

Our July Dispatch, while focused on policies and procedures, is really about preventing conflict. Alleah helps us see the benefits of planning ahead for certain family business situations, while Davon offers guidelines for a common succession challenge – the return of family members to the business. And Bill suggests a lesson for families from a well-known Bible story. The upshot from all three writers is that a guideline, policy, procedure, or even a pause, can help families avoid situations that create difficulties in owning and operating a business together. We hope you enjoy these thoughts, and please offer any feedback by replying to the email.

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## The 3 Ps of Family Business

By [Alleah Heise](#)

In every family business there are three important Ps that must be addressed: Preparedness, Policies and Procedures. Though they are intertwined, each emphasizes an important aspect of the business.

**Preparedness:** Most family business owners and managers, especially in smaller businesses, may not immediately see the need to develop policies and procedures. Then it happens-- you hire a member of the next generation... or a nephew... or an aunt. Suddenly, you realize you need a family employment policy (see Davon's article). Unless you are prepared with hiring guidelines, you will be in trouble. Additionally, you will need to prepare documentation to support issues as different as compensation and governance in the business. Preparedness is key.

**Policies (or Guidelines):** It is easy to choose one of the two ends of the policy spectrum – developing policies for every instance or taking a more “fly by the seat of our pants” approach. Neither is necessarily wrong, but having policies in place that set standards within your business removes ambiguity and increases both productivity and engagement. Policies create an environment where expectations are clear and where team members are encouraged to focus on what needs to be done within those guidelines.

**Procedures:** More specific than policies are procedures. These are often written to address a specific situation. For example, “What happens if something happens to me?” Clearly documenting procedures within your organization can both remove confusion for long-time employees as well as create an onboarding process where new employees can quickly reference a set of resources that empowers them to carry out their responsibilities.

Addressing the 3 Ps of Family Business is not something that is done all at once. Preparedness, Policies and Procedures are an iterative process. Documents will be revised and updated as your business and your family grow. The first step is to get *something* down on paper. Then engage your team in an ongoing conversation to flesh out questions and address ongoing changes and updates. Finally, check out Lance's Progressive Farmer article, [Watch Out for the Little Things](#), where he outlines a few common issues that can be addressed through policy.

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## Family Employment Guidelines

By [Davon Cook](#)

Alleah explained why defining expectations can be helpful in your family business. Let's look at family employment guidelines as an example.

Because we run businesses that value family members and often desire that they continue the enterprise, it's not uncommon to see multiple generations welcomed into employment. This can be a strength or a weakness--and



often is both. It is wise to put thought and conversation into defining **if**, **when**, and **how** family members will be employed—and then how their career will be supervised and managed.

**If:** What is our philosophy about family employment? Is it encouraged? Is there limitation to how many? Is there any concern that limits spouses working together? Are there other guiding philosophies?

**When:** Are there requirements about what education, life experience, or job experience one must acquire to be eligible to join the enterprise? We see these range from no pre-requisites to extensive requirements (e.g. that one earns a college degree, works for a non-related business 3-5 years, and is promoted to manage people) and everything in between. Some require that the new employee bring an “enterprise” with them to grow the business.

**How:** Is there an expected career path, such as start at the bottom and work one’s way up? Or is there a rotation program before one “lands” in a permanent position? Other considerations: some try to have a new family member *not* report to his/her parent, at first anyway; some have a rule that no “new” positions will be created for family members, they must fill an empty spot, while others explicitly plan to invest in next gens as a growth strategy regardless of open positions.

**Ongoing career management:** How will a family member’s performance be evaluated over time? Consider how to obtain unbiased feedback to mitigate the risk of nepotism clouding the picture. How will compensation be determined?

Notice that I am using the word “guidelines” rather than “policy.” For me the distinction is important. It’s important to be on the same page about expectations. But in practice, don’t write your rules so strictly that you lose sight of the larger goal: bringing talented family members into the business in an organized manner that sets all up for success.

There is no “right” answer to any of these questions. It’s a matter of finding what fits your situation and your family’s expectations. We encourage relevant decision makers to create written guidelines, and then *share* those expectations with the upcoming generations sooner rather than later. Helping all understand the expectations builds future success.

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## Faith and Family Business: If Only They Had a Policy...

By [Bill Long](#)

“The Voice is the voice of Jacob, but the hands are the hands of Esau,” Gen 27:22

As I rediscover some of the powerful family stories in the Book of Genesis, I was recently drawn to the blatant act of deception that lies behind the verse quoted above. Perhaps you know the story. Isaac the father is old and blind; he tells his first-born son Esau that he wants to bless him. Before that happens, however, he sends Esau on an errand to kill game and prepare it for him. Unbeknownst to Isaac, his wife and younger son, Jacob, overhear his pledge to Esau. They devise a scheme to fool Isaac into giving the blessing to Jacob instead of Esau.

Jacob also goes out to prepare a meal for his father but, before presenting it to him, he covers his arms with fur. His brother Esau is a hairy man, and the hair on his arms will fool the blind Isaac into thinking that Esau indeed is bringing the meal for dad. Jacob, in his own voice, announces that he is the older son Esau. Isaac tells his son to approach so he can feel him, to see if his arms are hairy. Indeed, they are.

Isaac is confused and speaks the line quoted above. Two of his remaining senses (touch and hearing) give him contradictory data. If we freeze the action at this point, we have a teaching moment for families and those in family business. What do you do when you are presented with contradictory data and you have an important decision to make? Do you plunge ahead and trust one of your senses? That is what Isaac did here, with disastrous consequences.

If I could have written a “Patriarchal Policy Manual” and given it to the first family of faith, one of the policies would be: if you are presented with an urgent decision, though the data is contradictory, don’t go with your gut. Stop and massage the material until a truth emerges for you. Come to think of it, that might not be a bad lesson for us today.

