

THE LUCKY SPERM AND EGG CLUB

Who is it that you want to be-the pilot of the airplane you are on, a member of the pilot's family or a very competent pilot? In this scenario, who cares about family affiliations? As you answer this question, you begin to grapple with the issue that we are pointing to. Of course, you want the pilot to be competent and family affiliation be damned.

The title of this article is the hook. If you have family in your company, you need to proceed with caution and know that there are clearly pitfalls. That is the message. This piece is specifically aimed at companies owned by families or companies who have family members as employees. The lucky sperm and Egg club is a cute way to refer to people who share a similar genetic pool and are related. The club refers to these people who also work at the same company.

What do owners and CEOs of companies want? What I want as an owner is for my company to be run in the best possible way so that it makes money, customers love doing business with it, employees love working there and the community is thrilled that it is around.

As an owner and founder, the next question is who best can provide the above to your company and organization? It could really be a member of the lucky sperm and egg club – I do like the sound of that.....After all, these employees may have grown up in the business and have been schooled by the founder. They could be steeped and knowledgeable in the culture and winning formula of the company. They could really know and love the business and the customers.

In my experience I have seen this number of times in the commercial laundry business. There is Ralph and Sam -NAMES HAVE BEEN CHANGED HERE TO PROTECT THE NOT SO INNOCENT -both second generation and highly successful in running and growing their companies. They grew up and were schooled in all aspects of the business. They know service because they drove a truck, brought in the clean uniforms and took out the dirty ones. They know operations because they filled washers and hung the pants. They know customer service because they have answered the phones for years. They have been yelled at, cussed at and also complimented.

They are capable business people with outside experience that they brought to their firms. Their ability to lead and develop their companies is obvious. If they were not CEOs of their companies I am sure they would be CEOs of someone else's company. Ralph and Sam have the right genetics and are sons of the founders. They are bright and talented. Because they are connected by blood- trustworthy. This is all true. I have found it to be this way innumerable times in my consulting practice.

However, there also could be a dark side to this sperm and egg club running the company. Family members could be in the company because they could not think of anywhere else to go. They could be in the company because it pays them better than anywhere else. One of the reasons that they got the good pay was because they needed it and they had the right last name. Their parents who were also the CEO felt guilty and wanted to help out. They are parents and that is what parent's do-help out.

Recently at a dinner, I had a CEO tell me how her children were her web developers. I have seen cases where this kind of relationship really does work. However, not in this case. It was not working. The CEO told me that she was paying above market prices for their services in order to help THEM out. She was not particularly pleased with the Web site they were designing and the service they were providing. But the CEO was helping out her kids because they needed her to do that.

SUDDENLY A BOLT OF LIGHTING RIPPED THROUGH THE ROOM AND WHEN THE SMOKE CLEARED THERE I STOOD IN MY RED AND GOLD SPANDEX. BLOOD SUCKER IN NEON WAS EMBAZONED ON MY STUDLY CHEST. I WAS ON TOP OF THE TABLE LOOKING DOWN AND I SPOKE IN A BOOMING VOICE- YOU MY BELOVED CEO ARE IN DANGER OF BOTH SCREWING UP YOUR COMPANY AND YOUR FAMILY - WE IN THE PROFESSION CALL THAT A TWOFER.

That unfortunately only happened in my head. But the CEO is in danger on a number of fronts and I begged her to come to her senses.

Children could be in the company because they feel they owe it to their Fathers or Mothers who are the CEOs to carry on the family tradition. They could have very little talent, passion or ability in the business and they spend their time attempting to hide this. Their direct reports work with them to keep the pretense up. That is what the direct reports job is. Here is an example :

There was Ralph, the artist - and all he wanted to do was paint, be with his young son and sell his artwork. Unfortunately, he found himself inheriting a failing company as co-owner with another family where there was real discord. Ralph was the head of marketing and web design with very little experience or education in Marketing. His staff that did have some experience and talent in this did their best to protect and cover for Ralph. You can imagine that there were problems in this scenario significant problems.

Here is another vignette. This is another case of the CEO confused about their role. She should look for another job the CEO aka mom was telling me. If I change them to salary from hourly, I will not get 40 hours out of them. Sally the daughter was clocking out at 430, going to the bank and going home. This was outrageous behavior for mom - CEO-Founder. What do I do with these kids she cried?

The CEO was in pain because she was operating out of a mother state and applying it to business. Mothers do not fire their youngest daughters. It is however apparently valid for moms to complain about their daughters behavior. It's interesting they are living together and working together.

Sallie, the daughter, is making \$40,000 and is saying she is not making enough. Mother is trying to find something for the twenty five year old marketing major to do. The CEO is admitting that if this person was just an employee and not a member of the lucky sperm and egg club, she would move on and let the person go.

If this woman puts on the CEO hat and looks from that view, a pathway opens up. As CEO of a small company who belongs in the company and who gets to play in the sandbox becomes one of the CEO's primary concerns. Right person on the right seat of the bus and so on.

If this woman puts on the mother hat as a parent this is a different kind of game. The little darling aka your baby comes out with limitations and gifts. You have the rest of your lifetime to deal with these. Connected by birth and blood and genetics you are family – God help you. No choice here other than the existential one of choosing the way it is and loving it.

As a brother I can relate to this. My brother has brain damage and suffers from a number of psychiatric conditions. Would I fire him never – thought about it definitely? Could I walk away from him and abandon him never. However for sure he would never work for me. It simply would not work.

Now back to the CEO employee hat and this woman..... Where you work is a choice, sometimes it is not seen as a choice but still no matter what, a choice. It is after all not slavery, it is employment. Not simple and it may be complex but where you work is a choice nevertheless. Parents owe their children whenever possible food, shelter, love, education, guidance and coaching to become independent adults. However you do not owe them a job or a jobs program. These are interesting dynamics. Family and Business can be dueling systems. When they compete with each other, prepare for catastrophe. All of the above I have seen in companies. I have seen these destructive dynamics play out numerous times.

So what is the point...? This is the point. Have the leadership in your company be based on talent and ability. If it turns out they are members of that special club - aka family members, consider it a dividend and karmic reward. However what is critical is that you go with the leaders who have the talent and ability to best lead and grow the company.

A number of times I have told my clients that the best thing that they could do as owners is to replace themselves as President. They need to bring in someone else with more leadership, ability and talent that can build and develop their biggest and most important asset, their company.

Jesus is a case in point. For years he complained of the burden of running the 250 million dollar company that he grew from scratch and having to teach everybody. He made Donna - not a family member by the way the president – she proceeded to work with his great leadership group and grow the company in a down year – make all the financial targets and open a new plant. The company has plans to open still another plant.

Jesus is now semi retired, chairman of the board and works part time. I exercise and do a lot of fishing especially during the summer he recently told me. I like the Green River but sometimes I go fish in Colorado he related. I spent several days with him on a trip. I have never seen him so relaxed and available.

Many times I have told my client CEO's that they will make major strides in destroying and certainly slowing the growth and development of their company if they have low standards and different rules for family members. So if you have members of your sperm and egg club in your business and you truly love and support them do the following:

1. Have the highest possible standard for their behavior. Make sure that they know it is their job to exemplify the company values beyond what any other employee does.
2. Only have them in roles where it is obvious that they have the ability and talent to excel and bring real results to the company.
3. Coach and work with them so that if they ever left the company they would be able to command easily at other jobs what they make at the company .
4. Be clear with family that because they are Club members more will be expected. For them to be at the company, they will be expected to work harder and longer hours. Actively encourage them not to work at the company and if they continue to do so then reinforce that it is a choice that they are making for whatever crazed and sick reason.
5. If you have any unresolved issues with your siblings, cousins, children and you hope to work it out by working together, forget about it. Go see a therapist and leave the business, organization and company completely out of the equation.

The above are my views and now you have deal with them. Let me know your thoughts.