

Conflict: stop worrying, it's normal

Ken McCracken

Why is conflict normal?

Whatever the size of your family business there are always limited resources to meet the changing needs of many different people - by which I mean things like time, money, ownership, and career opportunities. For example:

- 2 family members want to be the next CEO, but there is only one job.
- The shareholders would like an increased dividend, but the business needs investment.
- The business needs a lot of time from family members, which makes it difficult for them to spend time with family.

Each of these situations involves competition for resources among people who are passionately involved in a family business. It is natural that from time their competing interests will lead to arguments. This is not odd; it is certainly not dysfunctional. It is normal.

Role conflict

This is a different type of conflict. It arises when a family allocates several roles to the most willing and/or able of its members.

For example, an individual family shareholder serves as a director and trustee of a family trust of which her children, nieces and nephews are all beneficiaries. This sets up inevitable conflicts of interest, such as between what the individual would like to do as a shareholder and as a parent and aunt, alongside their different legal duties as a director and a trustee. The frustration that this causes can spill over into family life and the business.

Dealing with conflict

The use of dispute resolution techniques is an understandable reaction when confronted by conflict, but these need to be approached with caution.

An adversarial approach, no matter how well intentioned, can accelerate a family's descent into costly litigation that may also compromise or destroy personal relationships.

Even those techniques that seek a win-win outcome may be based on the unrealistic assumption that the parties can accept a compromise because afterwards they can each walk away. However, in a family business conflict the parties cannot easily walk away after a dispute has been resolved because of family relationships and the other ties that bind, like ownership stakes or careers in the family business.

Reality check

Sometimes a family sustains apparent disputes or conflicts as a technique for avoiding or delaying other discussions, for example, about succession in a family business. However tough this might

appear, low level and unresolved conflicts might still feel more tolerable for the family than unpacking what is feared by them to be a can of worms.

Pressure, pressure

Every family business is a circuit board of anxiety and conflict can break out when someone in the family business finds their situation intolerable. Decisions that are best for a business might cause disharmony in the family, or what makes for a contented family life might cause ructions in the business.

Family business conflict is not necessarily an indication of dysfunction. While conflict in some family businesses can be a consequence of dysfunctional relationships, at least as frequently conflict is a posture adopted in response to anxiety created by competition for the finite or limited resources that a family business can provide.

Try not to worry about it, and instead think, could we plan for some of the things that might cause disagreements in our family business?

Ken McCracken is a family business consultant and teacher who works with family businesses, family offices and the advisers who help them. For more information:

Ken McCracken, Director, MFBC Limited

ken@m-fbc.com

www.m-fbc.com

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