

Steering family business through economic slowdown

The global economic conditions have remained quite turbulent in recent years. The domestic economy is also getting ripples of these global disturbances. Though businesses would like to see the world markets stabilize soon, chances are that it will take a long time to achieve that. During these uncertain times fortunes of many businesses are swinging up and down. It is difficult to predict the toll that this global economic upheaval will cause. The challenges businesses face today are keeping the managements on tenterhooks.

Many family business leaders are kept awake at night as the competitiveness of their businesses is under threat. Market demand is shrinking whereas cost pressures are increasing. Their investment assets are witnessing wild fluctuations in their value. Family business leaders and stakeholders in their businesses are concerned about where the macroeconomic scenario is headed.

Though many of these issues are beyond one's control, it is useful to contemplate what you can do to position your business in the best mode to prosper and to sustain harmony in the family through the economy's distressing twists and turns.

- **Promote open communication channels.** Provide a chance to your stakeholders to voice their concerns. Share the past stories of success when you came out of a crisis and how you can repeat it this time. Stimulate collaboration and encourage teamwork. Invite suggestions for cutting costs and effective utilization of available resources.
- **Groom the next generation.** When the going is tough, it is a great time to teach members of the next-generation. During good times they have less incentive to pay attention. While facing hard times, the next generation members can be taught about wealth management and other financial matters. The do's and don'ts of business learnt in troubled times will remain with them for life.
- **Plan for the future.** Think through the innovative ways in which business strengths can be leveraged. Reposition your business making it relevant to present market conditions. If some of your family members don't understand why you should transform, then hire external experts to educate them.
- **Adopt change and manage risks.** Uncertainty and change are inevitable in today's environment. Risk-taking is involved in adapting to these changes. In crisis situations, people either take even higher risks or become completely risk averse. However, the need is to adopt a middle ground. Train your next generation in managing business risks and financial risks that are involved in running the family business.