

From Lone-Wolf Leadership To Collective Decision-Making

It is a cliché that successful businesses are run by buccaneering egomaniacs - Napoleons who rule their empires by whim and dictat. Many are run by talented, collaborative types, or by partnerships. The image of the lone genius is a simplification - it is easier to understand than the messy reality, which is a complex combination of raw creativity, temperament, luck, and/or geography. It is, largely, a myth.

And yet there is some truth in that image of the lone wolf leader. When a business is small, an individual can probably run it effectively. When it grows, the habit is hard to kick. Even if they are not larger-than-life dictators, people who founded and grew successful businesses have a kind of natural authority. Without them, the business would not exist. That gives them kudos. Many encourage it, to varying extents.

Whatever the extent of the founder's power, there comes a time when it would be better if he or she encouraged a more collaborative decision-making process. There is good evidence that decisions made by a well-trained, diverse group are often better than those made by individuals. For example see "An Organization-Wide Approach to Good Decision Making", Harvard Business Review, May 27, 2015.

Also, inevitably there comes a time when founders start to find it more difficult to do what they once did single-handedly, either because they are getting old, or the business has grown too complex. Furthermore, as time moves on more family members might have a stake in the continued success of the enterprise, and reasonably feel that they ought to be involved in setting its direction.

Unsurprisingly, this can be a hard sell to someone who is used to exercising power. Their inclination can be to say "I have been successful so far, and if it ain't broke, don't fix it".

They might point out that it is more efficient for them to make decisions alone, and argue that their instincts are behind the past success of the business. They can say that committees put a strait jacket around decision-making.

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Those arguments can be hard to counter - especially face-to-face. But the reasons to make the switch from sole leader to group decision-making are compelling. The process of making that change can be one of the hardest, most fraught that a family business ever makes. So how can it be managed?

No to Yes-Men

This transition raises many challenges. One is that it can only work if principals genuinely accept that they need to give up their power. If not, then they will just pay lip-service to democracy and the result is a decision-making group of yes-men and women, who in fact defer to the old leader. Worse still they can so easily believe themselves and the business to be invulnerable inside their self-made cocoon.

How do you avoid that? The first step is for the current leader, and others, to candidly describe the current situation and understand its shortcomings. Then they need to work out what they want the new situation to look like. This involves a careful mapping out of the structures the new situation will have: Do you need sub-committees? Do you need a board or a family council? Or both? And who gets to sit on them? Who decides that?

There must also be agreement about the process by which decisions will be made. There is no point simply having a discussion, after which an individual or clique impose their will on others. Equally, saying that consensus is required before any action is implemented might guarantee inaction. These issues require careful planning.

And then interpersonal issues also have to be addressed. How free will the members of the new group really be to speak their mind? They need a sense of empowerment, and conviction that their views will actually be heard and considered. There is no place for so-called "Mind Guards" who justify screening and censoring the ideas of fellow group members on spurious grounds of loyalty and tradition.

The individuals who become members of the group will need to be trained in good decision-making techniques. They should be able to recognise when expert opinion is needed. They should be aware of their own biases and understand how their own methods of gathering or processing information might skew their decisions. They need to be able to give and take criticism in the right spirit, namely that the overall aim is to help the entire family. The new body also needs to be aware of, and guard against, Groupthink, which can be corrosive, even catastrophic.

Vitality, everybody in the group needs to be committed to the process in good faith; collaboration will not work if some are sceptical, want to build their own power-base or are dishonest. It has to be based on - for want of a better word - love.

The Leadership Paradox

Another huge issue is leadership. Even a democratic system works best when there is a leader who can ultimately make hard decisions if there is no consensus or time is of the essence. The old leader will probably not be the right person to head up the new regime, though. The old family head might be a powerful, alpha-type character, while what is needed as the business evolves is someone who is skilled in getting the best of out the decision-making group.

That said, identifying a leader can be a key catalyst that helps the founder let go. Someone who has been a successful leader, albeit a benign one, might be deeply sceptical about group decision-making. And he will only feel comfortable giving up his position when he can see a new leader who will step into his shoes by sharing his work ethic and values. For the transition to work, the old leader has to go willingly. Paradoxically, to move away from one-man leadership, a new leader is needed.

The new process needs to be clear not just for the family, but also to customers and other stakeholders. They might be nervous about the old family head stepping down or moving on and it is important to explain the new order to them. Again, a new standard-bearer can help reassure them.

Often families overlook something else important: giving the old leader a job and a credible purpose. One reason they can refuse to stand down is that they don't want to become inactive. Giving them a meaningful role - looking after long-established relationships with key clients, for example - can ease things.

The worst thing that can happen to a family business is that family members wake up one day to find a power vacuum at the top of the organisation. The only solution is to start planning early. All too often families focus on the new family head, but it is just as important that they also think about transitioning from one style of leadership to another, acquiring and employing the key skills of group decision-making as they do so.

Families should plan to move away from lone wolf leadership to collaborative decision-making as early as possible, and do it in a careful, structured - and loving - way.

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