

Hi, this is Wayne Rivers at FBI and *We Build Better Contractors*.

This week I'm really excited to talk about Chad Goodfellows' Three Rules for Family Business Success. So, Chad is a former member of ours. He's the head of Goodfellow Brothers, which is a West Coast and Hawaii, well it's a huge construction firm. Chad's a good guy. Found this article in Family Business Magazine. I looked to see the author. I'm like, "Oh my gosh, holy moly." So anyway, really well thought out and I wanted to share some of these ideas.

Now, first things first, Boot Camp is March 24th in Raleigh. So, if you haven't signed your folks up yet, please do that now. Second thing, this discusses family business rules, but it really doesn't matter. I think these rules are sound business rules whether you're a family business or not. Half of our members are still family businesses, half are other forms, whether they're ESOP companies or they're owned by people who are not members of the same family, what have you.

So, let's dig in here. Chad starts off with... "It's an honor to be part of a family business, especially a multi-generation one. However, when emotions and family dynamics bleed into operational objectives, it's easy to lose sight of that honor. And the rare opportunities that come with it. One of the biggest sources of conflict is tied to company growth and profit distributions. Our philosophy at Goodfellow Brothers is to put the needs of the business first." That is terrific advice. Again, whether you're a family business or just a privately held business, the needs of the business should come first. And there's even some academic study to back that up. Russ Alan Prince did a study maybe in the last... surely in the last 10 years. And he identified two kinds of family businesses: business first family businesses, and family first family businesses.

And you might already guess what that means. Business first put the needs of the business first as Chad prescribes. The others put the needs of the family first, which is more successful. Well, Prince found out that the business first family businesses created \$6 of net worth for every \$1 the family first businesses created. So, you think about that in terms of opportunity, why would you put family first in the business? If the chances are you're going to create \$6 of net worth on the one hand, how much opportunity are you creating? You could put the entire family in whatever business they want, a bicycle shop or a heavy civil construction company. You can create so much opportunity that way. So, it really does make a great deal of sense to put the business first. Clear communications about the needs of the business so that all shareholders stakeholders fully understand the reasoning behind key decisions that will affect distribution and profits.

And he uses the word a little bit later on, alignment. And that is so key. Alignment of your people, not only family members but everybody that works in the business is so key to success. And I don't know how you can get alignment among your people without having a specific blueprint. Mission, vision values, and all the other things that go along with it to flesh out that blueprint which we refer to of course as a strategic plan.

The second tip that Chad gives is around conflict and conversation. So, a second challenge or opportunity. I love the way he's thinking here. Second challenge opportunity in a family and business is often conflict resolution. At some point in every business, there's going to be disagreement about company direction, not to mention other things. Again, it doesn't matter if you're a family business, there is going to be disagreement.

At our shop we have some really bright strong-willed people. We have disagreements all the time. Now, hopefully these disagreements don't escalate to the level of conflict. A healthy disagreement is one thing. Conflict, which is recurring disagreement and actually quite a bit higher on the emotional scale is a different thing. So, coming up with a way to address conflict is important. Hopefully though you'll have simple disagreement. And disagreement can be lighthearted and fun spirited. It doesn't have to be ugly and recriminating. All work and no play makes Jack a dull boy. Everyone's heard that. And Chad talks about well organized, fun, and focused family meetings could, be business meetings, to communicate about each family member's holdings and financial standing. I agree. I think retreats, which is what he's advocating here, whether it's again not a family business or family retreats are great, but you should have some fun factor built into them

so that it doesn't become two days of just drudge, head down staring at spreadsheets, that kind of stuff. But build some fun in your company organizations.

And the final tip that Chad offers is boundaries. Turning conflict into opportunity in my experience requires clear boundaries. That's absolutely true. He talks about having documented, clear written roles and responsibilities. And to that, I would add accountability. In any small business, especially a family business accountability is hard to come by. One of the reasons you have roles and responsibilities clearly defined and written is that so you can hold people accountable. And we'll talk in a blog here just in a few weeks about how to achieve accountability in your business. It all starts for me, and I hope with Chad too, he didn't write this, but it starts with alignment. And that means vision, mission, and values in whatever order you like. And that's the fundament on which everything else is built. He ends up with, if you do these things, you take his three tips you'll have solid family relationships, satisfied employees, and a business built for longevity. What more would you want? What more can you want?

So great tips. Thanks for Chad for writing the article. I hope it resonates with you too. And let us hear from you in the comments, what you have to say, what might you add to Chad's three tips. This is Wayne Rivers at FBI and *We Build Better Contractors*.