

3 Things Every Family Owned Business Should Do

When you envision a family owned business, an image of a friendly little local store run by a small family comes to mind. But that isn't always the case. Some of the best known and largest companies in the world like BMW and Walmart are still largely managed by members of the founding family. Family-owned businesses are more common than you think.

When a family depends on a business for its income, their drive and motivation is collectively high. They all have the same goals and are better able to manage the [family owned business](#) as the leadership team knows each other and can work often well together in stressful situations, at the beginning. But with time as the family grows and the number of involved shareholders increases, conflict is quite likely to occur.



[Eu Yan Sang](#) is a family owned business based in Singapore which specializes in traditional Chinese medicine. Over a century, the company has passed hands, down through generations of the Eu family having its ups and downs along the way in tune with family conflicts.

In an interview with Richard Eu, CEO of Eu Yan Sang, shares 3 principles which drives the family-owned company towards its success and stability.

Aligning the decisions of family members with the family owned business strategy

Finding balance between being a family and a company can be difficult when the two are so intertwined. But when it comes to business decisions, then the focus should be on what's best for the company. Family members have great weightage in the decision making process, being major shareholders and members of the board, and so they need to align their decisions with the company's strategy and direction for business success.

Listing the business as a public company can be beneficial. It gives you a credible profile making

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it easy to raise capital. You also get very strong support from the local government because they know everything about you and operations become transparent. A major hindrance however is that because of corporate governance, processing decisions can take more time. A public company is also subject to scrutiny by state and national rules and legislations.

Beware of potential conflict between generations in a family owned business

Elders of the family expect and encourage their children to follow in their footsteps and take over the company in the future. However, involving more than one family member in executive positions can be a cause for conflict, and nobody wants their family breaking apart, leaving some families wary of pushing all their children towards a career in the business. Yet the level of conflict within the same generation is much less than those between generations.

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