



FAMILY TIES – BINDING, BONDING OR BREAKING?

Nigel Nicholson

What is the greatest challenge facing a family firm? Family. Business owners are apt to look at the daunting prospects before them in such areas as business strategy, finance, management and operations, and see them as the keys to success. That makes sense, for these are what keep a business in profit. But what derails the family firm most often is family stuff – it is also the most unanticipated. Family business owners too often have their eyes so firmly fixed on the business horizon that they fail to see the pitfall right beneath their feet. Our newest survey at London Business School, a study of family business advisers, suggests that family issues are far and away the toughest to resolve.

It is human nature to take one's family for granted but you don't have to look far to see the perils of complacency. Before we get too gloomy let us remember that family life is a *raison d'être* for the working lives of many people, and that family businesses exist not as a sideline but as a central theme in the destinies of owners and managers. Much of the business world we see today was built by and for families.

Does this mean that the family firm has to be built around the ideal family? It would be too depressing to say each one has to resemble the Waltons when more often one feels like the Simpsons. The truth is not that effective families are problem-free, but rather that they are problem-solving – they have the inner resources to face their difficulties and keep moving on. The discipline of family psychology tells us some of the classic ways in which families fail to do this. All have cultural biases.

THE ENMESHED FAMILY

This is what happens when parental authority is oppressive, often accompa-

nied by stifling intensity of emotional control. In this climate there is no room for family members to express their individuality or find freedom. "Having a family is like having a bowling alley installed in your brain," wrote one humorist. The enmeshed family is often a closed book to outsiders. The drama goes on behind the curtains. In family firms, there are many sad cases of families who refused outside help, or where the next generation had to make a radical break to achieve freedom and find themselves. This pattern is common in some traditional cultures.

THE FRAGMENTED FAMILY

This is where there is no glue to hold the family together. Parents are self-absorbed. Children are drawn away by diverse interests. Clarence Darrow captured the spirit of the alienated family: "The first half of our life is ruined by our parents and the second half by our children." Fragmented families rarely spend time at the same dinner table, or celebrating their familiness. The family is centrifugal – at best a resource or a jumping-off point. This lack of shared interest is a common cause for the dissolution and sale of many family firms. Parents and children alike assume that the last thing the next generation would want to do would be to share in the enterprise at any level. Rather, take the money and run. This is quite a common northern European or Anglo-Saxon family disorder, associated with wealth, individualism and opportunity.

THE SCHISMATIC FAMILY

Here there is a breach between individuals or between groups – in the mature family business it may be between clans or family branches. In some families it is all against one scapegoat, black sheep or

deviant. Often it is a tug-of-war between parents and children. Such battles of will often wreck family firms, especially where the senior generation won't relinquish their grip or continue to interfere in the lives of the succeeding generation. Violent jealousies between siblings have also torn many a family firm asunder – typically because the senior generation never made wise or acceptable dispositions of authority and interest between them. But the weakest link in the family is often the most critical non-blood tie – between husband and wife. The track record of so-called copreneurs is not impressive. As a friend of mine put it: "For better or for worse, but not for lunch!"

So how does one create the adaptive family? Within the adaptive family there is authority without autocracy; love without suffocation; and change without chaos. Three elements are needed: open communications – people talk openly about feelings and do not censure each other for what they think and feel; flexibility – people are willing to change their routines in order to help each other through a difficulty; affection – people feel and express unconditional warmth towards each other, forgive each other and focus on common before divided interests.

The most successful family firms have weathered family storms and come out of them stronger, with better governance, clearer values and sharper goals. Others lie shipwrecked on the floor of the ocean of forgotten firms. Understanding, analysing and resolving conflict is a central need. This will be the topic of next month's column. ■

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