

Hiring an Outside Expert for Your Family Business

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One of the of the trickiest thing for a family business to do is to ask for help from an outsider, whether it's bringing on an expert as a full-time employee, a consultant or a board member. But to take a family business to the next level, tackle thorny challenges and receive no-holds-barred feedback, sometimes you need to do just that.

It's tricky, though. Pulling back the curtains to non-family members requires trust and a willingness to listen and to learn.

For insight on when and how to find an outside expert for a family business, I reached out to Ted Clark, Northeastern University Center for Family Business executive professor of entrepreneurship and innovation and director of the Center for Family Business. Clark is also on the board of [FamilyBusiness.org](https://familybusiness.org) (<https://familybusiness.org/>), from the University of St. Thomas' Entrepreneur and Innovation Exchange — eix.org — a social media platform for new business ventures. (Full disclosure: The Schulze Foundation, which funds EIX, is also a funder of Next Avenue.)

Next Avenue: When should a family business look for an outside expert?

Ted Clark: I would say as soon as you need one at any particular point in time. Bringing in a non-family employee can happen immediately, if you need someone to support the business.

The same with the board. You can't do it soon enough.

Isn't there a psychological or ego issue —

the insider versus the outsider issue?

From the perspective of a functioning family business, I would turn it around. If you're thinking that you don't need these people — 'We are smarter than the rest of the world. We don't need outsider perspectives.' — it's really a question of how long can that last? Seriously!

To think for one second that you can be disconnected and unconnected from the outside world, that is not reasonable. If you are in the situation where your family is saying 'We don't need outside people,' that is a sign that you *need* some outside people.

Does it depend on the way the family business is set up?

There are three types of family businesses.

There's the monarchy or aristocracy, where there is the king or the queen, and one person is in charge. That is the family business that gets the bad rap of not needing outside people.

You see the king or the queen, who either started the business or have been running it for a long time, and they are very confident in their abilities and may have had success by not listening to the experts and charting a different course and being an innovator. It is difficult for them to hear somebody new, or an outside perspective. But if the business is faltering or not working well, that is the time that person hopefully acknowledges that yeah, maybe the world has changed. and they do need a new vision and perspective from the outside.

The next kind of family business is when siblings own the business. You move away from a monarchy to an oligarchy. That group is typically a little more prone to bringing in outsiders, because they have lived with the monarchy, and they may have seen sometimes the monarch gets a little long in the tooth and needs a new view of the world.

The third type of family business is the diffused type where there are multiple owners and more of a democratic structure. Those almost always have a

board of advisers. And quite often a board of directors. They are the aspirational model of a family business: outside advisers, board of directors, meetings, openness, transparency. It takes a while to get there.

Is there a business case for bringing in an outsider as a consultant rather than as a full-time employee?

Yes. You bring in the expert employee — great voice, great vision, great everything — but all their eggs are in one basket of being an employee. And they may not necessarily give you the best advice for fear that they will upset you or that if they say something the monarch is not pleased with it, it could jeopardize their career or future employment. Sometimes, although these people are experts, they may be reluctant to provide advice and the owner may be reluctant to accept it. So, there is great risk there.

The upside with consultants is that it is temporary. It should be a transactional relationship. By that I mean, they provide a service and then move on. You can reengage them and hire them again.

But the idea here is you want someone to be able to look you in the eye and tell you that with all honesty, in a diplomatic way, that is the dumbest thing they have ever heard, without any fear of losing their employment with you because they know it is transactional.

So, you will hopefully listen to them. They are telling you the truth because they have nothing to lose.

If you're hiring an outside expert, are you looking for a trusted adviser?

One of the things in family businesses that drives me nuts is the term “trusted adviser.” I don't want to trust an adviser. I want a *truthful* adviser. Trusted adviser also sort of implies forever, too. I don't want them to think this is forever. As the business changes, my needs change; as I change, my needs change.

You shouldn't feel you should keep them forever and they shouldn't feel they are stuck here for life.

What's the best way to look for experts?

There are two general ways to go.

First, you can openly broadcast that you are looking for people or go to your attorney, say, to push out information. 'Kerry's company is looking for a marketing

expert to be on their board.' People connect in and send a resumé and then you can have a conversation with them.

That is not my preferred method.

My preferred method is to do it blindly. So, you would go to the same group of people — like your accountant or your attorney — but you as the business owner should never approach these [potential experts] directly.

Say, for example, you are looking for an expert with my expertise and your accountant called me and said 'Hey, there is a company looking for someone with expertise in your realm. Would you be interested?' I might say 'yes' and send my resumé, and they would forward to you, and I would not know who the company is.

The thought here is if they reject me, I don't have bad feelings about the company since I have never met them.

What are the rewards of having outside voices at a family business?

If there is conflict in the family, it is partially reduced, because bringing in outside people puts the family on their best behavior.

You don't want to act like a 12-year-old in front of a bunch of adults. When you bring in the outsiders, you need to act more appropriately, so it elevates the conversation.

If you have been honest and set goals, it helps achieve the goals. Everyone wins.

Kerry Hannon has covered personal finance, retirement and careers for The New York Times, Forbes, Money, U.S. News & World Report and USA Today, among other publications. She is the author of a dozen books including [Money Confidence: Really Smart Financial Moves for Newly Single Women](https://www.amazon.com/Seizing-Financial-Control-Smart-Single/dp/1682614336) (<https://www.amazon.com/Seizing-Financial-Control-Smart-Single/dp/1682614336>), [Great Jobs for Everyone 50+: Finding Work That Keeps You Happy and Healthy...and Pays the Bills](https://www.amazon.com/Great-Jobs-Everyone-50-Finding/dp/1118203682) (<https://www.amazon.com/Great-Jobs-Everyone-50-Finding/dp/1118203682>), [Getting the Job You Want After 50](https://www.amazon.com/Getting-the-Job-You-Want-After-50/dp/1119022843) (<https://www.amazon.com/Getting-the-Job-You-Want-After-50/dp/1119022843>), [Love Your Job: The New Rules for Career Happiness](http://www.amazon.com/Love-Your-Job-Career) (<http://www.amazon.com/Love-Your-Job-Career>

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