



5 Reasons Why Family Business is Tough (and more rewarding)

By Betsi Bixby

Experiencing the joy of watching fathers and sons, brothers and sisters, and moms and daughters learning to effectively combine differing opinions and perspectives on how to run a petroleum company at our CEO Exchange last month, I was reminded how tough family business is, far tougher than running a non-family company. Here's why:

1. **Deep caring.** In a non-family company (I'll call them NFC's), when someone is not performing up to expectations in their position, while you may care about their success and future, it is not at the same deep level as a blood family member. It just simply matters more at a very gut level when a family member. That deep caring interferes greatly with commonly accepted and effective positive disciplinary processes. Depending on the family dynamics, there is typically either an under or over reaction. Over react and the family member feels singled out and picked on for being family. Under-react and you lose respect from the non-family team. Dealing with family in the business is a fine line tight walk.
2. **Past baggage.** In a NFC, a new hire comes in with a totally clean slate. No one really knows much about them other than resume and interviews. That person's behavior on the job solely creates their reputation. Not so with family. When a family member joins the business, all their past history is known. Was he or she a goof off in high school? It comes with them. How about a valedictorian? That high expectation is there. How about the sibling that stole and mashed the brother or sister's doll or truck at age 6. Yes, that memory is there still vividly at age 36, thirty years later. When that old memory surfaces in a board meeting or simple work communication it can get ugly. The family member is constantly having to establish their current state and values, putting all their past to rest in the minds of the people who "knew them when."
3. **Intimate knowledge.** You would naturally think that family members who know each other intimately, each other's strengths and weaknesses, would have an edge on being an asset to an organization. You would be right EXCEPT when the going gets tough and triggers (known hot buttons) are deliberately pushed as power plays or weapons. Family members over the years are very good at figuring out how they can get a rise out of a blood relative using just a word, phrase, or even a look. Intimate knowledge turned into weaponry can be extremely toxic to the daily functioning of the family business.
4. **Fairness Expectation.** One of the more interesting challenges in family organizations is an underlying belief in a fairness standard. This standard dictates that what is given to one

family member must be given equally to others simply because of the blood relationship. In an NFC, production, value, merit, and the marketplace are the dictators of a person's career advancement. There is no fairness standard other than paying a fair wage.

5. **Money.** This leads me to the last piece of the family business puzzle and usually the most potent which is money. In my decades of work with families, I know it is loaded with more strife than anything else. You would think it starts with pay. With most families, however, pay is not the most potent issue. In fact, family members are often underpaid! And they are not even that disgruntled about their low salaries. What is more potent is the authority and ability to spend money. Essentially, who gets to buy what, when and without any other approval. Yes, that is the powerful little dirty driver of most family business fights.

With these five bombshells in the midst of family business, why do families still get a massive sense of accomplishment and reward from keeping the family business in the family? I've grappled with that question and have my own ideas. And as I started to share with you I stopped and thought it would be so much more interesting to ask you. You are the expert far more than me.

What keeps you in the game? Why is running a family business, despite all the warts, wrinkles and heartaches still worth it? Would you please help me by emailing me a short answer to Betsi@askmeridian.com. In return, I promise to keep what you write anonymous but will compile and share the responses in the next issue. Will you take just a quick minute to do that now?

I wish you continued success, in fact wildly massive success in your business. May your love for your family always shine powerfully in your business and those you serve.



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