PIFF Newsletter

Summer Edition

PURDUE UNIVERSITY | Purdue Initiative for Family Firms
COLLEGE OF AGRICULTURE

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Included in this Issue:

Welcome to PIFF!

The Purdue Initiative for Family Firms (PIFF) is an initiative in Purdue's College of Agriculture. PIFF is an integrated research, outreach, and teaching program. It offers educational programs that address the major competencies needed for effective family business ownership and management. The goal of the initiative is to prepare family business stakeholders—strategically, financially, and emotionally—for the significant and sometimes unpredictable transitions and decisions that must be made, which determine the success and continuity of the family business.

PIFF provides multi-generational family businesses with research-based business management resources aimed at improving personal leadership performance and driving operational growth. Our ambition is to prepare family business owners, managers, and stakeholders (including non-owner spouses and future owners) to be effective stewards of their family enterprises.

PIFF publishes a quarterly newsletter that will house an article from each part of the pie, found on our website – purdue.ag/piff. The four quarters of the pie include topics of: estate and personal financial planning, strategic business planning, maintaining family bonds, and leadership and succession planning. Each section houses articles, guides, and assessments of related topics which can be viewed online or downloaded. Also found on the website is a *Question of the Month*, PIFF Research, an option to subscribe to our quarterly newsletter, and upcoming events.

Upcoming PIFF Event

Documentary film on the inside workings of a family business to be shown at Purdue

The Purdue Initiative for Family Firms (PIFF) will host a special screening of the documentary film, "Taking Stock" on September 20th at 6:30 p.m. in the Krannert Auditorium. The film documents one-month in the life of a shopkeeper dealing with the trials and tribulations of running a family business.

"Talking Stock" director, Ben Stillerman, who will lead a panel discussion immediately following the screening, tells the story of his own family's business, with his father, Clive Stillerman, as the main subject. On the film's website, Ben explains he made the documentary to understand how the family business influenced his father's personal life as well as the lives of his father's employees and family. However the film goes further to show the conflict between children not wanting to take over the family business and the real tension, said Ben, "between the values of hard work, the challenges of family, and the particular relationship between a businessman and his community and country."

Maria Marshall, Purdue Initiative for Family Firms (PIFF) director and professor of agricultural economics, chose this film for the event because "it delves deeper than what you normally see when you walk into someone's store front. Family businesses affect everyone, not just those who work in the business. At PIFF, our goal is to educate and prepare family members to make the best choices for their business. The film shows how difficult those choices can be."

"Taking Stock" was filmed at Benoni Discount Stores in South Africa and was released by Tank Brain Films in 2016. It won the festival prize for best documentary at the 2017 Massachusetts Independent Film Festival.

The showing is free and open to the public. Advance tickets are not required. Please check the Upcoming Events page on the PIFF Website for more information.

Image courtesy of takingstockfilm.com & Tank Brain Films.

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5 Social Media Best Practices That Can Help You Increase Sales

Ariana Torres

Today, seven out of 10 Americans use social media to share information, find entertainment, and engage with businesses (Pew Research Center, 2017). Social media has become an important information source for Millennials; yet, Baby Boomers and Generation Xers are significantly increasing their use of Facebook and other social media platforms. Among social media platforms, Facebook remains the most popular with almost 80 percent of online adults, followed by Instagram (32 percent), Pinterest (31 percent), LinkedIn (29 percent), and Twitter (24 percent).

Social media influences how Americans purchase products and services, so it is proving to be a powerful — and inexpensive — marketing tool. Businesses can use social media to increase their online exposure, attract new customers, highlight new products or services, hear what customers and potential customers say, and (most importantly) *build relationships*.

Using social media to sell

Social media can help a business attract followers and convert them to customers. However, just using social media is not the same as using social media *effectively*. Effective social media marketing requires businesses to connect with the right people, construct a detailed marketing strategy, treat followers as if they were face-to-face customers, and offer contests, giveaways, and events to convert followers into customers.

Below are five social media practices to make sure you are taking advantage of these powerful marketing tools.

1. Align your priorities. Use the SMART framework to define the goals you want to achieve with social media. (SMART is an acronym that can guide the goal setting process. SMART stands for **S**pecific, **M**easurable, **A**chievable, **R**elevant, and **T**ime bound. In other words, your social media goals should be focused, quantitative, realistic, worthwhile, and have a target day.) For example, you may want to gain 25 new followers on Facebook in the next two months or create at least three Facebook events that generate at least $1,000 in sales in the next two months. Alternatively, you may decide to incorporate Twitter in your strategy to provide excellent customer service or increase brand or product awareness in your community. Your goals will guide you to track and evaluate your marketing activities.

2. Create a brand for your social media platforms. The content (particularly the visual elements) that you post are key to building your brand in social media. Create a logo that represents your company and use it across all platforms. Use the same color palette or filter for your photos consistently so your followers recognize your business across all networks. Use your bio, profile, and cover photos to communicate who you are and what your company does better than anyone else.

Use *#hashtags* for keywords that highlight your business values, products, events, campaigns, and industry. Hashtags can help you increase engagement, raise awareness, and categorize content.

3. Choose your network. You may feel the urge to jump into every social media platform, but we recommend that you instead find the network that aligns with your customers' profiles. *(continued on page 4)*

Estate & Personal Financial Planning

(continued from page 3) Your business has unique customer segments with unique demographics, psychographics, and behavioral characteristics. Understand what social media your current and potential customers use to align your ads, events, and content. Each platform has its own strengths and provides a way to reach a unique clientele. For example, Instagram is helpful to reach younger generations via photos while Twitter is great to provide exceptional customer service. One of the best ways to start social media marketing is (the oldie-but-goodie) Facebook. Make sure you fill your business page entirely, make your photos look good, and use their analytics and ad tools. Once you feel comfortable with Facebook, you can diversify and expand to other platforms by testing the waters in Instagram and Twitter.

4. Be consistent. As with any business project, social media requires you to commit time and resources. Post messages daily and at the time when your followers are around to see them. Discover the best time to post by understanding the demographics and locations of your followers, then track the engagement of your posts at different times of the day.

As soon as you start using other platforms, you can save time by scheduling your posts in Facebook or by using social media management tools such as Hootsuite and Buffer. Your posts should help you build relationships with your customers by providing relevant information, by replying to comments or questions immediately, and by using events and promotions to engage.

5. Keep it real. Consumers want to buy products that have a direct impact on their communities. Tell followers your family business story, share your values, and highlight the impact of buying from your business. Post behind-the-scenes photos to communicate the passion you put in your business. Pose questions to your followers and inspire them to talk. A great way to tell your story is to post videos of your activities, events, and campaigns. Fill in your posts with words and photos that express the DNA of your business — your reason for existing. Convey what it is that you do better than anyone else, and be visible and loud as if you were next to your customers.

Life Happens

Glenn Muske

Previously posted on *Small Biz Survival*: http://smallbizsurvival.com/2018/01/life-happens.html

Let's start with **Best Wishes for 2018.**

That wish was to be a part of my post for the first week of 2018. Unfortunately, I didn't get a post done. This is not the first time it has happened but those missed times were typically planned for some reason. Last week my missed blog occurred when **I had a "life happens" event**. A Saturday phone call put me on a different track as I ended up locating and helping my mother move to an independent retirement community. Thankfully, the blog's editor gives me a great deal of independence in my posts.

But it raises a good question. **Are you prepared to handle such unplanned life events and still maintain your business?** Most businesses can't just shut down for a short break and then restart right where they left off. Momentum is lost as well as goodwill with your customers. For a retail business, shutting down during the holiday season might just end your business. In many ways, such events are just another type of disaster. As you have done your disaster planning, did you think about these personal life events that impact your business as much, or maybe more than, as a burst water pipe or a fire? *(continued on page 5)* (continued from page 4) Yet, most of the events you have planned for probably involve the business system only. This makes them somewhat more contained than a **personal event where both the business and family systems are involved at the same time.** If only one system is under stress, we can often call on the other for various types of relief but where do you turn when both systems are stressed?

Maintaining Family Bonds

As you head into a new year, I would encourage you to think about similar events that you might face. What unique demands might you face? And what resources do you have to help? **Some prep work will offer a great deal of relief both: (1) thinking about the future, and (2) when and if the day comes when you need to put your plan into action.**

Once again, have a happy and prosperous 2018.

Is Your Family Business Ready for Social Media?

Diane Masuo, Jacqueline Tani & James Tamayose

Before using social media, a family business must assess its readiness to use various types of social media (e.g., Twitter, Instagram, Facebook, Snapchat). A key step is to develop a social media policy about appropriate use of social media for the family business, including who is allowed to post information on social media. Specifically, the social media policy should involve the development of operating rules by the family members who work for the family business. When family members of the business are consulted, they become more committed to the operating rules they develop and are more likely to follow the rules.

Since a family business cannot control how others perceive information that is shared from one of their social media pages, the operating rules for the family business must be designed to avert or minimize negative consequences of social media misuse by family members. The operating rules should include a process for appointing a manager (e.g., spokesperson, social media director) for the social media affairs of the family business. The operating rules should also clearly state the kinds of information that can be shared and the consequences for violating the rules, confirm from employees that they understand the rules, and develop a mechanism for enforcing rules. These rules, when followed, will reduce or avert misrepresentation of family business-related information on social media and lead to positive outcomes from social media use.

A positive web presence can increase foot-traffic, as well as sales and profits from greater name recognition of the family business. When business sales and profits increase, the family business has more financial resources available to engage in socially responsible activities such as donating to community groups. By donating money, goods and/or services to the community, the family business, in turn, benefits from an enhanced image and customer loyalty.

After adopting a social media policy, family business owners should remember to revisit and adapt its social media operating rules as the social media landscape evolves, in order to continue reaping the benefits of its web presence. By doing so, the family business will be ready for the ever-changing, online world of posts, likes and tweets.

Strategic Business Planning

We're a 'What'? The Search for the Elusive Copreneurial Couple

Glenn Muske & Margaret Fitzgerald

Leadership & Succession Planning

As a business owner, if someone walked up to you and said, "it looks like you are a copreneur", how might you respond?

You may reply in the affirmative or more likely would ask, "what in the world is a copreneur?"

Barnett and Barnett (1988) were the first to use the term *copreneur*. They used it to refer to couples who owned and operated a business together. Yet even though having been identified for now 30 years, copreneurs are not well understood. A reason suggested for a lack of interest is that they are uncommon.

With that thought in mind, we, Drs. Margaret Fitzgerald and Glenn Muske, analyzed the number of copreneurs found in a nationally representative sample of 673 family business owners. This data was first collected in 1996 and then the same business owners were visited three more times, the last time in 2016. It seemed as though the work would be easy given the study asked the business manager if they worked and owned a business together with their spouse.

Surprisingly, only two business owners directly said they had a copreneurial venture with their significant other. Based on a review of the literature and our experience working with family businesses however, that number seemed quite low. Granted, you do not find a great deal of research on copreneurs and some suggest they represent a very small percentage of businesses, but perhaps they are just elusive given the traditional way of counting businesses.

Maybe we need a new way to define, or even find, copreneurs. With this in mind, we went back to the literature and our experience and focused on the characteristics that have been used to describe copreneurs. We found that commitment, shared risk and responsibility, intertwined worlds, egalitarianism, contributing work-hours to the business, and defined, yet segmented, areas of responsibility were attributes of these couples in business together. As you might note, most of the definitions focus on the business, and not the family, which peaked our curiosity even more. What's it like to be in love with your business partner? Or to be raising children together?

With this as background, we looked at our data again and focused on the respondents who were in a marriage or marriage-like relationship; had both members of the couple working in the business with the manager acknowledging that the other person was actively involved (yes, some people worked in the business without recognition….they are not copreneurs) and that both members of the couples were major decision makers in the business. Of the 673 family businesses studied, 211 met these criteria, for a 31 percent prevalence rate. We believe these couples represent copreneurs.

Further analysis of our sample showed few differences in demographic makeup between copreneurial businesses and noncopreneurs. Copreneurs had more older children living at home, more often had a women leading the business, and were located on farms or in rural areas. The managers had slightly less formal education, earned a lower income, and the couple lived in a home worth less than noncopreneurs. Moreover, the spouse or partner of the primary business manager worked fewer hours in the business, the business had fewer employees and was more often home-based. Finally, copreneurial ventures had lower revenues and the managers viewed their businesses as less successful than their noncopreneurial counterparts. *(cont. on page 7)* *(continued from page 6)* On a measure of success, it is important to note that copreneurs were significantly more likely to say that their business was a way of life and not necessarily just a way to earn income. This represents what may be the most intriguing aspect of copreneurial ventures overall—the reasons behind adopting this form of a business as a lifestyle. What is it that these couples are hoping to gain and sustain within their work and families?

Unlike some myths, such as the Loch Ness Monster or Sasquatch, copreneurs are not rare. Our work suggests as many as three to four million copreneurial ventures are active in the United States at any time. Other work, such as McDonald, Marshall, & Delgado (2017) and Pratt (2009), shows differing numbers based on definitional variance. But all show a substantial segment of copreneurs.

With our ability to follow these same businesses over time, we were also able to look at the stability of copreneurial ventures. This continued analysis found some interesting dynamics. First, copreneurs moved in and out of this type of couple-oriented business operation but the overall percentage of them in the sample remained fairly stable. This suggests that the business form may be fluid for any particular couple. They seem to desire the result but recognize that a utopian life style needs financial stability. Financial success of the business seems to be a trigger. Businesses doing well were more likely to move from being classified as noncopreneurial to copreneurial so a goal seemed to be having both spouses involved in the business together. The copreneurial lifestyle appears to be attractive to these respondents.

Second, copreneurial businesses showed more stability over time, in terms of revenues, income and the number of employees going into and through a recessionary period. This finding suggests they could be a local economic stabilizer, although further exploration of the finding is needed. These couples may not see extreme peaks and valleys with profit and loss, or hiring and lay-off of employees as compared to some other businesses, but the steadiness and predictability of their businesses may provide them with a sense of assurance that they value.

The knowledge gained about copreneurs is just a first step. Our real challenge moves beyond identification to support, helping them meet the unique challenges of spouses working together. Sharing a business and a family means more time together and more time and ways for conflict to occur. Identification as a copreneur is far less important than focusing on the day-to-day operations of the business as well as their personal relationship.

One common question that arises is how these businesses can survive when a spouse decides to leave either the work or the family? When a business is successful and embedded in to the lifestyle of a family, couples may stay in business together even following a divorce (Cole & Johnson, 2007). Other questions to study include the division of responsibilities, time commitments, acceptance of the management structure, and growth in these unique businesses. For example, how do couples manage both the needs of work and family? Do their choices hinder or help meet competing demands from both systems? Understanding the factors influencing spousal partners to enter or leave the business are also of interest.

For many of these businesses, it seems that once the business is established, one partner of stays in the paid labor force to retain health insurance and retirement benefits until the business is successful enough to afford these benefits for the family from the revenues. Also, a deeper understanding of the egalitarian motivator suggested to drive copreneurs is intriguing. Exactly why do couples blend their business and family systems? What do they hope to gain? Copreneurs are here. Chances are you know one or more already. If you think of a business as a “mom-and-pop” shop, you may want to instead think of it as a copreneurial venture.

(continued from page 8) Take time to learn their stories and focus on some of their unique strengths and challenges. And if you are a copreneur, enjoy the ride! Others have a lot to learn from how you have created and sustained your business venture as well as its meaning to your family.

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