

Should Spouses Work in the Family Business?

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Our family is a close-knit second-generation group, and we are trying to decide whether to allow spouses to work in our family business. I have two brothers and two sisters who currently work in our family business. My sister feels her husband would add greatly to a poorly performing sales department, but one of my brothers says absolutely not.

What should we do?

Arguments For	Arguments Against
If spouses have strong skills, they can contribute to the business and improve our bottom line.	Spouses working outside of the business reduce the family's overall reliance on the business as the sole economic engine for family units.
Because spouses know our culture so well, they can be strong advocates of all we stand for.	Because our marriage relationships are so sacred to us, we will protect these relationships from the added stresses of employment in the family firm.
Spouses will feel most included as family if they are employed with the firm.	Spouses do not need to be employed to remain informed about the business and lend support to the organization. They can participate in family meetings.
The more family we employ, the stronger our family influence will be.	Normal conflict between family employees, and especially that involving spouses, can strain a family. And what if there is a divorce? Would we lose a valued employee when the marriage ended?

We know of many family firms that allow spouses to be employed in the business. Outcomes tend toward the positive when there is a strong drive towards accountability; when the person is highly qualified for the job; when performance goals are set and reviewed regularly and feedback is given; and when there are rules in place that prohibit one spouse working for another or spouses being in the same department.

Still, the business will serve to amplify any stresses the couple may have with each other. And with about half of all marriages ending in divorce, complications down the road can be substantial.

We recommend that families give this discussion deep, substantial thought and vigorously discuss the implications of this decision prior to inviting spouses to join the firm. If spouses are going to be invited in, some simple ground rules can help.

1. Consider simplifying and saying no. By having only one member of any marriage enter the business, you will minimize potential destructive conflict.

2. Alternatively, set a firm family employment policy that outlines qualifications for business entry, and expectations for ongoing performance and assuming leadership, as well as the causes for termination.

3. Evenly apply the policy to all family members and spouses, current and future.

4. Be sure that there is a very clear understanding among all family members about the role of compensation in the business. When salary is commensurate with responsibility and performance, it should be clear that one couple is not unfairly getting more out of the business than a couple where only one member is employed in the family business. Clarify differences in ownership rewards (dividends, liquidity) and employment compensation (salary and benefits).

5. Develop a written code of conduct describing how the family expects all members to behave in the work environment, including expectations about managing conflict, communication, and what to do when non-family employees try to set them against each other or ask them inappropriately to serve as conduits to communicate to other family employees.



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