

Work Better Together

10 Best Practices For Your Family Business Success



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1 Hold family forums regularly: When you work with family, it's important to keep communications strong. One way to do that is to schedule family forums regularly. Be sure to include everyone with a stake, including first-generation owners, non-family key employees, and the next generation future leaders. Create an environment where everyone's questions and input are welcome. Remember that "meeting" implies that information will be shared, but "forum" means everyone has a chance to speak and be heard. Most businesses hold meetings. Few hold forums.

2 Keep the vision for the business in alignment: It's important that all stakeholders are aware of and have a voice in the direction of the business. Are there plans for expansion? Are there plans to sell? What will happen when the current leaders retire? Everyone needs to know what to expect over time, and transparency is key. Without alignment, those in the dark about where the business is actually headed will make decisions based on inaccurate assumptions. That can cause major turmoil and creates separation instead of unity.

3 Make sure every job has a description: When family members are hired to work in their family business, exactly what the job entails is often vague and up for interpretation. But making sure everyone gets a well thought out job description is actually one of the most important elements of family business. Be sure to discuss the position being filled, get the job description signed by the new hire, then keep it on file and refer to it should there be any misunderstandings over the scope of any particular person's duties and responsibilities. You don't have to correct the person. You retrieve the agreement and point to what the job description says.

4 Leverage the power of accountability: Job descriptions are also important for establishing accountability. When the job isn't clear, it's difficult to know who is responsible for what. Clear duties and responsibilities help create a culture of accountability and creates a rich atmosphere for boosting both employee morale and the bottom line. Accountability breeds strong relationships and helps management feel like they're actually leading instead of pushing the team.

5 Let each person commit to their own level of availability: It's important to remember that not every family member feels called to the family business. Some will have goals, dreams, or talents that take them in another direction. Be sure that each person has total say-so over the level of availability they are willing to give the family business. When time, money, and energy commitments are clear, everyone will know what to expect of others and what others can expect of them. When a member wants to increase or decrease availability be sure to hold a forum to discuss the idea and allow that person to hear first-hand how changing the level of availability will affect the family and the business.

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6 Make decisions with both business and family in mind: Making the right decisions is difficult in any business, but in a family business decisions take on one more dimension. For every decision made, both the needs of the family and the needs of the business and which should take precedence come into consideration. The first step is to acknowledge the demands of both and the second is to take note of where on the spectrum between family and business the decision registers. If the decisions are always based on the family's needs, the business will suffer and vice versa. Overtime, the right balance can keep both in-tact.

7 Separate the two types of family business: Managing a family business and managing a family's business are two different challenges, and both require unique leadership. If a holiday is coming up, for instance, and a family event must be organized, a good solution is to appoint someone who doesn't work in the family business to be in charge of the arrangements. To assume the leaders of the family business must also take charge of the business of the family is to create all sorts of potential problems. Remember, too, that you don't want to overload family business leaders with unrelated tasks and responsibilities. Avoid blurring the lines between family and business events.

8 Make succession planning a process: A good succession plan answers two critical questions: What will happen to your share of the business, and who will lead the family business when you're no longer active in it? Your decisions here are likely to have considerable impact on both your personal life and the life of the family business. Succession planning takes reflection over time. You can't start thinking about it too soon, but many wait until it's too late and bring undue stress on others.

9 Invest in the family human capital: The most powerful advantage and biggest asset a family business has is its people. Be sure the family business invests in education, training, and leadership coaching to keep growing and developing this valuable resource. Corporate competitors spend an annual average of \$1,500 per employee on training and development. They do that because research studies show that investment comes back to the business many times over in the form of increased productivity and employee satisfaction.

10 Push for progress: There is a fine line between holding onto tradition and becoming outdated. Family businesses tend to get stuck in their particular way of doing things, and that can cause them to miss changes going on around them. Whether it's keeping equipment or management style up to date, family businesses won't survive generations if they allow themselves to become obsolete.



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This list of best practices requires a business owner to step back and work on their business, not just in it. That's hard to do, most of us already have a full slate just keeping up. If you need guidance and support to accomplish these kinds of things, let's talk because I can be your family business mentor.

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