



You Want Your Family Business to Last?

Five Tips for Getting There!

By Mitzi Perdue

You may be familiar with the statistic that 70% of family businesses don't make it to the second generation. The big question is: how can you beat these odds?

Family members need to learn some basic cultural attitudes. They need to know that they're part of something bigger than themselves. They need to know that they can't always be right. They need to learn that being a member of a family business sometimes requires sacrifice.

The biggest reason that business families fall apart is that the family hasn't developed the kind of culture that supports keeping the family business in the family. Families that leave this to chance rarely make it to the next generation.

So, how do you create this kind of culture?

- 1. Know Your Family Stories.** We are the stories we tell ourselves, and high-functioning families have heard their family stories over and over again. How much does your extended family know about where the family business came from and what made it what it is today? How much do they understand the sacrifices, efforts and tenacity that went into making family business you have today? Do they know stories about family members putting the good of the family ahead of their own interests? Be intentional about telling these stories. The more stories, legends, myths, and parables, the stronger your family's culture and the more likely your family business is to endure.
- 2. Have Family Vacations.** Your family vacation could be five people or 100 people, but whether it's a large group or a small one, having aunts and uncles and cousins spending time together greatly increases the chances of building a family business that lasts. A vacation means time set aside to share experiences and to get to know and appreciate each other and to embed the family's values. It's a time for all branches and all generations to build the shared stories and memories that lead to trust and caring. This is especially important if family members are geographically dispersed, because it allows extended members to get to know each other.

- 3. Subsidize a family vacation after you're gone.** All too often when the patriarch or matriarch passes on, family members stop seeing each other. Maybe for the first few years they're together at major holidays, such as Thanksgiving. And later on, maybe they get together for weddings. But gradually, there's nothing left and family members have superficial relationships—or no relationship at all. A highly effective antidote to this is, leave money in your will to pay for a yearly get-together. Some families subsidize an annual dinner while others pay for a nice vacation. Either way, having an endowed yearly meal or vacation can keep families together across the centuries. Ideally, there's even money budgeted for baby-sitters and child-friendly activities. Endowed family get-togethers can be a highly-effective tool for helping the family continue across the generations.
- 4. Write a family newsletter.** In a geographically dispersed family, a newsletter can play a huge role in helping the family to maintain a strong and vibrant culture. Include in it interviews with the older family members or employees about the early days and some of the company's struggles. Maybe interview the matriarch or patriarch on such issues as why it's good to be public, or why our family should never wash its dirty linen in public, or why it's a terrible thing to be "addicted to being right." The newsletter can also help people catch up on family news— maybe someone became an Eagle Scout, got into the college of his or her choice, or got a promotion. It's also excellent for recording weddings, births, or in the case of an engaged couple, telling the story of how they met. Other topics for your newsletter can include what's going on in the company, including company milestones. Make it short, ideally no longer than one or two pages. You want people to read it, and unfortunately, there's an inverse connection between how long it is and how many people will read it. If it's limited to one page, your family members are more likely to read it when they get it, as opposed to putting it aside for later and then never getting to it.
- 5. Get help if you need it.** Fortunately, there's a whole new ecosystem of family advisors who can help. There's no such thing as a family business that doesn't have conflict, and when there's a serious family conflict, the pain from it can permeate every hour of every day. Not to mention that it can blow up the whole family, and with it the family business. So just as you'd get medical help if you if you had alarming chest pains, don't put off getting professional help if a conflict in the family is getting out of hand. If you Google "family business advisors" you'll get more than 45,000 hits in half of a second. Or if you have a financial advisor, he or she is likely to be able to refer you to a professional trained in family business relationships.

Family harmony is so important, that anything you can do to nurture it is a wise investment. Many families don't stay intact over the generations. This is likely to happen when a family leaves its culture to chance. The good news is, planning is something you can do, and even better, the implementation can be enjoyable and fulfilling.

ABOUT THE AUTHOR:

Mitzi Perdue is a celebrated speaker, businesswoman, and author of *How to Make Your Family Business Last*. A cum laude graduate from Harvard University and holder of an MPA from George Washington University, Mitzi draws from her direct experiences in two long-lasting family enterprises to assist businesses in preparing for lifelong success. She is a past president of the 35,000-member American Agri-Women, a former syndicated columnist for Scripps Howard, and the founder of CERES Farms. For more information on Mitzi Perdue, please visit www.MitziPerdue.com