

Family Employment Policies: Best Practices

By: Chris Eckrich, Ph.D.

The Family Business Consulting Group

Increasingly, business-owning families develop family employment policies to help family members understand their relationship to the business. While such policies differ from family to family, several principles maximize results both in business performance and family relationships. These policies not only help the business-owning family, but can also serve to clarify expectations for all employees in the family.

Involving family members in the business can produce positive results. Employees report pride and feeling connected when they work together with family members. Multiple siblings, at their best, can produce a culture of positive peer pressure, where family members seek to cast pride on each other, supporting each other's success.

From the business perspective, successful involvement of multiple members of the owning family is most likely to occur when clear and rigorous employment criteria are in place and when senior management implements clear lines of authority, accountability and regular performance review.

Best practices that successful family firms include in their family employment policies include:

- The owning family should not ask others to do what it will not do for itself.

- Family members are subject to defined expectations for education and outside work experience before joining the firm on a full-time basis.
- Family members do not report to anyone who is related to them by blood or marriage.
- Compensation levels are based on “market” value.
- Regular performance review practices, such as 360-degree feedback, are used to assure proper feedback.
- Measurable goals are established, based on feedback to be used in future performance evaluations.

Even the best policies may not address all possible scenarios when it comes to employing multiple family members within a firm. Should exceptions be made for purposes of management succession? Must a sibling leave the department when a sister or brother work together and one is being promoted to a supervisory position over the other? How are these decisions made?

Some family businesses create a Family Employment Committee that reviews personnel decisions regarding all employed family owners and any employee related by blood or marriage. The committee can convene as needed, and can either be advisory in nature, or be

given the power to review and modify decisions. The committee's membership may include an employed family owner or two, one or two senior non-family employees who are above family politics, a family owner not employed in the company, and an outside board member. Another approach would be to create a special "ombudsman" office that coaches and assists in resolving family employment scenarios, such as those described above.

Employing multiple family members can be a source of strength and enjoyment, if expectations are clearly established among those involved. Our experience clearly demonstrates that recognize this need for clarity, and implement positive practices, will find it less problematic managing family members and their relationship in the business.

Christopher Eckrich, Ph.D. is a Senior Advisor with The Family Business Consulting Group, Inc., and can be reached at eckrich@thefbcg.com or 260.436.0045.



To learn more about The Family Business Consulting Group and how we serve families like yours, call us at (773) 604-5005 or email us at info@thefbcg.com. There is absolutely no obligation.

The copyright on this article is held by Family Business Consulting Group Publications®. All rights reserved. All forms of reproduction are prohibited. For reprint permission, contact editor@thefbcg.com.

THE FAMILY BUSINESS CONSULTING GROUP, INC. and FBCG are registered trademarks and the FBCG logo is a trademark of The Family Business Consulting Group, Inc.

Reprinted from The Family Business Advisor®,
A Family Business Consulting Group, Inc.® Publication

