

How to Manage Family and Friends

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Every year more individuals are venturing into owning their own business. Our culture and younger generation demonstrate a desire to get away from the “rut” of everyday life at the office. They want to be in charge of their own destinies without having to show up at the office every day. They do want to be told what to do, when and how to do it. Thus, they venture into a business they can call their own.

New entrepreneurs feel energized as they sense they are in charge of their own destiny. Time to get the business underway. Consequence from this announcement is that family and friends now know you are a business owner. They all wish you the very best and offer their support and assistance to ensure the business is a total success.

Next comes the realization that some of these same folks may be asking you for jobs and positions in the new business. This is where it can get complicated. Hiring friends and/or family as employees is like walking a fine, thin tight rope. The new owner will need to avoid favoritism, nepotism, conflicts of interest, and double standards without causing great family and friendship stress. Any one of these actions can create unnecessary chaos in the new business. If not handled properly and professionally, the new owner will certainly alienate and maybe even lose some family members and friends.

However, no matter how careful, transparent and fair a new business owner is, they will still encounter perceptions and incidents of favoritism and special treatment. Perceptions can become reality.

Some actions that may assist in this environment and help avoid conflict include:

1. Be transparent at all times and maintain a clear line of communication.
2. Avoid any obvious or perceived actions that can be misconstrued as acts of favoritism. Do not make the mistake of meting out harsh treatment in efforts to seem fair and objective to your employees.
3. Maintain strict policies that applies to everyone in the organization. DO NOT give the best office to your favorite nephew or engage in any such acts of favoritism

4. Be certain to ensure that your policies and standards are applied in the same manner to everyone in your business.
5. DO NOT pay or offer one person better compensation or benefits than the other based on personal relationship. Everyone in the business should be accountable and compensated fairly and accordingly.
6. Do not hire friends or relatives if they do not have the required skills. You can open the door for them and offer them an opportunity. Once they are employed, they can keep their job based on their own skills and abilities and not because of the relationship.
7. If you hire a friend or family member under a trainee program, everyone involved MUST be certain of the training goals and objectives. While in training, maintain an accurate and meticulous account of progress or lack thereof. This will be of extreme importance in the event of disciplinary actions or termination of an employee if they do not meet the training program requirements.
8. If necessary, do not be reluctant to terminate. However, as noted in step above, proper records and documentation will avoid costly and time consuming court battles should the employee decide to protest the termination or disciplinary action.
9. All agreements must be formalized, in writing and have all necessary signatures and concurrence with the party's understandings. This minimizes the prospect of complaints and suits resulting from termination or disciplinary actions.

These actions can be very useful but is not an exhaustive list of actions. They can be used to assist the new business owner to avoid conflicts with friends and family. Just remember that working with family and friends can be demanding but in the end it can be a very rewarding experience.