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

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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.
A family business can include the next generation of members in the business’ leadership, work, and knowledge, increasing competitive edge over other non-family businesses.

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

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

- 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.

WITH WIN-WIN-WIN

WE ALL WIN
BOOK TO HELP

GETTING TO YES
NEGOTIATING AGREEMENT WITHOUT GIVING IN

ROGER FISHER AND WILLIAM URY

AND FOR THE REVISED EDITIONS BRUCE PATTON
OF THE HARVARD NEGOTIATION PROJECT
DISCUSSION

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