The Healthy Family Business
By Dr. Everett Moitoza
www.moitoza.com

Family firms dominate the New Hampshire business landscape. Comprising up to ninety percent of all business in the state, these firms represent a rich repository of outstanding business acumen and innovation, as well as enduring family solidarity and tradition. Indeed, when family firms are healthy in business practices, family practice, and the family/business interface, they are extremely difficult to compete with. Family firms offer a level of identity, purpose, and unity which captures the very essence of human existence and perpetuity - blood ties and immortality through business continuity. The ability to combine these major endeavors of work and family life presents a rich opportunity that is simply unavailable for most working individuals. Family members in well-functioning family firms report that nothing comes close to the depth and joy of family contact, as well as the competitive business advantage and challenges they enjoy in a family-based firm.

So why is it then that most of what has been written on family firms focuses on their problems? Tolstoy gives us a hint when he stated, “All happy families are like one another and each unhappy family is unhappy in its own way.” Family businesses that show particularly troubled or unhealthy characteristics in either the family or business arenas are a present fascination of business writers, management consultants, financial planners, and business education scholars. It’s no wonder. The greatest family business succession process and wealth transfer in this country’s history is taking place right now as post World War II family business founders retire. Moreover, it will continue for the next ten to fifteen years. During this time, it is estimated that three trillion dollars will change hands in family business successions. These are high stakes which can and do bring out the worst in families and family businesses.

Family issues can compromise a family firm’s ability to make good and timely business decisions. As a result, most family firms become tragic casualties. Only thirty percent or so survive into a second generation. Strikingly, seventy percent of family firms cease to exist after a mere twenty-four years.

Identifying and developing the core competencies and attributes that predict family and business success and health are imperative. Those family businesses that are the healthiest will survive. The families that can
separate family issues from business issues, while professionally managing their organizations, will thrive.

In short, families that actively manage their firm using health-based assessment techniques and models versus deficit models are more likely to succeed and prosper.

When assessing the health and strength of a family business, three key areas emerge:

- **Family Interactions & Values** focuses on the quality and competencies of the family as a separate entity. Family management of boundaries, communication, traditions, beliefs, emotions, conflict, trust, work, power, intelligence, innovation, time, secrecy, and respect, are central. The healthy family business has an open and mutually understood agreement as to how each of these areas are handled and enhanced in the family.

- **Business Management Skills** encompass the body of professional management knowledge that combines up-to-date proficiencies in the following areas of; strategic planning, finance, accounting, marketing, human resources, information technologies, and production and operations management. The healthy family business either possesses these skills within its organization or utilizes outside consultants and/or its board of directors for assistance.

- **Family / Business Interface** assesses the ability of the family to manage the multiple areas of overlap and interaction that constantly occur between family matters and business practices. The flexibility and facility to identify, prioritize and shift between “family first” vs. “business first” decision-making is the challenge in this most vital area of maintaining a healthy family business.

Assessing all three areas can be further accomplished, most effectively, with the assistance of a trained family business consultant and the “Moitoza Family Business Inventory”©.

Everett Moitoza, Ed.D., MBA
Family Business Consultant
[www.everett@moitoza.com](http://www.everett@moitoza.com)