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Balancing family business relationships

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By Jonathan Sweet | Top 100 Director

The business world is dominated by family-owned operations – according to the U.S. Census Bureau, 90% of business in the United States are family owned. And the boating industry is no exception.

We see plenty of family-owned businesses in the Top 100 program – almost every dealer on the list has multiple family members working in the business. Family businesses offer many benefits, including long-term stability, loyalty and a level of trust. They can be an investment in the future of the family not only financially, but also in developing deeper, stronger relationships. They can also present their own unique challenges.



I recently talked to David Ransburg, senior consultant for the Family Business Consulting Group (FBCG), which has worked with thousands of businesses across the country. He offered some tips on how companies can manage family relationships in a business.

DEFINING ROLES

It's important in any family business to clearly define everyone's roles in the business. With spouses, children, siblings or even extended family, it can be tough not to fall into the family hierarchy.

Everyone who is working in the business should have an official title and role and it should be clear who is making the decisions. One easy way to think about the varying roles someone may play is to think of them as different hats.

"Be very explicit among any interactions, what hat you're wearing and what hat they're wearing. If you're my father and I want to come talk to you, I should be clear and say to you, 'Hey Dad, I want to talk to you about a problem with one of our customers so I'd like you to put your manager hat on because I'm wearing my manager hat right now. Let's have that conversation so we know what perspectives we both have.' Versus, 'Dad, I know it's the middle of the work day but I just got a call from the doctor and I've got some really bad news about my health. I need you to put your dad hat on because right now I need to talk to you as son to father,'" Ransburg said.

While that may sound silly or simplistic, Ransburg says clients that embrace the hat idea find it to be very helpful as an exercise in keeping those roles in mind.

SEPARATING FAMILY FROM BUSINESS

It's probably impossible to totally separate family concerns and business issues, but it's important to try to

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keep business problems from affecting family life and vice versa. When family members are working together in the business 10 hours a day, then go home, it's easy to fall into the trap of spending the off hours talking about work. One simple solution is to set rules that when family members get together outside of work hours, they don't talk about work, unless it's an emergency.

The reality is some families might be at the office or at the company all day and never speak, yet have the illusion that they spend a lot of time together. That can lead to situations where family members don't know much about what is happening in each other's lives outside of the office.

As a family grows, it's also not uncommon to have some family members working in the business and some who don't. In that case, regular meetings, two to four times a year, to update those not working in the business can help them stay informed. This is especially important if those people are owners or might someday be owners.

FAMILY AND EMPLOYEES

A business that has family and non-family employees can also add another wrinkle. Whether it's treating them tougher or being more lenient, that can be a challenge for many businesses. The goal should be to treat them the same way you would any other employee.

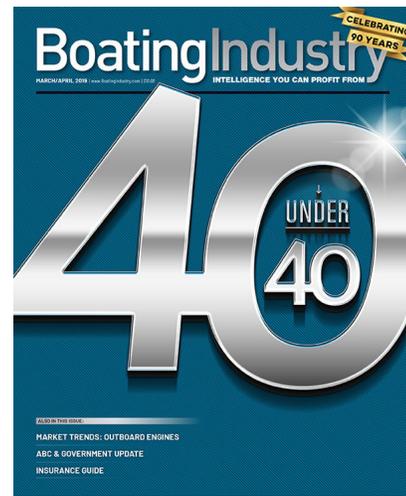
The reality is that every family member may not be cut out to work in the boating business. Maybe they aren't really interested, maybe they aren't motivated or maybe they don't have the necessary skills. Or perhaps they're cut out for a role as a service tech, but not as an owner.

For obvious reasons, an owner in that situation can be reluctant to fire a child, sibling, niece or other relative. At the same time, keeping any employee that isn't performing well isn't good for the long-term health of any business.

"You've got to make sure that if somebody's not pulling their weight that you give them the feedback and help them do a better job and if they can't do a better job then you've got to get them in a different role where they can do a good job," Ransburg said. "If they can't do that job then you've got to get rid of them because in my experience, none of your competitors are paying people to sit around and not add value."

Think of it as a "business first, family always" philosophy that recognizes the importance of family, but also acknowledges that the business needs to be successful for the future financial security of the entire family.

Jonathan Sweet is the director of the Boating Industry Top 100 program and former editor-in-chief of Boating Industry magazine. He can be reached at jsweet@boatingindustry.com or 763-383-4419. Follow him on Twitter at @JonathanWSweet.



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