

What Comes First: Entitlement or Enablement?

By: David Karofsky, The Family Business Consulting Group

“Born on third, but he thinks he hit a triple!”

How many times have you heard that phrase used to describe someone whose oversized sense of entitlement has given them an inflated idea of their abilities and what they're owed?

When that person is a part of a family business, the sense of entitlement can wreak havoc in the enterprise. Perhaps that person feels entitled to a C-suite position they haven't earned. Maybe they don't want a job at all — just distributions. But where it really gets sticky is when the entitled family member makes assumptions or demands about their position with respect to leadership or ownership. While some sense of entitlement can be seen as reasonable, it becomes a problem when the expectations attached to it are unrealistic and not in the best interests of the business. Failing to deal directly with unrealistic entitlement can further strain family relationships, forcing members into warring camps and ultimately pull the enterprise apart.

Where does an excessive sense of entitlement come from? As a family business consultant, I've observed that it usually springs from a lifetime of enablement by parents who let the next generation get away with contributing less than they should, while taking more than they've earned. The next gen is gifted with rights, but not tasked with responsibilities. And often, they're allowed to see that family relationship as a guarantee of a job title they've not earned or aren't ready for. The fact is, some people are capable of running a business and some are not — but nobody wants to say so.

As tempting as it is to kick the can down the road, you're going to want to retire at some point. Perhaps you've allowed your son, daughter or other next-gen



family member to see themselves as your heir apparent without grooming them for the role. Without having the difficult conversations around the required skills and capabilities, by the time you're exploring succession, it may be too late.

We'll explore three scenarios to see which came first: entitlement or enablement.

Case Study #1: When Guilt is a Factor

Phil is a third-generation family business leader who's taken his manufacturing company to an \$180M enterprise. He has two children: John and younger daughter Nancy. While Nancy started working in the business in high school and has worked her way up to the C-suite, her brother is a troubled young man who uses his father's guilt for not having spent more time with his family to squeeze him. John often doesn't show up to his part-time job in the business and lives rent-free in his parents' guest house. Now that Dad's getting ready to retire, John has decided he's ready to run things and is demanding that his dad put him over his sister in the executive hierarchy and anoint him his successor.

But he lacks both the skills and the work ethic to run this 300-person company.

Fully aware of these shortcomings, Dad isn't willing to tell John the truth party because he is afraid that his son will drive a wedge between his parents. Nancy sees what her brother is up to and is justifiably alarmed and upset at the prospect of his leap over her to succession. She's worked for the job, feels she's earned it and if she doesn't get it, she's prepared to leave. Pulled between his children, what can Dad do?

Clearly, he can't let his son get away with this emotional blackmail, much less reward him with unearned leadership. If he does, the company may go belly up and he'll certainly lose his daughter. In speaking with them, it was clear to me that his son actually wants Dad to lay down ground rules and tell him that more is required of him — but Dad's not willing to risk that level of honesty.

My work with them so far has been around meeting with Mom and Dad, trying to get them on the same page about John's future so they can present a united front. Their tendency to avoid sticky conversations and guilt about their son are keeping them from doing what needs to be done — so the toxic enablement continues.

Case Study #2: Operating out of Fear

Brothers Steve and Paul were born into their family's \$250M real estate business as the founder's sons. Bright and eager Steve had become the company's board chair and is active in helping to steer the enterprise.

But his brother Paul wasn't interested in the business — only in what it provided. Enabled, entitled, with a bottomless pit of demands, Paul used the company like his personal ATM. The family had agreed that family members could use the company jet when it wasn't being used for business. Paul used it regularly and commandeered it one weekend for a visit to his vacation home. When the administrator in charge told him that the CEO had booked the jet for a business meeting, he threw a fit: "It's my company and it's my plane!"

The administrator gave in, because nobody crosses Paul. He's a loose cannon and doesn't care what kind of havoc he creates. Even his parents are afraid of him. But at some point, they're going to have to call him out on his behavior, because his self-centeredness and selfishness are damaging both the company and his family.

Fear is often at the root of parents' enablement of this kind of behavior, but you can't address entitlement and bullying by backing down. Until the parents address this with Paul, the conduct is unlikely to change. The risk long term is that as the business transitions to the next generation, it will become more difficult to manage this type of behavior.

Case Study #3: Too Many Bosses

Susan and Carol are two sisters who together run their family business, a \$75M distribution company. They share an office, make the big decisions together and have a beautifully functional relationship on all levels. But nothing lasts forever. Now that they're in the beginning stages of succession planning, issues are forming among members of the next generation, specifically the three oldest cousins with a claim on the CEO job. The oldest of the cousins, serves as the COO and is clearly the best choice to step into the CEO spot. But the youngest cousin, who's been tasked with running one of the divisions, sees himself as being just as capable and deserving of the job.

The problem is that nobody else sees it that way. His self-awareness is out of alignment with reality, as is his sense of entitlement. Making it worse is the current CEOs' avoidance to have the difficult conversation required to tell him this hard truth. Nobody wants to be the bad guy and damage the close-knit family harmony.

In working with the sisters to craft their succession plan, I'm helping them to understand that avoidance isn't a viable strategy. That's been their working style for too long. It's going to be tough to change until they realize that the health of the family and the business depend on it.

Having Challenging Conversations

Have you spotted the common threads among these families? Foremost is the lack of honest, straightforward communication in all directions. It sounds so simple, but if you haven't developed the habit of having challenging conversations, it's a difficult one to learn. If that requires using a facilitator, that's fine, but these conversations can't be allowed to degenerate into shouting matches or get shut down at the first sign of disagreement — and they certainly can't be avoided.

Besides creating adult kids who are enabled and entitled, the lack of honest communication also undercuts accountability. In a normal business, you're fired if don't do your work. But in a family business, there is often neither culpability nor consequences for poor performance or entitled behavior.

Avoiding the Pitfalls of Entitlement

How can you keep your family and your family business healthy? Start by building a culture around family values from day one. Make sure it includes regular, honest communication, appreciation for the opportunities the business offers, and a sense of responsibility to the business on everyone's parts. If you sense that someone is testing the limits and the dynamics are going awry, reel it back in quickly.

Should the situation already be beyond your ability to fix, bring in a third party who can facilitate that much-needed conversation and be sure that everyone is heard. Your consultant must connect well with all the parties involved, because even with a professional's help, it's difficult work. We've found the most success with families where everyone is on board and willing to roll up their sleeves. They admit that no one is perfect, and all have room for improvement.

Yes, it's tough to fix broken communication and to take on entitlement — but the payoff is a happier, more functional and healthy family, and a brighter future for the family business.

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