

## **Mission and Strategies for the Family Business**

### **ü Mission Statement**

The mission statement answers the question "What business are you in?" It defines your customers and explains why you are in business. The mission statement embodies the heart of the business and gives direction to every facet of the business. Effective mission statements

- include specifications that allow measurement,
- establish the individuality of the firm,
- define the business in which the firm wants to be involved,
- are relevant to all with a stake in the firm, and
- are exciting and inspiring.

### **ü Objectives and Goals**

You should set reasonable objectives for the firm, based on the mission statement, to ensure accomplishment of the firm's mission. Objectives should be clearly stated, realistic, measurable, time specific and challenging. Objectives can be created for:

- q revenue growth,
- q earnings growth,
- q sales and market share growth,
- q new plants or stores, and
- q product/service quality or corporate image.

### **ü Strategies**

Strategies are determined by your answer to the earlier question: "What will the firm be like in the future?" Your strategic options include the following:

**Stability**--success is derived from little change (rare).

**Profit strategy**--sacrifice future growth for profits today.

**Growth strategy**--growth may be achieved through vertical integration (expansion from within), horizontal integration (buy a competitor), diversification, merger or retrenchment (turnaround or divestment).

### ü **Action Steps**

Once the strategy is selected, action steps should be specified that will guide the firm's daily activities. An example of an action step is creating a budget to project the costs of a strategy. This process is also known as tactical planning. The steps in tactical planning should be practical and easy to implement and account for; their purpose is to convert goals into manageable, realistic steps that can be individually implemented.

### ü **Family Strategic Planning**

The entire family should develop a mission statement or creed that defines why it is committed to the business. By sharing priorities, strengths and weaknesses, and the contribution each member can make to the business, the family will begin to create a unified vision of the firm. This vision will include personal goals and career objectives.

Important issues to consider is how to set priorities for the family and the business, i.e., decide which will come first, the family or the business. How you answer this question will influence your planning.

Some family members will opt for the business first, reasoning that, without a business, there will be no financial security for the family. Others will opt for the family first, reasoning that no business is worth the loss of family harmony. A third alternative is to serve both family and business perhaps not equally, but as fairly as possible. Under this alternative, all decisions are made to satisfy both family and business objectives.

For example, a family may have a policy that any family member may join the business, but he or she must meet the requirements of the job. You may find this is the best alternative because it forces a commitment to both the family and the business.

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