

“Best Practices” is a buzz-word in almost every sphere of human activity today, including family business. For our inaugural 2020 issue, we thought we would explore the issue from the perspective of family business. Lance gives a brief and insightful reflection on understanding each other’s expectations; Davon speaks more generally about what makes a business thrive today. Finally, Bill looks at what he calls a “Biblical Best Practice” from the Book of Proverbs. Enjoy the reading, and let us know if you have any feedback.

Creating Alignment Through Expectations

By Lance Woodbury

During a recent week-long course at [Texas A&M’s TEPAP program](#), several speakers addressed a number of fundamental business management topics. Just as Davon writes below about communication as a critical family business practice, another key area involves understanding expectations in the family business.

Simply *talking* about expectations is often too broad an exercise. Instead, consider the following *written* tools to make sure family members are on the same page:

1. A written **vision statement** and **list of goals** forces people to specify what they want to see in the future. Putting the future on paper highlights whether there is alignment or disagreement about where you are headed and can prevent misguided efforts.
2. A written **family employment policy** forces a discussion about the conditions under which a family member can be hired. Consensus among siblings or cousins about how one enters the business leads to fewer claims of favoritism.
3. A written **compensation policy** forces a family to come to grips with the issue of fair pay. When you write down and quantify family member pay and benefits, the issues of market equivalence, sweat equity, and family equality are put on the table. A fair compensation strategy is essential in order to work together well over generations.
4. A written **organizational chart** forces a management team to consider questions of authority, leadership, power and decision rights. Everyone brings different talents to the business, and understanding how people fit together (people knowing their “lane”) helps to speed the execution of strategy.
5. A written **transition timeline** forces both older and younger generations to wrestle with the handoff. As I’ve described in [other places](#), “letting go” and “grabbing hold” are not simply business transitions, they are psychological transitions, and often are not easy to implement.

Working together as a family can be both immensely enjoyable and terribly frustrating. Clarifying expectations through a few written tools can lead to more time on the “enjoyable” side!

Thriving Through Communication

By Davon Cook

I’m [speaking this month](#) on how to make your family business THRIVE. “Thrive” is defined as “to prosper, flourish, develop well or vigorously”. That’s a higher bar than simply being profitable or merely surviving. What are some best practices that help a family business *thrive*?

One central principle is that *thriving family businesses invest in intentional communication and transparent decision-making*. One of our favorite sayings is, “In the absence of a story, people make one up.” If your co-



owners, team members, or future heirs are not being told what's going on, they have no choice but to assume *something*. The "story" they make up may not be accurate.

This habit of communication and decision-making should be practiced across the three circles of family business. For the **management** circle, who will help you make your best decisions? It may be an executive team or you may desire input from an Advisory Board or Board of Directors. After the decisions are made, make sure *what* and *why* are shared with the team making it happen.

For the **ownership** circle, have a shareholders meeting at least annually. If you have owners or future owners that don't work in the business, use this forum to keep them updated on business operations and finances. Involve them in significant capital decisions as appropriate. Build their confidence and pride to be 'patient capital' for the business. Consider also including teens and young adults in these business meetings at a level appropriate for them.

For the **family** circle, consider how you might provide a broader group of family stakeholders connected with the business with updates. Your in-law, cousin, or other branches may be your future employee, future partner, or advocate in the community. They field questions at the grocery store and church, too. Would you rather them *know* the story or make it up? Some people formalize this with a Family Council that has input on business philanthropy, celebrating the family's history and legacy.

No one size fits all situations. Find the format and frequency that's right for you to *thrive* with intentional communication and transparent decision-making for all your stakeholders.

A Biblical Best Practice

By Dr. Bill Long

The concept of "the one best way" originated in the consulting work of Frederick W. Taylor about 100 years ago in America, as companies were seeking methods to improve their production efficiency. "The one best way" in those days focused on issues like time and motion studies, design of manufacturing processes, establishment of production quotas and other things that would produce maximum profit for the owners and shareholders of America's burgeoning corporations.

So popular was the concept that it caught on in other fields. By the 1960s it was called "best practices," and the idea spread to government, medicine and dozens of other endeavors, including agriculture. The idea of "best practices" appeals to Americans, in my judgment, because of the concept of measurability that underlies it. One can devise a study, measure effectiveness, and recommend a best way to go about doing things in the future.

Yet often overlooked in our fascination with the economic dimension of best practices is a spiritual dimension to it. The focus of the Book of Proverbs is how to live wisely in the world. It is a very practical book, with more than 500 maxims urging us to be wise, diligent, considerate and open to correction. Yet only one of the maxims is repeated three times, and *that* one is what I call a Biblical "best practice."

Though each of the three verses is slightly different (Prov 11:14; 15:22; 24:6), Proverbs 15:22 states it well: "Plans fail for lack of counsel, but with many advisors they succeed." The common theme is the benefit of abundant counselors in one's work and life. The Hebrew behind the second clause is even more striking. Literally it says, "With the many counselors they (the plans) are established/arise." The point is that learning to ask and receive counsel is not only beneficial in "getting different viewpoints," but it helps in the generation and establishment of solid things.

That is a best practice worth remembering.

