

**THE HEALTH OF FAMILY BUSINESS:
A DIAGNOSTIC FOR THE HEALTH OF THE FAMILY AND THE
ENTERPRISE**

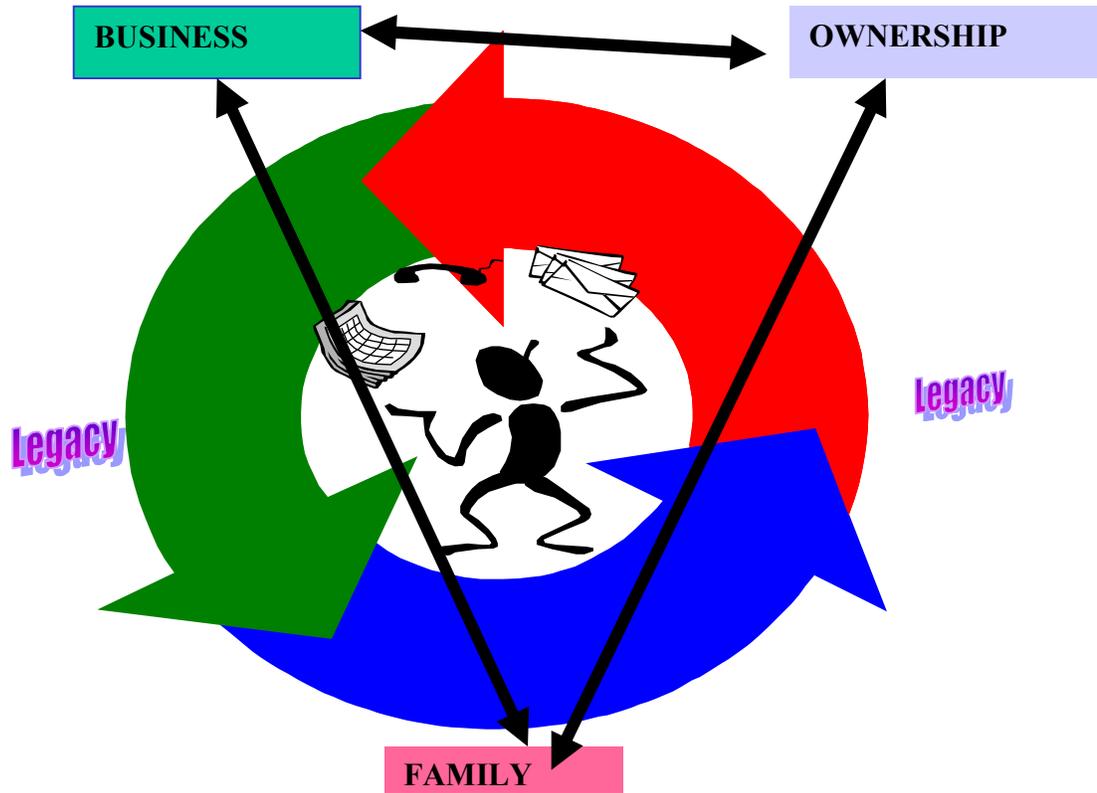
GLOBAL FAMILY BUSINESS CONSULTANTS (GFBC)
www.kefalas.biz

PRELIMINARY MANUAL

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**THE PERPETUAL BALANCING ACT OF THE FAMILY
BUSINESS LEADER**



Based on: Generation to Generation, Gersick, Davis, Hampton and Lansberg (1997)

KEFALAS

THE HEALTH OF FAMILY BUSINESS: A DIAGNOSTIC FOR THE HEALTH OF THE FAMILY AND THE ENTERPRISE

SYNOPSIS

Although the role of family enterprises differs from country to country the following are common internationally:

- (1) Family Business or Family Owned Business [FOB] are the backbone of each society. In each country more than 90% of operational institutions is FOB. Roughly 50% of workers make their existence working with a FOB. Finally, more than 50% of Gross Domestic Product is created by FOB.
- (2) FOBs have various problems that are common in all types of enterprises and in all cultures
- (3) The leaders/owners of FOBs examine these problems with similar ways: usually they ignore them until they become uncontrollable.

The Global Family Business Consultants [GFBC] is a global advisory enterprise that aims to assist the leader or owner of the FOB in the creation of a viable operational strategy that will help they avoid the eternal problem of

"I am not capable TO SURVIVE beyond the THIRD generation."

The present diagnostic system is an effort of assessing the prevailing situation of a FOB. Answers in the fifty questions of the tool are organized in a 3*3 Matrix that describes the quality of the two basic subsystems of FOB: the family and the enterprise. The Matrix offers nine likely scenarios of health of FOB. Finally the program offers interpretation of results and certain basic advices for the leader of FOB.

THE CONCEPTUAL FRAMEWORK

The FOB is considered as a system that is composed of two basic subsystems: the family and the enterprise. Each one of these subsystems is a triangle. The two triangles together make a Hexagon with the following six corner stones.

- Corner Stone A: Quality of Familial Life**
- Corner Stone B: The Individual and the Family**
- Corner Stone G: Family Participation**
- Corner Stone D: Business Direction and Planning**
- Corner Stone E: Management and Leadership**
- Corner Stone F: Succession and Continuation**

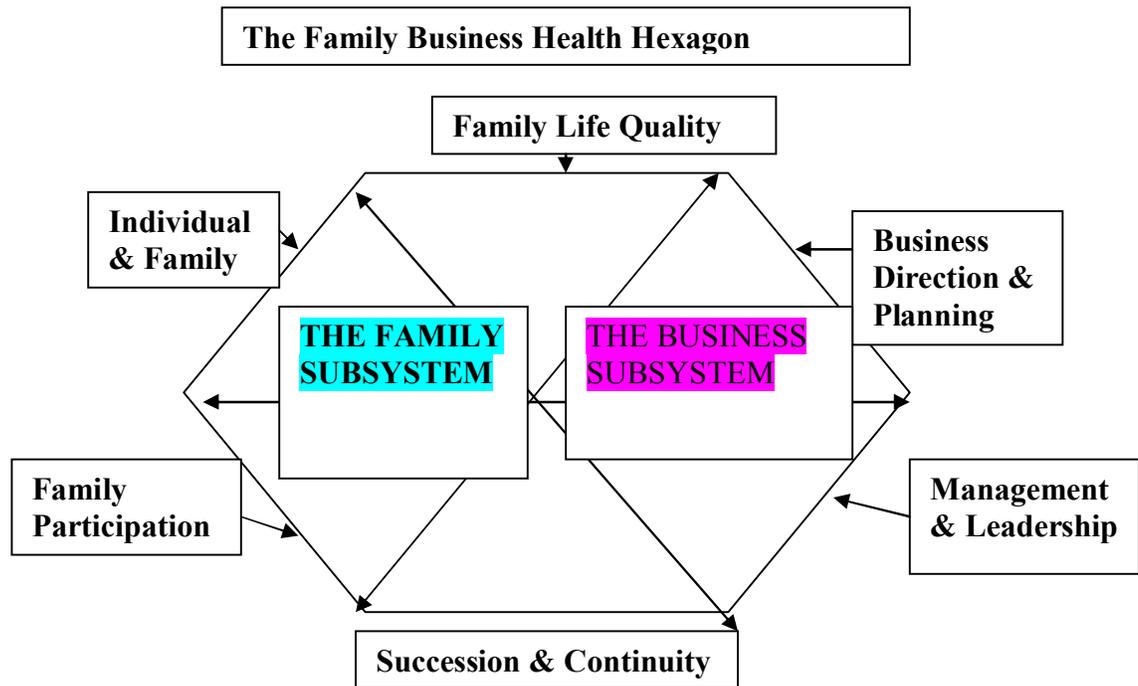


Figure 1: The Family Business Health Hexagon

These six corner stones are the six basic variables that describe the FOB. These six variables are the **Manifest Factors** of a variable that is of interest to us but cannot be assessed directly. This variable is the **Latent variable**. In order to get some idea with regard to the health of the FOB one must do what the doctor does: one must gather certain elements for certain things that are clues of health, that is to say, the manifest variables. Such indicators of health are for example the temperature of the body, blood pressure, cholesterol, urine, and a lot of other data that are included in the general examination. As the FOB doctor we use a questionnaire to get some data so that we can give the leader of FOB, or any interested party, an IDEA that will become the basis for discussion.

Opinions of members of FOB with regard to these six cornerstones are sought via a questionnaire that has fifty questions. The scale of five points (1 through 5) has been selected with medium 3 as an indication of ignorance and/or indifference. All the fifty statements of questionnaire are positive expressions. There are no misleading questions. The answers in the fifty questions of our questionnaire can be organized in the Matrix below.

		BUSINESS		
		LOW	MEDIUM	HIGH
FAMILY	HIGH	1 HIGH FAMILY LOW BUSINESS	2 HIGH FAMILY	3 HIGH FAMILY HIGH
	4.245 - 5			

		MEDIUM BUSINESS	BUSINESS *****
MEDIUM 3.00-4.244	4 MEDIUM FAMILY LOW BUSINESS	5 MEDIUM FAMILY MEDIUM BUSINESS ***	6 MEDIUM FAMILY HIGH BUSINESS
LOW 1- 2.99	7 LOW FAMILY LOW BUSINESS *	8 LOW FAMILY MEDIUM BUSINESS	9 LOW FAMILY HIGH BUSINESS

Figure 2: The Nine Possible Scenarios of a Family Business Health

Naturally the ideal case is the square 3.3 that is to say **High Family and High Business**. Scenario 3 describes a FOB that the family is satisfied with the life among the family members as well as with the management and the state of the enterprise. This scenario has seven stars (*****). The scenario that is the nightmare of each leader of FOB is **Scenario7: Low Family and Low Business**. This scenario has only a star (*).

The Test of the Health of Family Business

The diagnostic that is included in the web page www.kefalas.biz it is an effort to check the health of FOB. The 50 questions cover many cases of various situations of the complicated exchange of opinions and actions of members of FOB. The various interactions between the members of FOB can concern the family relations among them or their opinions with regard to the way the administration handles the enterprise and the economic profits that achieves. Of course in order for an FOB to flourish the family members must be satisfied as much with their relations with each other as well as with the way the administration runs the enterprise.

Getting Started

As soon as you enter the web page you will see two diagrams. The left side is the English Version and the right Greek Version. Click on **Take Our Free Test**. Answer each question by placing the cursor above one of the five numbers of the scale. The questions have been expressed in the **POSITIVE** tone. So if you do not agree with the situation that it is described you can select one of the two negative points on the scale (1 or 2) depending on the degree of disagreement. For example if question 2 "In our family we are all honest" doesn't describe, in your opinion, with certainty the situation in the family, then select 1, **I Disagree Absolutely** or 2, **I Disagree**. If the situation described in the question does not interest you or if you do not have an opinion then you may select number 3 **Neutral**. If on the other hand, you are very enthusiastic with the situation that it is described by

the question, and then you may select the **5, I Agree Absolutely**. If you are simply enthusiastic then you may select the number **4, I Agree**.

As you understand “answering” means that you simply express your opinion for something that is not very “simple” or "black or white." Your answers are completely subjective and "at that moment." This means some other can have different opinion for the same situation. Moreover you, in some other moment, when your psychological situation has changed, can give different answer. The basic idea is, as we stressed repeatedly, we wish to get an IDEA of the present situation of the family and the enterprise and based on this idea to infer or "guess" the health of the FOB.

The Results

After you have finished with the last question (50th) and clicked **Continue >>>** you will enter the first page of the results. This page informs you on how the program presents the results. As you will see from the next page in the right side shows a diagram that is a CIRCLE with six partitions. These six partitions are the six corner stones that you saw in Figure 1. The program separated the "pie" HEALTH into six pieces depending on the answers that you gave in the 50 questions. The share of each one of the six cornerstones is expressed as percentage (%).

In the left side of the page you will see one of the nine scenarios that are portrayed in Diagram 2. Immediately under the title you will see the word the **Reading**. Here we give you OUR interpretation of the numbers that you selected. The Scale 1-5 is translated as follows: High = 85% and above or above 4.25. Low = less than 59% or under 2.99. Medium = between 60% and 84.9 % or between 2.99 and 4.24.

The Reading simply describes the **interpretation** of the numbers. Moreover the Reading includes also our opinion for the **importance** of results and the likely reasons of the situation. Finally we offer the most **likely action** that you could take. Naturally whether you will follow our advice it is entirely up to you. As you may have discerned we find ourselves in the same situation as your doctor who finished the explanation of results of analysis of the blood work from the laboratory and combining it with his own opinion and observations offers you his opinion for what you must do. The weight of implementation of this advice is placed squarely on your own shoulders.

More Details

If you wish to get a more detailed picture of the distribution of the answers in each rung of scale 1-5 then place your cursor under the circle [Click Here for More Details](#). This act will take to the next page where you will see a table with the six corner stones and the distribution of the answers or the relative percentage distribution of each cornerstone. Also in the same table you will see a comparison of (your) answers and the **mean answers** of the team. Finally the last column gives the **DIFFERENCE** between the

individual answers and the team. Thus you can see how much your opinions differ, positive or negatively, from the opinion of team or your company.

This table is very useful. With a glance you can locate the cornerstone with the bigger or smaller percentages of the five-point scale. Here you can locate very fast the "bright" (4&5) and the "dark" (1&2) points as well as the percentage of the respondents that selected alternative 3 Neutral. **Neutral** can be a clue of indifference of the respondent or ignorance (lack of knowledge) of the situation.

Submission of Answers

If you are satisfied with the results that your answers produced then you can submit them in the Database that contains ALL the answers. From the page that has the Circle on the right side and the Scenario on the left click on the Box [Click Here to Store your or to review your scores](#). The next page asks you to give some basic Information. We request you read carefully this page.

What to Do

First please select a name for the group. For example in the example below I have used: Group >>> ELMA0. Individual >>> Kefalas. Finally I selected a password for Group >>>stell1936. This password will be the SAME for all the members of company. After you select these three pieces of data then hit [Submit](#) and wait for to be connected with server.

In order to see your results and to compare them with the group you must go back to the Submit page and enter again the name of group (for example, ELMA0) your own name (for example Kefalas) and the password (for example stell1936). ATTENTION you must select the [Individual Login](#) option.

Once you strike [Individual Login](#) you will be sent to the page with the two Circles. The left circle is yours and will have your name and right will have the title of company or the group. In order to see your comparison with the group strike [Click Here for More Details](#) that is under your own circle.