

FAMILY WEALTHREPORT

Greg McCann Interview **Joe Reilly, May 17, 2018**

Family office consultant Joe Reilly interviews Greg McCann, a family enterprise consultant, professor and founder of the [Stetson Family Enterprise Center](#). They talk about how the new concept of a Chief Learning Officer can help communication and build leadership in family businesses and family offices. To view some recent interviews that Joe has conducted for FWR, see [here](#), [here](#) and [here](#).

Joe Reilly: You have been doing a lot of work around the idea of a chief learning officer (CLO) for family businesses. What is the concept in a nutshell?

Greg McCann: I have to credit Jay Hughes for introducing me to this concept. The catalyst for the idea is if large government entities and the majority of large publicly traded companies have this position to develop their employees, then why shouldn't family enterprises? Given the current rate of change, complexity, globalization, and competition, for any family to avoid developing the family's capacity is to invite unnecessary risk.

One major distinction is that unlike an employee in a company, a family is going to care about developing the family member as a whole person. That is why I prefer the term "development" to mere education. Talking with your daughter about her values; with your grandfather about his legacy; or firing a sister-in-law are deeper than education. The second distinction that truly motivates me is that in a family the relationships are longer-term, far less commercial, and thus families are more willing

to invest in the deep, transformational work that we developed in the two programs I led at Stetson and that we offer to our coaching and consulting clients.

Could you describe why corporations have chief learning officers?

Greg McCann: My perspective is that as we moved to a more service-oriented economy, and even more recently to an experience-based economy, the capacity of the human capital, including their networks, are more vital than ever. Last fall I heard a thought leader at Microsoft say that in the near future your value in your career will be more determined by your human network rather than your knowledge.

Why is there a need for a CLO now?

Greg McCann: I see the world changing and family enterprises themselves changing. Thomas L Friedman's recent book, *Thank You for Being Late*, does a great job of describing this need. From my perspective we all need to develop a greater capacity than ever before.

Why? Well given the exponential rate of change (e.g. software updated daily), greater interdependency (e.g. a terrorist attack in Mumbai delays your flight out of Atlanta), less career stability (e.g. the so-called gig economy), and ever-increasing role of technology (i.e. Stephen Hawking's view that artificial intelligence is the biggest threat to humanity), we will have to be able to handle more, be more agile, and be more resilient.

Particular to family business, there was a landmark study* by the Family Firm Institute that Joe Goodman co-sponsored, that looked across the U.S. and across industries, at families in business that were second generation and older, which revealed that the iconic notion of a family owning one business for generations was less reflective of reality than many of us realized. For instance, the average respondent had changed their

core business more than twice! The study also concluded that the family ought to be viewed as the source that helps create and transfer wealth. Couple that with the innovative program Babson College started called S T E P, or the Successful Transgenerational Entrepreneurial Program, that is a consortium of colleges and universities doing case studies of families where the entrepreneurial energy is coming from the family, and you see that the family is more and more the foundation.

If a family business mindset says, “we are a family that owns and operates a business”, then a family enterprise mindset is one that says “we are an agile family that deploys our finances, talent & relationships into opportunities that align with our family’s purpose plus we have an ongoing practice to make our family’s involvement a strategic advantage to all the enterprises we are involved with”.

Who would be a good CLO for a family, and how would they be chosen?

Greg McCann: This is a great question and one that a group that Jay Hughes and I have put together is struggling with. My sense is that the person would benefit from having some background in education or training, but they also need to bring great collaboration skills to get the buy-in and co-ownership from key stakeholders. I also believe that if they are going to truly do transformational work discussed here, that they need to have done such work themselves. In a nutshell they must be able to be very innovative and also very intimate with the family they are serving.

How would the CLO interact with the other executives in the business or the family office?

Greg McCann: I believe this is an emerging concept and my experience tells me that it may be that the process of co-creating this with the stake-

holders might be more important than any exact template. It would have to dovetail with the family and enterprise cultures, so in one family it might seem to make sense to have a family member, in another (perhaps because they haven't been exposed to much beyond their family) it might be best to bring in a non-family member.

How do you conceptualize leadership in the family business, short term and long?

Greg McCann: Since 2011, I have been reframing most of the work I do as a consultant and coach around the framework of vertical leadership development. As the number one trend in leadership development, this model says that when you work to develop the capacity of leaders, and integrate it with the necessary, but more traditional horizontal leadership development, the synergy can be profound.

Think of horizontal development as putting more in the container: more skills, knowledge, experience, and credentials. Vertical development is changing or transforming the container itself: such as the capacity to see things not just as a problem, but to see the broader system, or even the culture of an organization. The specific model of vertical leadership development we have adapted is called Leadership Agility.

A number of thought leaders in our field have come to appreciate that vertical leadership development may be more effectively applied in a family enterprise as compared to a typical corporate setting for these reasons: relationships are longer term; developing the whole person is more important; and values alignment dovetails with character work.

This development is what we rebranded the Stetson EMBA around and the work I use with all my coaching clients and the majority of my consulting clients. My salutation at the end of every email is: The age of casual family business is over. I deeply believe that. I think every adult involved in their family enterprise needs to have a leadership practice. I

further believe that families need to frame the continuum of opportunities, set expectations for being in those roles, and simultaneously reaffirm the unconditional acceptance of people as family members.

How does a family create or cultivate leadership in the next generation?

Greg McCann: I think the process here may be vital; how you co-create this framework is more vital than the framework. Having said that, I am working with a family where we have been discussing three levels of leadership development: first if for every adult to develop the four agilities used in the Leadership Agility model: self-awareness, empathy, framing and innovation then add to that, deep work on character, values, and the family legacy, you will have a foundation for a life-long leadership development practice. Think of it as analogous to a workout regime —you don't get in shape if you aren't working at it.

For any family but especially the rising generation, my experience is that the senior generation should work to frame what the invitation and expectations are to the rising generation. This invitation can address a continuum of opportunities including being (a leader with the) a family members, a member of the family council, an owners, board member, or employee. Then the family needs to collaborate with both family and non-family members involved in the various roles to co-create, but not impose, this CLO role, a vision, and a related plan.

How would you sell the idea of a CLO to a family?

Greg McCann: First, I would look at the culture of the family. Do they value education? Have they done much personal and professional development? Secondly, do they see the world we live in today and the exponential change, complexity, and interdependency? If the answer to both

these questions is no, especially the first, I don't think I would try to sell them the idea. If you consider the risks of successfully passing your family enterprise off to the next generation are one in three, I would ask: Don't you deserve to do everything you can to develop your family and preserve the wealth, or more aptly stated the human, social, intellectual, and spiritual capital of your family?

**From Longevity of Firms to Transgenerational Entrepreneurship of Families: Introducing Family Entrepreneurial Orientation, Family Firm Institute 2011*