

## ties that bind

# Family Business in Uncertain Economic Times

BY Tom Hubler

Family businesses are certainly not immune to difficult economic times. But they usually have more options than publicly owned corporations. Let me share with you what some of my clients are doing to not just survive, but thrive, even in today's business climate.

A recent online Gallup article entitled "*Building Engagement in This Economic Crisis*," quotes its chief scientist of workplace management, James Harter, Ph.D., saying, "In bad times, employee engagement is the difference between surviving or not." But how does a family business keep employees focused and motivated?

Rather than lay employees off (which reinforces the message of fear and uncertainty), many companies use downturns to create their own "stimulus package" to grow their businesses. Expand in a shrinking economy? Sounds impossible. But that's just when you need your employees' most creative thinking and loyalty. A policy of no layoffs in tough times (and I have clients who manage to do this) makes it clear to everyone that we are in this together.

Another of my clients involves key employees in brainstorming sessions to create new opportunities for the company. This is not "make work" but truly helps the company take a fresh look at what its customers need and how to better meet those needs. The brainstorms have produced several ideas for new opportunity. Enthusiasm replaces hand-wringing. Positive attitude maintains an environment for growth and possibility. Think how strong that company will be when economic prospects do improve!

A business plan is an excellent template for discovering new opportunity. Most family businesses don't have a formal business plan. They can get by without it during the good times, but in difficult times operating without a plan is needlessly punitive. Formalizing the

business strategy sets you up for new options and renewed profitability.

An effective planning tool I am familiar with for small to medium sized family businesses is the Jack Tesmer Institute's *Quick Plan*; part on-line survey and part face-to-face discussion. The process helps focus the business on the market to evaluate your approach, organizational readiness and profitability.

Another possibility is to work with a traditional business planner, such as John Pope, who works with family businesses to create a formal business plan.

With a strategic business plan in hand, you have a better understanding about what to do, how to do it, when, with whom and at what cost. It could not only help you weather the current storm, but prepare you for an even brighter future.

All of this discussion is about the business side. But what about the family side in rough times? Stress rises when any business struggles and it can go stratospheric within business families.

Now is the time to reinforce and strengthen the family's commitment to the business. Hold regular family meetings aimed at building emotional equity of your family and bond the family team. Family businesses traditionally spend a lot of time, money and energy building the financial equity of their business. In tough times as well as in good times, it is equally important—if not more important—to building the emotional equity of the family. Emotional equity in the

family is the emotional connection, the emotional reserve and the sense of belonging we all need to get through the stress of tough times.

Remember to celebrate family rituals and traditions. Keep up informal get-togethers where father and sons or brothers and sisters meet over a cup of coffee to support each other through stresses.

One of the most difficult topics for any family to discuss is money. Start a series of family meetings that focus on money, on the family's values regarding money, and money management and spending. Make sure your family's behavior is aligned around your family values.

In a recent client meeting, a grandfather expressed his concern that stock market losses meant he could no longer continue to fund his grandchildren's education at the current level. The grandparents were reluctant to raise the topic in the family. By not doing so, they were inadvertently creating tension within the family. Once the topic was on a meeting agenda the family was able to discuss and resolve it. Stress plummeted all around.

Tough economic prospects do not automatically mean paralleling tough emotional and financial prospects. Opportunities can be found. Involve your employees and the entire family through family and company meetings. Share, brainstorm, and envision the future. It's not a diversion, it's an embrace that will certainly help the family and likely help the business. **MB**



## THE CONTRIBUTOR

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