

Seven Steps to Sustainability in Family Business — A Cautionary Tale

By: JoAnne Norton, Ed.D.
The Family Business Consulting Group

The pain in his voice was palpable as he talked about the end of his family's third-generation concrete business. Situated in a small New England town, the company founded by his grandfather had been a vital part of their community for nearly one hundred years. Driving around town, Mark would point out to his three young boys the massive buildings his family had helped build. Almost every sidewalk in the city had their family's name stamped in the concrete showing their family had poured it. His family had proudly laid the foundation for this idyllic community. Sadly, this company would not be passed to his sons.

"What went wrong?" I asked Mark. He told me he and his brother Roger just could not communicate. In fact, they could barely be in the same room together because the tension was so thick between them. Unfortunately, poor communication had been handed down from the prior generation. Growing up in the business, Mark had often heard his dad and uncle bickering loudly. Predictably, as their employees and customers began to overhear them yelling, their reputation started to crumble like bad cement. One day, Mark's uncle left town and never

came back, leaving his father with the business and an amazing amount of debt.

By the time Mark and his brother Roger inherited the business 20 years later, the concrete business was going strong. Their energetic little town was growing rapidly, and their father had left them in good shape financially and with a great reputation for having a dependable product and excellent service. Unfortunately, the brothers found themselves falling into poor communication patterns. "My brother and I were constantly playing the blame game. Roger said I was too structured, that I couldn't see the forest for the trees and that I didn't have a spontaneous bone in my body. What really shocked me was that Roger said he felt like I bullied him, and that's the last thing I would ever do."

As the older brother, Mark liked structure and planning and insisted that his brother get jobs done on time. However, by the end, Mark felt he couldn't say anything to Roger because things too often exploded into name calling and insults, brought on by a sarcastic remark

or an involuntary rolling of the eyes. Soon the brothers were communicating only in terse texts and group email messages. Yet, they kept going to work every day, not speaking, never having a family meeting, and not discussing their goals for their business or their family. While they were not speaking to each other, their ill feelings towards one another were shared with their parents, sisters and, frankly, anyone who would listen. Tension spread like wildfire in a windstorm and was just as destructive.

Soon their business was really struggling. Though the work of Roger and his team was substandard, Mark thought it best to keep the peace by saying nothing. Roger interpreted Mark's silence as disgust, disappointment and disapproval, and Roger's morale went from bad to worse. One day a competitor moved into town and started easily gaining market share. In little time, the family concrete company was out of business. Mark was shocked when he overheard Roger saying he was glad the company had gone under so he could finally get out. "Why didn't you tell me you wanted out?" Mark asked Roger. "We could have sold the company a few years ago and gotten out with a little cash and some of our dignity." But since Mark and Roger weren't speaking, they had not had the crucial conversation about whether to continue the company or not. As Mark said, "In the end, it really didn't matter who won the blame game because we both lost big on two fronts—our business and our family relationships."

How Communication Affects Sustainability

I recently heard Jim Ellis, Dean of the Marshall School of Business at the University of Southern California, caution family business owners to beware of how human emotions such as jealousy and pride affect communication. He said: "For a family business to have sustainability, family owners must pull the emotion out of communication." I knew Ellis was right, but I also knew how very difficult it was to accomplish this feat. The emotional tone of family communication is different than that of business communication. When communicating with customers, business people know

they have a great deal to lose if they let their emotions rule. However, it is hard to apply the same restraint in a relationship where family and business overlap.

As our story illustrates, the absence of good communication and trusting relationships between owners can destroy any hope for the sustainability of a family business. In my experience, even in a business with a hundred family owners, if two family members are really having relationship problems it can quickly spread to the entire clan.

Why Communication Is So Challenging

To begin with, communication itself is extremely complicated since the words we say account for only 7 percent of the message we send. It is the non-verbal part of our message that people pay the most attention to, with how we say something also being consequential. When Mark and Roger spoke to each other in a sarcastic or disrespectful tone of voice it was more harmful than either probably realized, and the eye rolls were detrimental as well.

Silence can be another huge communication problem. By giving each other the silent treatment, Mark and Roger did irreparable damage to their relationship. That's because when nothing is said, the message is automatically made up in the mind of the listener, and it is seldom a kind one. I once watched two brothers stand in front of a group of family shareholders, who were talking about their vision for the future. A sister-in-law sitting in the front row made an excellent suggestion, but the brothers said nothing. I could see by the look on her face she was hurt that she'd been ignored.

When I asked the brothers about it later, they had also thought her idea was a viable one, but didn't know what to say, so they said nothing. That sister-in-law never offered advice again because she read their silence as saying: "Your ideas are worthless."

Using e-mails and texts to communicate can also cause trouble because the tone of voice we hear as we read makes a big difference in our interpretation of both the

message and the messenger. As there is no real tone of voice in electronic communication — the receiver ‘fills in the blank’ and in an unhealthy relationship, what they insert by way of tone is usually negative. It would have been much more effective if Mark and Roger had been able to talk face-to-face rather than relying on electronic communication, especially with so much at stake.

How Communication Affects Our Family Relationships

Our communication style is based to a large extent on our personalities, which can be effected by our birth order. Both Mark and his father were the older brothers in their families, so both were born into a world of adults and may have had more structure in their early lives than those born later. Older children might also be cast in the role of a leader whether they want to be or not. Naturally, this could cause resentment in younger siblings.

While there are a myriad of different measures of personality (some better than others), most psychologists agree that there are basic differences in personalities worth exploring. For example, people tend to be detail-oriented or big-picture-oriented, more spontaneous or more deliberate. I have seen more structured family members sometimes being construed as bullies by their less-structured siblings, while the less-structured family members are seen as flaky. Both of these perceptions are inaccurate and can be the source of disagreement and resentment. In truth, for any family or business to be successful both structure AND creativity is needed. While personalities will not likely significantly change, a frank discussion about personality types can go a long way to improving empathy and communication.

What Makes Family Relationships Sustainable

Dr. Murray Bowen dedicated most of his life to helping families understand and improve family relationships. He described an “open relationship” as one where a family member could share inner thoughts and feelings to another family member who could do the same. In a “closed relationship,” people don’t think they have the freedom to be open and honest because they are afraid they might upset their relative, so they avoid any areas they think could be problematic. If Roger had told Mark that he no longer wanted to be in the family’s concrete business instead of slowly sabotaging it, our story could have had a happier ending.

Bowen also taught that it is critical to think before reacting automatically to any given situation. If family members can learn to gain control of their own sensitivity, then communication can go more smoothly. When family members are unable to control their own emotions, communication can spiral negatively. In Mark and Roger’s case, by continually repeating reactive patterns, they set up a dangerous chain reaction that caused them to withdraw from each other and to stop talking all together. Had they been able to stop and reflect before saying words that could never be taken back, they might have been able to hold their tongues.

Bowen also encourages family members to become aware of the part they play in acting out and perpetuating family conflict. Neuroscientist Dr. Jaak Panskepp says we are actually hardwired to blame other people for our problems, so it is counterintuitive for us to stop and ask ourselves “How did I contribute to this situation?” as our mind automatically blames someone else. But that is exactly the question we need to ask ourselves every time. Dr. Dan Papero of the Georgetown Bowen Center recommends that you see the person you are having a disagreement with as “just another anxious human being instead of someone who is out to get your scalp.” If we can get more objectivity on our family members, we can be less reactive to them and communicate better.

Steps Toward Sustainability in Your Family Business

Keeping the family united and building consensus can only take place when there is good communication among family members, and good communication takes place when relationships are open and honest. The key to having a harmonious family business is being able to have difficult conversations, whether that means dealing with conflict, deciding on a strategy, or determining where to have the next family retreat. Only then is the family enterprise poised to be sustainable from one generation to the next. Here are some key steps to ensure the sustainability of your family’s business:

1. Decide what your own life goals are:

When you are clear about what you want to accomplish in your own life, you are not as likely to get caught up in the emotional ups and downs of others because you are busy doing what you need to do.

2. Have family meetings to discuss the purpose and mission of your family's business:

It is critical for all family owners to understand where the business is headed and how it is going to get there. Otherwise, family members could inadvertently act at cross-purposes. The best place to define and hone these goals is at regularly scheduled family meetings.

3. Discuss how to improve communication at your family meetings:

You might want to bring in an expert who could talk about how emotion affects communication. Other topics to include are the importance of non-verbal communication and how to use active listening techniques.

4. Bring in speakers who can talk about how to have successful relationships at your family retreat: There are family business experts who can talk about everything from how birth order affects relationships to how our brains are wired regarding relationships.

5. Begin by observing yourself when interacting with family members:

Without changing your own communication style at first, just observe how you react when you are communicating with other family owners, especially when they disagree with you. Simply by monitoring your own responses, your mind will be working in a different way than it normally does, and this should automatically calm down your emotions.

6. Do not discuss your disagreement with one family member with another:

By keeping the disagreement between just the two of you, other family members are not forced to take sides nor are they affected by your anger.

7. Have empathy for all of the members of your family: Murray Bowen assured us that everyone is truly doing the best they can. Keeping that in mind will help every relationship improve. As Plato said, "Be kind, for everyone you meet is fighting a hard battle."

JJoAnne Norton, Ed.D. is a consultant with The Family Business Consulting Group, Inc. She can be reached at norton@thefbcg.com or (714) 273-9367.



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

