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Entrepreneur: Are You Or Aren't You?



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Entrepreneurs

I write about business continuity especially for family businesses.

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 A business' exit is a process, not an event.



When a classification has long term consequences, choose wisely.

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Many entrepreneurs hesitate to identify themselves as family business owners.

When business owners are working in the trenches, their focus tends to be on the day to day survival of the business and it may be difficult for them to envision the future. Even when they do, that vision does not usually include an answer to the question of business continuity— one that family business owners are forced to consider from the very beginning.

In this article, I explain when entrepreneurs should also consider themselves family business owners and what difference that simple but critical mindset shift will make for their businesses' longevity.

If your business meets the following criteria, then consider it a family business in order to start planning accordingly:

- **Do you Fit the Definition?**

“ Sometimes, it could be as simple as seeing whether your business fits the definition.

The [International Finance Corporation](#) describes a family business as a "company where the voting majority is in the hands of the controlling family; including the founder(s) who intend to pass the business on to their descendants."

The element of control is key. Family businesses maintain majority control over their business.

- **What is Your Strategic Mindset?**

“ You may technically fit the definition, but if you are a business of one, then you may still be unsure. Should you really consider yourself a family business owner? The answer to that question depends on another: how long do you plan to have control of this company?

If you know that you are only going to be in it for the short-term, then you're an entrepreneur. The business rises and falls with you. Your goal is to build a

viable product or service within a scalable structure and exit as quickly, cleanly, and profitably as you can. You wouldn't be the first business owner with this mindset, and you certainly won't be the last.

If, on the other hand, you're interested in building something long-term that lasts after you're gone, then you should start seeing yourself as *more than an entrepreneur*.

- **Who do you Trust or Rely on The Most?**

“ Still, why should that ‘something more’ equal ‘family business owner’?

If you don't know whether you have a short or long term mindset, consider this: Most entrepreneurs already rely heavily on family members for help in the business. [83% of small business owners](#) rely on family members for support (voluntary operational help, personal financing, emotional support, etc.) while [53% tap family members](#) to play an internal role in the business as advisors, employees, partners, and so on.

If those numbers are right then, acknowledged or not, a significant proportion of entrepreneurs are already *de facto* family business owners. It is therefore not surprising that the likelihood of the business being passed to one of those family members in the future is high because of a strong sense of commitment, ease of continuity and reliability - some of the advantages of family owned businesses.

Consider your own scenario. If you're leaning heavily on family for support in the business and/or you would like relatives to join you in the business as either key stakeholders or successors, then you *are* a family business owner.

It's time to start thinking like one.

Does It Matter?

As a business owner, you are an entrepreneur who should always focus on running a successful business, but the long-term, future-proof thinking of a family business owner requires an additional layer of preparation to ensure success. Many entrepreneurs believe that if they continue to do what they do every day, the business would automatically continue to perform long into the future.

Not so. Statistics prove otherwise. While a business may be successful under one leader, it can falter because of relational complexity, informality and lack of discipline which contribute to the [failure of 70% of family-owned businesses](#) in transitioning from the first generation to the second.

A business' exit is a process, not an event.  It takes intentional planning and preparation. It incumbent upon you, the owner, to prepare for that inevitable exit—whether by succession or sale—so that the company is in a good position to move forward after you move on.

For the [48% of entrepreneurs](#) who grew up in family-owned businesses, the family-business owner mindset with an eye on the long term is natural. In a sense, it's all they've ever known. For other entrepreneurs, however, the connection isn't always made.

We never know what the future will hold. And, given the potential obstacles to business continuity, it's imperative that entrepreneurs who meet the family business criteria see themselves as *family business* owners from the very beginning in order to start thinking and acting accordingly.

Anything less, and your business will suffer from lack of preparation.

The Succession Strength assessment to gauge a business' succession readiness is [here](#). Follow me on LinkedIn @successionstrength



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I am the Founder of Succession Strength, Inc – a company that helps entrepreneurs and family-owned businesses master communication and prepare for smooth succession. As ...

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