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15 Tips For Navigating Family Business Challenges



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Top business and career coaches from **Forbes Coaches Council** offer firsthand insights on leadership development & careers.

Many small businesses are family-run, and they can be highly successful as well as fulfilling for all involved. But on top of the usual challenges that come with running a company, working with family comes with its own set of hurdles to overcome.

If you want to start or join a family business, you may be wondering the best ways to gracefully navigate these potential issues. That's why we asked the members of **Forbes Coaches Council** to share some advice for handling the unique challenges that come with the territory. Below are their best tips on how to set yourselves and your family business up for success.



Forbes Coaches Council members discuss how to ensure your family business and relationships stay strong. PHOTOS COURTESY OF THE INDIVIDUAL MEMBERS.

1. Set Expectations

Family businesses can be challenging due to the family dynamics that are brought in, such as triggers, normal family roles, etc. In order to navigate these well, get clear on roles and responsibilities, expectations on how to handle conflict or differences in opinions and set norms on how you will operate together. Also, make sure to then hold each other accountable to these expectations. - [Monica Thakrar, MTI](#)

2. Put Your Purpose First

The key to a successful family business is clarity in purpose, both as a business and as individuals. When we understand why the success of the business is personal and relevant to everyone involved (family and non-family), it creates the clarity necessary to make quality decisions, create the

conditions for everyone to do their best work and activate accountability for everyone. - [Cyndee Blockinger Lake, Blank Page](#)

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3. Have A Plan For Dissolving The Relationship

Treat this partnership like you would any partnership. Get clear on the agreements for how the relationship will be structured and make sure you document this. This includes how you will dissolve the relationship if it doesn't work out. Clearly define the roles that each of you will play. Having tough conversations upfront will ensure there are fewer headaches for you in the future. - [Brandon Allen, New Work Revolution](#)

4. Limit Business Talk Outside The Office

Families that work together can easily end up talking about work day and night. Keeping firm boundaries around family time and limiting talking about business outside of the office will go a long way to a happy and successful work-life balance. - [Shameca Tankerson, Command More Sales](#)

5. Separate Birthright From Employment Status

The most successful family businesses I've coached separate "birthright" from "employment status" when it comes to compensation, benefits and access to information. They adopt a "fair, but not equal" approach, meaning salaries may differ depending on the employment position, but profit distributions may be the same regardless of whether or not the family member works in the business. - [Julie Colbrese, MCC, Hot Coffee Coaching](#)

6. Clarify Everyone's Roles

Family businesses often don't pay enough attention to role clarity. What authority, accountability and responsibility does each role have? When family businesses don't create this kind of clarity, the business results aren't optimized and family relationships can be seriously strained. - [Dr. Joel M. Rothaizer, MCC, Clear Impact Consulting Group](#)

7. Separate Emotions, But Engage With Emotional Intelligence

A family business needs to be approached as an ongoing concern with a clear vision, strategy, segregation of roles and effective controls. The power dynamics of the family may shift when the business team is formed. The storming stage will lead to the right of passage of performance. Separating the emotions but engaging with emotional intelligence is a key success factor in this transformation. - [Dr. Kasthuri Henry, PhD, Six Sigma Black Belt, KasHenry Inc](#)

8. Understand Strengths And Get Help On Weaknesses

In a family business, it's very easy to put family members into roles based on necessity as opposed to by intention. Instead, understand where each family member has the greatest strengths, and let them thrive in that position. If there's a role that the members of your family aren't great at, don't try to force them into that role! Hire an employee, consultant, coach or similar to assist there. - [Cody Dakota Wooten, The Leadership Guide](#)

9. Agree Upon Income, Equity Or Control

When forming any business, especially a family business, the owners absolutely must decide whether to run the business for income, (building) equity or control. Income is easy—we pay ourselves all of the money. Equity equals plowing profits back into the firm, in pursuit of a future liquidity

event. Control is the right to the last say. When you know that, the business runs much smoother. - [John Hittler, Evoking Genius](#)

10. Have Clear, Consistent Guidelines For Performance And Operations

Often in family businesses, family requests and behavior are given exceptions from the rules. This creates division, resentment and confusion among the team. Favoritism to family friends on the team and long-term team members who become “like family” extends these blurred lines. To help keep a healthy culture, it is critical owners have clear guidelines that apply both to the family and the team. - [Christy Geiger MCC, CPCC, Synergy Strategies Coaching & Training](#)

11. Make The New Generation Earn It

Why does awarding a family member with new leadership sometimes lead to family business failure? They didn't earn it. For successful family enterprises, the new generation must earn the right to lead. Push the new generation to prove themselves in school, in training and make them make it on their own in another business or endeavor before yielding power. It can prove to be the winning formula. - [John M. O'Connor, Career Pro Inc.](#)

12. Keep Family Issues Out Of The Business

Though there are many different ways that may help avoid family pitfalls, one of the safest ways is a clean-cut separation of family and business. Creating a formal separation in which personal and family issues do not carry any merit when it comes to business-related matters will have the best chance for long-term success. Alternatives are more susceptible to occasional and repeated failures. - [Kamyar Shah, World Consulting Group](#)

13. Don't Let Your Guard Down Too Much

Few family businesses prosper. It's a beautiful thing for family members to remain close even in business. On the contrary, so many family businesses fail. One common reason could be lack of boundaries. Letting our guards down when dealing with family members in a business can be emotionally and financially costly. Setting clear and measurable boundaries brings longevity to such an establishment. - [J. Ibeh Agbanyim, Focused Vision Consulting, LLC](#)

14. Document, Document, Document

Family business agreements and policies should be documented no less rigorously than is prudent for all other types of businesses. Maybe with even greater diligence and care so as to avoid disagreements or misunderstandings that could erode the bonds of trust that are the strength of the family enterprise. This includes governance of the family business, nepotism and buy/sell agreements. - [Lee Eisenstaedt, Leading with Courage Academy](#)

15. Gauge Your Relationship With Others In The Business

When it comes to a family business, apart from the expertise you bring to the table, a lot depends on the relationship you share with others in the business. If you feel there are people involved who are pretty dogmatic in their views and can be difficult to work with, it's better to identify a specific department for yourself so that you can give it your best, with the least interference from others. - [Anjali Chugh, Cosmique Global Inc](#)

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