

Family Owned Businesses: The Challenges of Mixing Blood and Money

By Lainie Neiman

Family businesses can be a great experience and it can also be a nightmare. Family relationships can be messy and complicated. People say that blood is thicker than water- and of course we know that to be a literal fact as well as an excellent metaphor. When it comes to working *in* a family business, or *with* a family business, one must be sensitive to the unique terrain involved in this kind of organization. Families are really just small organizations, and businesses are just big families in many ways. When you meld them both together- "buckle your seatbelts, it's going to be a bumpy ride" describes the experience for many. There are ways to address the classic challenges that face family owned businesses.

There are the rare family businesses that determined early on that family relationships always trump business issues. One father/CEO made it clear from the get-go that family comes first and made a rule that business issues must be left outside whenever the family comes together for Sunday night dinners or other family gatherings.

These family owned businesses, however, are the exception, not the rule, and addressing the more classical family owned businesses is the focus of this white paper. Families are complicated- there are many layers and many dynamics. Many family owned businesses have been torn asunder due to competing desires, goals, personalities, power and most commonly, over money. There are infamous stories in our own St. Louis community that illustrate the tragic demise of family relationships forever, even if the business survives.

Clear, honest and ongoing communication is the key to healthy family and business relationships- and it seems to be in short supply in most businesses, family owned included. The biggest difference is that the stakes are so much higher in family owned businesses- it's "double jeopardy"- you have so much more to lose if things go south.

How can a family owned business address the really tough issues without hurting each other or the business? Being prevention oriented makes the most dollars and sense as the old adage states "An ounce of prevention is worth a pound of cure". However, people don't usually seek help unless they are in some kind of pain. Sometimes businesses reach out at the point where they need an attorney- rather than earlier in the process when a business coach or consultant could help resolve some of the relationship and communication problems.

If you own or are a family member in a family business, ask yourself if you are being honest in your communications, addressing the real core issues that are bothering you. If the answer is "no"- then you have some work to do. Whether it's because you don't have the guts, or are afraid of hurting someone's feelings,

you are compromising your effectiveness, productivity, as well as your family and business relationships. Most people loathe conflict and will avoid it at all costs, even when the cost is to the bottom line.

Sometimes, we have to simply take a deep breath, and have a courageous conversation. We tend not to think about the cost of NOT speaking up, we tend to only feel the anxiety or outright fear of opening our mouth. It is clear that sweeping problems under the rug never solved a single problem. So why do people continue to do what doesn't work? Because it's hard to speak the truth, and often painful and requires skills that some people don't have in their repertoire. Can these skills be learned? You bet they can!

Is it challenging to learn how to speak your mind in a respectful and diplomatic way? Of course it is. Most anything worth learning, takes time, commitment and courage. No different than learning how to play the piano, or learn a foreign language. The real issue here is commitment and investment. Are you fully committed to this family member/co-worker? Are you invested in making this relationship healthier and more functional? If the answer is yes, then, you have some work to do. It can be very rewarding work- though, not easy. If the answer is no, or you've resigned yourself to this state of affairs, then you're not committed to or invested any longer in this relationship, and you have a different kind of work to do.

All businesses talk about Return on Investment (ROI)- this usually refers to the kind of financial, time and energy one invests in a business venture and the outcomes, or the return on that investment. In essence- is it worth it? When one considers family relationships over a lifetime, it's impossible to put a dollar value on that. It is like the Master Card commercial says, "Priceless" Then why is it so difficult for so many families to have those courageous conversations if there is so much at stake? It often comes down to people's egos that get in the way. Call it pride or image... how we think we are perceived by others often becomes a real barrier. Sometimes those barriers last a lifetime, which is sad and extremely costly in every way.

If you can step away from your ego for the sake of a higher or greater good, you can make real strides in shifting the way you communicate with your family members in business. Seeking outside professional counsel or coaching in these sticky situations has tremendous value. If you are living with the illusion of smooth waters in your family business, while you know people are talking "about" issues or people behind the scenes instead of "to" the person with whom they have an issue, the initial intervention can be eye-opening. And the process that evolves can be hugely valuable on every level, including the bottom line.

If you recognize yourself or your business here, ask yourself if your "strategy" is working for you and your business. Is it a productive way to run your business? Is it worth it? Are you willing to step out of your comfort zone to improve the status quo? Can you imagine a world without "score-keeping" and needing to be right, and work is more fun and less stressful?

