

## Pocket Summary

### Let's Meet, Let's Talk...



## Communication, regular and meaningful, the key to Family Business success

By Lucio E. Dana and Harry Kras

### Family Meetings

Family meetings are one of the two most important steps a business owner can take to ensure the continuity of the family business.

It has been argued that there are a number of very important reasons for holding family meetings. These gatherings bring family members into business discussions; help to challenge members to communicate and to face their differences rather than avoiding or ignoring them; help to build stronger families and businesses; assist families to plan for the future; help children in appreciating important family values; open up discussions concerning the succession process; preserve family values, traditions and history; can be used to professionalise the business; are useful for managing relations between the family and board of directors; demand a total family effort; and help to recognise and resolve conflicts before they become crises.

Family meetings have the potential to bind the family and business particularly during difficult times. These meetings also provide young family members with opportunities to develop and display skills including leadership, conflict resolution, sound communication and how to manage meetings.

Unfortunately, few family businesses hold family meetings. Not holding meetings can be attributed to not making the time, not being able to see the benefits, a need to keep information confidential, and a fear that issues raised in such a context might lead to family conflict or turmoil.

Family meetings are similar to board meetings in many respects. They require careful planning, preparation and forethought, particularly when it comes to assembling agendas, chairing the meetings, and sticking to the agenda. Agendas are prepared in advance, meeting dates and times are established, and notes or minutes are taken. These notes help establish a sense of continuity and are a valuable source of information for members who cannot be physically present or for those who are not active in the business.

As an example, the first family meeting might take the form of a two-day retreat, giving everyone a chance to get away from the business and to focus on issues at hand. A facilitator, such as an impartial mediator, might conduct and keep the meeting focused on its purpose. The facilitator can also ask hard questions, assist participants and help manage any conflict.

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#### **Why is communication and conflict resolution so difficult for families in business?**

From the outside, it seems so easy to resolve many of the difficulties of families in business. Yet many families will stop at nothing to avoid discussion of controversial issues. In a family business, one cannot just have a talk about business differences. Family members do not merely face differences of opinion, feelings, or conflicts over policies. They bring with them not just the issue at hand, but a history of expectations, assumptions, hurts, and unfulfilled desires as ghosts in the conversation.

For example, if a CEO father asks his accountant daughter to get him a cup of coffee, he is not just making a simple request; he is also sending a signal about the terms of the relationship and their history. He assumes that he has the right to ask her and that she will obey. But what if she was to reply: "No Dad, why don't you get your secretary to do that?" A variant of the example would be this same daughter wanting her father to consider a new form of accounting and not receiving a response or receiving a lukewarm response. In each case father and daughter are struggling not just with the issue, but with their history together, and the nature of their relationship. Every family conversation deals with the reality of the family and business history. All the baggage family relationships carry gets in the way of sharing and resolving differences.

#### **Sources of conflict.**

There are family members who do not feel heard; there are those who are feeling anger or hurt; there are those who want to reconsider family or business traditions; and those who want to resolve value and policy differences.

Most of the communication difficulties and conflicts that arise in family businesses are created by a few interrelated issues clustering around the dual relationship of family member and business associate:

- *Confusion of family and business roles:* transfer of family roles into the business.
- *Violation of one's sense of fairness and justice:* equal treatment, particularly in a business setting, can become a problem due to different talents, activities, and circumstances.
- *Feeling unacknowledged:* feeling that one's contribution, talent, or ability is not noticed by others, especially parents.
- *Feeling powerless:* when a family members feel that they do not have any impact on other family members who will not listen to their advice nor heed their ideas and judgements, and notwithstanding their skills they are still treated as little brother or simply son.

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#### Myths about conflict and communication:

- *Since he or she will not change there is nothing I can do.* Conflict resolution begins with you. What can you do to create a positive climate for the other person to work on the problem?
- *He or she just does not care or does not want to do anything.* You usually think this when someone is not doing what you want. You need to air your concerns more clearly and ask the other person where he or she stands, talk to the other person about yourself and about what he or she wants, feels and needs.
- *Conflict is bad and wrong if people love each other.* We do not always agree with people we love; in fact we do not usually have conflicts with people who do not care about. Avoid conflict is not a solution. If conflict is not acknowledged it does not go away, it just remains below the surface building up towards an eventual explosion and then everyone's fears about conflict come true.
- *Feelings have no place in business relationships.* All relationships, including family business relationships, are about feelings of love, caring and respect. The emotional component of family business conflict must be addressed along with the practical issues at stake.

#### Redesigning relationships and communication.

Family business members almost uniformly report that their most pressing concern is 'communication'. In most situations, they really want other family members to sit down and listen; they want to be heard and respected. Sometimes, however, what they mean is that they have trouble getting another family member to do what they want; they want to 'communicate' to the other why he or she should do something. Parents want their children to behave in a certain way, and children, especially when they follow parents into their business, want to have impact on parents. Often they have different ideas about what to do and how to do it.

The primary communication issue in family business is the difficulty family members - spouses, parents, children, siblings - have really hearing one another. They have been together so long that they often stop listening, thinking they 'know' the other. But effective communication is about really listening to the other members of your family and allowing them to remain different, even respecting their differences.

Communication problems have invariably built up over a long time, and are usually broader than just resolving one difference in a five-minute chat or even a 'let's sit down and work this out'. Communication is not just applying a series of techniques to a conversation, but implies a set of attitudes about the other person and the relationship. Good communication means a good relationship - where people have basic respect for each other, take time to listen to and learn about each other, allow

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each other to be different, and consider preserving the relationship to be more important than any particular issue. When a relationship contains these elements, there is no dispute that cannot be resolved. Without the above elements, it is unlikely that even minor differences can be bridged.

To redesign a relationship for good communication, you need to begin with yourself and create the environment for the other person to be drawn out, involved, or persuaded to open up. Instead of thinking about how you wish the other person to 'be', concentrate instead on what you want, or what you may be doing to keep the other person from talking to you. If family members do not feel that other family members value them, care about them or appreciate them, the situation cannot get better. Learning more about others can provide insights into why they are stubborn about a certain issue; e.g. they needed security, while he needed challenge and risk.

#### What can you do?

- Spend some time together and begin a dialogue
- Try to understand their perspective before you share yours
- Persist in your efforts
- Look at all the areas you agree on...and build on that base
- Determine what you want to get from the other person and send your message clearly

**"Loving, giving, and forgiving is what ties family members together - and is often the true basis for their business success."**

*(Cohn, M. Passing the Torch. McGraw Hill, Inc. 2nd ed. 1992, p.288)*

For more information, speak to a professional adviser or visit the Family Business Resource Centre on [www.fbrc.com.au](http://www.fbrc.com.au).

*\*This article by Lucio Dana & Harry Kras is for general information only and should not be relied on as, or in substitution for, professional advice.*

*(These notes have been excerpted, with modifications, from Smyrnios, K. Romano. C. & Dana, L. Family Business Succession Planning: A 10 Step Guide. 2000 Centre for Professional Development to which readers are referred for references and acknowledgments, also Jaffe, D. Working with the ones you love. Conari Press, 199, Cohn, M. Passing the Torch. McGraw Hill, Inc. 2nd ed. 1992 1 – all of which sources are highly recommended reading.)*

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