

Business is Business

Reality Checks for Family-Owned Companies

By Kathy Kolbe and Amy Bruske

According to Harvard Business School professor John Davis, family-owned businesses (FOBs) account for about 66 percent of all businesses around the globe, yet they provide 70 to 90 percent of the global GDP or productive results. They are much more productive than publicly financed corporations and they are also more likely to donate time and talent to philanthropic activities.

However, research at the Family Business Institute states that only 12 percent of FOBs make it to a third generation. A primary reason for this is that leaders usually pick and choose family members based on emotional need or wants rather than wise business selection practices. Placement is even worse. It is often sexist and ageist. Eldest sons get top jobs. Daughters rarely run departments that are driven by profit and loss statements. For these reasons and more, working with family complicates the already daunting task of owning a business, and it's tough not to take work problems home with you. The best approach is to realize that family is family . . . and business is business.

In their new book, *Business is Business: Reality Checks for Family-Owned Companies*, award-winning advisors Kathy Kolbe and Amy Bruske provide a common-sense guide through the complex terrain of family businesses. Engagingly written, with no-nonsense tips and real-life examples, this defiant treatise outlines the:

- 7 principles for success of a family business
- 4 Action Modes that drive problem solving in family members and non-family members, from Kolbe's Theory of Conation
- 6 ways to prevent problems with offspring joining your FOB

In straightforward language, *Business is Business* explains how to:

- Assess potential family members' values before you bring them into your business
- Follow the golden rule in FOB: trust your instincts
- Avoid bringing family member work relationships home
- Keep the trust with family members and non-family members
- Prevent marital stress from damaging working relationships
- Empower the next generation to reach its potential
- Exit a family-owned business gracefully

Kolbe and Bruske hone decades of experience helping family businesses thrive—and running their own for more than 30 years—into practical, actionable advice for how to hire family members, how to work with them, and how—when necessary—to fire them. The solutions are not always easy, but understanding the frequent pitfalls of working with family is an investment that could pay back over generations. ***Business is Business*** will show readers how to find joy while developing a sustainable family-owned company.

Publication Data:

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By Kathy Kolbe and Amy Bruske

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About the Authors:

Kathy Kolbe is *the* global leader in discovering and accessing the power of human instincts. She has done the brain research to prove the relevance of her Kolbe Theory of Conation to individual and organizational success. Kathy was the first person to connect conative behavior to instinctive drives, which she postulated as the source of the patterns of mental energy commonly known as a person's MO.

Amy Bruske is the president of Kolbe Corp and leads seminars for business leaders throughout the world. She was recently named Business Owner of the Year by the Phoenix chapter of the National Association of Women Business Owners (NAWBO).

Kathy and Amy are both award-winning consultants and advisors to over 3,000 family-owned businesses, as well as to Fortune 500 companies, and both are also sought-after speakers. As mother and daughter, working together for more than two decades, Kathy and Amy have personally experienced every situation discussed in *Business is Business*. Neither recalls a time when she wished she were working anywhere else.

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Praise for *Business is Business*:

“America is built on families and entrepreneurs. In *Business is Business*, Kathy Kolbe and Amy Bruske have given us a primer on how to build on these two pillars and create thriving family businesses that can flex and grow with each new generation. If you are running a family business, or thinking of taking the leap, then this book will be your essential guide.” —**MARCUS BUCKINGHAM**, internationally renowned thought leader and business expert, NYT best-selling author of *First, Break All the Rules* and *Stand Out 2.0*

“All family-owned businesses are going to have ups and downs—but with Kathy Kolbe and Amy Bruske as your guides, your potential for success is greater than ever. Read *Business is Business*, and you’ll see what I mean.” —**KEN BLANCHARD**, coauthor of *The New One Minute Manager* and *Collaboration Begins with You*

“Although Kolbe and Bruske focus on family-owned businesses, their approach is applicable to all businesses. This is a special book!” —**JERRY I PORRAS**, professor emeritus at Stanford Business School and coauthor of *Built to Last: Successful Habits of Visionary Companies*

“The very qualities that give family businesses monumental competitive advantages are often the same qualities that suffocate innovation and accelerate demise. Decoding this paradox has not only been the lifework of Kathy Kolbe and Amy Bruske; it’s now the written work of their life. Brilliantly conceived, beautifully written.” —**TOM DEANS, PhD**, author of *Every Family’s Business* and *Willing Wisdom*

“In *Business is Business*, Kolbe and Bruske tackle the most challenging people problems all family-business owners face. This powerful must-read book outlines proven solutions for leveraging family members’ strengths, dealing with communication challenges, and developing future leaders.” —**DAN SULLIVAN**, founder of The Strategic Coach, Inc.

“Our family business has grown more than 20 percent annually since we began using the Kolbe methods described in this book. It has been essential in understanding how to work with my wife, Maria, and many other family members who all have an emotional attachment to the business and has helped us create ideal roles as we prosper together.” —**ANTONIO DOS SANTOS**, CEO of Medisca Corp


“Kolbe has had a monstrous impact on my life, on my family’s and all of my businesses, which have involved over 40 family members. It not only helped us grow our business; it helped us understand how each family member naturally operates. After we started using the Kolbe process as a family, we used it to build the teams around us. The result was that we quadrupled our revenue over a five-year period.” —**JERRY LUJAN**, owner of Manuel Lujan Insurance Agencies

“I’ve worked with family-owned businesses for over 30 years and find this is the single best book for overcoming the unique challenges of working with family companies. The wisdom in this book is enormous, yet it is presented in simple, organized, and innovative formats. *Business is Business* will help you—with practical Reality Checks—to solve many of the puzzles that have sunk otherwise viable companies.” —**RAMON G. CORRALES, PhD**, CEO of Integral Mastery Center

Boundaries That Build Better Family-Owned Businesses

Setting boundaries among family members (FMs) is as important to your family-owned business (FOB) as putting a fence around a swimming pool. Without work-related boundaries, FMs can dive in to the business, get in over their heads, and drown. What's essential is that you draw a line between what's acceptable and unacceptable in your FOB.

- **DON'T bring family member (FM) work relationships home.** Even if you are their boss at work, do not tell fellow FMs things like:
 - "We need you to come back rested from your vacation, so don't do too much partying."
 - "Here's some reading it would be good for you to do over the weekend."
 - "I don't want you representing us until you lose weight."
 - "The places you are going on dates are certainly not places where I'd like our clients to run into you."
 - "You need to host the next office party at your house."
 - "Stop spending so much time watching sports so you'll have more time to keep up with finance issues."
- **Consider Pre-FOB contracts for spouses.** It is a good idea for spouses, and other FMs, to have a clear agreement of the ground rules before they start working together. The first issue that needs to be addressed is whether or not they have the right MO's to work directly with one another or if they need to work independently.
- **Anticipate sibling rivalries.** There is a false assumption that siblings know each other well enough to know how to work well together. Knowing a sister's hobbies does not tell you how she will handle a client meeting. Sometimes sibling rivalries are caused by natural conative conflicts, but often they are the result of false expectations based on gender or age bias. It's not unlike the boundaries for spouses; siblings are responsible for keeping their personal baggage out of the workplace. "Staying in your lane" helps make this possible.
- **Recognize conflicts between family and business loyalty.** Conflicts often exist between loyalty to an FOB on one side and loyalty to a labor-minded spouse (and his/her family) on the other side. Family issues usually override business issues. Rarely do the FMs who have these conflicts stay in the business.
- **Protect access to the corporate secrets.** Better to err on the side of paranoia about keeping business secrets. Don't suffer sleepless nights wondering why you let your child travel with the wrong friend. Only the most reliable employees—who have the most to lose if the secret formula leak out—should have any control over access to the hiding places.
- **Do set space and equipment boundaries by:**
 - Making a policy to distribute FMs workspaces so they don't cluster together.
 - Not giving them higher status locations than their jobs would normally merit.
 - Giving them the same type of quality of furniture as other in their type of jobs.
 - Having them abide by the same guidelines and traditions regarding art and supplies as other employees.

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- Not giving them the power of the color of walls or design of the office unless they are senior enough in the organization to merit that level of decision making.
 - **Avoid unnecessary barriers between FMs and non-family member (NFMs).** It's wonderful when NFMs become like members of your extended family. Sometimes such relationships grow to the point of being able to trust an NFM more implicitly than you can an FM. Be aware of how you handle criticism of FMs in front of NFMs. It is not okay to criticize an FM openly. While it is important to hold an FM accountable, have these types of conversations in private so it doesn't become awkward for all involved.
 - **Avoid "us and them" cliques within the FOB.** It can be a serious matter for an FOB if a dissatisfied NFM tries to create an alliance among NFMs based on real or potential grudges. FMs should regularly reach out to NFMs rather than sticking together in their own family clique. Retain outside advisors who can facilitate discussions if tensions arise between any factions within an FOB. It is important to notify other FMs of what and when you are sharing sensitive information-unless you are prepared to have an all-out fight if they find out about it later.

4 Action Modes That Drive Problem Solving in Family Members and Non-family Members

Kathy Kolbe has done the brain research to prove the relevance of her Kolbe Theory of Conation to individual and organizational success. Kathy resurrected the word “conation,” which spell-check changes to “cognition.” Conation was defined by the early Greek philosophers Plato and Aristotle as the aspect of the mind that deals with actions, reactions, and interactions.

Kathy was the first person to connect conative behavior to instinctive drives. Conation is an internal, unchanging, unconscious attribute that is not altered by education, coaching, counseling, self-help manuals, parenting, or pleading. It is derived from subconscious, unalterable instincts, which come in a set of attributes or traits that are the modes of a person’s natural method of striving, or *modus operandi* (MO). They determine how we act, react, and interact.

According to the Kolbe Theory of Conation, there are four Action Modes and universal instincts that drive our unique methods of problem solving when we are striving:

- **Fact Finder: *The instinctive way we gather and share information.***
Behavior ranges from gathering detailed information and documenting strategies to simplifying and clarifying options.
- **Follow Thru: *The instinctive way we organize.***
Behavior ranges from being systematic and structured to being adaptable and flexible.
- **Quick Start: *The instinctive way we deal with risk and uncertainty.***
Behavior ranges from driving change and innovation to stabilizing and preventing chaos.
- **Implementor: *The instinctive way we handle space and tangibles.***
Behavior ranges from making things more concrete by building solutions to being more abstract by imagining a solution.

All human beings naturally take action on a continuum of behavior for each of these modes. Like a fingerprint or blood type, a person is born with this conative MO and can count on it to be there for a lifetime. And there is nothing you can do to change that – no matter how much your family-owned business could use a little more or less of your MO.



**Suggested Questions for Kathy Kolbe and Amy Bruske, authors of
*BUSINESS IS BUSINESS: Reality Checks For Family-Owned Companies***

Q. What are some of the most common misconceptions about family-owned businesses (FOBs)?

Q. What are the benefits and burdens of running an FOB?

Q. How do people avoid bringing family member work relationships home?

Q. Why is it crucial to assess potential family members' values before bringing them into the family business?

Q. What are some of the boundaries you recommend family members should set in their FOB?

Q. According to the Kolbe Theory of Conation, there are four Action Modes and universal instincts that drive problem solving in both family members and non-family members. What are the four Action Modes?

Q. What are the seven principles to ensure success in a family business?

Q. How can couples in an FOB prevent marital stress from damaging working relationships?

Q. Why is it crucial for leaders to listen to next-generation family members? What are some of the ways to incite next-generation ambition?

Q. What advice would you give to someone who is looking to exit a family-owned business gracefully?