

Five Rules for Success in Family Business



Built around dining tables, garage workshops, and low rent storefronts, family-owned businesses account for the brunt of modern economies. As they grow, these businesses face the same challenges and pressures as any major corporation. To thrive, they must strive to stay ahead of the competition through innovation, strong relationships with suppliers and customers, all while skillfully maneuver through market changes. However, family-operated businesses must also navigate a minefield of other unique challenges not addressed in modern MBA programs. For the millions of family businesses like ours, having little

separating the dining room from the board room can be a recipe for disaster.

By no means are we experts; new struggles crop up every week. But here are our top five rules for finding success in a family-owned business:

COMMUNICATION

The book *Getting Along in Family Business: The Relationship Intelligence Handbook*, defines a family company as any business in which business and family relationships have significant impacts on each other. Whatever impacts the family is likely to reverberate through the business and vice versa. In our experience, that is very true and the only way to navigate those relationships is through open and honest communication, especially about issues that might be touchy or controversial. Avoidance only makes the problems more severe when they surface... and surface they will. Equally damaging is silent agreement just to keep the peace. Find ways to disagree without belittling or enraging the other party.

KEEP EMOTIONS OUT OF IT

It's said that one important thing that makes humans different from animals is that we experience emotion. Although it is typically considered wise to separate emotions from participation in the business world, this is not realistic. When tempers flare, we simply take a break. You've heard it before, but simply separating yourself from the conflict for even five or 10 minutes will allow emotions to temper. Always

argue against yourself from a rational perspective. Is that really the best course of action to take? What are the practical reasons for it? Take your time and don't let anyone pressure you into making decisions too quickly.

CLEAR CUT ROLES

Definite lines of authority and clear cut job descriptions are essential when a member of the family manages operations and other relatives fill various jobs. As the Marketing Director, I may have an opinion about how the production should address certain issues, but that does not fall into my specific job description. I choose to respectfully share my opinion, as any department manager would, but that final decision is left to my sister, who runs that department.

Another tactic we adopted was hiring non-family managers to help run the day-to-day show. Not only does this act as a buffer between the family and the business, but it brings a new perspective and fresh blood to the business, which is instrumental to growth.

EVERYONE IS FAMILY

A common challenge to family-owned companies is high turnover among top non-family employees. For us, creating a family culture, even among non-family employees, has been paramount to our success. It is part of our vision and values, creating a culture allows non-family members to feel like they're part of the extended family. An "us vs. them" environment is never a good business strategy.

LEAVE WORK AT WORK

Maintaining a good work/life balance is important in any line of work, but even more so in a family business. The last thing you want is for your nephew's 10th birthday party to be ruined because you and your uncle are arguing about the family business' marketing strategy. Remember why you got into business with family in the first place and devote your non-work hours to having a good time with the people you love the most.

What's been the biggest challenge your family business has faced? How to did you overcome it?