THE
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Back to the Future — of Your Family Business

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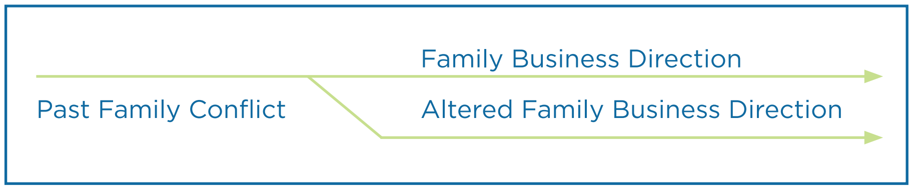
A few years back, I worked with a client who was struggling to make some strategic decisions for his company. He had just taken over his family's business and, as is the case with many family businesses, was dealing with some challenging family dynamics set in motion well before he'd come aboard. Even though the defining event — the sudden exit of one of the principals years before — had happened when he was a young adult, the ripple effect of that event was still impacting the family's choices and direction for the future. This got me thinking about the paths family businesses choose, leading me to ask myself, *"Are family businesses often forced down a path as a result of past unresolved conflict in the family?"*

As I thought more about this, I suddenly remembered the scene in the movie "Back to the Future II" where Doc Brown is explaining the space/time continuum path to Marty McFly, and how his going back to 1955 in the first movie disrupted the universe: "Our only chance to repair the present is in the past, at the point where the timeline skewed into this tangent."

You may be asking yourself, "What does this have to do with family business?"

It's my contention that unresolved conflict in a family business acts very much like Doc Brown's disruption of the space/time continuum; causing what I call a break in the *family/time continuum* that influences all subsequent decisions, affecting the path and direction of the family business going forward — and not always for the best. But if the family can "go back in time" in a sense, to resolve or at least honestly address this past conflict, it provides them an opportunity to make strategic decisions based on what is best for the family and the business, rather than having those choices dictated by an unresolved event in the past, as illustrated below:



Case Study: Mismanaged Expectations

A good example of the damaging aftershocks created by a break in the family/time continuum was the Payton family, which had started as a mom and pop service business and went on to become a multimillion-dollar enterprise. The parents worked closely together, and all three of their children grew up to join them in the business. But when Dad unexpectedly died of a heart attack, Mom was left vulnerable and lonely — and fell in love with a man who had worked with her for years.

Not surprisingly, her adult kids didn't take it well. Her oldest daughter, who was the heir apparent, was especially hurt and angry about what she saw as her mother's betrayal. This had happened five years before they called me in for help, a call that was precipitated by Mom's announcement that she and her new spouse were going to start a competing company, as he had left the family business because of the strife it caused with her kids. She'd delivered an ultimatum; either her new husband would be welcomed back, or she'd move on. What made it even more unwieldy was that she was still working with the family even as her new company was gearing up — and they were competing for the same clients! Now her daughter, who'd been in talks to buy her mother out, was caught in an untenable position between her siblings and Mom, stuck with the fallout of her mom's choices and her own unresolved anger. That's when I got the call.

In a meeting with the whole family (including Mom and Mom's new husband), I went to the white board and drew the diagram I used above, explaining, "Our problem is that we are trying to build a strategy around where you are today, without reconciling what happened in past. If you can reconcile your past differences, hopefully we'll be able to move you past the anger to a point before your dad's death and Mom's new relationship changed the family dynamic."

In a sense we went back in time: We began with very basic communication skills, so they could talk more honestly about their individual perspectives on how things had gotten so far out of whack, and why they felt the way they did. Just getting them all together in the same room was tough at first and required a lot of one-on-one work to bring about. It was a very emotional process — at some meetings, every family member in the room was openly weeping — and it took time, but we finally arrived at a point where Mom, her new husband and the kids agreed to merge the two competing businesses and move forward together. This outcome couldn't have been achieved had we not gone back in time and reconciled the event that had pushed them off their path.

It's important to note here that reconciling did *not* mean that everyone had to agree on what had happened or why. It meant talking openly and honestly about their feelings and working through them, then moving on.

Family feuds aren't new; from Cain and Abel to the Hatfields and McCoys, people hold themselves hostage to an event that they might not even have had control over at the time, and which they themselves may not even remember. I've seen families pulled apart over arguments that occurred a generation ago, who still hold completely different views on how the resulting schism went down. Yet, when they allow themselves to see the conflict through the other person's eyes, it becomes possible to say, "I hear what you're saying — I don't agree but I understand — and I'm willing to move on for the good of the family and the business." Everyone needs to be on the same team and in alignment to create one strategic direction that's good for all.

Case Study: Irreconcilable Differences

Of course, not all family feuds have a desired resolution — at least, not one in which the business relationships remain intact. Sometimes we have to settle for keeping the family itself intact, because the dynamic has become so unhealthy and fraught with hard feelings that there's no other way to resolve it.

We worked with the Bakers, a father and son whose very different working styles doomed their partnership from the start. Dad was a "go with his gut" kind of guy, whose loose management style had worked well for him and his very successful business. He'd been an absentee dad — his business had always come first — but saw bringing his son in as his junior partner and heir apparent as a way to make up for his admitted emotional negligence after a divorce had parted him from his son's mother and drove a stake in the father/son relationship.

But the personalities of the two men worked against this partnership from day one. The son is as brilliant a guy as his dad, but the resemblance ends there. As loose and unstructured as his father's working style is, the son's is cerebral, literal and analytical. He was uncomfortable with the lack of defined roles in the business, and wanted to create new structures and processes for a sustainable future. His father, who needs to have input on everything from the social media to pricing and long term strategy, wasn't willing to give up any of his control, and blamed his son for being so uptight and, as he saw it, ungrateful. After all, his son was already a millionaire thanks to Dad's business abilities and the people whose jobs he was trying to redefine were there before he was, helping build that fortune for him. Couldn't he just learn to go along with the program and wait his turn to run things?

Unfortunately the son's personality rubbed a lot of the key people in the company the wrong way, which only added to the friction. When a group of them came to Dad to ask him to intervene, the family called us in to help sort things out. For two years, we worked with them, trying different strategies to bring them together on common ground. But after many meetings and a lot of frank talk, it was clear that this partnership couldn't be salvaged — and the only way that father and son could stay on good personal terms was to manage the son out of the business.

This event certainly shifted the strategic direction of the enterprise; now they're without an heir apparent as Dad's retirement looms on the horizon. The long-term planning for the future of the business has to change accordingly, and it's a real challenge for Dad. It was tough to tell the son that he's actually a better person when he's not working for his father, but they both see now that it was the right move, as painful as it was. Neither one of them had the ability to move toward the middle; it was not a question of desire, nor was it question of who was at fault. The good news is that now they're closer as a family than they ever were, and the son has started his own company in a different field.

What are some of the most common causes of breaks in the Family/Time Continuum?

Poor communication: Family members are not able to communicate effectively with each other or to talk through their different perspectives; conversations that should be had are not, yet life and the business still move forward.

Family conflict /lack of resolution: Resolution does not mean agreement – but it does mean agreeing to move forward. You've got to be able to make good business decisions, in which the past doesn't dictate the future.

Lack of strategic planning: Without a formal strategic plan in place, how do you know in what direction you should be taking the business? Good strategic planning can help prevent these kinds of family/time continuum events from happening. If, for instance a family doesn't plan in advance for the death of a family member, it's possible that the business will shift in a direction that isn't optimal when the event happens. The greatest benefit a strategic plan brings is creating alignment at the highest level of the family and organization, in a way that serves both.

Unexpected death in the family: As in the Payton family, a sudden death brings emotional trauma along with other practical repercussions that can easily push the family off course.

Poor definitions of roles and responsibilities: When you don't have clear structure in an organization, it's like a bad rowing crew that can't pull together to win a race. Clear roles and responsibilities are essential to having members in the business all pulling in the same direction.

Mismanaged expectations: As in the Baker family example, when people don't share a common understanding of their place and power in the family business, or when the leader refuses to share any power with his heir apparent, it can lead to hard feelings that damage both the business and the family.

Entitlement: We often see cases in which Mom and Dad have effectively given their kids power in the company without having set expectations around what they have to do to earn it. Thus, you get adult kids showing up for work at 10 and leaving at 4, coming and going as they wish. When parents are unwilling to address entitlement issues, they run the risk of creating a break in the family/time continuum; the employees resent the kids, and the kids themselves aren't capable of taking over when the time comes, risking the future of the business. When the process of onboarding an heir is more carefully managed, with roles and processes clear to everyone, it lets the family get out of the company's way.

As we've seen, poor communication is most often the underlying current that drives conflict in a family business. Before making changes to an intended strategic direction in your business, I suggest you ask yourself "What is causing this shift; is it due to changing market or financial conditions, or is because of unresolved family dynamics?"

If it is the latter, I encourage you to address those family issues before making change in direction that may negatively impact your business down the line. You may still find yourself continuing down the altered path, but at least you be doing it knowing this is what is right for the family and the business.

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