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BEST PRACTICE BRIEF – “Take the Family Out of the Family Business”

By:

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Background

In business, it is common for companies to aspire to be family-like. In fact, there is a long history of business cultures trying to be like a family.

However, as organizations, businesses and families have very different functions. Serious problems can arise when people confuse the two.

In my life and in my business career, I have been a part of very potent and powerful family and business organizations. I have also been a part of dysfunctional family and business systems. In both cases, it is obvious that whether functional or dysfunctional, powerful or terrible, both systems are very different.

The incompatibility between these systems often shows up in family-owned companies, especially as they pass on to the second generation. Why? Because the rules that govern successful business organizations are radically different from the rules that govern successful family life.

The intermingling of these different sets of rules can have drastic and terrible effects. It is like playing baseball while using the rules of football, or soccer with the rules of hockey. No matter how hard you try, it won't work.

Choice vs. No Choice

How are the two systems different?

Family life is about a relationship between adults – nurturing, loving and supportive – possibly creating and raising children. The children grow up and then begin creating families of their own. Family life can also include helping adult children and their families and/or supporting and nurturing parents into their golden years and eventual deaths.

Business life involves a group of adults working together and providing a service or product, purchased by customers. The customers pay money, which funds the production of the service and/or product. Through work, adults get to participate with others in a game of accomplishment. They also generate for themselves a stream of revenue from which they can conduct their lives.

Clearly, family and business serve two very functions.

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A major difference between the two systems is that people have no choice about which family they are born into. This results from being a part of a very particular egg and sperm club. Our entire lives are spent dealing with this particular club and the circumstances that we find ourselves born into. In contrast, business is a choice. You choose where to work and what you do. Others choose not to work. (Some would argue that people must work in order to make money and survive, and thus have no choice. However, for the purposes of this article, let's assume that people do have a choice and leave that debate for another time.)

In the business world, you can pick where you interview for work and put yourself in a position of being selected for employment. You can also quit work when you choose. However, there is no "getting out of" family. Even if you become estranged and detached, your parents, brothers and sisters are yours for life. On a certain level, you can never escape from your family.

In healthy families, you would never fire your relatives. You deal with and have your children, parents and siblings in good times and bad. Because it is designed for economic survival and for customer satisfaction, work needs to have different standards. Problems arise when family businesses get the two confused.

Healthy Family Businesses

In dysfunctional family companies, the position of the family members somehow becomes a right and an inheritance. Working at the company becomes some kind of legacy simply for being part of the family. These companies may prosper for a while, but they will eventually decline and die.

In healthy family businesses:

- Family members are in the right places doing the right work, because their intelligence and abilities put them there, not because they belong to the family. More important, this is clear to the entire employee group.
- Being related to the owners gets you (at best) an interview. Your ability, hard work and circumstances, not your bloodline, dictate your career path.
- Parents and children who work together call each other by their first names. Couples work together because they are successful, not in order to strengthen their marriages.
- CEOs whose children work in the business do not use it as an opportunity to strengthen their family relationships or work through their issues. Instead, they see it simply as an opportunity to work together and accomplish goals with someone they admire and respect.

In addition, very strict parameters govern work conversations. Frequent discussions about work may be banned from the dinner table, and certainly is not pillow talk. Outside of work, there are a lot of other topics that need to be dealt with, and members in a healthy family business are clear on this.

Family is family and business is business, with the two seen as very separate. In dysfunctional family businesses, these distinctions blur and can take a huge toll on marriages and other family relationships.

Keep Them Separate!

To work in a healthy family company, the expectations have to be much higher for family members. The game of business demands this kind of rigor. When family members are singled out for special treatment and support, it can breed anger and resentment among other employees. When employees perceive the organization as not being a meritocracy, the overall performance of the business can be negatively impacted.

On the other side, family life can sometimes be filled with pain, ugliness and hatred. We have all seen families do horrible things to each other. Fortunately, we have also seen families do incredible things for each other in the name of love. Some of my most profound growth as a human being has come from "coming to grips" with my relationships with parents, my sibling and relatives. However, business should not aspire to these polarities. There is no need in business for internal relationships to be either so positive or so negative as occurs in family life.

The bottom line is that families and businesses are different types of systems with very different types of functions. Work can still be a nurturing and worthwhile place where people can grow and develop, but it is not family. And families can be focused places where group accomplishment is encouraged and appreciated, but it is not work.

By keeping family out of work and work out of family, the people engaged in both systems (and the systems themselves) will be much better off.

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To discuss family business matters, please contact one of our Directors at (714) 668-9500 or Info@ClientAdvocateNetwork.com.