

# BusinessPlus+ Newsletter

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## Healthy Communications in a Family Business



Communication in a family business always seems to be a moving feast. Someone, somewhere, in the family, may appear to be out of alignment with business decisions or strategies or family roles or responsibilities. And yet, communication is a core competency that all family members and staff employed in the business must have to effectively operate and reach their goals.

### **The Golden Rule of Family Business Communication**

Given this complexity, the best advice on how to effectively communicate is by always applying the Golden Rule of family business: ***All communication should be open and honest.***

**Applying the Golden Rule in your family business is the best advice for success in every situation since it reduces assumptions and builds trust. However, this is not easy work. So how does a family business become a completely open and honest communication environment?**

First, you must develop processes that separate out the three main systems of family, business management and ownership. It is productive to spending time creating structures and developing habits to instil discipline so that family issues are discussed in a family setting and not at the business. Similarly, an ownership issue should be discussed only among owners, not with everyone in the family. Finally, management should be able to make business decisions on a day-to-day basis without interference by non-working family members. Each system of family, management and ownership may have different rules or norms around communication that need to be understood and respected by all.

A good starting point is for a family business to gather the family on a regular basis – at least once a year – to discuss the progress of the business with the family and allow family members to ask questions.

This would be the right communication venue for family members who are not involved in the business to get their concerns heard. There are many in the family who are affected by the business – spouses, for example, even if they do not own shares or work there – and it is natural for them to have questions. An annual family meeting can provide them the forum to get heard. A family meeting with open and honest communication is an excellent way to build understanding and improve communication in a family business.

Building an open and honest family business takes a great deal of dedication and effort, but the rewards are significant in terms of reducing conflict and miscommunication. When facing your day-to-day dilemmas with regard to your family business, you should also strive to be as open and honest as possible. It will not only improve the family business dynamics, but will likely lead to fewer problems in the long run.

### Tips for Your Next Family Meeting

1. **Do not try to discuss and resolve family and business issues or challenges in the same meeting.** Separate the challenging questions so the facts are the focus of the information flowing across the table. Have separate meetings with family to discuss family issues and other meetings to discuss business issues.
2. **Really listen to the other people in your conversations.** Check-in with the others in the conversation that “This is what I’m hearing. Is this what you are saying and meaning?”
3. **Be very wary of your messaging when using technology to communicate with other family members and business associates.** When not meeting face-to-face the dynamics of communication change and we lose the body language and tone of our conversations. Create an online strategy for all to understand and use.
4. **Educate family members and staff on how to communicate better.** Training can be part of an on-boarding process for new family and employees joining the business and can also enhance the skills of those already in the business.
5. **Conduct a review of your current perception of communication** with the family and maybe even include the top management team. Ask questions like: On a scale of 1 to 10, how well do you think we are communicating now? Is there something bothering you that has not been addressed by the family? What can we do to improve our communication? Look for an average communication score and discuss member’s perceptions. Then, you can look for ways to improve your family’s communication by running another sample a month or two after some recognised adjustments have been made.

Improving communication is a goal worth spending some time and effort to achieve. Working through these five items will enhance both your family and business outcomes.

### Building Family Teamwork

Research shows that when any team faces challenging situations – meaning where there are differing viewpoints, high stakes and uncertainty (such as when families sit down together to plan their relationship with the business) – **their responses fall into five “advocacy-oriented” approach:-**

Question	An Advocacy Orientation
(1) How to play the game	<i>Win by gaining converts to your point of view</i>
(2) How to win	<i>Forcefully and confidently advocate your point of view</i>
(3) Spontaneous view of team members who disagree	<i>They are competitors</i>
(4) Strategy for dealing with gaps in your argument	<i>Hide them</i>
(5) Respond to dissent	<i>Find it annoying and suppress it</i>

In a typical team where these advocacy dynamics are going on, the result is the team members become frustrated and start to become personal, progress grinds to a halt and people begin to withdraw and give up on the team and the whole process of teamwork.

An alternative and better approach to advocacy is to adopt an “**enquiry orientation**”. Team member, alone and collaboratively, explore other points of view. The shared goal is to collaboratively arrive at the best possible solution rather than implicitly to get converts to “my solution”. Note the contrast to the previous table’s orientations with this approach: -

Question	An Enquiry Orientation
(1) How to play the game	<i>Propose your point of view as one point of view; explore others views; experiment with different perspectives on the same issue</i>
(2) How to win	<i>Collectively arrive at the best solution</i>
(3) Spontaneous view of team members who disagree	<i>They are collaborators</i>
(4) Strategy for dealing with gaps in your argument	<i>Reveal them</i>
(5) Respond to dissent	<i>Seek it out and welcome it; examine its implications for the issue under discussion to get to a better outcome</i>

So, team members need to explain and explore their own and each other’s reasoning, including the information they regard as more important or less important, their interpretations of that information and their conclusions. These skills are colloquially called “**explaining and asking/exploring**” and together with one other ingredient – acknowledgement – they underpin a more effective approach to teamwork in the face of challenging situations. **Balancing advocacy with enquiry and acknowledgement involves:** -

- **Enquiry: What is the other person’s story?**
  - What do they see?
  - What are you missing?
- **Acknowledgement: Show others you understand**
  - Paraphrase what you have heard
  - Empathise with their feelings
- **Advocacy: What is your story?**
  - What do you see?
  - What are they missing?

Genuine curiosity follows from adopting this approach and leads us into more effective conversations in challenging situations, which commonly arise in a family business. This generates more successful family teamwork, improved relationships and better planning and problem-solving outcomes.

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