Relatively Speaking: 5 Family Business Strategies that All Companies Can Leverage. By Scott Robinson, CEO Robinson Resource Group, LLC

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For many, the term "family business" may immediately evoke the image of a local, modestly-sized company struggling to make ends meet. However, according to *SmartCEO*, there are 5.5 million family owned businesses in the US, and together they generate more than half of our Gross National Product and create three-quarters of all new jobs. In fact, some of the most influential brands today are deeply rooted family firms, including BMW, Wal-Mart, and Samsung. And not only do family businesses significantly impact both our economy and our everyday lives, but the way they uniquely plan for long-term success can provide valuable takeaways for businesses of all industries and ownership structures. While each business is as unique as the family behind it, below are 5 common areas where successful family firms excel that other organizations can learn from:

Maintaining a Long-Term Vision

Perhaps the most defining quality of successful family firms is the fact that, as *Forbes* put it, they "tend to be focused not on the next quarter, but the next generation." As a result, family businesses are typically more fiscally conservative and more risk-adverse than their counterparts. According to *Harvard Business Review* ("HBR"), they carry little debt, don't spend more than they earn, acquire fewer and smaller companies, and show a surprising level of diversification as a means to protect the family's wealth. And while a long-term strategy may occasionally cost them a big opportunity, it also makes family firms more resilient, allowing them to outperform their competition in downturns—and more often in the long run as well.

Earning Employee Loyalty

According to *HBR*, retention at family-run businesses is better, on average, than comparison companies—with only 9% of the workforce turning over annually vs. 11% at nonfamily firms. And while some family businesses enjoy the built-in advantage of loyal family employees, *HBR* explains that higher retention rates can also be attributed to "creating a culture of commitment and purpose, avoiding layoffs during downturns, promoting from within, and investing in people." Because family firms tend to show a heightened commitment to the long-term development of their employees, they are also more often rewarded with the long-term loyalty of their staff.

Forming Deep Customer Relationships

When you consider that the owners of many family companies literally have their name on the building, it's not surprising that they would have an increased desire to deliver on promises, develop meaningful, long-lasting customer relationships, and build strong reputations for excellence. As one family business owner explained to *Small Business Trends*, “Because we’re all financially and emotionally invested in our business, we take care of our customers with much more care than our non-family competitors.”

Maintaining Consistent Leadership
While the average tenure of CEOs in large US companies is 4.6 years, *Forbes* reports that “those currently in charge of one of the 100 largest family businesses have already served 13 years on average”—and even their median tenure is 7 years. Whether or not the appointed CEO of a family firm is actually a family member, he or she is often allowed increased time to solidify his or her values and execute their ideas—providing employees with both a consistent vision to work toward and the time to fully execute it.

Practicing Strategic Patience
While CEOs of publicly owned companies often face intense pressure to hit their numbers every quarter, the leaders of family-owned businesses more often have the luxury to practice what *Forbes* calls “strategic patience”. Whereas others may feel forced to quickly discard strategies that don’t immediately deliver results, those leading family firms are more often able to choose an approach and stick with it, allowing their strategies the time needed to make a measurable impact.

So what does this all mean?

Despite the inherent risks, over 80% of firms worldwide remain family-owned. And whether it be a focus on stability, a play-it-safe philosophy, or an above-average commitment to employees, culture, or customers, every organization can take at least one learning away from the way family businesses uniquely plan for long-term success. Regardless of your organization’s ownership structure, if you can treat the company as your own, its dollars as your own, and your employees as family, your leadership will have significant impact in helping your organization achieve success both today, and beyond. To download pdf click here

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