



**Working With  
Family Businesses**

Doug Baumoel, MBA  
Founder  
Continuity Family Business Consulting

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**Family Business are Different.**

**They know it.**

**They need to know that  
you know it, too.**

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**About Continuity**

- ✦ Founded 2003
- ✦ National / International Practice
- ✦ 3 partners, 5 Sr. Consultants, 3 Staff
- ✦ Consultants are MBA's, with Conflict and Family Training.
- ✦ Work exclusively with Owners, Founders, Boards, C-Suite, Family Employees, Family Members (In-laws, Rising Generation, Retired Family)
- ✦ Family Business AND Family Offices
- ✦ Collaborate with Estate Attorney, Corporate Attorney, CFP, M&A, Coaches, Insurance, Valuation, Executive Search, Psychologists, Addiction, Outside Consulting Teams.
- ✦ Issues: Succession, Conflict, Governance, Crisis, Career Coaching, Exit Planning, Meeting Facilitation.

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## Opportunity



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## Family Business Stats

- ✦ More than 50% of GNP
- ✦ 90% of all registered business entities
- ✦ 80% of employment base
- ✦ 1/3 of S&P 500 are family owned / controlled

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## Family Business Success Rate

- ✦ Myth of 'only 10% survive to 3<sup>rd</sup> gen'
- ✦ Family business are reliable & robust
  - Better success rate, higher profits than non-family equivalents
- ✦ Failure is when family business are forced into an unwanted outcome due to:
  - Insufficient Planning
  - Poorly managed conflict

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### Our Discussion Today

- ✦ Perspectives on Consulting to Family Businesses
- ✦ Critical Success Factor: Managing Conflict
- ✦ HR Issues in Family Business
- ✦ Marketing - Conduits, Messaging
- ✦ Education & Resources
- ✦ Other Thoughts and Interests



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### Family Business Consultancy

- ✦ Not a profession of origin
- ✦ No Standards, No Licensing
- ✦ Multi-disciplinary - Collaborative
  - *Business, Estate Law, Investments, Family Dynamics, Conflict Management, Philanthropy, Financial Literacy Education, Real Estate, Addiction, Psychology, Family Office, Corporate Governance, Family Governance, Coaching, Life Skills, Career Planning*

**Family Business Consultant - or - Specializing in Family Business?**



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### Why Clients Call

- ✦ NOT to grow their top or bottom line or
  - *Often, this is an outcome, but never a goal or expectation*
- ✦ Not for routine operational issues
  - *Although our work touches operations directly or through collaborators*
- ✦ Pain: Conflict or Stuck
- ✦ Succession Issues -
  - *Often involves Executive Search, Outplacement, Career Guidance, Executive Coaching*
- ✦ Crisis
- ✦ Governance



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**Conflict can be Active ..... or Passive**



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**Passive Conflict is What Gets Families Stuck**

**Fear of Conflict**



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**Systemic Conflict not Individual Disputes**



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## Conflict is Identity Based



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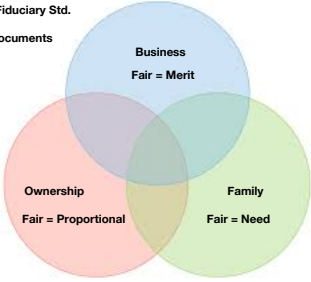
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## Perceptions of Fairness

Governance: Fiduciary Std.  
Trustee: Documents



**Business**  
Fair = Merit

**Ownership**  
Fair = Proportional

**Family**  
Fair = Need

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## Conflict Management Approaches



**FORCE**

**DEVELOPMENT**  
PERSONAL, STRUCTURAL

**BARGAINING**

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## Developmental Approach

- ✦ Interdisciplinary Process
- ✦ **Goal:** To grow individuals, groups and their organizations out of conflict and to prevent future conflict
  - **Structural Development:**  
Policy, Procedures, Accountability, Oversight, Dispute Resolution, Governance, Agreements, HR Resources
  - **Personal Development:**  
Assessments, Coaching, Career Guidance, Education, Forgiveness, Counseling, Retreats

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## Development Opportunities

- ✦ Crafting org-charts, job descriptions, compensation policies
- ✦ Setting rules for family employment, shared ownership, board service
  - *with accountability and review standards*
- ✦ Coaching: Personal, leadership & career
- ✦ Skillset building for each stakeholder role
- ✦ Independent corporate boards
- ✦ Designing effective exit strategies
- ✦ Thoughtful trust documents / trustee relationships
- ✦ Collaborative advisory teams

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## Human Resource Implications

- ✦ Families are notoriously loyal to employees (and advisors)
- ✦ Family business leaders make decisions for long-term
  - *Generational Perspective, not quarterly earnings perspective*
- ✦ Non-Family Employees should understand the emotional and ownership issues at play and how to stay engaged, not involved
- ✦ Candidates with family business experience are valued
- ✦ Candidates should understand potential advancement limitations due to family career pathing
- ✦ Placement firms who understand family business are valued

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## HR Opportunities

- ✦ Exiting Family Employee
  - Typically due to conflict
  - Helping them self-deport
- ✦ Departing Family Leader
- ✦ Rising Generation Coaching / Career Guidance
- ✦ Family Employee Reviews: Relative Review 360™
  - Competency
  - Work ethic
  - Entitlement behavior
  - Entrepreneurial behavior
  - Communication
- ✦ Collaborative Resources

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## Marketing to Family Business

- ✦ Family Business & Family Offices
- ✦ Family Business Magazine
- ✦ Family Business Network International ([www.FBN-I.org](http://www.FBN-I.org))
- ✦ Family Firm Institute ([www.FFI.org](http://www.FFI.org))
- ✦ Private Director Association (PDA)
- ✦ Messaging:
  - Family Businesses are different
  - Value the 'soft' issues - Family Dynamics
  - Understand the complexity of Ownership issues and Family issues on Business issues
  - Conflict is normal
  - Collaboration is essential
  - Governance expertise is key

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## Educational and Other Resources

- ✦ Books
- ✦ University-based programs
  - Sponsorship opportunities
  - Networking Opportunities
  - Teaching/guest lecturing opportunities
- ✦ Linked-in groups
  - Family Office Club, Family Business Place (UK), Campden Wealth, etc.
- ✦ Collaborate
  - Study Groups

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Other Issues and Q & A

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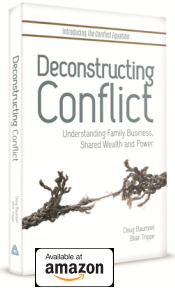
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Thank you!

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