



Enterprising Rural Families™

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TIP OF THE MONTH:

Conflicts in any business are inevitable. It is important that owners and managers of family businesses recognize their uniqueness. Some things a winning family business should include:

- Choose leaders that live a balanced life—not all work or 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.

Taken from *Advice for a Successful Family Business* by Hutcheson, CPA Journal, July 1999.

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Technology and the Family Business

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No doubt about it; technology has had a dramatic impact on family and small businesses. The availability of increasingly more powerful and versatile technology has been a great boost for small businesses. But it also means that business owners must wade through a tremendous number of technology options and find the best ones to benefit their business; while also focusing on the bottom line...making a profit and keeping the business afloat.

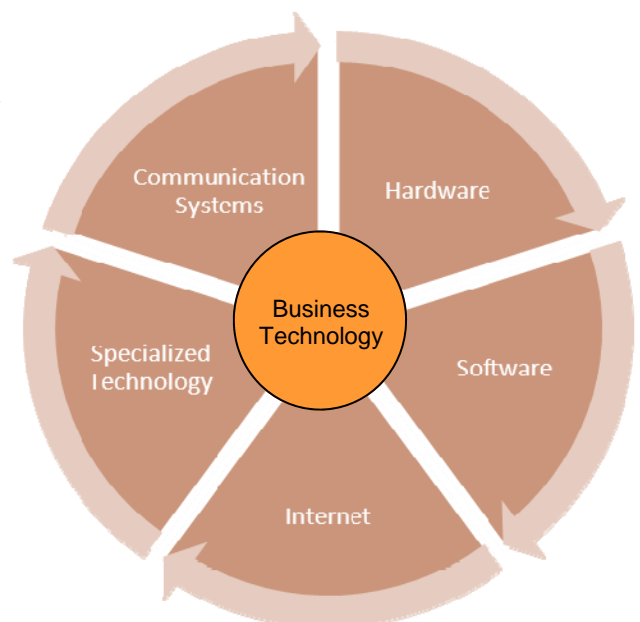
Amanda Kooser, writing for Demand Media, states that technology plays into every aspect of a business, from accounting to customer communications, to product design, to product delivery. Business technology can help small businesses “level the playing field” with larger ones, help them look bigger than they are and keep them competitive in the marketplace.

What is business technology?

According to Kooser, business technology takes many forms:

Hardware: The most visible part of small and family business technology is the hardware--desktop computers, laptops, printers, monitors, servers, cameras, and even the “mice” that keep the business running on a daily basis.

Software: This covers everything from the operating system that runs the hardware to image editing programs, to accounting software, to inventory control software, to word processing. Also included are specialized software such as CAD design for architecture and interior design.





Internet: To say that the Internet has changed family business is an understatement. Businesses use websites to advertise, provide product information, sell products, communicate with customers and reach new markets (domestic and international). In addition, the Internet provides communication from remote sites within the business. Finally, the Internet can be a benefit to employees by allowing flexible work arrangements.

Specialized technology: Technology isn't limited to hardware and software. Technology also includes high-tech manufacturing robots, advanced microscopes, and other specialized equipment. For example, a small independent machine shop may use computer-aided manufacturing equipment to create parts to specifications. And, innovative start-up businesses may use nanotechnology or biotechnology to create new products.

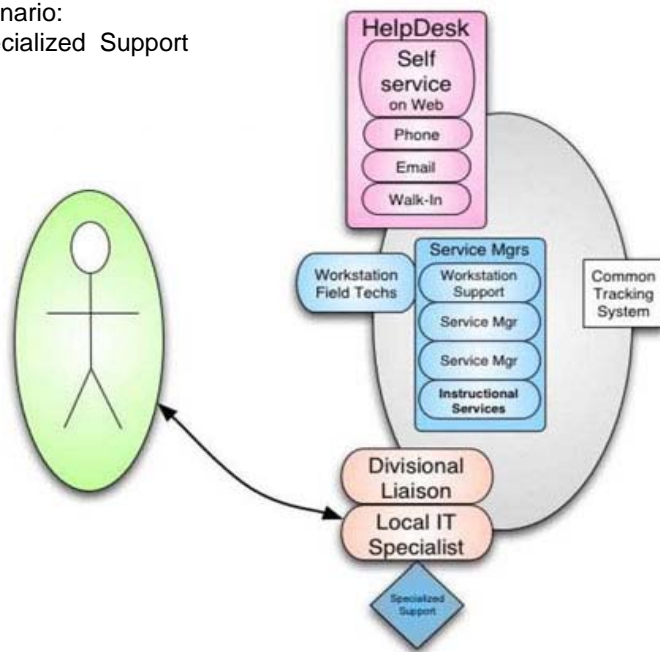
Communication systems: Though one might not consider telephone systems to be a part of technology, today's communication systems are very complex. A system may include an auto attendant that helps customers find the employee they are seeking and a voice mail system for messages. Other systems do not require a landline but rather route everything through the Internet. Even the hand-held cell phone keeps the family business owner connected to the office, customers, vendors, and markets.

Small and family business owners are always pressed for time and wear many hats. The smart use of technology can take off some of the burden and help them make the most effective use of their time and energy. However, family and small business owners face several technology issues.

Technology issues for business owners

Entrepreneurs will face a variety of technology issues during the course of doing business. Again, according to Kooser, issues include:

Scenario:
Specialized Support



Research: If a small business is fortunate to have an IT specialist on staff, the expertise of that person can be used to find goods and services that are a good fit. However, these specialists come at a high price and many family businesses simply can't afford them; so researching technology is left up to the business owner or family member/employee. In a study of small businesses and the use of technology conducted by the Microsoft Corporation, small family business owners get advice on technology from friends and family (29 percent), professional colleagues (24 percent) and technology consultants, retailers or manufacturers (24 percent). Incidentally, the study found that owners who get information from technology sources were more satisfied with their investment in technology.

Internet: The Internet provides a great opportunity to advertise, market products and services, and reach customers. It also brings up a host of issues

including maintaining a website, responding to customer inquiries, establishing search engine optimization, keeping up with Internet technology advancements, and protecting customer account information. Who, in the family business, will handle these tasks? Or will the owner contract for these services? In addition, though the presence of a web page is a given for a business using the Internet, the owner needs to decide if utilizing social media is also warranted.

Upgrades: Technology products grow old, wear out or become outdated. Upgrading technology is an important issue if the business is to remain competitive and employees working efficiently. It is time to upgrade when the old technology impacts business productivity. Underpowered computers and cell phones with poor receptivity can impact the bottom line.

Generational conflict: Technology is critical to the current and future success of small family businesses, especially for those with higher revenues and younger owners/employees. However, as reported in the Microsoft study, six in 10 business owners with multiple generations working in the business say there have been disagreements between older and younger generations about how to invest in technology. As one owner in the automobile repair business stated:

"I'm not really that interested in technology, and I'm cautious to invest in upgrades. But I know that I really don't have much of a choice if I want to keep up with the competition. My lead technician has been a big proponent of technology because of the advances in the automotive industry. He says if we don't stay current with the rest of the industry, we'll fall behind."


Technology critical for younger workers: They've grown up knowing nothing but instant, mobile 24-hour access, so it's no surprise young workers expect to be allowed to use mobiles, social networks, text messaging and other new technologies at work. And if they're not, they'll walk. In a study by Accenture Technology Consulting, more than half of a poll of 400 millennial workers, said state-of-the-art technology was an important consideration in selecting an employer. They expected employers to provide communication channels such as online chat, mobile text messaging, and social networking to communicate with their customers and clients. *"The message from millennials is clear: to lure them into the workplace, prospective employers must provide state-of-the-art technologies,"* said Gary Curtis, managing director of Accenture.

Modern business technology has gained popularity rapidly since the mid-twentieth century and the trend will definitely continue into the future. As technology solutions continue to impact, and increase, the efficiency, effectiveness, and reach of the small family business, businesses will continue to rely on technology for success.

Next month we'll share views from family and small business owners on the pros and cons of technology and what to consider when investing in technology.

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Business Technology Requires:

- ✓ Research - options that work for your business
- ✓ Investment - how much do you want to spend
- ✓ How much will your business rely on technological products
- ✓ Efficiency, effectiveness
- ✓ Maintenance - who will be responsible - Professional? Inter-office?
- ✓ Upgrades - staying current with availability



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