Fair Process: So Important, So Subtle

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We've written on many occasions about how the perceptions of fairness in family decision-making are so critical to family unity and commitment. We've explained how the design of the decision-making process affects perceptions of fairness. We've discussed how to design fair decision-making processes, such as establishing decision-making criteria in advance, disclosing conflicts of interest, and sharing meeting agendas in advance.

We know that if a person believes the process to be fair, then he or she can usually accept a decision with which he or she does not personally agree. A recent experience illustrated the importance of "fairness" (justice) and revealed a new insight.

Many families face the difficult decision of selecting among family members to lead the business. When more than one family member is eligible and interested, choices include selecting one to serve as CEO, with others taking subordinate positions, or creating a team leadership model.

One example is of two next-generation cousins who are taking on the leadership of the company and exploring how to structure their roles and titles. One seemed a more natural CEO with strong conceptual and motivational skills. The other was superb at details and very deeply committed to the values of the company—perhaps a perfect COO.

In fact, they agreed to those roles, with the latter offering the CEO title to the former. They followed a fair process through which they defined and agreed to their roles, and the family supported their decision. Sticky situation nicely resolved.

Or so it seemed. A year later, the COO was doubting her unselfish decision. She explained that it wasn't a "fair" decision. But what's not "fair"? The pair agreed to their roles and the COO personally volunteered to the decision, without duress of time or duty. What could be more "fair"?

The COO explained that she was at a moment of personal weakness when she made the offer and committed to the decision. Her area of responsibility then wasn't performing well (for economic reasons) and she wasn't feeling good about herself. Further, she also felt weak—disadvantaged—at the time because her father didn't really provide her with the same mentoring that her uncle provided her cousin. Therefore, she didn't feel adequately prepared for the CEO role when the decision had to be made.

Fast-forward a year—why has her perception of fairness changed? Beyond the likely tensions created by reporting to her cousin, her discomfort was fueled by the full realization that others—her husband and children, employees, society—see her as second, as less. Separating these complex emotions is very difficult. Nonetheless, they all pointed in the same direction: reopen the past decision. This case is a classic example: If a decision is not perceived as fair, it doesn't last.

The insight is that "fairness" is defined externally by processes and procedures. It is also defined internally by one's own sense of personal control and competence. Though a group can really only assume responsibility for external fairness, the lack of a sense of internal fairness has the same effect.

In this example, with any hope, the COO can assume personal responsibility for her own feelings and actions. A first step in determining how to move forward will be clarifying for herself and others the reasons why she isn't comfortable with the current leadership structure. If so, all will grow and new arrangements may evolve. If not, continuing troubles lie ahead because of perceptions of fairness.

Fair Process Guidelines

No surprises. Everyone knows the issue and the call to decision beforehand.

No conflicts of interest. Personal interests and agendas are disclosed.

No rush. Everyone feels they have time to prepare and time to present their views.

Sincere care. Each participant feels respected and heard.

Mutual commitment. Genuine effort is made to find a win-win solution before a vote or decision.

Objective outsiders. Independent directors or family facilitators represent the interests of everyone, not some.

Post-decision review. Everyone discusses their views of the process and agrees to review the results of the decision later.

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