

Five myths of family firms



By [Johan Hanekom](#)

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Family firms are a particularly unique business phenomenon which blends formal structures with the unconditional trust and loyalty one would expect from family members.

It's no secret that firms are constantly trying to portray their values and standards akin to that of a loyal friend or family member. Trust, compassion, fairness, loyalty and a dozen other qualities found in family businesses would help big corporates win the hearts and minds of their staff and clients.

Ironically being a family run business can have its pitfalls. Invariably the following five flaws will surface if not kept in check:



Dirty Laundry - allowing domestic issues to infiltrate your work environment. In my experience this is the hardest and most important distinction to make. Don't air your dirty laundry at work – keep it professional and focus on the commercial agenda.

Third time unlucky - it's very seldom that a family business outlasts the third generation. This is often down to internal strife caused by jealousy as to who has the most power after the founder's succession.

La Familia - family firms can take the term "family" way too seriously and in so doing ostracize new employees. We're all

on the same team.

Are we there yet? – decision making can be a long and painful process if family members are not all aligned to the goals of the business.

Double Standards – Just because you're cousin is your sales manager does not mean you don't have to write sales reports and update your calendar like the rest of your colleagues. Sadly this type of toxic attitude does prevail if proper management principles are not applied.

Taking the above into account – let's take a look at how the benefits of a family business can be replicated in your business.

1. Rebel with a cause

SME's often neglect to take into account that they will need a succession strategy in order for the business to stay active. Family businesses have the advantage that an expectation is often created early on that one of the family members will at some stage in the future take over. The next generation will often be keen to improve and further develop the success formula applied by the previous generation. Reflect on your own business and who you see taking over the reins once your tenure is over.

2. Blood is thicker than water

When engaged in difficult dialogue, opinions will most likely differ, which can lead to conflict. Owing to the bond present between family members it's often easier to just speak what you genuinely feel versus packaging your message in such a way as to not offend your colleagues. By incorporating good governance non-family firms can nurture an environment where difficult discussions can be had without the need for complex and overt diplomacy.

3. Family feeling

Feeling part of a family is arguably one of the greatest gifts anyone can have. It's vital for corporates to have a culture that can embrace this fundamental feeling. Co-workers need to be able to trust and rely on one another and know that they are all towing the line for a cause greater than their own. This family culture can help rid petty politics and infighting which decays the fiber of the organisation.

4. Put your business first

The most successful family firms are open-minded and realistic when they are taking business decisions. This is because they have a clear idea of where they expect their business to be in the years to come and every action they take is for the benefit of their firm. The greasy pole of promotion can often lead to employees making decisions that are in their best interest but not necessarily the firm's. Success drivers such as promotion, commission, and internal recognition all need to be evaluated to ensure that the decision matrix is geared towards long term business success vs short term personal gain.

5. Social entrepreneurship

Family businesses often act as a significant employer in their local community. As firms grow it's not uncommon in smaller towns for family business to start playing a key role in local governance and policy making. Corporate social responsibility is therefore as applicable to family businesses as it is to large multinationals. Your business – regardless of its current size – needs to have a powerful sense of social responsibility and a principled relationship with the wider communities you do business with.

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