

## How Frequent is Conflict in Family Businesses?



By Wayne Rivers

Four family business consultants and researchers, Paul Karofsky, Jack Troast, Karen Vinton, and Ed Cox, in conjunction with The Family Firm Institute, produced a 2001 study of conflict in family businesses. Their survey was distributed to five thousand family firms; six hundred completed and returned the forms.

Their research confirms what many of us already expected. Conflict is the rule in family businesses, not the exception. Approximately twenty percent of the respondents reported weekly conflict. A similar percentage reported monthly disagreements. Forty-two percent of the respondents said they dealt with conflict three to four times per year. Taken together, approximately eighty-two percent of the respondents reported conflict in their businesses on a regular basis!

Fourteen percent of the survey group characterized their conflicts as "difficult." Forty-two percent characterized their conflicts as "moderate." One finding of interest is that the less frequently conflicts were reported to occur, the milder they were perceived to be. While the team is conducting more research into this area, one possible answer for this phenomenon is that those firms who report conflict less frequently must have programs or mechanisms in place to address their controversial issues proactively before they escalate in intensity to the level of conflict. Put simply, those families appear to engage in a process of preventive maintenance



Fifteen percent of the respondents left conflict resolution to the founder of the family firm. Twenty percent said their families avoided discussing the conflict altogether, and forty-three percent said their families manage the conflicts over time by talking them through.

As the statistics demonstrate, conflict is a fact of life in family companies. Since most of us have little or no training in conflict resolution, conflict makes us feel anxious and uncertain, and we worry about the impact of conflict on our personal relationships as well as our business relationships. Most of us have no formal training in psychology, counseling, or in any other of the helping professions; we learn to deal with conflict in our families of origin. We bring these family conflict resolution techniques into our business environments. Stated another way, every single participant in your business from the CEO down to the newest laborer brings in conflict resolution techniques from his or her family of origin! No wonder there are so many different ways for handling difficult interpersonal challenges.

**CLICK HERE to Request a  
Complimentary 30 Minute Phone Consultation.**

What most family businesses experience is that when conflict arises they don't have systems in place to handle it. What they have is a polyglot of family systems which were designed to minimize, avoid, or eliminate conflict. Conflict in business is necessary and even vital. It can be a spur towards greater growth and productivity in the enterprise. It should not be repressed, ignored, or associated only with negative outcomes.

There are several sources for helping to resolve family and business conflict. The first is a process of self-awareness; images we have of ourselves from our childhoods "come home to roost" in business settings. Without an advanced exploration of our own motivations, we are blind to problems we may be inadvertently introducing into our organizations. Team awareness is also an important component.

Team awareness deals with understanding the motivations and communications preferences of the other folks in your family or business. The golden rule doesn't work anymore. Today's rule is the Platinum Rule, "do unto others as they would like to be done unto." Without an advanced sense of team awareness, it's impossible to apply the Platinum Rule.

Your company must have a coherent vision for where it wants to go. Many family businesses are run in the old fashioned entrepreneurial way which might be categorized as "seat of the pants." Today's family businesses are evolving; family members and employees are not likely to follow the old military model or pyramid type leaders. Today's young people want a sense of participation and empowerment in their companies. They want to know they are really contributing and are really a part of the team. Having a coherent vision which is communicated throughout your organization is one way to begin to give all of the employees of your company some of what they need in building a true team process.

Finally, professionalizing the management of your company can be a tremendous help in resolving family conflict. It's ironic, but once visions are established, business plans are written, roles are clarified, budgets are developed, etc., family conflict seems to wither and disappear. Many business family conflicts originate from confusion and uncertainty over unclear roles and overlapping areas of responsibility. Professionalizing the company and engaging in a process of strategic planning answers many of these uncertainties and can help keep family issues and business issues from becoming intertwined with each other.

Conflict in family businesses is inevitable, but it doesn't have to become an impenetrable barrier. Conflict can be likened to a hurdle; to get over a hurdle you simply have to leap to a higher level. Ultimately, leaping to a higher level is what your family is all about, isn't it? ■

Wayne Rivers is the president of The Family Business Institute, Inc. FBI's mission is to deliver interpersonal, operational and financial solutions to help family and closely-held businesses achieve breakthrough success.  
Vol. 6, Issue 2

