

Recognising and talking about problems in family businesses is an essential first step towards developing plans for the future

In the earlier articles in this series we have identified the vital importance of family businesses to the UK economy and looked at some of the characteristics of people frequently encountered working within them. We also recognised frequent sources of conflict - problems reconciling the interests of the family and the business, and troubled relationships that may especially be found between father and son or between siblings.

Understanding the roots of these difficulties is an important first step to solving them. So now we will move on to look at an approach that can help turn the family into a positive force in the business.

Managing conflict

Talking and listening must be the starting point of any solution to people difficulties within any business, but honest and open discussions of emotional problems do not come easily. However, if it can be understood and accepted that the issues are not exclusive to this family and these individuals but involve rivalries that are widespread, then it can be easier to pursue solutions.

So it helps if a son or daughter understands that their father may have attitudes and concerns that are commonly found in entrepreneurs, just as a father needs to accept their wish to develop their own skills and responsibilities as well as their need for independence. And each should recognise that if they press their own wishes too hard it is natural for the other to become defensive and for anger and resentment to build.

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One answer that is sometimes possible is for a son or daughter to be given their own area of responsibility - they may be put in charge of a new venture or a division of the business and given autonomy in running it. Whatever the answer, reaching it is critical to the future of both the family and the business and where a way forward cannot be found within the family it can often be helpful to involve a third party to mediate.

Sibling relationships within a business can benefit in the same way from all involved gaining an understanding of the attitudes and feelings that can divide them. And it helps if a clear business role can be developed for each.

Yet although it seems sensible to talk through the problems



and reach agreement on how to solve them, experience suggests that this is an ideal that rarely happens.

In many situations families develop defensive coping strategies that mean that sensitive issues that may cause conflict are not discussed. Rather than risk escalating the difficulties by giving them a good airing, they may be left unresolved and this can lead to explosive conflicts later that may be solved by one or more individuals leaving; alternatively the business may simply continue to be harmed as a result of the underlying tensions.

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Creating a family business plan

There is one way forward that frequently engenders open discussion about family and business issues. This is to develop a business plan that takes account of the needs and wishes of all family members involved. It is not easy to build this for the first time, particularly where there is no tradition of open discussion within the management team.

We have found that a 'family retreat' can be a positive way of starting off a plan - where the family spend a day away from the office or home and discuss what they each want for the business and set the basis of their plan.

We will look at this process in the next part of this series.

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