

Sustainable Futures for Family Businesses

By: Excerpted from a speech by Dennis Jaffe, PhD. April 16, 2009

You mention that you work in a family business and almost everyone can think of some challenge you may be facing in this work environment! Challenges come easily...but what about solutions? Dr. Dennis Jaffe, in a recent presentation to the Association for Corporate Growth, overlooking San Francisco's Financial District, gave these thoughts on how to successfully survive leadership successions in a Family-Owned Business.

1. Plan for the future business. Write out a concrete document that plans for business success.
2. Reward Employees as family. Though not all employees are relatives of the owners, they often do think, feel and act like family. Include them in the family culture.
3. Business First. Sustained surviving and thriving as a business comes from putting the business needs over the family needs as much as possible.
4. Non-family members are not magicians. They have real needs too and in fact need more job security as they know they are more vulnerable than family members. Address their needs as much as the owners might rely on them to address the family's needs.
5. Liquidity. Recognize that buying out any family members will require liquidity, and plan ahead for this event. Unplanned liquidity events can be disruptive or worse for family-owned businesses.
6. Hire Consultants. Don't be afraid to bring in a neutral third party to assist with dysfunctional behavior. Address it head on.
7. Create a succession plan that takes into consideration both individual family member's needs and the company's future needs.
8. Independent Board. Provide a foil for the family Leader. Challenge the family thinking in a constructive, non-threatening way. Encourage the family leaders to be as transparent as possible so others can help do what is best for the company.

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