



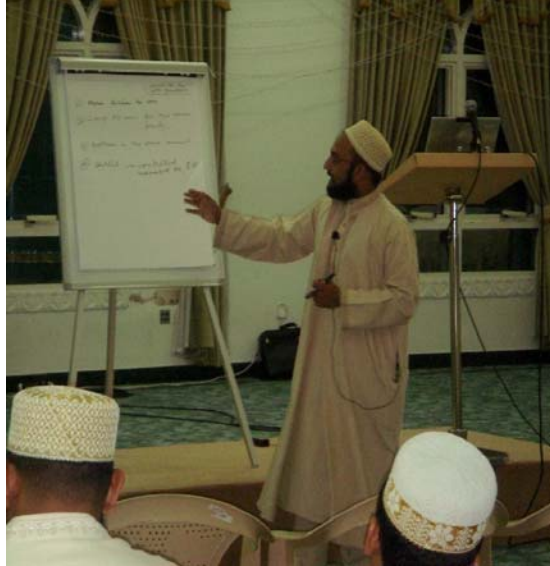
Forum on
family
Business

Date: 19th August
Venue: Burhani Masjid
Time: 8.30pm

Seminar on family Business bringing people together.

By Fatema Tapya

On the 12th of August 2007, 29 Rajab 1428, Jameat Al Tujjar Al Burhaniyah held a seminar on Family Business Management. The seminar was conducted by Shk. Taizoon Haidery a veteran in the field of Consulting. Those present got interesting and informative tips on managing their family businesses. This was in line with the directives set by his Syedna Mohammed Burhanuddin (TUS) to uplift Mumineen; by providing them skills and mindset to help themselves excel in their businesses.



In a family business, the owner and the management are the same entity, whereas in other businesses the management is based on credentials. Other businesses are task-based, oriented outward and exploit change, but family businesses often are emotion-based, oriented inward and minimize change. When there is not much overlap of family and business, you have a healthy situation whereby there are fulfilling family relationships and successful operations. However, sometimes what happens is that there is excessive overlap in the family and business leading to the business becoming vulnerable to family and personal entanglements and vulnerability of personal relationships to business issues.



A family business has three important groups that should be consulted when making any decisions about the business, these are:

1. The family (family council),
2. The shareholders (owners)
3. Top management (business managers which may not be from the family).

It is important to have a family council of 7 to 9 people as we need to manage the family before we manage the business. This council should include people in business ownership, people in business management and ladies of the family. The family council has a very important part to play in family disputes, and in discussing issues such as education, medical, marriages in the family and khidmat among other things. It is important to make sure that the council aligns all the members in the family with the family's strategic plan so that everyone is aligned with the vision and value of the family from the young ones to the elderly. This can be explained in a family assembly, whereby all the family members get together to discuss and understand the family's plans for the future.



It is very important to have a measurable strategic plan so that you set targets; so that you can organize yourself and achieve what you may get in 30 years without a plan in 5 years with a structured plan and strategy.

The family's strategic plan must be put down on paper, with the mother also getting a shareholding so that in the sad event of the father passing away, the mother is financially taken care of. This written plan is like an employee handbook which can keep changing as needed. The issues which need to be dealt with in this should be shareholder rights, shareholder responsibility, shareholder meetings and shareholder eligibility.

The business issues should also be addressed in an organized manner with the board of directors including family, management as well as an external advisor which can be a close family friend or a consultant. They should discuss the roles of each individual in the business, along with each persons' strengths, directors' remuneration (eg. pay, salary or payment) and introduction of family members into the business.

The business plan should be well written out and the business strategy should be clearly put on paper. Whatever is of importance may it

be stability (keep the business running as it is, profit strategy (make quick money and then close the business) or growth (keep growing the business so that they can satisfy the growing family needs). The plan should offer a guideline along the way which should evolve until the goals are reached.

A business is easiest to control when there is an individual owner, but gets harder when it's a sibling partnership and even more challenging if it is a cousin consortium.



Family businesses mainly fail because they do not have a family strategic plan, a business strategic plan or a succession plan. If you have all three of these on paper, you can share this vision clearly with everyone involved and ensure both business success and family harmony.



AL TUJJAR BUSINESS HIGHLIGHTS

When Family Members Work Together

"I am working in an organization which is run by a family";

"My friend has completed his studies and will be soon joining his family business"

"My son is finishing his MBA in London; he will start assisting me in my business".

These are certain statements and quotes which are commonly heard in the society today, which may give you a strange feeling. The listener can either be attracted to the charm of family business, or he may be left indifferent.

Like every other business, family business has got its own merits and demerits; strength and weakness; and this are one reason why such business is always treated with a special mention as 'family businesses'.

Why family business?

When it comes to starting a business, it is the question of taking responsibilities and sharing responsibilities. The answer to this question will ultimately lead to the final verdict of dividing the benefits and sharing the loss.

Can an individual run a family business? Or, Can the business run by an individual be called a 'family business'?

The common answer could be No, though it may not be the right answer.

So, one aspect about family business is very clear.. a family business is always managed by a group of family members.

Yet, the question is not answered; why a family business is started?

Is it because the family has got too many unemployed people in it? Or, is it because all the family members are highly talented and efficient?

The answer should be NO.

The answers could be either of the two.

1. To eliminate all kinds of risk factors involved by associating an outsider into the business.
2. Trust within the family members.

The above two points can lay the foundation for a family business.

And, these answers derive the benefits of the family business. 'No risk' and absolute 'trust'.

However, one should always be aware that these benefits are achieved at the cost of certain other aspects.

1. In a family business, the growth and expansion is always limited.
2. Quality of the job is always at a low level.

You say you've got some issues with the family members you work with? What's the problem? You're all family—you should be able to get along together. Let us the demerits and consequences.

Demerits

No matter what your business is—selling, buying, servicing or producing—the challenges of working with family members are the same. And they're not often easy to deal with.

Special issues crop up in family-run businesses that don't occur anywhere else. Or the same issues you see in non-family businesses seem more intense in a family-run company. Just what are these issues I'm referring to? Here are a few of the more common ones:

1. Birth order: The "older brother" or "older sister" syndrome involves people viewing the eldest child as more powerful, more "special" or more entitled due to their birth order at the head of the pack.

2. Position favoritism: The sons or daughters of the founder or of the eldest founder get special treatment due to their relation to the founder.

3. Teacher's pet: Mommy or Daddy's favorite, used to getting his or her own way, continues to be favored. Siblings often become jealous or angry.

4. Inner-family fraternizing: Some relatives and their spouses have favorite relatives with whom they socialize and interact outside the workplace. Or the opposite occurs: Some relatives and their spouses never get along well with other members of the family. These feelings, both positive and negative, invariably spill over into the work setting.

5. Family feud: Family rivalry to succeed and be "the best" in order to gain favor with or praise from powerful or otherwise important relatives is intense, non-collaborative and, at times, destructively competitive.

These are just a few of the interpersonal dynamics that often occur in family business. Fortunately, there are approaches you can take that will minimize—and even erase—the negative aspects of working with your relatives.

First, follow the golden rule: Make sure that everything that occurs, including the delegation of authority and responsibility, decision-making, promotions, rewards, demotions, praise and salary increases is based on concrete and clearly stated knowledge, skills, abilities and personality traits. These factors must be at the very foundation of every business activity. If they're not, the five negative dynamics mentioned above will begin to creep into your business and end up being destructive and counter-productive.

Second, leave your family issues at home. While this can often seem impossible, it *must* be attempted. Relatives may have grown up together, may have played, competed, collaborated, loved and hated each other at one time, but the workplace is not an environment in which you and your relatives should play out or resolve your childhood or adult dramas. Instead, each family member should strive to interact with other relatives involved in the business in the same neutral manner they use when interacting with non-family members.

Third, you must establish clear channels for communication. There are always ways to thwart the system—to go to a favorite relative to get the task resolved. Invariably, this means going over or around the proper individual. And that can seem preferable, especially if the proper individual is a relative who is not well liked. But that shouldn't be allowed. And while this action also occurs in non-family encounters, it's too easy to allow it to occur in family businesses; the inevitable result is that the individual being avoided discovers that a relative has bypassed the proper channel. When this happens, old family rivalries and patterns emerge that can further complicate an already complicated issue.

The best way to avoid these and similar experiences is to drop interpersonal dislikes and deal directly with the individual involved. Based on our earlier rule, the goal is to treat family and non-family alike in all situations.

When entrepreneurs take these factors into consideration, family-run businesses can operate more smoothly with increased output and decreased tensions.