



SET THE THERMOSTAT ON LOW AND SEE YOUR FIRM FLOURISH

Nigel Nicholson

The young woman turned to the man sitting next to her in the restaurant during a break in a family business seminar and said: "You idiot! You're going to make a mess of our recruitment like you did last time." He looked at her sharply: "You know your problem – you just like to sit on the sidelines and criticise. Get off your bum and do something useful." She got up as if to leave, and then laughed – "All right then, what do you want, tea or coffee?"

It takes you aback when you overhear some family conversations. They seem impolite yet robust. That is part of the secret of success of the best family firms, the bonds of affection holding people together can make them pragmatic and forgiving. But should we take conflict so lightly? It can sweep through the timber of a solid business structure and bring the house down in no time at all. Love is an unreliable fire extinguisher. It is best to keep conflict under control so it is a flame that warms rather than flares up.

HOW TO REGULATE THE TEMPERATURE

- It is the system, stupid. You can create ugly conflict between the most well-mannered and rational people just by how you set up the rules of the game. For example, take two parties – give them a mutually exclusive goal and force them to share resources to achieve their goal. Result: bitter feud. This is what many parents unwittingly inflict on their children.

- It is the structure. There are some roles that just should not exist because they bend people out of shape. When someone is in an impossible position, they behave like a difficult person. Stress and overload bring out the worst in the nicest individuals. Overlapping roles get people arguing about whom should do what. What looks

personal on closer examination turns out to be structural.

- It is the culture. Fish rots from the head. If you let the family bully run the business, you will get abusive behaviour cascading down the firm. People who are afraid of their superiors are apt to pass on the punishment to their underlings. Family businesses are normally quite warm places, but there are exceptions. Listen to the gossip network – if there is malice in the air, then everyone is breathing it.

- It is the people, pal. If you put a cat and a dog in a bag you can expect fur to fly. Personality conflicts are those where two people are locked together and have a special ability to press each other's hot buttons. A classic form is where two individuals with strong needs for dominance are put into a shared harness. Like two leading huskies, each one wants to see the landscape ahead, not the other dog's rear end.

It is an unfortunate truth of human nature that we tend to over-attribute to the last of these elements – to personalities – rather than to the real underlying causes. The way the business is organised and run can easily turn people against each other. In family firms (and non-family organisations too) far too little thought is given to how roles are designed, whether people have been assigned to positions that suit them, what kinds of implicit as well as explicit incentives motivate and focus attention, what unhelpful sharing of resources people may be forced into, and what is culturally acceptable in how people talk and deal with each other.

In the literature on group psychology it has been found that where conflict is allowed to focus on personalities and relationships it is almost always destructive in its consequences. When conflict is around the nature of the task and what needs to be

done it is more often creative and constructive. When it is about process – how one should approach a task – then it can go either way.

HOW TO EXTINGUISH FIRE OF CONFLICT

And what should a leader do when the fur is flying between two individuals? First, and most obviously, cooling off is needed. Do not try to get the handshake of friendship too early, otherwise it will be a sham. Second, let each party tell their story. Then ask them to try to figure out what the other party is thinking about the same situation, and why they might have a different view.

This is the part that takes most skill, but it leads to a much cooler understanding of what the causes of conflict are and why, for quite natural reasons, people see the world differently. Third, get each party to think about how things could be done differently to avoid the same outcome again.

Then you can bring them back together, agreeing to use improved communications and new rules of conduct that will keep them focused on the task and respectful of each other's feelings. The result is more productive than if people had just gone away to seethe silently.

The danger of attributing too much to personality is that it may force leaders try to make too safe choices in their working relationships. For creativity and peak performance you need diversity and ways of generating productive disagreements. This is part of the winning formula of the family firm. ■

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