

# Developing Key Competencies as a Family Business Director

## 1. Understand the Role

What	How
a) Understands role and authority of board	→ Seek independent board member to act as mentor
b) Familiar with governance structure, corporate by-laws and company policies	→ Serve on outside boards (including non-profits)
c) Familiar with capabilities and backgrounds of directors	→ Accompany to dinners, lunches and other social events
d) Clear on duties of directors	→ Assist with succession planning, strategic planning, review of sticky issues

## 2. General Business Fluency Experience

What	How
a) Able to review and critically analyze financial statements	→ Study & understand P&L, Balance Sheet, Cash Flow Statements → Take course: Finance for Non-financial Mgrs (AMA)
b) Competence in general business risk assessment	→ Participate in a risk assessment exercise. → Take a course.
c) Understand and can contribute to discussions on strategic planning	→ Understand trends & factors that may impact the FB.
d) Able to consider and evaluate capital investment decisions	→ Work with CFO on developing a Return on Investment (ROI) analysis
e) Business leadership/management experience	→ Work your way up into positions of leadership and accountability.
f) Can identify and evaluate Key Performance Indicators	→ Study other company KPIs to understand which have impact and how to improve performance.
g) Can evaluate business growth strategies (organic & by acquisition)	→ Read success stories about ways FBs have grown & diversified

h) Familiar with senior executive compensation and talent development	→ HR mentor - understand current process.
i) Understand a range of go to market strategies	→ Learn channels of distribution, incl conflicts.
j) Understand supply chains and other business operations	→ Meet with leaders of Operations functions - purchasing, manufacturing, shipping, etc.
k) Comfortable with key business technology	→ Be comfortable in the digital world.

### 3. Critical Thinking and Analysis

What	How
a) Able to review a lot of information & think critically about key issues	→ Earn a college degree or other post-secondary degree → Raise children!
b) Able to articulate clear and thoughtful questions	→ Prepare questions while studying board meeting material.
c) Able to connect dots or see patterns in data	→ Practice problem solving techniques that successful engineers and entrepreneurs use.
d) Able to manage ambiguity and paradoxes	→ Learn to hold 2 opposing views in your mind while remaining sane!
e) Able to think abstractly and engage in future oriented discussions	→ Read “futurist” type authors who stretch your thinking on topics like Artificial Intelligence.

### 4. Ability to Contribute in the Boardroom

What	How
a) Strong ethical compass	→ Be a role model → Demonstrate high-integrity behavior on & off the board
b) Effective communicator (clear, candor & approachable)	→ Join Toastmasters for a couple years.
c) Able to contribute to productive debate	→ Learn to ask tough questions in a non-threatening manner.
d) Able to build trust with various stakeholders (directors, shareholders, management)	→ Serve on board committee(s) or special projects.

e) Self-discipline & organized enough to come prepared to all meetings	→ Study board material and prepare questions.
f) Able to navigate complex interpersonal dynamics and manage boundaries effectively	→ Build your Emotional Quotient (EQ) muscle.
g) Has a commitment to life-long learning	→ Travel, particularly to FB locations.
h) Able to identify any risks or conflicts of interests	→ Learn about risks from other FBs, like cybersecurity & social media.
i) Able to apply problem-solving techniques	→ Follow the Engineer or Scientific method.
j) Ability to collaborate with fellow board members	→ Show respect when disagreeing. → Call or meet between meetings.

## 5. Understand Your Industry

What	How
a) Familiar with key industry drivers	→ Join industry associations → Attend industry trade shows
b) Knowledgeable on regulatory policies or constraints	→ Read association material → Serve on industry regulatory committee
c) Knowledgeable on competitive landscape in industry	→ Review competitive analysis and material → Study competitive websites; review offerings and trade shows
d) Knowledgeable on how your business is perceived	→ Request FB to conduct survey, if not already available → Suggest regular surveys, such as NetPromoter
e) Familiar with current or anticipated disruptive trends	→ Check on industry bankruptcies or significant risks taken → Follow trends in tangential industries, suppliers and customers.

## 6. Understand Your Company

What	How
a) Become knowledgeable on history of company	<ul style="list-style-type: none"> <li>→ Interview family relatives</li> <li>→ Study FB website and history papers and books</li> </ul>
b) Understand business vision, values and goals	<ul style="list-style-type: none"> <li>→ Study strategic business plan.</li> </ul>
c) Understand culture of business and its connection to family	<ul style="list-style-type: none"> <li>→ Work in the business.</li> </ul>
d) Familiar with key competitive advantage of business	
e) Familiar with senior management team	<ul style="list-style-type: none"> <li>→ Review org chart and discuss with head of HR.</li> </ul>
f) Familiar with key customers or typical customer profile	<ul style="list-style-type: none"> <li>→ Travel with a top salesperson.</li> </ul>
g) Understand core business operations	
h) Understand business marketing strategy	<ul style="list-style-type: none"> <li>→ Meet with leaders of Marketing &amp; Sales for review of strategy.</li> </ul>
i) Familiar with any critical technology or other key innovations	
j) Familiar with geographic footprint of business & various company locations	<ul style="list-style-type: none"> <li>→ Visit company locations for tour and meeting employees.</li> </ul>

## 7. Ability to Interface with Stakeholders

What	How
a) Understand family and owners' vision, values and goals	<ul style="list-style-type: none"> <li>→ Study family's and owners' vision, values, goals, if available</li> <li>→ Participate in the Family Council or help start one</li> </ul>
b) Deeply trusted by all stakeholders	<ul style="list-style-type: none"> <li>→ Display objectivity and an "even keel" approach to FB matters</li> <li>→ Work for ALL stakeholders, not just one family branch</li> </ul>
c) Excellent listening skills	<ul style="list-style-type: none"> <li>→ Practice active listening skills</li> <li>→ Take notes at board meetings for distribution to participants</li> </ul>
d) Ability to proactively reach out and stay connected to stakeholders	<ul style="list-style-type: none"> <li>→ Request survey of shareholders' wants/needs</li> <li>→ Meet for breakfast or lunch; Never eat alone!</li> </ul>