

Family business series. Part 1 – Characteristics

Here we look at the personalities involved in most family businesses and the problems that can arise

What distinguishes a family business from any other?

While each is different, the key is family involvement in management - and in most cases that starts when the founder brings other members of his clan into the business.

It is here that the trouble may start. Instead of focusing on developing the business, the welfare of family members at work becomes a significant concern. Those that can successfully cope with those sometimes divergent interests have an opportunity to reap the lasting benefits that flow from this form of enterprise.

focus on the positives of family involvement in the business.

But problems often arise from disputes between family members that can be far more divisive than is normal between unrelated work colleagues: it is all too common to see people that grew up together reliving the bitter conflicts of their youth in their working lives.

By gaining an understanding of the classical and often repeated patterns of family disputes, a family can avoid repeating the mistakes of others and focus on the positives of family involvement in the business.

In a future article we will consider techniques for resolving conflicts. But first, let's look at the characteristics of the people frequently found in family businesses. Here we must acknowledge the information contained in a splendid book on the subject, *Guide to the Family Business* by Peter Leach and Tony Bogod (published by Kogan Page) as well as information provided by the Family Business Center at the University of Kentucky, Louisville.

Cast of characters - the founders

The male business owner

Research in both the US and UK shows that the owner of a family business is likely to be male, married with two children and aged in his 50s. He usually has no formal business training but is very conscious that the business and the integrity of the family depend on his ability to succeed.



Many of these people will be very sure of themselves; they can be difficult individuals but with a strong drive to win. Their management style will usually be based on instinct; there may be little formal planning.

This approach may be well suited to a start-up but can prove a handicap as the business grows. They are unlikely to have the wish to assemble a management team around them and this is frequently the main constraint that prevents the business developing.

The owner's wife

Hopefully this is changing - but there are many wives who have accepted that their husband's main interest is the business and that in consequence they fulfil a supporting role by acting as a background advisor, frequently in the area of assessing the characters of others involved in the business. Where conflicts arise between their husband and their children in the business, they can act as mediators.

The female business owner

The majority of new UK businesses are now started by women. Like men, they seek freedom and independence by starting on their own, but in addition they are frequently looking for a way to escape from the constraints under which they have to operate in larger companies that are still largely male dominated.

The research indicates that women business owners are frequently both more creative and assertive than are men. They have had to work harder to get where they are; they can be tough negotiators.

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However, they often find delegation difficult.

Husband and wife businesses

While many may regard the prospect of working with their spouse all day as a recipe for a quick divorce, there are many businesses where couples work together and live to tell the tale.

Success requires a clear understanding of how the roles and responsibilities are to be divided. There needs to be agreement about the interaction of their work and home lives; above all they must each respect the contribution the other makes and know how to handle disagreements without them developing into something destructive.

Cast of characters - late arrivals

In most businesses, one or more of the above people are likely to be involved from the outset. Some of the more interesting challenges of family business come when new family members join the firm or seek promotions.

New arrivals may come direct from school; they may have obtained a degree, or they may have spent a period in the 'outside world' gaining experience that should enable them to offer more to the family business when the time comes. Whatever



their background, it's the process of integration into the business which can be problematical.

Let's look at who they are likely to be and the difficulties that may follow:

Sons

Passing on the business to the next generation is often stated to be one of the key ambitions of its founder. Yet the process is rarely trouble free, and problems are most likely to arise when sons are involved.

While there may be many fathers and sons that have good relationships, to find them working well together in a business partnership is, to say the least, unusual.

There is a vast array of research from psychologists that explains why this should be.

For the father, as founder he often sees the business as a part of himself - its success is his achievement and it provides what is frequently the major source of fulfilment in his life.

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Because it is so important to him, he holds on to his power and finds it difficult to delegate. And while he really does want his son to take over eventually, he is reluctant to involve him fully just yet - he wants to retain all power for himself.

The misunderstandings that can arise as the father struggles with the conflict between wanting his son to succeed him and wishing to retain command can lead him to act in mystifying ways that may often be harmful to the business.

For sons, one of the most natural instincts of growing up is to rebel against parental authority and when he has to remain subservient to his father - his employer - this phase is likely to be extended indefinitely.

In the normal course of a developing career, the son may expect to see his areas of power and responsibility in an organisation grow - but in a family business this may be blocked by his father.

The outcome can be conflict, and this will damage the business. But there are ways this problem can be handled, and we will consider some of them in a later article.

Daughters

Because, psychologists suggest, fathers do not see daughters as the threat that a son apparently poses, the father-daughter relationship does not carry the difficulties that a father and son encounter.

Consequently a father is less likely to take suggestions, advice or criticisms from his daughter personally and they are more frequently able to work together in harmony.

Siblings



It is often thought to be natural for children to grow up, leave home, pursue a career and in time build their own families. In a family business this does not happen and, as we suggested earlier, the conflicts of youth can be prolonged into adulthood.

This can be the case where more than one of the children of the founder of a business join it. The old rivalries may then be pursued in an altogether more dangerous environment, perhaps compounded by the wish of each to be 'the chosen one' that will ultimately take control.

Problems can similarly arise where parents extend the childhood notion of wanting to be 'fair' to each of their children - when the requirements of the business may call for a quite different approach

Later on

As family businesses move on to the second, third or succeeding generations these issues can be compounded as in-laws and cousins come on the scene.

Conclusion

In this article we have considered some of the participants in family businesses and highlighted the problems that commonly arise. But with goodwill all of these are manageable, and when they are properly handled the many benefits of family businesses can shine through.

Next, we will look at how a family business unit can deal with conflict and turn the challenges into benefits.

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