

The 4 Cs of Conflict-Free Family Businesses

Focusing on growth is harder when your co-owners are your relatives

By Fred Pidsadny

Family-run businesses are like elastic bands—they can be stretched only so far, in different directions, before tensions cause them to snap.

Those who run family businesses know that stress can often be elevated by forces that don't exist in non-family firms, from hiring obligations and bloodline silos to next-generation financial demands to underperforming family members. It's one thing to discipline or even fire a stranger, quite another to turf a brother or daughter. For such businesses, finding a successful balance is an ongoing challenge.

So how can family-owned businesses avoid conflict and focus on growth? For a number of years I've been working with a company run by three brothers, each with their own family and their own unique take on strategy and succession planning. They have benefited tremendously by learning and practicing what I call the four Cs of strategy execution for owner-managed businesses:

CLARITY

From the outset, each co-owner needs to understand (and support) the others' roles. These roles must be discussed at length at the senior table, must be crystal clear to all involved and must be agreed upon.

If one co-owner can't fulfill his/her role, clarity must be again used to map out what happens next. For example, one of the brother-owners of the company I'm helping needed to take time off for family reasons. The other two came together and decided to bring in a non-family member with the appropriate skills, rather than someone from within the family, as had been originally suggested. The new leader's temporary role was then defined with clarity and agreement.

COMMUNICATION

The familiarity that family members have with each other may not always have a positive effect on non-family employees. It's very important to separate business from family, and family from business. Co-owners of family run businesses should agree on office boundaries, and develop communications protocols for interactions that occur not only behind closed doors, but also in the presence of non-family members. They must then hold themselves to the standards they've agreed upon.

COMMITMENT

Most family business owners place a high priority on securing the future for the next generation. To achieve this, they must commit to professionalizing themselves as managers and leaders. This means regular progress meetings and a renewed level of professionalism for the business and for each other.

They should also commit to being open to outside support to help guide resolution when tensions mount and hurdles are presented. Indeed, my clients have been able to break through blockages much sooner by working with our strategy execution experts to help align priorities and agree on strategies.

CONFIDENCE

Perhaps most importantly, owners of family run businesses must have decision-making authority for their own area, and enough confidence in their fellow-owners to let them have the same authority. Trustworthiness always involves a leap of faith, but when it comes to families, and family-run businesses, the rewards can be worth the risk.

The brother-owners I've worked with have encountered many challenges since taking over the business from their father in 1999. While competing ideas and interests at times continue to threaten the business, they've reached a common ground by adopting the Four Cs. By working together and managing conflict, they're growing the business at 20% a year.

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