

# KEEPING NON-FAMILY TALENT IN THE BUSINESS

Regardless of good intentions, it is hard for families to be completely neutral when choosing one family member over another – especially if there is more than one family involved.

In 90 per cent of cases, it is a matter of parents having to judge the 'superiority' of one child over another, or several others.

"Families in business must be able to keep the family unit intact and working towards common goals – which means they need to remain harmonious and on the same page," says well known business family strategist Cheong Wing Kiat.

"Yet picking a successor from a bunch of siblings has the potential to be extremely disruptive if not handled well. Don't forget, often it's not just a matter of direct family members but in-laws and outlaws as well!

"Which is why often outsiders are better able to fairly evaluate a potential successor's credentials and competence to take over the reins."

Indeed, it's an area in which Cheong is often called in to help.

"Many family companies appoint non-family directors to their boards and operations. Quite apart from tapping their knowledge and market intelligence, they play a vital role in providing checks and balances within the group.

"Because they have no axe to grind, their lack of bias gives other family members – not to mention non-family employees – confidence that the successor has been picked on merit, not lineage."

That being the case, it is highly likely he or she will find near unanimous support from the rest of the family (families) and will be able to get on with the job of effectively managing the business.

Most discussion about family business succession assumes there are suitable family members qualified, academically as well as through experience, with the right qualities of effective leadership. What if there aren't?

"At Wen Ken, we've studiously adopted a policy of talent development, family and non-family. Indeed, of the criteria we use when assessing acquisitions or start-ups is the calibre of talent we inherit from these.

Insofar as developing non-family talent is concerned, one non-family director commended that we adopt the KEEP platform.

We keep our employees, not by offering them huge salary packages but, rather, by nurturing and mentoring – imparting *Knowledge*, tapping the benefit of *Experience*, a policy of *Engaging* non-family employees in the decision-making process, and by inculcating *Passion* in everything we do.

Investment in ongoing training is vital to keep senior and middle management updated constantly, so when changes do occur, there is always someone within the company structure that can lead effectively.

The opportunity for ongoing training and education is a key incentive for non-family employees to stay and develop in the business. It sends a clear signal to them that they have a future in the business.

"I am a firm believer that if a non-family staffer is the best person to lead the family company should the incumbent, for whatever reason, steps down, then he should be given the job – and be given incentives to achieve the best results he can. These incentives can include a shareholding, bonuses, options and the like.

"It's a small price to pay because, effectively, if he delivers the goods he is ensuring the survival and continued prosperity of the family business."

Indeed, Cheong says when looking at succession, family leaders must look at the business in total – its structure and its decision-making processes in particular.

"To this end, at Wen Ken we are prepared to offer exciting opportunities for both family and non-family executives whose skills and expertise, experience and networks complement the business owners and leaders, recognizing high-performers with profit-sharing bonuses and/or equity in subsidiaries or associated companies to retain them.

"This way we will have a pool of top talent from which to draw should ever the group have to go outside the family for its leader.

"Certainly, this policy has been successful in attracting the very best leaders for our various subsidiaries, which contribute significantly to our bottom line.

"It's an insurance policy to cover the future."