

# Great Family Businesses

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“Committed to family members who want to succeed in business – together.”

I currently work with several of Wisconsin’s extremely successful multi-generation family businesses. The great family businesses I have had the pleasure of working with share the characteristics of success with family businesses studied in the recent book – *Managing for the Long Run: Lessons in Competitive Advantage from Great Family Businesses* (Danny Miller and Isabelle le Breton-Miller, 2005). The following is a list of these “lessons” – the success factors of really great family businesses:

- **Stewardship** – Family shareholders have “patient” capital. They are committed to and involved in the business enterprise for the long haul. As one of my clients likes to state their position, “Our goal is to be servants to the business and foster our culture, rather than to maximize our personal wealth.” For great family businesses the commitment to stewardship is articulated in the values and mission statement of their **Family Constitution** – a document written to describe the interaction between the family and the business.
- **Focused Strategy** – Because of their long term commitment, these great companies make profound investments in the future to sustain and renew their core competencies. In fact all of my large family business clients are excellent niche market specialists. They focus their expertise and resources on providing the best products, services and distribution in a fairly narrow niche market. The strategy is developed by management but reviewed by a formal **Board of Directors** that includes non-family members.
- **Shared Values** – A common set of shared values with a clear commitment to the family, not just to individual interests, defines these great business families. They build long term relationships with their vendors, customers and employees. To foster and nurture these values, the great family businesses have regular family meetings – **The Family Council** – to educate the next generation of leadership and to solidify their common concerns and interests both toward the business and the community.
- **Philanthropy** – Finally, these great family businesses are committed to the communities where they live and work, as well as the broader needs of society. My clients often involve the non-employed family members in the philanthropic activities of the family as a method to keep all of the family engaged in the legacy that has been created by previous generations.

The book, *Managing for the Long Run*, provides an excellent “score card” in the appendix to use to assess your own measures of greatness.

Based on my experience, building greatness for generations requires a strong commitment to formalizing the communication channels and structures to foster these key success factors: stewardship, focused strategy, shared values, and a commitment to the community.

Please call us if you are interested in learning more about building success in your family business.