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en·ti·tle·ment

noun \-'tī-t^əl-mənt\
nən-tye-tyel-ment

- : the condition of having a right to have, do, or get something
- : the feeling or belief that you deserve to be given something (such as special privileges)
- : a type of financial help provided by the government for members of a particular group

Entitlement issues can occur almost anywhere and can take many different forms. Entitlement occurs with one feels that they have the right to receive special privileges, or has special authority or benefits. Entitlement usually occurs when people put their personal interests before the company's interests or anyone else's.

For non-family employees, entitlement could occur when an employee feels that their tenure, or relationship with the president, or position within the company should accord them special privileges. I saw many instances of this over the years but one sticks out in my mind; that of an employee who regularly helped himself to cases of canned soft drink beverages from the company's inventory. When asked why he felt he could? He replied because he worked there so long that the company owed him for his loyalty.

For family owned businesses, entitlement issues could occur with family members who work in the business as well with family members who work outside of the business. For any business, entitlement issues could also involve any employee who feels that their circumstances warrant special privileges.

A common example of entitlement that I have seen is the personal usage of company vehicles and equipment. Such as when a family member is moving from one house to another and uses one of the company trucks to haul their stuff. Or, when a family member who works for the company, feels that their company car should be BMW or a Lexus rather than a Nissan Altima which is the level of standard that the company usually buys. Or, when a family member working in the company feels that they can take off from work whenever they want to because they are family.

The first example is fairly benign however entitlement abuses start somewhere. And what does that say to non-family members who work in the company? The mindset that being a family member warrants special privileges can start with things like this. But left unchecked, it can develop into larger problems.

I was meeting with a company president when his brother popped into the office. His brother announced that he was hiring his son. When the president asked what position was being filled, the response was that he would figure something out. Apparently this was not the first time that this had occurred as the company employed a number of family members. What's the dollar cost of putting someone on the payroll when you don't have a job vacancy? What's the hidden cost to employee morale, work place performance, and respect for owners and managers?



Problems? Yes, problems. Entitlement issues cost companies money in terms of increased expenses, lost revenues, and poor employee morale and motivation. The family member who uses the company's truck for personal purposes might set a new standard which says, informally, that it's OK to do so. So others begin doing that. What happens if someone gets into an accident using a company truck for personal purposes? Will your insurance company cover that?

Employment of family members is an especially difficult situation. If you create a position for a family member when the need doesn't previously exist, it makes it difficult to say no to other family members in the future. What does it also say to non-family employees? What is the impact to expenses?

What happens if you hire a family member who isn't qualified to do the work? And they don't work out? What do you do then?

What can you do about if you have entitlement issues in your business? Several suggestions come to mind.

- Discuss the concern with other family members. Let them know that it is costing your company and how the impacts are being felt. That they need to help the company perform better. That they should be concerned about this also.
- Develop policies that address entitlement issues. Employment policies that state the conditions under which the company would hire family members and what would be expected of them.
- Establish compensation policies that form the basis upon which family members' compensation would set.
- Develop work performance and accountability policies that set standards and expectations, as well as the penalties that might be incurred if family members fail to perform.

Ignoring entitlement issues incur heavy penalties. And it relates to a fundamental question that all family business owners should address; what comes first, the family or the business? We should all recognize that if you don't take care of the business, it won't be around to take care of the family.

