. These persons could be professional advisers who are called upon to help settle family disputes.

Every family business should establish dispute mechanisms to resolve family disputes. Part of that mechanism should be an agreement that family matters will be sorted out in accordance with the rules established for that family's business and that resort will not be made to the courts.

Early pre-planning and communication and discussion on all aspects of the operation of the family business will go a long way to avoiding major crises and disputes in a family business.

### Communication

Familiarity among family members can often mean a lot is assumed and very little is formally agreed to or written down. The pitfalls are numerous and, like any business, you need to avoid walking into them by establishing formal communication mechanisms within the family business. This could include:

- § Regular documented meetings
- § Family retreats
- § Family conference to review the business's performance.

## Major crisis points in a family business

- § Marriage break-ups - especially where there is no prenuptial or other agreement which would ensure a smooth transition within the business.
- § Death or permanent disablement of a principal member of the firm.
- § Bankruptcy of a principal member of the firm.
- § Retirement of a principal member of the firm - without having effectively planned succession.
- § Partnership/shareholder disputes - especially where there is no dispute mechanism in place to try to sort out such disputes.
- § Transferring control to the next generation - especially where there has been little or no planning.



## Next Steps – Establish formal structures

Talk to your accountant about the type of structures your family business should have in place to avoid potential disputes. Points to think about:

- § Recruitment of employees - both family member and non family member
- § Employment descriptions
- § Regular performance appraisals
- § Training
- § Outside business involvement
- § Professional development
- § Regular family meetings
- § Business plan
- § Succession plan
- § Review of salaries based on actual performance
- § Estate planning
- § Sale of the business
- § Selling the business to the next generation
- § Retirement funding for the current directors/owners/key persons in the business.

## Invest in Your Team

When did you last compliment one of your team on the great job they are doing for your organisation?

If you're committed to investing in your team, positive acknowledgement will be part of your daily conversation with team members.

For the majority of businesses, your most important asset is your human resources. Your business will suffer if you expect to maintain a happy, motivated team of people without providing positive, forward thinking leadership.

To be successful in today's business climate, you need employees who can react to issues beyond specific skills for their particular job. They need good core business skills, which include:

- § Customer service
- § Marketing
- § Corporate
- § Communication
- § Being a team player
- § Use of new technology.

You need to constantly be thinking about the professional development of your team. It's not only important to the attitude and job satisfaction of your employees, but also to gain a competitive advantage over your competitors.

It doesn't just happen. Your business has to be prepared to:

- § Invest time and money into training programmes
- § Make the commitment to communication and leadership
- § Put into place effective business plans that include effective delegation to employees
- § Encourage teamwork and communication both ways in the organisation.

## Forward thinking

To be an employer of excellence you need to have developed a reputation as being a caring, considerate, forward thinking employer, who communicates with, leads and encourages employees.

If you do that, you will attract the best candidates and significantly improve your business through the performance of one of the key assets, which in most instances, does not appear on the balance sheet. Often it is the secret weapon that explains why one business performs outstandingly and others wither and die - the business's investment in human resources!

It is not something that just happens. It has to be planned and continually reviewed and requires real commitment from the management team. But if you do it properly your business will benefit



## An important Message

*While every effort has been made to provide valuable, useful information in this publication, this firm and any related suppliers or associated companies accept no responsibility or any form of liability from reliance upon or use of its contents. Any suggestions should be considered carefully within your own particular circumstances, as they are intended as general information only.*

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