



The Family Factor and Improving Your Business

David McMahon, Senior Consultant

Most of you reading this are either in business with family members or working for a business with family members as management. This is the nature of small business America. Depending on the strength and quality of this family factor, some businesses see success and riches while others give way to failure and bankruptcy.

It can be a huge advantage in doing business if the family members work well together. I have seen great successes where each member communicates openly and has clear job functions that they execute with professionalism. I have also seen good companies that have been in business for years ruined, because the generation that assumed control was not properly educated in doing things right in today's economy.

Those that fail to reach their potential usually have family management who are paid as well as hired professionals, but do not perform as well as those professionals. If your family members out perform your competition's team, you will produce greater sales, profit, and cash flow. Hold yourself to the highest standards!

Families who work well together prosper together. This is not just a natural occurrence. High profit family businesses take many actions to continually improve themselves:

- Have formal job descriptions outlining duties and expectations.
- Meet minimum job requirements.
- Set goals and targets on which they are measured.
- Offer pay for performance compensation plans.
- Attend regular operations and management meetings.
- Attend industry seminars and use performance groups.
- Are evaluated by their employees.
- Are true professionals in their job.
- Improve themselves through continual professional training.
- Are up to date and are using the latest technology.
- Help other family members in improving and developing themselves.

Success is determined by the competency of your family management as professionals. For example, if one member is a buyer, they need to be an expert in inventory management. If another member is an office manager, they should be responsible for producing on time and accurate monthly financial reports and analyses for management. And if another is a sales manager, they should be capable of setting and monitoring sales targets, tracking metrics, and developing salespeople.





I know first hand that working in a family based business can be hugely rewarding and loads of fun. I have been involved in several over the past 25 years and have seen huge successes in this fantastic business model, when done right.

If you feel that your business can prosper by helping your family and management improve their professional standards, I would love to help you. Email me at davidm@profitsystems.net and I'll get you started.