PRACTICE MANAGEMENT

Managing Leadership Transitions: Advice for Advisors Who Work With Women

Advisors can learn from each other in adapting to the rise of women as leaders.

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The landscape of leadership in family businesses is changing. As more young women graduate from college and seek professional work, many are turning to their family's business as a place where they can develop their careers, assure financial security and sustain the legacy of their family's business into the next generation.

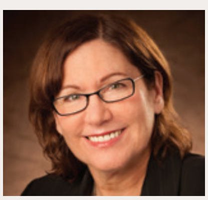
There is no new, large-scale research on the extent to which women are becoming — or plan to become — leaders in their families' firms, but a study in 2007 suggests that this will become a significant trend. In that study, 24 percent of family businesses were led by a female CEO or president, and nearly 60 percent of all family-owned businesses had women in top management team positions (Mass Mutual American Family Business Survey, 2007). More recent research by the Pew Research Economic Mobility Project concluded that in the future women will become a more important part of their families' financial security and economic mobility.

Trusted advisors would do well to recognize these trends. While many family business advisors have developed strong and positive relationships with business owners and their sons, the emergence of daughters and other female family members as leaders in family businesses will likely challenge them to rethink their assumptions about how they work with their clients.

For example, if an advisor believes that women's careers are secondary to family responsibilities, working with a young woman in line to become the successor to a long-standing, highly valued client may be unsettling. As another example, advisors may be unprepared to work with a woman who, unlike her parents, values transparency about financial matters and openly shares financial information with employees. Discussing the transition from her father's leadership to hers, one woman observed, "There has been a shift in leadership styles. I am more collaborative and I delegate more; he believes in being the expert and in having more control. He believes 'there are few people you can trust,' and I believe 'trust people unless you have a reason not to.'"

Advisors can prepare for these transitions in a number of ways:

1. **Start early.** Because some young women return to the family business after college, graduate school or employment in a different setting, advisors may not have had the chance to cultivate meaningful relationships with this next generation. The earlier this connection can be nurtured, the more likely it is that these young women will choose to retain the relationship when they advance.
2. **Build connections.** Women enjoy deep friendships and often enjoy close connections. Advisors (male or female) who express interest well beyond their particular area of expertise will likely be able to form positive relationships with women in the next generation.
3. **Be an advocate.** Though many parents and owners are proud and often relieved that their daughters (and other female relatives) are joining their business, they may be reluctant to allow them to influence the business. Even young women who are well educated and prepared for leadership may struggle to develop credibility with old-school family members and employees. One young woman who



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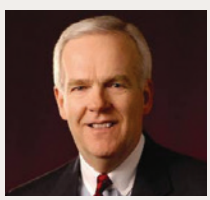

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had worked for several years in the corporate sector returned to her family's business only to discover that her siblings and cousins who had joined the business right after college found her well-honed business skills overly formal and her advanced degree no real advantage. "It took a lot of reflection … I had to get over my ego," she said. Yet, because these daughters have worked in other settings, their ideas may be a source of renewal and innovation. Advisors can support their development by suggesting that they be included in meetings on legal and financial matters, highlighting their strengths (particularly when their parents have doubts) and encouraging business owners to be open to their ideas.

4. **Collaborate.** Many family businesses engage a team of advisors from different professions. There is some truth to the notion that women in family businesses are the CEOs — "chief emotional officers." Research on brain differences between men and women tells us women are far more likely than men to pay attention to the way their advisors work together, not just to each advisor's recommendations. As a result, they may be less likely to feel comfortable with an advisor who doesn't listen to others or disagrees too frequently or aggressively.
5. **Communicate effectively.** Don't talk too much or try too hard to prove your value. Instead, encourage women to ask questions. They are likely to have ideas and opinions but may be cautious about expressing them. Provide them with resources and information; then follow up with them about their reactions. Take the time to ask them how they would like to communicate with you, whether by e-mail, text, phone or periodic face-to-face meetings. In other words, engage them in ways that show your respect for their insights and their time. By doing this, you will be playing an important role in their development as leaders.

6. **Learn to view women as prospective clients.** Women often seek help first. Because of their sensitivity to relationships, they may realize that their parents are avoiding conversations about succession planning and financial arrangements that are essential to sustaining the business. Your response to them as potential clients when they call can be crucial. As one young female CEO put it: "Don't make assumptions about how I look, and don't underestimate my ability, intelligence or dedication. When I was first starting out I had many people talk over me or around me. Just as much as I need to believe and trust in the ability of my advisors, I need them to believe and trust in me."

The rise of women leaders will undoubtedly affect advisors within their own firms as well. Some men and women may find it difficult to accept female leaders. Those who are accustomed to working independently may find that their female CEO convenes meetings more often, encourages dialogue and involves a wider group in decision making. They may doubt her ability to make tough decisions and believe she lacks authority with their clients. Gender differences exist, as do gender stereotypes, but ultimately the task of leading a financial services firm, just like any family business, depends on vision, strategic thinking, the ability to manage people and operational competence. Men and women may differ in style but share a commitment to results.

Advisors can learn from each other and support each other in their adaptation to the rise of women as leaders. Senior male advisors can learn from their younger female colleagues about how to form positive relationships with their female clients. Young women can develop their professional demeanor and inspire confidence in their older clients with guidance and mentoring from more experienced advisors. To the extent that firms create a culture of learning and feedback, all advisors can develop the ability to respond to their clients' changing needs and interests.

This is both a challenging and exciting time for advisors in many professional fields. While this may create challenges for both men and women in advising roles, with an openness to both learn and teach, they can build their capacity to serve their clients and continue to enjoy the rewards of their work.