

# Family Business Consultant - Differentiating Facts from Fears

May 2020

In recent times, an emerging profession has been knocking at the door of the high net worth family businesses market in Asia, offering enlightenments to family firms that are in need towards the dream of business continuity and family harmony. The rapid rise of these so-called family business consultant has been a dilemma to many business owners who, on one hand, might urgently need professional help but on the other hand, are mystified by just what a family business consultant does and finding the suitable one who is qualified and right for their family and as well as their family business needs.

The key answer lies with the function that the respective owners are seeking the consultant to do for their family and their related businesses – the role of business continuity or family harmony. The approach of these new family business consultants tends to be cross-disciplinary, the field has attracted a wide variety of specialists from different backgrounds – from personal tax professionals to business management experts to renowned business psychiatrists who are adding value to the growing list of professionals available to families in Asia. However, the question on the conflicts of interest and credentials have arisen as various service providers have offered to address the broad problems of family firms and yet, there is no credentialing system that exists that to help business owners sort out the experienced professional from the wannabes.

## *Business for the Family OR Family in the Business?*

The first starting point of any discussion for the family members when it comes to the selection of the family business consultant is the definition of their own family business. Is this a family in business where the involvement of all available abled family members are pivoted to the survival and growth of the business or we are looking at this being a business for the family or families as a wealth generation tool? The definition will lead the family in deciding if the family business consultants should come from the approach where they are naturally leaning towards a business solution, or from one where family harmony is the driving force behind the proposed solution.

Which is more important to the family consultant, which is more important to the owner and the family, and is there a point where both are equally important? Should it be the same, or should there be a counter-balance? Some comfortable balance should not be overlooked. There is no right or wrong here, but family business owners need to comprehend the key equation in family business advisory:

*Trust = Transparency +  
Relationships + Experiences*



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## Trust

While it is an universal consensus that collaborating with trusted advisors such as accountants, wealth managers, tax experts, attorneys, and other family business professionals who have expertise in their respective areas are critical to longevity of the family business' success. The process of selecting those individuals is often path with difficulty for any organisation, let alone for family business owners, who often are reluctant to bring outsiders into the family's inner circle of control.

Typically, the key issue lies with the notion of trust. However, the common belief is that trust is not just "given" but must be earned. Thus, how the family business owners decide whom to allow into the "inner circle" of their families remains as one of the key complication in any selection process. Selecting trusted family business consultant based on gut instinct alone is no longer a prudent strategy for the families in Asia today.

There is a need to explore three critical factors that contribute to building of trust for any family business consultant namely transparency, relationships and experiences.

## Transparency

Transparency works both ways for the family and the consultant. For the family, having transparency in the selection process would eliminate the fear of generational nervousness caused by unwanted or unanticipated change that an external business consultant can bring about in a family business discussion. To quell any anxiety, it is helpful to take a partnership approach within family members and guide them through the prospects of selection and change. This is not just an issue for the older generation, it is also an issue for the emerging generations as well. The consultant needs to be upfront on any prior engagements with any of the family members, both immediate and extended ones – both on private or commercial capacities. This would eliminate doubts and suspicions right from the start of the engagements.



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## Relationships

A good family consultant needs a balanced approach towards building relationships and working with the family members of the project. It is uniquely different from other commercial consultancy projects where the orders normally come from one source. In a family business consultancy setting, everyone is a decision maker and everyone wants their voices heard. It is important to strike the right balance: as an objective professional, the consultant needs to tread carefully in the communication process with all family members, but, if the consultant exerts too much restraint during engagements, the family members might become wary of the consultant and this would affect their effectiveness in the project execution. A good family consultant strives to offer objectivity and the starting point of any recommendations is the family and not the individuals' personal needs and gains.

## Experiences

The role of the family business consultant is to develop a blueprint or roadmap of success – be it in the areas of business continuity or family harmony and this can only come about with the right skillsets as well as the vast experiences in dealing with similar family issues and conflicts.

This differs from the traditional business consultancy skillsets where decisions are made from the “heads” and being very “objective” as compared to family issues where decisions are made with the “heart” and often with much “compromise” from all parties.

Business consultants, equipped with traditional business toolkits and models will never understand why successful family business consultants never consider those toolkits as essentials in dealing with family affairs. At the same time, it is a myth that a senior grey-haired individual will bring about greater respect from the family members. Take example, if the family conflicts arise are due to inter-generational differences, how can someone as old as the previous generation convince the emerging generation that they are “on their side” and hope to provide any form of solutions which the emerging generation can come to accept. Experiences in family business does not necessarily equate to being old – being good enough is being old enough.

There are many factors to consider, beside those mentioned above, when one is looking to find the kind of assistance that many business families eventually require in times of need. The common starting point revolves around the time when the

family realises that their *incumbent* generation will soon be needed to make way for the *emerging* generation. Unfortunately, many family business owners wait until they are in crisis before turning outside of the families for help. Being proactive is always the key to family longevity, choosing a trusted business consultant who can guide you through issues like succession planning and conflict management is simply more than just conducting a “paper exercise” as many other business consultancy projects have come to be known as.

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