

Keeping the Family Business on an Even Keel

BY / ELEANOR HUNT

Owners tend to think the issues in their family businesses are unique. Yet family businesses share commonalities, such as sibling rivalries, generational differences and the strain of working together daily. Even when family members share the same goals, conflicts arise.

"I'm researching the work dynamic between father and son; they can be like two ships passing in the night," said William J. Worthington, director of the Institute for Family Business at Baylor University and clinical associate professor in the Department of Entrepreneurship & Corporate Innovation. "The father wants the son's respect; the son wants the father's recognition that he has come into adulthood. Sometimes fathers remain bitter about teenage rebellion. Sometimes sons don't honor the sacrifices made. They both forget to align outcomes."

Aligning outcomes is imperative, for only 30 percent of family businesses make it to the next generation. "It's difficult to maintain leadership from generation to generation because many elements come into play," Worthington noted.

How does one find the right balance of honoring the past, while embracing the future to keep the family firm on an even keel?

Create balance

Leaders must create balance in four areas: firm, family, faith and fitness. "Without these four things in place and some kind of attention being paid to them on a weekly basis, you're building that castle on shifting sand," Worthington said.

For example, personal and corporate health must be embedded in the firm's culture beyond participating as a group in an annual 5K run. Business owners must pay attention to their tenets of faith and governing practices of the firm. It is important to perpetuate healthy family relationships and instill values in the next-generation entrepreneurs.

"One of the most exciting things in the family business is to continue training children even into their adult years. Leaders are handing them a legacy of dignity along with the family business," Worthington said.

Adapt to transitions


Families tend to focus on the major transition of leadership succession; however, passing the baton to the next in line is predicated on how well the family managed previous transitions. Did the older generation adapt to the younger's maturity and increased experience? How well did the younger generation embrace the priorities and age-related needs of their seniors?

"Effective transition management requires open and transparent communication about desires, goals, struggles and frustrations. Balancing needs across generations is a process that entails constant adjustment," offered Mathew Allen, associate professor of Entrepreneurship at Babson College.

Clarify your vision

Worthington offers one more takeaway. Business owners must recognize that they are their organization's key asset and invest in themselves.

"They must know that no cavalry is coming. They have to step back, make a commitment to stop lying primarily to themselves and ask a simple question, 'What do I want?' Without doing so, they are going to invoke confusion," Worthington said.

Confusion or confluence? Family entrepreneurs must decide. However, by applying this practical advice, they can chart a successful course for their businesses well into the future. 

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