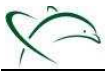


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1 AVOID REINVENTING THE WHEEL: KNOW WHAT IS EXPECTED OF YOU

Find 3 to 5 people who have joined their own family business (in the last one to five years) and ask them:

- what are the major difficulties they encountered and how they overcame them;
- what would they do differently, if they could start all over again;
- what are the things that must “absolutely be done” to limit the risks.

The most difficult person to find is the first one. Interview them and ask them to give you three names...and so on...

- Some people will tell you how they succeeded, what strategy they used, what were the pitfalls...
- Others, will tell you how they failed and/or gave up and will share with you the reasons they identified for their mishap.

Make sure you send them a thank you note (with content and substance) within 3 days following your meeting.

2 CHOOSE THE RIGHT TIME TO JOIN THE FAMILY BUSINESS

2.1 How can I balance my participation in a family business with a corporate career?

- Is the name of the family business the same as yours? Does the targeted corporation know this company belongs to your family?
- Consider working for a corporation (domestic or better go abroad);
- Then 2 to 5 years later join your family business,.

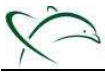
2.2 What is the right time to join my family business (i.e.: When I feel comfortable and have enough training to add to the company)?

You can choose to join them:

- Alternative #1 : Immediately after graduation (with very limited or no professional experience);
- Alternative #2: After a period of 2 to 5 years during which you acquire the skills and experience you need.

If you prefer to choose this second alternative and your family insists that you choose the first one, and you experience difficulties in convincing them to respect your choice, it is wise to:

- mention examples of other participants from your school who chose alternative #2;
- quote professors from school who recommended alternative #2;
- list catastrophes/unwanted consequences which may occur, if things do not develop the right way;
- tell them: “My decision to join you is practically made but I want to do it right and put all chance on our side so for now I have chosen alternative #2... Therefore, I will not hamper your capital / assets / investments”.



3 MAKE A GOOD DECISION

3.1 What are poor and what are good reasons to work in a family business?

- Poor and questionable reasons.
 - Please your parents.
 - Avoid searching for a job.
 - Make a lot of money the easy way.
- Good and sound reasons.
 - Safeguard family assets.
 - Prevent tensions, politics and conflicts through sound, transparent and honest decisions and behavior (lead by example).
 - Manage in an environment with sound values (with which you are in harmony).

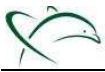
3.2 What is the best possible way to add value to the family business?

Proceed in two steps:

- Step #1: Act conservatively.
 - Make minor decisions first (which do not risk much).
 - Value results achieved and communicate them to the right people.
- Step #2: Take risks.
 - Move to major decisions (involving more risk) after getting an “ok” from key people.

3.3 What are the hidden dilemmas/catastrophes that may occur when joining a family business?

- Ruining relationship(s) with some family members.
- Being torn apart and experiencing tension from two families:
 - Your family of origin [your parents, grandparents, siblings and cousins];
 - Your family by marriage [your spouse and your children].



4 AGREE ON A PROTOCOL/CONTRACT

4.1 Do I need a contract if I work in a family business?

Yes, it is prudent and wise to have one. A protocol (not necessarily a contract) should be enough.

4.2 Should this protocol/contract be verbal or written?

Make sure to have this protocol/contract in writing. Write it as a “divorce contract” rather than a “marriage contract”.

4.3 How long should a protocol/contract be and what is the minimum amount of information it should include?

- A (short) one-page protocol/contract, in most instances, is enough.
- At the least it should include:
 - your title in the organization (if unsure call it “special project manager”);
 - your responsibilities and tasks (5 to 15 lines);
 - the name of the person you should report to (only one!);
 - your salary and benefits;
 - the duration of the contract.

4.4 What is the safest way to negotiate?

- Negotiate in a very formal way, in order to keep things professional and avoid unwanted outcomes which might be caused by either charm and family-relationship influences.
- If need be, use a third party/independent mediator.

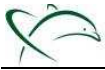
5 MANAGE TENSIONS IN THE FAMILY

5.1 How can I check the values of the key players?

This is usually one of the most difficult things to do (but it should be done anyway). Ask as many people as you can their opinions and experience with this. Do it strategically [do not ask obvious or leading questions].

If questions are too difficult to ask, present/describe mini-cases/hypothetical scenarios to the people you meet and ask them how they would go about them solving them. You might also ask them about issues where they had difficult decisions to make in the past and how they handled/managed them.

Practice triangulation by checking and validating the same information from 3 independent sources. Interview, not only the people working in the company, but outsiders as well (suppliers, customers, competitors...). Make sure that you interview the person you do/will report to find out their point of view and their key values.



5.2 How can I check the real/authentic values of the company?

- Ask the key players.
- Interview those with longevity (people who have been in the company for more than 10 to 15 years) or who have retired and spent much of their working life there.

5.3 What should I do if there are tensions within the family?

- Avoid joining them right away if there are tensions between members of your family. Let the situation work itself out before you join.
- If you must join the family business, keep your actions/opinions as far away from the problems as you can. Don't take sides. Remain silent at all times during the first month even if pressed, until you know the true situation/facts.
- If no resolution seems possible, hire an outside consultant (mediator) specializing in conflict management. Make sure that all parties agree on the same consultant before hiring anyone.
- If you are young and feel too inexperienced, select an older person to whom you can report and with whom you can open up and get advice.

5.4 How can I manage the working relationship with my father/family members in order to not affect our family relationship?

- Avoid taking sides/making decisions too quickly.
- Report to your counterpart (who is hopefully not a family member).



6 ACCEPT WORKING IN YOUR FAMILY BUSINESS

6.1 What attitude should I adopt?

Establish a professional [businesslike] relationship and not a “friendly” one.

6.2 Which position/responsibilities should I choose?

6.2.1 Select the right hierarchical level to enter the business

- You may choose to join the company as an outside consultant:
 - on your own;
 - or in the name of a small consulting firm, which could hire you as an employee.
- Define and set either:
 - the duration of the contract [3, 6 or 12 months];
 - or a specific goal/mission.
- Include, if appropriate, an article to extend the contract or allow for 2 extensions for a period of 3 to 6 months each time.

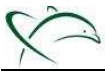
This strategy has at least 4 advantages:

- you will not be a threat to the people in the organization;
- you will likely avoid jealousy and passive aggressive behaviour from others;
- people will open up more freely with you ;
- you will have an official termination date, which will help if things aren't positive or deteriorate, allowing you to leave without hampering your relationship with your family.

6.2.2 After establishing yourself, change your status

After a period of time when things have gone well, you may change your status to one of an employee and officially become part of the organization. However, choose carefully:

- the level at which you will start;
- the duration during which you will stay at this level.



6.3 How do I go about making changes in the organization?

6.3.1 *How can I make my parents consider my analysis/recommendations, in an industry where they consider themselves experts?*

- Recognize their competencies and achievements.
- Act so you will be perceived as a unique person and make sure you do not compare yourself to them.
- Use facts and examples.
- Describe potential failures/problems which may occur if your recommendations are not being implemented.

6.3.2 *Is it OK to start changing things as soon as I arrive?*

Follow these 5 steps to put help insure success:

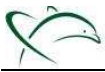
- Step #1: Be introduced to key players in the organization and make sure to adopt a low profile at the beginning.
- Step #2: Meet and listen to people. Take notes.
- Step #3: Appear as a “technician” or a “specialist” rather than the “son/nephew of Papa or Uncle Bill”.
- Step #4: Invest time during an observation period. It must be at least 3 months to 6 months (at the minimum). Observe and wait 6 to 24 months prior to making any radical/structural changes, avoid making drastic changes in the core business of the company during the first one to two years.
- Step #5: Prior to making any changes, identify the key persons involved and show them your plans and describe the potential alternatives/decisions you are contemplating and ask them for advice. After receiving advice decide by yourself (alone) what to do. Have a mentor(s) (either Papa/Uncle Bill or Papa/Uncle Bill and an outside consultant) and ask them for advice before making any strategic decision.

6.3.3 *What should I do if I am being invited to join a political party (as a family tradition)?*

- Wait some time (as long as possible but at least 2 years).
- State (to your family) the problems which may occur if you take the wrong steps.
- Secure your family by giving a target date for your decision, “I will confirm it by...”

6.4 May I hire people to reinforce my position or enhance my chance to succeed?

- Postpone hiring friends/acquaintances if you can.
- In you really need to hire new talent, limit the risks by using a time-limited contract or specify the specific mission that will be carried out.
- Make sure that newcomers are seen by 3 to 5 different people and that there is no vote against them.



7 HANDLE FAMILY MEMBERS

7.1 Is it a good idea to set strict rules about hiring family members?

Decide how the hiring decision for family members will be established:

- unanimity?
- majority?
- veto right by one member only?

Make sure the selection and choice procedure is well defined ahead of time (including the way of voting: show of hands or secrecy).

Make sure that family members are screened and hired by a committee (to which you may or may not belong).

7.2 Is there a special way to handle family members in the organization (versus other employees who are not family members)?

No, working conditions ought to be identical for all employees (communicate very formally if need be).

Clarify issues with key players right from the beginning.

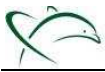
Refer to a mediator in case of (anticipated) tensions or conflicts. Do not wait for them to develop and act before or at the first sign of deterioration.

7.3 If one member of the family needs help and wants to work in the organization (and you know the company does not need them) how can the relationship be protected?

This is a tough and very sensitive issue.

Make sure the hiring decision is made by a group which includes people from outside of the company.

Let written rules for hiring apply (consider removing yourself from the process).



8 NEGOTIATE SALARY, BENEFITS AND SHARES

8.1 How should I negotiate my salary in a family business?

Try to get a few other job offers which can serve as a counter offer/reference for salary level.

Use figures from peers/surveys.

Ask a third-party that you trust [member of your family, lawyer, coach, mediator] to handle the negotiation for you (subcontract your negotiation so your emotions will not interfere).

8.2 What salary should I expect in a family business compared to market averages?

This is a difficult question and does not lend itself to one standard answer.

To help you determine salary, answer these questions first:

- Do you plan to stay there long?
- What is the financial situation of the family business?
- Will there be benefits? If so, what and their value.
- Do you possess or will you acquire a share of the equity?

8.3 How do I approach salary negotiation and benefits?

8.3.1 Salary

Ideally you should get a job offer from another successful business.

In addition, use salary surveys and reports and discuss them with your family. By placing yourself in the middle of the range, you can avoid uncomfortable discussions.

8.3.2 Benefits

Be consistent with the members of your family who work in the business.

Ask them what they have been given/offered (provided they work at the same hierarchical level as you) and ask for similar benefits.

8.3.3 Shares/Equity

This is the most sensitive and difficult issue to negotiate. You must:

- gather information to learn the common practice and/or what has occurred in the past;
- approach a specialist/consultant/tax advisor and ask for advice;
- make a proposal to your family to show you are serious about your work and future with them.

8.4 How can I address the situation of ownership if I am not invited as a partner (at the very beginning)?

- Do it before you start working for the business.
- Put it in writing (in a protocol or contract).
- List potential alternatives.