

PROBLEM SOLVING: DILEMMAS

All in the family - except for a nephew

SUSAN PINKER

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Dear Susan,

I am the CEO of a family business that employs about 150 people. My father and uncles started the business in the 1940s and my siblings have entered the business along with some of our children. One of my nephews didn't work out as the production manager and was recently given a generous severance package. Although his father (my brother) understands the situation, my nephew's wife is very angry and I dread the approaching holidays. Please advise.

- *Bad Cop*

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Dear Bad Cop,

Start by acknowledging what's unnerving you - namely, single-handedly taking the blame for your nephew's ouster. Even as top dog, I doubt you made this decision alone. Using performance reviews or other data, a few people must have decided together that the nephew was in the wrong job and would do better elsewhere. If this team included key family members, it might have looked like a self-anointed cabal. Your nephew and his wife may now feel like the outsiders whose interests weren't considered. Until you make your joint decision-making - and your personal regrets - more transparent to the couple, this won't be your last awkward Christmas.

It's certainly no fun, and facing such conflicts on an ad hoc basis is one reason why the lion's share of family businesses don't make it past the second generation. Ninety per cent of American businesses are family owned, according to the University of North Carolina's Family Business Forum, but only 12 per cent of them get passed on to the founders' grandchildren.

Hardly the "mom and pop" corner stores of our imaginations, many are gargantuan businesses with a total of more than \$10-trillion (U.S.) in assets to be transferred when the owners die or retire within the next 30 years, according to Federal Reserve economist Robert Avery.

With such high stakes, any resentment your nephew feels is understandable, and his wife's allegiances and "in-law" status will only magnify it.

A board primarily composed of non-family members, or "a family business council that would develop clear statements about what family should and should not expect in terms of employment, performance evaluations, compensation, requirements to hold other jobs before being employed by the family, dividend and succession plans," are good ways to protect yourself against future conflicts, says Scott Hickman, chief executive officer of a family metal business in Asheville, N.C., whom I met at a conference on negotiation last week. He and others I consulted all observed that business and individual family members' interests inevitably collide. You're wise to plan for conflict while the going is good.

If your brother was in on the decision, it's time to bring him back in to help you broker a reconciliation. Before Christmas, the two of you should sit down over coffee with your nephew and his wife to talk about what went into the decision. Use discretion and sensitivity when broaching gaps between expectations and performance. After all, the point is to add clarity, while preserving his self respect. If you feel sadness and regret that things didn't work out, say so. Give them a chance to air their grievances. Even if you're not responsible for their resentment, it behooves you to listen.

Given that you and your brother are the senior statesmen, encourage your nephew to take the long view. This transition and its generous severance package could be the kick in the pants that allows him to do what he always dreamed of, whether it's creating a business of his own, taking time to travel, or going back to school.

That's his business, but it's your business to make sure that these feelings aren't voiced when you're facing a turkey, all tanked up with gin and someone's holding a carving knife.

Dear Susan,

As in-house counsel to a financial services company, my job is to advise about situations and contracts. One of the executives recently asked me to investigate an upcoming deal and get back to him. When I got back to him by phone, there were long pauses and I got the impression he wasn't listening, and was in fact doing something else. Should I say something when I see him, or if it happens again?

- *Talking to a Void*

Dear Talking,

You now know his number, but you're not compelled to call him on it. Your job is to provide the information, his job is to apply it. If he multitasks and can still do his work, don't worry about it. Besides, who among us hasn't checked e-mail while ostensibly giving a colleague's report full attention? It's rude on that person's part, of course, but it's more audacious to make accusations when you have no proof.

You've acquitted your responsibilities in good faith. As long as your research - and the subject of your phone call - are recorded somewhere, you can't be faulted for any lapses.

*Susan Pinker is a psychologist and author of *The Sexual Paradox: Extreme Men, Gifted Women and the Real Gender Gap*, to be published in February.*

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