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July 21, 2008 | Volume 19, Issue 14

CareerSmart Advisor™

Strategies & Solutions for Your Career Success

It's All Relative: Working for a Family Business

By Marji McClure

For some executives, the path that their career ladder will take them is predetermined when they're born. They will become a part of the family business as soon as they're old enough to work — or even before.

For others, their career path can also lead to a family business. But for them, it's not their family business. It's just a career choice similar to working for a public company or any other private firm.

Regardless of if you're related to company ownership or not, family businesses can provide an equally challenging and unique career experience like no other. "Family businesses are unique and complex entities," says Jane Zalman, principal of New York-based management consulting firm Zalman Family Business Solutions. "They are much more complex than non-family owned enterprises, because in addition to the everyday business pressures of staying competitive and being successful, a family owned business has to deal with the dynamics of the individual and the group family relationships, as well as the interface between the family and the business."

The family dynamics that are naturally added to typical business challenges combine to create a working environment that certainly isn't for everyone. But for those who thrive in such a climate, it can be an extremely rewarding career move.

One of the main benefits of working for the family business is the broad experience a family member can gain; hands-on experience he may not be able to obtain at a non-family business, as well as an invaluable bond with other family members."

"You're a big fish in a small pond," says Marty Rego, president of his family business, The King Organization, a printing company based in Mount Vernon, NY. Rego says he enjoyed learning about the business started by his father and two uncles and spending time with them and his cousins at the same time.

Non-family members can also learn a lot in the family business environment. ExecuNet member Ron Rose, who held a president role in a family business (of which he wasn't a relative), says there are multiple

2 benefits to reap if a family business is a success. “It is usually a more relaxed environment with less structure,” he says. “The focus is on getting the job done and less about who gets credit and the politics of a public company.”

The Role You Can Play

Solid leadership ability is still needed to get the job done, along with strong communication skills — especially if you aren’t a family member — “because there could be friction in a family environment,” notes Paul Cherry, president of Performance Based Results, a Wilmington, Del.-based leadership development firm. “Sometimes you have to be the go between. Because of the conflicting issues and emotional issues in a family business, somebody who is perceived as the outsider and neutral is a wonderful attribute.”

Cherry adds that such a role could bring more recognition to an executive who isn’t a relative; recognition he may not receive in a larger, non-family business. “Sometimes these family businesses want someone like you to challenge the company and let go of the status quo,” says Cherry. “They want an outsider to shake things up and bring the parties together and be a facilitator.”

Rose says that being the facilitator can help a non-family member become a vital cog in the business. “Taking sides is a bad idea, but playing the role of a diplomat can certainly help one instill long-term confidence in all family members and help one solidify his place in the family business,” he notes. Rose says he helped a father and son work through their disagreements and avoid arguments that would have distracted employees.

Managing Your “Hats”

One important skill a family business leader must have is the ability to compartmentalize work and family — to be able to handle each separately is key to the success of any executive leading such a business — if you’re related or not. “

In addition to the normal management and leadership skills that every successful executive must have, leaders of family businesses also need a clear vision of how the family and the business can mutually benefit each other, a firm sense of reality and the ability to differentiate between family issues and business matters. The last one is particularly relevant to family businesses,” says Zalman. “It is the ability to know which ‘hat’ you are wearing at any particular time. Are you acting as the president of the company or are you Mom? Because as Mom, your reaction to a situation that involves your adult child, who is the VP of marketing, is probably going to be different than your reaction would be if you are wearing your ‘president of the company’ hat while looking at the same situation.”

“The ability to be able to navigate differing roles or ‘wear different hats’ is a challenge, but

3 a skill that good family businesses develop,” adds Greg McCann of Florida-based McCann & Associates and a professor at Stetson University. “I often say, ‘If you think family business is just business, try firing your mother-in-law and then go to Thanksgiving dinner.’”

Yet, as family members differentiate between business and family matters and learn when — that of a peer. The absence of this role can prove challenging for some.

“One thing the executive should consider is the fact that he or she may have trouble finding peers in the family business,” notes Kathy Baker, associate director of the Family Business Center at Wake Forest University. “One family business center member I spoke to mentioned that this was a big adjustment for her. She had held several jobs after college graduation and always enjoyed having a group of work colleagues to socialize with. When she joined the family business, it was awkward to find a social group inside the company since she was the boss’ daughter.”

When DNA and Job Skills Don’t Match

Having the same camaraderie with family members can be the biggest obstacle. Executives working in the family business have to immediately recognize that it's much more difficult to be authoritative with their relatives. That’s why experts agree that a viable solution is to create ground rules for company performance and behavior.

“Most have rules about family members having the appropriate set of skills or educational requirements to fill a needed spot at the company, but others may have more stringent rules,” says Baker. “For example, a family business might make a requirement that family members work somewhere else first and get two promotions before they may join the family business.”

Zalman says family businesses should establish clear roles, areas of responsibilities and specific levels of authority for each job in the organization. “When those issues are clear and the expectations surrounding each job are verbalized and understood, the need to ‘be authoritative’ or ‘pull rank’ is significantly diminished,” she says.

Rego says that, of course, it is difficult when a problem relative needs to be mired from the business. “But one has to be frank about it,” he says. “You have to be open about what is expected. They need to know what needs to be changed, when and how.” Rego, who became president of the company in 2000, says that family members have to be open about the expectations of all family member employees and that those expectations should be put in writing “so everyone is in agreement.”

It’s equally difficult for non-family members to be as authoritative with family members as

4 they would like, notes Rose. He says that if a family member feels he is being treated unfairly by a non-family executive, he will present his case to the owner/family member and the executive will have to back down. “This is where it is so important to have a rock solid relationship with the owner,” says Rose. “In my experience, when I had issues with family members that needed to be handled, I went to the owner first to let them know what I was going to do so the employee/family member could not go to the owner and undermine my actions.”

By gaining support ahead of time,” continues Rose, “I was able to get the long-term respect I needed from the disciplined employee/family member. Family-owned businesses require finesse and diplomacy in order to achieve your goals as an executive.”

Joining the Family at the “Business” Table

Can working for a family business help you achieve your career goals? If your family does have its own established business — and you haven’t already joined — it can be a tough decision to determine if it’s a viable career move for you. McCann suggests understanding the core questions.“

I would ask the key stakeholders why this family owns this business and why this business benefits from having this family involved,” says McCann. “Next, have an honest discussion about shareholder value — how are the family values translated into the business?”

Also, explore how the companies match up with some of the best companies in the world. McCann suggests asking such questions as: Do they treat their employees better? Do they have longer-term leadership? Do they have less pressure to make the 90-day numbers? Do the values drive the numbers or vice versa?

If you’re a non-family member, getting answers to these questions and more is just as crucial as you contemplate taking a position at a family-owned business. Rose suggests getting to know the company’s owners and culture before accepting a job. Some questions to ask, according to Rose:

- What kind of turnover has the company experienced?
- What do they like about the company? What would they change?
- Are they working there because it’s convenient? Are they working there because the owners have treated them well? Are they working there because they all grew up together?
- Do they have a business strategy?

- Where would you fit in?
- Are you just another worker?
- What will be your role in the management of the company?

“I once had an owner tell me there was only one ‘executive’ in his business and he was talking to me about being vice president of sales and marketing,” recalls Rose. “I didn’t take the job.”

Steve McClure, PhD and principal of Boise, Idaho-based The Family Business Consulting Group, concurs that it’s very important to interview the family members when you’re interviewing for a position in a family business. Be observant during the interview as well. “Draw your own conclusions from what you see, not necessarily what you hear,” advises McClure, co-author of *Working for a Family Business: A Non-Family Employee’s Guide to Success*.“

Timing, talents, desire and opportunity all play a part in the decision,” says Zalman, noting that she once worked with an executive who joined his family’s business, because he felt that he had to. “He didn’t particularly love the business; he simply felt that his mother and father had worked so hard to build the business that it would be disrespectful to them if he didn’t come into it. So he did,” recalls Zalman. “His intentions were noble, but the work never really fired his imagination, and he left after three increasingly acrimonious years.”

If you do join the family business and recognize that it’s not the right place for you and your career, Zalman says it’s important to be honest about your feelings as you work to exit from the company.

Leaving the “Nest” for Another Position

For executives who leave their family business, seeking employment in another company is a new and challenging experience. These are individuals who may never have created a résumé, applied for a job or even gone on an interview. Yet, what these executives do have is years of experience they can highlight for potential employers.“

Since [an executive] will probably be working with another family business, it could very well be a competitive advantage to highlight,” says McCann. “If the new company is not a family business, then make sure your résumé shows performance, skill development and leadership. Credibility may be more suspect if you worked in a family business, especially your own.”

Expert Resources:

Kathy Baker
Wake Forest University
mba.wfu.edu/fbc

Paul Cherry
Performance Based Results
PBResults.com

Vicki Donlan
VickiDonlan.com

Greg McCann
McCannfbconsulting.com
FamilyBusinessHelp.com

Steve McClure, PhD
The Family Business Consulting Group
eFamilyBusiness.com

Marty Rego
The King Organization
KingLitho.com

Jane Zalman
Zalman Family Business Solutions
Zalmanfbs.com