



April 2017

Case Study: The Impacts of Family Dynamics on the Transition of Leadership in a Multi-Generational Dealership

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In a collaborative effort to demonstrate some common roadblocks that both DHG Dealerships and The Rawls Group often sees within family-run dealership clients who are in the process of making leadership changes, this case study will briefly analyze the family dynamics between Sam (dealer) and his son, Mark.

Background

At 80 years-old, Sam is the majority owner and CEO of his family-run dealership. While Sam remains active in business operations and decisions, the time he spends at the dealership is gradually decreasing as he currently works about one or two days per week. Sam's management team is very loyal; however, the micromanagement style of leadership he implements has proved to be a difficult challenge to overcome for his 50-year-old son, Mark, who serves as the stockholder "dealer" and is ready to start exercising more control.

Unraveling the Issues

Between Sam's tendency to over control and Mark's thirst to take on a stronger leadership role within the dealership, this father-son relationship has become extremely strained. Sam's hesitation to fully turn ownership over to Mark – who has been active in the family business for 25 years – largely stems from the fact that he's not financially independent, as the dealership represents most of his income. Furthermore, Sam is personally guaranteeing loans, making the prospect of relinquishing control an even greater risk to his individual financial posture.

Making matters worse is the impact that these tense family dynamics are having on the dealership's performance, which has been steadily declining. In turn, this blinds Sam to the root of the issue and, instead, perpetuates his fear of letting Mark lead and drives him to get even more involved in the decision-making responsibilities that had already been previously transitioned to Mark. Dealership performance aside, this blurring of roles leads existing key management to question Mark's authority and ultimately creates cultural confusions regarding who is the true leader.

Bottom Line

Family issues can impact business decisions. Oftentimes the root cause is fear and/or simply not knowing what the next step should be to unravel the actions that have caused emotional knots and that have affected dealership operations and performance.

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