

Enterprising Rural Families: Making it Work The Expanding Business Family

Very seldom is a family in business blessed with only one heir who is both competent and interested in the business. More likely there are multiple children. Often there are children of partners. Most often, these children have not been taught the essential economic lessons of the business. These relationships operate beneath the surface, erupting occasionally, making the already unstable situation critical. Questions of fairness and competence arise while the parents are torn between their love of their children and fears about their future and the future of the business. The heirs—who are supposed to be the solution—too often are the problem.

Leon A. Danco
Inside the Family Business

All of the people connected to the business through blood or legal ties are important to that business's future, just as much as the blood kin and immediate family. The collection of brothers, sisters, parents, aunts, uncles, cousins, and other family members make up the extended business family. This extended family shares a common heritage. In the case of the family owned business, this common heritage is the business itself.

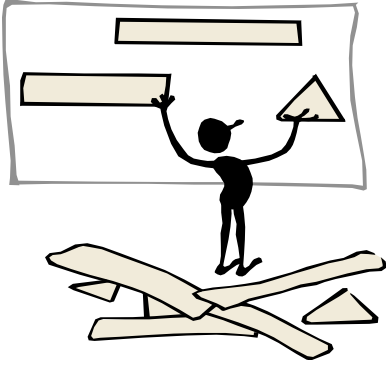
Family-owned businesses are unique because of the people in them and their relationship with each other. Many of these people are not just employees, managers, or investors. They are **family**. What anywhere else would be simple business concerns become intimately tied up with the inevitable fact of “family”.

Blood ties aren't the only qualifications for this business family. There may be many people who join the business family from the outside, raised and influenced by others. This expanding family requires the same care and interest the founders gave to the business as it developed. Failure to do so can be dangerous for the business's future.

Leon Danco suggests drawing a **Family Business Chart** that illuminates the complexity of relationships that exist in many family businesses.

Use the following page as a template. On a sheet of paper, label and rank in order of their importance to you, those members of your extended business family. Then for each person, identify the factors each person possesses that can strengthen—or weaken—the family business today and in the future.

This family chart provides a pictorial view of the relational dynamics at work in the family business.



You cannot have an organizational chart today in the family business without including a family chart. Unless the extended, enmeshed, and tangled relationships are considered and understood, and the economic consequences weighed, judged, and accepted, the family business is not understood. Without this understanding, events and decisions within that business will seem almost unintelligible.

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DRAW YOUR OWN CHART

A Partial Checklist of the Extended Business Family
 (Include your own members as appropriate)

Who They Are

& rank in order of their importance to you.

You & your spouse
 Your parents and grandparents
 Your sisters, brothers and cousins
 Your sons and daughters
 Your grandchildren
 AND all their Wives & Husbands
 AND all their kids' mates

What Factors

can affect their involvement now or later.....

Their age(s)
 Their health
 Their role in the business
 Their education
 Their marital status
 Their source of income
 Their motivation
 Their emotional stability
 Their interests
 Their ambition
 Their plans for themselves

AND DON'T FORGET TO ADD

Partners
 Investors
 Key Managers.....
 & Their families!

An understanding of this extended family is absolutely crucial. The cast may be small in the beginning. But everything changes with time and success.