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Leading with Why

BY:

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LEADING WITH WHY

Only 30% of small or family-owned businesses successfully transition to the second generation, and only 12% survive to the third generation. Why such dismal success rates? You might think the main reason is that professional advisors to business owners fail to correctly interpret or anticipate taxation, governance, or wealth preservation issues. Our experience has been quite the opposite. In fact, advisors usually do a good job preparing owners to deal with legal or financial aspects of a generational transition. Instead, studies indicate that three factors account for over 95 percent of multigenerational transition failures:

- Absence of a clear vision or mission
- Inadequately prepared heirs
- Breakdown of communication and trust

Avoiding such obstacles begins with sound strategic leadership. When leading, everything you do, now and during a transition, springs from a clear vision—knowing your firm's purpose, operating from guiding principles, and creating an exceptional client experience. **In this article, we'll focus on our model for strategic leadership, which we call "Leading with Why"[1]**

EVERYTHING YOU DO, NOW AND DURING A TRANSITION, SPRINGS FROM A CLEAR VISION

Successful generational transitions depend on a purpose-driven team of leaders who focus tirelessly on creating collaborative client experiences that wow clients and fully engage their team. How can you develop a team with that kind of drive? Start by recognizing that for the best teams, everything they do must have a purpose, and that purpose is their "why." The question: "Why do we do what we do, and why should anyone care?" is the beginning. This question applies not just to business efforts, but to all aspects of our lives, including family and community.

When we ask ourselves "Why?" not just any answer will do. **Our why—our purpose—must be one we're passionate about.** This is especially important for leaders, since passion, or lack thereof, is contagious. When our teams see us giving our best efforts, they're much more likely to give their best efforts as well.

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[1]We would like to credit Simon Sinek for the original concepts that we have adapted for our model "Leading with Why." See Simon Sinek, *Start With Why: How Great Leaders Inspire Everyone to Take Action*, Penguin Books, 2011

STEP 1: DEFINE THE WHY FOR YOUR BUSINESS

In our advisory practice, we began the search for our Why by asking our clients to tell us why they do business with us. We created a client advisory board to provide feedback on the most valuable purposes we served for them. From these conversations with clients, three themes emerged:

- We inspire clients to feel confident about their future.
- We simplify their lives by making complex things simple.
- We reduce stress by taking care of things that clients don't want to be involved in.

After summarizing input from the client advisory board, our team adopted these three themes as the purpose statement for our business:

Our WHY

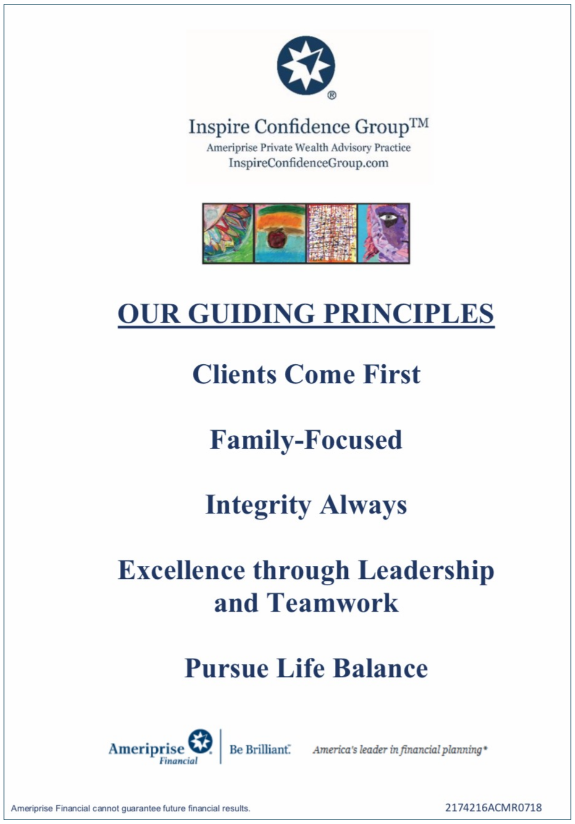
Inspire Confidence | Simplify Life | Reduce Stress

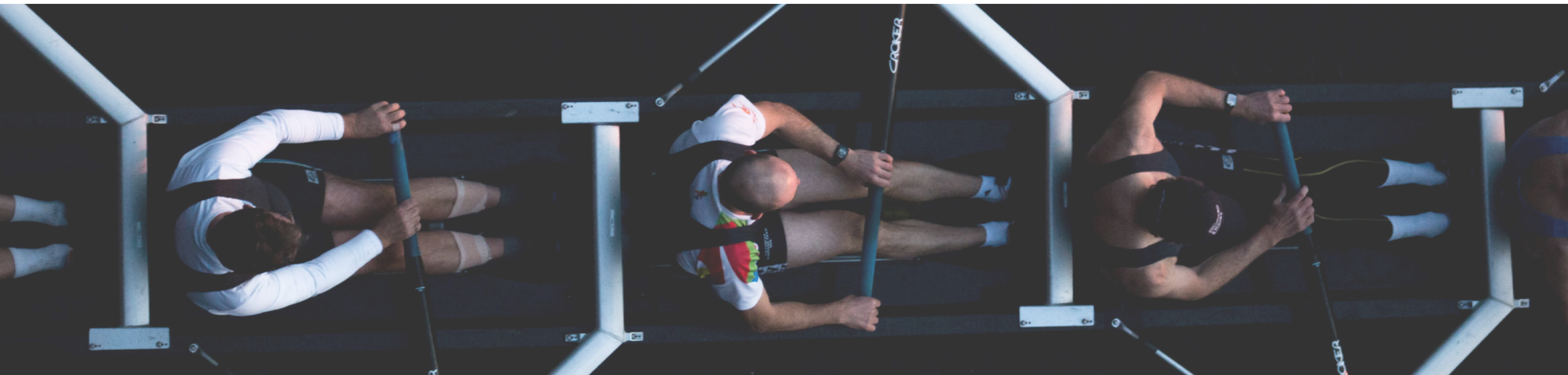
Of course, capturing our Why was just the beginning.

STEP 2: CLARIFY GUIDING PRINCIPLES

Defining guiding principles is critical to business transformation. Creating an engaging client experience can only happen when team members are themselves inspired to be part of an organization that respects their individual values and share common values among the team. These common values form the basis for the principles that guide a successful organization's service delivery model.

In our business, we began our discovery of guiding principles by engaging our team members in a values clarification exercise. We used "values cards" to help members identify their most important values, i.e. their guiding principles. Using this Values exercise, we narrowed down each team member's top five values and shared them among the team. The top value our team had in common was family, followed by integrity and life balance. **Through collaborative team sessions, we agreed that those values, along with principles such as "clients come first,excellence, leadership and teamwork, were guideposts to serving our Why.**





STEP 3. DEVELOP A CREDO.

Once we defined our Why and clarified our guiding principles, we needed to know How we were going to create a compelling client experience that would embody our Why and inspire our team to produce it every day with every client. So, I facilitated a team effort to capture the essence of our desired client experience in a team Credo. We took our inspiration from the Credo of the world-renowned hotel company, the Ritz-Carlton:


THE RITZ-CARLTON®

CREDO

The Ritz-Carlton Hotel is a place where the genuine care and comfort of our guests is our highest mission.

We pledge to provide the finest personal service and facilities for our guests who will always enjoy a warm, relaxed yet refined ambience.

The Ritz-Carlton experience enlivens the senses, instills well-being, and fulfills even the unexpressed wishes and needs of our guests.

When I first read the Ritz-Carlton Credo, I was struck by how vividly it expressed how guests would feel when they visited a Ritz-Carlton hotel.

I was determined to work with my team develop a credo that would be equally inspiring to our clients and our team members. So, we took our Why and guiding principles as a starting point and drafted our credo:

Our CREDO

Inspire Confidence Group works to inspire a more confident future through a collaborative advisory experience. Integrity and our clients' interests are our highest mission.

We create a family-focused client experience aimed to simplify life and reduce stress for our clients and team members alike. We strive for excellence through leadership and teamwork.

Inspire Confidence Group pursues life balance while making a positive impact in the communities where we live.

Engaging clients and team members in validating our credo has been critical to our business transformation. When we show our credo to clients, they invariably agree that we deliver on the experience our credo promises.

Defining our team's Why and creating a credo that integrates our Why and our How has required an investment in activities, such as team values clarification, that may seem unrelated to writing business. But the results have been incredible--a fully engaged team, a growing cadre of clients who trust us with the most sensitive and important life decisions they make, and an organization that is outperforming its most ambitious financial goals.

That's exactly the kind of thriving business we'll be able to **successfully transition to the next generation when the time is right.**

Contact Saša Mirković at Inspire Network to learn more about strategies for creating transformational growth or positioning your business for a successful generational transition.

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