WHY CLEAR BOUNDARIES CAN MAKE ALL THE DIFFERENCE

Establishing crystal clear boundaries between worker, family member, parent and sibling will not only open a path towards professional decision-making, it can eliminate a great deal of hardship down the line, says **Dennis Jaffe**

The American poet Robert Frost said, "Good fences make good neighbours." Since the same family members may be involved in both ownership and management of the family business, while others may only have one of these roles, in order to navigate effectively between family membership, ownership and management roles, it is necessary for a family enterprise to create clear differentiation and boundaries between them.

A boundary is the point where something ends and something else begins. Think of a family, say, two parents and their adult son having a meal together. Their relationship is informal and playful, ranging over many aspects of life. Then consider what changes when they act together as three one-third owners of a business, looking after the health of the business and the effectiveness of its management. In that role they are not primarily father, mother and son, but become three partners, with a shared interest. To add to the complexity, what if the son is the CEO of the business, and the parents, though owners, have recently left active management of the company they founded. Can the parents tell their son what to do? The parents'emotional investment in the future of the company, and their relationship with their son – who they still see as a young man, unsure of himself – will certainly come into play. The challenge is to ensure the emotions do not lead people to become involved in ways that confuse employees, undercut decisions and stifle necessary innovation.

I recently worked with such a family. When they talked, they were not sure which role they were speaking from. The parents tried to be good parents, when the son was trying to be a CEO, and also please his parents. As business founders, the parents felt free to come to the business and tell employees what to do and make suggestions. The employees were not sure how to respond to them. This is a classic example of how a family business can be confused, even paralysed,by boundary confusion.

The learning process for this trio was about creating appropriate boundaries, and having the discipline to maintain them. When they had a conversation, they had to define whether they were acting as owners, parents and adult children, or managers. For each role they had to clearly define what they could and could not do. In fact, only the son was a manager. The son had to have full authority to act as CEO, and not be overruled by the other owners. But the owners group could ask the CEO to leave, or hold him accountable for results. When they did so, they were acting as owners. And the parents had to see their son not as a child, needing guidance, but as an adult manager, and peer owner, of their business. Of course, as parents, they could decide to leave their two-third interest to their son or to someone else.

DEFINING THE BOUNDARIES

To help define clearly the boundaries and roles, we created a code of conduct for the trio as a board of directors, that contained explicit rules for how much authority the son,as CEO, had to act, and when he had to consult his 'board'.There were also limits to what board members could do – for example, they could not talk to employees without informing their son,and would not overrule or question his decisions to employees. The goal of a good family business boundary is that it clearly defines the role, expectations, authority and behaviour for family members as they move between roles. While it is easy to say that family considerations should not influence the business, in fact, for a family to move from a family first, to a business first, mentality requires the creation of clear and explicit boundaries.

Probably the major source of difficulty in a family business comes from the many aspects of relationships that cross system boundaries. When people are in such dual or triple relationships, they have to ask themselves if what they want to do, or are about to do, is appropriate for the role they are acting within. Can a mother come to her CEO son and ask/tell him that he should hire his cousin, who needs a job? I have seen a business where the mother actually gave her nephew a job without telling her CEO son! Imagine the consequences if the nephew is a failure, or the

message that employees get when he shows up to work one day, clueless about what to do, or when the CEO son sees him at work without having hired him.

Good boundaries are needed in other dimensions of the family. In other cases, family members are always having business discussions at family dinners, leading the family members not in the business to feel left out. Many families create times when there are to be no business conversations, to help support the boundary to the family.

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There is a boundary between the parents and their children. Certain things that the parents feel and do are private, and should not be shared. A family faces boundary confusion if a father talks to a son or daughter about issues in his marriage, or if one sibling goes to her mother whenever she disagrees with something her sister and business partner, does. In a family business, members may be together even more than other families.

There can be such a thing as knowing too much about each others' lives. A young adult in a family business often feels pressure to socialise all the time with the whole family.

A daughter/manager may have married a man who respects and likes the family, but who wants to create his own family with her. The boundary issue for the young nuclear family is how to create a boundary of privacy so that they do not feel obliged to do everything with the family. For example, they may want to take a cruise for the holidays, rather than go to the family retreat to ski. The parents may take the efforts of their child to create a boundary as an affront to the family. Tension ensues. Part of growing up and becoming independent is the task of creating one's own identity, and not feeling like a junior part of one's original family. This is made more difficult in a family business where the generations are business partners.

Another kind of boundary is between the family owners, their employees and the community. There is information about the family finances that is not to be shared. As a young person grows up in the family business, he or she must learn that there is a boundary between the affairs of the family, who may share both intimate details of their lives, and about their business and finances, and what can be shared with employees and friends. They learn the boundary of privacy. As a child grows up and becomes privy to business information about the family, he or she must learn that such information is not to be shared except with appropriate advisers.

It is always a temptation to bring long-time employees, who are also friends, into the issues of the family. In a business one brother talked with his brother and co-CEO about the time schedule for a new product in development. Not satisfied with the timetable, the brother went to a key employee in charge of that area with his brother, and asked for his own assessment. A communication breakdown known as a triangle was created, where an issue between two people – in this case the co-CEO brothers – is transferred to another relationship where there is less conflict. As a result of confiding in a third person, the two people directly involved become more distant. Triangles abound across family business boundaries. Here is a true example. A CEO/son, and his brother-in-law, who was a manager in one of the family businesses had an argument, and the brother-in-law resigned and walked out. He went home and told his wife, the CEO's younger sister, that her brother had fired him.She in turn called her mother, who talked to her husband about what their son was doing to his sister. Just three hours later, the son got a call from his irate father – the Chairman and majority owner – to tell him that he had better do something about this.

Every family is full of humorous and aggravating stories of boundary violation. But we are also sensible enough to see that they are inevitable in a family business. So, what can a family do to create useful boundaries that reflect the realities that they are both family members and business partners? First, they can recognise that such boundaries exist, and that as a family member, one's role changes in different situations. Asking one another if you are talking to them as a family member or colleague may help clarify what is going on.Second,as they grow and new generations move into the business, a family can create an explicit statement of the rules that pertain in ownership and management of the business for family members. They make things clear, and help people understand what behaviour is appropriate in each role. Finally, and most difficult, family members can learn to see their relatives through different lenses in different roles, and separate family-based feelings (rivalry, jealousy, competition) from those that fit with the business and ownership roles.

The irony of Frost's statement is that boundaries seem to separate things, rather than link them together. Clear boundaries are such a paradox – they separate things, but in so doing allow individuals to grow and thrive, decisions to be made clearly and appropriately, and people to know more clearly who they are and where they stand,when they are together. ■

DENNIS JAFFE *is a founding member of the Aspen Family Business Group. www.aspenfamilybusiness.com.*