

Servant Leadership: The Perfect Fit for Family Business

By Dr Kent M Keith

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Servant leadership is a philosophy of leadership based on the value of serving others. Servant-leaders are not focused on themselves, they are focused on making a difference in the lives of their colleagues and customers. They pay attention to their colleagues, so they can help them to perform at their highest levels. They listen carefully to their customers, so they can meet their needs and succeed as a business. They serve a dream or vision that unifies the members of their organizations. They not only achieve excellent business results, they have a positive impact on the communities in which they operate.

Servant leadership is effective in all kinds of organizations, but it is especially well suited to family-owned businesses. Family-owned businesses that set out to create and maintain a servant leadership culture will find that it is not easy, but they can build on some advantages that they have when compared with other types of organization. Those advantages include: (1) values and ethics; (2) growing people; (3) extensive use of teams; (4) patient capital; (5) stable leadership; and (6) a unifying dream.

Values and ethics

Chester Barnard, in his classic, *The Functions of the Executive*, said that “the endurance of organization depends upon the quality of leadership; and that quality derives from the breadth of the morality upon which it rests.” Family business leaders want their businesses to endure for generations. They know that they must build their businesses on strong values and a commitment to ethical behavior. The values and ethics of company leaders send a strong signal to everyone associated with the company, including future generations of family members.

Most leadership theories focus on the behaviors and skills of leaders without reference to the moral context. Servant leadership is different. One of its great strengths is its emphasis on values and ethics. Servant-leaders demonstrate personal morality and integrity, and encourage moral reasoning among their colleagues. Values and ethics are embedded in company operating principles. Those principles include serving people, growing people, exercising foresight, and caring about everyone the organization touches.

While every organization may have a statement of values and ethics, family businesses know that they must live their values and be ethical for at least two reasons. First, shared values and ethics can be the glue that holds the family and the company together. Second, while the company's products and employees may change over time, the company's values and ethics can be passed on from generation to generation. They can be a legacy that continues to shape the company far into the future.

Growing people

Robert Greenleaf, who launched the modern servant leadership movement with his classic essay, *The Servant as Leader*, said that the best test of a servant-leader is whether those served grow as persons. Helping people to grow is a key strategy of servant-leaders. When colleagues grow, they can do things better, or do things they have never been able to do before. That means that the organization's capacity increases, which in turn makes it possible for the organization to better serve its customers. Growing people is good for the individual, for the organization, and for those the organization serves.

Families naturally want to help their children grow into competent, responsible adults who can help the next generation to grow. Education, training, individual development plans, new jobs, new responsibilities—these are natural for a family business. When these practices are spread beyond family members to all employees, the whole company and all of its customers benefit.

Extensive use of teams

Craig Aronoff and John Ward in their book, *Family Business Values: How to Assure a Legacy of Continuity and Success*, point out that servant leadership encourages family members to contribute their individual abilities, while fostering healthy teamwork among siblings or shareholders. Teams committed to the success of the organization can make wiser, more effective decisions than any one leader working alone. By using teams, family members from different generations, with different insights and abilities, can come together with mutual respect to achieve business results. Scholarly research has demonstrated that servant-leaders are especially good at building and leading teams.

A team is different from a work group. Work groups have a hierarchy, with a strong leader, individual accountability, and individual work products. The work group leader is responsible for the group's results. Work groups are common, and

are effective in doing routine work. However, when it comes to solving complex problems or seizing new opportunities, teams are superior to work groups. Teams are characterized by shared leadership roles, individual and mutual accountability, and collective work products. Everybody on the team is responsible for the team's results.

In his essay, *The Institution as Servant*, Robert Greenleaf advocated leadership by teams that he called "councils of equals." Team members are "equal" in that each member of the team is equally important to achieving the team's task. Individuals are chosen for the team because of their background, experience, expertise, or insight, not because of their titles or positions in the organization.

The team leader is "first among equals," but teams are not hierarchical in the way they operate. Team members can contribute ideas on any aspect of the task, even if it is outside their daily area of responsibility. All ideas are taken seriously. No one individual has to be an expert in everything—it is the team as a whole that is the expert. Leadership of the team's work may shift as the subject matter shifts to areas in which different team members have expertise.

While retaining the company's official hierarchy, teams can unleash the talent and energy of people at all levels of the organization. Teamwork is not only effective in solving problems and seizing opportunities, it is a good way to grow people, strengthen personal relationships, and improve coordination within the company. It allows family members of different ages and backgrounds to do important work, even if they do not have the same status or positions within the company.

Patient capital

Building and sustaining a servant leadership culture within an organization takes time. It takes time to demonstrate the company's values and ethics. It takes time to listen to colleagues and help them grow so that they can perform at their highest possible levels. It takes time to listen to customers and learn what they need so that the company can provide it. It takes time to teach servant leadership, model it in one's daily actions, and train people in servant leadership principles and skills. Servant leadership produces excellent results, but it is not a quick fix. It takes a long-term commitment of time and attention.

That kind of long-term commitment can be hard for a publicly-traded company whose executives are focused on daily changes in the company stock

price, the expected impact of their next quarterly report, and the demands of institutional investors with short-term goals. By contrast, businesses owned by families usually have a long-term horizon, because their leaders want to pass the business on to future generations of family members. They can make the long-term commitment required to achieve the benefits of servant leadership. Their patience can also pay off financially. Michael Beer, in *High Commitment High Performance*, notes that because of their long-term view, “private, family-owned or family-managed companies outperform public companies.”

Stable leadership

An important factor supporting the long-term view is stable leadership. In a publicly-traded company, senior executives come and go. The average tenure of a business executive in the United States is between two and three years—not enough time for the executive to make a significant contribution to the company’s success. Executives may be fired for poor stock performance, or they may leave for another company in order to leverage their way up the income ladder. Since each business executive is likely to bring his or her own ideas and strategies to the business, this rapid turnover in leadership can be disorienting for the company.

It is true that in a family business, some members of the family may not join the business at all; others may work for a while and then leave in order to develop different careers; and occasionally, an executive may be removed or forced to the sidelines. But those who make it their career and rise to the top leadership positions are usually not hankering for jobs somewhere else. Family business leaders find meaning and satisfaction in serving their families by serving their business. Their positions with the family company are not stepping stones or short-term launching pads for jobs with other companies. They only have one family, and they are there to help their family and its business succeed. That means that leaders of a family business are likely to stay in their leadership positions long enough to create and sustain an effective, productive servant leadership culture.

A unifying dream

Even when leadership is stable, family businesses can be complicated. There may be family members who are shareholders and employees, family members who are shareholders but not employees, and family members who are employees but not shareholders. There may be family members who are neither employees nor shareholders, but are respected and influential members of the family—they have moral authority, which can be as important as legal authority. And there are

often several generations of family members, each with its own attitudes, talents, and interests. In addition, the business usually includes employees who are not family members but are vital to the company's success. Relationships within the business and within the family can be complicated.

Servant leadership is an especially good fit for family businesses because it is not focused on the leader, it is focused on identifying and meeting the needs of colleagues and customers. It is not about acquiring power for oneself, it is about making a difference in the lives of others. Craig Aronoff and John Ward wrote that focusing on helping others or helping the group to achieve shared goals “vaccinates the family against ego-driven battles over titles, power or status.”

Robert Greenleaf said that “for anything to happen there must be a dream. And for anything great to happen there must be a great dream.” That dream or vision can unite family members and their colleagues. Greenleaf said:

Institutions function better when the idea, the dream, is to the fore, and the person, the leader, is seen as the servant of the idea...It is the *idea* that unites people in the common effort, not the charisma of the leader. It is the communicated faith of the leader in the dream that enlists dedicated support to move people toward accomplishment of the dream.

The idea or dream will vary with each family business. That dream could include such things as the quality of products and service, corporate growth, brand recognition, market share, or technological superiority. But based on the family business leaders I have met, I expect that the dream would also be about something deeper and longer lasting: a healthy, growing, caring family whose members serve each other and the world through their successful family business.

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