

An Uncommon Thread of Success in Family Business

By: David Ransburg
The Family Business Consulting Group

An Uncommon Thread, Indeed

In any family business, there are many moving parts and therefore multiple different levers for its leaders to pull when it comes to guiding the family enterprise. Often, the factors that impact a family business's success are out of the family's control such as broad economic forces, political events, illness and just plain luck. However, there are factors that are within the control of a family business. Careful attention to those that matter most can better position a family business to succeed long term.

Fortunately, there is an "uncommon thread" that helps connect these varied moving parts together. This thread is uncommon because it is rare. This thread is also unique because unlike other types of thread, it is incredibly strong. Attending to and strengthening this thread can be difficult and not every family can do it. But those that prevail will have the opportunity to reap the tremendous reward of sustained success.

The following six elements are the fibers woven together to form the uncommon thread of family business success:

- **T**rust
- **H**alted Harmful Conflict
- **R**espectful Leadership
- **E**poxy
- **A**lignment
- **D**ialogue that is Constructive

Trust among any group is essential because its presence leads to aligned interests and an increased likelihood that all will honor their commitments. Family businesses with a high level of trust are characterized by members who openly admit their weaknesses and mistakes, and they can count on each other to live up to their commitments.

Harmful Conflict exists when members have visible friction or hold grudges. Putting a halt to it (or at least working to minimize it) helps a family business to avoid those dangerous "elephants in the room" that can grow with time and distract the family business from the important issues.

Respectful Leadership is essential because a group without leadership can easily become aimless or, perhaps worse, devolve into separate factions that oppose each other. Leadership provides the necessary direction for any group, and *respectful* leadership exists when leaders are not oppressive or dictatorial, but instead balance control and nurturance of the group. These respectful leaders are most effective when they are able to move easily and appropriately between efforts that are focused on the long and short term. They also have the ability to be both strategic *and* tactical.

Epoxy refers to closeness or cohesion. Cohesive family businesses are characterized by members who know what is going on with each other (both professionally and personally), make sacrifices for each other and for the group as a whole, and don't like to let the others

down. Cohesive family businesses have members who are happy to be part of the family business. This closeness facilitates collaboration that ultimately impacts the family business in positive ways.

Alignment means that all individuals in a family business are on the same page and headed in the same direction. Alignment is exhibited by shared core values, a unified vision for the future, and a common purpose that provides all members with powerful motivation. Without alignment, family businesses run the risk of making limited progress, much like a boat that spins in circles because the rowers are paddling in different directions.

Dialogue that is constructive exists when family business members are passionate and unguarded in discussions, call out each other's unproductive behaviors and quickly and genuinely apologize when appropriate. They are committed to group decisions (even if there was initial disagreement) and put the most important issues on the table. Constructive dialogue — as opposed to dialogue that is destructive — helps to prevent misunderstandings and confusion while moving the family business forward.

Assessing Your Family Business's Thread

To strengthen your family business's thread, the first step is to have each member of the family business provide their own perspective on the thread and identify its weak areas. To prevent the multitude of feedback from becoming unwieldy, below is a questionnaire to distribute to each family member. Compiling the answers will allow you to quickly discover those areas of the thread that require attention.

A few things to keep in mind when using the following assessment:

- The far right column labeled **Key** is for your use only as the administrator of this instrument. Remove this column before distributing the questions so that its presence does not create confusion for raters.

Key
T

For each statement, how frequently does it occur?					
Never (0)	Rarely (1)	Occasionally (2)	Sometimes (3)	Often (4)	Very Often (5)

- The numbers in parentheses below each frequency descriptor (e.g., **Never**) are also for your use as assessment administrator. By tallying up the total points for each rater, you can have individual and group summary scores that indicate the strength of your family business's thread. These scores do not mean much in isolation, but they do provide a valuable benchmark against which you can measure progress by re-administering the assessment in the future. Note: For the two items regarding **Harmful Conflict**, convert all points to *negative* numbers when scoring.

	3. There is personal friction among members of this group.
	4. There are grudges evident among members of this group.

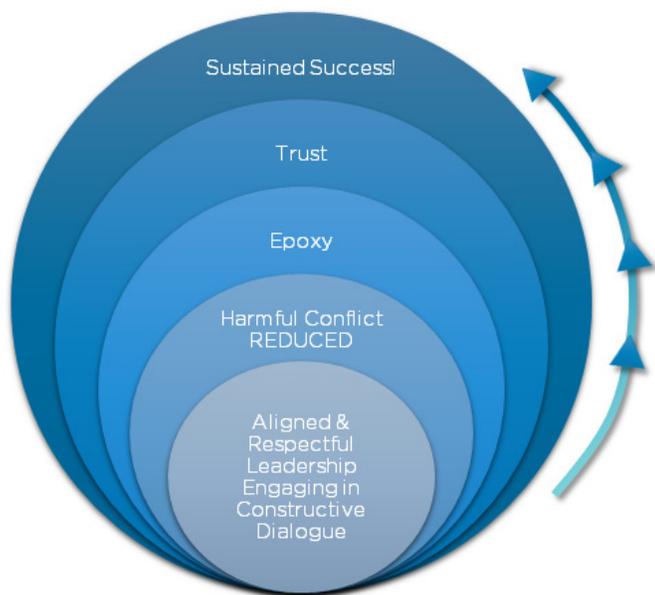
- This questionnaire also provides insight into the degree to which all participants are on the same page when it comes to assessing the family business. If, for example, some individuals say that a certain behavior occurs only rarely while others say that it happens very often, it will be extremely valuable to have a group discussion to understand the reasons behind those different perceptions.

Statement	For each statement, how frequently does it occur?						Key
	Never (0)	Rarely (1)	Occasionally (2)	Sometimes (3)	Often (4)	Very Often (5)	
1. Group members openly admit their weaknesses and mistakes.							T
2. The members of this group count on each other to live up to their commitments.							T
3. There is personal friction among members of this group.							H
4. There are grudges evident among members of this group.							H
5. The leadership of this group appropriately moves between efforts that are strategic (i.e., long term) and those that are operational (i.e., short term).							R
6. The leadership of this group appropriately moves between efforts that are forceful (i.e., controlling) and those that are enabling (i.e., nurturing).							R
7. Group members know what each other are working on and how they contribute to the collective good of the group.							E
8. Group members willingly make sacrifices for the good of the group.							E
9. Group members are concerned about the prospect of letting down each other.							E
10. Group members know about one another's personal lives and are comfortable discussing them.							E
11. The members of this group share a common set of core values.							A
12. The members of this group share a vision for their future.							A
13. The members of this group share a common purpose that provides powerful motivation for their actions.							A
14. Group members are passionate and unguarded in their discussion of issues.							D
15. Group members call out one another's deficiencies or unproductive behaviors.							D
16. Group members quickly and genuinely apologize to one another when they say or do something inappropriate.							D
17. Group members leave group meetings confident that all are committed to the decisions that were agreed on, even if there was initial disagreement.							D
18. During group meetings, the most important - and sometimes difficult - issues are put on the table to be resolved.							D

How to Strengthen Your Family Business's Thread

There are many specific strategies that can be used to address each element independently. For instance, trust is enhanced by similarity which means that one can increase trust with others by finding common ground based on shared interests. Or one can work specifically on reducing harmful conflict by committing to share concerns openly and non-judgmentally. A particularly good technique for doing so is the use of the age-old "I Statements."

When working to strengthen your family business's thread, it's important to remember that the six elements are not only essential, but they are interrelated: trust is enhanced by cohesion; cohesion is strengthened through constructive dialogue; and cohesion, trust, and constructive dialogue all help to reduce harmful conflict. More specifically, the relationship between the six elements looks like this:



© The Family Business Consulting Group, Inc.

As a result, improvement in one area will undoubtedly lead to improvements in other areas as well. Where you start is not nearly as important as simply starting. Pick an area and get to work. Doing so will create a ripple effect of improvement throughout your family business.

If you're still unsure of where to begin, then begin at the core: ensure that your family business's leadership is aligned and respectful while engaging in constructive dialogue. As a family business leader, how do you do that? Be sure that your leadership group is on the same page when it comes to values, vision, and purpose. You can also ensure your leadership group's collective alignment by having a discussion in an open, authentic, and constructive way. If you do that while maintaining a balance between guidance and nurturance, you will encourage an environment within your family business that fosters sustained success.

Special thanks to Doug Breunlin, Rob Kaiser, and Patrick Lencioni, whose work contributed to the ideas in this article.



David Ransburg is a consultant with The Family Business Consulting Group, Inc. He can be reached at ransburg@thefbcg.com or 847.274.6336.

To learn more about The Family Business Consulting Group and how we serve families like yours, call us at (773) 604-5005 or email us at info@thefbcg.com. There is absolutely no obligation.

The copyright on this article is held by Family Business Consulting Group Publications®. All rights reserved. All forms of reproduction are prohibited. For reprint permission, contact editor@thefbcg.com.

THE FAMILY BUSINESS CONSULTING GROUP, INC. and FBCG are registered trademarks and the FBCG logo is a trademark of The Family Business Consulting Group, Inc.

Reprinted from The Family Business Advisor®,
A Family Business Consulting Group, Inc.® Publication

**The
Family Business
Advisor**