




Conflicting Visions

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in a Family Business*

By Rip Tilden and Patricia McGowan



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Establishing Clarity and Alignment in a Family Business

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A SUCCESSFUL FAILURE: Janet's Story*

In 1968, after years of working in the textile industry, my husband decided the timing was right to start his own business. He approached me with his idea, and I quickly agreed to this new venture. He formed the company, and the business grew and prospered. Or so I thought.

Just nine years later, my husband developed a terminal illness and passed away, leaving me and my 35-year-old son with a business we knew nothing about. We quickly realized that the apparent success of the business was largely illusory. The company produced a unique product, and for that reason had no competition and was able to stay in the black – barely. The raw truth was that the company was plagued by issues that were eating away at the very foundations of the business.

For one thing, my husband had kept his ideas for the future of the company to himself. He had created no plan for how to move forward, no business strategy, no shared vision. When asked, the employees (even those in leadership positions) had absolutely no notion of what the company's

goals were. I was informed that they had never been discussed.

On top of that, the technical aspects of the product had been handled exclusively by my husband. What I hadn't known was that he refused to share his expertise with his staff. Micromanagement was his style. This left me with an apathetic staff that did as they were told, but who had no initiative, no innovative drive, and no ability to develop new product offerings. Overall morale was extremely poor.

I wanted to try and salvage the company – despite these and other staff, process, and regulatory problems. It was, after all, my husband's dream and his legacy. But I hadn't reckoned on my son.

My son was an entrepreneur just like his father – but in an entirely different field. With the business passing to us, he saw an opportunity to sell the firm and fund his own enterprise. As far as he was concerned, why should we trouble ourselves to untangle the mess Dad had left? We could sell, pass the problems on to someone else, and he could start fresh with his own business.

We argued. We fought. I admit, I cried. But in the end, I gave in. For the sake of my son and peace in the family, I agreed to sign the papers with him to sell the business.

*Names and details have been changed to protect individual and business confidentiality.

WHY FAMILY BUSINESSES ARE AT RISK

The lack of clarity in a family business can kill it. So can the rise of conflict and the absence of alignment. Family businesses are particularly vulnerable to these three risk factors because of the way they are formed and how they function:

- **Lack of clarity.** Family businesses are often founded by a single family member with a passion for a certain product or service. But while passion can launch a solo entrepreneurship, it is not sufficient to strategically guide and direct a multi-person organization. Unfortunately, many times the founding member does not take the time to translate *personal passion* into a shared vision.
- **Rise of conflict.** As the leaders in a family business try to establish a unified vision, conflicts frequently arise due to such issues as ego (“I founded this business and I know what’s best for it!”), *generation* (“You can’t keep doing things the way you did them 30 years ago, Dad!”), agenda (“I want to take the profits and see the world.”), and intimacy (“What will happen at family get-togethers if I tell my brother what I really think?”).
- **Absence of alignment.** Because of the intense nature of the conflicts that can arise in a family business, it is often difficult for the leadership to come into alignment around a single vision. But even when they do, they can make a further mistake: forgetting the non-family members in the business. Not only does the *family* need to be aligned at the leadership level, but they then need to bring the *entire company* into alignment around this corporate vision.

Recipe for Disaster

The restaurant was soon to celebrate its 20th anniversary. Unfortunately, it was not a happy event for the founder and his two sons, because their customer base was declining.

The sons long-since recognized that simply having a sign on the corner and an occasional ad in the paper was not sufficient to generate increased traffic and revenue. If they didn’t take a structured and strategic look at the restaurant, they wouldn’t be able to remain competitive. However, to the founder, a corporate vision was not necessary. People had always found the restaurant. They would continue to find it.

To these three leaders, the restaurant’s 20th anniversary simply marked 10 years of talking past one another ... with no change or hope in sight.

Fortunately, there is a five-step path out of this seemingly endless cycle of conflict, disagreement, and tension.

THE 1ST STEP: ACT WITH RESPECT

Family businesses frequently make the mistake of trying to define a vision before they have resolved the negative family dynamics at work. It can't be done. That is like trying to construct a house on a field of boulders. With no level ground, not even the floor can be laid.

Notice that it is the family dynamics that need to be addressed: not necessarily the relationship issues. There may be areas of personal hurt, dislike, or anger that exist. While it is certainly beneficial to work these out, it is not essential to the business. What is essential is for every person at the table to be able to listen to each other and acknowledge that other family members bring value to the business. Put simply, a respectful attitude is required if family members are to reach a common ground.

Consider how acting with respect addresses the four main issues that give rise to family conflict:

- **Soothing Egos:** “Everyone has an emotional stake in this business. I will respect the emotional involvement people have, whether or not I understand it completely.”
- **Affirming Generations:** “Everyone has an intellectual stake in this business. I will be open to new ideas and I will honor past experience.”
- **Acknowledging Agendas:** “Everyone has a financial stake in this business. I will seek a vision for the company that will adequately meet everyone's financial needs.”
- **Preserving Intimacy:** “Everyone has a professional stake in this business. I will act in a respectful manner at all times in order to preserve both our personal and our business relationships.”

With mutual respect, it is possible to develop a corporate vision.

Explosive Family Dynamics

Why is it important to listen to and learn from each other in a family business? Consider the possible ramifications: in one case we know of, a father and son disagreed regarding using social media as a business tool. The son pointed out that both their sales and their service departments could significantly benefit from the new technology. The father contended that social media was a trendy fad that had no place in business.

Their arguments became more and more caustic, with the son accusing the father of being a dinosaur and the father calling the son a fool who played on the Internet all day. Finally, in disgust, the son left the business.

THE 2ND STEP: START AT THE TOP

The visioning process begins with the current leader. It is important for the leader, if he or she has not done so already, to define his or her vision for the company. A company vision should be practical, specific, and targeted. It should answer key questions such as:

- What do I want my company to be?
- What are my core values?
- What image do I want to present as a company?
- How do I want this company to be differentiated from the competition?

- What target markets do I want to reach?
- What level of sales and profitability do I want to reach?
- What is my ten-year target?
- What is my three-year plan to move toward that vision?
- What legacy do I want to leave when I retire?

By answering questions such as these, the leader will be able to articulate his or her vision for the company.

THE 3RD STEP: COME TO THE TABLE

Next, the leader needs to bring together the leadership team of the company. He or she should schedule a vision strategizing session. It is important to allow the leadership team time to prepare their own thoughts on the topic: the founder should not “spring” a vision meeting on the leadership team unawares.

At the meeting, the leader should lay out his or her vision before the rest of the leadership team. This must be done with openness: with the recognition that some people may disagree in whole or in part, and that disagreement is acceptable. At this point, it is discussion that is the goal.

To make this time fruitful, keep these points in mind:

- Recognize that new ideas can create new opportunities and can generate new energy.
- Keep the business in mind: in most cases, the good of the company should take precedence.
- Acknowledge all input and validate every speaker, regardless of whether or not their ideas can actually be put into action.

- Be open to compromise, but also identify “non-negotiables.”
- Look for common ground: this is often where apparently opposing goals can be blended into a single unified vision.
- Prioritize all the ideas that are generated in order to organize and execute them.

Common Ground

Can family owners find common ground when their goals appear to be in conflict? Yes! Consider this example:

In a midsized manufacturing company, a husband and wife have taken over the family business after the founder (the husband’s father) retired. The husband wants a substantial salary increase; the wife has her sights on future revenue and is therefore pushing for new product investment.

By working through the principles laid out here, the two found a common solution that addressed both requirements: a third of the company profits would go toward new product investment, and a third toward a salary increase for the husband.

THE 4TH STEP: MAKE THE DECISION

Decision must follow dialogue. Ultimately, it is the leader’s privilege and responsibility to codify the final vision of the company. A complete consensus may not always be possible. That is all right: a business is not a democracy. The majority does not rule – not in a family business, or in any other type of business. A business has to have a leader, and it

is the responsibility of the rest of the company to align themselves with that leader, even in situations when they may not be in complete agreement with the stated direction.

Will a wise leader seek the alignment of his or her leadership team to a corporate vision? Absolutely. But in the end, it is the leader's responsibility to decide where the company is going to go, and it is the family's responsibility to support that decision. Everyone must agree to uphold and work toward the newly established vision of the company. If they cannot do so, it is appropriate for an individual to choose to separate themselves from the company, or for the leader to request a resignation for the good of the company. Bitterness and hurt can be avoided if everyone acts with respect and remembers to treat the business as a business.

THE 5TH STEP: BRING EVERYONE ONBOARD

Creating a unified vision does not begin and end with the leadership team. Once the vision has been defined, it needs to be communicated clearly to the rest of the company.

This is an important event: it is good to make an occasion of it and to draw attention to it in some manner. The company vision is not simply a nice statement to be distributed in memo format to be lost amidst a dozen other company communiqués. This is the core of the company and encapsulates its direction and goals. Therefore, the corporate vision should serve to motivate people and drive innovation and energy within the business.

Call a full-staff meeting and be open and honest about where the company has been, where it is now, and where it is going. If mistakes have

been made that have negatively affected the company, have the courage to acknowledge them. Emphasize that making the company vision a reality will require hard work, but be sure to help people understand the benefits they will reap as they put in the labor required. The response will likely be both surprising and gratifying: most people want what is best for the company, because they know it is best for them as well. When they understand the vision, they can align themselves with it and work purposefully toward it.

LIVING THE VISION

Finally, it is important that the leadership team live out the vision. Don't let this be an exercise. If the leaders are willing to live the vision – to make decisions and set priorities according to its guidelines – then the whole company will follow in their steps.

The key is to remember that establishing and living the company vision is critical. When a company's leadership team and employees are aligned around a single vision, it opens the door to innovative ideas, effective execution, clear communication, and well-defined roles and responsibilities. The good news is that no matter how long a company may have been stalled, no matter what conflicts may have arisen to muddy the waters, defining a unified vision and following the five steps outlined here will enable the company to move forward again.

Read on to see how these steps transformed a business in *Bruce's Story*.



BRINGING THE VISION TO LIGHT: Bruce's Story

Fifteen years ago, our father started a business developing medical diagnostic devices. As demand for his products grew, my brother and sister and I entered the firm. I often wondered if it was the worst decision I had ever made. Our frequent quarrels about money, personnel, products, and all the rest of it meant that I had no peace – at home or at work. I envied people who weren't related to those they worked with. Holidays were usually anything but happy.

But we really did want the business to be a success. And we really did care about one another. So finally, we brought in an outside consulting firm. We needed a detached mediator to help us sort everything out.

When the consultant started talking about vision and values, I nearly walked out of the room in disgust. In my opinion, coming up with a company vision and value statement was just a “feel-good, throw-away” exercise. Waste of time, waste of effort, waste of money.

I soon changed my mind. As the consultant required us to identify what we wanted the company to be, what our core values were, and what our short- and long-term targets were, I realized that our lack of vision and our lack of values lay behind all our problems. All our conflicts. All our stagnation. All our indecision.

The consultant also helped us to get out of our ivory tower and onto the work floor. He pointed out that the business wasn't all about the family: there were fifty-five employees who also had a stake in the company. Their opinions mattered.

I was deeply troubled to find that our employees actually thought their opinions didn't matter. We in management hadn't listened for so long that our people – our most valuable resource – had given up voicing their thoughts. It took a concerted effort to get people to open up and share their concerns and goals with us.

Finally, after several months of hard work, we set the date for an all-staff meeting. We called it “Celebrating the Vision,” and we designed it to be both meeting and party, with a presentation by leadership first, and a lavish buffet afterward. We wanted it to be remembered as a turning point in the company's life. My father, the president and CEO, stood up to open the meeting:

“Many of you sitting here today think that a ‘company vision’ is nothing more than a set of fluffy phrases to be put on the cover page of the annual report – and then shelved along with that report.

“Nothing could be further from the truth. A company vision is a light, leading us forward. It is a knife that helps us remove whatever is holding us back. It is a plumb line, keeping us focused to a hair's breadth on what is important in and to our business.

(continued)

“A company vision incorporates our mutual values. Again, these values are not empty words and phrases. Our corporate values must guide our actions, our decisions, our direction – even our thoughts.

“Based upon the input of *everyone* within the company, we have developed a company vision which defines our values and provides us with direction and purpose. This was not a simple process. We in leadership have had to learn to communicate with one another and collaborate together in a whole new way. We had to recognize where we ourselves were standing in the way of the business. I am glad to say that we have come through this process stronger than we have ever been. I therefore want to turn this meeting over to the department heads. They will each discuss one of the values that make up our company vision, and how they believe it can transform the way we do business.”

It was my turn. I took a deep breath, and looked my audience – my co-workers – in the eye. “I want to talk about quality,” I said. “Or, put another way, I want to talk

about what we do to save lives.” I shared a story of how our diagnostic equipment saved the life of a young mother. I revealed how doctors relied on what we produced to prescribe medications and treatments. I identified all the points in the manufacturing process where things could go wrong if we weren’t careful. I talked about other points where we could potentially make improvements. I held out hope that we would be the company to make a breakthrough on a new diagnostic tool – one that would fill a much-needed gap in the medical industry.

As I spoke, I could see the revelation I had experienced taking place in the hearts and minds of our employees. Vision and values were concrete things. Dedication to a company vision would change where we went – in quantifiable and even tangible ways. A real commitment to these values *would* change how we worked and what we did. They saw that dedication and commitment in each of us as we shared – and by the end of the meeting, I saw it taking hold in them as well.

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Pat McGowan is a Principal with Makarios Consulting. As the CEO of a family business, she successfully led her company to a new level of performance by helping her team build and execute a shared vision. She is known for her sound strategic perspective and strong skills in executing strategy to deliver superior results, and is widely regarded for her effectiveness in building high-performance teams.

Contact Us

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