

# OUTSIDE THE BOX



by Tom Field, University of Nebraska–Lincoln

## Love and work

*“So why would a sane person combine the volatility of business with the uncertainty and challenges of family relationships?” It was a fair question proposed by a student in my Family Business Management course at the University of Nebraska.*

Not having grown up in a family business environment, she asked the question from a place of pure wonderment. My suspicion is that anyone who has been engaged in a family-owned enterprise has asked themselves that same question on at least one occasion.

After all, the intersection of business and family is complicated. However, the complexity is manageable with a focused, intentional approach to both leadership and management while building trust and respect within the organization. Unfortunately, too often we assume that familial love is sufficient to overcome any failures in planning, delegation, communication and strategy. Love, while important, is not enough to assure harmony and high performance within a family-owned enterprise.

There are seven primary challenges or issues that must be addressed to assure family-owned enterprise success:

1. Finding clarity at the intersection of the three circles of family, ownership and employment.
2. Developing clarity around whether fairness or equality drives decision-making.
3. Doing the work to professionalize and systematize the organization.
4. Managing and leveraging developmental stage differences in the family.
5. Overcoming unproductive habits, historic norms and power struggles.
6. Discerning when to hang on and when to let go.
7. Accepting and working with differences in communication style.

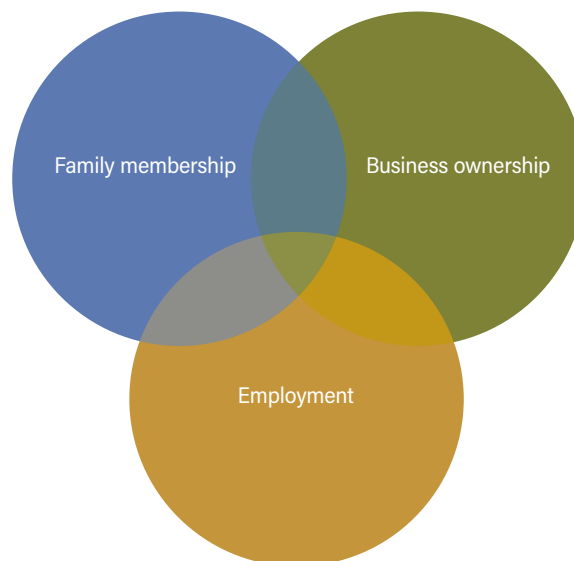
### Circles of involvement

The family business is uniquely organized in that it brings to bear three circles of involvement — family membership, business ownership and employment. Complicating

the situation even more is that there are seven combinations of roles that a person can find themselves playing, as well as the reality that over the course of a lifetime, a person may find themselves in different roles based on life stage.

The defining question for many family enterprises is to be intentional in their choice about whether rewards will be shared equally or whether the benefits will be allocated fairly based on investment,

**Fig. 1: Three circles of involvement**



**Table 1: Life stages for people, businesses, business involvement and ownership**

Adult human beings	Business stage	Family involvement	Family ownership models
Novice adult	Seed	Young family	Controlling owner
Accelerator adult	Start-up	Entering the business	Sibling partnership
Competent adult	Growth	Working together	Cousin consortium
Mid-career adult	Established	Passing the baton	
Seasoned captain	Expansion		
Retiring adult	Declining		
Mentor or mess maker	Exit or rejuvenate		

Source: Adapted from multiple sources.

performance and commitment. My experience has been that those organizations committed to absolute equality are far less likely to survive through time than those who commit to a performance- and skills-based approach.

Family organizations that operate with an underdeveloped vision, limited strategy for the future, and a lack of business systems and governance structure struggle to grow and even to survive. Those that undertake the hard work of professionalizing the business by applying sound business principles, developing key performance benchmarks, and basing employment decisions on the ability to contribute have a greater chance of long-term success.

### Life-stage differences

Human beings change as they age and mature. Understanding life-stage differences provides a set of guideposts about anticipated perspectives, level of risk tolerance, and professional/personal focus as people move through life.

Each stage of maturity brings both advantages and potential blind spots into play; the key for the high-performing organization is to determine how to best utilize these differences and how to

facilitate effective interaction and communication among those at different stages in life. The old adage that business needs both “youthful enthusiasm” and “wisdom born of gray hair” wasn’t far from the truth.

The business also moves through a cycle of change, as does family engagement and ownership structure (see Table 1). Navigating these moving parts is a major challenge for most family-business entities.

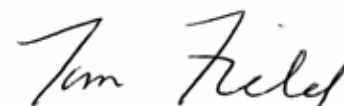
Poor habits, decisions driven by history instead of vision, and in-fighting are anchors that prevent the organization from attaining excellence. Some of the most common of these shortcomings include poor time management, unhealthy lifestyle choices, allowing small issues to distract attention, workaholic behaviors, overreacting in times of stress, the inability to unplug from technology, and not keeping commitments. Left unaddressed, these habits create resistance to progress.

Knowing when to hang on and when to let go is a critical skill and applies to nearly every facet of the family business realm. Examples include the business model, level of command and control by any one generation, or habitually poor-performing employees (both family and non-family). When trust, respect

and effective communication are at the table, these decisions, while never easy, are more clearly made.

Lastly, there is the issue of communication and coming to grips with both individual differences in communication style but also intergenerational variation. People tend to follow one of four basic approaches to communication — command (goal-driven and competitive), influence (social, energetic), rational (organized, detail-oriented), and collaborative (steady, loyal to group). Each style can be leveraged for effectiveness, but each can also be overplayed and lower the performance of the team. Recognizing and leveraging the differences is important to attain sustainable excellence.

Family business is complicated and is certainly no place for the faint-hearted. However, by addressing the aforementioned challenges directly and intentionally, lasting success can be obtained.



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