

When Your Family's the Boss

How to Survive the Stresses of Working in a Family-Owned Business

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If you think the large, faceless corporations are taking over the business world, think again. The most recent findings reveal that 90% of all businesses in the United States are privately held, with 50% of them extending beyond just mom and pop.

Unfortunately, the majority of family-owned businesses don't survive past the second generation. While the succeeding generations have every intention of keeping the business going, factors ranging from the lack of estate planning to dissension among family members cause the business to close its doors. And no matter what the business, when you add children, cousins, aunts, uncles and siblings to the business mix, you're bound to encounter one main thing-stress. The more stress a business has, the slimmer its chance for survival.

The Stress of Family and Business

In order to understand the amount of stress families are currently dealing with, consider these facts. Compared to the 1970s, people today work 20% longer hours and have 32% less leisure time. In just the past 30 years, psychologists estimate that workplace stress has doubled. Add to these increased stress levels the additional challenges of mixing business and family, and it's easy to understand why family-owned businesses face their own set of unique stresses.

Think of it this way. When you work for a non-family member business, you have a distinct business role, whether it's vice president, marketing director, human resource manager or receptionist. Since your co-workers don't know your personal side as intimately as family members would, you can go to work, do your job, go home, and then focus on other aspects of your life-your family, your hobbies, etc. It's easy to distinguish work time from personal time.

However, when you work at your family-owned business, having a distinct business role isn't always so easy. Many times the senior or controlling generation saw you grow up and may still regard you as the eight-year old child who was afraid of the dark and who made mud pies. Even though you're perfectly qualified to take on "adult" business responsibilities, your family members may have a difficult time transcending those previous family roles. As a result, it's not uncommon to see junior generation workers overcompensate at the business in order to prove themselves.

But even if the senior generation accepts the next generation's contribution to the family business, there are many other factors that cause excessive stress. Gaining respect from non-family employees, dealing with sibling or cousin rivalry, wanting to change the business but not being able to, and working with non-family employees who try to sabotage the junior generation's success for their own needs all add to the stress. In the end, it's enough to make you want to escape.

Realize though that things for the senior generation aren't always stress-free either. While they're in control and may appear to "have it all," their stresses come from dealing with tough issues like estate and succession planning. If they want their business to continue after their death or retirement, they need to have the right plans in place.

The sad fact is that when a person dies, the government takes 55% of the person's estate, less a one-time exemption of \$650,000. To put it in better perspective, if your mother owns a business worth \$10 million, the government takes \$5,142,500 upon her death $((\$10,000,000 - \$650,000) \times .55)$. Since most families can't afford to pay that, many times they're forced to sell the business in order to pay the taxes. Although stressful, proper estate planning can alleviate this burden.

Succession planning is just as stressful. While the senior generation wants only the most qualified people to become the next business leaders, they often have a difficult time choosing between the various family members. Rather than create tension among the family members, the senior generation often agonizes over the decision and puts it off for as long as possible. Just like the junior generation, they're unable to transcend those family roles and separate business from family.

The Stress-Free Family Business

While the phrase "stress-free family business" may sound like an oxymoron, it's actually something you can achieve. The trick is to tackle the stress from both a business and a personal perspective. Following are the four main ways to reduce and possibly eliminate the stress from any family-owned business.

Business Perspective:

1. Schedule quarterly family business meetings

In order to open communication channels and increase everyone's understanding of business issues, you need to conduct quarterly family business meetings. These meetings should take place off-site and should only focus on the big business issues related to the family. Small day-to-day operation issues should be avoided in order to keep the meeting on track.

The main topics of conversation should focus around estate planning, succession planning, and role planning. This is the time for every family member to air his or her concerns about the business's future and leadership. Sometimes these meetings can get heated, so you may want to consider having an outside moderator step in. And in order to offer each family member development opportunities, it's a good idea to rotate the "meeting leader" designation. By giving every family member the opportunity to express concerns and learn about the business's issues, you're keeping everyone's stress level under control while keeping the business moving in a single direction.

2. Hire an Outside Board of Directors

Most family-owned businesses don't have an outside board of directors. However, if you want to bring in new values, new insights and objectivity to your business, an outside board of directors is a must.

When a business has a difficult decision to make, such as deciding which family member will be the next to run the business, an outside board of directors can offer objectivity and take the emotion out of such decisions. As a result, the business becomes more professional and more adaptable to changes.

This is not to say that the board of directors has the final say on any decision. In fact, the final say should always rest with the family. However, when the family needs a fresh perspective to a familiar challenge, the outside board of directors helps speed the business's progress and keep the business competitive.

Personal Perspective:

3. Simplify Your Life

The biggest challenge with a family business is that your business and personal lives get merged. This puts you out of balance and can lead to an emotional burnout. In order to alleviate that stress, you need to simplify your life.

Simplification is all about focus. It means leaving your work life at work and leaving your family life at home. I call this "compartmentalizing." When you focus on one task or role at a time, you're able to separate yourself from any other task or role you may have. For example, if your dad is also the president of the company, you need to focus on treating him like the boss at work, and like dad at home. This allows you to have separate work and family personas, while taking the stress out of business/family dealings.

Delegation is another simplification tactic. But delegation is not simply farming out your work to others; it's about setting up your support system and then determining which tasks someone else can better accomplish. If cleaning your house takes you away from other more productive or profitable tasks, then you need to hire someone to take over the cleaning so you can focus on what's important. Not having non-essential tasks to focus on greatly reduces your stress level.

4. Learn to Say No

If someone tells you to do something outrageous, like jump off a 10-story building, you probably have no problem saying no. However when the request is more realistic, saying no becomes a challenge. Since most people are anxious to please others, especially bosses and family members, saying no is an art rarely practiced.

The next time your family business demands more than you can give, remember that you have to take care of yourself first. You simply can't handle everything. Say no gracefully while respecting the other person and letting him or her know that you care.

For example, if your dad (who's also your boss) asks you to take on a new project that you know you can't handle, make him realize all you're currently doing. You

may say something like, "I have all these other things I need to do. Can you help me prioritize what it is you think I should be doing?" Rather than just adding more to your load, let the other person help you determine which things can slip. When you're not trying to be like superman, you'll feel your stress level decline.

While being born into an entrepreneurial family with a business already booming does have its advantages, just like any business it also has its fair share of challenges. But by taking time for yourself and keeping your perspectives in order, you can survive the stresses that come with the territory. When you do, you'll enjoy all the rewards a family business has to offer.

About the Author

Laura Michaud, MBA, is a family business expert, author, and President of The Michaud Group. A former third-generation family member for Beltone Electronics, she has helped thousands of family members through various challenges specific to family firms. Her book, *From the Kitchen Table to the Conference Table: Family Business Communication*, shares tools and techniques that are guaranteed to improve your family business relationships. Contact The Michaud Group at 630-835-0333 or Laura@LauraMichaud.com.

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