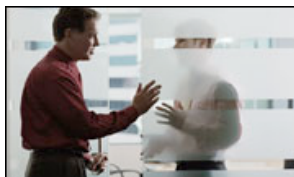




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Manage Your Family Business

Working with relatives is at once satisfying and challenging. Here are strategies for transforming your family business into a happy and successful venture.

By Matt Alderton


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Once upon a time, there were no CEOs, CFOs or CMOs; there was only Mom and Pop. Fathers teamed with their sons, mothers with their daughters and brothers with their sisters, all in order to put supper on the family's dinner table. Business was a family affair.

It still is, in fact. Even in an era where family meals are rare, family businesses are plentiful—so plentiful that there are still more than 24 million of them in the United States alone, according to the Family Firm Institute's *Family Business Review*.

Among them is Woodstock, Ill.-based J&J Landscaping & Maintenance. Jerry Ball co-founded it in 1981, just a few years before his first child was born, and turned it into a family venture when he bought his partner's share of the business. He recruited his wife, Hope, as his [landscape designer](#) and co-owner and regularly rounds up his three children—the youngest is 8 and the oldest is 23—to help his staff of 15 employees.

When it comes to businesses, Ball insists, family-owned has always been and will always be best. "[Family-owned businesses] have higher standards and more pride in their work," he says.

Their high standards and pride make family businesses resilient. But they also make them risky. Of all family businesses, only 30 percent survive into the second generation, according to *Family Business Review* data; of those, just 12 percent survive into the third generation and only 3 percent into the fourth.

To help your company survive for your children and your children's children, focus on building a business that values relationships as much as it values revenues.

Develop a Plan

Building a strong family business starts with developing a strong family plan, according to Kent Lutz, director of the Goering Center for Family & Private Business in Cincinnati. He suggests family businesses begin building their companies with a single question: Do I want my business to outlive me?

"The ownership generation needs to decide if it's important to them to transition the business," he says. If you want your business to thrive without you once you've retired or passed on, you must develop a succession plan to help your family either sell the business or take it over. That plan, Lutz says, will shape the day-to-day management of your business and help you more effectively hire, train and work with family members.

Once a succession plan is in place, you should create a family charter. "A family charter is like a constitution," Lutz says. In your family charter, write out the rules for running your family business, including requirements for joining it (a college degree, for instance, or five years working for another company) as well as expectations for performing within it. After all, family members must earn their place in the business, according to Lutz, and having the same last name as the owner isn't enough.

"If it's all laid out and spelled out in a clear, concise way, then people know what's expected of them," he says.

Communication is Critical

The real key to family business success and survival is communication.

"If you're not communicating with one another and you're making a lot of assumptions and issues along the way are not discussed, it does nothing but create problems," Lutz says.

Rose Evans agrees. She and her husband, Scotty Ensign, founded Scotty's Plantscapes in Ramona, Calif., in 1997 with a \$60 [gift certificate](#) to a local hardware store. Since then they've grown their business by leaps and bounds, thanks in large part to clear communication.

"Treat communication like it's the most important thing for the survival and health of not only your business, but of yourself," she advises.

To improve communication within your family business, consider holding regular family meetings in which you discuss not only business results but also business challenges and solutions, the nitty-gritty of your family's working relationships.

"Sit down together and talk about what's really important to the family," Lutz says. "There's nothing better than a family business, assuming you can communicate and plan properly."

Keep Family, Business Separate

Finally, lines between the family business and the family should not blur. "You've got to be able to separate the family from the business," Lutz says. "You do that by setting boundaries."

For Ball, those boundaries include leaving business problems at work and family problems at home. "Always keep your priorities straight," he advises.

Another boundary is management, according to Lutz. He suggests, for instance, that children report to key non-family managers instead of their parents. "The best thing you can do for your kids is to have them work for somebody else," he says.

Meanwhile, the best thing you can do for yourself is take a break, according to Evans. "Owning your own business tends to have you feel like, 'If you're awake, you're at work,'" she says. If you want your family business to work, she suggests making time to rest, relax and laugh together as a family around the dinner table—not the cash register.

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