



PEAK WORKOUT
BUSINESS COACHING



Creating a Family Employment Policy to Avoid Family Conflict and Set the Next Generation Up for Success.

Background (why work on this)

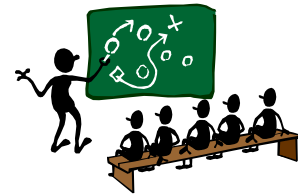
Too often families don't think about or address the idea of an employment policy until it is too late and an 18 year old from the next generation shows up wanting a job at the family business. Now, with the next GEN standing at the door, it's really difficult to have a conversation about whether or not the family business is a good choice without hurting the person's feelings or their parent's feelings!

Successful family businesses know the best time to discuss employment policies is long before the next generation shows up at the door.



The Drill

- Approach other stakeholders about the idea of an employment policy
- Draft some high-level thinking about best practices and employment policies
- Call an initial meeting with key stakeholders
- Create a subcommittee to actually write the policy
- Have subsequent meetings to get the policy accepted
- Share the employment policy with the next generation (there are right ways and wrong ways to do it)





The Inventory

Employment policies – high level concepts and ideas.

What we mean by employment policy is that a family has in place some general agreement about where they are and how the next generation, or any other family member for that matter, comes into the family business.



Don't get tripped up by the word, policy. Policy might be the word which is most appropriate in your family but other families may call it in an employment agreement or employment guidelines. Whatever you call it, the agreement/guidelines are to help you and your family make good decisions about employment and the family business and do it in a way that is seen to be fair and reasonable to other family members.

No policy or agreement should be all encompassing or one-size-fits-all. It should be a roadmap to help you make good decisions.

A good employment policy usually covers many of the following topics:



Why - usually a paragraph or two that provides background for the family employment policy. It might talk about the past or future of the business and include some key family values.

Who - who is this policy about? Next generation, in-laws etc.

What - what are we talking about? Full-time employment, part-time employment, summer help during high school? A good employment policy discusses and distinguishes these different types of employment. The biggest issues usually come when we are talking about full-time employment but every type of employment has its own challenges.

When - a good family employment policy outlines time frames and ages.

How - the good employment policy talks about the mechanics of how someone inquires about working for the family business, how they might be interviewed and how the decision will be made. It also might talk about what happens if someone doesn't agree with the decision.



Personal Reflection

Set aside 30 minutes and reflect upon the following questions. You could also give this worksheet to others working on the family employment policy



When you think about family members working in the business what are your biggest concerns?

When you think about what would be a fair way to treat others in the family, when it comes to employment in the family business, what thoughts come to mind?



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Can you think of any situations where you definitely wouldn't want someone working in the family business?

When you think about constructing a family employment policy, how would you sell the idea to others in the family?



Action Plan – Commitments, Results, Obstacles

Who are the stakeholders you would want to include in the discussion?

When would you reach out to them to have that discussion?

What are your top three selling points for the idea of a family employment policy?

What do you anticipate in terms of their concerns about such policy and how might you address those?



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Goal date for first meeting? _____

Goal date for first revision of the policy? _____

Goal date for adoption of the policy? _____

Goal date for communication policy for the next generation?



EXAMPLE

EXAMPLE Action plan for commitments, results and obstacles

Who are the stakeholders you would want to include in the discussion?

John - brother

Leslie - sister

By when will you reach out to them to have that discussion?

November 15

What are your top three selling points for the idea of a family employment policy?

We saw what happened at the Mead family business.

We want our kids to join the business only if it's the right decision for them.

We want to be proactive in shaping our kids thoughts about joining the business.

What do you anticipate in terms of their concerns about such policy and how might you address those?

They might be concerned that the policy will be restrictive. I will convey to them that I want to create a policy that will be flexible and help us not restrict them.



They might be concerned that policy will be unfair to some kids more than others. I will promise them we will make a policy that will be fair to everyone.

Goal meeting date for first meeting? January 15

Goal date for first revision of the policy? March 15

Goal date for adoption of the policy? April 15

Goal date for communication policy for the next generation?
May 1st

Example Family Employment Policy

Family employment policy for the Gladden family

History and purpose

The Gladden family has been in the restaurant business since 1968. The success of the business is deeply rooted in hard work and dedication to the business as evidenced by our founder George Gladden. The family would like to create this employment policy as a way to prepare the next generation, if they choose to enter the business, and also as a tool to help ensure the businesses long-term success.



Employment in the family business

Employment in the family business is not an automatic inherited right. Our business has now reached a stage where it needs hard-working, dedicated professionals in order to ensure its long-term success. The family would love to have family members working in the business but wants to ensure the family members are sufficiently prepared to make a great contribution to the business.

For those of us who have chosen to work in the family business, we view it as a unique gift and opportunity and at the same time we realize employment in the family business is not for everyone. Additionally, we encourage young members of the family to take the time and explore all of their career options.

We don't want family members feeling an obligation to come work in the family business and at the same time we don't want them coming to the family business out of convenience or without challenging themselves to find work that is personally rewarding.

We anticipate some family members might come into the business and later leave. Some family members might come to the business later in their career. It is our highest intention that employment in the family business is a choice both for the business and the family member employee. We never want employment in the family business to be a source of long-term stress or estrangement in the family.



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When we think about employment in the family business we think about a few distinctions:

Part-time summer or high school employment

Family members are welcome to apply for a position during the summer or high school. They will be considered for a position alongside other candidates for the position. Candidates are encouraged to approach the business like they would any other part-time job.

We ask that family members seeking part-time employment be ready to work hard, show up on time, work shifts as needed just like any other part-time employee. It is our intention to not provide any special treatment to family members for we believe this would not serve the business or the family member

We strongly encourage our family members to gain part-time employment during high school outside of the family business as well. We think this is a great building block for not only job experience but life experience.

Full-time professional employment

We consider full-time professional employment as people who are ready to make the food service industry a career. These candidates usually have completed high school or college and are ready to make the commitment it takes to be a food service professional.



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For family members seeking a full-time professional position we ask them to seek a minimum of two year's work experience in a professional setting outside of the business. We also strongly encourage them to seek positions that will give them the opportunity to gain either wage or position advancement in their job. We believe the ability to gain advancement outside of the family business is a great way to build personal confidence and identity that will later only enhance the family business employment opportunity.

Full-time professional employment management position and individual contributor

Our business will need professional individual contributors and management positions. We are happy to have family members pursue either of those careers. We do not believe that everyone is suited for management or leadership roles. We believe people can have a fulfilling career as an individual contributor or a manager leader.

For management positions, we expect family members to work in the business a minimum of five years before being considered for management.

Ownership management and individual contributor

We believe that eventually the business may have people who are individual contributors and donors and we may have people that are managers and leaders and not owners. We may also



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have owners who don't work in the business. We view all of this as the natural progression of our family business. We are open and willing to have further in depth conversations about ownership in the family business.

Outside employment, experience and advancement

We think family members that pursue outside experience and further experience career advancement with other organizations will bring excellent outside experience to our business. Family members with those kinds of experiences and accomplishments will position themselves well for management and leadership positions in our business as well as other businesses.

College education

We believe that college education is a great bedrock for individual career development. That is not to say that a college education is for everyone or that a college education is an absolute requirement for advancement in the business but our business, like most others, will use higher education as one of the factors when considering management positions and job compensation.

Compensation

It is our family's intention to compensate employees in a fair manner in accordance with the competitive job market and considering such things as education, prior job experience, and



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prior earnings history. All of these things will be given consideration when determining the compensation for a family member.

It is our intention to not give favorable consideration to family members. We anticipate compensation as an area of potential heartache but are strongly committed to making good, fair business decisions. We don't want to create stress for family members and at the same time we will work hard to make compensation decisions for a family member the same as we would for a nonfamily employee.

Special considerations

This policy is designed to cover most situations we believe will come up. Having said that, we realize that special situations will occur in regard to people's ability to gain outside employment, experience and advancement. As special situations arise we will work hard as a family to make decisions that are in the best interest of the family while balancing the needs of the business and this employment policy. We are committed to making those decisions with transparency and good communication to the entire family.

Communication and policy revision

This policy is designed to be a living document. We welcome input from family members in regard to the overall tone of the policy and the fairness of the policy. It is our intention as a



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family to be collaborative and open minded. We welcome input and discussion about the family employment policy and anticipate revisions as time goes on.