M▲N▲GEMENT ▲DVISORY GROUP

Managing Conflict In A Family Business

Nearly 80% of all businesses are family businesses   In fact, about one-third of the Fortune 500 are family-owned or family controlled. Family businesses account for nearly one-half of all jobs and 40% of the gross national product. These are impressed statistics indeed.   And while managing conflict is certainly important to everyone involved from a personal standpoint, it is obvious that this has a major impact on our overall economy when considering the above statistics.

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by-product of transition in
a family business.

In discussing the subject of conflict in family businesses, it is essential to point out that leading psychologists acknowledge that conflict is a normal by-product of transition in a family business and that there are proven ways to manage such conflicts in a productive (or less destructive) manner.

While this may not eliminate the conflict or underlying causes completely, sufficient gains can be realized to allow the business to function in a more productive and harmonious manner. In some cases, conflict between family members (or others) can be resolved (i.e. essentially eliminated). In other instances, it may only be possible to minimize it.

I. CONFLICT RESOLUTION

A.   Negotiate for meaning - be sure you understand the issues involved; i.e. don't fight over the wrong reasons;

B.   Reverse roles - be sure you understand the other person's perspective and feelings; i.e. their "reality".

C.   Negotiate for common goals - find the principles that all parties can agree on. Frequently, people don't realize they want the same thing and are haggling over the "mechanics" of execution.

D.   Negotiate for cooperative action - agree on what you will do - not what you won't do; identify your degree of rigidity or flexibility on certain items (i.e., black and white vs. gray areas). Determine what you will give up and what you want in exchange.

E. Negotiate autonomy - to coin a phrase from the "hippie generation", everyone needs "their space". Identify how much "space" each of you needs and then develop a way to assure that everyone gets their needs satisfied.

At first glance, these approaches may sound abstract, but after careful thought and

introspection, almost everyone can relate them to his/her situation.

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II. CONFLICT REDUCTION

If you have determined that total resolution isn't possible or necessary and that simply reducing the amount of conflict (as some conflict may appear beneficial for other reasons), then you should consider the following steps in combination:

A. Negotiate for meaning
B. Negotiate for autonomy
C. Agree on a time period (e.g. we'll agree to disagree and not throw rocks for the next three months".

At times you may have a project that requires the efforts of two or more people. Here you have two options of which both are directly opposite:

A. Decrease interdependence - separate the tasks (if possible) so that each party can work independently (i.e. put them in separate "corners") **or**

B. Increase interdependence - structure the tasks in such a fashion that each party will fail without the cooperation of the other (i.e. "United we stand, divided we fall").

A simple example of this is taking two people and tying one leg of each of them together and then having them run a race together.

While they may despise each other, they know they will surely lose the race if they don't work in unison. Who knows, maybe they'll begin to trust and respect each other in the process?

III. CONFLICT REMISSION

SOURCES OF CONFLICT
Conflicts between family members in business can often be traced to similar underlying conflicts in their personal family lives. Conflict remission requires and understanding of those dynamics; for example:

1. Differing goals for the business
2. Time management/work overload
3. Compensation/benefits disagreements
4. Different or unequal commitment to the business (hours, diligence, sense of urgency)
5. Family - non-family employee issues
6. Power/ego struggles
7. Insufficient definition of roles and responsibilities
8. Spillage between work and home life
9. Difficulties expanding the business
10. Change in the firm or breaking with tradition
11. Differing attitudes about spending or investment
12. Succession issues
13. Family dynamics interfere with communications and decision making
14. In-laws in the business
15. Personal crisis of family member employee
16. Feeling unsupported

   If you would like to learn more, contact Stan Simkins at bizdoc@global2000.net or call (518) 369-7101.

Stan Simkins is President of Management Advisory Group in Albany NY (www.management-advisory-group.com), and Executive Director of the Capital Region Family Business Resource Center, LLC (www.capitalfamilybusiness.com)