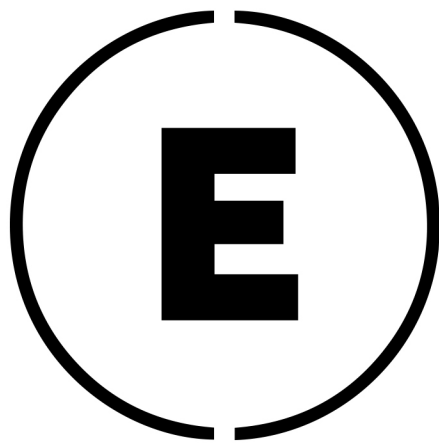




ESBA

DEALING WITH
FAMILY IN BUSINESS

[illegible]

My number one takeaway from this video

CONTENTS

Different types of drama	5
Family drama	6



DIFFERENT TYPES OF DRAMA

If you've ever seen a family business portrayed on screen (such as *My Big Fat Greek Wedding*) or any episode of 'The Profit' with Marcus Lemonis, then you know how much of business is influenced by family relationships or friendships gone bad - 100% of them.

Family drama doesn't have to come from working with another family member. Other common areas of drama can include:

Manipulation - helping others who can't (or won't) help themselves. For example, as your business skill sets grow, friends and family may ask you to make them a website or coach them - for FREE. Only you can evaluate what you'll do to support a family member - but remember that if you do it for one cousin, you'll probably be expected to do it for all of them. And the work goes beyond making their website - now you've got to teach them to maintain it. And if they don't maintain it, either you've got to do so or you could get blamed for it not working.

Finances - providing for those who can't (or won't) provide for themselves. NOT that it would ever be so simple or straightforward. There's usually a legitimate

reason to start the asking: the car broke down, they were fired, your niece or nephew is sick, etc.

Family dynamics - peacemaker or scapegoat, rescuer or troublemaker. If any of these have ever been applied to you, then you know how it is to be classified and labeled by your family. These often carry over into expectations for business.

Rescuer - the achiever who makes everyone happy, always has a solution, a good job, is successful in their endeavors. >>> Your business should help everyone in the family.

Peacemaker - the one who soothes and calms and often provides the solution for an everyone wins situation. >>> Your business should provide for anyone in the family who needs a job - even if they're not qualified or doing the work for which they're 'hired.'

Scapegoat - the one who gets blamed for everything. >>> Your business is the reason why your cousin's been out of job for 3 years.

Troublemaker - the one who brings the drama. >>> Your business is too much work, never makes enough, doesn't help your family out.

Authority. Knowing your authority (who you answer to) & Knowing your authority. It's important to remember who you owe an answer to and who you do not owe an answer to - this includes your family members who would try to force you into making decisions for your own business.

FAMILY DRAMA

The risks of working with family or friends is the same as working with any other business - except you run the risk of losing relationship as well.

One of the better summaries on family working for family is [this article from Entrepreneur magazine](#). The [list of the challenges](#) to be navigated in family relationships is excellent. However, the chance is much higher of losing friendships over business because family is family; most families usually find a way to work through troubles.

Hiring and working with friends can cause a sour relationship that can prove hard to recover from as well. Consider the following danger zones:

- **Work ethic** - A lack of shared work ethic, investment of time or resources or value clients the same.
- **Client loss** - The view of the client as customer and not a long-term relationship to be nurtured, leading to financial loss.
- **Lack of investment / care** - Lack of buy-in to the process or the outcomes.
- **Client theft** - Competition and breaking of relationship due to perception that more money should remain in their own pocket, they could do the job you're doing or that it's not the exact same because they're just doing the work on the side with clients they already had.

Strong policies and contracts regarding non-compete, non-circumvent and non-disclosure that are enforced will prohibit much of these 'danger-zone' activities.

All these lower your business brand. Add the intangible and quantifiable damage to your bottom line plus a loss in relationship and you've got a recipe for hard feelings.

Hard feelings = stuck in business and relationships >>> hindering unforgiveness.

The do's of hiring family and friends

Below are some guidelines for decision-making regarding family hires and partnerships:

How will conflicts be handled? _____

Who will facilitate handling the conflict? _____

Will a third party be a necessary precaution to conflict resolution? _____

Can family be involved in the conflict? How will their involvement be regulated? _____

What can and cannot be discussed with family outside of work? _____

Is anything protected as a trade secret?

Does family relationship trump business policy? _____

Will certain interventions be mandated (such as working with a counselor)? _____

What have you two (or three, etc.) had conflict regarding the past? _____

Are you to be equally partnered? If so, what will be your roles? Make a list of all the responsibilities that need to be handled and then write out distinct parts for each role so that no two areas overlap

Will finances be disclosed? _____

Suggested policy additions when working with family

Protect the relationship first. By setting policies / procedures & guidelines, reviewing them together and signing them will provide direction and a process for evaluation should conflict arise.

Define terms¹

Terms should be clearly defined as to not cause misinterpretation of the scope of policy.

Terms can include words like:

- *Relative.* Is relative defined by blood relationship? Marriage?
- *Relationship.* Does this include domestic partnership? If married, can they work together? Must they be transferred?

Sample policies²

“The employment of relatives in the same area of an organization may cause serious conflicts and problems with favoritism and employee morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried into day-to-day working relationships.”



¹ A great example of terms and their implications in a working business can be found [here](#).

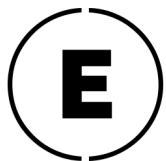
² The following sample policies were excerpted from The Book of Company Policies, published by [HR Specialist](#), © 2007.

“For the purposes of this policy, a relative is any person who is related by blood or marriage, or whose relationship with the employee is similar to that of persons who are related by blood or marriage.”

“Relatives of persons currently employed by XYZ may be hired only if they will not be working directly for or supervising a relative. XYZ employees cannot be transferred into such a reporting relationship.”

“If the relative relationship is established after employment, the individuals concerned will decide who is to be transferred. If that decision is not made within 30 calendar days, management will decide.”

“In other cases where a conflict or the potential for conflict arises, even if there is no supervisory relationship involved, the parties may be separated by reassignment or terminated from employment.”



© ESBA: ELITE SPORTS BUSINESS ACADEMY