Resolving Family Business Conflicts

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In this article, I want to share a story about a family business conflict. This is not based on any real family business, but is so common, it could be.

Bill, at 70 years, was father, boss, and tribal chief. He was the president, CEO, and principal shareholder in the family business. In Bill's family, no one was really an individual. Rather, his children, Sara, Will, and Connie, were all like parts of machine. Neither Bill nor his children acted like adults with families of their own. Their lives revolved completely around the family business. Sara, Will and Connie saw their primary identities as Bill's children. They had little economic or emotional autonomy. In fact, Bill was consulted on every major life decision, and his approval was necessary before anyone could do anything. Their social lives and raising their children were coordinated around Bill's preferences.. Although Sara, Will and Connie lived in separate houses with their spouses, they were all in the same neighborhood. No one was more than a few blocks from Bill. Bill's wife, Ann, was subservient to Bill in every way.

Bill died suddenly and unexpectedly on a Saturday evening. His estate left everything, including the family business, to Ann. Ann had stayed at home to raise the children. She consequently had no ability, desire, or inclination to run the business. She told the children they would have to run it for her.

Other than going away to college, Sara, Will, and Connie had each worked in the family business since high school. They did their jobs well, but had never made decisions independently of Bill. They also had never learned how to deal with differences between themselves. Bill, ever the firm patriarch, was always around to keep disagreements from getting out of control.

Within three months of Bill's death, the family business, which had provided very comfortable livings for everyone, was in chaos. Sara and Will were not speaking to each other, and Connie was in denial as she tried to avoid the arguments that erupted every day. The business was headed for a death spiral unless the three siblings could straighten their relationships out quickly. On the recommendation of the family lawyer, they retained a peacemaker.

The peacemaking process was not easy or fast. Initial private interviews uncovered the basic history of the family and its dysfunctional nature. In addition, the three siblings carried perceptions of gross injustices they each suffered at the hands of Bill and from the other siblings. Everyone privately felt that Bill had singled out the others for special treatment to his or her exclusion.

The key was in helping the family understand how the problems they faced were not created by them, but by their father. Without casting blame, a series of guided conversations began to reveal that Bill's need for control reduced Sara, Will and Connie to child-like roles within the family and the business. Despite being functional adults otherwise, they were never allowed to mature into business owners, decision-makers, and leaders.

Injustices were uncovered and talked about openly. These difficult discussions provided the basis for learning how to listen, how to be present with one's personal fear and anxiety, and how to support others at the same time. In family systems terminology, Sara, Will and Connie were learning how to differentiate.

At times, the conversations were heated. Sometimes, one or another would storm out of the peacemaking session. After all, over 30 years of pent-up frustration was boiling to the surface. As long as the conversations remained respectful and productive, the peacemaker allowed the family to express itself emotionally. Ground rules were established and enforced to maintain a safe and tolerable environment for the work. Even the ground rules provided a lesson in how to organize and conduct group meetings by consensus.

Over a period of four months, significant decisions were made. Ann agreed to sell the business to the children. The children agreed that Sara would be the CEO, and she agreed to go back to school to learn about business leadership and management. Will and Connie would be vice-presidents, but as co-owners, would have an equal voice with Sara in all significant business decisions. Decisions would be by consensus whenever possible. They agreed to bring in financial, legal, and management consultants to help them learn to run the business in an efficient and modern manner.

By the anniversary of Bill's death, the business had turned around. Things were still tough, but Sara, Will and Connie were on a path of personal and family growth. They had successfully negotiated the pitfalls of their father's untimely death, confronted their conflicts, and found ways to collaborate towards future success.

Not every family is this successful. The difference here was an early intervention by an outsider and, more importantly, the depth of commitment of the children towards themselves, their mother, and their families.