

Pocket Summary

Making Sibling Teams Work



Perpetuating the Business often Requires Creating Effective Sibling Teams

By Lucio E. Dana & Harry Kras

Critical questions:

- Can brothers and sisters work together owning and managing the family business?
- What are the challenges facing siblings working in the family business?
- How can siblings be trained and equipped to handle them?
- Can siblings mould themselves into an effective team of leaders?

From one to several

More and more it is becoming commonplace to see sibling teams working in the family business. The business goes from entrepreneurial owner-founder to the next generation of brothers and sisters who share ownership and management of the business. The level of intimacy and emotion among siblings is high. Having grown up together, siblings bring into their business relationships long held memories and opinions that increase the potential for misunderstandings. Siblings who are angry, disenchanted or unproductive, or are not functioning as part of the team can threaten the harmony of the family and the success of the business in which they have an ownership interest.

When there is shared power or authority the governing structures are especially critical. There must be clear boundaries, expectations and relationships between the family board or forum and the business. If brothers and sisters take care of their relationships they can form very effective partnerships. Teamwork is the pre-requisite for success.

The challenges facing sibling teams include:

- Becoming independent from their parents
- Seizing the initiative and assuming responsibility for their own development
- Creating an effective team and becoming an effective, cohesive partnership
- Nurturing their relationships with one another
- Acquiring the necessary communication, conflict resolution and shared decision making skills
- Devising business growth strategies and plans to ensure there is enough for everyone
- Developing policies, procedures and structures to ensure the continuity of the business
- Finding ways to include spouses and provide a forum for their opinions
- Creating an infrastructure of governance, policies, and procedures that provides the framework for effective planning and decision making and for accountability

Sticking together is easier said than done; many family business experts believe that shared family ownership almost inevitably fails. Equal partnerships are fragile business structures. The human relationships that sustain a business can be undermined by ego, stress, disagreement and perceived unequal effort.

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Because they grew up together - in the same home, of the same parents - brothers and sisters often reason that their relationships with one another are secure. They take their bonds for granted. Like all other relationships, however, sibling relationships need continuous care and attention. Relationships among family-business partners most often fail from neglect.

Principles to guide the relationships and deliberations of siblings:

- **Clarify roles and keep lines of communication open.**

Siblings should know what their jobs and the expectations of performance are. They also need to have regular meetings to discuss issues and grievances and resolve them. The difficulties in siblings working together in the family business are inevitable: the challenge is to deal with underlying tensions and turn any rivalries into a positive force for business success.

- **Give each other plenty of space at work; respect each other's turf.**

Establish clear lines of authority and responsibility and respect them. This will help to diminish potential for conflict. Do not contradict each other or crowd each other's decision making. Do not tread on each other's ego sanctuaries; know where the other wants to feel expert and contribute and respect that. Create a division of labour: Mr. Inside and Mr. Outside. Or each runs a different division or store, or each operates out of separate locations. This may not eliminate conflict but might reduce the potential for conflict.

- **Spend time together away from work; enjoy each other's company.**

Spend time together away from work to deepen, repair, and replenish relationships and take the edge off business differences. Meet regularly at a coffee shop or restaurant to talk about family, sports, or politics. Talk on the phone during off-hours. Share a regular common interest such as sport or music or other activity. Use humour to release tension and keep things in perspective.

- **Regardless of title, each is an equal owner; major decisions require consensus.**

Most sibling partners consciously decide to be equal partners and to take equal pay and perks. With equal ownership positions, any differences in pay, even if objectively determined, are trivial. In decision making recognise that unless each partner agrees, it will be a problem.

- **Agree to focus on what is best for the business & on goals larger than yourselves.**

The good of the business comes first - this is the most important point of agreement. This enables siblings to distinguish what is self-serving from what is best for all. Set concrete business objectives and review strategies and results with an outside board of advisers/directors.

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Suggestions:

- Talk gripes out privately. Let your partners know how an issue makes you feel. Have 'air-it-out' retreats once or twice a year to review relationships. The key is to speak to each other, don't complain to a third party!
- Speak positively of each other when talking to your spouses, and do not use them as outlets for complaints. Husbands and wives, unfortunately, hear gripes the most. After they have heard nothing but negatives, it's no wonder they begin to judge their spouses' partners harshly.
- Do not evaluate or judge each other. It almost guarantees defensiveness and hard feelings. What works better is to do self-appraisals and present them to each other or to the board. People usually set higher standards for themselves than others would set for them.
- Work hard at nurturing the relationships and cherish the results.

Conclusion

To succeed, sibling teams must care enough about the business and themselves to do what is necessary. This includes creating structures that support harmony in the team by making decisions less personal and more professional, and by encouraging all team members to perform at their highest level and conduct themselves in a mature fashion. It is not easy, but it can be done as the success of other sibling partnerships demonstrates.

For more information, speak to a professional adviser or visit the Family Business Resource Centre on 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 from Aronoff, C et al. Making Sibling Teams Work. 1997, Business Owner Resources; Ward, J. & Aronoff, C. 'Sibling Partnerships'. 1996 Family Business Sourcebook II, pp. 419 – 420 and Bork, D. et al. 1996 Working with family businesses: a guide for professionals Jossey Bass, pp. 173-4 – all of which sources are highly recommended reading.)

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