

## **Family Business Center**

# **Motivating and Retaining Non-Family Employees in Family-Owned Businesses**

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Successful family businesses create a culture that recognizes, respects and empowers non-family employees in order to motivate and retain them.

At their annual board meeting of family members and outside members the challenges facing the business were being discussed. Money, money, and money became their topic. One outside family business owner said there are two bottom lines: financial and human resources. Others looked at him quizzically as he related how he had “given up a lot of responsibility, taken the weight and burden off my shoulders and turned my business around in six months, completely restructuring it by looking more closely at the needs of my employees, not just their financial compensation.” He had his colleagues' total attention.

### **Five Crucial Strategies**

Five powerful strategies must become an integral part of your family business corporate culture if you believe that taking care of the needs of non-family employees, who take care of customers, is the way to grow your business. These strategies motivate, reward and retain these valuable employees. They focus on intrinsic rewards--those behaviors that arise from within because they are basic human needs; they come from doing the work and seeing the accomplishment, and are not tied directly to compensation. Intrinsic rewards make us come to work, do our job and leave feeling good, only to look forward to doing it again the next day.

These strategies may be supported by extrinsic rewards--compensation, benefits, bonuses and perks--but such rewards are secondary. Focusing on these five crucial motivation and retention strategies may well prove to be the answer to the predicament of escalating compensation.

### **Commitment**

Mutual commitment, between family owners and employees, is communicated to the customer through excellent service and product, thereby creating durability, which can carry a company competitively into the quickly changing marketplace. This mutual commitment is woven into the vision, mission and philosophy of the corporate culture and is communicated from the top down

through the implementation and practice of the other four strategic points.

The company's commitment to non-family employees' needs engenders the same genuine commitment from them to the company, its product, and its customer. Committed family and employees work better, smarter, more efficiently and happily. In such companies, turnover and absenteeism are lower, creative products are spawned, and fiscal solvency is maintained. Being a mutually committed family-owned company is the most effective way to achieve and maintain continuing presence and share of the marketplace. It is a statement that the employees are an important part of something significant and durable.

## **Recognition and Respect**

Ways of recognizing employees are boundless. Recognition includes, but is not limited to, a simple compliment of a job well done; the use and publicity of a small idea that makes a product better; the feeling and belief that the day's work was a valuable contribution to the total job; and the pride one takes in working for a company that values and respects its employees as individuals with differences and differing needs.

Respect and recognition in the family business culture communicates "colleagueality" in which a voice, dissent, idea or feeling can be heard and managed. It is the feeling that one is trusted, believed in, listened to--a contributing member of a larger structure, one who is treated fairly and honestly.

## **Growth**

Employees, like the family members who run the company, want to grow professionally and personally in their work. This strategy requires a financial investment in the individual employee and in the future of the company. Well-trained and educated employees provide the company with flexibility. An employee who is growing will stay with a company longer, especially in a weak economy or a rapidly changing work environment, providing the stability and flexibility to maintain the business as a viable entity. Employees who are growing in their work are

learning new skills, having fun, feeling important and working better and smarter. They believe in and feel the commitment, recognition and respect of the company and return it.

An investment in the motivation and retention of non-family employees is an investment in the company and its future, with an expected return.

## **Participation and Decision Making**

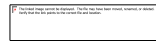
Employees who feel they are involved, autonomous and responsible contributors to company policy, decisions, products and customer service, are the company. Time-honored studies prove that employees who are decision-making participators work better for their company. Personal ownership that comes with the responsibility of autonomy and decision making solidifies employee commitment to work and company. Involvement requires internal motivation (intrinsic

rewards) and enjoyment of work, which engenders creative problem-solving, better products and service. Participation and decision making follow from company commitment, recognition and respect for the non-family employee's growth.

## Teamwork

Working together to plan for the growth and maintenance of something is part of basic human needs. People are gregarious by nature; our nature is to nurture. Work, with its limited ability to financially compensate employees, provides an unending source for intrinsic motivators and rewards. Teamwork pulls and puts people together to create and produce. It becomes a self-fulfilling reward system. It provides the spirit, enthusiasm, fun, “braintrust” and environs for creative conflict and competition that drives people to produce and excel.

Motivated employees, like motivated customers, are an investment for any family owned company. In the final analysis, all businesses are customer service businesses, and all employees are emissaries. When checking its viability in the marketplace, every business must look at its responsibilities on both bottom lines: financial resources and human resources.



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