

## Introduction: Leveraging the Power of the Family for Change

The power of family is undeniable. Our most heart wrenching as well as our most joyful moments in life are rooted in family experiences. We are filled with joy and happiness at the birth of a child or a wedding within the family. We are overcome with pathos and sorrow when family misfortunes or tragedy occur.

Families in business together, therefore, face some very specific opportunities as well as particular challenges when managing conflicts and emotionally difficult issues. On a 24/7 basis they must navigate the often obscure pathway between family issues and business problems. For example, how does a daughter or son tell a father that his faculties are failing and that he can no longer serve as Chief Executive of the family business he founded and has run for decades? How do you tell a sibling or a favorite aunt that her substance abuse problem compromises her ability to perform her critical management function? How do you create greater gender equality and address pent up resentment at unfair treatment of women in the family for family members who work in a traditionally male dominated family firm? How do you address the undercurrent of ill will that passes from generation to generation about apparent [or real] unfairness of the founder when ownership was first allocated to family members. These are all real issues that show up in businesses owned and managed by families, but they are most assuredly not issues susceptible of purely business solutions. Admittedly, engaging in these difficult conversations may seem daunting, formidable and overwhelming.

Emotionally powerful and difficult family matters rarely stay hidden. In fact, families enact their dramas on the stage of business whether they are aware they do it or have no such awareness. Conflicts may be overt, e.g. arguments, firings, or demotions. Or they may be expressed in subtler behaviors like withholding information or documents, or ignoring calls or emails. In all of its manifestations, however, family conflict is a formidable foe of both business success and family harmony. It is financially expensive and emotionally costly. Unaddressed conflict may spawn frustration, disgruntlement, hostility and even depression. Family dysfunction may manifest itself in the business as stasis, disruption and a toxic work environment. A thriving family firm may be materially compromised by the failure of its owners and managers, family and non-family, to address the family dramas being enacted on the platform of the business.

Furthermore, when a generation of family business leaders lacks the understanding or courage to recognize and resolve its family issues, conflicts within the family get passed down to future generations just like DNA, buried deep in the fabric of the family and the lives and relationships of its members. Dramas first occurring in past generations of the family get reenacted in the present, seeking expression and resolution. Often, failure of the family that controls a large family controlled enterprise can lead to the loss of hundreds, and even thousands of jobs, as the chronic constraints of family issues prevent owners and managers from driving the business to greater success and competitiveness. Overcoming the natural resistance to address family issues is a major challenge for families who control enterprises. But it is not a challenge that is impossible to overcome. It can be done, because once the commitment to change has been made by a family, the power of family can drive the entire family business system to new levels of achievement.

Each family is unique in its manner of communication and expression. And every family has its own specific history and narrative, which are manifested in its particular means of expression. In addition to verbal exchanges, there are powerful, subtle non-verbal communications such as body language or eye contact, which only family insiders know. Knowledge of a particular family's dialect and the non-verbal modes of communication are indispensable keys to understanding that family. Moreover, each family's culture, ethnicity, religion, values and particular industry lingo are keys to interpreting these communications. For any advisor to a family shareholder group and/or the enterprise it controls, learning these "languages" can open pathways to the resolution of conflict that are otherwise unavailable.

Unfortunately, social stigmas remain both for individuals seeking psychological counseling and for families in turmoil seeking support. When it comes to emotional support, many people still harbor a prejudice that leads them to conclude that they should be able to figure things out on their own. Moreover, privacy concerns and/or a sense of shame may complicate or increase the resistance of some individuals to seek counseling. By contrast, it is much easier for family business owners to seek business, legal and financial advice because such assistance is perceived as normative in our culture.

In fact, seeking help on personal, family or relationship issues is an act of strength and wisdom, not weakness. It takes courage and grit to reveal personal challenges or the underbelly of a family and its operation. And seeking counseling on family issues may well be the only way to transcend hardship and prevail in the endeavor to promote both family system health and business system success. In this respect, the motivation to seek help may

be greater in a business owning family motivated by the incentives to enhance business performance than in other, similarly situated non-business families.

Where family harmony is the express goal, great relief and empowerment often arise from addressing the family's backlog of emotional business. Old hurts, secrets, personal affronts, and even open hostilities can only be resolved when there is a forum to discuss them. Mutual intimacy, trust and optimism can result when a safe, neutral environment is created for the discussion and resolution of what ails the family. Personal pain may ease, and personal energies may be unleashed that may be channeled toward resolving business challenges.

### **Intervention: Creating the Safe Harbor for Addressing Family Issues**

By employing an array of theoretical frameworks such as psychoanalytic, family systems and internal family systems theory, a clinically trained advisor to family firms can develop an understanding of individual family member members as well as a grasp of the communication styles of family members and an understanding of how the particular family operates as a system. My focus as a clinically trained, family business advisor is exclusively on the family dynamics and relationships between and among family members in a business owning family system. I understand the business issues when my consulting colleagues explain them, just as they understand the family issues when I elaborate on these matters to them. I have my primary expertise, as the legal or financial advisors in our firm have theirs. I do not expound on balance sheet issues and they do not hold forth on sibling rivalry.

Prior to my firm being retained by a client family business, all of the family members active in ownership or management meet together with the lead team of advisors. This team consists of one business advisor, who focuses on the business issues in the system, and one family counselor, whose responsibility is the family issues.

We accept only engagements in which the client family firm accepts the team approach and in which each of the individuals identified as an owner or manager of the business agrees to participate in the consulting engagement.

In my judgment, this is a proven consulting methodology that succeeds reliably in assisting principals of family firms to generate sustainable change in both their families and their enterprises. And while that methodology requires one or more world class business advisors on the team, the advisory engagement requires the effectiveness of the clinically trained consultant. For it is only through collaborative, confidential, transparent, and effective

facilitation of communication on emotionally powerful issues among family members that lasting material change can occur in a family business system. Assuming the individual family member is committed to “doing the work,” a well trained, experienced clinical advisor can address conflicts, rivalries and painful histories and move the individual and the family toward resolution. Certainly there is an assumption of risk involved when family members commit to this process. However, it is my experience that the failure to address these matters effectively leads to even greater stresses in business owning families and failures among family businesses. Even within families who demonstrate harmonious relationships and effective communication when we first meet with them, emotionally powerful issues are almost impossible to avoid as the demands of growing a business in competitive markets are experienced across the generations of a family.

For all of the foregoing reasons, in my consulting work I always endeavor to create a safe, neutral and confidential environment. I meet initially with every member of the family, including spouses, individually for two hours, asking each interviewee to take a snapshot for me from his or her point of view and personal experience. The alliances created during this assessment phase are critically important. As the consulting engagement unfolds, I rely on these relationship, and build on them so that I might call upon any family member to participate in specific problem solving. My job is to reweave the family tapestry, to restate the family narrative in a neutral manner so that all members of the family can see and hear how the challenges have been created, without casting blame. Family energy can be liberated from ill will and keeping secrets and transformed into addressing the demands of the generation of the family that is leading the business and to the business itself. It is not an easy process for either the clients or for the advisors. But despite the demands of the work on all hands, the outcomes can be great relief and renewed energy to grow and be creative.

In fact, the unanimous willingness of family members active in the family enterprise to allow their family business advisors access to all members of the family, even to those not active in the management of the family firm, is a strong indicator of the likelihood of conflict resolution. It is clearly a negotiated acceptance by the entire family that all of its members are part of the problem and all of them are part of the solution. In my professional experience, it is sometimes the case that family members not active in the business have the clearest view of the relationships among family members. For this reason, such “outsiders” may be extremely eager for their voices to be heard. It is far easier for such individuals to disclose what they know to a skilled clinician than to a traditional business advisor.

## Some Hard Truths about Families in Business Together

From many years of work with families and advising families who control businesses, I have learned some hard truths that may be of use to stakeholders in family firms contemplating tackling the family issues in their family business system. Here are five of the most important of these truths.

- **Families enact their family dramas on the stage of the business.** Some understanding, literacy, and indeed expertise in addressing family issues are essential when families and their advisors endeavor to address what appear to be business behavior or business issues that are in fact driven by personal or interpersonal family history—that is, the family’s emotional agenda
- **Emotional experiences are complex powerful drivers of human behavior.** Recent scientific evidence has demonstrated the existence of more than 100 million neurons living in our digestive tracts, literally creating a second brain. Our brains and our guts are linked in physical ways. In other words, our gut feelings often drive our actions. In times of peril such gut feelings may suffice. But when devising strategies that help businesses and families thrive, attending to high emotions and insight achieved through effective communication is imperative.
- **Avoid repeating the past.** Whatever does not get addressed gets passed down from generation to generation. It has been said that those who cannot remember the past are condemned to repeat it. This adage may be particularly apposite when modified slightly and applied to family business systems. I believe that it is true that those who do not come to understand the past within a family business, including the entire family narrative, its joys and triumphs as well as its failures and secrets, are condemned to lead businesses that will fail to thrive, or at the very least be compromised .
- **Understand family history.** The family history of families that control businesses becomes embedded in the fabric of both the family and the business. The noted scholar of families, Uri Bronfenbrenner, once said, “The social, emotional, and cognitive development of children takes place in the family, in the family, and in the family.” If future generations of family members are going to provide leadership of their family’s firm, they need to understand the fabric of their family, warts and all, and not live in a world circumscribed by mythology. Appreciating that the culture of a family business is rooted deeply in the culture of the founding family is essential. Understanding the

corporate culture of a family firm is impossible without knowing the fullness, no matter how nuanced or idiosyncratic, of the founding family's culture.

- **Learn the family narrative.** Every family has its own narrative as well as its own modes of expression, both verbally and nonverbally. In some families anger is the only form of intimacy that family members can manage. It may not be a pleasant form of intimacy. But it does bring its own sense of cohesion. Angry statements may be easier for the family business advisor to decode than silence. In other families all difficult conversations are avoided, often leading to business paralysis. In all of its manifestations, the family style needs to be discerned, respected and incorporated into the advisory engagement.
- **Consensus that change is needed.** Another important benchmark for success is agreement among family members that the status quo is unacceptable. Resistance to change is normal and to be expected in all family business advisory assignments. In virtually all families the prospect of change is threatening. Uncertainty is not welcome. Thus, whether a family's style is to yell and scream or to be stoic and repress feelings, a shared acknowledgement that the family is burdened with trouble, discomfort or conflict is an important precursor to possible resolution.
- **Explain the advisory process.** In some families we have encountered, circumstances where previous family business consultants have not proven to be effective or might even have disrupted the uneasy peace in the family to no perceived good effect. In these instances, it is imperative for the advisor to explain thoroughly the course of the advisory process/consulting engagement, the advisor's commitment to confidentiality, and his or her understanding of the importance of the present and future impact of what has happened before the advisor arrived on scene. Where there has been at least one consultation judged to be unsatisfactory by the client, the willingness of the family to try again and to trust the advisor or consultant demonstrates deep courage and powerful motivation.

## Guidelines for Advising Family Controlled Enterprises

As with most endeavors, there are certain lessons to be learned from decades of experience in this case, experience dealing with conflict resolution in family firms. Among the basic realities that I have learned are the following:

- **Life in a family firm is not for everyone.** There is an inherent conflict between the norms of a family system and those of a business system. While families seek security,

predictability, comfort, and look inward to protect harmony, successful businesses require risk taking, focus outward to customers and competitors, and embrace frequent change. Family members must bridge these conflicting goals and priorities every day of their working lives, and find the balance between honoring the family and exercising personal responsibility to ensure that the heart of the family's business thrives. Maintaining this balance is a challenge for any person. It is a challenge some welcome and overcome, and which others fail to meet.

- **American culture is not family business friendly.** American families in particular may be burdened with cultural norms embraced widely in our culture that render them less well suited to wrestle with family business challenges of an emotionally powerful nature than their counterparts in other economies. The prominence of autonomy and independence as core values in American culture generally, and in American business in particular, have meant that the loyalty of post-immigrant family members in American family businesses often tilted towards business and away from the intimacy and tradition which binds all families together.
- **The roles of women in family business.** Women in the families that control businesses are much more likely to know and understand the family history and challenges to family harmony than the men of the family. Generally speaking, women are more focused on the family than the men in the system, and their emotional intelligence and their commitments to family harmony often mean that they become the family CEO: the Chief Emotional Officer. It is in this role that women often provide leadership in the resolution of family issues in a family business. Whether women in a family business system actually hold managerial positions or ownership interests is generally irrelevant with respect to women's emotional intelligence and intuition. What matters is their focus on the family and their authority on emotional issues. These are the sources of their power to effect change in a family business system.
- **Catalysts for change.** In each family business system where there is an initiative to seek advice and counsel from experts outside the family, especially where such a search encompasses seeking counsel on family issues, leadership is often assumed by a disenfranchised member of the system. Whether it is a woman, an in-law, a non-family manager, or an accomplished offspring who is not involved with the family business, it is usually an "outsider" rather than the first born son who leads the march to systematic change. This "outsider" status often brings much greater objectivity and perspective to one's view of the need for change in a family business system. In addition, such "outsiders" may feel that they have less to lose if change in the system occurs.

- **Business solutions to family problems.** During the course of a consulting engagement which is led by a team of advisors skilled in business and adept at counseling families, both family business owners and their advisors are able to perceive ways in which a role or policy change in the business controlled by the family can assist in the resolution of a family issue. Such changes may include business initiatives such as restructuring management responsibilities or devising new compensation models or other initiatives. What is paradoxical, but often true, is that a fundamental understanding of the roots and nature of a family issue can provide insight into business changes that benefit both the business and the family.
- **Difficult Conversations: How to Facilitate Change.** Many families and many individuals within families believe that it is too difficult or too dangerous to undertake conversations on emotionally powerful subjects, even if a positive impact on the family's business or wealth is foreseeable. Families have the power to change, but to do so without a third-party mediator or facilitator may seem daunting because it means assuming great, unfamiliar risk. The skills of such a facilitator are not content skills, like the analysis of a lawyer or the financial acumen of an accountant. They are process skills--skills which enable the mediator or facilitator to create safety, to open and close issues in privacy, to transcend the pain and sorrow of family strife into new alliances and healing and to guide the family forward. Like the maestro to an orchestra, the clinically trained family business advisor can be vital to the achievement of harmony as he or she plays the role of conductor of the family orchestra's emotions.
- **Make sure there are eleven players on the field.** In working with families, especially those who have achieved great business success and/or amassed great wealth, it is important to note that the allure of working with people in power is compelling and may affect one's impressions. It is possible for advisors to make alliances with the most powerful members of the family business system and reach conclusions about them and others, while remaining unfamiliar with other players in the family's dramas and their relevant emotional currents. Lacking a global family systems perspective, which integrates the family material of all family members, leaves an incomplete and myopic view of the client family business system, an error which can prove toxic to any hopes for resolution of conflicts in the system.
- **Beware the risks of countertransference.** All family business advisors must be aware of their own personal narratives. The emotional power of families who control successful businesses can and does affect the feelings and reactions of their advisors. In the clinical

context this dynamic is referred to as “countertransference.” It arises when the family firm advisor encounters the client family firm’s narrative and the client’s narratives trigger the conscious and unconscious story of the advisor. Those who provide counsel need to stay grounded, clear and effective. It is the advisor’s duty to manage the countertransference dynamic.

Clinical supervision of the family business professional’s work may, therefore, be a timely and useful mode of quality control. As a clinical advisor, my input may be utilized to address the family’s emotional state, whether conflict ridden or harmonious, even when I am not present at business meetings of the client. Sometimes my role is to provide clinical supervision to the lead consultants on a case and in that role to elucidate an understanding of behaviors that may seem irrational on the surface to the business advisors on the team. In this role I also may suggest strategies to overcome these obstacles.

## Conclusion

It is virtually impossible to eliminate the impact of relationships among the members of a family that controls a business on the operations of the business itself. A father will always see the young woman across the table as his daughter, no matter how much he may admire and respect her business acumen. A sister will always perceive her brother as a sibling, albeit unconsciously, when working with him in the business—and vice versa. At times, with hard work by all parties, articulating and accepting these realities, and having the difficult conversations that arise as a result of the power of family, can break emotional impasses that constrain business success and open new pathways to both the success of a family firm and enhanced family harmony.