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THE FAMILY THAT WORKS TOGETHER

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A step-by-step approach to harmony and greater success in the family business.

BY LANCE WOODBURY AND HUBERT BROWN

FAMILY CONFLICT: BEST FRIEND OR WORST ENEMY?

The family business is like a double-edged sword. You share a history of positive and negative feelings. Conflict in such an environment is inevitable; get used to it – embrace it. It's a natural offshoot of the deep feelings and diverse talents that give your organization its ability to do great things.

Conflict handled poorly can lead to misunderstandings, mistrust, and high tension among family members. But conflict handled in a positive, constructive manner can give rise to new ideas, improved efficiency, and trustworthy relationships.

"The Family That Works Together" shows you how to move straight to the root of conflict and turn it to your company's advantage.

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THE FAMILY BUSINESS POTENTIAL

A family owned company can be one of the most rewarding businesses to operate. It can be a closely knit organization with a high level of customer service, a proud history in the community, and an excellent rapport with customers.

But as we all know, family business can also be like a double-edged sword. When family members are not working harmoniously together, tough situations can develop; low communication and trust, a tense atmosphere, turf battles, memo wars, political positioning, and shouting matches can make the workplace tense, if not unbearable. Administrators, managers, staff, and other family members can feel like they're in a war zone. Team members become dissatisfied, trust erodes, and people quit. No organization can afford that.

What can you do to minimize the adverse effects of conflict and assure good communication, relationships, and teamwork in a family owned business? To answer this, we need an understanding of how conflict develops.

Situations in Which Conflict Occurs

Developing consensus among family members about the direction of your organization plays a vital role in heading off problems before they become major sources of contention. Common organizational issues that can lead to conflict include:

1. Business growth, sale, or consolidation decisions

2. Overlapping or unclear roles of family members

3. Management, ownership, or personnel transitions (such as retirement)

4. Financial uncertainty or insecurity

5. Unarticulated performance expectations of individuals

6. A lack of job descriptions and business performance measurements

7. Negative participation by family members not involved in the business

8. Unclear or competing visions for the future of the business

9. Conflicting personal goals

10. The absence of buy-sell agreements and succession, strategic, and retirement plans

Warning Signs

How can you tell when there's a storm on the horizon? Here are some early warning signs:

1. Poor communication

2. Adversarial behavior

3. Unhealthy competition

4. Sabotage

5. Low productivity, morale, and trust

6. Confusion, resistance to change

7. Differing expectations and goals

8. Reluctance to implement decisions

9. Absence of recognition and praise

The Family Dynamic

As a family, you've probably spent a lot of time together. You have a long history and plenty of positive feelings. But this can also make it easy to jump to conclusions about each other – and this can be a ripe environment for conflict.

Should you avoid conflict? No. Conflict is inevitable in a family business. Get used to it – embrace it. It's a natural offshoot of the diverse talents and behavior styles that give your organization its ability to do great things.

Unfortunately the most common reaction to conflict is to sweep it under the rug and hope it will go away – hey, we're human; it's natural to avoid unpleasantness.

But denial seldom solves problems. Jump in and deal with reality. Conflict is not, by nature, bad. Unresolved conflict, however, can be a destructive

force in families and businesses, while the process of working through conflict can enhance relationships and promote personal growth. It begins with good communication.

OPENING THE LINES OF COMMUNICATION

The most direct route to a successful, healthy family business is to take advantage of varying perspectives on the issues your company faces. Keep ideas in the open by holding regularly scheduled meetings with written agendas sent out to the participants ahead of time.

At these meetings, discuss issues that are current priorities for your business, including the difficult ones. Stay future-focused in your discussions and allow equal time to all participants. Set ground rules for constructive discussion. For example:

1. Give each person five minutes to discuss issues without interruption. Some people are more loquacious or forceful than others.

2. Create an environment of professional distance. Don't allow participants to say anything to family members they wouldn't say to other professional colleagues.

3. Encourage family members to carefully consider the ways they phrase questions. (Much of the time, families are actually in agreement, and don't know it.) It's important to address each issue in a way that promotes unity. For example, instead of saying, "Should we handle the situation this way?" which limits others to a yes or no response, consider asking, "How can this situation be handled most profitably?" which invites creativity and inclusion.

4. Agree to discuss the "undiscussables." For example, has one sibling had preferential treatment? Does everyone pull their weight? Is a spouse creating problems? It's easy to avoid conflict discussions because you don't want negative feedback, but when you avoid taboo topics and situations, they can grow, even take over a business relationship.

5. After the meeting, adopt a written action plan with follow-up assignments.

Communication doesn't solve all problems, but it does offer an inherent reassurance that everyone is on the same team. It builds trust, and trust allows you to make better decisions. Other positive side effects of these meetings include enhanced communication, a feeling of investment in determining the future of the business, a decrease in general uncertainty, and improved problem-solving and teamwork skills.

Meeting Tips

Communication between family members, when you work together, day in and day out, can be a challenge. Here are some tips to ensure positive communication when talking to family members.

1. Choose to communicate. The biggest roadblock is that people don't admit that communication is something that needs to be done. You have to decide to intentionally communicate.

2. Meet at a neutral location. Gathering at Mom and Dad's place sometimes intimidates family members. You need a setting where the power is balanced among family members.

3. Challenge assumptions. Too often, parents and kids assume they know what each other want. The paradox, especially in succession planning, is that Mom and Dad want to know what the kids want to do, while the kids don't want to appear greedy or pushy. Talking about your role and goals is important. What's your role in the future and what are your goals for the business?

Meeting Tips (continued)

4. Don't leave anyone out. If you want the family to survive, you must involve all the family members in some fashion – spouses included. It's easy to get so immersed in company that you lose sight of family.

5. Be open. Don't keep secrets from your partners. Prepare regular financial statements and share them.

6. If you say no, explain yourself.

7. Decide whether decisions will be made by majority vote or consensus.

8. Discuss how decisions will affect each family member.

9. Try to develop a plan to resolve conflict before it exists.

10. Identify a mediator before discussions get heated.

11. Discuss the painful. Be willing to hire a mediator or seek help from someone trained in conflict resolution.

WHEN CONFLICT OCCURS

Before you prepare to manage or resolve conflict, consider your own notions of conflict. Do you think conflict is good or bad? Is conflict something that helps your organization or is it an inherently destructive force? It's important to realize that conflict is neither good nor bad. Conflict is normal. It happens to all of us throughout our lives, and will always be a part of life.

It's the consequences of conflict that can be positive or negative. Conflict handled in a positive, constructive manner can lead to new ideas, improved efficiency, and more trustworthy relationships. Conflict handled poorly – or avoided – leads to poor communication, mistrust, and high tension among family members and other business partners.

Communication Breakdown

In times of conflict or disagreement, communication – the productive kind – is often the first thing to go south. And this has consequences. Productivity is affected, legal, financial, and compliance issues can fall through the cracks, morale is lowered, turnover may increase, and customers sense instability. Family members need to begin by coming together and recognizing, through discussion, that their disagreement is affecting more than just family members.

Address Conflict Early

If you see conflict, address and discuss it before family members become polarized. Again, conflict is normal and happens in all families; it's how you deal with it that defines your organization. The first key to resolution is admitting there is a problem.

This is more easily said than done. Family business partners often have unspoken expectations, never voiced because of their long histories, their good relationships, or for fear of spoiling positive interaction. You like to think you know the people you work with, and that they know you – especially in family owned or closely held businesses. But when they do something differently than you would have done it, feelings of bewilderment, disappointment, or frustration may set in. These feelings, when expressed in an unhealthy fashion – or not expressed at all – can lead to serious conflict.

ADDRESSING A SPECIFIC CONFLICT

Step 1: Acknowledge the Conflict

That's right, admit the conflict exists. This is a simple step, but not always an easy one. We often try to avoid conflict, we hope it will go away, we refuse to discuss the problem, or we blame someone else. To cross this hurdle, it's important – once again – to realize that conflict is normal. In fact, a truly dysfunctional family business would be one where everybody gets along all the time! The actual dynamic of a "conflict-free" workplace is commonly characterized by a mentality of "I don't have a conflict ... HE has a conflict." It always seems to be someone else's problem.

Start here: we have a problem. If someone who needs to be part of the solution denies there is a problem, you'll be wasting your time, working on quick-fixes and symptoms instead of real issues and long-term solutions. So it's critical to get all family members and business partners on board at this stage.

Encourage people to admit there is a problem by framing conflict in terms of the future. Don't ask, "What's the problem here?" Ask "What issues do we need to deal with in order to have a successful future?" It's a lot easier for everyone to talk about success potential in the future than to tackle problems in the present or past.

Step 2: Assess the Conflict

You've brought the problem out in the open. Great. It's time to evaluate alternatives. First: is the conflict worth resolving? Consider the best and worst case scenarios. What's the best thing that can happen if the dispute goes unresolved? Will everyone avoid each other? Will they forget about the problem? In some cases, resolving the conflict may not be worth the effort. If life will go on as normal, the best thing may be to let it fade away.

What's the worst thing that can happen if the dispute continues? Will it go to court? Create low employee morale and high turnover? Have a negative effect on customers and vendors? Create a negative community image?

Many conflicts, especially in family owned businesses, have severe, long-term consequences. And often, the consequences go far beyond the generation currently in conflict, and can directly affect how future generations work together. Looking at conflict this way, you may decide that resolving conflict in the family business is of primary importance. If you can't live with the consequences, move on to the steps necessary to resolve the conflict.

Step 3: Analyze the Conflict

Commit to a solution

If you decide the conflict needs resolution, start by getting everyone to commit to solving the problem, to jointly exploring the issues, to looking for solutions based on common goals.

Agree on a process and establish ground rules

Set up a meeting time, location, and length. Agree that you will:

1. Mutually define the problem and discuss its causes

2. Seek to clarify each person's goals

3. Brainstorm possible solutions

4. Develop criteria for a good solution

5. Pick the best solution based on the available options and your criteria

Explain that everyone must agree to share all relevant information, be respectful, and not interrupt. Set aside an appropriate time to ask questions. Then ask each person, in turn, to explain the situation while the others listen. When each person finishes, work together to summarize the points they have made and search for items that can be resolved. Move on to the next person and give them the same opportunity to explain their view of the situation while other participants listen. Again summarize. As you listen to all the parties, make a list of issues.

Should other ground rules be applied to your situation? Work together to come up with them.

Commit to them. This act alone can create a general momentum of agreement.

Search for the source

Jointly analyze the source of the problem. Don't try to arrive at solutions, don't try to implement ideas – just discuss the sources of the conflict. Brainstorm as a group. Is it an interests-based conflict? Is it over data or information? Is it a relationship conflict fueled by past negative events? Is it over deeply held values, such as family or religion? Is it a structural conflict created by rules, policies, or overlap of job roles and responsibilities?

Turn the "I" knowledge each person has into "we" knowledge you can all share. During the exchange, reasons for conflict will emerge, and once they're identified, solutions can be implemented.

Working together on identifying the source – rather than concentrating on divergent positions – helps ensure that all parties have a common understanding of the problem before discussing a solution. People often find themselves in disagreement because they jump ahead and focus on solutions while looking at the problem from totally different perspectives. Their ideas about solutions seem incompatible because of differing assumptions about why the conflict is occurring. Without a shared perspective, solutions are often incomplete, short-term, and unsatisfactory.

Joint analysis also engenders a culture of agreement among the parties in conflict. Even when they're at odds, it's often easy for people to agree about why a problem is occurring. This helps build group momentum that carries through to the discovery of a solution.

Restate positions

If discussion becomes heated, it's often because the people in conflict assume they know each other's positions. Slow down the assumption process by asking each partner to restate what he or she thinks the other person's position is. This often clears up misunderstandings and miscommunication that may be fueling the battle.

Focus on interests behind positions

Many times you get tangled up over what another person wants without asking, "Why do you hold

that position?" For example, family members may be in conflict over the amount of time spent at the business. What usually happens is that the partners accuse each other of spending too little time – or sometimes too much time – at work, and the conversation becomes a heated debate over "commitment to the business" framed as "you are expected to put in x-number of hours." Begin by asking about the situations behind the scheduling differences. Maybe one person has more parenting or homemaking responsibilities. Perhaps they spend time working at home.

Try to look behind each other's positions and move toward solutions based on shared interests and goals for the organization. Identify common ground in these positions and build on it.

Conflict Types and Their Sources

Interest conflicts

These are conflicts over what people want – a particular outcome or solution – usually stated as a position, like "I have to have this ..." or "It has to be done this way." If interests seem to be the source of the conflict, ask the question, "Why do you want that solution?" This moves the conversation away from positions and toward people's needs, which serves as the basis for win-win solutions.

Relationship conflicts

These arise from past events, the way someone was treated, a miscommunication or a misunderstanding. These can be resolved if you sincerely try to listen and understand where the other person is coming from, then communicate this understanding back to them. Don't underestimate the power of listening and understanding.

Data conflicts

These stem from disagreements about facts or figures. Agreement to call in and listen to a common source – an expert or third party – for facts or figures can often resolve these conflicts.

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Values conflicts

These are rooted in differences about religion, morals, and ethics, and often surface in family business situations. These conflicts can be more difficult to resolve, but you can take a step in the right direction by trying to understand why other people believe as they do. Conflicts in this area may never be fully resolved, but it helps to gain an understanding of the basis for people's actions.

Structural conflicts

These are conflicts over rules, systems, policies, and organizational structures. Quite a few conflicts of this kind surface in discussions about how to include family members and in-laws in the business. Resolution usually involves a willingness by family members to sit down and examine structure, guiding principles, and necessary business roles in a way that involves the parties who will be affected by the solution.

Step 4: Advance Options and Solutions

After agreeing on the causes of the conflict, what do you do about it? Research shows that people are more likely to support an agreement that they come up with, so the key is that the solution should be a shared endeavor.

Ninety-nine percent of the time, problems are the result of a lack of communication. Because of that, most problems are resolved during the story-telling phase of the conflict resolution process – simply because the people in conflict know they have been heard. Still, there is an important final step in the process: once agreement has been reached, write it down and have the participants sign it. Signing off on the list solidifies the general sense of commitment.

Discuss long range plans and goals

People often begin talking about solutions more easily if the context of the conversation is in the future, rather than remaining focused on the current polarities that created the conflict in the first place. By concentrating on each individual's plans for the future of the business, their personal and organizational goals, and their ideas about reaching those goals, a positive direction for discussion is established. In other words, look toward the finish line rather than the hurdles.

In the end there's no magic recipe for resolving conflict. It's hard work, and it requires compromise. Sometimes the situation gets worse before it gets better. Sometimes you have to listen to things you'd rather not hear. But if you truly want to resolve conflict, the hard work, the focus on communication, and the agreement to the problem-solving process can pay off.

Communication Tips

1. Restate, in your own words, the other person's position, to make sure you understand what they're saying. This also lets them know they're being heard.

2. Pay attention to body language. Nonverbal cues can contribute to – or detract from – the communication process.

3. Be sensitive to feelings. Is the other person frustrated? Excited? Disappointed? Angry? We often assume we know what other people are feeling when they talk, and we base our actions on these assumptions. But if you ask them how they're feeling about the subject and why, it helps clarify your perceptions.

AN ENVIRONMENT FOR PRODUCTIVE CONFLICT RESOLUTION

How do we attack conflict intelligently before it happens? With planning, strategic planning. Yes, the same fundamental business tool that gives your organization a coherent sense of direction while pursuing growth can also minimize conflict. A good strategic planning process – one that rises from a vision of success shared by all team members – creates an environment of open communication and common goals. It ensures that managers and employees will understand their roles and responsibilities within the context of a common mission.

Begin by involving the very people who will be responsible for implementing the plan. Ask key team members for their definitions of great performance in your organization. Review the definitions and identify the top priorities. These are your company's shared goals.

What's holding you back?

Next step: define the roadblocks to achieving your goals. Every company is different. Start by asking yourself such questions as:

1. Is your organization's mission clear or unclear?

2. Are strategic priorities clear or confusing?

3. Does your mission embrace specific values, and are they known to all employees?

4. Has a set of base processes and procedures been established?

5. Is team communication strong or weak?

6. Do all team members understand their roles, responsibilities, and accountabilities?

7. Is there significant staff involvement in decision-making?

8. Is management functional and efficient?

9. Is there a high priority attached to customer input and satisfaction?

10. Are there misalignments of organizational structure? For example, are certain departments too broad in scope to be wieldy or in need of subdivision?

Out of this will come a list of obstacles, which typically fall into three categories: people-based, organizational, and cultural. People-based obstacles are fairly self-explanatory; these are impediments that arise from an employee or manager's inability or unwillingness to perform needed tasks in an efficient manner.

Organizational – or structure based – obstacles are those that occur as the result of policies, practices, or procedures that impede your organization's progress toward its goals. This could come in the form of a practice that's become obsolete, perhaps one that was put into place at a time when the organization was smaller or had different strategic needs. Old policies can become sacred cows and stay in place even though they're no longer working. Old reports may no longer need to exist.

Cultural obstacles have to do with the history of your organization's operation, traditions and established customs that impede progress – practices that exist only "because we've always done it that way."

The key is to identify the roadblocks that stand in the way of your newly identified organizational goals, then decide how to work through them. This is the beginning of a conflict management process that will not only solve today's problems, but minimize the likelihood of conflict in the future.

WHEN MORE HELP IS NEEDED

If you've taken positive steps toward creating team cohesion – and fallen short – consider bringing in a facilitator. If your organization simply needs a better strategic plan, your facilitator can guide you toward improved performance.

Sometimes you may simply find yourself too close to a conflict to deal with it effectively. Perhaps you're uncomfortable trying to resolve the dispute on your own. This may involve a situation where emotions are strong and it's difficult to keep tight control of meetings. Or family members keep losing focus on the meeting process, repeatedly sidetracking on substantive issues. A professional mediator is trained to work effectively in these situations.

Mediators are trained to deal with a diverse range of disputes. Mediators are impartial – they don't align themselves with any party in a conflict. They're not acting as counselors, attorneys, or psychologists, but they are skilled at bringing emotionally charged situations under control. The process of mediation is faster, less costly, less stressful, and far more confidential than litigation. It allows you to retain control over the decision-making process, allowing all parties to freely enter into an agreement.

IN CLOSING

Conflict will never go away; it's part of working together in a family business. But people who share common goals have a reason to work together. When we agree to be mutually accountable, show respect, and bring our individual talents to the table, we open new lines of communication and new avenues to success.

About the Authors:

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"The Family That Works Together" is a publication of Kennedy and Coe, LLC.