

Challenges Can Be Overcome In A Family Business

SKM Associates LLC

Family Business Consulting
Developing High Performance
Leaders and Organizations

Each and every day we deal with family businesses ranging from our local car dealership, to the corner store, the dry cleaners, Wal-Mart, and the local pharmacy. It is estimated that family businesses employ more than 60% of the US workforce. Family businesses are the backbone of our economy and have many competitive advantages: strength of relationships, cultural fit of family members, shared faith and values, strong commitment of those involved, strong work ethic of family members, patient capital, and flexibility in hard times.

It is no secret that each generation of a family-owned business faces unique challenges. Yet, for many, the term family business can conjure up stereotypes of family squabbles, mom and pop shops, nepotism, and lack of sophistication. While there are businesses that fit some (or all) of those stereotypes, it is our experience that these stereotypes are not an accurate description of many family-owned businesses. Indeed, we continue to see many family businesses that are thriving, growing, and using their family ownership as a long-term competitive advantage. Well-run family businesses, in it for the long haul, stay focused on the things that will help them navigate the ever-changing challenges that they face.

What are some of those themes that help family businesses sustain themselves for the long haul?

- 1) *Retention of both family and non-family talent.* Retention is nurtured through a level of trust, commitment to the vision, strong job knowledge, fair pay, a winning culture, and opportunity for growth.
- 2) *Wise financial management with patient capital.* Maintaining the concept of frugality allows the family, the business, and the ownership to be ready for the next opportunity and to weather the next downturn.
- 3) *Openness and transparency.* The family has a willingness to discuss sensitive issues with transparency and openness.
- 4) *Effective structures.* There is commitment to systems, processes, and practices that provide the right structure for their family, business, and customers.
- 5) *Intentional development.* Families in business that are committed to the long haul, consistently and intentionally set aside time to discuss and revisit the first four themes so they can keep up with changes in the family, the business, and the ownership.

To implement and maintain these themes business families seek to revisit the themes with an unbiased eye. Families in it for the long haul utilize unbiased, third party resources who can help the family achieve family goals by helping to establish the framework, boundaries, training, talent development, and reflective planning for the future.

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