Top Nine Characteristics of a Successful Family Enterprise

Everett Moitoza, EdD, MBA
Principal, Moitoza Consulting
www.moitoza.com

Barbara Draper, Director
University of New Hampshire Center for Family Business
www.familybusiness.unh.edu

The Center for Family Business in the Peter T. Paul School of Business at the University of New Hampshire has recently completed its 22nd year of educating, training and working with family businesses throughout New Hampshire and northern New England. Over the years, many of its program topics have focused on some of the more challenging and problematic aspects of running a successful family business. Coincidentally, during that time, The Center has also been able to anecdotally recognize some of the most positive indicators in family businesses that appear to identify and ensure a healthy family, a prosperous business and a smooth working relationship between the two.

Family firms with healthy business practices and family relationships easily outperform the competition. The ability to combine these major endeavors of work and family life presents a rich opportunity and challenge that is simply unavailable to those not in a family business. 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. Moreover, these are the firms that enjoy multiple generations of family succession, as well as prosperous longevity of the business.

Three key areas, each having three particular characteristics, stand out in identifying healthy and successful family businesses---family enterprises that will live well into the future and enrich the lives of all who participate in them.

I. Family Characteristics & Values: Focuses on the culture, quality and competencies of the family as a separate domestic entity apart from the business.

1. Family members have the communicative ability to express and receive each other’s feelings, wants and ideas openly and clearly with an attitude of acceptance of differences. Moreover, “secrets” are absent.

2. The family simultaneously encourages and supports individuality and differences in its members; both as it pertains to their strengths and weaknesses - especially as it impacts the family business.

3. Conflicts and disagreements, within members of the family, are managed with respect and openness. The family is fundamentally focused on achieving “win-win” solutions.

II. Business Management Skills: Encompasses the body of professional management knowledge and up-to-date “best practices” as it pertains to the company’s industry.
4. Leadership is present and clearly defined. Leadership demonstrates competence, vision, respect and superb communication to all its employees, vendors and customers.

5. Management, business and operational structures, processes and systems are efficient, effective, well documented and regularly scrutinized for improvement, as well as necessity.

6. The family enterprise has an active Board of Directors/Advisors comprised of at least two non-family members.

III. Family /Business Interface: This competency is based on the family’s ability to manage the multiple areas of overlap and interaction that constantly occur between family matters and business practices.

7. The family is consistently able to identify when to use criteria that place the family’s needs first and when to use criteria that place the needs of the business first.

8. Family members who join the firm must meet the same job qualifications, performance evaluations and compensation standards as non-family members.

9. The family business has created a “Family Council” that meets at least annually and includes all family members, including spouses and children over the age of sixteen. The Council’s purpose is to build intra family and business communications and planning. It further assists and prepares family members for possibly joining the business in the future.

In short, families that actively manage their firm using success-based criteria and models (versus deficit models) are more likely to succeed and prosper.

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 for generations. The families that can separate family issues from business issues, while professionally managing their organizations, will thrive.

Family enterprises are complicated at best, as are so many fine wines. They require careful management, judicious pruning, and tender loving care. Toward this end, the Center for Family Business can be of great support and assistance.

For further information on the University of New Hampshire Center for Family Business’ many and varied programs and membership for the 2015 – 2016 season, please visit www.familybusiness.unh.edu or contact Barbara Draper at: Barbara.Draper@unh.edu

For further information/discussion on this topic, contact: Everett Moitoza, EdD, MBA moitoza@comcast.net