

# TAB survey of small-business owners finds families share a vision for their companies

BY BARBARA SPECTOR

A recent study conducted by The Alternative Board (TAB), an organization that provides peer advisory boards and executive coaching services to small businesses, found that family business owners like being in business with their relatives. Of the family business respondents to TAB's Small Business Pulse Survey, a whopping 91% said they support the decision to have family directly involved in their companies.

What's more, the family business respondents said their family members are more likely than their non-family employees to agree with them on their vision for the business (49% vs. 25%).

Allen Fishman, founder and executive chairman of TAB, which has more than 140 franchises in five countries, says the findings show that families are deeply committed to their companies. "That business is feeding the family; it's not just a job," Fishman says. "They're rallying around the same vision."

Fishman notes that to many family business owners, "The value of the family dynamics is actually more important than the pure material success of the business." Family involvement "has its challenges," he says, "but it clearly is a major motivating factor for many of the [TAB] members to grow their businesses."

The challenges of working with family were confirmed in the survey, which was conducted in March. Family business owners who participated in the study reported that they are more likely to have conflicts with family members than with non-family employees over matters affecting the business (32% vs. 27%). Yet the family business owners aren't convinced that an outsider can help them settle family disputes. More

than two-thirds (68%) said it would not be valuable to have a third-party arbitrator resolve family conflicts.

TAB received responses from 380 business owners; 232 of them were owners of family businesses. Of the family business respondents, 47% were founders, 39% were second-generation owners and 12% represented the third generation.

## Succession planning: A weak spot

Less than half (43%) of the family business owners who participated in the TAB study said they are satisfied with their succession plan. About a quarter (24%) admitted to being dissatisfied with their plan, and 33% said they don't have a succession plan.

Interestingly, only 38% of the family business respondents said it is likely that their business would remain in the family when they exit. Perhaps these business owners plan to sell because they doubt their family members are viable successors. Forty-two percent of the family business owners surveyed by TAB said their non-family employees were the most qualified in their respective positions, while 37% said family members involved in the business were the most qualified. Other groups identified as the most qualified included "my business partners (non-family)" and "my vendors."

Fishman says he's not surprised by the respondents' assessment of their family members' qualifications. "They are very tuned into areas that are not perfect," he says. "They are looking with more attention than maybe an outsider would."

Fishman adds, however, that a frank assessment of family talent may not result in a separation of the wheat from the chaff. "Even if [some

family members] weren't the most qualified, they might still have the position, as long as they could do a good enough job," Fishman observes.

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He notes that intangible factors, beyond bullet points on a résumé, come into play when families work together. "Family members in business bring a different level of passion and purpose to the business; they don't view it as just a job," Fishman observes. "There's an emotional connection [of the business] to who they are; it's not just what they do." **FB**

## Quotable

"I believe we shouldn't tie concrete blocks around the new generation."

— *Thomas Schmidheiny, the largest shareholder in Swiss cement company Holcim Ltd., which is merging with France's Lafarge SA. Schmidheiny told Bloomberg he doubts that any of his four children will lead Holcim, though one of them might take over the family's winemaking business (Bloomberg, May 13, 2014).*

"We have implemented 'self-disempowerment measures,' basically limiting the power of the family."

— *Marc Puig, CEO of Puig, the Spanish fragrance and fashion house, on the key to the success of his third-generation family business (Financial Times, May 27, 2014).*