Hi, this is Wayne Rivers at The Family Business Institute. I know by now you're sick of me pushing my writing on you, but this may be the most important thing we've ever put together for our family business audience. It's brand new white paper. The decision making in your family and business is broken. Here's how to fix it. Why in the world would we write such an inflammatory in your face title and then put it together in a 12 or 15-page white paper, whatever it is?

My observation, our observation, our company with our seven consultants traveling around the country is that generation one people that we dealt with 25 years ago were terrific decision makers. They could have a board of directors meeting between their ears. They were really good at making quick decisions and moving on. Right, wrong, or indifferent, they were decision makers. Now most of our family businesses have transitioned into generation two or maybe even generation three or beyond in some cases. The decision-making grinds to a halt. It's really epidemic frankly and I think that this lack of an ability to make business and family decisions is a death threat for many family businesses around the country and around the world.

Let me give you two quick examples. During the recession, we got a call and there was a family business that had moved down to generation two, generation one long gone, all people, men frankly, between the ages of 45 and about 60. The recession was creating some new realities for them. Frankly they were overpaid, all four of them were overpaid. That was creating a tremendous drain on their G&A costs. We went over and we did a compensation study and we helped them a little bit. Three of the four were willing to make the personal sacrifices necessarily for the good of the company. One of the four however was not. He absolutely would not consider for a minute a pay cut, even though it might have meant the survival of the company. Of course, if he wouldn't take a pay cut, no one else would.

I'll come to that conclusion in a second. Second example. Senior generation leader, actually a second-generation guy, but really the guy who built the business is trying to pass over control to his two sons. He gives them an important assignment. He says in the past he would have just done this, strategic planning with a real emphasis on talent acquisition as they build up their company. Two years ago, he would have just made this decision, but now he's trying to train up his sons. He says to them, "Here's what I'm thinking, but I want you guys to research it and I want you to make the decision."

They came back on the subject of strategic planning with a big focus on talent acquisition. They said, "Dad, we have too much going on, too much on our plates. We really can't do that right now." Dad just hung his head and in order to basically placate his sons on something he knew the company desperately needed to continue its mediocre growth, he just put it away.

What's the commonality in these two examples? One is a recession company, one is a go, go growth company. What's the common reality? What's the common factor? They refused to make a decision. In essence, they decided not to decide on strategies for either survival or growth that they knew in their hearts that they needed to do. Why would rational people do this? It doesn't make any sense? Why do family businesses have an irrational, morbid fear of making decisions?

In one case, you had a three against one. In one case, you had one senior generation guy who had built the company from nothing to over $100 million in revenue. Neither would make a decision. Why? They don't want to upset other members of the family. Now consider the delicious irony in this. One guy of the four brothers didn't want to decide, so to placate him and avoid making him mad, the other three guys are mad. The dad to avoid making his sons upset on something he knows they need to do, just decides not to decide and puts the decision away completely.

I'm telling you, you think I'm going a little berserk here and I am because this is the biggest threat I've ever seen in my 28 years, 29 years of working with family businesses. This is a huge danger sign and I know that this is resonating with you because you too, if you're in a generation two or three family business, you too, if you're honest with yourself, are having difficulty making decisions.

What are you going to learn in this white paper? You're going to learn three things primarily, why family members, generally quite reasonable people, avoid making decisions in their family companies. Second thing is why failing to decide, why deciding not to decide is almost always bad, almost every single time. I can count on my two hands in 29 years how many times avoidance is the right solution. The third thing, and this is the kicker, in this white paper, we have a fool proof six step process to get you off dead center and help you make the business and family decisions that you need to make. It's as simple as that. It's the best six step process we've ever seen and believe me, we've done our homework, on how to make decisions in the family business.

Let me give you a quick snippet. I'm not going to read very much from this paper, but just a quick thing that really, really struck me in my research. This was Ray Hennessy writing in entrepreneur magazine. If you're as old as I am, you remember in 1982, there was this crisis. Back then we really only had the three networks. All the news that we got was pretty much the same whether you happened to be in Virginia where I was or whether you happened to be somewhere else in the country. In 1982, there was some nut that was going around and putting poison into Tylenol. I think it was happening up in the upper Midwest somewhere.

The CEO at the time was a guy named James Burke. He said this is a problem and it's a problem so far only in say Chicago, but I'm afraid it may be a problem in a bigger sense. He made the executive decision to pull every single bottle of Tylenol off the shelves in the entire country. This could have destroyed that brand. It didn't in reality because he made such a bold and courageous move, it actually created more brand loyalty for Tylenol. Here's what Ray Hennessy writes about CEOs making decisions.

"Choices come with some degree of risk. Think of the worst CEOs. Almost all their failures came from a hesitancy to make decisions. That means not setting a clear vision for the company, not dropping a customer who's taking up too much time and resources, not responding to new technology, not responding to competitor's innovations, not firing a problem employee. Rather than rising to the challenge, such CEOs simply choose inaction. Of course, you could make the wrong decision. There was after all a problem called New Coke, but the danger lies more in allowing the ambiguity to fester than of the consequences of a poor move."

I agree with that a 1000%. I think really in your heart of hearts, you will too. All right, this paper will press upon you the need to make decisions. The most important thing it'll teach you is to decide how you're going to decide. That sounds crazy. It sounds foolish, but that's what family businesses need. That's what this paper will teach you. It will help you decide how you're going to make decisions. Once you have that decision criteria built out, now you're not encumbered with ambiguity. Now you're not encumbered with descent because you can't make a decision because you have a morbid fear of dissension within the family. You'll have a path to run on.

There are really six steps here. Number one, break down the decision into the smallest possible step. We're going to open a new location in a city, two counties away. Break it down into the smallest steps. Who's going to research the property? Do we buy property or lease property and all those kinds of things? Break it down into a series. You know the old saying, "How do you eat an elephant? One bite at a time." Break it down into a series of small steps.

Second thing, list out all the decisions necessary.

Third, this is really important, determine how you're going to decide in terms of your criteria. There are two universal constraints; time and money. Time and money are always factors in any family business decision. There are other criteria that might be important too. Use a visual if you can. Create a matrix. This is our money decisions. This is our time decisions. This is our vendor decisions. This is our employee effect, employee impact decisions. Put all that stuff in a visual format so everybody can literally be on the same page at decision time. Decide when you're going to make the decision. Decide who is going to make the decision, whether it's an individual decision. If it's a $500 decision, really, do you need the whole family weighing in on that? Do you not trust your family managers enough to let them make a stinking $500 decision?

On the other hand, if it's selling the family business, maybe that requires unanimity. I'm okay with that, but decide what decisions need what teams of people to weigh in on the decision. It ain't everything. I'm telling you that.

Finally, number six, the mechanism how you're going to decide. Many of you, maybe even most of you in this audience have been on boards at your church, at your country club, at the rotary club, whatever. How do boards make decisions? You talk about stuff. You even debate stuff. Then guess what, you vote. It's as simple as that. Why do families treat voting to make decisions like the plague? It doesn't make any sense. This paper will give you two or three different alternatives, avenues for voting so that you not only make a decision that's good for you in the business, but that you do it in a way that doesn't upset family harmony.

The main point, not making a decision about your family or your business is a decision. It is almost always the wrong decision. Go to our website familybusinessinstitute.com. We'll have a link up. Get this white paper. It'll be the best thing you've done so far in 2017 for yourself and your family company. Thank you. Wayne Rivers from The Family Business Institute.