Eleven ‘Best Practices’ of successful family and privately held businesses

By Lanie Jordan

If you held in your hand a proven recipe specifically designed to help your business become more successful would you follow it? At the Family Business Alliance at Wilkes University we understand that running a successful family or private enterprise can be challenging. Family firms have a complex dynamic of ownership, management and family systems all running simultaneously.

Family and privately held enterprises are commonly referred to as economic powerhouses. These companies create jobs, pay taxes and help build our vibrant communities in northeastern Pennsylvania and across the globe.

From Wall Street to Main Street, these businesses matter. Studies show about 35 percent of Fortune 500 companies are family-controlled and represent the full spectrum of American companies from small business to major corporations. In addition, family businesses account for 50 percent of U.S. gross domestic product, generate 60 percent of the country’s employment, and account for 78 percent of all new job creation.

Successful family businesses do something different than those that don’t thrive or even survive. Successful enterprises have proven systems in place that are tried and true through generations. These systems become their recipe that they adhere to in order to insure viability over time.

The Family Business Alliance at Wilkes University has been proudly serving family businesses in northeastern Pennsylvania for more than 18 years. We have identified 11 best practices of successful family and privately held businesses. These best practices are easily recognized; however, they may prove challenging to implement.

The following items all represent a tried and true recipe for successful family businesses:

1. Foster a family culture of healthy communication and conflict resolution that builds trust and harmony for all family members.
2. Articulate a clear written family business philosophy, resulting in a family charter that outlines policies concerning employment, ownership, compensation, management, conflict resolution, and personal and corporate responsibility.
3. Develop, regularly update, and communicate a business strategic plan, with continuous measurement of the strategy including results that can be used to successfully monitor the business on an ongoing basis.
4. Cultivate and execute an employee performance management system including accurate, up-to-date job descriptions, agreed upon goals, and timely, truthful feedback for both employees and family members.
5. Identify and prepare next-generation leaders, implementing training and leadership development plans for key positions and possible successors.
6. Establish either a board of advisors or board of directors that includes non-family members.
7. Construct contingency and estate plans that address the organization’s response in the event of disability, death or voluntary resignation of owners and key officers.
8. Create retirement plans of owners that address lifetime security of owners, including a continual challenge for retired owners.
9. Experience continuous financial success over time in terms of sales and profit growth.
10. Craft an active and functioning family council that serves the purpose of communicating company and family issues.
11. Embrace, encourage, and celebrate family, company, and individual community service.

SUCCESS STORIES

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Wednesday, September 10
Henry Student Center Ballroom
5 - 5:30 p.m. Light Reception; 5:30 - 7:30 p.m. Presentation
Registration is required for this FREE event. Contact Lorna Galiford at (570) 408-4590 or lorna.galiford@wilkes.edu.

Dick Kane, executive in residence for the Family Business Alliance and vice chairman of Kane is Able, states that it is a pleasure to be part of a family business. He goes on to say, “Our company has seen a lot of changes in the past 84 years. Kane started during the Great Depression (1930) by a man with a fifth-grade education. Today we are into our fourth generation and have operations nationwide. We at Kane is Able are truly blessed that we have dedicated, loyal associates and a professional management team that run the daily operations. Family businesses not only compete in a very challenging business climate but also have to manage the family’s wishes adding additional complexity to a non-Family business.” Kane goes on to say family businesses should always enjoy the journey.

We are pleased to announce that over the next year, we will be taking a deeper look at each of these best practices of successful family and privately held businesses every month on the pages of the Business Journal. We’ll begin with No. 1:

Fostering a family culture of healthy communication and conflict resolution that builds trust and harmony. Healthy communication is cited as the foundation of successful family enterprise and healthy families.

As we examine our recipe for success, each article will feature those companies in our area that have successfully implemented the specific strategy. We also will investigate additional resources, checklists, and assessments to help your family business to not only survive but to thrive.