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ADVICE FOR A SUCCESSFUL FAMILY BUSINESS

To many, a **family business** means conflict. Although **family** feuds often make headlines, it's surprising how many **family**-oriented businesses exist: About 75% of all **business** enterprises in the United States today are **family** owned and managed. This includes many CPA firms and, of course, a great number of their clients. Conflict is normal, and at times routine. It's only when conflict is not managed in a positive way that it becomes a destructive force. As an independent advisor, it is the CPA's role to provide sound advice to the **family business**, both from a financial and a practical perspective.

Managers of **family** businesses should reflect on their successes but never lose sight of how they can improve. Advice for a winning **family business** includes the following:

- Choose leaders that live a balanced life--not all work or all play.
- Communicate regularly--establish a system that fosters both playful and serious talk.
- Agree on the **business** purpose and have clearly defined **business** goals.
- Plan, plan, plan--strategic, marketing, estate, disaster, financial, etc.
- Share power--everyone that can add value should be allowed input. Not all decisions should be made de facto by the majority owner.
- Preserve entrenched traditions--every **family** has traditions, whether planned or not. Traditions keep a **family** connected.
- Hold similar values--big differences in some values make it tough to share a common outlook.
- Compete in more stable markets and industries--ones not susceptible to fads, fashions, or trendy ideas.
- Grow slowly--rapid growth is difficult to manage.
- Remain small to medium in size--pressures mount when a **family business** tops the \$2 billion mark.
- Have strong and capable competition--monopolies do not succeed in a free market.
- Exude passion for the **business**--think beyond getting rich and, instead, emphasize the **family** legacy.
- Know your customers--it's common for **successful** businesses to have longstanding personal relationships with customers, vendors, and **business** partners.
- Respect governance--in order to grow, a company's leaders must be open to objective evaluation and feedback. A board of directors or advisors works wonders for a **family business**.

Conflicts in any **business** are inevitable. It is important that owners and managers of **family** businesses recognize their uniqueness. **Family** businesses should ask the following questions: Has the **family** enjoyed working together? Has the **business** performed as expected? What core values can be used to strengthen the **business** and keep the **family** close?

PHOTO (BLACK & WHITE): It is important that owners and managers of **family** businesses recognize their uniqueness.

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By James Olan Hutcheson, ReGeneration Partners

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