

Hello, this is Wayne Rivers at The Family Business Institute. Thanks for tuning in, we want your comments below. We would like to have your ideas for future blogs, for future content that might be of interest to you. And please subscribe to our YouTube channel, so you don't miss any more of our weekly blogs, who would want that!

Okay, so this week, I want to ask a question. When I walk in the door, or one of my consultants walks in the door, but when we walk in the door of a family business or a closely held company, how long does it take us to size up whether we're dealing with a prosperous company or a struggling company?

All right, so, I know what you're thinking. Man, that's arrogant. Well, think about it this way. Suppose you're a contractor. How long does it take you to size up a job when you walk on a job site? Or you're an auto dealer and you go in to somebody else's store, how long does it take you to kind of get the lay of the land? I mean, really, once you are kind of an insider, in a given industry, don't you find that you have the ability to size things up based on your experience really, really quickly?

I think we've developed that intuition over the years, as we go in to family companies. Let me talk about what we think distinguishes a prosperous family business from a struggling family business. And I'm kind of talking about the two ends of the barbell here, I'm not talking about the people in the middle. But, on average, this is how we would see the distinctions between the two types. Struggling on the one hand, successful on the other.

One simple thing that I look for - is the grass mowed, are the letters on the sign straight, is there broken glass, or pieces of roofing material coming off? If the place is neat, and orderly, and well lit, and it looks like somebody cares, and gives a you know what, then that implies success to me. If, on the other hand, you go into a place and it's dark, and light bulbs are out, and it's got Jones Company on the outside and the J in the Jones is falling halfway off, and the grass is up to your knees ... I remember going in a family business years ago, and boy, it was the filthiest office building I've ever been in. Huge cobwebs up in the corner, somebody with a broom could have made enormous amount of improvements to that thing in about 10 minutes, but nobody cared.

And what I found was that the state of the outside, and the inside of the building, the filth, I didn't even want to sit down it was so filthy. It was just awful. I did sit down, the chair canted over that way, it was broken. And I didn't get another chair. That's how little people cared.

Well, I came to find out that the state of their minds was cluttered, and dirty, and unkempt in much the same way. They were among the most dysfunctional families I had ever seen. Perfectly nice to me as a stranger, but vicious talk among themselves, no trust, no common ground rules for how they were going to interact with each other. Meanness, oh my gosh. That building was a perfect ... the dinginess, and dirtiness, and ugliness of that building was a perfect reflection of their minds. And I think maybe their hearts. And it was not meant to be a family business that was going to succeed.

We look for energy when we go in. There's a vitality about it, people are moving around, and there's some noise, and the phones are ringing and there's some energy, people are doing things, people are trying to make a

difference in their customer's lives. On the other hand, when you walk in to a business that's not so successful, it's quiet, the phones aren't ringing, there's a solemnity to it that ... it's almost funereal, in a sense.

When you walk in a good business, there's a welcoming spirit, and people smile, and look you in the eye, and shake your hand, and give you a big greeting. Whereas when you go in to the other type of the business, the not so successful ones, it feels like there's ... it's almost grudging. Okay, you're here, well now what? What the heck are you going to do for me now? Really different sense in terms of how they greet and welcome visitors.

The pace of a successful business is fast. It's hey, we're moving, we're doing things, we're getting things done. More sluggish, in a struggling business, if we get around to it today it'll be fine, if not, we'll do it tomorrow, much more laissez faire attitude, and a much more ... well, lack of a sense of urgency, that's what I'm trying to say.

There's youth in a successful business. And I'm not talking about the CEOs, some 28-year-old, wet behind the ears kid. I'm talking about there's an element of youth in the organization, from the front desk, to the administrative piece, to the execution piece of the business. There's a few young people in there that keep things going and add a little bit of pizzazz, and life to the place.

Whereas, I remember going in to a place years ago, a construction company, and the person who greeted me was ... she had to be pushing 90. And I waited for a long time in the lobby, and the magazines in the lobby, I am not kidding you, were 15 years old, some of them.

Look, go in there and do a quick audit in your lobby. And if you've got a flower arrangement that looks like it was made in some factory in China in 1958, and it's got two layers of dust on it, throw it the heck out. You're better off not having anything in there, and making it kind of cold, than having 15-year-old magazines and dying plants, and all that kind of stuff. How long does it take to size that up? Go in the front door sometimes, don't always let yourself in the back door.

And, as I said before, people are smiling in a successful business. They hold their heads high, they look at each other. And that's my number one indicator. Here's another audit point for you. Successful family businesses, who have good communication, and good harmony look each other in the eye. They have that ability, that peer ability. I trust you, you trust me, we're going to make good eye contact. And we're going to work together productively. Even if we disagree sometimes, we're still going to have high civility, and high engagement with each other.

You go in to a family business where there's a lack of trust, and there's a lot of tension, man, the eye contact is awful. They'll look at me, or some outsider. But when you see a family business not making good eye contact with each other, that is a bad sign. That's really my number one indicator. When I'm quickly gauging the health of a successful versus a not successful family business, eye contact is my number one indicator.

So, do a self-audit on the eye contact, the situation out front in your reception lobby, the outside of your business, take a look around. And see if you're projecting the air of a successful business, great, more power to you. If your sign is falling off, and nobody's mowed the grass in six weeks, and there's no lighting in the parking lot at night, that tells you something too.

You have a choice at that point. Status quo, circling the drain, maybe a death spiral. Or, grab yourself by the bootstraps and do something about it. And move that needle and get back to being a successful family or closely held business again.

This is Wayne Rivers, look forward to hearing your comments. Thanks very much.