

## **Ask SCORE**

*My brother-in-law has approached me about going into business with him in a home cleaning franchise. I've always heard one should never go into business with relatives. Is that true?*

According to the U.S. Small Business Administration, family businesses comprise 90% of all business enterprises in North America, and 62% of total U.S. employment.

So why are there always so many warnings about going into business with relatives?

Though some examples of imploding family businesses have been exaggerated by reality TV shows, operating a business with a spouse, parents, siblings, children or other family members does pose many risks above and beyond those of non-family enterprises. The dynamics and emotional ties among family members can influence what they do and say, making it difficult to criticize or discuss certain topics.

On the other hand, the same connections that create happy family can also add an extra dimension of loyalty and commitment that can help a small business achieve higher degrees of success.

One key to ensuring a successful family business is making a commitment to communication from the very start. Make sure roles and responsibilities are well-defined, particularly for those coming into the business as investors. Conduct regular meetings to assess progress, share information, air differences, and resolve disputes.

At the same time, make it a rule to leave business issues and discussions at the business. Don't bring them home or to social settings. This is important even for non-family businesses. It's refreshing to have devoted some time to yourself and your family, even if you will be seeing them again at work the next day.

Don't treat family and non-family employees differently. Your business's pay scales, promotions, work schedules, criticism and praise should be documented and administered fairly. And make sure non-family employees have the same access to managers for questions or problems as relatives.

Problems and differences of opinion are common in a family business, so it's important to continually keep in touch with each other. Weekly meetings to assess progress, air differences and resolve disputes work well for many family firms.

One of the biggest communication-related issues arises over succession. According to the Family Business Institute, only about 30% survive beyond the founder's generation, and just 12% make it to a third. Many potentially viable businesses have dissolved because of disputes and assumptions over who would take charge. That's why it's important to have a succession plan in place, and make sure all family participants are aware of it.

*This column is brought to you by the Merrimack Valley Chapter of SCORE, with nearly 70 current and former business executives available to provide free, confidential, one-on-one business mentoring and training workshops for area businesses. Call 603-666-7561 or visit [merrimackvalley.score.org](http://merrimackvalley.score.org) for information on mentoring, upcoming workshops and volunteer opportunities. SCORE is a national, non-profit organization and a resource partner of the U. S. Small Business Administration.*