

SUCCESS FACTORS IN A FAMILY OWNED BUSINESS

Sustainability of any family-owned business is influenced less by external factors, customers and competitors, than by internal relationships among key contributors, usually other family members.

A study commissioned this year by Mass Mutual (life insurance) sought to identify not just challenges facing family-owned businesses, but also the factors contributing to their success. We will summarize findings for you here; however, for a link to the full report, contact VRH.

The four common success factors for family-owned businesses as identified by this recently conducted study include:

1. **Communicate** clearly and frequently. This makes decisions easier to arrive at and support. In a family-owned business, decision-making is a democratic process unless you prefer unpleasantness at your family Thanksgiving dinner table. Defining rules and responsibilities and resolving conflict cannot happen without honest communication among business family members.
2. **Work/Life balance** is perhaps more important for those in a family business because the line between work and family blurs easily when you are literally working with your family. 56% of study respondents felt the need to improve in this aspect of their lives.
3. **Trust** as the foundation for any business relationship is needed in - and from - the spouse first and foremost. The typical list of business advisors fall in line after this as necessary trusting relationships.
4. **Plan ahead** strategically and for contingencies. Failure to plan is like planning for failure. You've heard the maxim before. Without forethought and a plan, disaster can quickly visit a family-owned business when markets collapse, death or disability falls upon a principle, divorce occurs or potential successors prove inadequate or absent. Often business advisors - accountants, lawyers, even business psychologists - can be relied upon to help shape plans to ensure successful continuation of the family-owned business.

How would you rate your business operations and relationships on these four essential factors?

Vernon, Roche and Hodgson has worked extensively with family businesses assisting owners with talent assessment, coaching and development, succession planning and optimizing organizational structure. Contact us to talk about your needs, whether it is a family-owned or closely held business. 414-259-9722 or jon@vrhconsulting.com.