



## Build a high-performing team and a more productive business



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Conflict is simply what happens when people with **different perspectives** try to accomplish something that requires them to work together ... to cooperate. How you manage conflict can be a significant factor in building your business faster, with more effective and longer lasting results. Instead of avoiding conflict, learn to embrace it in order to align people, solve your business issues, and move forward.

High performing teams that leverage their differences and encourage different perspectives can find innovative solutions to challenges. Honest and vigorous discussion allows everyone to have a voice at the table. Research proves that when people know their own ideas are carefully considered they are more committed to the execution of business strategy. How well your team works together

and engages in problem solving become fundamental drivers of business profitability.

Business advisors and coaches are called on more and more to help winery owners shape high-performing teams capable of building businesses that are worth more. This article provides the core concepts behind productive conflict and brings these to life through two case studies. These illustrate how wine business owners can manage conflict and deliver higher productivity in a crowded, competitive, and global wine industry.

### **Family businesses in transition — fertile landscape for conflict?**

It is possible, and highly probable, that you will have organizational conflict at each growth stage of your business, whether you are moving from startup to formalization or moving to maturity (see **Stages of Family Businesses**). In startup mode, roles are not well defined. Everyone is in each

other's sandbox, without being aware that they are.

A business in formalization or expansion mode — a period of learning new skills and increased financial management demands — is ripe for conflict. This is when family members, employees, and those in strategic relationships need to start debating what markets to pursue, how to organize, when decisions should be made, and who should make them.

A mature business can face conflict when multiple owners are contemplating a potential exit strategy through sale. For this to happen successfully, the ownership group must be aligned against a common set of expectations and goals. They need to agree on what it will take to get the business ready for sale to a targeted buyer profile.

Conflict tends to show up between organizations or factions who are competing for resources. Wrought with uncertainty, risk, and emotion, each transition from one business stage to another is fertile ground in which conflict can flourish.

### **How to navigate transition and manage conflict**

What differentiates successful transition from failure? Winning executives know they have to go back to basics: define success, develop clear strategy, proactively build plans and structures, and resolve conflict head on. These types of leaders produce stronger results faster and build team confidence with their ability to manage through complex times. Their businesses tend to experience less turnover in key staff. The concept is logical: Everyone wants to work with A-players.

Two cases studies depict how two winery industry leaders, facing different types of transitions, managed through conflict and moved on successfully to build stronger businesses.

#### **CASE STUDY #1 — Formalization**

**Safe open dialogue leads to accelerated growth in cash flow** — One Northern California winery experi-

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enced rapid and uncontrolled growth that produced conflict among several business partners. The business partners were coached to communicate through a strategic planning process that allowed them to reach mutual agreement on business goals, resolving their conflict.

According to Deborah Steinthal (Scion Advisors founder), "Our approach to conflict management helped these business partners break through because we made it safe for open dialogue by discussing topics leading to mutual gain." This client developed a code of conduct that allowed them to communicate, build trust, and move forward together.

Scion Advisors worked with the winery owners to stabilize decision making by launching a board of directors with outside participants. This new organization structure, with stronger leadership in place, supported the winery's turnaround. The result was a 200% growth in cash flow within three years.

### Coaching trade secrets

All involved partners were interviewed individually. This uncovered that each had different issues and yet, similar business goals and needs. An assessment from an outside perspective is valuable in helping business partners realign goals and vision. This simple step sometimes is enough to give a team of business leaders the courage and motivation to commit the time and resources to rebuilding a business and its key relationships. Outside objective criteria allows business leaders to move beyond their separate positions and drive decisions that are good for the business.

### CASE STUDY #2 — Maturity Executive coaching enables young leader to grow profits.

Another North Coast winery client became a next generation owner — a major role transition that cast his dad to the sidelines. This winery leader was coached while he developed what he calls "gray hair" around the busi-

ness. Our assessment of his business and market opportunity gave him insights that allowed him to craft a new strategy for his winery and build a new, skilled team to execute that strategy. He realized that a majority of his old management team no longer fit his needs for the future.

Scion Advisors collaborated with this client to strengthen his leadership approach and revise the business plan. Scion Advisors helped him build a strategic plan, and then hire and develop a new team. To take the emotions out of key decisions, he expanded his problem-solving skills by using objective data from Scion assessments. He empowered his new team to move forward with cascading goals and more accountability for results.

The health of his business was accelerated through coaching on how to execute through people, rather than doing the work himself. The result was a 70% growth in profits in four years.

### Coaching trade secrets

In the face of the unknown, every successful leader experiences self-doubt and feelings of vulnerability, especially when brokering tough decisions involving people who have been loyal to your family business.

Building a trusting relationship with your business coach is paramount to increasing your ability to break through hurdles. Once you share things never before revealed, you actually achieve a new level of introspection and awareness about your options. This trusting relationship can enable you to try new things with more confidence, such as learning how to realign a team more successfully.

### What next?

There is a cost to conflict that shows up in your business results. Tense relationships have a negative impact on employee motivation and commitment, hinder performance, and limit your ability to meet financial goals. Sometimes, an outside, objective,

## Stages of Family Businesses: What stage are you in?

You must be at least one step ahead of your competitors to be profitable in the wine business today. This requires knowing how the wine industry is evolving, understanding your market opportunities, and being clear about your business and brand strategy.

Companies that successfully stay ahead of their competition are also very conscious of what stage they are in. This level of consciousness enables a business leader to know what to focus on and what is coming up ahead.

### Startup mode —

Your singular challenge is to turn your dream into reality and survive long enough to establish successful cash flow. Often this is about juggling many new and different balls and learning how to make and execute critical decisions on the fly.

**Formalization stage** — Your success is dependent on having a viable, competitive business strategy. At this stage, winery leadership must manage increasing complexities of the business, understand and leverage financing techniques, and develop professional management skills. In this stage, effective organizational systems and procedures are essential to survival and growth.

### Maturity—

Your key challenges are to renew and refocus strategy, reinvesting where necessary to keep building equity, momentum, and vitality as a brand and a business. This is a time to reexamine your financial business model and its profit potential, in order to revamp your organization and ensure future growth.



## Understanding the dynamics of transition

An important author and business thinker, William Bridges [www.wmbridges.com] describes three types of transitions: 1) endings; 2) "neutral zone" (periods of confusion and turmoil); and 3) new beginnings. The key is recognizing which type you are facing, so you can meet your transition head on and proactively.

1. **Endings**, both successful and less successful, are accompanied by shock, anger, denial, grief, and a feeling of loss. These emotions show up with the passing of the business to the next generation, bankruptcy, being bought out, or perhaps a merger/partnership with other wineries. Leaders who are able to successfully navigate these challenges think ahead, prepare for changes in their business, and seek advice.

2. **In the neutral zone**, a business leader often experiences extreme confusion and disorientation. This particular transition can be an incredibly creative time if the business leader can stay balanced and focused on the future.

3. **New beginnings** arrive with renewed energy, a new direction, and the creation of new roles and responsibilities. Generally, work productivity is high and if focused successfully, this dynamic can drive higher returns around the family business. The analogy of tuning a blow torch comes to mind.

informed perspective can shed new light on a complex issue, reframe possible solutions, provide new tools, and speed up conflict resolution.

Through working with business coaches and advisors, successful wine business leaders are learning new critical thinking skills and tools that help them confront conflict and vault ahead of competitors in a convoluted wine marketplace. ■