

Harmony in the Family Owned Business October 2005

<p>PPS Performance MinuteSM www.globalpps.com sales@globalpps.com 866-895-0596</p>	 <p>The logo for Prometheus Performance Systems features a stylized globe with red and blue curved lines representing latitude and longitude. To the right of the globe, the text 'PPS' is written in a bold, sans-serif font, followed by 'Prometheus' in a larger, blue, sans-serif font, and 'Performance Systems' in a smaller, blue, sans-serif font below it.</p>
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The potential advantage of the family owned business

Small business face many of the same challenges regardless of whether they are family owned or not. High performance organizations are best able to deal with these challenges. Because one of the key characteristics of a high performance organization is a shared purpose by those in the business, family owned businesses often have a step up at being high performance organization. Keeping the family members interests aligned with those of the business plays a key role to both business performance and avoiding turmoil from personal issues.

Avoiding personal issues

The risk of personal issues impacting on the workplace is not unique to the family owned business, but can still cause great turmoil. It's important that the business goals and structure work to prevent such turmoil. Family members should believe that these goals and structure both support the business and their own individual interests. It is most essential that success of the business also translates in to some measure of personal success for each of the family members. It is also important that this alignment of personal a business goals is seen as fair and equitable.

Ensuring alignment and harmony

Formal structures, planning, and governance are needed to both run the business and keep family members interests aligned. The business governance needs to account for the dynamics of the business structure as well as the family structure. Non-business family issues should not drive business decisions but should be accounted for in a reasonable manner (just as a non-family owned business deals with such issues). Family members should not abuse the business governance structure by exercising it for non business issues. Instead their must be a forum for non-business family issues to be discussed. Getting a commitment by the family to abide by such rules and to accept the governance structure of the business goes a long way to promoting family business harmony.

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