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ASPEN FAMILY BUSINESS GROUP, LLC

DEEP RELATIONSHIPS. ENDURING LEGACIES.



THE FAMILY BUSINESS STARTER KIT



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Introduction

The AFBG Starter Kit

The Aspen Family Business Group serves as a resource to help families create an environment in which members are open and willing to learn and grow. It is in such a setting that families are able to envision and achieve the positive possibilities of their business as well as maximize enjoyment of their family life. Our goal is for the family to develop harmonious, healthy, constructive interpersonal relationships and to maximize the success of their family-owned enterprise.

A family business is a company in which the ownership and management are or soon will be shared by two or more members of a family. It is the fastest growing segment of employers in the United States. Family firms comprise over 80% of all business enterprises in North America and they employ over 60% of the US workforce.

A family business usually starts out small and as the entrepreneur grows his/her business, spouses, offspring, and other family members join the business. When families share ownership and management, the boundary between family and business is open and the issues of the family cross into the business and the issues of the business impinge on the family. This complexity makes family businesses different and if not managed correctly can be the demise of a business. A Family Firm Institute survey finding is that only 30% of all family-owned businesses survive into the second generation and only 12% will still be viable into the third generation.

From our work with family businesses we have found that each family and business is unique but they all have many of the same issues. Some of the common challenges are: communicating, building a shared vision, developing family teamwork, providing for individual differences, and separating ownership from management. Every family must deal with these challenges in their own distinctive way. When family members team together to overcome obstacles they experience a sense of fulfillment and the happiness that comes from success.



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How To Use the Kit

The Aspen Family Business Starter Kit is designed to give you the information and tools to address family business challenges without engaging an outside consultant. The exercises are designed to cultivate the development of the qualities that are characteristic of healthy family businesses.

The Aspen Family Business Starter Kit is intended to help your family business:

- Implement a structured approach to holding family meetings to improve family and business communication
- Develop a vision and values statement to enhance decision making and to define internally and externally why you are in business and what your family business stands for.
- Work together as a team to develop a family employment policy that provides a framework for the next generation and ensures that the business will have the skills and competencies for future success.

The Kit is divided into modules. Each module provides an overview of the topic, an explanation of why it is important to family business success, how-to exercises, and examples to help you get started. Our recommendation is that you complete the first three modules in order.

You can work on your own to learn new ways to address issues with your family business. Start by reading through all the modules. Next, involve other family members in the planning of the rollout of these new ideas. It is helpful to meet with a core group of family members to explain what you are trying to achieve. Reasons often include wanting to professionalize the business, the need to put a framework in place to develop a family culture built on family traditions, ethics, and quality. It might also be for preventing or addressing conflict between family members, as an aid in bringing offspring into the business in a positive way – or some other reasons.

Enlisting the help of other family members makes them part of the process and it gives them a sense of ownership and accountability for the process. It also helps diffuse potential resistance. “Many hands make light work” ensures that you don’t get overwhelmed doing it all yourself. Include a diverse group of family members – some that work in the business and some that don’t, use members from other generations, and include males and



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females. Be careful not to create a clique of people in “the know” and exclude other family members. In the first module are detailed instructions on how to plan and hold the first family meeting.

Timeline

If these are all new concepts for you and your family it may take as long as a year to work through the three modules. Other family businesses may make this work a priority and complete the modules in less than three months. It is best to balance the starter kit work with the family member’s other demands. Our rule of thumb is that it is never too soon to start these discussions.

Overview of the Modules

Module 1 – How and When to Hold Family Meetings

One way a family business differs from other types of companies and corporations is that business decisions often affect all family members either directly or indirectly. Communicating to all family members is a critical success factor for the business and a key factor of healthy functioning families. In the first module we discuss the purpose and value of family meetings and provide you the steps for initiating or revitalizing family meetings.

Module 2 – Mission Statement

Developing a Mission Statement and Values for the family business is the first step to being more systematic about ensuring that the future direction of the business is consistent with that of the family’s interest. In this module we focus on the why and how of creating a family business mission statement and identifying mutual values. It is a tool to communicate what your family stands for and why you’re in business!

Module 3 – Developing a Family Employment Policy

Many start-up businesses survive the early months and years because of the work and support of family members. As the business develops, it seems natural to continue to hire family members who are willing to help out or who are in need of work. Offspring and other relatives that helped out during the early days may feel entitled to a full-time position once they have finished school and the family business is more established. In this module we make the case for why your business needs a family employment policy. In the exercises we provide examples of other family businesses’ employment policies, as well as exercises to help you identify the elements of a family employment policy that are right for you.