



Enterprising Rural Families™

An Online Newsletter April, 2006 Volume II, Issue 4

CHARACTERISTICS OF THE FAMILY BUSINESS

Bill Taylor, Area Community Development Extension Educator
University of Wyoming
(Part 1 of 2)

This newsletter is an instrument of the *Enterprising Rural Families: Making It Work* program of the University of Wyoming Cooperative Extension Service. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.

TIP OF THE MONTH:

ON LINE MARKETING TIPS

When marketing your product, service or business online, you are entering a new realm of communication that is much more personal than anything you have ever used before.

1. **Don't send SPAM.** Don't email those that don't expect it.
2. **Do ASK PERMISSION** before you send emails.
3. **Don't force OPT OUT**, which means they have to ask to get off your email list.
4. **Do KEEP IT SHORT.**
5. **Don't send ATTACHEMENTS.**
6. **Do SURVEY.** Ask them what they want.
7. **Don't SELL YOUR LIST.**
8. **Do POST A PRIVACY POLICY.**
9. **Don't break TRUST.** Keep your promises.
10. **Do BUILD A RELATIONSHIP.**

You want to engage, not invade; to attract, not intrude.

(Source: *Management Musings*)

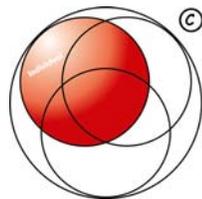
Many of us do not realize that family businesses are unique in the business world. They share some of the characteristics of corporate America, yet have many traits that are not present in the corporate arena.

While businesses not structured around a family can focus on only those missions and products that apply to the bottom line of the business, this is not necessarily always best, nor healthy, for the family business. Any business must allow for legal and efficient management of resources, finances, operations, and marketing to survive. Yet, the family business must also deal with a number of other factors. They include:

- The principals of the business are related by marriage or kinship.
- Family members include the principals and do the work.
- The family lives and works in the same location.
- The principals own and manage the business.
- Family members provide the capital for the business.
- Business ownership and managerial control are transferred between the generations with the passage of time.

Integral to understanding the family business as a style of commerce is the concept of the complete interdependence of the economic, emotional, and social issues concerning the individuals involved, the family, the rural enterprise, and the surrounding community.

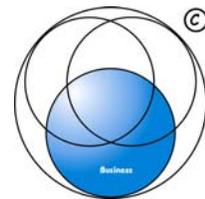
Imagine, below, the three segments of a rural business:



Individual



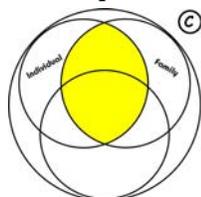
Family



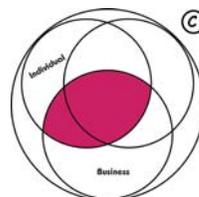
Business

Each has their own influences, needs, and goals.

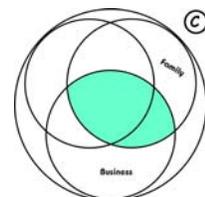
Now picture the interaction of those three segments and their influence on each other and upon the whole.



Individual/Family Interaction



Individual/Business Interaction

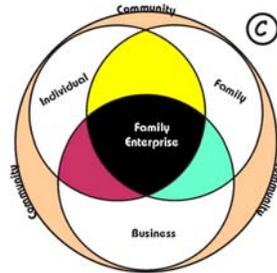


Family/Business Interaction



Continued from page one – “Characteristics of the Family Business”

If we put all of the segments and interactions of the rural family business together within the context of the community in which it exists, we could diagram it in the manner shown below.



As you can see, there are multiple factors and forces that must be in balance for the family business to function properly and to survive. If any of the circles in the diagram above (individual, family, business, community) becomes stronger or larger at the expense of another or all the others, the portion in the center of the diagram representing the actual functional portion of the family enterprise, will be moved and distorted.

In addition to the above interactions and influences, we see that the “Family System” and the “Business System” have several juxtapositions.

Dynamics	Family System	Business System
Basic motive	- to seek harmony	- to seek profit
Operating principles	- incorporate compassion and caring	- incorporate efficiency and objectivity
Rewards	- given because of one’s membership in the family - sometimes because of need	- given because of performance on specific tasks
Promotions	- based on longevity - it is an inflexible system - promotion is born into a position	- based on skill and seniority - hard work can result in a new position
Training	- implicit - not standardized	- explicit - necessary to get a good job - standardized
Separations	- usually messy - no clear guidelines for process	- less painful - clear guidelines to follow - is a common process

Common advice of family counselors and business management consultants is that business owners should keep their family life separate from their work life. This is not possible for family business owners – they work daily with other members of the family, and family relationships and work relationships constantly affect one another.

Information taken from materials within the *Enterprising Rural Families™: Making It Work* course. For further information concerning the Enterprising Rural Families™ project go to <http://eruralfamilies.org/>.

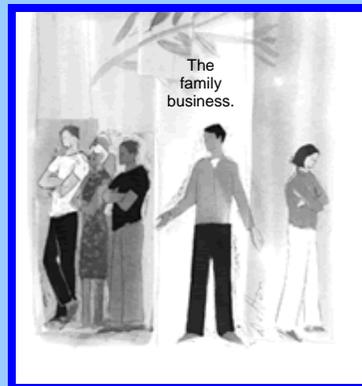
Next month we will look more specifically at how these various parts of the family business affect each other.

[Graphic copyrights by Enterprising Rural Families program, University of Wyoming.]

References

- Davis, J., & Tagiuri, R. (1989). The influence of life stage on father-son work relationships in family companies. *Family Business Review*. 2(1)47-74
- Owen, L., & Howard, W. (1997). *Managing the multi-generational family farm*. Ottawa: Canadian Farm Business Management Council.
- Sheehy, G. (1995). *New passages*. New York: Random House.
- Strong, B., DeVault, C., Sayad, B., & Cohen, T. (2001). *The marriage and family experience: Intimate relationships in a changing society*. Belmont, CA: Wadsworth/Thomson Learning.
- Canadian Farm Business Management Council (1997) *Managing the Multi-Generational Farm Family*, Ontario.
- Goetting, Marsha A. (1991) *Managing a Seasonal Income for Family Living Expenses*, Montana State University Extension Service, Bozeman, Montana.
- Lyman, Amy (2000) *Keeping the Family Farm Healthy*, Penn State University, Pennsylvania.
- Owen, Lorne J. and Judy Carter (1996) *Being in Business with Family Members Takes Special Skill*, Ontario.
- Owen, Lorne J. and Judy Carter (1996) *Farming with Family: Landmines to Watch Out For*, Ontario.
- Reeve, John (2000) *Uniqueness of the Family Business*, Queensland.
- Reeve, John and Catherine Curthoys (2000) *Implications of Rural Debt for Farm Viability and Government Services*, Department of Primary Industries, Queensland.

Family business partners work daily with other members of the family, and family relationships and work relationships constantly affect one another, not always to the benefit of the company!



Enterprising Rural Families™

April, 2006 Volume II, Issue 4