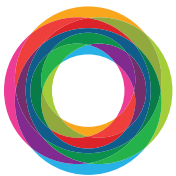


Boards and Family-Owned Businesses

by Bruce Walton



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Boards and Family-Owned Businesses

Family-Owned businesses are complex and filled with emotional, often multi-generational challenges, and they are the backbone of U.S. business. To recruit top executives into these businesses, there are some important conditions for recruiting success.

Perhaps the most important is an active, outside board. Once a company reaches revenues of around \$30-\$50m, it is high time to seek outsiders' perspective. Many companies start earlier with an Advisory Board, but eventually a Fiduciary Board is important to the company's success and important transitions.

Long before transitions are needed, most family business leaders have at least a gut feel for a potential family successor. If a hole is evident, the need for a bridge to the next generation of leadership jumps out. And sometimes the company will more properly transition from family-managed to family-owned. If a top leader will be needed, the search will need an outside board's perspective for a couple of reasons.



About Our Firm

Founded in 1963, Battalia Winston is one of the world's largest woman-owned executive search firms and is consistently ranked as one of the top fifteen executive search firms by Kennedy Publications. The Firm is headquartered in New York City with offices in Boston, MA; Chicago, IL; Edison, NJ; Los Angeles, CA; and Washington, DC. Over the past 50 years we have conducted executive search assignments and established expertise in virtually every major industry and functional area. Clients range from early stage companies to Fortune 10 global enterprises.

First, any good outside CEO or COO will bring ideas to the table that will scare the pants off the owner. The owner will need a sounding board to fairly evaluate those ideas. Second, the CEO/COO will feel the need for some mechanism for influencing ownership. Operating totally at the owner's whim places the outside executive in a high risk position. And that perception will cause the best candidates to back away from an offer, even a good one.

Newly minted boards take a couple of years to find their footing. Since nobody wants to be the sole outside board member in a family-owned business, there will be some complexity to forming a balanced board and establishing good governance processes. So starting a board when you need to do a top level search is already too late.

A properly constructed and operating outside board should also have the governance courage to trigger the top management transitions important to company health and longevity. Like an aging professional athlete, family leaders may need caring and clear-eyed advice on when it is time to let go and open a new life chapter.



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Bruce Walton joined Battalia Winston (BW) in January of 2010 as a Partner in the firm's Boston Office. Bruce has 25 years of executive recruiting experience. He primarily recruits CEOs and their direct reports to mid-cap industrial, technology, and family-owned businesses.

Before joining Battalia Winston, Bruce was a Managing Director at Conley & Company, a boutique executive search firm in Boston. Prior to that he was a Partner with Heidrick & Struggles after 10 years as a recruiter with Russell Reynolds Associates. Before entering the search industry, Bruce spent 7 years in sales and regional marketing roles with IBM.

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