

POWER!

In the Family Business

Some of the most popular television shows of the last few years take place within family businesses. Whether it's Paramount's "Yellowstone" or HBO's "Succession," or going back a few decades to "Dallas" or "Dynasty," family-owned companies seem ready-made for drama.

Even if your family company isn't characterized by billion-dollar deals, land grabs, fancy cars and airplanes, or attempted murder (do you remember who shot J.R.?), there are still plenty of power dynamics at play. Consider the different ways power is expressed in your family business.

Power as legal authority. One clear way power is expressed in a business is through a company's legal entities. According to your bylaws, trust document or operating agreement, you may be the president or chief executive officer. You might have power of attorney, be a trustee or have enough ownership to control the direction of the business. You have a legal right to make certain decisions affecting how the company operates.

Power as generational, or gender, authority. A more subtle way power is expressed is through age or birth order. Parents may control the business, even if they have transferred ownership to the next generation, simply because the younger generation respects them and defers to them on key decisions. An older sibling might be seen as the leader because he or she came back to the business first, regardless of whether that person is the most qualified to make certain decisions. Sometimes, power goes to men in the family business even though a woman might be the better leader.

Information as power. Another form of power is one's proximity to important information. Knowing what

is going on strategically or financially can be an advantage. For example, the sibling who knows the parents' plan for dividing their estate can use that information to prepare for the future in ways other siblings cannot.

Proximity as power. Related to informational power is the emotional distance between family members. A family partner may share detailed information with his or her spouse at home in the evenings, where other family members can't hear the discussion. Or, key decisions may get made without the participation of all owners because of how close some partners are to one another.

Money as power. An obvious form of power lies in who controls the checkbook. The ability to disperse or withhold funds, make purchases, take on debt or sell assets or grain has the power to commit the business to significant future liabilities. When this power is coupled with poor communication, the results can be disastrous.

Chaos as power. My final observation about power ties back to the television shows I mentioned but is also alive and well in most "normal" family businesses: Power is the ability to create chaos. The person who causes drama by throwing a fit, initiating a lawsuit, speaking inappropriately to a customer, vendor or employee, blowing up at an in-law, withholding support or declining to participate in any family decision but still does whatever he or she wants holds a certain power over the rest of the participants in a family business. Their power comes from the idea that we have certain expectations for how family members should relate to one another, and when they violate those expectations, we don't know how to respond.

To navigate some of the power struggles in family businesses, create clear lines of authority, specify your expectations of others, talk about the future and communicate regularly about important decisions.

There will always be power dynamics at work in a family-owned company, but those dynamics can often be more effectively managed toward a successful future. ///



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