

The Dispatch

The September 2022: Distinguishing "Signals" from "Noise" in the Family Business

Signals vs. Noise

Scientists and engineers have a ratio for measuring the difference between signals and noise, a measurement we know in decibels. This ratio determines the levels of the desired signal to the level of the background noise. A decibel number greater than 0 dB means more signal than noise. If only understanding our family and business partners signals could be measured so easily! In this month's Dispatch we discuss wading through the noise and hearing the signals. Lance, through his work with families, notes three siren signals in a family business conversation. Davon gives us a personal example of how we can misinterpret a signal as noise, and helps us to identify the difference. And lastly, Bill gives us his approach for sorting out signals and examining how information is presented. Thank you for joining us this month and enjoy! - [Ethan](#)

Signaling a Difficult Path for the Family Business

[Lance Woodbury](#)

I often joke that working as a mediator with family businesses provides lifetime job security: there is simply no shortage of conflict! Of course, conflict exists every day in every organization, but how do we know when the conflict is a signal, an indicator of a deeper threat to the family or business? Consider these three words that signal a deeper problem may be brewing.

Trust. When I hear someone say, "I don't trust my brother/sister/father/mother," it can signal a crack in the foundation that gives the family business its competitive advantage. Trust is a form of glue that allows family members to make decisions quickly, delegate authority, negotiate effectively, and deal with team members. When trust starts to go, the family business is in trouble.

Value. When someone says their contribution is not "valued" by other family members, it can signal a family member's likely departure, which can be emotionally and relationally difficult for the family if not handled well. No one enjoys working in an organization where they feel their contribution is under-appreciated.

Promise. When I hear a younger member of the family say they have been "promised" the business, the land, or a leadership role, it can signal a lack of formality in ownership and management succession. Consider increasing the level of transparency, and making more explicit commitments and timelines, for future transitions.

What are some of the words or phrases that signal future difficulty in your family business?

The Grocery Store Signal

[Davon Cook](#)

Years ago, when my husband, kids and I moved from my hometown, I faced a difficult adjustment.

One Sunday we stopped at the grocery store for the “mom-dash-in-quick” trip. I returned to the car lugging bags in tears. My bewildered husband was not very compassionate after I explained I missed our old grocery store with the uber-friendly carryout teenagers. “You’re crying over carrying out your own groceries?!” “No,” I answered indignantly, “I’m crying about *everything* I miss and how very lonely I am.” He heard my “noise” but completely missed the “signal”— that I was struggling.

When making daily business decisions or when navigating family business politics, it’s not always easy to distinguish noise from true signals that warrant action. How do you tell? Consider these suggestions:

- Is this problem *for now* or *for ever*? The podcast [Self Smarter](#) encourages us to identify challenges that are for now and determine how best to weather them. But if the problem is rooted in a fundamental that is unlikely to change, admit the signal requires action.
- If I take no action on this topic, how likely am I to regret it in three years? Five years? I find this perspective especially helpful for personal quandaries.
- Can I identify long-term indicators that reduce the “noise” of today? I worked with a farm creating a profitability goal to use in bonus plans. They landed on the profit goal being calculated from a multi-year rolling average with significant weighting on more recent years. The structure cuts through the noise of annual fluctuations to keep focus on the long-term signal of consistent profitability.

I’m happy to report my personal situation improved, but I still miss the grocery store!

Faith and Family Business: Regrets and Second Chances

[Bill Long](#)

One of the more important questions for us to answer is how we actually sort out “signals” (i.e., valuable information) from all the “noise” of our lives. Here are three things that help me.

First, I realize almost everything I run into is “noise” rather than “signal.” It is not as if everything I encounter is untrue or not valuable, but it is not valuable or useful for me *at this moment*. If I truly believe this, I don’t live with the “FOMO” disease (“fear of missing out”). Chances are very good that what you didn’t hear *isn’t* a signal.

Second, when I do focus on something, I seek a context for the statement I’m hearing. Is it presented as an eternal truth or does the author give me background, nuance, a reason to think that the issue has a perspective or history or meaning beyond the statement? In other words, rather than getting excited about “The world is ending!” I have about ten indicators I examine to gauge economic or social “health” of our society.

Third, when I focus on something, I am looking for gentle persuasion rather than forceful shouting. Someone needs to charm my mind and my heart for me fully to receive it as a signal. Of course, if I am walking in front of a car, please shout at me! But normally, I find gently but persuasively presented material as more likely to be a signal. How about you?