

# **Guidelines for Growth of FAMILY MEMBERS into Construction Company Leadership**

DENNIS ENGELBRECHT

## OVERVIEW

It's typical for young family members to aspire to grow into the leadership of their family's construction company.

The primary difference between a family member employee and a non-family employee is that a family member's behavior is put under a microscope and amplified across the organization. Whether fair or not, employees assume that one day these individuals will be their bosses! And they *assume* that this will occur regardless of merit.

We recommend the following guidelines to assure that family leadership opportunities are based on merit and that the organization does not suffer by way of decreased morale or losses of top talent as family members are given the opportunity to grow toward leadership.

## GOAL 1: THE BASICS

- A good college education, preferably with a construction emphasis, is important for general knowledge, development of critical thinking, and maturity. For non-construction majors, it is important to get extended exposure and training in construction basics to enhance credibility and to improve decision making.
- We highly recommend that potential family leaders spend at least three years working for other companies, preferably in the construction industry, to gain real world experience, provide perspective, provide an opportunity to earn respect, and to build confidence in an environment absent of family pressures and/or perceived favoritism. Those who can achieve growth and promotions at other companies gain self-confidence and generally come back into the family company better equipped to contribute.
- Entry level work in the field provides a strong lifetime foundation for both how a project gets built as well as an appreciation of the people who build it.
- A well-rounded Project Engineer Program can provide good background in multiple disciplines. The exposure to various positions and teams provides a good training for later decision making and appreciation of the teamwork required to deliver a project successfully.
- There are plenty of core training opportunities available – sometimes inside the company and definitely outside. These can be helpful to learn the basics of the business.
- Having strong mentorship can help the rising construction leader navigate the organization, learn the “why” behind how things are done, and gain insights as to how and why decisions are made.

## GOAL 2: EARN INTERNAL AND EXTERNAL RESPECT

**Description:** At the core of the matter, potential family successors must earn RESPECT! For persons to gain respect internally, they must earn the trust of those with whom they work by leading construction teams to project successes. To earn respect externally, there must be customers and trade partners who trust them to execute their projects successfully.

Respect is not contingent on having a specific role or title in the company but may be earned as a lead estimator, preconstruction manager, project manager, project director, or possibly in other areas like business development, the field, finance, or technology (though the path to respect in the industry is tougher to achieve outside of the operations sphere). The defining characteristic is that they have achieved a level of mastery in a

role and have exhibited the leadership prowess to be able to lead customers, outside professionals, trade partners, and internal team members to successful outcomes.

**Process:** While experience is a factor in achieving construction success, there is not a prescribed amount needed – only the experience necessary to demonstrate abilities and earn the absolute trust of others. Naturally, this cannot occur without some opportunities whereby a rising family member can demonstrate skills, knowledge, and leadership. The ability to harness knowledge around construction types, methods, and processes is no more important than the ability to harness the knowledge of others to deliver solutions. The ability to gain consensus, to lead, and to make great decisions is core to meeting the qualifications for this goal.

It is incumbent upon a candidate to accumulate knowledge and skills, inclusive of leadership development skills, while seeking out more challenging opportunities within their roles in the company. It is critical for coaches and direct supervisors to guide rising leaders to opportunities where they can stretch their capabilities. These opportunities should come at the right pace to match a continuously growing set of capabilities and allow for a progressive path to meeting growth goals.

### GOAL 3: BECOME A CAPABLE AND RESPECTED COMPANY LEADER

**Description:** Become a capable and respected leader of the business viewed both internally and externally. Respect is at the core of the matter as no individual can run a company in its absence. It takes a team of people led by respected leaders for whom the team sincerely wants to perform well.

#### Capable and respected leaders must exhibit the following:

- Trustworthiness
- Excellent listening and speaking communication abilities (mostly listening!)
- Sound judgement and good decision making based on gathering appropriate information and input
- Effective personal organization and priority setting
- Reliability, accountability, and consistency of effort
- Ability to build and sustain solid relationships
- True care for the company's employees and their families along with a core understanding of the responsibilities that leaders have in acting in the long-term interests of the company and its people

#### Capable company leaders must have a good understanding of:

- Corporate governance – understanding the difference between ownership, management, leadership and other organizational roles.
  - Owners have comparatively few active roles such as voting for the Board of Directors
  - The Board of Directors appoints the officers who run the company and manage the organization day to day
  - Owners may or may not be elected to the Board of Directors or be chosen by the Board to fill a management position

- Boards vary tremendously in how formal or active they are in guiding or evaluating the management team
  - For the organization to be as effective as possible, rising family leaders must operate within their appointed roles and stay in their lanes of responsibility. They must handle suggestions, problems, and opportunities within the chain of command
  - Family business leaders must allow appointed employees to manage the rising family members and hold them accountable. Family executives should trust and follow their recommendations and be careful not to undermine or countermand them
  - It is normal for rising leaders to be offered opportunities or information to maximize their opportunities for development and growth. For those opportunities to be fruitful, information must be handled carefully and humbly
- Construction business finance
  - How money is made and lost in construction
  - Construction risk management
  - High level understanding of contracts, insurance, bonding, and banking
  - Leading others and human resource concepts and strategies
  - General understanding of the process and strategy around getting work, doing work, and keeping score
  - Business development
  - High level strategic planning

## CONCLUSION

Rising leaders must be passionate about their industry and leadership, and passion for running an organization is important as well. Passion, where present, indicates a good fit for the candidate. Passion is contagious and can act as a magnet for drawing people to the company. Conversely, the lack of passion is good indicator of a non-fit for senior leadership and can ultimately be a downer to the organization. A lack of passion might indicate that the candidates may want to find their pathways somewhere else more in tune with their long-term desires.

Finally, leaders are always evolving and continuing their educations by subscribing to activities such as FBI's Contractor Business Boot Camp, personal coaching, The CEO Performance Roundtable, community involvement, reading/listening to leadership books, TED Talks, YouTube presentations, etc. They are all great ways to develop and learn. The environment for leading employees has changed dramatically over the past decades, and the pace of change is accelerating. Thus, it is important to understand how to best lead, manage, and influence in new and different ways in order to grow as a leader and as people's needs and priorities change and your company/organization evolves.

This material is for general informational purposes only and is not legal advice. It is not designed to be comprehensive and it may not apply to your particular facts and circumstances. Consult as needed with your own attorney or other professional adviser.

Unless otherwise specified, the figures and statistics contained herein are produced by FBI using data compiled from FBI's Performance Roundtable Program.