



Are You Having Trouble Getting Agreement On The Terms of Your Family Policies?

Decision Making When Times Are Tough

If the markets are in terrible shape¹, it is probably not a good time to be trying to seek family consensus on the terms of a family policy or agreement (for example a family employment policy). This is common sense right?

One reason to say “now is not the right time to talk about the employment policy” is simply

¹ This note was written in September 2011.

because of priorities – in a crisis there are often more pressing issues to focus on (though hopefully your family office would have everything under control for you).

A second reason has to do with anxiety. When family members are anxious it is not a good time to make decisions that are intended to have long lasting impact.

Maybe there are some more general lessons to learn from this.

Decision Making In More Normal Times

What if the markets are in good shape but your family is still having a hard time getting agreement or consensus on what should be a relatively routine family policy? What could be going on?

Priorities

Again the first issue might be the question of priorities. Has there been sufficient education or buy in from family members that they will be better off together over the long term if they discuss and develop the right family policies. Do they understand the benefits of developing the right family

policies and agreements?

Anxiety Level

Again the second issue can still be anxiety. If the family have trouble reaching agreement on relatively routine matters together, it could be a sign that the family is going through an anxious time.² This is a lesson from family systems theory, and family systems theory also points to ways to help relieve the anxiety and improve communication.

You would expect that as a time of transition approaches in a family business, the level of anxiety could go up. For example, a time of transition could be when the next generation start entering roles in the business. Another example is the time when the business founder prepares for retirement or to take a less active role in the business.

One tool that can be used to focus discussion on the state of the family relationships is the family genogram.

Family systems theory brings us the concept of a relationship triangle. Becoming aware of and

making an effort to stay out of triangles is one way to help lower the anxiety level in the family system.

Having A Forum

A third possible reason could be that the family members don't have the right forum, e.g. family meetings, where they can spend time on a reasonably regular basis, to develop their family policies.

Part of creating the right family forum would also include discussion of how decisions are going to be made at that forum (which is the concept of fair process in decision making).

Safety

Fourth, the family members may not have a safe way to have the kinds of conversations they need to have to develop the policies. Maybe they do have regular family meetings but those meetings are not safe.

How do you make the forum safe? The question then is whether the family members need to enhance their communication skills including listening skills and also develop the right family meeting rules and most importantly, the

² Edwin H. Friedman, Generation to Generation

right ways of relating to each other that make it safe.

Stewards & Inheritors

Specifically in an Asian context, if a family who are in business together or jointly own assets together are stuck (and often in the sibling generation stage) maybe they have not yet been able to have “adult adult” conversations about whether each sibling sees themselves as a steward or an inheritor. This is a framework developed by James E. Hughes Jr., author of Family Wealth, Keeping It In The Family³.

For more detailed information on Next Generation as Steward or Inheritor, please visit the articles page of the Family Legacy Asia web site www.familylegacyasia.com

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³ Bloomberg Press