

Family business, legacy or liability? It's up to you.

Owning and operating a family business is an extremely complex endeavour. Not a job for weak characters and tentative actions. Most family businesses don't make it past the second generation. Here are some crucial points for founders to consider in their efforts to build a strong foundation for future growth and increase the odds of a healthy legacy.

- **It's not a family business until you deem it so.** Every company ever started could have become a family business. You need to decide early on if that is part of your intention.
- **Don't put your name on the door.** It may seem like the obvious or most gratifying solution to the "what do I call the company" question. In actuality it can be extremely detrimental.
- **Have your children work outside the business to get their 'chops'.** It is very difficult to build self confidence within a family business. Your children need to get paid, be acknowledged and climb the ladder in the 'outside world'.
- **Don't let your children work for you because they have nothing else to do.** Too often the family business becomes a fall guy for lost souls. Children get parachuted in to jobs that are created for them or that they aren't qualified to do.
- **Have a shareholders agreement.** This may seem obvious but many business founders don't think of it. They own it all so what's the purpose of a shareholders agreement?
- **Require the next generation to put skin in the game.** It is amazing how financially investing in your business can change how you do business.
- **Have a board of directors that includes non-family members.** Board members from outside the family can not only add increased wisdom and expertise to your board but they also help keep family politics at bay.
- **Have mediators, coaches and advisors.** Good mediators are helpful to differentiate between family issues and business issues. Family dynamics in meetings will rule the day unless each person's backbone is being supported by an outside party.
- **Prepare and implement a succession plan.** Be careful not to hold on to the reins too tightly. This is critical. Once you have a clearly defined succession plan, trust in it.

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