

## Escaping the Vortex: Don't Let a Challenging Family Member Control Your Orbit

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Family businesses can often function like their own solar system. There's the sun, the actual business, that the entire family rotates around because it provides their livelihoods and creates financial and emotional ties to one another. The different planets are the various family members, many with their own orbits and moons, which can be thought of as the smaller nuclear families that make up a larger multigenerational family. When things are running smoothly, the planets will all stay in their orbits around their sun without bumping into each other and pulling one another off course. But what happens when one planet's orbit starts to affect the other planets and maybe even the sun itself?

Oftentimes, in our work with families, one family member or branch of the family seems to be on everyone's minds. They might be the reason we were brought in to consult with the family in the first place, and other times, their real or perceived impact and disruptiveness to the family system is revealed as the work progresses. Regardless of when during the engagement their existence is revealed, this individual, often regarded as the "perceived problem" or "problem person" (PP), functions less like an orbiting planet and more like a vortex, sucking in everyone around them into their own orbit.

Having a PP pulling people off their orbits in the middle of a family business can be incredibly disruptive, impacting the family and the company in countless ways. To understand this phenomenon better, we first need to look at what creates this type of family dynamic in the first place. Only then can we look at how these PPs present in actual cases and how they can be addressed in a way that best serves the family business.



### What Turns Someone into the Vortex?

With a challenging family member, especially when they have been a person who has been a perceived problem in the family for a long time, there can be a tendency to write off the "why" with blame, annoyance, resentment, or anger. "It's just who they are!" "They just don't care about anyone but themselves!" "They've always been the center of the universe and that will never change!" These kinds of statements can feel cathartic and justified, but they are talking around the issue that's at play rather than addressing it openly. They create subjective stories instead of focusing on objective truths.

In many family systems, established factors can influence someone to become the PP. For example, birth can play a major role in family dynamics. We've all heard of "youngest

child syndrome," referring to the baby of the family getting special treatment and attention, even when they are no longer a child. This can create a narrative in which the youngest child will always be prioritized over the other family members, resulting in an imbalance in the family. Gender can also be an influence on family dynamics, as the oldest male in the family may bear the brunt of the responsibility as well as blame for a patriarchal bias that he did not create.

At times, there may be a true diagnosis that merits attention and can draw family members in. For example, ADHD, OCD, personality disorders, and substance abuse can all require different types of attention. However, the actual "diagnoses" can also cause family members to overreact and focus in ways that create patterns of behavior and reactions that are not helpful to the PP or the family overall. Frequently, the focus is not on the reactions but the diagnosis itself, which does not help address the family business issues and can cause resentment if not addressed directly. Many families can find themselves stuck in established behavior patterns, where certain individuals are treated in a specific way because that's how they've always been treated. This makes it one of our priorities to help families find ways to escape these patterns and break free of the vortex that is pulling them in.

## Actual Versus Perceived Power

There is often a discrepancy between the amount of actual power the PP has in the family business and the perceived power they wield. Like all companies, family businesses have a hierarchy of power, with an organizational structure determining who reports and takes orders from whom. However, in a family business, this organizational structure can be more easily disrupted because of family dynamics. Someone with little to no actual authority in the business can make a big impact on the business's decision-making processes because of the perceived power given to them by their fellow family members and business partners. This can give the PP a false sense of control over their family's business because even if they don't have the majority ownership, it can feel as if they do. It can also cause resentment to build in the family members or branches who perceive the power that may or may not exist.

Calling attention to these dynamics of actual versus

perceived power can be one of the best ways of combating it and returning your family's solar system to its proper orbit. Everyone needs to do their part not to get sucked into the vortex and not let a focus on the PP take over the engagement in an unproductive cycle of interaction. As consultants, we find ways to work with the family and empower them to step back and communicate directly, enabling them to look at their situation more objectively, with the overarching goal of family harmony in mind.

Let's now look at two cases that involve a family business struggling with a family member pulling others into their vortex: one where the family member had some level of actual power in the business and the other where it was entirely perceived.

### Case #1: Equal Yet Unbalanced Power

Ownership was divided equally among four siblings for a fourth-generation construction company based in Miami, Florida. The oldest brother, Daniel, had been effectively running the business for several years, while his two younger sisters, Jane and Lily, and younger brother, Justin, had lesser roles in the company and other hobbies outside of it. The business had been doing extremely well, partly due to Daniel's leadership but also thanks to the effective management team they had in place. The business had taken care of the family for years, but the family dynamics were starting to get in the way of both their business interactions and personal family relationships.

While ownership was equal among the four siblings, Daniel's personality and role in the company gave him far more influence over his siblings than his ownership share technically granted him. His siblings felt as though they were voiceless in the business despite their equal ownership shares. This dynamic made it extraordinarily difficult when his three younger siblings decided to voice their desire to change the status quo in the business. Jane and Justin wanted to sell their shares and retire, while Lily wanted to maintain a board role but not work with Daniel on the day-to-day operations.

Due to the unbalanced power in this family business, the three younger siblings felt they needed to convince their older brother to consider the changes they were proposing, even though together they had the majority

share of the business. Jane and Justin were concerned that Daniel would somehow prevent them from selling their shares because of his lack of interest in working with anyone new. This gave Daniel far more power than he actually had in the company, all due to the family dynamics and long-standing narratives about sibling roles.

When engaging with this family around their split desires between changing or maintaining the family business's status quo, group communication was a key strategy in getting them to come together. We used the board setting as a way to shift from the family dynamics that were keeping them all hostage in their roles and help them determine what they actually wanted to achieve. For Daniel, that ended up being the desire to maintain a leadership role in the business, even if 50% of the ownership was sold to someone outside of the family. On the other hand, Jane and Justin wanted to separate from the family business entirely, hoping they could maintain some level of relationship with their brother if the business dynamics were no longer in play. Lily felt it was important to sit on the board to remain involved in the business but also needed to separate from the business to an extent in order to maintain a relationship with Daniel.

Ultimately, Daniel ended up buying Jane's shares using terms that were set by the buy/sell provisions of their shareholder agreement, raising his ownership to 50%. A private equity firm ended up investing in the business, acquiring 25% of ownership from Justin after going through an appropriate valuation and sale process. This structure maintained family control of the business while allowing the sibling group to recreate their status quo.

In this case, the PP needed to be met with understanding and acknowledgment of his perspective. His siblings needed to address their feelings about working with him in the business and recognize the power they had given him all those years. Governance and direct communication about the family dynamics and how they impacted the discussion were crucial tools for breaking the cycle, as they allowed the family members to separate their business feelings from their family feelings.

## Case #2: Wielding Emotional Power

In a third-generation manufacturing company based in Tulsa, Oklahoma, the dynamics around the PP were more

volatile and contentious. The younger son of the business's aging CEO, Jon, was a complicated emotional force in the family business. Every family member seemed to have a story about him impacting them negatively, and from the first stages of the engagement, he was challenging to work with. Every conversation with the family seemed to revolve around him, yet Jon also did not want to show up for the work we were attempting to do with the family on their board and family council. Jon's older sister, Deborah, the board chair, placated her young brother's behavior to avoid confrontation within the family. However, this had the opposite effect, causing tension to build and build with no place to go.

Many times, with a PP such as Jon, they want to do anything they can to prevent the status quo from changing. In this case, Jon had his father's ear and, through emotional manipulation, could get him to vote any way he wanted. Likewise, Jon also had a level of control over his older sister, who was the only family member on their perfunctory board of directors. Jon's influence over his father and sister made it so no other family members wanted to join the board, creating a real challenge when shifting their current board structure into that of a performing board of directors.

For Jon's behavior to change, it required a show of force from the rest of his family. With our guidance, they were able to come together and say to Jon that they were no longer going to tolerate his behavior. In many ways, creating a change in this family required a perfect storm with two distinct factors. The first was that the family felt as though they had each other's support when confronting Jon. One-on-one, history had taught them that they were going to lose. Jon's personality was just too dominating and powerful. However, together, they were about to approach him with strength and unity, putting Jon in a position where he could hear them differently.

The second factor that allowed this ultimatum to work was that Jon's father's health was beginning to decline, and Jon knew that once he was gone, his control over his family would shift. Jon recognized that if he wanted to stay involved with his family business, which he did, he would need to learn to play ball with them and start working with his family rather than against them.

Over the next couple of years, Jon shifted his approach

with his family. Communication improved, and while the family never fully recovered and completely coalesced, they were able to work well enough with each other to form a performing board of directors made up of three family members and four independents.

## Breaking Free of the Vortex

Unfortunately, for many families with challenging family members, things can get worse before they can get better. Often, there needs to be a compelling event, something that happens that pushes the family to realize that something needs to change. This compelling event may lead to a family choosing to work with a family business consultant in the first place, or it may happen during the consulting process. Working as facilitators in this setting allows us to keep family members focused and safe in having difficult conversations that ultimately protect both assets and family relationships.

Like much of the work we do, each situation of helping a family break free of the vortex is unique. The family must be met where they are, normalizing the challenges and reactions that come from working with a perceived problem and helping the family discover the best course of action for getting everyone back into their respective orbits. This may mean relying on forms of governance such as a board or employment policy or more direct forms of communication that include calling out the problem in a facilitated setting.

Regardless of how a family chooses to address the vortex in the room, doing so will allow them to pull themselves back on course by addressing the true issues at hand rather than succumbing to stories and resentment. It is always rewarding to help families regain control of their orbits in a way that creates a lasting impact on the business and more durable family harmony.

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