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Eyes on Business

Decisions based on emotion are bad for business

Boundaries are key for minimizing drama family brings to business

Premium content from Sacramento Business Journal - by Larry Mandelberg, Contributing writer

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The biggest mistakes made by business leaders are typically caused by decisions based on emotion. Emotions undermine clear thinking and cause people to do things they otherwise would never contemplate. And when family is involved, emotion is involved — it goes with the territory.

A business should be managed with foresight and driven by strategic planning and pragmatic execution, not emotion.

While few universal business rules exist, one canon to keep in mind is that integrating family into a business environment always makes things more complex, and complexity often brings trouble.

If you decide to bring family into your business, keep in mind that boundaries are important. Business must maintain its role, just as family relationships must also be respected. Finding common ground in the business that you can both relate to is a key to success.

Potential Problem Areas

Soft spots exist in every business and are breeding grounds for problems.

Inaccurate, unclear or even nonexistent job descriptions make promotions or raises subjective and difficult to justify. When a family member is involved, loyal staff can quickly become cynical and perceive that nepotism is at work. A family member that is turned down for such an opportunity can harbor feelings of ill will and create morale problems.

According to Dave Walker, vice president of sales and marketing for F&A Cheese Corp., "Family members who become poor performers eventually will cause morale issues with the other employees. A double standard can be the outcome, and that is never good for management credibility."

History unrelated to business will impact behavior when business demands create pressure. A sense of entitlement comes into play, and innocent abuses can easily create expensive problems. Remaining silent about such behavior serves to train other staff that the bad behavior is not only tolerated, but acceptable. Worse yet, discipline of non-family members can lead to complaints, lawsuits and turnover.

In researching this column, I found numerous cases of owners successfully working with a spouse. While these situations are more common in smaller firms, they exist in larger organizations as well. Years of working side by side, particularly through growth and profitability, can lead the parties to tolerate a difficult environment. The most common theme in these situations is reflected in the following comment: "My husband and I have worked together for (16) years ... and although we make it work, it comes at a price to our relationship and time/energy for family."

While there are many reasons to avoid hiring family, my purpose is to explore steps you can take to minimize the problems if you are already in a difficult family-at-work situation.

Productively Working with Family

The key to success is good, formal business protocol. The family relationship can easily become a trump card that causes people to circumvent key company components such as business values, reporting hierarchy and the authority matrix. All employees must be treated the same whether they are family or not.

In many instances it boils down to control. Family relationships must be kept outside the control matrix and the family member coming in has to wear the shoes of any other employee.

All employees, family included, should have clear, goal-oriented job descriptions that include objectively measureable goals. Look for creative ways to accurately and meaningfully measure effort and dedication to the job. Being objective with family members just like with other employees will serve you and the business well.

Personal family issues should be off limits in a business environment. Keep conversations at work focused on work-related issues and leave family matters for discussion outside of work hours.

When family members communicate formality can be quickly forgotten. Informal names are often perceived as disrespectful and poisonous to office morale. Help family members understand how to address you with proper respect, and give them the same consideration.

Abuse of company resources can be another major problem area. Your color laser printer is not there for personal use, whether by employees or family members. If special needs arise, handle them as you would for any other employee. Offer access for non-business needs consistently to all staff and outside of business hours.

Finally, you must have clear policies and procedures around hiring, firing, discipline and promotions. The more explicit you can be with reviews and salary increases the better. The result will be the development of a culture that strengthens your staff and the entire organization.

Make decisions for the business based on what is good for the business. Focus on creating systems and structure. Formalizing controls and documentation will help you think about your business in ways you don't often have time for. What better use of your time in this slow and difficult economy than to work on your business to make it stronger.

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