
Two Family Business Practice Group Models for Sustaining Tangible Competitive Advantage

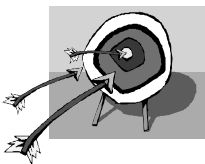
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Editors' foreword

In the third and final article in this series on marketing professional services, Dr Bonnie Brown explores two models of the “Family Business Practice Group” which was introduced in the last article.

Drawing on examples from the USA and United Kingdom, Bonnie makes helpful suggestions as to how a family business approach can be integrated into a professional firm and highlights the many advantages of a multi-disciplinary effort in helping family business clients. Using these models and best practice as benchmarks, you will now be able to analyse where you want your family business practice (and your family business practice group) to go and how you plan to get there.

A Family Business Practice Group (FBPG) may bring tangible competitive advantage to your firm by following one of several paths. In order to show you how and why this may be applied to your firm, this article looks at two FBPG models from the standpoint of how they are organized, developmental and marketing tactics, and examples of their best practices.¹



Model one: depth and breadth in one field

By applying some variation of our first model, a FBPG focuses on building and supporting depth and breadth of expertise within one field, often in a clearly defined geographic or economic market. There are several large legal and accounting firms that serve family businesses through local, regional, national and international practices as one of their specific market niches by developing interdisciplinary teams with *both* expertise in their particular discipline *and* an understanding of the dynamics of family businesses.²

In a large law firm, while specialists in corporate law, estate tax, employment law, intellectual property, real estate and litigation may all have clients who are *not* family businesses, in this model the firm encourages those same specialists who share family business clients with other members of the firm to participate in an interdisciplinary FBPG *within* the firm and, when appropriate to the needs of the client, to

collaborate on external interdisciplinary teams with other professionals who are working with that client.

Don Gonson, a corporate tax partner at Hale and Dorr and Chairman of its FBPG in Boston, Massachusetts, sees this use of internal and external interdisciplinary teams as one of their best practices.³ In a recent conversation about FBPGs, he told me that this interdisciplinary team approach helps them stay mindful of the importance of other service providers and supports their understanding that many of the challenges their clients face require this approach.

Another of their best practices is to provide ongoing educational opportunities through a variety of venues:

- As part of the firm's much larger continuing education program FBPG members may attend regularly scheduled in-house quarterly meetings. (Attendance is voluntary.) At these FBPG meetings, they sometimes have visitors, particularly non-legal advisers and consultants who lead discussions about issues dealing with the psychological and other non-legal stress points in family businesses. Members may also facilitate FBPG group discussions of a particular legal issue or development that impacts their family business clients.
- The firm also supports its FBPG members' attendance at local FFI meetings, and encourages partners who attend relevant conferences or meetings, like the annual Attorneys for Family-Held Enterprise (AFHE) meetings, to report back to the larger FBPG group about what they've learned.

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In another version of this model, a small firm of financial advisers, de Visscher, Olson & Allen, provides depth and breadth through its concentration on financial expertise using a few partners and a variety of services or products customized for the family business market. They also focus on a collaborative, interdisciplinary approach to working with family business clients. Internally that means that at least two partners work with each client. Externally it means that they bring in experts from other fields

whenever necessary to better serve their clients.

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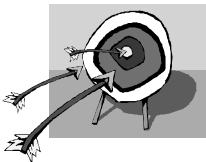
Over time, FBPGs using either variation of this model may create tangible competitive advantage because they recognize the synergy created when a firm interfaces breadth and depth in a traditional specialty with a commitment to the use of interdisciplinary teams, ongoing continuing education in family business-related topics

and several indirect marketing tools. For example, a FBPG gains training outside of its primary discipline, credibility in the family business market, name recognition and networking opportunities with potential clients and other service providers through some of the following:

- sponsoring university-based family business centres;
- serving on boards of associations like Family Firm Institute (FFI), Attorneys for Family Held Enterprises (AFHE) or Family Business Network (FBN);
- underwriting and participating in family business research;
- writing columns, newsletters and books on family business topics;
- teaching continuing education courses on family business within their own discipline.

One caveat to this approach is that it only creates tangible competitive advantage when the firm takes a long-term view about return on investment in time and money, has a strong foundation of expertise within its field, and uses the right mix of the various activities I've highlighted to support the firm's larger strategic vision.⁴

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Model two: multi-disciplinary consulting groups

There are many variations on this model all over the world. They differ from firms in the first model because they focus on building and supporting the integration of multiple professional fields of origin (e.g. law, psychology and strategic business management) *plus* sustaining depth and breadth of expertise and name recognition of individual partners, *and* serving almost exclusively the family business market niche. FBPGs in this model often comprise a fairly small core team who bring individual credibility and expertise to their FBPG and mentor junior associates in order to expand their market and create their own succession plans.

In this model, the FBPG may use a variety of tactics to create tangible competitive advantage in the family business market, including the following:

- targeting a few specific industries (e.g. manufacturing, distribution or retail sales) to develop in-depth understanding of the particular issues facing that industry and a strong referral network of satisfied clients;
- presenting educational programs to organizations like the Young Presidents' Organization (YPO) and FBN in order to reach international family business owners from multiple industries who both need and can afford the FBPG's services;

- offering a wide variety of products and services including in-house publications to reach segments of the market who either can't afford or don't need the FBPG consulting services;
- creating governance structures and processes that professionalize the FBPG's infrastructure and provide continuity of services (e.g. buy-sell agreements, boards with outsiders, centralized billing and marketing);
- fostering a culture of mutual respect and life-long learning through regular meetings of all the principals.

There are many fine examples of consulting groups who fit this model. I have identified the following best practices because, in my opinion, they create tangible competitive advantage by strategically preparing for sustainable growth and conscientiously providing their members with tools for managing the complexity and potential conflicts that come with growth. They also help FBPGs differentiate their services in a field that is becoming increasingly competitive. Consider the following examples:

- appointing one senior-level, experienced principal as the administrative president of the FBPG (e.g. Family Business Consulting Group International);
- providing multi-cultural, multi-lingual seasoned professionals to serve an international clientele (e.g. Lansberg, Gersick and Associates);
- introducing and modelling the use of a supervising therapist for professionals in the field who don't have training and expertise in family systems (e.g. Genus Resources).

FBPGs are only as good as the people who join them, the conceptual structures that house them, and the strategic management that drives them. As you evaluate the viability of sustaining tangible competitive advantage in the family business field, use these models and best practices as benchmarks for your firm as you analyse where you want your FBPG to go and how you plan to get there.

Footnotes

1. There are many variations on the two models I discuss here, each of which has potential strengths, weaknesses, opportunities and threats to consider before adopting it in your firm. The value of any such model depends in part on its interface with your firm's strategic vision, mission, resources and long-range goals. While some of the best practices apply to all models, it is wise to consider each in the context of the value it adds to your firm.
2. One fine example of this model is the Scottish firm of solicitors, Wright, Johnston & Mackenzie. A commentary on the WJM experience follows this article.
3. Hale and Dorr has one of the oldest FBPGs in the US. It was started in 1990 and currently has 25 members.
4. In contrast, a firm that expects to gain x number of new clients every year as a return on its financial investment may be disappointed by the long lead time such indirect marketing investments require. A firm that wants access to the sponsored group's database of clients will surely get frustrated. A firm that fears losing its family business clients to a competitor who also participates in these programs will probably undermine its own client retention strategies.