



## Family Business? Know Your Boundaries!



In golf, playing your best requires good course management. Good course management calls for three things: awareness, planning and execution. Standing on the tee you take note: trees & out of bounds left; water hazard right. You then take dead aim and execute the shot. While your intent is to place the ball perfectly, you accept that crossing boundaries and getting into difficulty is part of the game. And on those occasions when you do find yourself in a nasty predicament, you have a game plan for recovery. Sure, the sting of regret may be sharp, but you accept the penalty and use your experience to get back on track.

Similarly, managing the boundaries between family and business also calls for awareness, planning and execution. As with golf, difficult situations will inevitably arise as you seek to strike a balance between the competing interests of family and business. While the hazards posed by these conceptual boundaries are less apparent, failing to manage relationships in their proper context will give rise to penalties in the form of confusion and conflict.

Clearly, combining family and business together offers some clear advantages. How else to explain why more than 80% of North American businesses are family owned? The fact is that when family values of love, allegiance and tradition are melded with talent, ambition, and market opportunity the results can work magic. But where the corporate culture is not instilled with a spirit of alignment between the family and business dimensions, things can become problematic.

Lack of alignment may be the result of family hiring policies that do not clearly spell out rules and expectations about performance, career path or compensation. This can undermine morale, and pit talented family members against those who work in the business for lack of better alternatives. Or parents may choose to divide ownership equally among siblings, irrespective of skill and motivation, to avoid having to make a difficult choice about who will lead the business. Under these scenarios the boundaries between family and business, parent and boss, brother and sister become blurred and confusing. When these boundaries are not adequately managed and differentiated, relationships and the business can suffer.

So how to maintain healthy boundaries between the emotional elements of family and the task oriented nature of business? While the boundaries between family and business must be differentiated, they should not be managed in isolation. Let's explore an example.

### **Divide and Conquer: Not!**

Consider the case of a middle son (let's call him Will) who became the 3<sup>rd</sup> generation CEO of the family business. Will and his numerous siblings held equal ownership, but Will was chosen by his Dad to run the business, and was the only one working in the business. As time passed and the family grew and matured, complexities magnified. There was simmering discontent on issues ranging from Will's appointment as leader, to dividend policies, to ageing parents. Will realized that a more collective approach to managing the dialogue was required. As such he advocated for the formation of a family council to aid with communications, and to help manage the boundaries between family, business and ownership. Initially, this idea didn't settle well with Will's dad, who wanted to see his traditional role as the head of the family continue, with a clear division of power and responsibility: 'Son, you manage the business, and I'll manage the family, just like always!' In other words Dad wanted to act as family referee and boundary boss.

Will realized that his father's plan for separating duties in this way would leave him isolated and vulnerable, like a patient in quarantine. Given that each of his siblings were shareholders too, the family and the business had to be managed collaboratively, not in silos. Will advocated a unified approach to communication via a family council which would provide a forum where all family members could air their views, and work through their differences.

In time Will sold his father and his family on the merits of this approach and they committed themselves to meet on a regular basis using a facilitator and a structured agenda. Through this they developed a much more cohesive vision for the business and the family, and became better at managing the boundaries separating each. It is an ongoing process of continuing learning. The family hasn't looked back.

### **How Will Your Family Play?**

When the complexities of family are merged with the task oriented nature of business, tension and conflict is inevitable. Successful business families are aware of boundaries and manage them proactively using communication strategies that promote openness and collaboration. As with golf, good course managers are well aware of the perils that wait when boundaries get crossed. They accept the occasional trip into the weeds as an integral part of the game and plan accordingly.

#### **About the Author**

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