

Family Business Checklist

Are you as a family creating the kind of family and business that you want? This checklist is designed to give you a quick look at your family business and to facilitate constructive discussion within your family. Ask all members of your family to fill out this questionnaire and then sit down together to discuss your scores. Answer these questions in terms of how you view your family's business today. Rate yourself on the following attributes from 1 to 9, with 1 as very low and 9 as very high. When appropriate, use 1 to mean "definitely not true" for your family business, 2 to signify "usually not true," 9 as "definitely true," and so forth. Planning is the best way to ensure the long-term success of your family business. Successful family-owned companies have clearly defined policies, engage in strategic planning and know the value of their business. Do you?

1. Trust level between different generations.
2. Trust level between members of the same generation.
3. Communication level between different generations.
4. Communication between members of the same generation.
5. Level of harmony between family members.
6. Family members discuss conflicts constructively within their own branch (for sibling partnerships or cousin consortia).
7. Family members discuss conflicts constructively between branches.
8. Differences between family members are accepted.
9. There is a sense of good humor, openness, respect and acceptance between family members. Secrecy, sarcasm, cynicism and suspicion are low.
10. There is a clear separation between family and business issues with reasonable family connectedness outside the business.
11. Business decisions are made for business reasons (not to satisfy family needs).
12. Win-win solutions are sought to resolve conflicts.
13. Family business issues (family employment, work ethic and performance of family employees, buying and selling of shares) are solved from a team approach (9), not unilaterally (1).
14. There is adequate appreciation and acknowledgment given to all family members, particularly those not in the family business.
15. Family members are reasonably open and honest with each other.
16. Family members have a reasonably high level of self-esteem. There is no addiction, depression, or other signs of mental distress.
17. Feelings of hurt and anger are dealt with reasonably, rationally and compassionately.
18. In times of crisis or problems, there is little blaming of each other. Family members rally as a team and take a problem-solving approach to the current problem.
19. Business crises have been resolved in a way that has sustained the family's unity and values.
20. Emotional healing has taken place in times of severe business crisis.

21. There is a shared vision and strategic plan in place that has been accepted throughout the family and the business.
22. Rules of entry and exit in the business are clear and agreed upon.
23. Performance reviews of family members take place in as objective a way as possible.
24. The next generation feels empowered—they feel that they have adequate decision-making power.
25. Needs of the family, the business and each individual are reasonably balanced.
26. Family members do not compete or act in ways that are hurtful to the family's core business.
27. There is a reasonably well-functioning, non-family-dominated board of directors.
28. Family members who work in the business or as vendors are not given special financial or other privileges.
29. Family members feel proud to be a member of this family.
30. Family members feel proud to be a member of this business.

Scoring:

Add up your scores individually and divide by 30.

An average score **between 1 and 3** suggests that your family business is in serious trouble. Look for help immediately. An average score **between 4 and 6** suggests reasonably good functioning, but there are some issues that need to be addressed. Encourage your family to address these issues, and consider getting a professional consultation with a family business consultant. An average score **between 6 and 9** shows a high level of health. Enjoy your high score and talk with family members about what your family needs to do in order to maintain it.

You also can find the average score for the family on each item by having all family members complete the checklist and averaging all the individual scores for each item. Note the items on which family members agree and disagree. Also note the items rated highest and lowest by everyone. Remember, this is not a test! It's a tool to be used to begin constructive dialogue about these issues. Don't try to change each other's ideas or perceptions. Rather, see if you can understand why each individual answers the questions differently. Many families use this as a starting point for goal-setting in the coming year.

©2000 by Strategic Initiatives Inc. Used by permission.

This questionnaire was designed by Marc A. Silverman, Ph.D., principal of Strategic Initiatives Inc., a consulting company that specializes in helping family businesses strengthen family harmony and business success. For more tools and information, visit Silverman's website at <http://www.StrategicInitiatives.net> or contact him at P.O. Box 40323, Providence, RI 02940; (401) 826-1680, fax (401) 827-8806.