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5 Benefits Of Having A Multigenerational Family Business



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Of the 28.8 million small businesses in the U.S. 19% are family-owned. As that type of business grows and evolves, it begins to benefit from the many generations running the day-to-day operations. Here are five ways a family business can benefit by including veteran and rookie family members alike:

1. Different Ages Offer Unique Perspectives

Older generations possess the skill and insight that comes from lived experience, while younger generations are often familiar with current trends in the marketplace. When joined together, these assets become a collective strength that enables the family business to reach a wider audience.

Those who have operated a business for decades can teach their children or grandchildren in it the importance of structure, customer service and workplace etiquette. This sharing of entrepreneurial values is what keeps many family businesses up and running.

Also on Forbes:

“The family firm can't survive unless it sustains those entrepreneurial values across the business lifecycle, and from one generation to the next. The failure to do so may explain why so many family businesses fail. Studies have shown that only a third of family firms make it to the second generation, and only 12% to the third,” says Ritch Sorenson, Opus endowed chair in family business and academic director at University of St. Thomas in Minneapolis, and a member of the editorial board of FamilyBusiness.org.

Those just entering the family-business ranks can likely teach their elders a thing or two, like how to make the most of new technology and social media as tools to grow the company.

2. Turnover Rates Are Reduced

The percentage of annual turnover in most family businesses is just 9%, compared with 11% for non-family corporations, according to [Ernst & Young](#). The higher employee retention rate can often be attributed to the familial bonds their businesses emphasize, as opposed to the bottom line. To maintain morale and avoid conflict, family businesses are less inclined to scale back their workforce during economic downturns, according to Ernst & Young.

The decreased turnover rate is a long-term financial benefit, since new talent acquisition can be a costly investment.

3. Family Pride Fosters Reliable Work Ethics

As a key part of a family business, you're more than just an employee, and that drives a sense of responsibility in everyone employed there. This isn't always the case when working for someone else, whether you're 25 or 52.

In "[The Pride of a Family Business](#)," Robin Kantor and Linda Casale explained how a strong work ethic shows up at their company, Newark Trade, a family-owned digital marketing business. "For eight decades, Newark Trade's family-owned business has been the source of quality service, professionalism and respect. With that legacy comes a journey of a family with deep ties to each other, to their craft and most importantly their clients' satisfaction," they wrote.

There is a vested interest in the company for every generation within the family business. Each employee's performance doesn't only affect the organization; it also impacts the family unit as a whole.

What's more, pride in a business that has continued to succeed from one generation to the next encourages each family member, regardless of age, to raise his or her standards and work harder.

4. Employees Have a Lifetime of Experience

In most cases, current and future employees of a family business have been immersed in that environment since childhood. This exposure lends itself to an intimate knowledge and awareness of the firm's business model. So when the company needs new employees, it often turns to the younger generations who know the business inside and out.

In many cases, the kids are also learning the value of hard work, which is likely to translate to their success within the business later on. Rachel Kenyon, a bookkeeping entrepreneur, shared on Medium.com what it was like growing up

with her family's business, The Great American Market:

“My parents started the business when I was 6 years old. As soon as my little hands and attention span were capable, I was tasked with helping with mailings — something now heard much in today's marketing world. Back then, we collated, stuffed, labeled and stamped our mailers, then we sorted them by ZIP code and carted them to the post office. I remember working on mailings at the kitchen table, and when we got a new kitchen table, my dad told me that I had helped pay for it. I was positively aglow.”

5. There's a Strong Focus on Relationships

Interpersonal connection in an office culture is the main driver of worker engagement and satisfaction, based on research from [SHRM](#), the human resources trade association. When the bonds of unity, trust, respect and teamwork are prioritized, employees are motivated to perform at higher levels.

In a family business, the relationships are already solidified, which can promote cohesion and camaraderie behind-the-scenes (though not always). In addition, families often exhibit lenience and acceptance of each other's personality quirks, which is advantageous in managing workplace conflicts and obstacles.

In fact, research into the success of 100 family businesses in 20 countries found that as the business grows generatively, these relationships continue to strengthen and evolve.

As Dennis Jaffe explained in a recent Forbes article: “In generative families, a shared sense of purpose and a commitment to work together in a cooperative and respectful manner did emerge. Sometimes conflict led branches or individual family members to leave the family enterprise. Those remaining had to renew trust, respect and cooperation to enable them to make difficult decisions.”

Family Business Success and Longevity

When a family-owned business can sustain itself across multiple generations, the

consistency and stability this framework provides is central to the company's success.

With the strengths of many generations funneled into a common goal of succeeding as both a family and a company, this structure of running a business can have impressive longevity.



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