

Business Advantage, December, 2003

FAMILY BUSINESS FORUM

Women Family Business Owners are More Productive

By Donald Levitt

The Issue

Start saying goodbye to the “old boys club” in family business. The number of women owners is soaring, and they’re teaching the “old boys” a few things about business.

According to a comprehensive study recently published by Babson College and the MassMutual Financial Group, women-owned family businesses are almost twice as productive as those owned by men. Even though the women-owned family businesses employed on average fewer employees – 26 people versus 50 at male-owned companies – their average revenue was almost identical: \$26 million for women-owned and \$30 million for male-owned. This means that women-owned family businesses are 1.7 times more productive.

The study also showed that the positive influence of women owners extends beyond productivity. Women owners pay more attention to succession planning; they are more likely to retain family members in the business; and they put more emphasis on philanthropy and community.

But wait a minute. What about issues like balancing work and family, and winning the respect of the “old boys” both inside and outside the business – how are women handling these challenges? Let’s find out.

The Family Business

Welcome Nursing Home is a 108-bed facility that opened in 1945 in Oberlin, Ohio. It is now owned and run by the women of the third generation. Jill Herron, the oldest of four sisters, is president.

“My grandparents started the business. In the 1960’s my father took over as Administrator and my mother, a highly experienced nurse, became Director of Nursing. In 2001 my sisters and I took over ownership.”

The decision to become owners was not an easy one for the sisters. They knew first-hand the demands of running a nursing home, but they were all committed to the “care giving” industry, and they all wanted to see the business continue to help its clients and the community.

To help think through the decision regarding ownership, the sisters held many family meetings, and included their husbands in the discussions. “We have been successful with the transition because we talked with everybody over a long period of time – talking about ownership, responsibilities, and feelings,” said Herron.

Herron had no problem gaining the confidence of her parents or her sisters. “They had more confidence in me than I had in myself. They said ‘You can do it – and we can do it together.’” As for the staff, many of them had watched Herron grow up, but they have still come to respect her as a leader. “Maybe it was because I worked at a large retirement community in Dayton for seven years, so they had not seen me for a while. Also, I think a lot of their respect arises from their respect for my parents,” she noted.

The Expert

Herron and her family were greatly helped throughout the decision-making process by Fred Treuhaft, a Family Wealth Advisory Partner at Plante & Moran in Toledo.

“I’ve seen a tremendous shift in the acceptance of women leaders in family business – acceptance by the business and by the family. The women are being allowed to blossom,” says Treuhaft. “Rather than trying to compete as a man in a man’s world, now they have role models for women leaders” and this helps them to take on ownership and leadership of the family business.

The Tip

Women can be great owners and leaders of family businesses. The family businesses that openly discuss issues of ownership and responsibilities can best support the leader, the business and the family.