

## Enabling Incompetence Among Family Employees: Good Intentions Gone Awry

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“I just want my kids to be happy and to get along.” We often hear this sentiment expressed among senior-generation members of a family business. Parents endeavor to create conditions that will help ensure such an outcome, only to discover over time that some of those very efforts served to create the opposite result—their kids are unhappy in the business and there is conflict within and between generations, often extending between family and nonfamily management. Everyone loses in this scenario.

If a person lacks the competence to deliver on the expectations defined by the position, it will inevitably lead to stress and unhappiness. This is even more pronounced in a family business where the person is being judged not only on a professional level, but also by parents and siblings. The child also has the added stress of feeling that he or she is letting down his or her parents. In addition, the child feels harshly judged by non-family co-workers who feel that he or she has not earned the position and this is why they are not competent to deliver.

How, after you worked so hard to expose your children to the culture of the business, demonstrating by example the strong work ethic required for success and even offering summertime employment, could their contribution to the business be so limited? Somehow, between those childhood and young adulthood

experiences and their full-time employment in the business, their level of competence has not developed as you had hoped or expected. The favorable qualities of leadership, hard work, and business acumen that the senior generation demonstrated are now wholly lacking in the second generation. In short order, this work environment can quickly dissolve into resentment, disloyalty, low morale, high turnover, and numerous other negative consequences for the business.

How did this long path of incompetence develop? A path that anyone other than a family member would not be permitted to walk? While there is no definitive answer to that question, our experience tells us that the senior generation, as well as siblings and cousins, are often enablers of incompetence.

There are a number of specific areas around which your efforts as a senior-generation member might have enabled this undesirable outcome:

### Compensation

Compensation is the most basic of business principles but at the same time leads to the most confusion. To oversimplify, you work hard, have successful outcomes, and are compensated accordingly.

However, parents add confusion to the mix by rewarding their children when they need money, or when they ask for it, without evaluating what they have done to earn it,

often at levels inconsistent with co-workers. This creates a false sense of worth and control.

Parents must replace a subjective reward process with a specific compensation policy that supports and protects all parties involved. This policy will help protect the parents from arbitrarily rewarding acts of incompetence as well as protect the junior generation from presuming that these rewards are tied to efforts or results.

## Managerial Style

In successful family businesses, the senior generation has demonstrated effective management skills for the business to survive over the years. During this tenure, the business has had to adapt and change based on the exigencies of the marketplace. The senior generation must have the courage to support the success of the next generation, even if it means a new approach to running the business. In fact, as times change, so do effective management approaches and decision-making styles. You can't lead a \$200 million company the same way you led a \$20 million company. Give your kids exposure to the best management styles you can. This may mean sending your kids to work with other companies in other fields before returning to the family business (a requirement that might be stipulated in the Family Employment Policy), or simply offering your children formal educational opportunities.

## Clarity Around Expectations

This topic ties into the compensation mentioned above

but addresses a more comprehensive environment of expectations in the family business. For example, a Family Employment Policy defines expectations but, more important, establishes an objective, optimal hiring process that is applicable to all family members considering employment in the business. The policy also helps to satisfy that need to define one's position and contribution.

In the absence of clearly defined expectations, we (and others around us) make assumptions about what is acceptable, what is right. That is a legitimate response to ambiguity. It is the responsibility of those who participate in developing future leaders to ensure that expectations are clearly articulated, that performance measures are understood and agreed upon, and that managers will be held accountable for their actions.

As a senior-generation member of the family and/or the business, your contributing "support" or "insights" may have been intended to strengthen competence, but they have perhaps instead diluted that hoped-for result. Competence brings with it many other critical factors for people's happiness in their work and their lives; it also contributes to strong relationships with other family and non-family members in the business.

Competence cannot be inherited or anointed, but it can be nurtured and learned. It is the outcome of a process and, given the proper tools, support, and patience, develops over time.



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