



University of Idaho  
Extension

# Family and Business Relationships

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# OBJECTIVES

- Discuss Family Business Benefits and Challenges
- Discuss Conflict Resolution



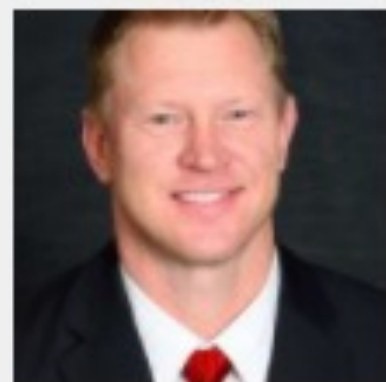



# FAMILY BUSINESS BENEFITS

- Commitment and unified leadership
- Stability
- Trust and authenticity
- Flexibility and versatility
- Vision and long-term goals
- Decrease costs and expenditures
- Next-generation ingenuity

# COMMITMENT AND UNIFIED LEADERSHIP

- Share a level of commitment because the core of any family business is a shared business vision and identity
- If vision is cohesive, it opens more opportunities for business development and continued success
- Family disagreements do not impede progress when there is a realized common goal
- No burden of office politics

# STABILITY

Coach	Seasons	W	L	T	Pct.
 <b>Frost, Scott</b>	2018 -	9	15	0	0.375
 <b>Riley, Mike</b>	2015 - 2017	19	19	0	0.500
 <b>Pelini, Bo</b>	2008 - 2014	67	27	0	0.713
 <b>Osborne, Tom</b>	1973 - 1997	255	49	3	0.836

# STABILITY

- Family businesses can achieve, maintain, and elevate a sense of business stability in its leadership and overall organizational structure and culture
- Family positions and seniority can determine and define the organization's leadership, making way for leadership longevity
- Well-founded policies are delivered better if there is an overall stability to the organization

# TRUST AND AUTHENTICITY

- Trust is a unique and very evident in most successful family business
- With inherent trust among family members, the business's leadership can talk, discuss, and disagree more openly and freely
- Trust creates a freer space for authenticity resulting in ideas

# FLEXIBILITY AND VERSATILITY

- Members of the same family are willing to take on several different roles and workloads to make sure the company succeeds
- Because of flexibility and willingness to give more than what is expected, it drives continued success, and a better understanding of the industry
- This understanding can help family members formulate better ideas for the development of products and services that the company offers to its customers



# VISION AND LONG-TERM GOALS

- Importance on hitting business goals and the overall company vision in a long-term period rather than a short-term period
- Long-term perspective allows for creative decision-making and strategy development
- The focus is to utilize resources to projects that are perceived to not only benefit the business in the present all the way into the future

# DECREASE COSTS AND EXPENDITURES

- Family members are willing to contribute their own financial resources when starting new sub-ventures for the business organization or when there are financial difficulties
- This desire to make sure long-term success is inherent as part-owners

# NEXT-GENERATION INGENUITY

- A family business can include the next generation of members in the business' leadership, work, and knowledge, increasing competitive edge over other non-family business
- Family businesses have a convenient and fast transition of leadership within generations
- Maintain long-term business policies that are already in place or complete those goals successfully

# FAMILY BUSINESS CHALLENGES

AMIT KALANTRI

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STARTING A  
BUSINESS WITH  
BROTHER EITHER  
ENDS BUSINESS  
OR ENDS  
BROTHERHOOD.

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# FAMILY BUSINESS CHALLENGES

- 3 roles: business, family, and personal
- The family and the business overlap
- Opportunities provided might not match with skill set
- Limits career growth
- Family issues impede progress of the business
- Often lack formal business organization

# 3 ROLES OF THE INDIVIDUAL

- Business- role in business
- Family- role in family
- Personal- interests, hobbies, need for time alone, activities outside the family and business, and perhaps a social life unrelated to anyone within the family
- All roles compete for time and hard to differentiate when working with family members

# FAMILY AND BUSINESS OVERLAP

- Family considerations affect many business decisions; for example, business expansion is justified by a son's interest in the business
- Business considerations affect many family decisions; for example, bathroom and kitchen remodeling must wait until an additional truck is paid for

# MATCH SKILL SETS

- The strengths of younger siblings in the management of crops, machinery, or sales often duplicate the strengths already in the business
- An answer to the desperate need for strengths in financial management, marketing, or labor management may be nowhere to be found among family members in the business



# LIMIT CAREER GROWTH

- A capable young family member often joins a family business while his or her parents are in the middle of their careers
- Grandparents may still play a dominant role
- In this situation, reality is waiting 30 years for one's first significant taste of top management decision making

# **FAMILY ISSUES IMPEDE PROGRESS**

- Chronic health problems, weather, marital problems, economic difficulties, and calamities impede progress of the business
- Factors over which the family has little control continuously affect the outcomes of plans and expectations

# LACK OF BUSINESS ORGANIZATION

- Family members often come into the business with vague job descriptions, compensation packages, and placement in the business hierarchy
- Confidence that everything will work out substitutes for careful discussion of the pros and cons for joining the business
- Growing up in the business or marrying into it leads to the conclusion that not much can or will change

# OVERCOMING THE ISSUES

- Align goals, mission, and vision of the business
- Respect each other and their roles in the business
- Invest time and resources into more effective communication
- Set clear expectations
- Implement position descriptions based on skill set and strengths
- Nurture family relationships outside of business interactions
- Have a plan in case it doesn't work out

# QUIZ

*“Please rate your family business on each of these 12 items using the following scale:*

*1 = Always, 2 = Usually, 3 = Sometimes, 4 = Rarely, 5 = Never”*

1. \_\_\_\_\_ Our business has known and shared goals.
2. \_\_\_\_\_ We know each other’s job responsibilities.
3. \_\_\_\_\_ We know how to do our jobs well.
4. \_\_\_\_\_ Each of us has responsibilities important to the success of the business.
5. \_\_\_\_\_ We share responsibility for family happiness.
6. \_\_\_\_\_ We have a profitable business.
7. \_\_\_\_\_ Our families and business are in harmony.
8. \_\_\_\_\_ We have the leadership we need.
9. \_\_\_\_\_ We have open and continuous communication.
10. \_\_\_\_\_ We are proud to be part of this family and this business.
11. \_\_\_\_\_ Each person in the business feels nurtured and cared for.
12. \_\_\_\_\_ We have fun.

# CONFLICT RESOLUTION

- <https://www.nbc.com/the-office/video/conflict-resolution/3839886>
- WIN-WIN-WIN



# CONFLICT RESOLUTION STEPS

1. Understand the conflict
2. Communicate with the opposition
3. Brainstorm possible resolutions
4. Choose the best resolution
5. Use a third-party mediator
6. Explore alternatives
7. Cope with stressful situations and pressure tactics

# UNDERSTAND THE CONFLICT

- Clearly define your own position and interests in the conflict, and to understand those of your opponent
- Interests, Possible Outcomes, Legitimacy, and Their Interests
- Interests play an important role in better understanding conflict
- Often, groups waste time bargaining over positions instead of explaining what the interests of their position are



# COMMUNICATE WITH THE OPPOSITION

- Listen.
- Let everyone participate who wants to.
- Talk about your strong emotions.
- Don't, however, react to emotional outbursts!
- Be an active listener.
- Speak about yourself, not the other party.
- Be concrete, but flexible.
- Avoid early judgments.
- Don't tell the opposition, "It's up to you to solve your problems."
- Work to find a solution for everyone.
- Find a way to make their decision easy.

# BRAINSTORM RESOLUTIONS

- Work on coming up with as many ideas as possible. Don't judge or criticize the ideas yet -- that might prevent people from thinking creatively.
- Try to maximize (not minimize) your options.
- Look for win-win solutions/compromises
- Find a way to make their decision easy
- Seat people side by side, facing the "problem"-- a blank chalkboard or large pad of paper for writing down ideas.

# CHOOSE THE BEST RESOLUTIONS

- The goal here is to use both groups' skills and resources to get the best result for everyone.
- Which resolution gives both groups the most?
- That resolution is probably the best one.

# USE A MEDIATOR

- Setting ground rules for you and your opponent to agree upon
- Creating an appropriate setting for meetings
- Suggesting possible ways to compromise
- Being an "ear" for both side's anger and fear
- Listening to both sides and explaining their positions to one another
- Finding the interests behind each side's positions
- Looking for win-win alternatives
- Keeping both parties focused, reasonable, and respectful
- Preventing any party from feeling that it's "losing face"
- Writing the draft of your agreement with the opposition

# EXPLORE ALTERNATIVES

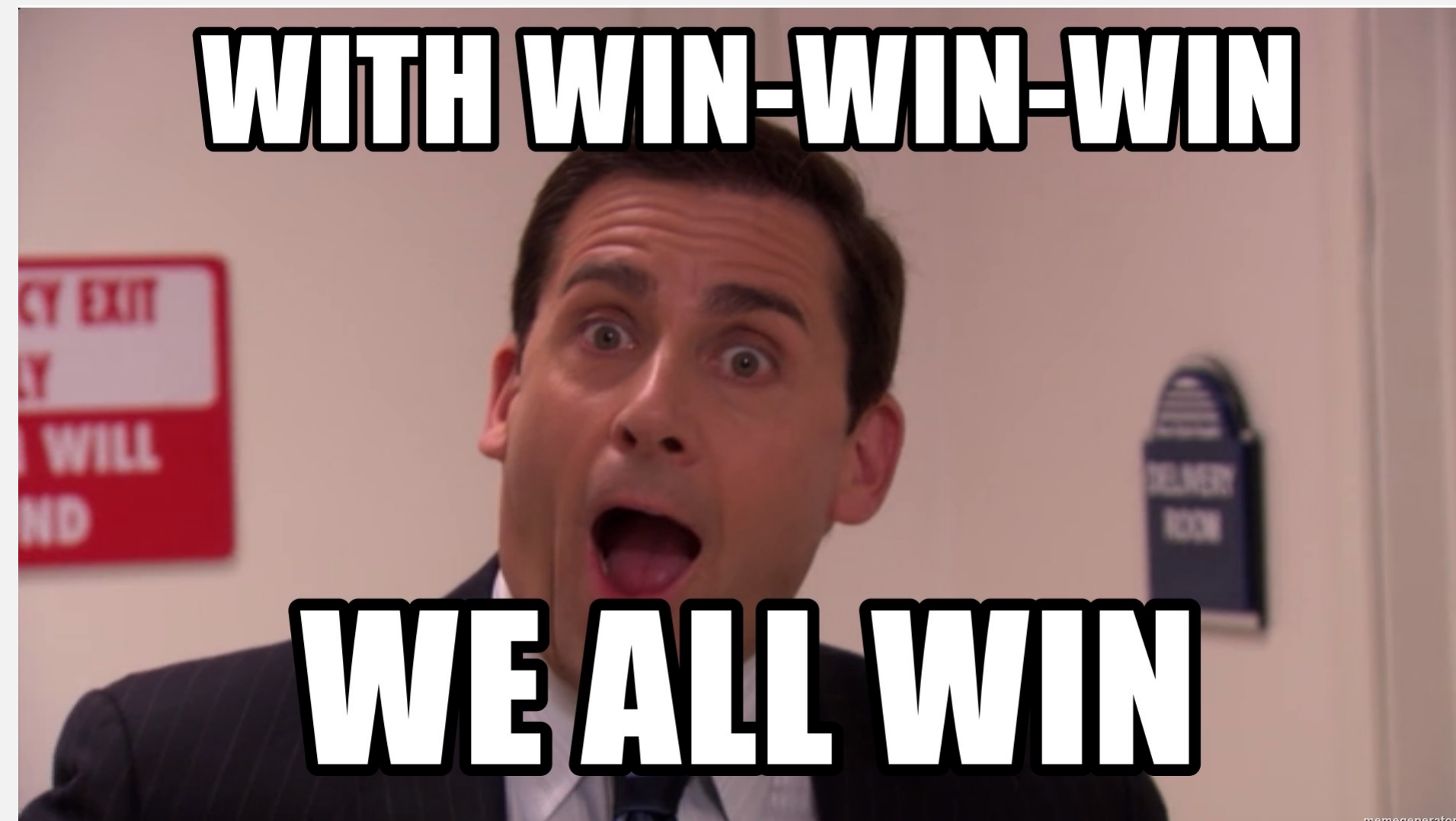
- It is important that you brainstorm your alternatives to resolution early on in the negotiation process, and that you always have your best alternative somewhere in the back of your mind.
- As you consider possible agreements with your opponent, compare them to this "best" alternative.
- If you don't know what the alternative is, you'll be negotiating without all the necessary information!

# COPE WITH STRESSFUL SITUATIONS

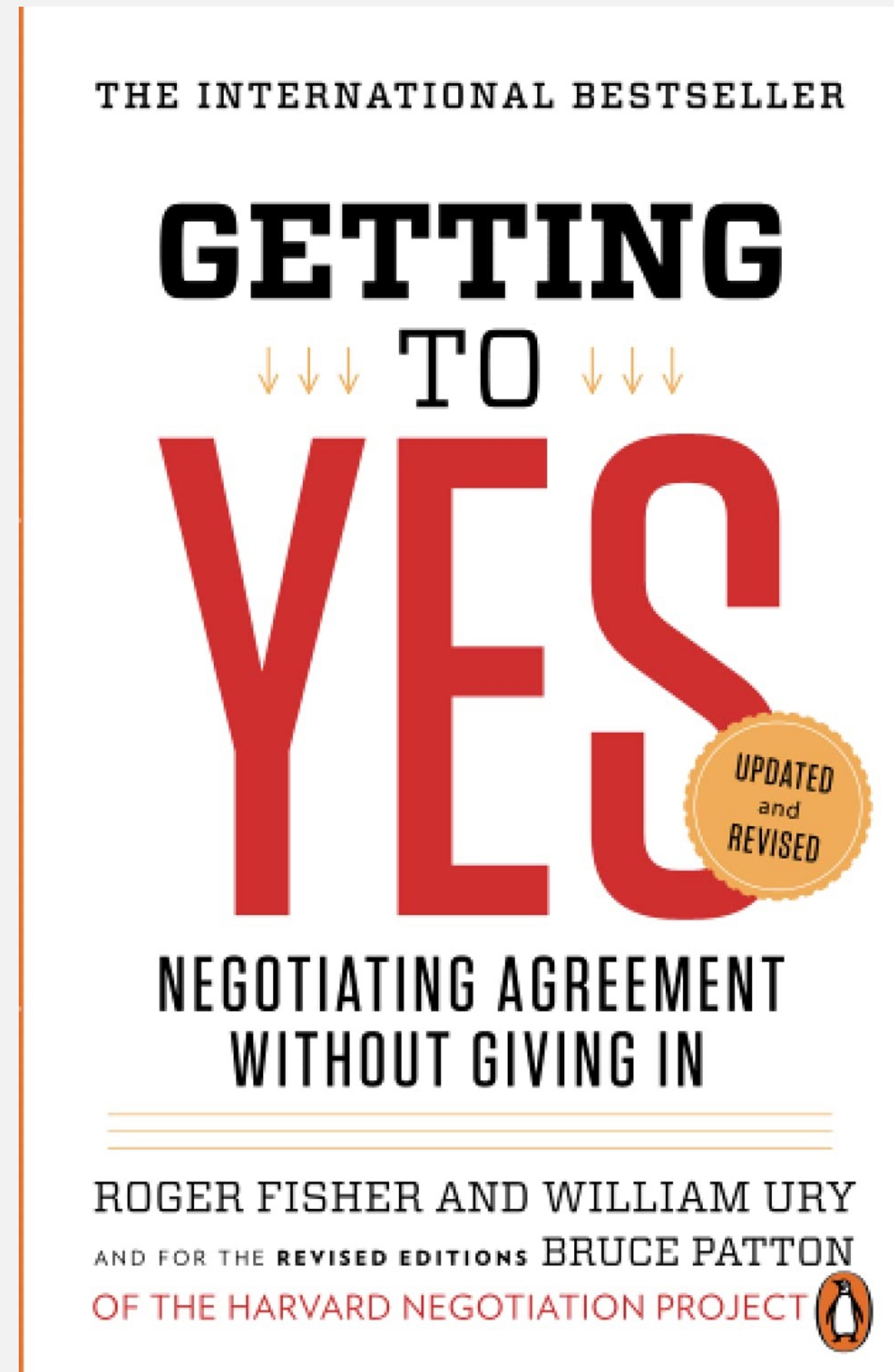
- All of these situations are stressful, and intended to put extra pressure on you to make a quick decision in the opposition's favor.
- When a situation like this takes place, stay calm and go slow.
- Don't get angry or make a rushed decision.
- Instead, talk about the pressure tactic without judging.

# CONFLICT RESOLUTION SUMMARY

- In conflict resolution, the best solution is the solution that is best for both sides
- Of course, that's not always possible to find, but you should use all your resources to solve your conflict as smoothly as you can.



# BOOK TO HELP







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# **DISCUSSION**

**WHY DO YOU WANT TO GO INTO  
BUSINESS WITH YOUR FAMILY?**



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Extension

**STAY  
CONNECTED!**

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**<https://www.uidaho.edu/cals/idaho-agbiz>**