

In Praise of Peer Groups

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**“Running a business without the support of a peer group
is like driving a car without wearing a seatbelt.”**

~Leon Shapiro

As family business consultants, we often recommend that family owners join peer groups. After families have worked with a consultant to set up sound continuity plans for the leadership of the family as well as the business, there is something reassuring about meeting regularly with people who are facing the same challenges you are. Affinity groups are frequently offered by family business centers associated with universities and groups such as Vistage Worldwide and the Young Presidents' Organization's Global Family Business Network.

Over the last 14 years, I have facilitated three different family business affinity groups for the Center for Family Business at California State University, Fullerton, and I have been a speaker for Vistage, and for YPO's Global Family Business Network. Recently, I learned about the research jointly conducted in 2015 by Dr. Donella Caspersz of the University of Western Australia and Dr. Jill Thomas of the University of Adelaide in the Family Business Review. Their research confirmed what my own experience had taught me: peer groups are indeed powerful for family businesses.

A Place and Space to Develop

Drs. Caspersz and Thomas found that family business peer groups provide “a place where family business leaders can develop an approach to leadership that assists them to reach beyond material issues and also respond to the, ‘soul’ of their family business, which Hubler (2009, p. 254) describes as the ‘indefinable essence of a family’s spirit and being’” (p. 70). Caspersz and Thomas went on to write that family business affinity groups “. . . provide members with an advisory board that assists them with the ongoing monitoring of the strategies they pursue to manage both family and business” (p. 71). Their research corroborated what I had observed over the last decade.

Information regarding the effectiveness of affinity groups has been relatively sparse until recently. Just this year, Leon Shapiro, the former CEO of Vistage, and Leo Bottary, Vice President of Peer Influence of Vistage, published *The Power of Peers: How the Company You Keep Drives Leadership, Growth & Success*. I recently

interviewed Mr. Shapiro, who said, “Nothing can fulfill the same role or bring the same value that belonging to an affinity group can. There is a peer advantage because you are in a place where you receive completely unbiased and objective advice in a safe environment where you aren’t being judged.”

The Power of Peers

In the last year, I have conducted research for the Center for Family Business at CSUF. The Center has five different active affinity groups, and 63%, or 26 members of the affinity groups, with good representation from each of the five groups, responded to the survey. When asked what they liked best about being in a peer group, well over a quarter of the respondents said they enjoyed being with people who were going through the same thing they were. According to one member:

“I appreciate the ability to have a group of likeminded business professionals to bounce ideas off of and to ask advice of. It is also so helpful to be able to talk about the family element of the family business. I feel that so many people really don’t understand how much the family dynamics and politics can affect business decisions – it is so helpful to have others who live it on a daily basis.”

Another 15% specifically wrote about how their affinity groups had helped them with succession planning. This is what a member of a Young Leaders group wrote:

“One instance is when they [the members of the affinity group] gave me the encouragement to have a difficult talk with my parents regarding succession planning. It was a talk that was being put off, but I came to my parents and let them know all the things that we needed to discuss as a family, and it made it easier letting them know that I had learned this from my affinity group, and they have had great success with it.”

Some members told about times when their affinity groups had helped them make the decision to bring in a family business consultant and to start having a more formal family governance structure. One member shared:

“An example would be hiring a family business consultant and starting to have regular family meetings. Prior to this group this was something

that was not discussed or even thought about. Since the start of this group we have come a long way and are continuing to improve. Being able to discuss with the group how to approach the family, and how to approach certain individuals has helped us out in getting the process started.”

At the very least, two-thirds of all businesses in the world are family businesses, according to the Family Firm Institute, so it is not surprising that the Vistage groups generally mirror these statistics. Many of the family owners are in the process of succession planning, and they have the opportunity to share their experiences with those who are going through the same process. In addition, those who are being affected by family businesses going through a transition also receive some valuable insight. Virtually all Vistage members either a) work in their own family business, b) work in someone else’s family business, or c) work with family businesses, and they are more than happy to share their stories in each scenario.

The Future of Peers

Leo J. Bottary, mentioned earlier as a co-author of *The Power of Peers*, has been part of ongoing research at Seton Hall University regarding peer groups. In a recent article titled, “Why Peer Advisory Groups Will Be the Next Big Thing,” Bottary claims the perfect storm is here. He explains that the old model of training leaders has been more “episodic/event-oriented” with the hope that at a later date companies will eventually see the results of the training. Since this is difficult to do at best, Bottary suggests having a facilitator create groups who come together specifically to meet difficult challenges and to set a strategy for the future. He goes on to explain that what makes this the best time to have peer advisory groups is:

1. Companies have to do more with less in a way that is both effective and measurable, meaning they will have to produce better leaders as well as good financial results.
2. The world is getting much more complex even for leaders of small companies, and leaders will be more likely to turn to their peers for advice.
3. Leaders today are more attuned to social media and are much more likely to look to peers for advice than in previous generations.

4. Management education now takes more advantage of the experience of those who've been in the trenches than just one instructor.
5. More and more schools are using peer groups to facilitate instruction than have been used in the past; consequently, the next generation of leaders will be bringing this new mode of training with them into the business world.

In Conclusion

There is great irony in the fact that what makes peer groups so successful is the keeping of confidences of the members. While secrecy serves the purposes of the group members well, it is also what keeps many other family owners, who might also need this support, from knowing about the benefits of joining such a group. By not talking about the kinds of education provided and experiences shared, others rarely get a glimpse of the camaraderie or the effectiveness of the groups. Family owners might not realize they have a choice: they don't have to go it alone.

In my interview with Leon Shapiro, he said: "The feeling of loneliness is compounded in a significant way with family business owners because going outside the family for help leads to a feeling of betrayal." However, it

doesn't have to be that way. As one of the respondents to my survey wrote about her group: "We know we can share almost anything."

It is vital for family owners to know there are over 33 family business centers connected to universities in the US and Canada that offer various affinity groups for CEOs, Next-Generation leaders, and non-family executives. There are 1,245 cities that have Vistage groups, and there are special programs through YPO for family owners. In closing, the secret's out: peer groups have been good for business, great for the family, and are now available almost everywhere.

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