

Fundamentally a Student – A Conversation with Lloyd Steier

by **Jennifer Halyk**

Like many highly intelligent and successful people, Lloyd Steier plays many roles in his life, including Vice Dean at the Alberta School of Business; Academic Director, Alberta Business Family Institute; and Professor to undergraduate, MBA and Ph.D. students, amongst others.

However, he doesn't seem to take much personal credit for his success as a highly-respected academic and one of the most-recognized leading experts globally in family enterprise and entrepreneurship.

Raised in rural Saskatchewan with family life all around him, he continually deflects any self-acknowledgment when asked about how his interest and relentless pursuit of knowledge in business, firm creation and family enterprise originated.

"I had goals that I might make a difference in some form," he said in a phone interview from his office at the University of Alberta in Edmonton. "I knew at some point that one of the things I liked to do was teach, and that I was going to be teaching something to somebody."

Teaching "something to somebody," indeed. Along with his roles as a professor and vice dean, he is also a Distinguished Chair in Entrepreneurship and Family Enterprise; Academic Director, Centre for Entrepreneurship and Family Enterprise; and a recipient of the Family Firm Institute's Barbara Hollander Award in 2010. Not to



mention the author of dozens of published articles and editorial positions on the boards of several academic journals.

But Steier does not spend much time discussing these merits. When asked about the recognition of his work and what he is most proud of, he says "those are all nice things, but I think [what I'm most proud of is] more on the quieter side, when I see students or families that I might have worked with who say, 'thank you, you helped me.' That's useful."

He points out that in the span of his career, he has witnessed exponential growth

in the attention given to family enterprise and its role in the economy, and that wasn't the case earlier on.

"We [at the University of Alberta] started a series on family enterprise 15 years ago and that was just one small initiative of many. The tremendous growth is what I find rewarding. I'm seeing all these different conferences and special issues of journals that are dedicated to family business research, and I can feel this change dramatically, and I'm just so happy to see the momentum," he said. "That would be what I find most rewarding, to see the momentum that family business research and teaching has achieved."

To illustrate the somewhat unidentified nature of family businesses before the creation of organizations such as the Alberta Family Business Institute and the Institute of Family Enterprise Advisors—which have begun a new educational partnership—Steier recounts an anecdote from earlier in his career with a small firm which was aspiring to grow.

"We were doing interviews with two brothers who were co-founders, so of course it was a sibling partnership, but they created an advanced technology start-up," he said. "We went into the back where they were producing these disks—in those days, software was put on a disk and shrink-wrapped—and the lady we were talking to,

Words from our Chair

Margaret-Jean Mannix

Welcome to our March newsletter. The year of the Sheep has begun and while it is supposed to represent a year of calmness, the activity for IFEA seems to be heading in the opposite direction!

We are thrilled to announce our formal partnership with the University of Alberta. Working in collaboration with the Alberta Business Family Institute (ABFI), we are looking forward to expanding our presence in Alberta and creating additional opportunities to connect with our members.

We now have formal partnerships with three of the most highly respected Canadian universities which are actively involved in the Family Enterprise field. The research, programming and education coming from our partners, including U of A, UBC and Ivey, will provide ongoing information and opportunity for our members to remain at the leading edge of the field. We are also in discussions with other universities to expand our footprint across Canada, and we look forward to sharing those updates and encourage you to engage with us through our social media platforms including our LinkedIn group FEA Network, and our blog “Beyond Succession.” I think you will find some lively discussions, so please join the conversation.

I wish you all well over the busy spring season, and I again extend a warm welcome to ABFI!

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she kept saying, ‘the boys,’ ‘the boys this,’ and ‘the boys that,’ and I thought, ‘that’s a pretty flippant way to describe your bosses . . . ’ and then discovered later that it was their mother who was making sure things were done right. But of course they didn’t tell us that was their mother, because it never occurred to them.”

Now, he says that back then, he never could have imagined the opportunities he has experienced by working in this area.

“I never could have dreamt that I would have had as many opportunities to learn and meet such interesting people,” he said. “I’ve had wonderful opportunities to interact with all types of firms, which I find incredibly rewarding. Because of my involvement in family business, I’ve had opportunities to meet Presidents, Prime Ministers, Kings and Queens, globally. I’ve had huge opportunities to meet family businesses throughout the world, from very small start-ups to some of the very large firms, I’ve seen a very interesting array of firms and it’s been very rewarding.”

So what does he have in mind for the future, what is it that he would still like to do?

“I’m fundamentally a student, and I’ve had these wonderful opportunities to learn throughout my career and share what I’ve learned in various forms, as a teacher and a researcher and writer. One of the things I haven’t done—it’s not an immediate goal—but at some point, one of the things that I’d like to share is in some form of a book or something like that.”

Somehow, writing a book seems like an entirely attainable goal for Steier.

Congratulations to Our 2014 Cohorts



Toronto *The formal class shot*



Vancouver *The party shot*



Declaration of Independence?

Spotlight on the Independence of Board Members in Family Firms

In examining board composition for family firms, a key consideration is the ideal ratio of insiders (e.g., family members or those close to the owning family) to outsiders (e.g., external executives, attorneys, accountants, or consultants).

Most family enterprise literature suggests that boards of directors with independent external members are more effective than no board at all or boards made up entirely of inside members. For example, a 2004 study of large public firms concluded that firms with founding-family ownership and relatively few independent directors performed significantly worse than non-family firms, with performance deteriorating once the ratio of family to independent representation exceeded 0.50 (Anderson & Reeb).

Internal boards are said to be ineffective because they allow the family firm to become a victim of itself, pose a threat to the health and success of the enterprise, and potentially die as a result of infighting. Even when there is ample executive talent within the family, many experts recommend that independent outsiders be appointed to the board for the purpose of regularly challenging the family perspective – not to mention avoiding the dangers of nepotism and the entrenchment of incompetent family managers.

“I believe [implementing an independent board] is the single most valuable step a family business owner can do,” says Dr. John L. Ward, a professor, author, and co-founder of the Family Business Consulting Group (FBCG) in Chicago, IL, in an interview with the BFC. Ward is strong-

ly in favour of independent directors because they bring objective oversight and perspective to enhance board value while “insiders bring nothing new to the party”.

The late Marcel Côté, senior economist, consultant, and corporate director who sat on the boards of some of Canada’s largest family firms, stressed that a board with independent directors can be particularly crucial once the business transitions beyond the founding generation. “[W]hen you get into the second, and more importantly the third generation, you always need honest brokers,” said Côté in an interview with the BFC. “Because the cousins, you know, are not the same age, not of the same ability, [or of] the same interest. But at that stage of life cycle, a company usually generates dividends, and some of these cousins live off the dividends. So [the directors’ responsibility] that the company be well managed is very important.”

Likewise, according to Dr. Stephen McClure, principal consultant with the FBCG, independence provides objectivity. “[T]he benefit of the independent directors getting highly involved in critical decisions... is that if a family can assume objectivity, then they can trust one another.”

While the majority of family enterprise literature praises board independence, there are some notable studies that challenge the notion that board independence leads to better boards or increased firm performance.

A 1988 study found that the presence of ‘out-

siders’ may actually reduce a board’s influence (Ford).

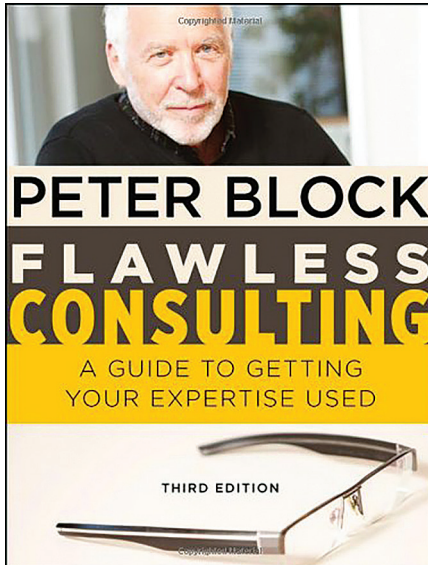
Nearly 20 years later, Simon Fraser University’s Beedie School of Business sampled 263 Canadian firms to conclude that external boards were actually negatively related to the performance of family firms. Dr. Daniel Shapiro, an author of the study, stresses that the results rely heavily on context. “There is some evidence that, under specific circumstances, having external boards is not helpful, unless they are very carefully aligned with the goals of the business,” says Shapiro. “[W]hen you go to external boards, you often go to people who are outside the core business. And sometimes that’s useful; sometimes that’s not useful. So it’s very contextual.”

More recently, a 2013 study from the Clarkson Centre for Board Effectiveness at the University of Toronto’s Rotman School of Management found that Canadian family-controlled public issuers outperformed their non-family counterparts from 1998-2012, despite generally not adhering to typical best practices in share structure and board independence. Although the sample size of the study was small, the results are worth exploring further, as they again defy the popular notion of the necessity of board independence.

The foregoing appears in the Business Families Centre (BFC) article, “Getting on Board: Corporate Governance in Family Firms (Part II).” To read the full article, please visit the “Features & Insights” section of the BFC’s website: www.sauder.ubc.ca/bfc.

Flawless Consulting: A Guide to Getting Your Expertise Used.

Reviewed by **Scott L. Thomas**



Why should anyone care about consulting?

In *Flawless Consulting: A Guide to Getting Your Expertise Used*, third edition, 2011, Peter Block offers a compelling argument and outline from decades of work in this space. The original edition was hailed a “landmark” and, as noted in the cover, the definitive “consultants’ bible.”

So, does the book really meet the hype surrounding the author, his work or shall we relegate this printed object to the dustbin of history, the final resting spot to which many a business book has become: fodder for recycling?

This book is a sleeper. The single biggest challenge for most business authors and historians is not illuminating ideas but keeping their readers awake long enough to grasp the full set of concepts presented in a cogent fashion. Peter Block is neither Tom Peters nor a Michael Beschloss whose prose keeps you attached and fully engaged. One must read Peter Block’s 315 pages before appendices and online extras with sufficient levels of caffeine.

That said, the material is nevertheless excellent. Most FEA program participants

will recognize Peter’s work as the backbone of module four, Multi-Disciplinary Advising.

Traditionally, consultants have acted as agent provocateurs doing the bidding of management and seldom acting in the best interests of the organization.

How do you install bad management practices in a company? Well, hire a consultant to rollout your ill-advised and illogical managerial “expertise.” Failure may not be an option in NASA but for practicing managers, inappropriate utilization of consulting resources often proves to be a gold mine that keeps on giving or taking, depending on one’s perspective. The end goal in any consulting engagement should ultimately be effective change.

This book is your manual to navigate the interpersonal and required consulting skills to build on and enhance your specific technical expertise. For Peter, teams and personal relationship are critical to organizational success. Change the conversation, change the outcome.

In Peter’s words and the essence of this book, if you follow the path towards flawless consulting:

- Your expertise will be better used;
- Your recommendations more frequently implemented;
- Your work with clients will follow a Partnership role;
- Your consulting will avoid no-win situations;
- Your internal commitment to clients will develop;
- You will gain more support from clients;
- Your leverage with clients will increase;
- Your relationships with clients will become more trusting.

The Takeaways

1. Beyond Content:

Flawless Consulting operates on two levels: the content or technical aspects that form your expertise; and the second, is on the value of what is termed “affective” or “interpersonal” relationships.

2. Being Authentic:

Clever never works. If you want to be successful put into words your thoughts, avoid politicizing your actions. Not authentic, you will be found out and your ability to influence will be challenged.

3. Who is the client?

This is always the key question. Often you will have multiple clients; some that are never identified explicitly. The true client is often revealed during the discovery process or the contracting process. You cannot understand the problem, presented or real, if you do not know who your actual client is. Further, communicating your wants and offers becomes pointless if you do not have the right audience.

4. Internal or External Consulting?

Internal: “every moment you are embedded in some part of hierarchy and politics of the organization.” A high-risk opportunity with a great deal more challenges to effectively manage! External: Like your favorite aunt, they whip your kids into a frenzy, feed them sugar, spoil them and then send them home at the end of the day, when you must deal with the fall out.

5. Resistance:

As Peter outlines, “The hardest part of consulting is coping successfully with resistance from the client.”

This is where one’s expertise as developed in the FEA program would come in handy: resistance is the reaction to an emotional process particularly when you’re an accountant, engineer or lawyer. We just

don't seem to get these "innovations" in consulting. The good news is that Peter provides even the most jaded with effective tools to navigate the maze of personalities.

6. When the problem is not the problem:

The rule of thumb in relationships and consulting is to never accept the presented problem. Through proper discovery and analysis the real (underlying) problem can be discovered and often quite different from the presented one.

7. A Whole-System approach:

Peter believes that "when the goal is to build internal commitment to a set of changes, selling is the worst way to do it." The premise of a Whole-Systems approach is to engage all those affected in the change process on their own behalf. You're not selling; the group is developing the solutions through common data and shared beliefs and sense of community. Let the community self-assess and discover their own solutions and make it work. A Whole-System approach is a far more effective approach.

8. Positive Deviance:

Positive deviance is finding exceptions to conventional thinking. Monique and Jerry Sternin developed positive deviance while working on malnutrition issues in rural Vietnam. Its use can be an effective tool in a consultant's toolkit. Find the observable exceptions and focus on these. Find actual solutions that go against the prevailing norms. Often others with similar economic conditions have found success where others have failed. Finding these "successful exceptions, not the failing norms" can be effective in solving seemingly unsolvable problems. Often it's the unsung heroes within organizations that have this special capacity, or what the Sternins call "invisibility in plain sight."

9. Present the picture (always powerful):

The moment of clarity waits. Peter provides the reader with a number of tools and insights in presenting a clear and simple picture. Our challenge as consultants or technical experts is to condense and distill our findings into a cogent assessment that encourages action.

10. Engagement over Installation:

"Knowing what to do (product of discovery phase) and finding the right way to do it (the focus of implementation)" are, in Peter's words, "different worlds." Implementation is neither a rational nor a logical process. The "Art" of bringing your clients teams together is "engagement." Building commitment fits nicely within the framework of a multi-disciplinary team. This is where "soft" skills rule. Ignore at your peril and your clients success. Building engagement is truly more important than implementation. Effective implementation flows from effective engagement. This is going beyond cosmetic changes to real change.

11. The meeting is the message:

Plan your space(s) so all voices are heard and understood. Promote openness and truth. A key message from Peter is, "implementation of any change boils down to whether people at several levels are going to take responsibility for the success of change and the institution. This is it, Period."

12. Choosing Learning over Teaching:

Big idea from Peter: tension. "If we can see the tension as energy and go toward it, big insights will follow. If we manage around it, we risk losing the way." This involves learning with our clients and not teaching to them.

I've purposely left out full sections in my book discussion, particularly those chapters already covered in module 4 of

the FEA program. Why recreate the wheel? Does this book live up to its billing? Do I agree/disagree with its premise(s)? Grab your coffee, indulge in an extra Red Bull; it is a fantastic book, full of practical and useable tools, but fails miserably on the readability spectrum.

To end with Peter's own words, "Authentic Consultant' is not an oxymoron!"

BIBLIOGRAPHIC INFORMATION:

BLOCK, PETER (1999) *FLAWLESS CONSULTING: A GUIDE TO GETTING YOUR EXPERTISE USED*; PUBLISHED SEPTEMBER 29TH 1999 BY PFEIFFER & COMPANY (FIRST PUBLISHED JUNE 12TH 1900) 400 PAGES.

Tough Love from the Classroom Perspective

David Simpson, Director, Business Families Centre, Ivey Business School

My class begins with a diverse group of MBA and HBA students from around the world sharing personal stories about their family business. A young woman in the front of the class began by describing her father's views on her role in the business. He is a successful developer of some prominence and when his daughter shared with the class that her father "would not" hire her into the family firm, most of the class took a dim view of "dad," with some expressing displeasure with a solid round of boo's! The discussion centered on what is a family business for if not a vehicle to provide opportunity for family members?

After considerable debate, my student concludes that her dad had two reasons not to hire her: First, he said he would not want the other employees to think that she was hired for her last name. Second, and most importantly, he didn't want her to think she was hired for her last name. The second point's a mood changer, with several expressions of "Ah, how sweet!" The students immediately "got it" that not hiring his daughter was an expression of love. He cared so much for his daughter that he wanted to ensure she was armed for the world with a healthy dose of self-worth, self-confidence and self-esteem.

Over the ten years since we launched the Business Families Centre at the Ivey Business School, I have seen dramatic change in our students' attitudes and awareness of family business. In the first several years of my course titled "Leading Family Firms," I would ask the students about their intentions with the use of their education in relation to their family firm. About half would reply that they came to Ivey to get a degree to get "away" from the family business, while the other half came for that same degree to "help" the family business. When I asked, how many have shared their thoughts with their parents? There was

dead silence. The lack of communication between parents and children about their family business was glaring, though not totally surprising as kids don't typically spend a lot of time talking with parents about their jobs. But these were business students, self-selecting to come to a place to talk about business every day.

I reminded my students how difficult it would be for their families if they discovered this mismatch of expectations at an inopportune moment. Consider the peaks and valleys of the financial markets when a business' value may swing dramatically. Parents may have a great, "once in a lifetime" opportunity to sell their firm at peak valuations but they hold onto it because they want to pass it on to their children. This missed opportunity can turn sour when their children later announce that they have their own passion and want nothing to do with the family business. Conversely, parents may sell a firm to a strategic buyer to ensure their own retirement objectives are met, only to discover that their kids harboured a dream of taking over the firm they "grew up in."

Thankfully, things have changed for the better and I can trace the upswing to two factors worth mentioning. Firstly, the dramatic meltdown of the global financial system in 2008 put tremendous strain on the employability of all students. Companies that were recruiting students vanished overnight or scaled back offers as they cut employees by the thousands. Suddenly, there was a new found respect for mom and dad surviving all these years as business owners. Students learned that their parents managed to plan for the long term in ways that some of the largest firms did not. The second factor has been a better understanding of the strengths of family owned firms as communicated by advisors. In the

past, the advisor community often approached the subject of family business by emphasizing the negative, like highlighting the failure rate for firms lasting to a third generation. Today, we know that family firms outperform other ownership forms and of all firms that last those three generations, the survivors are disproportionately family owned. In short, we are communicating a message of success while still offering to assist family firms with the unique challenges they face. When you speak to an entrepreneur from a perspective of "congratulations on your years of success" and then ask how can I help you, the chance of dialogue goes way up. My students today are much more comfortable being transparent with their parents about the family firms, and parents are proud to discuss their business with their kids.

The advisor community is also getting a better handle on helping families understand the clarity of purpose needed to succeed. At Ivey, we hosted a celebration with advisors and business families a few years ago and prominent family business advisor David Bork provided some sage advice to our audience. He reminded us that families would be better served if they remembered their roles:

"The task of family is to raise responsible adults who have high self-esteem and can function independently in their world – Acceptance is unconditional."

"The task of Business is to generate profits – Acceptance is based on competence, ability to develop skills to produce and perform"

Keeping their distinctions clear is critical for long term success for both the business and the family. As my student found out from her dad, over the long haul, this tough love approach builds a stronger family and a stronger business.

A Family Member's Perspective on the FEA Program



Shortly after taking the FEA Program I began implementing key learnings into our day-to-day operations and the measurable results were immediate and effective.

The FEA Program is primarily geared towards the education of advisors from various disciplines, and I found the interpersonal interaction in class as valuable as the formal instruction. As a family member, being able to converse in a respectful environment where confidentiality was respected, with lawyers, accountants, therapists, wealth managers and insurance advisors proved to be an enriching learning experience.

With each subsequent module I would bring something new back to my company and wonderful results began to take place. Yes, sometimes there was opposition, but eventually there would be a breakthrough. When I began taking the FEA Program our forty-eight year old family enterprise was no longer growing. In fact the business was in a state of decline. Three years later the size of our company and our total gross revenue has doubled. Personally, I attribute much of our success to intentional corporate and family leadership, which was inspired by my involvement in the FEA Program.

Without hesitation, I would recommend the FEA Program to family business leaders who are interested in growth and change. I expect their experience will be as enlightening and empowering as mine.

Travis Klassen, FEA
CHIEF EXECUTIVE OFFICER



An advisor's perspective: Dave Zimmel, partner and vice-president of Private Enterprise with MNP Calgary.



The vast majority of our clients at MNP are family-owned businesses, and we were looking at just how we might help our people work with our family-owned business clients. We have two or three people (from MNP) in the FEA Program this year across the country. We feel it is definitely a great program.

I think the big thing is that it put some discipline around how you interact with your clients and helps you think about the family holistically. It made me realize that working with families isn't only transactional and the more interpersonal conversations that you have during the process the better. This provides an opportunity to really bring to bear different skills to the families. These include managing and adding value by helping them become entrepreneurial as well as assisting them in building the business.

It is a process, and a much more interesting and rewarding process for those of us that advise families because we have an opportunity to really work with them in a variety of different ways. That to me is the revelation, the opportunity to be able to use those skills right across the board. When I look at the way I was practicing for a significant period of time as opposed to the last 18 months, I would say it's very different. Interactions with some of the other advisors that clients have, whether they're wealth managers, bankers, lawyers and other accountants, it is quite frankly, very different.

The program exceeded my expectations. I practiced for well over 20 years and you think you've been to most rodeos; you kind of understand these things but this really did open up my eyes.

We have such a large opportunity with our current clients and the families that we work with, that it's quite exciting to be able to take a new approach with them which is in line with all of the services that we provide to help them with their business and families. What's most rewarding is when you see how family members come into a family business and become a true business family.

News and Events

Social Media

The IFEA blog, *Beyond Succession*, welcomes submissions on thought-provoking topics from those in our community. If you are interested in writing an article, please see the application form on our **blog page**. You can find content-driven articles posted regularly on our **FEA Network** Linked In Group. Join the conversation!

Events

This Winter in Toronto we welcomed Lisa Taylor, President of the **Challenge Factory**. Lisa generated an eye-opening interactive discussion on multigenerational complexities of business family succession. In Vancouver, we had a sold out workshop led by **Jamie Chicanot** from ADR Education on Conflict Engagement Skills for FEAs. Everyone who attended would agree that it was a robust and energetic three hours and our members came away with some great tools and of course, more questions! Earlier this month we had David and Jonathan Barnett from **Dayhu Group of Companies** join us for an intimate conversation, during which they shared the family's transition from first generation straight through to third generation. Thank you to David and Jonathan who were candid, vulnerable and extremely funny.

FEA Program 2015

We are currently accepting applications for Calgary. The cohort starts May 20th with Business Family Dynamics. If you would like more information or know someone who might be interested, please contact **Peter Cotterill** at Peter.Cotterill@ifea.ca or **604-822-2790**.

Want to test drive the FEA Program?

You can now take any one of our four content modules as a stand alone course. This is an opportunity to engage with our highly experienced instructors, network with your peers, and take away tools and resources that you will be able to use with your clients right away. If you then decide you want to take the whole program, IFEA will credit the cost of the module. For more information on: **Business Family Dynamics, Family Enterprise Strategy, Business Boards** and **Family Councils** and **Continuity Planning** contact **Peter Cotterill** at **604-822-2790**.

IFEA Website

Behind the scenes we have been working on upgrading our website. Later this month we will switch over to a mobile responsive platform which means you will be able to interact with us from all your mobile sites. This update will also include an additional resource on the FEA directory where you will be able to add links to your own social media platforms. Don't worry if you are not sure how to do this; we will be on hand to help.

Live Web Event

IFEA, in partnership with ABFI, will be hosting *Change Your Conversation Expand Your Practice*, led by Judi Cunningham. This event will be of interest to FEA designates and those who are looking for an introduction to the FEA learning community and our FEA Program. This interactive presentation and discussion will be streamed live from Edmonton on April 17th. So, wherever you are, you can join the conversation.

OUR UPCOMING SPRING AND SUMMER EVENTS, AT A GLANCE:

IFEA Vancouver: In June, Wendy Sage-Hayward and Ruth Steverlynck invite you to participate in a discussion about ethics. What is your responsibility and obligation to the families you work with? And how do you handle those challenging situations that push your own ethical and moral boundaries? These are the questions that will be explored. Watch for forthcoming details.

IFEA Toronto will host a workshop with alternative dispute resolution expert Dr. Barbar Benoiel in June. Dr. Benoiel is also an FEA Program instructor and co-facilitates the Facilitation and Communication module across the country. Also in June we will be celebrating our 2015 FEA designates and presenting certificates—more information to come.

IFEA Calgary celebrated the completion of the city's first cohort this month. In April, along with ABFI, we will host *Change Your Conversation Expand Your Practice*, led by Judi Cunningham. Another event is in the works for June, in order to celebrate the newest FEA designates.

Continuing Education

All participants who gained their designation in 2013 or earlier are required to complete seven continuing education credits by the end of this calendar year. We maintain a growing list of courses and webinars which are already approved by IFEA for continuing education credits. For more information please visit our **website** or call our office at **1-888-649-4332**.



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