

# Bringing Stepfamilies into the Family Business

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Mark, a successful entrepreneur, had a plastic molding enterprise that expanded to include factories in England and Russia. While growth led to more success in his company, an expansion in his personal life eventually threatened the business. After his divorce, Mark remarried Monica, and two of her three grown children now work in the family business. Recently, Mark drew up his estate plan and announced that he intended to leave equal shares of the business to his three biological children and to his step-children. His biological children were upset, insisting that because they grew up in the business, they should be treated differently than the step-children. The orderly estate plan flared up like dry tinder and threatened to engulf the business.

In my consulting practice, the number of issues involving stepfamilies increases each year. That mirrors the changing composition of American families. Stepfamilies are the new norm. Between 1980 and 1990, the number of stepfamilies increased by more than 35 percent, and it's estimated that today one in three Americans is a member of a stepfamily. Things used to be much simpler in family businesses, when biological sibling rivalries and parent-biological children conflicts were more clear-cut and even predictable. Emily and John Visher, co-founders of the Stepfamily Association of America, point out that in the roiling currents of stepfamilies, the normal conflicts within intact families become both more intense and complex. These issues can all come into play in family businesses as well. Some of the conflict areas to watch for:

**Insiders Versus Outsiders:** Every business merger stokes resentments and fears, so it stands to reason that family mergers will do the same. When Mark's stepchildren joined the family business, did his biological children welcome them with open arms

or with resentment? Did the stepchildren enter with feelings of entitlement, humility or defensiveness? Did they attempt to over-compensate for being outsiders by leaping in boldly instead of taking the time to learn the business's culture and operation? The chemistry of family businesses is often thrown out of equilibrium when new elements are added.

**Boundary and Power Issues:** These often show up as "turf" wars. Stepchildren entering families may initially feel like intruders or second-class citizens, and relatives who are already part of the business may reinforce those feelings. Sometimes those feelings are openly expressed, but they often play out over issues such as office size and location, job title, authority, responsibility and salary.

**Conflicting Loyalties:** The pressures on biological family members and stepchildren to stick with their own during disagreements can be enormous. The price of perceived disloyalty can also create enormous stresses on individuals. People may find themselves caught between what they believe is best for the company and what they believe is best for their blood relatives. Sometimes it takes a major effort — or an objective third party — to help people separate the business issues from the emotional ones and to hold a rational discussion that leads to decisions truly in the best interests of the business.

Like any change, if the accompanying stressors and the adjustment period are prepared for and managed properly, stepfamilies can also present an enormous positive opportunity, bringing new talents, perspective and energy into the family business mix. The Vishers have described several characteristics of successful stepfamilies. Following these principles and practices

from the outset, *before* troubles arise, can help ensure a smooth transition and head off conflict:

**Have Realistic Expectations:** Successful stepfamilies avoid the common hopes and myths about quick and unconditional love and acceptance. They accept that relationships take time to develop and that the development doesn't always follow a straight, easy, and upward trajectory. To immediately expect or demand unconditional acceptance is to ask for trouble. Doing so may lead to a short-term faux peace, but by forcing the natural period of adjustment underground, it more likely creates enormous pressure that will eventually erupt. Don't expect the stepchildren to have the same styles of communication, the same family culture or the same definitions of respect and success. These are developed over a long period of time and in the context of individual families. The familial and personal shared experiences of stepchildren, which shape their communication styles and their values, are likely very different from those of the biological family. It's important to understand, respect and try to integrate with those different styles and values. Certainly, the styles and the values of the successful family business must also be respected. But rather than seeing the businesses' styles and values as rigid, it helps to see them as flexible enough to maintain their foundation and integrity, and to also accommodate new members who don't fit the mold that the family has become used to.

**Be Sympathetic to Strangers in a Strange Land:** People usually come into stepfamilies after losses, and along with their concrete belongings, they're carrying the baggage of grief—sorrow, anger, confusion and a difficulty of letting go of the past which can sometimes translate into rigidity and guardedness. This is, of course, true on both sides of the new family. The best salve for everyone is a welcoming and understanding attitude, especially during the inevitable times of stress.

**Parents Must Maintain a Strong Alliance:** Despite occasional efforts by children — even adult children — to pressure parents to choose sides, the best thing for the family, and for the children too, is for the parents to present a united front. Sometimes that will feel like bitter medicine, but in the long run, stability is usually the best medicine.

**The Difference Between Equal and Fair:** Because there will likely be fundamental tensions between issues of inclusion and exclusion, it is important to keep in mind that “equal” and “fair” are not synonymous. Family members who remarry and bring their new family into the business may be so eager to help their new family feel welcome that they lose sight of this distinction.

**Always Navigate by Fairness First:** Give an *opportunity* to stepchildren to learn and to participate, making certain that there is an adequate period of learning and evaluation. Stepchildren should be given the same opportunity as any other employee, no more and no less. This gives both the new family business members and the old a chance to learn about the business and about each other, to appreciate each other's skills and strengths, and to learn how to manage the friction points as well. Stepchildren may decide that the business isn't really for them, but if they're not given that opportunity to find out, they'll more likely be resentful and feel excluded. Alternatively, they may discover, after a period of learning and acclimation, that they love the business. In an attempt to head off resentments and tension, many people tend to blur the concepts of fairness and equality, but that usually leads to trouble. The head of a family business has an obligation to be *fair*. Whether in the family's personal life or the business, this is the surest way to smoothly integrate new members into the family. Presenting equality as an opportunity to be earned, and giving new members a fair opportunity to do is one of the surest ways to stop resentments and rivalries before they start.

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