

How to Raise the Capability Level of Owners of a Family Enterprise

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Q: How do we raise the capability level of the owners of our family enterprise?

A: Owners have a vital role. A family enterprise's chance of succeeding long-term largely depends on the quality of the owners.

What is the role of owners?

Owners are responsible for pointing the family enterprise in the right direction, shaping it, guiding it, and supplying what it needs to be successful. They make pivotal strategic decisions at the owner level. They determine what they want their family enterprise to be and where they want it to go, set goals, grow value, oversee performance, and provide guidance. They choose key people and partners, determine the portfolio, take on risks, invest in or sell off assets, provide and allocate capital, architect governance, and determine the values and culture. They look to the future, make big bets, support important changes, build momentum through transitions, develop next generations, and keep the owners and family united and supportive.

It's a sizeable job.

To do it well, owners need to be capable to deliver on these responsibilities. Some owners will take a more active role in these matters than others, but the others need to be informed decision-makers and crucially supportive of the active owners. They need to function well as a team: be decisive, organized, and united so they speak with one voice and stick together when disruptions and threats to unity occur.

Developing owners is a process

Being born into an enterprising family provides the opportunity to become an owner of a family enterprise, but is often unaccompanied by instruction on how to perform the owner role. Ownership is a job, but is too often treated as a birthright.

Like any job, developing great owners requires training and preparation. Family members do not need to work inside the organization to be capable owners—they can have an outside career or other activities—but they do need to dedicate time to the role and developing themselves for it.

Developing owners is a process that takes time and resources. It can take years to raise owner capabilities to an effective level, especially if the owners have not worked in the industries of the family business or family office.

7 tips to raise the owners' capability level

1. Don't under invest in owner talent. Allocate the time and budget for regular owner development.
2. Motivate the owners to lean in and invest time in their own development. Explain what they need to do to be helpful and contributing as an owner. Excite them with compelling reasons why their development is valuable to the family enterprise.
3. Nurture a learning culture that encourages participation. Set high standards and also offer support, flexibility, fun, and recognition of people. A culture of judgement or criticism demotivates learning, alienates people, and erodes engagement.
4. At regular intervals, combine a few things: engaging educational training, current updates, team building, opportunities for practice, mentoring, and relevant application. Sessions should have visible benefits and be tailored to your owners and enterprise.
5. Start early and start basic, and evolve it over time. Invite presenters who use simple explanations that the owners can understand, ask questions about, and explain themselves. Move to intermediate and advanced learning gradually as the owners are ready for it. Ongoing training will be needed as the family enterprise evolves and the owners are asked to set new goals and make new decisions amidst changing conditions.
6. Educate in groups to build relationships and learn from one other. Provide team-based exercises and projects to practice working and deciding together.
7. Design for the diversity in your owner group by setting two capability levels:
 - Active Owners—who lead the owners in making the pivotal owner decisions—need in-depth understandings of the family, its values and heritage, the enterprise, its assets and industries, value creation, financials, governance, organizations, choosing people, and collaborative decision-making.
 - Supportive Owners—who are less active—need to know the fundamentals, remain informed, be good team members, be good representatives, and be knowledgeable before voting.

Who leads and funds owner development?

Owner education needs the approval of the owners. The initiative is typically led by the Family Council through an Education Committee. A Family Office can support and help execute. Teaching and team building is done by third party experts, educators, and coaches, and can include executives and board members of the family business or family office.

Owner development is funded by the owners, either as a percentage of company dividends or as a portion of the company's shareholder relations

budget. This important activity appears as a line item on the Family Council's budget or the Family Office's budget.

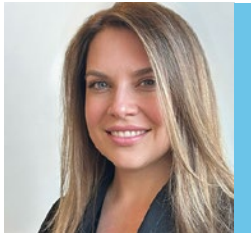
enterprise into its next growth stage. It is visible in the achievement of the owners' goals and the financial and non-financial value the owners create with their enterprise.

What is the ROI?

The return on investment is seen in the quality of decisions made by the owners and their unity. It is felt in the level of confidence that the family, board, management, and owners have in the next generation's ability to steer and lead the family

CFEG specializes in owner preparation and education through custom programs, team projects, and individual development plans. [Be in touch](#) if you'd like to discuss an owner development program for your family enterprise.

About the Authors



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Courtney Collette is a Partner and Head of Education & Research at Cambridge Family Enterprise Group (CFEG). Since 2011, she has led its education programming, research studies, and publications. She designs curricula for seminars, workshops, and online courses for family enterprise audiences worldwide. She has authored several publications on family enterprise, including articles, Harvard case studies, and the book, *Next Generation Success*. Ms. Collette spent over a decade as a trusted advisor to business families on governance, succession, next generation readiness, and family unity.

About Cambridge Family Enterprise Group

Cambridge Family Enterprise Group (CFEG) is a global advisory, education, and research organization that serves family enterprises with growth aspirations—enabling them to flourish across generations. As a go-to trusted partner for the world's enterprising families, CFEG offers a wide range of services to navigate changing times, build pathways for continued growth, and achieve lasting success. Its pioneering thought leadership, strategies, and programs are used by families, family businesses, and family offices worldwide. Since its founding in 1989 by Professor John Davis, CFEG has advised and educated thousands of families from more than 70 countries.