

C.H.A.L.L.E.N.G.E.S.® inc

Working with Families in Business

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“It is not who you are underneath, it is what you do that defines you.”

– From the movie *Batman Returns*

Happy Thanksgiving

November 2007 Newsletter

We continue to share with you the TEN rules for family business survival.

RULE # 2 – “Have a personal plan and share it”

Identifying a personal plan for most of us is not usually an easy process. It is often the first time many of us have realistically thought about our future and set objectives and benchmarks to guide us in attaining this desired future. We frequently neglect to write the plan down, review it, adjust it when needed or just maintain the course. Rarely do we have a realistic, mature discussion with our family members about our plans or dreams. It is surprising how many couples we have encountered, who are involved in a family business, have never shared their innermost dreams with one another. Just as rare, are family members willing to listen to the dreams and plans of other family members. These “rarities” are the reason family members have to commit to RULE #1 “Communicate as Equals” before they can even think of addressing RULE #2.

Why should individual plans and dreams be shared with others members of the family in business? When these plans and dreams are not communicated it is easy for family members to misunderstand the motives of others. If one family member is pushing to grow the company and make more money, it may appear that this member has nothing but personal wealth as his or her objective. After listening to the plan and/or dream others may find the “driven” family member to be looking to grow the family business in order to support upcoming generations while still allowing him or her to buy that “retirement home” on the lake with dividends from a more profitable business.

Many times families in business forget that the only way each member of the family can attain their dreams is through the success of the company. Understanding individual dreams and plans can offer better insight to what the future of the business should look like as well as a better understanding of each family member’s attitude toward risk. Unspoken and misunderstood dreams and plans have lead to the downfall

of many family businesses as well as broken family relationships. Openly sharing and discussing individual dreams and goals can minimize the potential of *out of control* family conflict.

What must take place for RULE #2 to be effective for families in business?

1. Each family member must realistically decide what their personal goals are and what they believe the goals for the company should be. This must be completed in writing with enough time given for thoughtful revisions.
2. Each individual should have a “coach” who they can trust to review their plans and dreams in a realistic manner while questioning the validity of the goals and time-tables in an objective manner.
3. All family members involved in the family business must agree to complete their individual and business plans and dreams within a designated period of time.
4. All involved family members should agree to present their dreams and goals to other involved family members for their opinions and feed-back. This can be scary but individual sharing will promote a strong family understanding of what is important to each family member. Understanding will in turn foster trust in one another by understanding individual motives upfront. Sharing should be conducted in a facilitated, formal setting with rules that will be enforced by the facilitator.
5. Each family member must be committed to do what is in the best interest of the family. The realization that all plans and dreams can only be fulfilled when the whole family is successful has to be the underlying foundation for sharing. For some, this will mean taking another look at personal plans and goals from a different point of view. Example: I may want more money for my retirement home but the business does not allow us for those kinds of funds without hurting other family members. Does this mean my dream is worthless? Maybe it means the overall business plan has to be changed. Maybe it means the company has to expand into new products or locations in order to meet the realistic needs of the family. Maybe it does mean that some goals and dreams are not realistic because of the way the company is currently structured. Maybe things have to change and improve.

Sharing can also help the family build more effective career paths for the involved family members. Sharing can assist in setting the required benchmarks along the career path that the family member must attain in order to reach their dream or goal. If they are not willing to do what it takes to attain their goals and dreams then they really were not serious about the dream or goal in the first place.

In a family business, individual goals and dreams come from making individual choices to do what it takes in business to make the family and business successful. Those who want their goals and dreams given to them without practicing “*Family First*” must not be allowed to disrupt the business or the family. Tough love? Maybe. But it may be needed to emphasize the fact that the success of the business is the way to attain the best for the family.

When fully implemented, Rule #2 will bring many benefits to the family in business; stronger interpersonal communication, personal and strategic business direction, personal trust and less interpersonal conflict. Family

inclusion is the more personal way. Try it. You will be surprised at what you learn about your family members and yourself!

We have been privileged to work with many families in business on their individual plans and total family business strategic plans. Contact us and let us discover if our services may be a “fit” with your family business.

~Visit our website, designed with Family Businesses in mind~

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