



EFFECTIVE LEADERSHIP IN THE FAMILY BUSINESS

Craig E. Aronoff
Otis W. Baskin

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BUSINESS
——PUBLICATION

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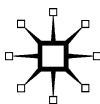
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All of the books were written by members of the Family Business Consulting Group and are based on both our experiences with thousands of client families as well as our empirical research at leading research universities the world over.

Effective Leadership in the Family Business

Craig E. Aronoff
and Otis W. Baskin

palgrave
macmillan



EFFECTIVE LEADERSHIP IN THE FAMILY BUSINESS

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First published by the Family Business Consulting Group Publications, 2005.

This edition first published in 2011 by

PALGRAVE MACMILLAN®

in the United States—a division of St. Martin's Press LLC,
175 Fifth Avenue, New York, NY 10010.

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ISBN 978-0-230-11117-2 ISBN 978-1-137-51494-3 (eBook)

DOI 10.1007/978-1-137-51494-3

Library of Congress Cataloging-in-Publication Data

Aronoff, Craig E.

Effective leadership in the family business / Craig E. Aronoff and Otis W. Baskin.

p. cm.—(Family business leadership series)

Includes bibliographical references and index.

ISBN 978-0-230-11117-2

1. Family-owned business enterprises—Management. 2. Leadership.
I. Baskin, Otis W. II. Title.

HD62.25.A755 2011

658.4'092—dc22

2010035805

A catalogue record of the book is available from the British Library.

Design by Newgen Imaging Systems (P) Ltd., Chennai, India.

First Palgrave Macmillan edition: January 2011

10 9 8 7 6 5 4 3 2 1

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Chapter 1

Introduction

Family Business Leadership Is a Unique Proposition

Loretta, a daughter who succeeded her father as the CEO of the family's business, has tried to emulate his decisive, autocratic way of running things. After all, wasn't it his style of leadership that made the business the success it is today? But instead of moving forward, the business seems to be going sideways. Some of the key employees seem frustrated, and Loretta's siblings act resentful and spiteful. Her brother, a co-owner, recently snapped at her. "You think you're Dad just because you got his title?" he said. "Well, let me tell you something. You may try to imitate him but that doesn't mean you *are* him."

"In some ways, Dad had it easier," Loretta thinks. "He was the founder and the only owner. People did what he said, without question. And he didn't have any shareholders to second-guess him."

Leading any business is difficult. But leadership in a family business is a far different challenge than leadership in any other kind of business. That's because family firms are more complicated. In other businesses, a leader is concerned with only one system: the business organization. However, family firms are unique in that they involve three systems: the business, the family, and the ownership. All three systems are interrelated and interdependent, and each is in need of its own leadership.

Furthermore, leadership becomes more difficult with each succeeding generation as the family and the business grow larger and more complex and as the number of owners, often all related to each other, increases as well.

This book is aimed at helping business-owning families understand and implement the extra dimensions of leadership that family firms require. It will be especially useful to you if you have leadership responsibilities in a business-owning family or in the business itself, if you are parents preparing the next generation for leadership, or if you are among those who aspire to leadership. Others who will find this book helpful include non-family executives in a family firm, family business advisors, and family members and owners not in overt positions of leadership but who may nonetheless provide informal leadership or offer support to leaders by being good followers.

What is leadership anyway? In our view, **leadership means the ability to create a way to move forward, and to be able to inspire others to follow a designated path.** The capacity for stimulating movement in a particular direction is another way to define it. It does not always involve moving an organization toward that goal. Sometimes leadership is required before you even have a goal, and leadership may be provided in the direction of determining a goal.

Leadership, as we see it, is about action, and so this book is about action. It is focused on making things happen and getting things done—"pulling the trigger" of actually leading. Although two chapters address preparation for leadership, this book as a whole is less concerned with developing the potential to lead than with the process of leadership itself and ways to improve it. In a sense, this is a how-to book aimed at helping people exercise effective leadership in family businesses and in business-owning families.

As a reader, you can expect to gain three important things from this book:

1. Appreciation for the fact that different people have different gifts and abilities and therefore what works for one leader may not work for another.