Challenges of being a CEO!

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Sustained success of family business depends on the quality of relationship and emotional bonding family members have for each other. This does not happen automatically particularly because of the complex nature of human behavior. While a family constitution can keep the technicalities of the relationship in order, family members need continuous support to keep the hearth warm. This is where a family needs a natural CEO, the Chief Emotional Officer, who is the informal leader of the family.

As shown in the exhibit, this role is dynamic over the years, and the CEO needs to adapt and constantly remind herself of the stewardship role she is playing (of course, the CEO need not be a woman always!). Other family members can and do remind her of the role, directly or indirectly. In the beginning the CEO is just an individual, but then she becomes a family member with certain responsibilities as an adult. However, as the person steps into the CEO position, there is huge change in the expectations among other stakeholders about the individual. Not all CEOs get grooming inputs and hence are forced to learn on the fly. Since there are limited exit routes, it is imperative for the CEO to be both efficient and effective. Many families get into trouble for want of such a CEO. Besides, the traditionally accepted dominating role of the male member in Asian families may also influence the conduct of the CEO.

Exhibit
There are far too many relationships the CEO has to manage, keeping her own emotions under control. Depending on who the CEO is, the other stakeholders would be different, but the quality of relationship required to be maintained remains the same in all cases. This is particularly challenging when the “designation” within the family changes, say from “daughter” in own family to “daughter-in-law” in the husband’s family and then to “mother”. This calls for very high level of goal clarity as well as emotional maturity.

As the nature of joint family system becomes loose networks of nuclear families, there may be several CEOs who have to co-ordinate among themselves to keep the unity flag flying. This becomes all the more challenging with crumbling hierarchies in traditional families and nobody emerging as the natural leader.

CEOs sometimes fail to play this role effectively for multiple reasons. In several cases, she does not have a good role model to imitate; also, her lack of awareness of the whole picture, particularly about the business and wealth, leads to the CEOs taking skewed decisions. It may be about the entry of a less competent child into a critical role in the business, that too without adequate preparation. It could also be the blind love for one member that makes the CEO take a partisan view. Sometimes, the CEO is caught between two conflicting roles, that of the CEO who is supposed to take a decision keeping the long term interests of the family vs her prejudices against a member such as the daughter-in-law. Such confusion in the role is similar to the role related challenges the father faces while disagreeing with his son on business issues. They wear two hats then: one as a family member owning part of the business and the other as a business executive

Most often, the mother becomes the CEO by default. She naturally has higher level neutrality and stewardship qualities. She picks up the qualities of a CEO through experience and is naturally bound to have technical deficiencies that affect her performance as the CEO.

There is urgent need to recognize and appreciate the great role the CEO plays in keeping the family together which alone can keep the business also together. It is useful to understand the critical qualities required for a CEO and keep refining the same as part of building lasting families. This should include exposure to overall business situation and its implications for the family.