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POWERFUL WAYS TO MANAGE

"FAMILY BUSINESS"

VOL: I

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INDEX



1. Five Most Powerful Ways to Manage Family Business	1
2. Are You In Your Business Or Is Your Business Running You?	4
3. Five Most Powerful Ways to Get Free from Daily Business Operations	7
4. Five Most Important Roles of a Business Owner	9
5. Why do we need to manage our Staff Efficiently?	12
6. How to Organize Business	15



1. Five Most Powerful Ways to Manage Family Business

Out of the different types of business models, managing a family business is one of the toughest models. Multiple generations of a family-related by blood, marriage, or adoption are engrossed and involved in taking the key decisions involved in running the business. As a matter of fact, the family business is the oldest and most common model of economic organization. The simplest definition for describing a family venture is where multiple members of one single family manage a business and are also the major owners

As families and business expand, managing a successful business over multiple generations becomes a daunting task. According to a survey, only 30% of family businesses survive into the 3rd generation of family ownership. This reflects the high level of competency and commitment levels required to continue their flagship.

To sustain in this competitive business environment, 2 things are obvious- achieving strong business performance and keeping the family united to carry the family legacy.

This article gives you a deep insight into what are the key aspects and the top 5 best possible ways of managing a family business over the years.

1. Communication is the key

Proper and constant communication is one of the best and easiest ways to keep conflicts at a distance and to manage any business.

Spotting issues at early stages and addressing them through a transparent communication process is enough to prevent a conflict from developing. Surveys suggest that with early intervention, you can prevent issues that convert into large family complications.

In a family business, making a break from daily routine work, discussing issues with the concerned members, and giving them the opportunity to put forth their opinions can help to manage the business for generations to come. Creating a written protocol regarding internal communications in a family ownership helps in ensuring appropriate conveyance of information. Here an effective internal communication plays a vital role and therefore along with verbal communication, written communication is also important. The use of memos, official letters works to ensure that all members of the family have acknowledged the communication and is on the same page.

2. Managing Finance

In many instances, mismanagement of finance has been a key attribute which results in conflicts or even leads to segregating the family venture into multiple different entities.

The financial needs of the business must come first and such bank accounts should be only used for business purposes. Family members have to nurture the habit of paying their bills and expenditures which are personal in nature.

Mixing the expenses can leave the company at risk or over-leveraged with debt to support a lifestyle versus the ownership. Separating business and personal expenditures also help you keep your taxes on the right track. As long as the business transactions are separate from personal ones, the family will be in a better position to understand the financial stability of the business.

3. Logical Approach

Irrespective of the fact that the venture is managed by your own and extended family members, a business is to be run as a business. You have to be objective and have logical discussions while interacting with members. Business decisions are crucial and hence every decision or issue discussed should be meaningful.

With family, take time to explain business decisions and also motivate them to be a part of transparent and logical discussions. Plan a family business meeting instead of relying on discussions around the dinner table to run a venture.

Every family member has to keep a check on their emotional feelings and thoughts while doing a business interaction. Taking a logical approach helps to build your business and portrays your viewpoint on key business decisions.

4. Value Relationships

Every relationship matters, be it your loved ones in your family, outside vendors, employees, and customers. Establishing healthy boundaries between family and business is the ultimate objective.

In words of Wayne Rivers, President of 'The Family Business Institute' in North Carolina, "if you don't tend to the relationship outside of the business, you won't have a relationship". Along with taking care of the business, you have to value and nurture family relationships. No matter, how you interact with your family members in office, at home there should be a relaxed and positive environment. The best way to balance your office and home relationship is by ensuring quality time with your family members at regular intervals. Weekend trips, annual holidays with family are perfect examples. Everyone in the family should value their family ties before thinking about any business deals or interactions.

5. Acknowledge Efficiency

One of the best ways to put conflicts at a bay is to have an honest approach in appreciating and acknowledging good work.

Selection for a crucial job should be based on skill sets and qualities, rather than thinking about the family ties. If a wrong person is selected for the job, it's ultimately going to damage the business as well as effect family relations at latter stages.

The selection process can be a discussion in presence of the members related to the business and depends on the requirements; the best person gets the job role. Another practical approach can be to involve the next generation at an early age so that they can have a first-hand idea of the business. This gives you the opportunity to analyze and evaluate to monitor their interest areas in managing the business. The senior and experienced members of the family have to encourage others and be neutral while appreciating the best members of their family and celebrate the occasion with the entire family.

IS YOUR BUSINESS RUNNING YOU??

2. Are You In Your Business Or Is Your Business Running You?

Falling trapped into a continuous loop of routine business activities and not realizing it is something that is good neither for the business nor for its owner.

This can confine the vision of an entrepreneur and limit the business horizon within a comfort or safety zone. Apart from diligently managing and executing routine business functions, businessmen are also required to be alert and updated of the emerging opportunities and threats or changes in the immediate environment. But this is very difficult when the owners are up to their eyeballs in the everyday business affairs. Once in a while, entrepreneurs should take some conscious efforts to check if they are not being overwhelmed by the routine. These efforts might also help them see their business and its current environment in a new light which could further result in positive and progressive changes for the business.

1. Balance The Schedule

Time management will never get old. It is understood that the owner of a business has to evenly focus on all the areas of business. But the problem is that even though a day comprises of 24 hours, only 8-10 hours can be considered as effective for working before fatigue begins to set in and anything beyond that will result in burnout. Of the available effective working hours, a businessman should allocate his time to different areas of business according to priorities. A businessman should prepare his daily or weekly schedule keeping in mind not just work but also other priority areas like health, family etc.

2. Appoint Likes Of Managers

As business begins to roll and activities and operations start taking place all over the place, it is a good time to appoint managers for each process or function. It is understood that those managers or employees should be carefully selected and that necessary authority and responsibility is assigned to them. This has to be combined with a mechanism for daily or periodical reporting. Delegation will help owners focus on the future and new and emerging priorities of the business. Delegation measure can be a big morale booster for employees and is often related to increased productivity and sense of responsibility.

3. Make Good Use Of Technology

Certain basic technologies have become a necessity for present day business enterprises. For example, use of POS machines and CCTVs has become very common in retail business nowadays. Similarly, use of suitable office software programs and electronic communication can significantly reduce paperwork and make official communications instantaneous. As and when business begins to grow, owners can slowly and steadily incorporate advanced technologies like ERP implementation, business and retail analytics, cloud-based services etc. Technology can reduce the mundane workload of business owners to a few critical focus areas and also make it convenient for them to even remotely manage their business.

4. Take a Vacation

Mention of vacation is something not usual while discussing business but sometimes we all need a break; a distance from our regular work life. Creativity, innovation

and enthusiasm are very important in all aspects of life including business. And in order to maintain the appropriate levels of these elements, occasional breaks and vacations can be immensely helpful.

5. Do Something New

The hustle of everyday business to keep the show going barely leaves an owner with any time or space to think of exploring new ideas or new ways of doing or managing the business. Getting roped in into the loop of the mundane chores can be a big obstacle in the path of bringing innovation. And this often happens without realization. Innovation does not necessarily mean a complete overhaul of business. It can include changes in merchandising, adding new product line or services that do not deviate from the core business, taking up a retail business management program, taking advice from professional business consultants, introducing new technologies etc.

6. Revisit Processes and SOPs

Processes and SOP development are critical to business success and growth. Business process management help enterprises and owners organize, streamline and efficiently and effectively manage their key business functions. SOPs,

on the other hand, lays down a systematic procedure for executing day to day business activities. Process orientation and SOPs can together help entrepreneurs enhance the quality of business management at both macro and micro levels. Symptoms of poor processes, business process auditing and What is SOPs are discussed in detail in the previous blogs and articles. Once implemented, the entire gamut of business activities is executed through these processes and SOPs. Hence, it becomes imperative for owners to ensure that the organization has the necessary resources and systems at its disposal for these processes and SOPs to work as intended. Periodical reassessment of the processes and SOPs also help introduce necessary changes in them.

The very idea behind making these conscious efforts, once in a while, is to help businessmen gain a fresh perspective, recall their business vision and reassess the progress made, bring back the enthusiasm and some innovation and creativity, be an inspiration for the employees; traits which are often found in true business leaders.



3. Five Most Powerful Ways to Get Free from Daily Business Operations

However, while doing so, most of the owners get caught up and entangled with the business operations. Moreover, the daily tasks are tedious and time consuming which restricts you from concentrating on several other vital aspects of your organization. By the time you realize, it's too late. This therefore limits your talent and the growth of your business organization becomes redundant and slow paced. In this post, we look at five powerful ways to get yourself rid of those daily operations of your business organization and ease up your work.

1. SOP

Standard Operating Procedures will come to your rescue in handling daily business operations effectively and efficiently. An SOP is well written, consistent document which specifies particular rules and procedures to carry out the business activities. In fact, SOP will also maximize productivity and deliver excellent results. Newly hired employees can too immediately get accustomed to your business environment. A perfect SOP will streamline the workflows and yield better results. Therefore, implement a proper SOP as per the needs of your organization.

2. SOP and ERP

ERP (Enterprise Resource Planning) is a powerful way to conduct your business operations in a smooth way. Gone are the days of manual work in this age of technology. Through ERP, you can quickly automate several tedious work activities and come up with excellent results. Integrating SOP and ERP will work wonders for you.

It will streamline the overall processes and functions of your business organization into one system and will be available across the organization. You can easily handle important aspects such as supply chain management; automate your employee life cycle, management of human resources and payroll, accounting and financial applications etc.

3. Communication

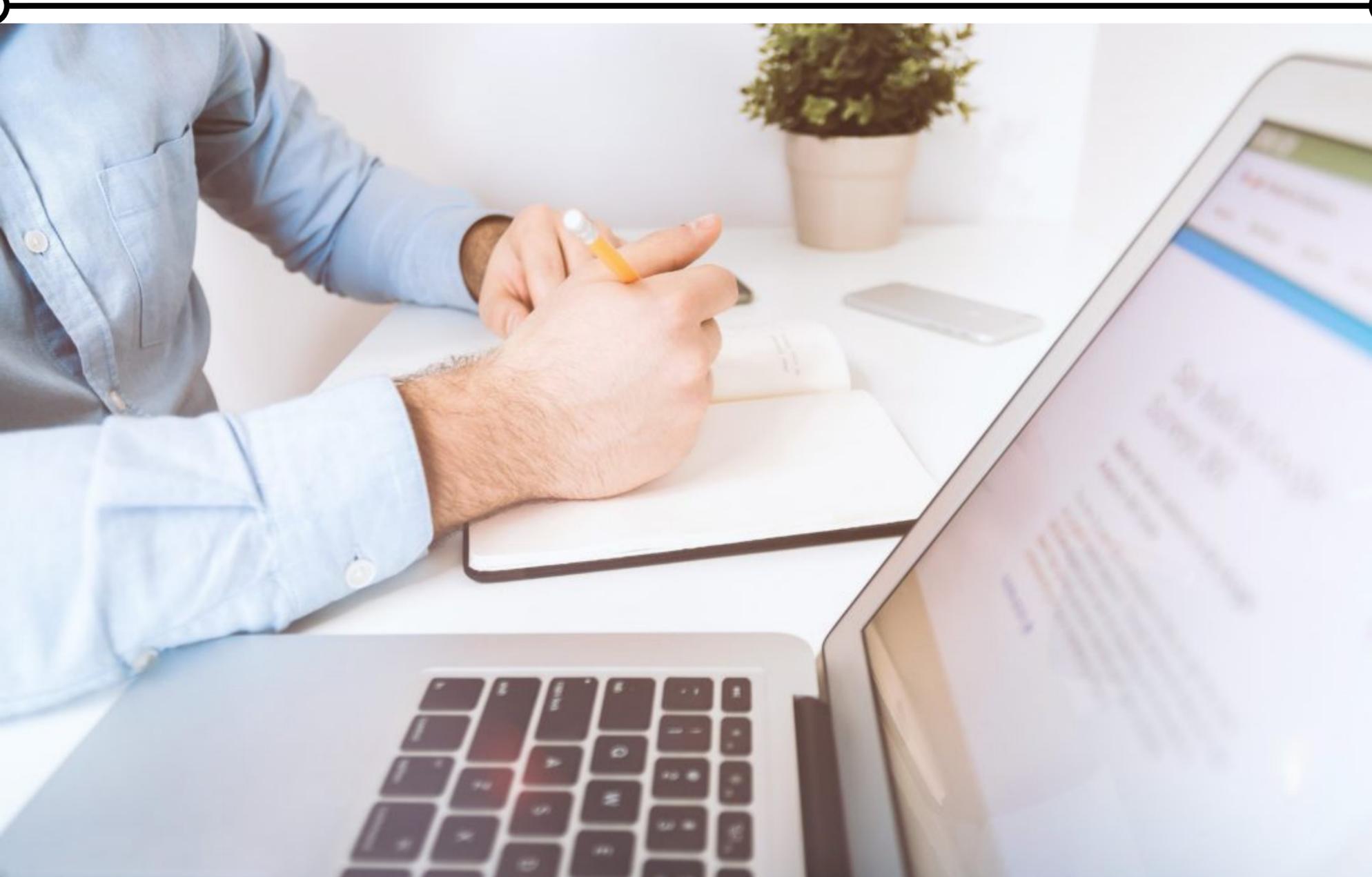
Effective and clear communication will accelerate the daily business activities. Therefore, strictly stick to only written and formal communication in your business organization. Instruct your employees to adhere to the same. Informal and verbal communication can lead to misunderstandings and miscommunication. Moreover, in the event of crisis or emergency, blame games are bound to happen. Therefore, keep a check on your emails and reply them regularly. Verbal communication will not allow you to indulge into gossips and will also prevent unhealthy grapevine from flowing in the organization. This will eventually save time and make you free.

4. To-do List

Cultivate the habit of maintaining a To-do List on a daily basis. Your To-do List can include your important meetings, client interactions, employee interactions etc. It will allow you to focus on your daily activities and will also act as a reminder. On the contrary, your To-do List can also have your social commitments, important events to attend, telephonic discussions etc. This will help you to keep a good balance of your professional and social life. It will allow you to concentrate your time and efforts efficiently at all places.

5. Effective Delegation

Effective Delegation can be achieved through SOP. As mentioned above, a SOP can help you to delegate well and get the expected results. Effective selection, supervision and communication while delegating with your employees can be easily achieved through SOP. Delegation will allow you to allocate your work tasks to the qualified employee and will gain you with best results. Moreover, delegation with SOP will make goals more clear and will also provide appropriate procedures to arrive at the expected results. This will thus strengthen your business organization.



4. Five Most Important Roles of a Business Owner

Owning and managing an organization is a huge responsibility as the entire business operations are dependent on the owner who calls the shots. As an owner, the person has to be aware of every operational activity undertaken on a daily basis along with supervising the managerial decisions, meeting with prospective clients, overseeing the cash flow and of course engaging in people management activities. In general, business owners are responsible for the growth, stability, direction and daily operation of the business.

Hence, the role of a business owner becomes very critical as the person has to utilize his time in the best productive manner to attain the business objectives at a constant pace. This article is all about emphasizing the most important roles that a business owner should undertake for continual business operations. However, before that, it's vital to define who is a business owner and how different he's from an entrepreneur as both of them has similar characteristics but with striking differences.

Business owner vs Entrepreneur

Not every entrepreneur is a business owner. They might have started as an entrepreneur but once they are settled in managing their existing business, be it a new venture, a family business or even buying a franchise, they are Business owners as they own the business and work solely to run their current business. An entrepreneur on the other hand, creates a vision for a new business model, they innovative business ideas, and acumen but they don't settle in one business or continue to run it over the years.

Therefore, both are very lookalike, however, are miles apart by their virtue of work.

1. Designing the framework

All the activities undertaken by a business owner are very diversified in nature. A business owner has to wear the architect's hat as he designs the framework of the business which is undoubtedly the most important role. He formulates the master plan of the business along with defining new services, products, business plans, and new business models. These tasks are of high relevance to the business and hence must be taken very seriously by the owner.

If the owner is able to align the system and internal processes as per the nature of the business, it helps to minimize the efforts the owner has to put in every day.

It's all about how efficiently and effectively the owner is able to define his framework on the drawing table and executes the tasks with sheer accuracy which results in cutting down his time and efforts in a big way. Developing an SOP is a part of the owner's job role which proves very helpful for the employees in future.

2. Employee management

The business owner knows about his business well and therefore he's the best coach or mentor for his employees. It's important to invest in the personal and professional growth of your team members as it increases productivity and enhances the level of teamwork. The owner has to educate his employees about the working guidelines, sharing best practices, and conducting refreshers sessions about the updates in the SOP. An ideal owner should believe in 'macro' managing things like defining the organizational chart, believing inconsistent 'success factors' and managing supervisors.

Building and nurturing your team is an integral component for achieving business goals and therefore a business owner has to monitor if the employees correctly follow the system or still there is a scope of training and utilizing the staff to get the best results.

3. Marketing

Even if you have the costliest gem of this universe until you showcase it your friends and relatives, nobody will ever come to know. The same logic applies to the business front too. Even after devising the best business model, you need marketing and sales to drive your business. Depending upon the nature of the business, the owner has to design a proper marketing strategy and use multiple platforms like print advertising, public relations, online marketing, networking, or even cold calling. A good way is socializing at events and sharing your business cards with your prospective clients. Use of social media platforms such as Twitter, Facebook, or even emails can also be effective means of promoting your business in today's modern era. However,

The owner should be very sure and convinced in finalizing the type of marketing as it can make or break your future as this task is dynamic in nature.

4. Financial management

One aspect where an owner has to play a key role is financial management which in actual terms is much more than doing accounting! Although your accounting person can manage the daily tasks like day-to-day accounting, check writing and reviews, it's the owner's job to foresee and provide the financial stability to the business. You are accountable for reviewing the quarterly financial performance, annual forecasts/budgets, and audits. It's the owner's role to manage the organization's financial resources in the best way to achieve its objective of getting maximum returns. It includes mapping the financial and non-financial resources with the business goals to ensure the running of the business is improved.

Irrespective of the size of the organization, the owner should have an idea about how to raise the capital, investment areas and lastly how to utilize the flow of money into the business. You can take a help of a tax consultant for taking the allowable deductions and paying your taxes on time.

5. Communication

As an owner, it's your duty to get the job done and without having a positive communication system in place, this is never possible. You have to make sure that your viewpoints and directives are understood and recognized at all levels. It's important to communicate effectively to create the right balance between you and your staff. Your decisions, viewpoints, and corrective measures, everything should be communicated to the concerned person or team. Also, discuss the same with your supervisors to ensure you are not missing something important. Allowing stakeholders to provide a positive feedback and incorporating the changes is the best form of 2-way communication which has to be initiated by the owner.



Employee Management

A complete package for employees

5. Why do we need to manage our Staff Efficiently?

Employees form the most important constituent of an organization. Without people there can be no activities in a business. Even to run a computer or start a machine or manage a server, a business needs people. Conventionally, HR was considered as a part of administration.

Gradually, HR was started to be recognized as a separate specialized function of management. And over the last two decades, the nature and role of HR in an organization has undergone continental shifts. Today, HR stands integrated with the strategic objectives of an organization and its various other functions. It has become an imperative for organizations to have in place effective and efficient people management systems and processes so that HR can serve as a strategic platform towards the fulfillment of organizational and other functional objectives. The following points highlight the significance of effective and efficient human resource management in an organization –

1. Building and sustaining a strong organization culture

Employees are instrumental in giving the desired shape to an organization culture. A good and strong organization culture is home to productivity, commitment and hard work. It also attracts skilled manpower, enhances job satisfaction and serves as a morale booster for employees. Presence of a pervasively productive work culture indicates higher chances of achieving organizational goals. The foundation of a strong organization culture begins with HR policies which lay emphasis not just on performance and productivity but also on people. HR policies should clearly define all the rules and regulations which an employee is required to make use of as a part of the organization.

2. Address resource implications

The wages and salaries of employees in an organization contribute to around 80 percent of the total cost of a business. This makes HR a very crucial function for an organization from financial perspective.

However, most small and medium scale business enterprises do not have a separate HR department or HR staff to take care of their HR processes. On the other hand, establishing the HR base can be a very time consuming process and very often these businesses cannot devote enough time or lack the professional expertise in managing their HR processes. Considering the huge financial involvement and resource constraints for staff management, business enterprises turn to professional HR consulting solutions from the outside to streamline and manage their HR processes.

3. Adherence to processes and procedures

The success of any business function depends on the success of processes involved in it. And every process is further made up of operations and activities. These operations and activities need to be executed by the employees within the given deadline, with the given resources, by following the most effective and efficient methods while maintaining the flow of work. Thus, adherence to processes and procedures becomes crucial to success of various business functions. By having well-defined Standard Operating Procedures or SOPs, employees involved in various activities in an operation can smoothly execute their routine work while ensuring adherence to predefined standards, processes and procedures.

HR, in itself, is a complex task comprising of intricate operations and activities like salary processing, monitoring and updating leave and attendance, performance management, recruitment and training and so on. So, it becomes essential to streamline the HR processes by having HR SOPs.

4. Avoid costly mistakes and accidents at work

Mistakes and accidents can prove costly to an organization. Mistakes and errors can jeopardize or slow down the flow of work causing delay in creation of output. Thus, it becomes essential that employees are educated and made aware of the different aspects of his job. This essentially involves providing appropriate training to employees. It is the responsibility of HR to identify the training needs of employees by coordinating with the concerned departments and ensure that employees are provided adequate training and education so that he can effectively and efficiently perform the job assigned to him.

5. Avoid chaos and disorder in large organizations

In large organizations, where hundreds and thousands of employees work, it is not feasible to manually execute all the HR activities. Slower HR processes will lead to massive disruption in various important activities of HR like salary processing, monitoring attendance and leave calculations, performance management, promotions and transfers etc. Apart from employee dissatisfaction, this may also result in labour unrest and create IR issues. In order to overcome this problem, organizations make use HR management information systems which brings all the employee related information under one roof and HR staff can easily access the required information on their computer screens.

Even though the name, definition, nature and scope of people management in an organization have kept on evolving and have become more complex but the crux and significance of this function is still the same – to effectively and efficiently manage people or staff in an organization. With the passage of time, changing business environment and enhanced integration, it has become even more important to efficiently manage the HR function. And to do that, organizations have to embrace and adopt professional and competitive means of HR management.



6. How to Organize Business

“Drive your business. Let not your business drive you.” ~ Benjamin Franklin.

A business is a coming together of several functions, operations, activities, skills and resources to achieve certain desired goals and objectives. If all these functions and resources of a business are not sorted, arranged and placed in a systematic order, it can lead to difficulties in managing of the business. A good business is a strong organization of what keeps it up and running; what it exists for; and what it strives to accomplish. Small business startups have a vantage point here as it can seed the roots of a strong organization from its infancy.

1. Design a well defined and suitable organization structure

The first step towards organizing a business is departmentation or division of work. In departmentation, business is divided into manageable clusters. Some of the most common forms of departmentation are –

- Functional departmentation
- Geographical departmentation
- Product / Service departmentation
- Process departmentation

However, in practical business operations, a company may adopt multiple forms of departmentation according to their own operational suitability and managing convenience. For example, a financial institution may adopt an organization structure having both geographical as well as functional departmentation. In such an organization structure, the staff functions of all the operational territories are supervised centrally while the respective line functions are managed by individual territories.

2. Identify the processes

Each of the business divisions plays a strategic or a functional role which contributes to or facilitates in the achievement of business goals and objectives. To play this role effectively and efficiently, each division has to carry out certain processes. For example, a marketing division has to manage several processes like customer care, marketing research, sales and business development etc. These processes can be further defined in terms of operations and activities. Having processes help a business focus on all the important areas of a division.

3. Staffing decision

Too much of work load, lack of command, inadequate authority and lack of accountability and responsibility can easily create chaos and disorder in business operations. Presence of these elements indicates violation of some of the basic principles of management and such violations are bound to create problems in staff management. For example, according to the principle of unity of command, one staff should be answerable to only one authority. For example, if a staff has more than one reporting authority and the areas of authority are not defined, a staff would never know which authority he should take orders from or whom he should report to.

Another important consideration in staffing decision is the span of control. Even with modern day tools and technologies, every manager has a limit to how many subordinates he can handle. When this limit is crossed, the concerned manager will not be able to effectively monitor and supervise the performance of his subordinates and things may start appearing as unmanageable and unorganized for the manager.

Small business startups often expand rapidly in terms of adding new employees which makes it essential that the owners maintain the work-subordinate-superior ratio while engaging in fresh recruitment.

4. Focus on organization culture

Organization culture has a strong impact on performance, employee morale and image of a business enterprise. A strong, positive and professional organization culture is home to productivity, innovation and excellence. A poor organization culture breeds unhealthy internal competition, inefficient team performances, low employee motivation and morale, high employee turnover, absenteeism and so on. In such a negative built-up, it is always difficult for the business owners to bring the teams together and stand as one organized unit.

Small business startups should take utmost care and efforts in building a strong and professional organization culture from the very beginning.

5. Implement SOPs

SOPs (standard operating procedures) are one of the most professional tools of organizing a business. By having well defined operational procedures, managers can easily keep track of their functional activities. Also, SOPs help a business adhere to standards of performance. SOPs serve as a guiding map for employees to execute their routine duties and responsibilities with ease and accuracy. In short, SOPs help entrepreneurs and managers exercise better control over the root level operational activities.

6. ERPs

Technology has reduced the requirement of human effort in business operations to a great extent. And one such technology which has changed the face of internal business operations is the ERP. Massive, complicated and functionally-integrated data management is now possible with ERPs. Business decision-making can get really complicated and fussy when multiple processes need to intertwine with one another giving rise to the need for timely and relevant data for process owners. ERPs address this issue and makes business operations convenient and manageable.

A startup enterprise may have strong business plans, desired staff, required technologies and an office space in a prime location. But all the glory and vantage will wither if the enterprise fails to stay as an organization. Basis of departmentation, process-orientation, staffing decisions, SOP design and ERP selection are some of the most important decisions a business enterprise has to make as an organization.