

Identifying and Coping with the Unique Dynamics and Challenges of Family Businesses

Jerry Biberman, University of Scranton
Kania School of Management
Scranton, PA 18510
Management/Marketing Department
Scranton, PA 18510
Phone: 570-941-7707
Fax: 570-941-6369
bibermang1@uofs.edu

Lauren Black Schwarz
The Learning Organization
1641 Doncaster Dr. NE
Atlanta, GA 30309
Phone: 404-875-4180 ext. 211
Fax: 404-875-4452
thelearningorg@mindspring.com

Tracks: Family Business: It's Role in the 21st Century
Management Consulting: Roles, Issues and Concerns

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Abstract

Family businesses give rise to a number of unique challenges that go beyond the challenges of running other businesses. These challenges include a wide range of psychological family dynamics issues that often cause conflict and stress in the business. Sometimes, pressures to succeed in the business can lead to additional strain and stress on the family. This paper will identify the challenges that are unique to family businesses, and will then describe techniques that members of these businesses and consultants to these businesses can use to cope with these challenges. The paper ends by suggesting a contrasting paradigm for family businesses – a paradigm based on vision, nurture and service rather than on conflict.

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Unique dynamics and challenges for family businesses

Family businesses give rise to a number of unique challenges that go beyond the challenges of running other businesses. These challenges include a wide range of psychological family dynamics issues that can cause conflict and stress in the business (Roderiguez, Hildreth, and Mancuso, 1999). Sometimes, pressures to succeed in the business can lead to additional strain and stress on the family. The psychological issues that emerge are the same as those that can and often do occur in all families. They include such issues as sibling rivalry and conflict, conflict between and with parents, family constellation and birth order issues, children's competition with each other and striving for parental approval, and parents' differential treatment and approval of their children. In most families, many of these issues are not dealt with openly, and the issues and the resultant conflicts and behaviors are pushed into the family and family members' "shadow" – surfacing unexpectedly in family conflict, projection, and other psychodynamic ways (Zweig and Wolf, 1997)

In a family business, the pressures to develop the business and be financially viable can lead to an even greater tendency to not want to deal with family psychodynamic issues. Rather than these issues going away, however, they remain buried in the family's shadow, where they can influence and effect the business in many unintended (and often unconscious) but important ways. These issues include:

- Unresolved emotional attachments to parents and other family members (Schwarz, 199, p. 98-110);

- Expectations that the whole family will actively participate in the family business affairs (Estess, 1998, Wells, 2000);
- Parental attitude that the time spent on business activities is for the benefit of the family (“I’m only doing this for you”) (Schwarz, 1999, p. 187);
- Fearing the risk of personal disclosure;
- Projection of individual issues onto others;
- Various trust issues and control issues (Lachapelle, L. Kacie, 1997; Raskas, 1999);
- Conflict between family members vs. non family members of the business (Estess, 1997);
- The perspective and influence of spouses and other family members (Fitzpatrick and Feinberg, 1998).

Coping techniques for family businesses

In order for a family business to cope with these issues, members of the business and of the family must first be willing to take an open and honest look at the existing interactions, behaviors, and climate within the business and within the family. They need to bring the unconscious influences into consciousness (by acknowledging and paying attention to them) – so that they can deal with them. It is our contention that paying conscious attention to these issues can lead to organizational and personal learning and growth. In addition to the conscious willingness to acknowledge and pay attention to these issues, the following specific techniques and interventions may be helpful:

- Listening and conflict resolution skills training;
- Values clarification (Simon, 1978);

- Stress management (e.g., Zedeck, 1992);
- Reflection and shadow work (Zweig and Wolf, 1997).

Coping techniques for consultants to family businesses

In order to help a family business acknowledge and deal with these issues, consultants to a family business need to have knowledge and expertise that goes beyond business issues and that incorporates a knowledge of the psychological issues involved and techniques of dealing with them. This knowledge would include:

- Self awareness, and the ability to separate one's own issues from those of the client;
- Psychological training in family dynamics (i.e., Zedeck, 1992);
- Values coaching (i.e., Simon, 1972);
- Group dynamics training (i.e., Napier and Gershenfeld, 1999);
- Communications (verbal and nonverbal) skills, particularly in listening;
- Conflict resolution training (see, for example, Schwarz, 1999, p. 189).

Jaffe and Lane (2000) advocate using a learning community approach to family business education which incorporates a number of the elements listed above – particularly communication and conflict resolution skills and facilitation and team building skills.

Mastering the forces of change.

Consultants who desire to bring about change would do well to understand and master the junior and senior forces of change. In order to establish trust and be effective, the three elements of safety, freedom and attention must be present. The very fact of

showing up at the business to bring about change will automatically trigger recall of each family members past experience with someone who tried to change them or attempted to bring about change.

. In bringing about change, both junior and senior forces are available for our use. They are not, however, one and the same. Junior Forces are getting forces. The traditional, high-control approach to change through strict policies, strategies, force or fear are examples of junior forces at work. Junior forces result in destructive counterforces and attempts to beat the system. It is likely that the use of these forces created the dynamics and problems within the family business in the first place, from a poor (yet possibly well-intentioned) parenting approach, resulting in distrust, fear, resentment and separation. Under these conditions, trust levels are at a minimum, attention and energy are sucked up and defensive behaviors abound.

Senior forces are giving forces. They require you to let others into you, rather than you trying to change them. Thus you provide a safe environment that allows deep-seated issues to emerge and be resolved as the basis for long-term change. When senior forces are used, even the most difficult dynamics can be transformed into a release of energy, where trust, commitment, and an alignment around a shared vision can flourish.

The three natural forces that must be present to bring about change are safety, freedom, and attention. They are the basis for all lasting change throughout time. It is our belief that everyone wants change, wants to have his or her life and organization work. What they resist is being changed—by you the consultant, or anyone else. Lets look at these three natural forces for change one at a time.

Safety, in the psychological sense, means freedom from threat of danger or injury. It is based on the fear of loss—of time, respect, money, love, etc. Anytime it is not provided, others will seek it. Behaviors that destroy a sense of safety include being judgmental, not keeping your word, looking out for your own self-interests, and withholding information or affection. What we tend to think of as defensive behavior is the natural tendency to seek safety from being changed, sold or controlled.

Freedom implies the liberty to be unconstrained by a given person, condition or circumstance. All rebellion is an effort to be autonomous and free from imposed constraints. When we impose our will on others, the only freedom we leave then is to do the opposite. Responsible behavior can only be present where freedom exists.

Attention is observant consideration or thoughtful notice. What we give attention to grows stronger. What we take attention away from withers and dies. Attention-seeking behaviors can include the accumulation of material things or status symbols, obsession with getting ahead, or being “number one”. When attention is not provided, people tend to rebel or withdraw, resulting in destructiveness, emptiness, loneliness, depression, hypertension and over or under-achievement.

Toward a contrasting paradigm

Much of what we have described throughout this paper can be synthesized into a paradigm of family businesses that have the following underlying characteristics:

- Climate of conflict
- Reactive orientation
- Fear based

- Self serving
- Suppression of energy
- Failure to learn from experiences

Such a paradigm has been described as a scarcity or political paradigm of organizations (and the same paradigm often characterizes the worldview that its holders have of people in general with whom they interact.) This paradigm leads to conflict, stress, and the other energy-draining behaviors that one sees in the “typical” organization or business. The rejection of this organizational environment often causes a person to want to start her or his own small business - in the thought or desire to do things differently or better. Ironically, as we have suggested in this paper, the underlying, often unconscious, family dynamics that occur in any family can - if not consciously acknowledged and dealt with - lead to the same paradigm and resultant behaviors occurring in the new business, despite good intentions.

What, then, would be a contrasting paradigm of an organization and of people that could lead to a more nurturing family business? We suggest that such a paradigm would have the following underlying characteristics:

- A compelling vision that creates a blueprint for the future, and that is the focus for creative change;
- Clarification of, and commitment to, a set of values that can steady and guide the family business through the severest storms;
- A service oriented philosophy where members can transcend job functions or roles and serve one another as well as the customer;
- A synergistic release of energy caused by mutual respect and open communications;

- A business where people learn and grow from challenges, and discover that obstacles can lead to greater opportunities.

Such a paradigm has been described as an abundance or spiritual paradigm. (Biberman and Whitty, 1997). In order to put this new paradigm into practice, family businesses need to be aware that such a paradigm is possible, and make conscious efforts to move toward the new paradigm. We hope that this paper will provide an impetus in that direction.

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