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Family Businesses - Relationships at Work

By Sonny Iqbal

Managing family relationships at work is one of the thorniest issues in family-owned businesses, particularly when relationships cross generations, such as parent-child or uncle/aunt-nephew/niece. Many family members are committed to professionalism and strive to separate "work" and "family" in their dealings with each other. They often think that they can simply decree such a separation—that with enough determination, family bonds can be set aside during the workday.

What non-family businesses know

Attempts to completely separate oneself into professional and personal personas are well-intentioned but ultimately futile. Non-family businesses have begun to recognize this and are increasingly embracing a philosophy of "bringing your whole self to work." These enterprises understand that one does not stop being, say, the parent of a toddler or the child of an aging parent once the workday begins.

If separating work and family is difficult in non-family businesses, consider how much more so it is in a family-owned company. The child of a family business owner likely grows up with the family business as a constant presence in everything from where (and how) the family lives to when vacations can be taken. If the business is prosperous or well-known, its shadow follows the child to school and at play. As the child grows, he or she is exposed to more and more of the business' workings and issues, and the business begins to shape the child's self-image and ambitions. If the business still has a family member at the top, by the time the son or daughter formally joins the enterprise he or she is likely to have been talking shop with the CEO for a decade or more.

Focus on standards and behaviors, not relationships

It is no surprise, then, that in the workplace family relationships are often poorly defined on both sides with unspoken assumptions and expectations, despite best intentions to be "professional." Instead of attempting to wish these personal histories away, it makes more sense to reinforce desired standards and behaviors at key stress points in the organization where the complexities of intergenerational family relationships are likely to cause problems:

1. **Succession and professional development:** The younger generation, having grown up with the business, may overestimate its readiness for greater responsibility. For example, the younger generation may perceive rotation through various functions and business lines as merely killing time until "Dad thinks I'm ready," while the older generation may be reluctant

to give more responsibility to "the kids." The younger generation needs to understand that a structured path through the organization is a well-established best practice and form of integration. The older generation on the other hand, can benefit from objective, third-party benchmarking of the next generation against talent in non-family firms.

2. **Innovation:** Younger generations can be an important source of new ideas at a time when innovation is king. But their status as family members should not mean their ideas are exempt from testing, refinement and evaluation in a marketplace of ideas. (Indeed, as Harvard Business School professor Linda A. Hill has pointed out, it is exactly this messy, iterative process that makes innovation happen.) The younger generation needs to accept that they may not have the free rein to simply implement their ideas, no matter how compelling; their elders need to create a culture that encourages and supports the innovation process.

3. **Transparency:** In an organization of any size, knowing what senior management is thinking is a highly valuable asset and a mark of influence. In an owner family, however, family members will naturally have an advantage over non-family members in this regard. As the younger generation moves into the business, the older generation should be conscious of the information asymmetry between family members and non-family members and do what they can to minimize it. The younger generation, for their part, needs to appreciate that in their case, personal proximity to senior leaders or board members does not necessarily equate with seniority or power.

4. **Performance orientation:** As more and more industries are faced with disruptive business models and more demanding and informed customers, an organization's performance orientation becomes increasingly essential for success. Younger family members should be held to the same performance standards as non-family members so that there is a cohesive company culture and a common understanding of "what good looks like." The older generation needs to ensure that standards are clearly established and applied fairly. Indeed, relying on objective standards is one of the most powerful things a family business can do to attract and retain non-family talent and thus keep the business growing beyond where the family alone can take it.

5. **Feedback:** High performance requires not just a clearly defined set of standards, but the ability to give and receive feedback. Personal relationships between family members are often loaded with "things left unsaid," and that will in all likelihood continue to be the case when those family members are professional colleagues. However, when it comes to work matters, family members must communicate in the same frank and honest way that is expected of non-family members.

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Managing family relationships is a central challenge in any family-owned firm. But those relationships also provide a cohesion and authenticity--what we referred to in a *Harvard Business Review* article as a family's “gravity”— that are a distinct market advantage. Rather than try to pretend that those relationships don't exist, family businesses would be better off establishing clear standards of behavior that creates a common culture for family members and non-family members alike.

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