

The Challenge of Recruiting Executives for Family-Owned Businesses



What comes to mind when you think of brands like S.C. Johnson or Welch's? We're confident that one of the first things you think of is each company's slogan. S.C. Johnson's "A Family Company" and Welch's "Family Farmer Owned" are two excellent examples of marketing campaigns that differentiate organizations as family businesses.

In our view, it's probably not a coincidence that more brands are reminding the marketplace that they're family owned. Considering the challenges and uncertainties of the past year, there's a generous premium on businesses that can prove their continuity, reliability and stability. These are companies that can survive and flourish even in troubled times, and it's definitely a selling point, no matter what industry sector the company occupies.

However, when you look past the smoke and mirrors of marketing, you'll find that business strategy is seriously impacted by an organization's sustained commitment to being a family company. The strategies for CEO succession and recruiting executives for family-owned businesses are challenged by emotional ties, governance issues and established business processes.

So what are the best practices?

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Every organization wants to ensure a strong executive team to steward complex business strategies, but succession plans can all too often present a risk of upheaval and a threat to business continuity. However, in family-owned business scenarios, there are even more factors to face, including family dynamics, core values, company history and workforce expectations.

Because of these complexities, recruiting executives for family-owned businesses must start with sourcing candidates who fully comprehend and connect with the company's primary mission. This is critical. Cultural fit is non-negotiable. Miss this point, and the candidate's talent, qualifications and experience become irrelevant.

A candidate should be given a clear view of exactly how a family-owned business differs from previous organizations they've worked with. It's common for candidates to come forward with the belief that private, family-owned businesses are less aggressive than a publicly held company, but this isn't always true. There's a reason the US Bureau of Census reports that around [90% of American private companies are family-owned](#)—it's because they know how to evolve, adapt and maintain a competitive edge in the marketplace. More often than not, this is a product of aggressive business strategies. Candidates should be aware of this dynamic from the get-go.

Additionally, there needs to be an understanding of how a candidate's skills translate from a non-family business. For example, someone who has led a team within the public sphere is typically highly process-oriented and values accountability. These are traits that could be highly valuable to a family-owned business.

When working with an executive recruitment firm, organizations need to be transparent in what their goals and expectations are. Unfiltered communication enables a clearer view of the company history, growth trajectory and overall business strategy. This perspective is key to sourcing the right candidates who will help the company achieve long-term success.

Thorough planning is key, even when dealing with the most qualified candidates. Board members, shareholders and consultative advisors can provide insight as necessary, but recruiting executives for family-owned businesses takes a high level of comprehension and relevant experience. The organization needs to make clear-cut decisions about what level of control and involvement they wish to maintain over the business, especially regarding how many generations are—and will be—involved as the business grows.

At Slayton Search Partners, our vast network and rich experience have granted us the tools and resources necessary to assist with CEO succession and executive recruitment for family businesses. Learn more about our more [recent executive searches](#) and let us know how we can help your business.