

Insight 5 – Encouraging Open Communication

The next running day was a beautiful blend of a cloudless sky, moderate temperature and no wind. Perhaps motivated by the superb weather or still feeling the warm personal glow of their friendship from Winville’s birthday celebration, everyone turned out for the Noon hour jaunt.

Winville purposely managed to position himself beside Julie. He still had the description of her family business she had shared in his mind and he wanted to get a little more insight into the dynamics of how it functioned.

“Thanks so much, Julie,” Winville began as they started out on the regular route, “I really appreciated you sharing the details of your family business and, in particular, your use of a Family Council with us the other day.”

“I hope I didn’t hijack your celebration too much,” Julie responded, “but Jim, Dave and Alan all seemed very keen to hear what we were doing.”

“Far from hijacking it,” Winville reacted, “from my perspective, you made the evening very instructional as well as fun! I particularly enjoyed your royal family comparison!”

“Oh, that was a bit of fun, wasn’t it?” Julie chuckled.

“Yes, it certainly was — and clever too!” he agreed. “But I was as much interested in your description of how your family has a forum to communicate among themselves. My family experience is quite the opposite, but I want to change that going forward.”

“What do you mean ‘quite the opposite’?” Julie asked.

“Well, as you may know, I took over our real estate development firm from my father, when he became ill and his doctor told him he had to retire. It was a modestly successful and active business at the time with a number of deals on the go, so I was sort of forced into assuming his role by the circumstances and the need to preserve the family’s major asset.”

“It was good for your father that you were there,” Julie observed, “but it sounds like it wasn’t so good for you.”

“At the time, I didn’t feel I had a choice, but I certainly can’t complain about where the business is today. It has been very rewarding for my family and myself.

“But listening to you the other night describe how your grandfather, and then your father, laid down some rules or guidelines for how the family business was to be managed and how family members were to communicate with each other — it made me realize how much easier it would have been for both my father and me and the family overall if we had just talked about things beforehand.”

“I hear you, Winville,” Julie sympathized. “and you have hit the nail on the head — it’s all about communication. That’s really what my grandfather and father were doing — making sure all the family members were aware of the values that underpinned the company and how those principles were to be reflected in the operation of the business. Sure, the documents they created detailed the specifics, but at the end of the day, they were just tools for encouraging open communication and trust within the family.

“In my experience, communication has two dimensions to it — the very practical side of exchanging information and the more emotional side of how people feel in the presence or absence of good communication. Some families function extremely well with the information exchange part yet have difficulty with emotional communication. Healthy families are able to communicate well in both areas.”

“Now you have hit the proverbial nail on the head,” Winville said. “I am pretty sure it was the psychological impact of the lack of communication that made me less than enthusiastic about taking over the family business.

Ever anxious to help, Julie asked, “Can you give me an example?”

“It seems disrespectful to be talking this way now,” Winville said. “My father passed away several years ago from the illness that forced his retirement and despite any differences we may have had, I loved him dearly. Looking back, though, I see how it could have been much easier for everyone involved if we had been better at communicating with him, and amongst the family.

“And as I look at my own children, whether they follow in my footsteps when I exit the business or not, I want to encourage open and candid conversations. I’m convinced this will provide a better future for them.”

“OK, then,” Julie suggested, “rather than focusing on the things you feel your father didn’t do, let’s take a more positive approach. Tell me what you feel are the ‘best practices’ for inter-family communication today that you want to adopt.”

Winville thought for a moment and soon realized it was difficult to describe what he thought was right going forward without reflecting back on what he thought was wrong with the communication between himself and his father. He quickly concluded, however, that it was okay to use lessons of the past to formulate practices for the future. So, he began.

“I think an over-arching principle is to realize that decisions which impact the family should not be made alone in a vacuum. It is unfair to assume we know everything about how other family members think and what is important to them. Seriously and respectfully seeking input without pre-judgment will encourage expressiveness and candor.”

“Totally agree,” Julie responded, “but what if there is disagreement among family members? We have our Family Council to try to mediate and reconcile differences. How will you do it?”

“Our family is considerably smaller than yours, so I am not sure we need the formality of a Family Council,” Winville suggested, a bit defensively.

“So, how will you manage conflict?” Julie challenged him.

“At the end of the day,” Winville answered, “I am the senior family member and I am expected to provide leadership. That means, just as you said the other evening, ensuring family members feel they have permission to express themselves, in a safe environment and that their views will be fairly considered.

“I may have to make the tough decisions, but not before discussing my reasons with those affected by my choices.”

Julie pushed him further. “You say you will consider all aspects of any issue. How do you make sure you have done so?”

“I begin with the facts — what is the conflict, who is involved, how did it manifest itself, what are the possible causes, what is the impact?”

“Then I consider the circumstances — what is the relationship between the people, how does each behave normally and under stress, what values and beliefs are represented, what emotions are at play, are there external factors affecting the situation?”

“With all of this in mind, I look for possible solutions that I think will come closest to satisfying everyone, have a positive, lasting impact on the family or the business, and are practical to implement.

“Then, as I said, I explain my rationale and, hopefully, reduce or eliminate any conflict.”

“Congratulations, Winville, you have just described exactly our process in the Family Council!” Julie reacted with genuine excitement. “You have also made a very important point — communication involves paying attention to what others are thinking and feeling. In other words, it’s not just talking, but listening to what others have to say.

“May I suggest a couple of other ‘best practices’, based on my experience?”

“Of course.”

“These are probably more along the lines of “Don’t Do’s”, Julie continued, “because we have seen how they can create negative communication.

“For example, you have children who, perhaps, will be part of your business someday. We had a situation where there were two young adult, male children who were potential candidates for a promotion within our family business. Their father, who was in a position of power, thought it would be great to create a little ‘competition’ to motivate them to challenge each other.

The boys, let’s call them Bill and John, were quite different. Bill was self-determining, John more of a follower than a leader. Bill was more independent and innovative by nature and

didn't hesitate to express his reasoned opinion on things. John, on the other hand, was more likely to echo his father's view to maintain favor.

Unfortunately, their father, unconsciously we hope, showed a bias for John over Bill and it showed up in several ways — from the nicknames he gave each of them to the positive reinforcement he gave John versus the sarcastic comments he made to Bill. When the time came to recommend someone for promotion, not too surprisingly, John got his father's endorsement.

“Here's the rub — Bill was actually a much better candidate for the higher position in the family business. Unfortunately, the negative messaging he received discouraged him to the point where he did not want to be part of the family business anymore. The damage was too personal and too deep for us to resolve, even at the Family Council, so we lost a potentially superior employee.

“One of the lessons I learned from this situation is that we communicate in different ways — verbal, non-verbal, what we say and what we don't say — and that people respond or react in their own way. That's why it is important, for example, to pay attention to body language as people might be telling you things without verbalizing them. I think Peter Drucker summed up this point best by stating that, 'The most important thing in communication is to hear what isn't being said.'

I also believe we sometimes forget that open and honest communication creates an atmosphere that allows family members not only to express their differences, but also their love and admiration for one another.

“I am sure there is a ton of research out there that shows effective communication is almost always found in strong, healthy families, while poor communication is usually found in unhealthy family relationships.”

“Yes,” Winville interjected, “that seems intuitive, but I suspect not necessarily well-recognized. I also know from something Dave talked about once that most family-owned business that fail do so because of mistrust and poor communication rather than for strategic or financial reasons.

“So, here is a very practical question. What do you do if people simply don’t want to talk?”

“Yeah,” Julie answered, “it is easy for us to think everyone would welcome the opportunity to express their concerns, etc., for example, in a family meeting, but the reality is that some people are just too uncomfortable doing that.”

“Even when you assure them that it is OK and that they are in a safe environment and so on,” Winville agreed. “So, how do you handle that?”

“Well, I can share what I try to do within my own firm as well as when I am chairing the Family Council. To begin, I always try to let others speak first. What I mean by that is that I describe the issue at hand and ask for their ideas for dealing with it. Rather than tossing out my own idea right away and waiting for responses, I ask them what they think before I offer my view.”

“So, you are empowering them to address whatever the problem is,” Winville confirmed.

“That’s right,” Julie reacted. “It isn’t always easy. I try to be open-minded, but sometimes I can tell right away that their initial ideas simply won’t work in the context of our family or my business. I am conscious of my body language and try to hear them out without judgment or an immediate ‘No, that won’t work response’.

“If someone has the courage and conviction to share an idea for change, we have to listen to them and try to understand their point of view. I have found this to be particularly useful when we have new people coming into the family or the business. They may have ‘fresh eyes’ and have identified areas for improvement from their previous experience. However, if they are new to the group, they may not feel they have credibility or earned the right to make suggestions yet.”

“I know that feeling,” Winville volunteered. “I always had the sense that my father was not going to be receptive to much of my thinking about how the business should be run, so I seldom offered suggestions. When I took over management of the firm, I began implementing some of my ideas. It wasn’t too late, but it was later than it should have been.”

“And that brings to mind another strategy I try to employ,” Julie continued. “We need to not only hear ideas, but also to implement them, and recognize the individual who made the suggestion. In fact, if qualified, I try to let that person take the lead or at least help execute their idea.”

“That would be the epitome of good communication,” Winville concluded as he realized he had been so absorbed in Julie’s story and somewhat on autopilot as they ran their usual course, that he hardly noticed they had turned the final corner and were on their way back .

“So, let me summarize what I think are going to be my family communication ‘best practices’,” Winville said, knowing he had only a few minutes before the run ended.

“#1 – Be an active listener. That means trying my best to understand the point of view of the other person. Pay close attention to their verbal and non-verbal messages. Acknowledge and respect their perspective. Use sentences like “What I think I hear you are saying...” to seek clarification if I don’t fully understand they are saying.

“#2 – Communicate clearly and directly. Being vague or indirect won’t resolve issues and, in fact, will reduce intimacy and emotional bonding between family members.

“#3 – Be open and honest. Openness and honesty set the stage for trusting relationships. Without trust, families cannot build strong relationships. Family-owned business leaders are responsible for providing a safe environment that allows family members to openly express their thoughts and feelings.

“#4 - Think about the other person by validating and trying to understand other’s points of view and contribution. Not all family members have the same interests or priorities. Nor do they all communicate in the same manner or at the same level.

“#5 - Communicate frequently. We didn’t specifically talk about this, but I think about the lack of communication between my father and I, and I just didn’t try to talk to each other often enough. I will look for creative ways to make time to communicate with my family.

“#6 - Be positive. While it is often necessary to deal with negative situations, effective communication is primarily positive. It will be important for me to compliment and encourage all family members.

“#7 - Say ‘thank you’ and ‘I love you’. – Why don’t we always show the basic common courtesy to our closest family members that we are sure to show to others? I would never not say ‘thank you’ to someone who did a favor for me, but I know I don’t always say ‘thank you’ to my wife when she does the same for me. Assuming our family knows that we love and appreciate them, misses opportunities to strengthen our relationships. “

“That is impressive, Winville!” Julie proclaimed. “And here I thought we weren’t communicating...” she joked.

“Seriously though, I have really enjoyed our conversation. The time went by so quickly and I feel like I have hardly had a workout. Want to sprint the last 100 yards?”

Winville winced at the thought, but in the interest of good communication, he smiled and nodded and off they went.

Toolbox

10 Steps for Enhancing Communication

1. Learn to listen well
2. Avoid misinterpreting others or being misinterpreted
3. Build and maintain trust
4. Allow others to be emotional in your presence without shutting them down
5. Regard disagreements as emotionally “neutral”
6. Communicate directly
7. Search for underlying issues
8. Make all your levels of communication consistent with one another
9. Help others to build self-confidence
10. Don't be trapped by the past

Source: J.H. Astrachan & K.S. McMillan, 2003. Conflict and communication in the family business

10 Ways To Destroy Trust And Communication Within A Family Business

1. Never ask for input when making decisions that impact the family
2. Refuse to discuss the reasons for the decisions you make
3. Create competition for your favour between children
4. Label family members and encourage the use of those labels
5. Only validate people who remind you of yourself
6. Decide who you trust based on who agrees with you
7. Don't let others find meaning in things you're not interested in
8. Refuse to lead, but make sure everyone knows you're in charge
9. Don't talk about personal relationships, feelings and definitely not failures
10. Ignore your family's interests while you are living, but plan on radically impacting their lives after you're dead

Source: Family Enterprise Advisor Course

GENERATING TRUST

