

Preface

FAMILY BUSINESSES DO NOT ENJOY A WONDERFUL reputation, in spite of all the good they do and their huge presence across the world's economy. Talk with insiders, and you wonder why they bother staying in business together. Accountants, attorneys and consultants roll their eyes when the topic is family business. My own accountant told me, "The worst businesses there are are family businesses. They just can't get past all their family stuff." Many nonfamily employees, especially those in management, have their lists of complaints. What they find most galling is the all-too-typical monopoly the family exercises on thinking, planning and decision making.

Family members have their own problems. Fathers grit their teeth and snarl, "You can't tell kids anything these days. They've got minds of their own." Mothers worry that the business will cause their children not to love each other. Siblings have unspoken performance and attitude evaluations of each other that are anything but high praise. Children claim their parents don't listen. "They're not open to my new ideas," the children claim, adding that parents preach too much and have to have things their own way because they think they know it all because of all their experience.

Many children even "fire" their parents along the way. They think their parents play favorites, want to be too helpful and protective and want to operate the business as though it were still in its infancy when the entrepreneurial approach was so successful. Fortunately, the children

“rehire” their parents before too long—until the next episode. But love works that way.

And parents sometimes feel like firing their kids. They get frustrated with the work ethic of the new generation, their open—and often blunt—communication styles and their faith in education and computers. They don’t understand their children’s entitlement mentality, casual attitude toward money and relationships, sibling rivalry, seeming allergy to well-meaning advice, and confidence bordering on cockiness they have when they picture themselves running the business their way. Fortunately, parents almost never fire their children, no matter how much they’d like to. Love works that way.

Even family-business literature laments some of the hard facts confronting family businesses. Seven of ten family businesses do not survive into the second generation; two of the remaining three don’t make it to the third. The typical family business has a life expectancy of 24 years.¹ And there are many old sayings that reflect these daunting facts: “Grandfather merchant, son playboy, grandson beggar”; “From shirtsleeves to shirtsleeves in three generations”; “From sandals to sandals in three generations.” Magazine articles in particular dwell on stories about family feuds, litigation, the founder’s “trap,” Cain and Abel redux, bankruptcy, and so on.

It’s as if family businesses are one big, hopeless mess. And that’s not fair. There are thousands, if not millions, of successful families in business together and loving it. They love the experience of working with people they care most about, creating with them something of worth for themselves, their children and grandchildren, as well as for employees, customers and the community. They are proud of their dream, their hard work and sacrifices, the risks they took and results they achieved, and the good standing they enjoy in their communities and industries.

How these successful families approach their personal and work lives comprises a body of best practices that can be emulated by other families in business together. These best practices can be implemented in the early stages of business,

during critical—but normal—stages of growth, at crisis points or even when it seems too late.

This is a book about best practices gleaned from my thirty years of working with families. It is especially about the best practices concerning family matters, for these are the matters that distinguish family businesses from all others and the issues that can make or break a family enterprise, regardless of how skillfully the strictly business side is done.

Family matters bring out the deepest satisfaction—and the deepest worry; the strongest commitments—and the most fragile feelings; the most selfless generosity—and the most petty selfishness; the greatest sense of belonging—and the longest distance of alienation; the finest acts of forgiveness—and the worst acts of revenge; the best examples of merit—and the worst examples of entitlement; the most energizing of dreams—and the most heartbreaking disappointments.

Family business is not for the faint of heart. Families in business together are people who are either brave—or foolish—enough to try to do what most people shy away from: They try to run successful businesses while trying to run successful families.

Family business is for people I admire, people who:

- **believe in family life**—families are to die for;
- **believe in work** as part of personal and spiritual fulfillment;
- **believe in business** as a way to express dreams and talents, and as a means to do good; and
- **believe their family business** can be the best of two worlds—love and work, both at the same time.

Although theory has its place, real people are so much more interesting. And instructive. I have learned more about family business from actual families in business than I could possibly have learned from any other source. The content of this book is driven by my experiences of listening to families and learning from them what is important. Each chapter deals with issues I have seen families grapple with as they strive to make something meaningful at their work and in their homes. Fortunately, there is enough that is common among

families everywhere to make generalizations. Otherwise, we could not learn from each other.

I have attempted to be faithful to the people who have invited me into their lives. I want to give voice to family members in family business—hence, the quotations, stories and profiles in each chapter. In all cases, they are genuine. I have of course changed their names and any possible identifying information in order to protect their privacy and to maintain the professional confidentiality they deserve.

It is my hope that readers will benefit from others' experiences and issues as I have.