

Reading

Some ideas for preventing conflict in family businesses

It is better to light a candle than to curse in the darkness
Chinese proverb

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Family businesses are organizations laden with emotions. For this reason, the family dimension, which has a tremendous influence on the company, must be correctly channeled within the company, in order to ensure that it has a positive impact. In the previous issue of Strategic Management, I explained the main causes of conflict in these organizations. This time I will present some practical ideas that can help prevent such conflicts. As you might imagine, these ideas not only help reduce potential conflict but can improve the way family businesses work.

I. Creating a shared vision

Vision is one of the most powerful tools that move an organization. Vision means future organization, the company that we intend to develop in 10 or 20 years. Vision is a perfect and unattainable image, which, though unattainable, serves as a guide and an inspiration for all those who are part of a work team.

Once the vision has been created, it must be shared. Every member of the organization and the family must have a unified vision, because this lays down the path that each of them must follow with respect to the organization. In fact, it is easier for employees and family members to accept the vision if they help to create it. For some individuals, neither the managers nor the owners are the true leaders of the organization; that role belongs to the vision.

II. Clarifying the rules of the game in a family business

All family members that relate to the company in one way or another must know at least the fundamental issues of its organization and what is expected of them. Obviously, not everyone needs to have the same depth of knowledge regarding the organization. The company president may know all the ins and outs of the business, but younger members, or spouses who do not work in it should know at least some of the rules and foundations. There is a document, the family protocol, that should be shared with all family members. It refers to the connection between the family and the business. As we will see later, the family protocol establishes guidelines regarding the business matters affecting the family, such as the probable inclusion of relatives in the organization.

To the extent that the rules are clear for everyone, and the plans of the founder or leader become less ambiguous, the members of these organizations feel more secure and infighting diminishes.

III. Designing a professional organization

In a well-organized company there is less room for conflict. When a company is structured in a way that prioritizes the family system (with the purpose of meeting the needs of members) but without resolving the demands of the company, it is made vulnerable, and conflicts are bound to arise in the company. Some organizations create job positions, or entire divisions, to suit family members, even when they are inconsistent with the interests of the organization.

A company's structure must be designed precisely in accordance with its needs. If there are members that can occupy the jobs that are created, the company should analyze whether or not they are right for those jobs.

IV. Incorporating people capable of adding value

Essentially, a company is the people who work in it. Under this premise, it should only hire valuable people, in other words, only those capable of adding value to the organization. How do we measure the value they can contribute? There is no crystal ball that can tell us the future performance of job candidates, but if we carefully examine the job description and compare it to the profile of the candidate, it is possible to predict the result with a certain amount of confidence. As in any other business, the capacities, attitudes and values of those who want to hold a job in the family business should be assessed.

V. Division of labor and job descriptions

A clear division of labor is a fundamental tool not only to ensure specialization on the job, but also to avoid confusion.

In very small companies, employees tend to do a little of everything, and it's not easy to assign specific duties. In larger, more specialized companies, the division of labor is easier. The person who most often violates his job description is the leader (founder). Founders are used to doing many jobs within the organization and have problems defining their own duties if the company grows, because although they are forced to delegate duties, they always have the temptation of doing other jobs, because they have already done them in the past.

It is important for all members of the organization to be clear about what they should do and what is expected of them. In a family business, particularly when family relationships are rocky, it might be a good idea to include a list of jobs the person must not do in the job description. For example, if there are conflicts

between two family members because one of them gives orders to staff who report to the other, it would be a good idea to clarify that that position cannot give orders to the staff of a given department. This may seem unnecessary, but if it helps to clear up what is expected of the person, it should be included in the job description.

VI. Describing a professional path: life and career plans

This is a novel concept that can help us sort out the ambiguity of business leaders' plans, but it requires tremendous openness. The advancement of each family member can be planned depending on their circumstances, interests and capacity, but also in consideration of the company's needs. The professional advancement of family members within the company should be made clear from the time each of them joins the firm, and even before, which is done by projecting competencies they must develop, the courses and experience they must gain and the jobs they can most likely aim at. Note here that we are talking about simple plans, not a letter of guarantee or a promise that they will be given a job at all. The mere description of a professional arc reduces uncertainty for those who are preparing to hold important positions in the organization, but it also can help identify those who will not be given those jobs. It is only fair for the leader's plans to be known from the start, because this prevents unpleasant surprises when it comes time to pass the baton to the next generation. This process of describing professional arcs requires openness and courage.

VII. Communicating a culture of acceptance of diversity

Organizations with a more authoritarian style tend to reject opinions that differ from the leader's. In these cases, thinking differently can be a risk, because it is considered an affront to the person who controls the company. Remember that two heads are better than one, particularly if they have different ideas, and thinking more is better than thinking less. Promoting a culture of participation, expression and tolerance of differences will be beneficial to the organization. Soon, the company may learn to see the difference of opinion as a way to improve the present situation.

VIII. Encapsulating the conflict

When there is a conflict within a family business, it is tempting to seek out allies to share our frustration. This only escalates the conflict, and what might easily have been settled between two people becomes almost impossible when more people are involved.

Let's imagine that a person is looking for allies against his brother instead of encapsulating the conflict and dealing with it one-on-one. If he had done that, it is possible that the two brothers could have settled the conflict in a few hours, but

the battle now spreads to other members of the organization. This should be kept in mind when we feel the temptation to discuss company situations with family members.

IX. Forgiveness

It is possible, dear reader, that at this point you are surprised to find the issue of forgiveness addressed in an article about business. This concept is more often related to religious and spiritual matters, but there is room for it from an organizational perspective as well. Throughout my professional practice with family businesses, I have witnessed the importance of forgiveness as a tool to integrate an effective work team. How difficult it is to keep a family business on track if there are old unresolved wounds!

The issue of forgiveness in organizations has been studied a bit more in recent years. People who possess the ability to forgive often form more cohesive groups, and in general, experience healthier workplace relationships. One of the greatest problems family businesses face is their inability to ventilate conflicts, which sometimes originate in old feuds. It is said that family businesses are emotional organizations. If destructive emotions are allowed to fester for years, like jealousy, envy and resentment, the outcome can be fatal. Like a pressure cooker, which has an escape valve to let off pressure, organizations should use the act of forgiveness as a valve to let tension escape. I plan to address the organizational impact of forgiveness in greater depth in another article.

I hope these practical ideas are useful for your family business. Putting these points into practice can encourage a workplace environment of greater harmony, where family unity is still compatible with better organizational performance.