



# Newsline

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## DOES YOUR FAMILY BUSINESS NEED TO CHANGE?

Some family-owned businesses cling to tradition while hoping that some external event will stimulate fundamental change or improvement in profits. There may be acknowledgement of need for increased market share and hope that the competition will stumble; or recognition that costs need to be cut and hope that vendors will happily comply. Reality can interfere with that type of wishful thinking.

In a family business what can arise is recognition that some change by the owners is needed and, of course, each believes the other family member had better make it!

Even though change is needed for the business to prosper, often reluctance to change is the rationale for a family-owned company continuing to support an under-performing family member. There may be a skill mismatch or perhaps a sense of entitlement. Whatever the cause, physical presence does not guarantee productive contribution to the business. That under-performing family member not only absorbs resources (e.g., office space; salary/benefits), but potentially ends up eroding credibility of management and the morale of other workers. Sometimes relying upon benefit of doubt – and applying more time and training – only exacerbates the problem.

The rational action would be to clarify work roles and responsibilities for each family member/employee, including measures of accomplishment, and then assess capability to perform these duties effectively. This is often where resources like Vernon Roche and Hodgson are called in to assist senior leadership in identifying and 'matching' individual strengths with organizational responsibilities. This assessment process not only clarifies performance capabilities but also can identify career path options (e.g., sales versus operations).

Proactive steps such as this – starting with honest recognition that change is needed – often eliminates the pain that results from a sudden crisis appearing on the family business horizon, forcing action. Simplistically, it's a matter of where you want your competition; in front of you or behind.

What does it take to make those needed changes within a family-owned business? To re-focus its business strategy? To energize its employees? First and foremost, recognition that change is needed. Now. Your head in the sand may be a strategy, but not a very effective one. Second, confidence that you are doing the right thing. And finally, willingness to take that step – to initiate change – that is not only better for the business but also better for family relationships.

Vernon Roche and Hodgson has worked extensively with family businesses assisting owners with talent assessment, coaching and development, succession planning and optimizing organizational structure. Call us about your need for change.