

Are “Best Practices” the best practice for your family business?

There is no shortage of books and articles espousing a so-called “best practice” for a family business. While many of these often provide enormous value for their intended audience, it is important that stakeholders not follow these recommendations blindly. Below are some points to consider when evaluating a best practice for potential implementation.

Validity: Is the best practice in question supported by unbiased, statistically valid data — and not just anecdotal? It is often difficult and/or time consuming for both stakeholders and advisors to make this determination. For this reason, it is wise to maintain some degree of skepticism.

Applicability: Each best practice was developed or observed for a group of companies with similar characteristics. However, no two family businesses are exactly alike. Even small differences can greatly impact the applicability of a best practice and it’s hard to know which differences matter.

Past Practice: Best practices are essentially solutions that have worked (or seemed to have created value) for a group of companies with similar circumstances in the past. The world is changing constantly and best practices that worked well in the past may no longer make sense. Sometimes today’s creative solution will become tomorrow’s best practice.

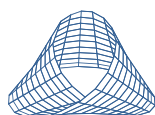
Ability to Implement: It is likely that any so-called best practice will be perceived by at least some stakeholders as not in their interests. When this is the case, the recommendation may be resisted.

Those who perceive the recommendation as serving their interests will push harder, stakeholders will polarize, and the best intentioned best-practice may actually do more harm than good.



Good advisors are well-schooled in legitimate best practice, but are not slavishly devoted to their implementation. When a best practice is applicable, they have the skills, methods and experience to help implement in a manner that minimizes conflict. In addition, they can draw upon their experience to help their clients craft creative solutions, perhaps integrating aspects of best practice, that truly serve their interests.

Conflict and uncertainty eventually challenge most family businesses. We can help.



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