

Hi, this is Wayne Rivers at The Family Business Institute. Thanks for tuning in. Please subscribe to our YouTube channel, so you never miss another blog, and always we want to hear your comments and feedback down below, so just click and type and let us know what you're thinking.

This week I want to talk about how to improve the morale in your family business, and so I have a particular story about that. We were dealing with a third generation family business, and G3 is around 50-ish. Dad is older, of course, but mom and dad are still a major cultural force in the organization, and so our guy was working with them over the course of a series of meetings, and mom came around. Mom doesn't work in the business anymore, but mom came around, happened to be in the hotel lobby there at the conclusion, and bumped into our consultant, and she just was throwing lavish praise on him, and just saying, "You know what? Since we've been doing this, the morale in our business has really changed, and we really appreciate what you've done." So it was really terrific for my consultant to get that direct feedback, and he of course let me know, and we really appreciate the client's appreciation of gratitude. That's always a good thing.

But I want to talk about why I think that morale turned around. Was it because some consultant showed up in a nice sport coat, and waved his magic wand? Well, of course not. It really has to do with something much, much more fundamental than that, so I want you to refer to the graphics, the three graphics associated with this blog, and the first graphic I'll show you is the typical command and control family business hierarchy from when dad or granddad ran the business way back when. It was top down.

Mom and dad made all the decisions, and the kids ... this graphic has to do with families, but you could easily in that second tier, you could also put key employees in the business too. Moms and dads made all the decisions. Everybody just went along with it, and they were good soldiers. Good boys and girls. And then these consultants came along one time, and they said, "You know, this is really perverse because moms and dads make all the decisions, but it's these young people that have to live with them."

So what we decided to do ... these consultants decided to do, was get all this feedback from G2 or G3, and then take that back to mom and dad and say, "Here's the plan." Well, that went over like a turd in a punch bowl. You can imagine. So the third graphic, we actually got to a way that works, and that is that you have everybody in the family business system, key employees, in-laws, etc., providing feedback from the very outset of the project, so you can really shape win-win solutions. So the point I'm making is that top down, old fashioned command and control really just doesn't work, and the reason that morale had gone up dramatically in this business was because for the first time somebody was asking the people that actually worked there what they think, and what they care about, and how you would change things. What would you do to help improve this business and the way we do things, and how we take care of our customers.

So, one of the things ... we talked about this in our blogs before. One of the things that employees really want is an open and trusting culture. And if mom and dad, or the senior family leaders make all the decisions, what does that tell your employees about how much you really trust them? Aren't you saying in that instance, is they're just pawns to move around the chess board, and they exist at your pleasure, and they do what you say

and nothing else? What if you open it up? And what if you get ideas and creativity bubbling up from the bottom of your organization? If two heads is better than one, then aren't 200 heads even better?

I'm not saying they have to make every decision on your behalf, and I'm certainly not saying that you abdicate your stewardship responsibility for your family business. What I am saying though is open it up, get ideas from the bottom. Morale will go up in your organization and you'd be surprised how many terrific ideas your people are waiting to put on your doorstep.

This is Wayne Rivers at The Family Business Institute. Let us know what you think below. Thank you.