

SO, WHAT CAN GO WRONG?

1. *Don't get lost in the trenches working 'in the business' instead of working 'on the business'*

Winston Churchill once said, "I have nothing to offer but blood, toil, tears and sweat." He could easily have been talking about the family business owner.

With the extraordinary demands of running a family business, owners can quickly forget to work 'on the business' because they're too busy working 'in the business'. You still don't take your eye off cashflow and the like. But there is much to be gained from stepping back every now and again and reviewing the business from the top down. For example, how is the business tracking in terms of its two, five and 10 year business plan? Has the business evolved from 'start-up' to 'ramp-up' to small to medium enterprise (SME) or even medium to large enterprise status? Each stage requires different skills to ensure growth is manageable

If your business does not meet the need, refer to someone you trust who does. The relationship you just established will benefit you long term. Maintain a positive attitude in your relationships and clients will love you for it.

and sustainable. Start-ups require good key person insurance as the intrinsic value of the business is often held by the owner/operator. A good business developer or 'rainmaker' may be vital in the ramp-up stage to win tenders and longer-term contracts. When a business reaches SME stage, there may be a greater need for systems and processes to manage workflow efficiently, and people management can be a critical success factor for many businesses, big or small.

2. *Don't wear the wrong hat at the wrong time*

Wear your family hat for family decisions and your business hat for business decisions, while considering individuals and their skills.

One of the key drivers of family business owners is the desire to create a legacy for their family and have their children work alongside them. There is always the risk that by employing children in your business you may find yourself driven to control them, rather than allowing them to use their unique skills and abilities to grow the business. Denying your children an opportunity to be part of the decision-making and development of the business is one of the key ways to destroy the underlying value of a family business. A professional mentor can guide and coach your children in skills that will build their self-esteem as well as provide a return on investment to the family business.

Businesses that have failed are those which keep all the responsibilities of running the business within the family without regard for individual family members' strengths and weaknesses. Decisions around hiring people, generating new sales, controlling key client

relationships; maintaining control and responsibility of the financial aspects of the business are not usually within the skill set of any one person. Many family businesses have failed due to these tasks not being delegated as the business started to grow.

Family dynamics can also adversely affect business decisions. Family businesses that fail to make business decisions 'wearing a family hat', where decisions are made in their own best interests rather than one that is most appropriate for the business. For example, an arbitrary increase in dividend policy from 50% – 70% to suit personal lifestyle costs may not be sustainable for the business in the long run. Don't let personal financial imperatives cloud your independence.

3. *Don't let ego get in the way*

Recruit multi skilled people to boost the family gene pool. A family business is only as good as the people behind it. Successful family businesses promote multi-skilling. They recruit key high-level positions with individuals who have multiple skill sets and can handle multiple projects. The culture promoted is one of having no room for egos and that everybody puts the need of the business before themselves. Look for people who are motivated by helping others and problem solving and not by money only because when things get tough they will shine. Successful businesses promote a culture of 'get the right people' and the rest will follow. They reward employees handsomely for referring friends or acquaintances, even if they are low margin sales because referrals create momentum and an enthusiasm that can be infectious.

The same for recruiting and retaining the best staff. Most family business cannot afford recruitment fees and have programs like 'find like minds' to get the right people into the business and can deal with the different dynamics.

4. *Don't put pressure on yourself – getting the right help can make you money*

Surround yourself with trusted inputs from a variety of sources. A trusted, independent financial adviser can be an incredible asset to the family business. Involve them in strategic family council meetings and use their knowledge and experience to fill gaps in the family board skill set, much like large public corporations that employ non-executive directors to provide independent thought leadership and fair counsel in times of conflict. Potentially, family businesses can go on forever, but, individual family members cannot. Family business owners who look at the big picture and plan for the future can create a lasting legacy for future generations. ●

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