
HOW CAN **FAMILY OFFICES** IDENTIFY AND RETAIN EXECUTIVE LEADERS IN TODAY'S ENVIRONMENT?

MASSEY HENRY TALENT NEWSLETTER
MAY 2022



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PREFACE

In this article, we examine the following:

- *The key questions of interest for family offices and family enterprises when identifying executive leaders*
- *Areas that should be emphasized when conducting an executive search*
- *The critical success factors necessary to place and retain an executive leader within a family office environment*

As with all Massey Henry thought leadership, this work is independent, reflects our own views, and has not been commissioned by any business, government, or other institution.

Massey Henry is a leading Canadian executive search and board advisory firm, offering faster, smarter solutions to today's complex executive recruitment challenges, with a focus on senior leadership within the financial services sector.

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FROM OUR ADVISORY BOARD

Executive recruitment for family offices requires a unique selection process that emphasizes industry expertise and networking, coupled with a high-touch approach built on trust.

These elements will be even more critical as families navigate the acceleration of shifting power dynamics and inter-generational wealth transfer.



Sharon Pel
Chair of the Board of Trustees,
OPTrust
Advisory Board Member to
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FAMILY OFFICES ARE GROWING IN NUMBER AND COMPLEXITY; THEIR STORE OF CAPITAL AND INFLUENCE HAS GROWN EXPONENTIALLY IN THE PAST DECADE.

This growth has been strongly influenced by large returns in real estate and financial assets driven by historically low interest rates and global economic stimulus campaigns.

The acceleration of wealth generation and accumulation of privately held financial assets has raised important questions for founders, heads of families, and existing family offices.

These include:

- *Do we have the right advisors in place?*
- *How will wealth be preserved and passed on for future generations or for society at large?*
- *Should we create a family office or join a multi-family office?*
- *Do we need to hire our own investment manager, or should we contract an organization to provide outsourced investment management services?*





These are just a few of the issues that wealthy families and business owners will continue to face in the coming years.

A common thread in these challenges is the identification, attraction, and selection of non-family talent at the senior leadership levels.

Of the many complex issues that influence a decision to create or join a family office, a key driver is the impact of aging founders, as well as the challenges of shifting power dynamics and inter-generational wealth transfer.

These issues are compounded by the impact of rapid economic change and technology adoption. The speed and magnitude of change has made some successful enterprises less relevant and perhaps even redundant. Families may look to exit long-held enterprises and redeploy assets in new ways, or simply decide to preserve wealth earned over multiple generations.

In each of these scenarios, it is likely that families will turn to external resources for assistance to support their short and long-term objectives. However, given the significant increase in the number of family offices, the demand for specialized skills and expertise far exceeds the supply of qualified candidates. It can also be said that the complexity of family office environments present unique challenges from a talent attraction and retention perspective.

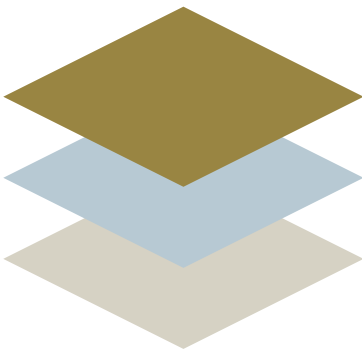
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*Of the many complex issues that influence a decision to create or join a family office, a key driver is the **impact of aging founders**, as well as the challenges of shifting power dynamics and inter-generational wealth transfer.*

APPROACHES TO RECRUIT EXECUTIVE TALENT

The remainder of our article will focus on how families should prepare to recruit talent to support their unique requirements.

LEVEL SET



Understanding the complexities of a family office environment is a key step in establishing the basis for an effective search process. This includes determining the mission, vision, and purpose of the family enterprise, while also understanding the family dynamics that drive key decision making.

The Level Set step is essential to launching a talent acquisition initiative.

Executive search consultants should **interact with longstanding advisors, gate keepers, and family members as part of the search process**. All the above stakeholders may have different views regarding the necessary skills and attributes of prospective candidates.

These stakeholders need to invest time to ensure that there is a strong understanding of the environment, as well as broad agreement about the profile of a successful candidate.

DEFINE



Defining the functional skills, experience, and interpersonal attributes necessary for success is always an important aspect of any search process, but it is especially paramount within the context of family office recruitment.

If the framework for selection is not well-defined — including multiple inputs from family members and advisors — efforts to identify and evaluate appropriate candidates may be compromised. It will be important to **design and develop a comprehensive job description that captures the essence of the role**, as well as broader operational dynamics.

ASSESS

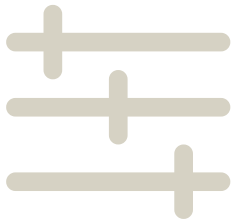


Given the importance of “soft skills” such as emotional intelligence when operating in a leadership capacity, psychometric testing is another important part of determining a candidate’s culture fit.

While psychometric testing cannot predict a candidates’ future success in an organization, it can be very helpful in identifying mismatched behavioral styles and values. This said, testing should not be limited to candidates only.

Where appropriate, key staff who will interact closely with the prospective candidates and have high levels of interaction with the successful candidate should also be incorporated into the assessment process. Given our experience, we have found that **personality profiles that integrate well into a family office or family enterprise environment demonstrate low ego needs, high resilience, and agility.**

ADJUST

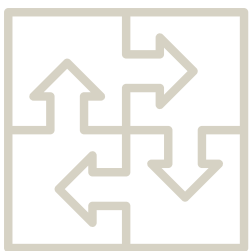


The operational environment, performance expectations, scope, and extent of roles within a family office environment are different than those experienced in a corporate or professional services business.

Compensation structures, performance metrics, decision-making processes, and communication styles will be unique to the operational context of each individual family office. This reality requires an **early and clear recognition of expectations.**

Frank and open discussions of these key issues is a critical part of the open dialogue that needs to be established with candidates during the recruitment process.

INTEGRATE



As with all new hires, a strong onboarding experience is pivotal to a successful integration process.

Onboarding activities should be discussed early on by the Selection Committee or other key stakeholders involved in the search process.

Issues that should be reviewed include scheduling internal/external introductory meetings, events, dinners, and whether a mentor should be selected from the stakeholder group to support the executive for the first six months of their tenure.

KEYS TO SUCCESS

Based on the many family office and family enterprise engagements our firm has led, we have found the following elements to be most critical when placing key executives within this unique setting:

- 1 Identifying Key Stakeholders:** Ensure the right resources are at the table. These resources will have a comprehensive understanding of the nature of the role, as well as the operational context within which the new leader will be asked to execute their responsibilities.
- 2 Developing Consensus:** Achieve consensus regarding the role, its scope, and the experience required from candidates. In short, the Selection Committee needs to develop an understanding of what a “best fit” candidate profile looks like; the “best fit” candidate profile includes experience, expertise, and management style.
- 3 Establishing Transparency:** Communicate with key stakeholders about the purpose, process, and progress of the search. Within the limits of candidate confidentiality, more communication is better than less for executive searches at this level.
- 4 Managing the Search Process:** Ensure key stakeholders are available and remain engaged throughout the search process. In today’s environment, strong candidates continue to be in high demand; a poorly managed or lengthy recruitment process can expose the candidate to other competitive offers, and could potentially send the wrong signal about the culture and work environment within the family office.
- 5 Preparing the Organization:** Once the final candidate selection has been made, it will be important to communicate the news to the broader organization. Ensure that a well-planned onboarding and communication process is in place, and that it is tailored for both internal and external stakeholders.



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