

Companies Can Prosper by Taking on Family Trappings

by Ed Cox, Ph.D.

For some reason, many customers often prefer to do business with family-owned and operated firms. And in the process, those savvy firms have learned how to use their family status to attract and retain clientele.

What can your company do to capitalize on this phenomenon, even if it's not family-owned?

Short of hiring your family members, you can adopt some of the principles that make family firms so attractive. Any small-business owner can implement the following strategies:

■ *Focus on customers.* Customers often believe they get better treatment and deals from family firms. They also tend to think those operations have more "heart" and will handle concerns or problems in a more sympathetic manner.

Experience does indeed reveal that many family businesses will bend over backwards to make customers happy. After all, their name is on the door. Since this is an area in which family firms excel, you must compete with that approach. Teaching your employees to care about the needs of each customer can result in tremendous loyalty.

Depending on the nature of your business, it might also be helpful to make sure that key managers know key customers. When people know someone important is taking an interest in their needs, they will keep coming back.

■ *Define company culture.* The best family firms are guided by a set of values that influence the culture of the company. Those operations often strive for integrity, hard work, humor, trust and a sense of fairness.

Many family businesses never post their core values or mission statements, but somehow, through example, everyone knows what's expected.

Maintaining such a culture can result in employees feeling safer in their jobs and more trusted to make decisions. That can lead to quick problem solving because workers don't feel they must constantly check decisions with supervisors.



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energy and morale from detailing those principles and sharing them with workers can be noticeable.

Again, doing this process consciously and deliberately could help you gain a competitive edge on other companies.

■ *Develop dedicated employees.* Many successful family firms have a higher percentage of dedicated employees than non-family businesses. Those workers tend to believe in what the company does and how it does it. They respect and even admire management.

When employees are dedicated, they usually take better care of customers while becoming more creative in their problem solving and less wasteful with company resources.

There is also far less employee turnover in well-managed businesses because those workers feel appreciated. (Incidentally, this loyalty is often present even when the family enterprise becomes quite large.)

You can build employee loyalty and dedication if you remember that the No. 1 motivator is appreciation. When employees are appreciated, they respond. So make sure your employees know how much they mean to you and to the company.

Your company probably has many positive aspects to the way employees deal with customers, suppliers, consultants, financial institutions, etc. Consider what these attributes are and then list the five or six positive principals that emerge.

The process is easier than most people think, and the boost in

Excellent family businesses often do this without realizing it. If other firms take the same approach, they can cut the competitive edge that family businesses often hold.

■ *Try to have less red tape in your operations and customer service.* The best family firms are often the most efficient because there are fewer barriers between departments. After all, if two department heads are siblings, they tend to think in similar ways and often keep each other up to date about things while away from the firm.

One way to reduce red tape is by cross-training employees. Teach them to do several tasks. If one person can handle an entire transaction without having to pass it over to anyone else, the company is more efficient.

Family firms are often good at this, since one or more family members has probably learned all the separate functions.

Become active in the community. You can develop that family feel if people know about your company because of the things your employees do to support local activities.

For example, if you have a wholesale firm or you do business with other local companies, you can become active in the various associations involving those endeavors.

After all, we go to family businesses because we believe we will have a better relationship with the company. If your company feels like a part of a community, customers will treat your business like family.

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