

Introducing a New Functioning Assessment for Family Businesses: The FB-BRAG

Introduction

In a family business, the family and the business are constantly competing for limited amounts of time, attention, and resources. The FB-BRAG allows users to measure family business functioning from a variety of viewpoints, in a way that holistically incorporates family and business functionality into one assessment. The four questions included in the assessment are modeled after Smilkstein's (1978) family APGAR and work APGAR assessments. **APGAR** assessments measure **adaptability, partnership, growth, affection, and resolve** (Smilkstein, 1978), while the **FB-BRAG** measures **family business balance, resolve, adaptability, and growth**.

Validating the Scale

The FB-BRAG was validated and results were compared using two sets of family business data: The Family Business Succession Survey (FBSS) (712 responses, Marshall et al., 2012), and the National Family Business Survey (NFBS) (759 responses, NE-167R). Only questions one through three were considered in the NFBS; the "family balance" question (question 4) was added via the FBSS. By comparing the datasets, we can see that both have a very low reporting rate of "dysfunctional" (1% for the FBSS and 3% for the NFBS). The two surveys differ in the "moderately dysfunctional" and "highly functional" categories. The FBSS reports 54% of surveyed businesses in the "moderately dysfunctional" category and 45% of businesses in the "highly functional" category. The NFBS reports 30% of businesses in the "moderately dysfunctional" category and 68% of businesses in the "highly functional" category. The NFBS slightly differs in results and shows an upward bias in responses (see tables 1 and 2 below).

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Our aim was to create an assessment, drawn up specifically for family businesses, that is not cumbersome or time-consuming and can be easily compared across members of the family and the business. Understanding family business functioning from the multiple viewpoints of family and business stakeholders can help enhance communication. The FB-BRAG (family business balance, resolve, adaptability, and growth) is an easy-to-understand tool for family businesses and family business practitioners alike — and the results are simple to calculate and interpret.

TABLE 1. DISTRIBUTION OF FB-BRAG SCORES

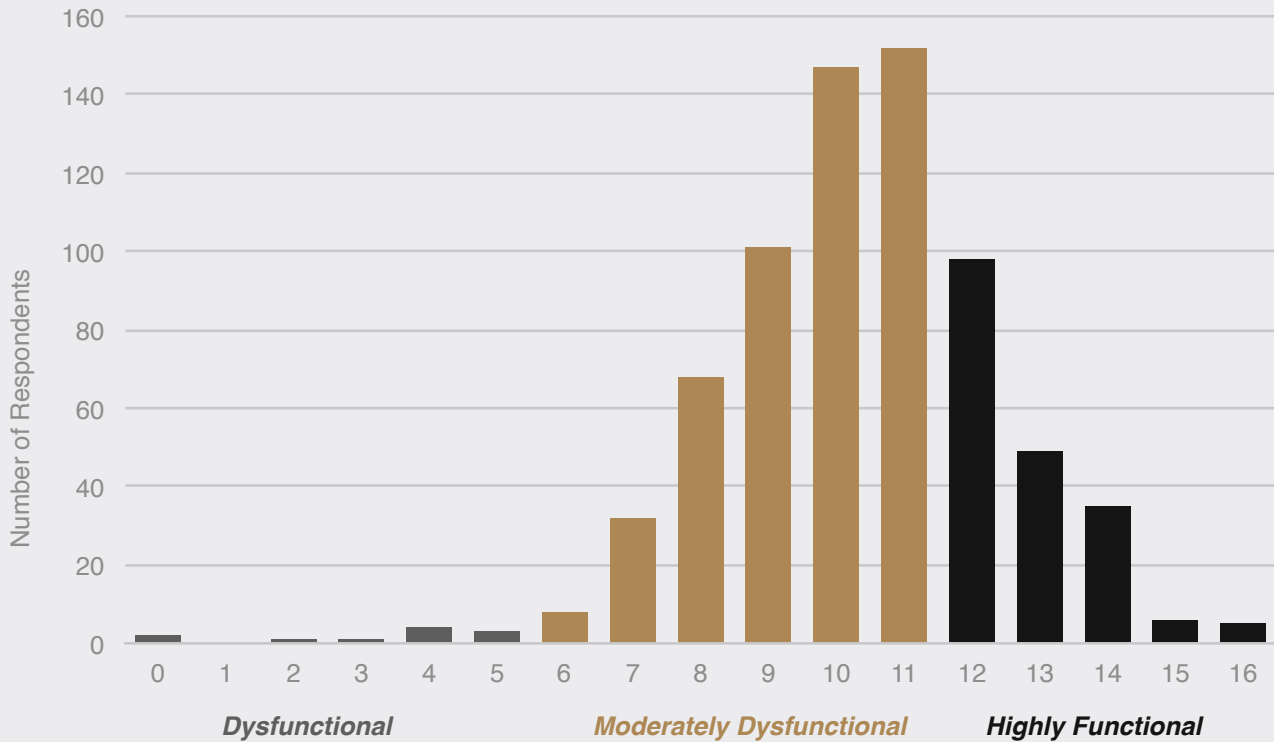
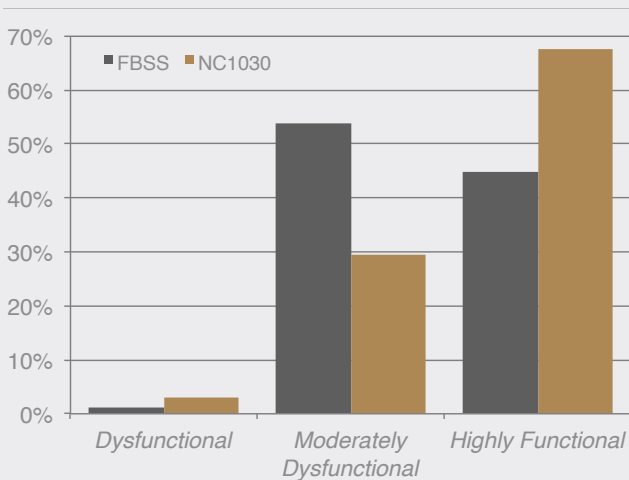


TABLE 2. FB-BRAG VALIDATION USING FBSS AND NC1030 DATA



Administering the FB-BRAG

Administering the FB-BRAG takes very little time and effort. Table 1 shows the four questions in the assessment. Participants use Handout 1 (page 5) to record their responses to the four questions. Time expected to complete should not exceed five minutes. After completing the assessment, a score guide (Handout 2, page 6) allows individuals to score their own assessment on their family business’ functionality. The four questions focus on functionality and satisfaction that people gain from the intersection of the family and the business. For each “never” response, zero points are given; “hardly ever” receives one point, “some of the time” receives two points, “most of the time” receives three points, and “all of the time” receives four points. Totaling the responses provides an overall score that is measured this way: “highly functional” (12-16 points), “moderately dysfunctional” (6-11 points), or “dysfunctional” (0-5 points).

TABLE 1. FB-BRAG: A FAMILY BUSINESS FUNCTIONING ASSESSMENT

Place a check mark in the box that corresponds to the answer of each question.

	Never	Hardly ever	Some of the time	Most of the time	All of the time
1. How often are you satisfied that you can turn to people at home and work for help when something is troubling you?					
2. How often are you satisfied that others in your family and business accept and support your ideas or thoughts?					
3. How often are you satisfied with the way others in your family and business share time together?					
4. How often are you satisfied with the outcome when a decision has to be made in favor of what is best for the family versus the family business?					

Rating scale: Never = 0 pts; Hardly ever = 1 pt; Some of the time = 2 pts.; Most of the time = 3 pts; All of the time = 4 pts.

Scoring: 0-5 pts. = Dysfunctional; 6-11 pts. = Moderately dysfunctional; 12-16 pts. = Highly functional

EXAMPLE: Total score = 8 pts. Moderately dysfunctional

How the FB-BRAG Can Analyze Family Business Health

Danes and Stafford (2011) found that from 1997 to 2007, according to National Family Business Survey data, family APGAR scores of family businesses increased. We can interpret this as businesses that are assumedly successful — by surviving from 1997 to 2007 — have improved family functioning over time. The questions included in the FB-BRAG directly analyze three of the five properties of a traditional APGAR (adaptability, growth, and resolve; Smilkstein, 1978). Question 1 measures adaptability, question 2 measures growth, and question 3 measures resolve of a family business. We added question 4 to analyze family business balance; conflict can arise where resources and time intersect, but the conflict can sometimes be healthy.

Kaplan et al. (2009) found that many farm families relied heavily on passive communication, which can easily be misconstrued and misunderstood. The FB-BRAG helps to discourage passive communication by giving family businesses a set of talking points. By comparing results of the FB-BRAG from different viewpoints, members of a family business are able to see what they are lacking, where they are succeeding, and, most importantly, issues where opinions differ. Family businesses can celebrate successes while also exploring areas that need improvement. By exploring the differences in responses

and having a number to refer to, family business members may be more comfortable expressing why they scored something as they did, versus merely bringing up an issue without having a prompt.

Next Step: Comparing FB-BRAG Results

Family business members who take the FB-BRAG assessment should compare results and discuss differences and similarities. Just knowing scores among family business members can prove helpful. The FB-BRAG scores on their own can give some insight into the functioning of a family business, but improvement in functionality can come from open discussions on differences and similarities in scores among members of the family business.

WHAT TO DO IF RESULTS AMONG MEMBERS OF THE FAMILY BUSINESS ARE:

- All **highly functional**: Members of the family business should continue to communicate effectively and re-evaluate functionality as new members enter the family business.
- All **moderately dysfunctional**: Many family businesses fall into this category. A moderate amount of conflict in a family business can be healthy. However, try to address the categories in which members may not feel satisfied.

For example, if many members of the family business report that they are not satisfied in the way that the family and business share time together, make sure that there are distinct times for the family and distinct times for the business. For instance, do not have a family business meeting during Thanksgiving at the dinner table.

- All **dysfunctional**: Members of this family business need to enhance communication and schedule meetings on a regular basis to discuss family business issues. The business should work toward more open communication that allows people to openly discuss their ideas and thoughts. There needs to be separate work time and family time; the goal of this business should be to strive for more positive family time and more positive business time.
- Mix of two or more of the following - **dysfunctional**, **moderately dysfunctional**, and **highly functional**: Members of the family business need to investigate why some members are satisfied and others are not satisfied with how the family and business interact. If some members are not satisfied with the family business and others are, then the root cause of that disparity needs to be examined. Set aside time to openly discuss these differences and listen to why some people do not agree on the family business' functionality. Also, check to see if there are trends in scores. For example, if the younger generation is scoring the family business as *moderately dysfunctional* and the senior generation is scoring the business as *highly functional*, then there are more than likely some underlying issues. The younger generation may value time at home, or they may require later start times due to family commitments (e.g., young children). Traditional norms that were once accepted as business practices may need to be adjusted to better appeal to both generations.

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FB-BRAG, A Family Business Functioning Assessment

Place a check mark in the box that corresponds to the answer of each question.

	Never	Hardly ever	Some of the time	Most of the time	All of the time
1. How often are you satisfied that you can turn to people at home and work for help when something is troubling you?					
2. How often are you satisfied that others in your family and business accept and support your ideas or thoughts?					
3. How often are you satisfied with the way others in your family and business share time together?					
4. How often are you satisfied with the outcome when a decision has to be made in favor of what is best for the family versus the family business?					

FB-BRAG, A Family Business Functioning Scoring Guide

To calculate a score for your FB-BRAG Family Business Functioning assessment:

1. Total the number of each never, hardly ever, some of the time, most of the time, and all of the time responses that were checked. Record that number in the Number of responses row in the grid below.
2. Multiply each column's Number of responses with each column's Multiplication factor and record the result in the Multiplication total row.
3. Add all Multiplication total results together to get the FB-BRAG Score.
4. See scoring grid below to see which category your assessment places your family business' functioning.
– Example: FB-BRAG Score of 8 points translates to *Moderately Dysfunctional*.

	Never	Hardly ever	Some of the time	Most of the time	All of the time
Number of responses					
Multiplication factor	0	1	2	3	4
Multiplication total					
FB-BRAG Score (add all multiplication totals):					

Rating Scale	Scoring Guide
Never	0 pts.
Hardly ever	1 pt.
Some of the time	2 pts.
Most of the time	3 pts.
All of the time	4 pts.

Highly functional	12-16 pts.
Moderately dysfunctional	6-11 pts.
Dysfunctional	0-5 pts.