

Answer on Question #40563 – Management – Other

Any business organization has its "pros" and "cons". In case of family business there are some nuances.

Positive aspects of the organization of the family business:

- " Family business " is the traditional way of business in the Slavic families (continuing fathers affairs by children) – the mentality is to some extent prepared for this ;
- success of the family business can be ensured by keeping family secrets that will give future generations a higher level of launch ;
- partner can be the closest person to you whom you can trust without prior inspection and greatest fears ;
- common case (on mutual interests) can be reliable as a unifying force for the unity of the family;
- in a family business to teach children the work available to them, to develop their skills and instill the value of the money earned by his labor is often acceptable;
- family business has expanded list of incentives to achieve positive results (family's reputation , job , be proud of your family, friend staff , etc.);
- through a family business the services of this company on very favorable terms , even to family members who are not involved in the business, can be provided.

Bad aspects:

- even among relatives there may be treachery , while difficult to predict and protect themselves ;
- career interests and money can ruin family relationships ;
- If both husband and wife are involved in a family business , it increases the risk for the family budget while reducing the income or bankruptcy of the business (preferably in the same family to have at least two different income sources);
- conflicts are inevitable , if someone from the family begins to perceive the family business as an opportunity to relax , does not fulfill responsibilities or work "slack " , time off constantly, referring to any circumstances that must understand the chief " as a member of the family";
- lack of unconditional subordination (the organizer of the business could not always have the respect in the family , while he was the absolute leader in the business, but the relatives of habit can shift their disrespect and business) ;
- biased assessment of the relative abilities in employment (sometimes founder just have to hire the relative , or his family "will not understand " , and adopted relative may be very far from compliance with the position requirements);
- inability to separate business and family relationships ;
- inability of enterprises to "survive " increase in the success , credibility of the employed family member over its founder (removal of the director in such cases threatens serious conflict , including close family , as well as the financial split);
- trouble because of envy and ambition was not been canceled even in family businesses ;

- Statistics , a family business , for the most part - not last (if we consider longevity as a change of more than three generations of relatives), and the greatest danger lies in wait for the business in the second generation - generation heirs of the founders.

Two of the largest European companies - InciAku and KNAUF - are classic examples of the "family business." These companies represent different sectors of the economy, different countries and different business traditions, but what they, no doubt, bring together - it is a success, confirming the effectiveness of the "family model" of business ownership. That's why family business is a useful system to achieve pace in industrial development.