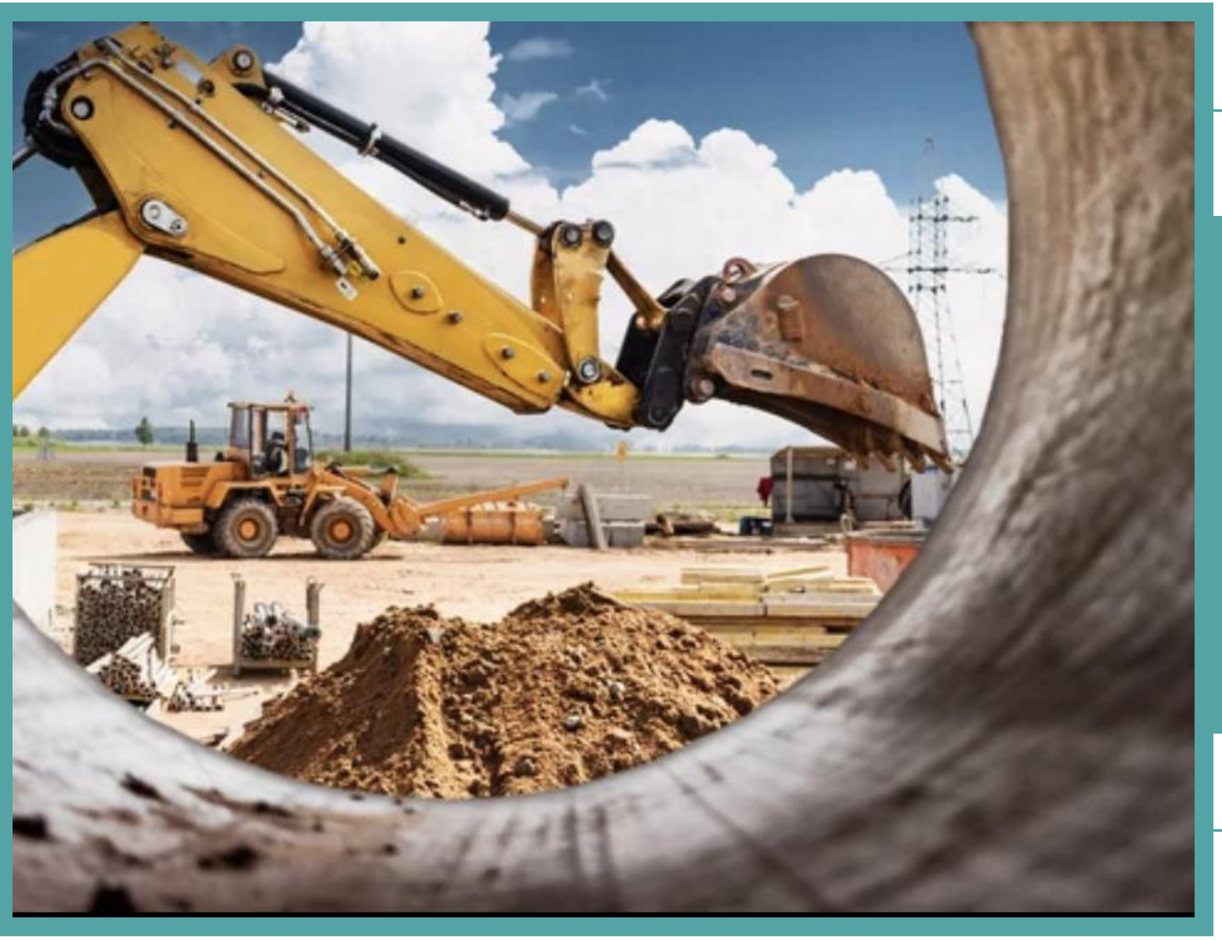


FAMILY BUSINESS BEST PRACTICES

Jared Byas

AMERICAN SUBCONTRACTORS ASSOCIATION

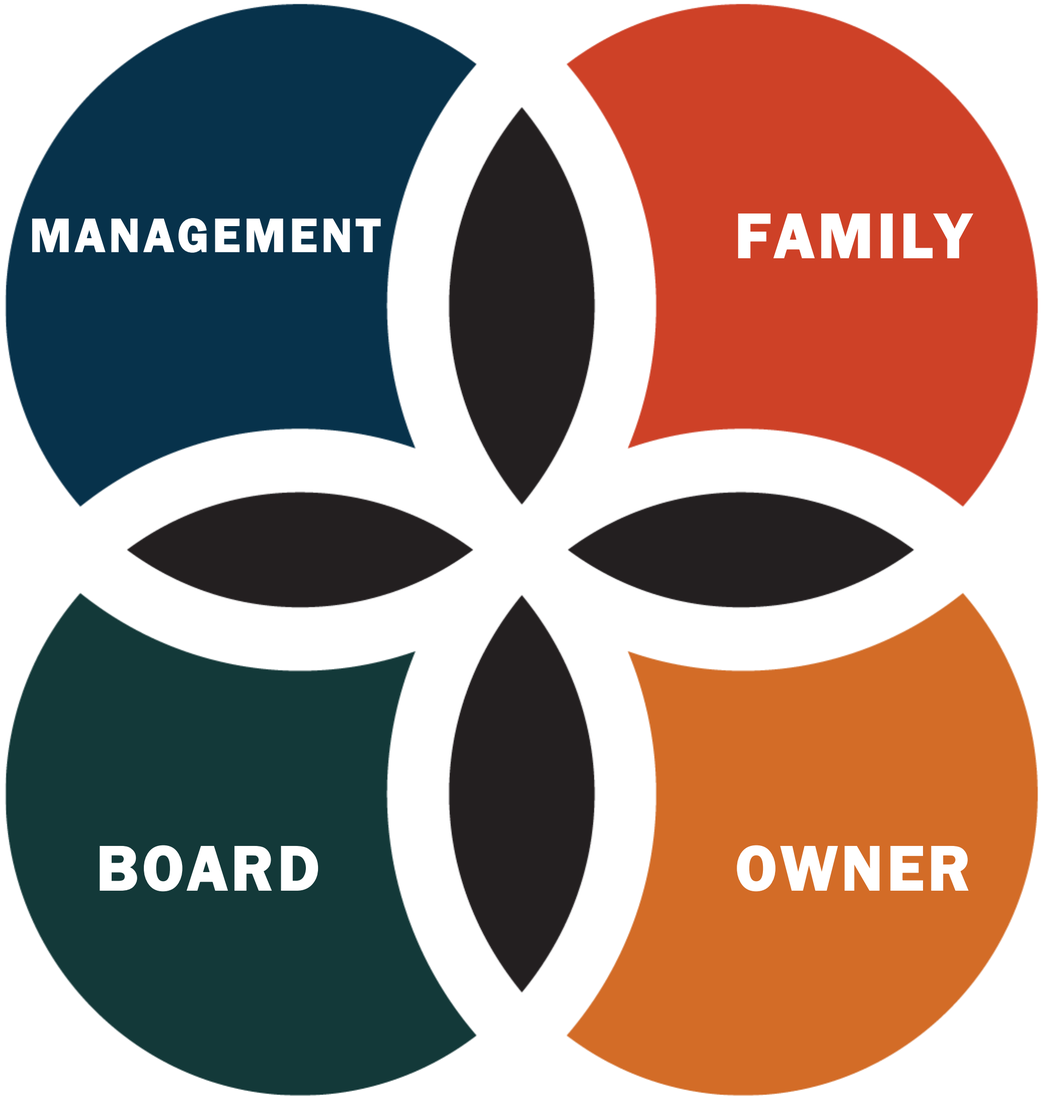
Over 10 Years Experience Working with Over 200 Families

Common Good ADVISORS

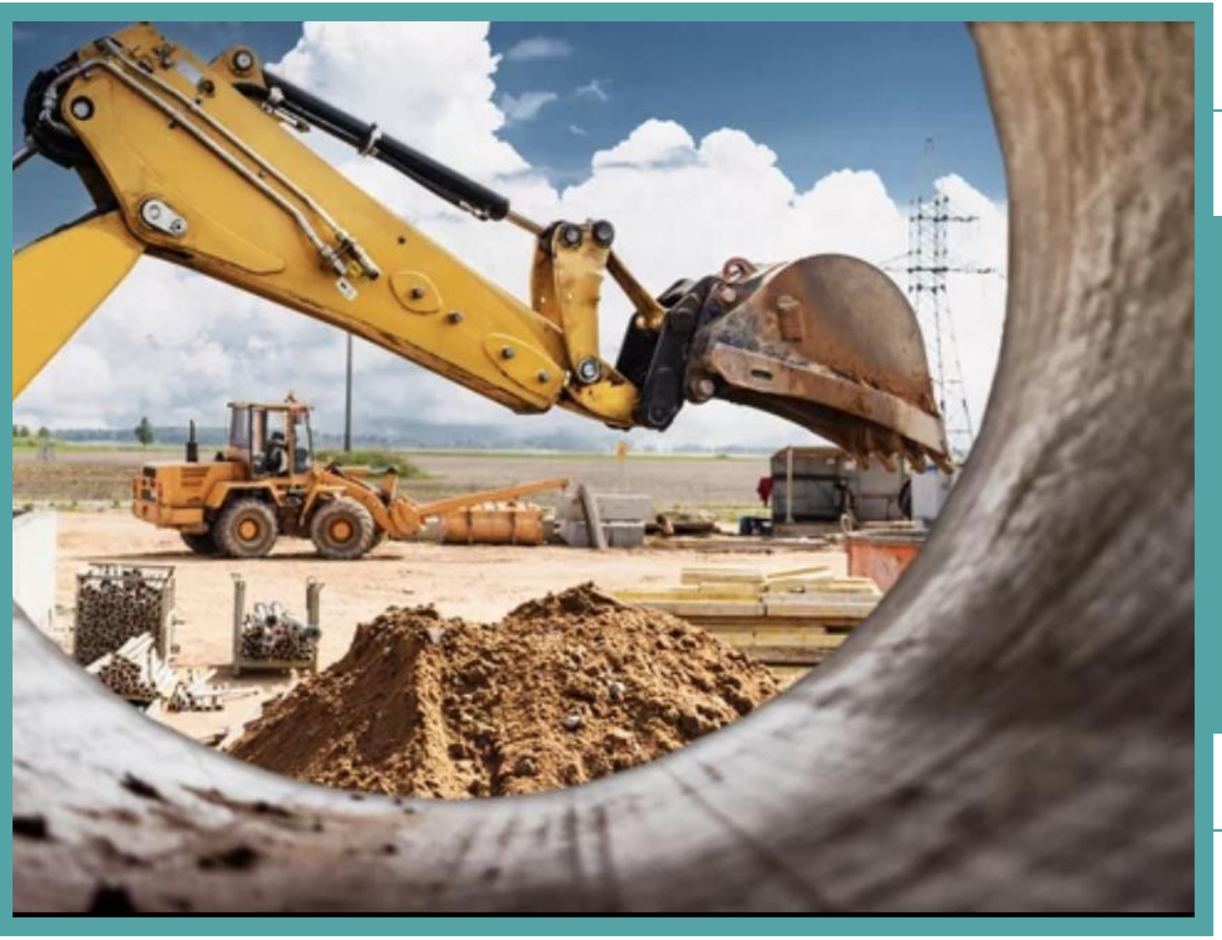
FOR FAMILY BUSINESSES

Why is Family Business So Complex?

Competing Values



Confusing Roles



FAMILY BUSINESS BEST PRACTICES

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AMERICAN SUBCONTRACTORS ASSOCIATION

Best Practices

For Everyone

For the Leading Generation

For the Rising Generation

Best Practices For Everyone

Meet. Talk. Clarify.

Best Practices For Everyone

Meet. Talk. Clarify.

Meet Regularly

Meet Regularly

Commit to a Regular Time

Meet Regularly

Commit to a Regular Time

Work On Your Business Not Just In It

Best Practices For Everyone | Meet. Talk. Clarify.

IN THE BUSINESS
Operations, Day-to-Day Tasks, Reactive Decisions

“Did you talk to Mark about the Johnson job? What should we do?”

“Why didn't that truck get fixed?”

“Who is covering tomorrow?”

ON THE BUSINESS
Strategy, Planning, People, Proactive Decisions

““Do we need another project manager?”

“Are we ready to buy another excavator?”

“When are you hoping to slow down and what’s my path for taking over?”

Meet Regularly

Commit to a Regular Time

Work On Your Business Not Just In It

Work on Structure AND Relationship

Meet Regularly

- Commit to a Regular Time
- Work On Your Business Not Just In It
- Work on Structure AND Relationship
- Write Things Down

Write Things Down

- Agenda Items
- Action Steps: Who, What, When
- Decisions

Meet Regularly

- Commit to a Regular Time
- Work On Your Business Not Just In It
- Work on Structure AND Relationship
- Write Things Down
- Stop on Time

Best Practices For Everyone

Meet. Talk. Clarify.

Talk About Hard Things Before They Become Big Things

Talk About Hard Things

Be Honest with Kindness

KINDNESS

Being kind without being honest isn't loving & sets people up to fail

HONESTY

Being honest without being kind isn't loving & prevents others from being honest.

HONESTY IS NOT CONFLICT

Best Practices For Everyone | Meet. Talk. Clarify.

Talk About Hard Things

Be Honest with Kindness

Learn to Apologize

Best Practices For Everyone | Meet. Talk. Clarify.

Talk About Hard Things

- Be Honest with Kindness
- Learn to Apologize
- Learn to Affirm

The Rising Gen is often looking for approval & acceptance

The Leading Gen is often looking for respect & gratitude

Family Businesses Tend to be Affirmation-Avoidant as much as they are Conflict-Avoidant

“I’m Sorry.” **“Good Job.”**

Practice Saying Both A Lot More

Best Practices For Everyone | Meet. Talk. Clarify.

Talk About Hard Things

- Be Honest with Kindness
- Learn to Apologize
- Learn to Affirm
- Normalize Disagreements

Best Practices For Everyone | Meet. Talk. Clarify.

Normalize Disagreements

- Disagreeing Isn’t Disrespectful
- Asking for What you Want isn’t Entitlement
- Saying No isn’t Mean
- Honesty Isn’t Conflict (Again)

Best Practices For Everyone | Meet. Talk. Clarify.

Talk About Hard Things

- Be Honest with Kindness
- Learn to Apologize
- Learn to Affirm
- Normalize Disagreements

Best Practices For Everyone

Meet. Talk. Clarify.

Clarify Expectations & Roles

“Expectations are resentments waiting to happen.”
-Anne Lamott

Clarify Expectations & Roles

Compensation Expectations: who gets paid what and why?

Role Clarity: who is responsible for what areas of the company? What does being responsible mean?

Authority Expectations: what does authority mean and who gets to make what decisions?

Clarify Expectations & Roles

Performance Expectations: what is a good job and how will we know if we're being successful in our roles?

Transition Expectations: what roles are being let go and what roles are being stepped into? Who gets to be an owner and why?

Important Reminders

Compensation: Fair is not always Equal & Equal is Not Always Fair

Role Clarity: Ownership is Not a Job Description

Authority: Letting someone only make a decision if it’s the decision you would have made is not authority.

Responsibility Without Authority Leads to Disengagement

Authority Without Responsibility Leads to Entitlement

Best Practices For The Rising Gen

Step Up Patiently

Show Grace. Transition is Emotional.

Best Practices For Rising Gen | Step Up Patiently.

Show Grace

No Experience: This is their First Rodeo

Uncertainty: Money & Identity

Focus on Performance, Not Parental Approval.

Best Practices For Everyone | Meet. Talk. Clarify.

Focus on Performance, Not Parental Approval

It’s a Moving Target

Readiness is Subjective

Keeps You in Parent/Child Dynamic

Approval-Seeking Gets Personal

You can’t control whether your parents think you’re ready. You can control whether you’re performing.

Lead Well Before You Lead Everything.

Don't wait for the business to become yours before demonstrating that you can lead.

Lead Well Before You Lead Everything.

Business Needs Better Organization?

✓ Organize Your Department

Communication is Poor?

✓ Communicate Well With your Team

Accountability is Weak?

✓ Create Accountability with Your Reports

Model the future more than you criticize the past.

Best Practices For Rising Gen | Step Up Patiently.

BONUS

Multiple Rising Generation?

Start Meeting Now to Get Aligned

With Your Future Partners

Best Practices For The Leading Gen

Let Go Clearly

Be Honest About Your Feelings

Make Tangible Progress

Make Tangible Progress

Talk Isn’t Action

Follow Through Builds Trust

Rarely Move the Goalposts

Know What You Need

Best Practices For Leading Gen | Let Go Clearly

Know What You Need

Know Your Number

Expenses Until 95

—— Retirement Savings

What You Need
From the Business

YOUR NUMBER

$3.5M Expenses Until 95

— $2M SEP, 401(k), Savings, Planned Downsizing, Etc.

$1.5M

YOUR NUMBER

Best Practices For Leading Gen | Let Go Clearly

Know What You Need

- Know Your Number
- Write Down Your Timeline (in pencil)
- Give Specific Feedback Regularly

Everyone

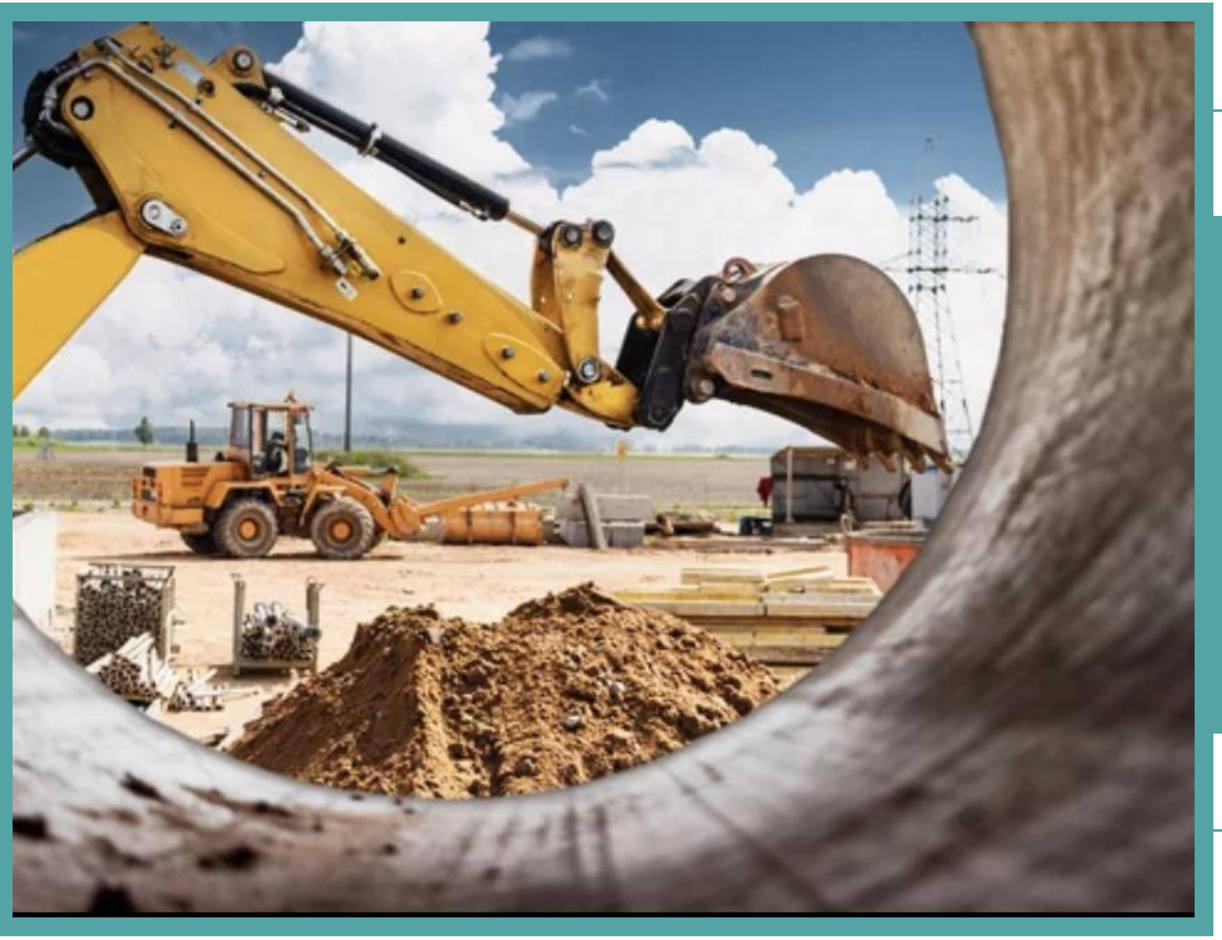
Meet. Talk. Clarify.

Rising Generation

Show Grace.
Focus on Performance, Not Parental Approval.
Lead Well Before You Lead Everything.

Leading Generation

Be Honest About Your Feelings.
Make Tangible Progress.
Know What You Need.



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