

Monthly Newsletter

April 2019

Upcoming Events

Apr. 3

LOS ANGELES | Is there Value in Adopting Board Governance Practices for Private Companies?

April 3, 2019 - 7:30 AM - 9:30 AM
Law Offices of Polsinelli
2049 Century Park East, Suite 2900
Los Angeles, CA 90067

Apr. 10

CHICAGO | Beyond Cyber: Technology Board Governance Essentials

April 10, 2019 - 7:00 AM - 9:00 AM
PNC Centre
One North Franklin, 27th Floor
Chicago, IL 60606

Apr. 24

CHICAGO | Evolution of Ownership and Governance in a Family Enterprise

April 24, 2019 - 5:00 PM - 7:30 PM
Grant Thornton
171 North Clark
Chicago, IL 60601

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*Jude Rake is the founding principal of JDR Growth Partners, a consulting firm that guides family-owned businesses, corporate and private Boards, chief executives, and their leadership teams to achieve improved results and sustainable growth. Before founding JDR, Jude served in multiple C-level roles including CEO for eleven years in both private and public organizations. In each of these roles he built and led successful leadership teams that fueled significant improvements in workforce engagement, collaboration, accountability, and results. Find out more at jdrgrowthpartners.com and *The Bridge to Growth*. Follow Jude on [LinkedIn](#), [Twitter](#) and [Facebook](#).*

9 Reasons Servant Leaders Make Better Family Business Board Directors

The role of an independent Board Director at family-owned enterprises stretches far beyond governance and holding the CEO and their team accountable. It is the Board of Directors' responsibility to ensure that the advantages of being family-owned are fully leveraged to meet the family owners' goals. Servant leaders are better suited for this role because of their higher levels of emotional intelligence, and greater focus on bringing out the best in others.

The Challenge

Family-owned companies tend to benefit from an authentic and interesting legacy, longer-term perspective, longevity of leadership, consistency, and genuine core values. We also know from extensive research that, all things else being equal, most customers prefer products and services offered by family businesses.

Unfortunately, many family-owned enterprises fail to fully capitalize on these advantages. Only 30% last into the 2nd generation, 12% are viable into the 3rd generation, and a mere 3% survive into the 4th and later generations. So what distinguishes those family-owned companies that stand the test of time? A recent study by Egon Zehnder found that these companies are better at four critical success factors. They establish great governance, they preserve family gravity, they spot and develop talent, and they manage leadership succession with excellence. The study also concluded that successful family-owned businesses accomplish all four success factors by relentlessly focusing on their core values and culture as guiding forces. The Board is crucial in this pursuit.

Servant Leaders Bring Out the Best in the Board, Company and Family

Based on my experience working with family owned-enterprises over the last 38 years, I have found the following nine servant leadership principles vital for Board members hoping to successfully govern and guide family-owned companies to higher levels of performance.

1. **Grow leaders and difference-makers, not just followers.** Servant leaders understand that the best leaders have a force-multiplying

impact on their entire organization. As Board Directors, they help their CEO cultivate other great leaders who develop difference-makers into even more great leaders. This proliferation of leadership at all levels of the organization drives improved performance— the true exponential effect of a force-multiplying leader.

2. **Build and orchestrate synergistic, high performance teams.** Servant leaders know how to build high-performing, cross-functional teams with complementary skills that augment and fuel each other's strengths, and offset or at least mitigate weaknesses. They understand that differences challenge assumptions, and assumptions are sometimes blind spots. As Board Directors, they persistently assess the balance the CEO and leadership team are achieving, and they avoid **willful blindness** by embracing and even stoking constructive contention.

3. **Focus your organization on strategic priorities and simplify operations to accelerate progress.** The best strategic plans drive tough choices and accountability deeper into the organization, focusing resources where they create the most economic value. As board directors, servant leaders help the CEO align the company's purpose, vision and mission with its core values, and chart a path forward that will deliver desired results over a sustained period of time. But they also understand that while strategy is important, achieving improved execution and results is first and foremost a people challenge, and not simply a question of strategy.

4. **Champion the people who purchase and use your products and services.** As Board Directors, servant leaders make sure the company is adequately focused on the marketplace. Otherwise, corporate inertia will divert too much energy inwardly toward lower-value work.

5. **Cultivate a performance-based culture of innovation.** Innovation is the lifeblood of most successful businesses that stand the test of time

Continued on Page 2

because every business needs new ideas to prosper long term. But new ideas are the natural-born enemies of the way things are. As board directors, servant leaders partner with owners and the CEO to unleash the innate desire in the people they lead to solve, create, and contribute to winning. They build and nurture a culture that shuns unnecessary bureaucracy, fails fast on bad ideas, lowers the cost of experimentation, and focuses precious resources on the highest ROI initiatives.

6. Communicate relentlessly. Communication is more important than ever to give your workforce the context they need to sign up for and truly commit to achieving company goals. Most people don't just want a job; they want to identify with a meaningful cause, and they want their leaders to show an authentic commitment and passion for that cause. Servant leaders understand that the continued progression of women into leadership roles is having a profound impact on the way we run companies because they tend to have higher levels of emotional intelligence. Further, the attitudes of the Millennial Generation are accelerating progress toward a workforce that expects more emotionally intelligent leaders who engage and inspire rather than boss and bully.

7. See the world through the eyes of others. Servant leaders invest the time and energy to truly understand the point-of-view of other people, and appreciate the risks of rushing to judgment based solely on their own perspective. While they might lead with conviction, they are also agile in their dealings with others. This is critical for family Board Directors because the range of constituencies can be broad, and the numerous relationships navigated are often more nuanced than those faced by a Board Director at a public company.

Servant leaders know how to cultivate healthier cultures of trust because they are capable of being vulnerable with colleagues and the people they lead. They are in touch with their emotions, fully aware of their own strengths and weaknesses, and they seek learning from others because they have a growth mindset.

This self-awareness enables them to deal effectively with ambiguity and even crises because they don't panic, which can be a huge benefit to family owners. These are the moments that set them apart. While others recoil toward self-preservation, servant leaders suspend judgment, analyze the situation, and draw out the best thinking of their teammates in search of

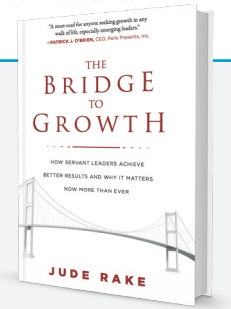
win-win solutions. Their ability to self-regulate helps them make tough and sometimes unpopular decisions, even while respecting the feelings of others, because they don't confuse empathy with sympathy. This self-regulation also helps them avoid impulsive temptations, sending a powerful message to all stakeholders that integrity matters.

8. Be the model you want emulated. Leadership can be as much about what leaders don't do as it is about what they do, because the culture of an organization is shaped to a large extent by the worst behavior the Board and leadership team are willing to tolerate. Servant leaders operate transparently, deliver on promises, and remain steadfastly focused on doing the right things.

9. Coach people to achieve more than they thought possible. The true test of leadership comes when times get tough. Leaders might try to compensate for their shortcomings by commanding, controlling, and even attacking others. I'm all for holding people accountable, but publicly ridiculing people for delivering poor results breeds an unhealthy culture of failure avoidance. Fear of failure leads to a lack of courage to take smart risks. People need a model of success more than they need a critic. Servant leaders work with the owners and CEO to inspire the entire organization to step up, revealing what success looks like, showing gratitude publicly, and even acknowledging the benefits of failure when appropriate. This encourages people to seek opportunities to improve performance rather than hide screw-ups. The end result is a vibrant culture that fuels sustained growth.

While the ultimate responsibility for building the business and managing execution lies with the CEO and their leadership team, it is vital for the Board to set the cultural tone and establish behaviors grounded in the core values and heritage of the company and family. The long-term economic value that a company delivers over time depends heavily on a foundation of trust, mutual respect, integrity, transparency and a growth mindset throughout the organization. Servant leaders understand this better than more egocentric leaders, and family owned enterprises can benefit from their longer term approach grounded in what matters most—bringing out the best in others.

If you found this article helpful, you can learn more about servant leadership in my book: *The Bridge to Growth - How Servant Leaders Achieve Better Results, and Why It Matters Now More Than Ever.*



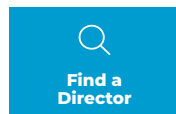
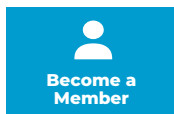
Recommended Reading

The Bridge to Growth

By: Jude Rake

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