

Family Business Survival Guide

Around 60 percent of businesses in the UK are family owned and yet only 15 percent manage to survive into the third generation. Disputes over profits, business goals, transparency, company legacy and succession can take their toll. So what can family businesses do to achieve longevity?

1

Utilise the different attributes of each family member

This is the time to take a hard line with your nearest and dearest. Treat family and non-family employees the same. Accept that you will have to take a hard line approach with family members sometimes for the benefit of the business. Whilst family is undoubtedly an emotive area, you should try to avoid blurring the distinction between family ties and business - this is a business like any other and must be run like one.

Clearly defined roles are vital

Everyone needs to know which cog they are in the family machine. Good definition should ensure that everything runs smoothly without unnecessary overlap and wasted resources.

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Utilise the external resources available to you

It is easy to maintain an insular approach and become wary of individuals from outside the family. Often they can look at the business with a fresh approach and offer pragmatic proposals for future growth. Encourage the older generation to be receptive to change but try not to compromise your unique selling points of strong focus on the community and customers.

Appreciate the value of the business

There are a lot of benefits to keeping the business in the family - loyalty and trust from customers is not something that comes overnight. It is the manifestation of years of hard work and dedication in forging and maintaining business relationships. Studies have shown that family businesses are twice as trusted as larger corporates so make this statistic work for you.

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Plan succession early

By identifying potential leaders at an early stage, they can be tutored to become the next generation of leaders of the business, this will not only smooth the transition but remove any confusion and uncertainty as to the development of the business. In short, be pro-active rather than reactive!