

# Family meetings: the human connection

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“I am really glad we have had this time together—the family I thought we were sure is different than the family we really are.”

Achieving success in family business requires more than a superior product, an effective business model and a hungry market. It also takes trust, expressed in both attitude and actions, and commitment to the development of both the family and the business. Establishing trust and gaining commitment are often large and difficult tasks, especially when family members are of varied ages, interests, abilities and situations in life. Start early and work diligently to create unity.

One way to encourage commitment is to sponsor regular family meetings which add a human touch to being in business together. Family meetings bring diverse family members related by blood, marriage,

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history, identity, finances and experience together for the overall purpose of developing a unified share-holder group grounded in trust and mutual positive regard. They provide an opportunity for family members to get to know each other in the present and develop trust in one another. Only with trust can a family commit to a clear mission and a unified vision for their business.

Family meetings come in many different shapes and forms and all have the underlying purpose of building trust, unity and commitment. Family meetings

- ▶ educate family members regarding the family business, finance and investments, estate planning, and even interpersonal skills.

- ▶ provide a vehicle for planning the future by focusing on a collaborative vision for both the business and the family.
- ▶ offer a communication channel for family members and the business.
- ▶ supply a resource for conflict resolution of family differences related to the business and even difficulties that are separate from the business.
- ▶ allow family members who are not in the business to have a voice and status.
- ▶ begin to groom the next generation for stewardship.

## Establishing trust

Trust is the firm belief in the reliability, honesty and strength of someone, including oneself. Trust means that I can rely on myself to think clearly, act responsibly and behave in a caring way with others in my family. It also means that I can rely on others to be caring, honest, straightforward, and accountable for their actions. Trust requires great courage—courage to face oneself, change, and to accept others. Establishing trust is a requirement for business-owning families who live, love and work together, especially when some family members work side-by-side on a daily basis and others have little or no direct connection with the business.

Building trust happens over time and can begin, as seen in the following example, with a family meeting where people simply get to know each other in the present. Justin and Foster Moon were half brothers who had inherited a travel business from their father. Raised separately, they were not particularly close and worked independently with each managing different offices but sharing jointly in the ownership. They lived very separate personal

lives and their seven children merely knew each other by looks.

As the half cousins grew older, four of them became interested and active in the business. Yet there was little basis for trust—family

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bonds had never been formed. Sensing trouble brewing, the owner brothers asked for our help and we recommended that the entire family group get together for a three day meeting. All of the half cousins and their current families participated—37 members in total. The goal of the meeting was to offer family members the opportunity to get to know and understand each other in the present; learn about family history and the history of the business; familiarize themselves with the current state of the business and the opportunities it offered; and begin to build a joint vision for the future and to have fun together.

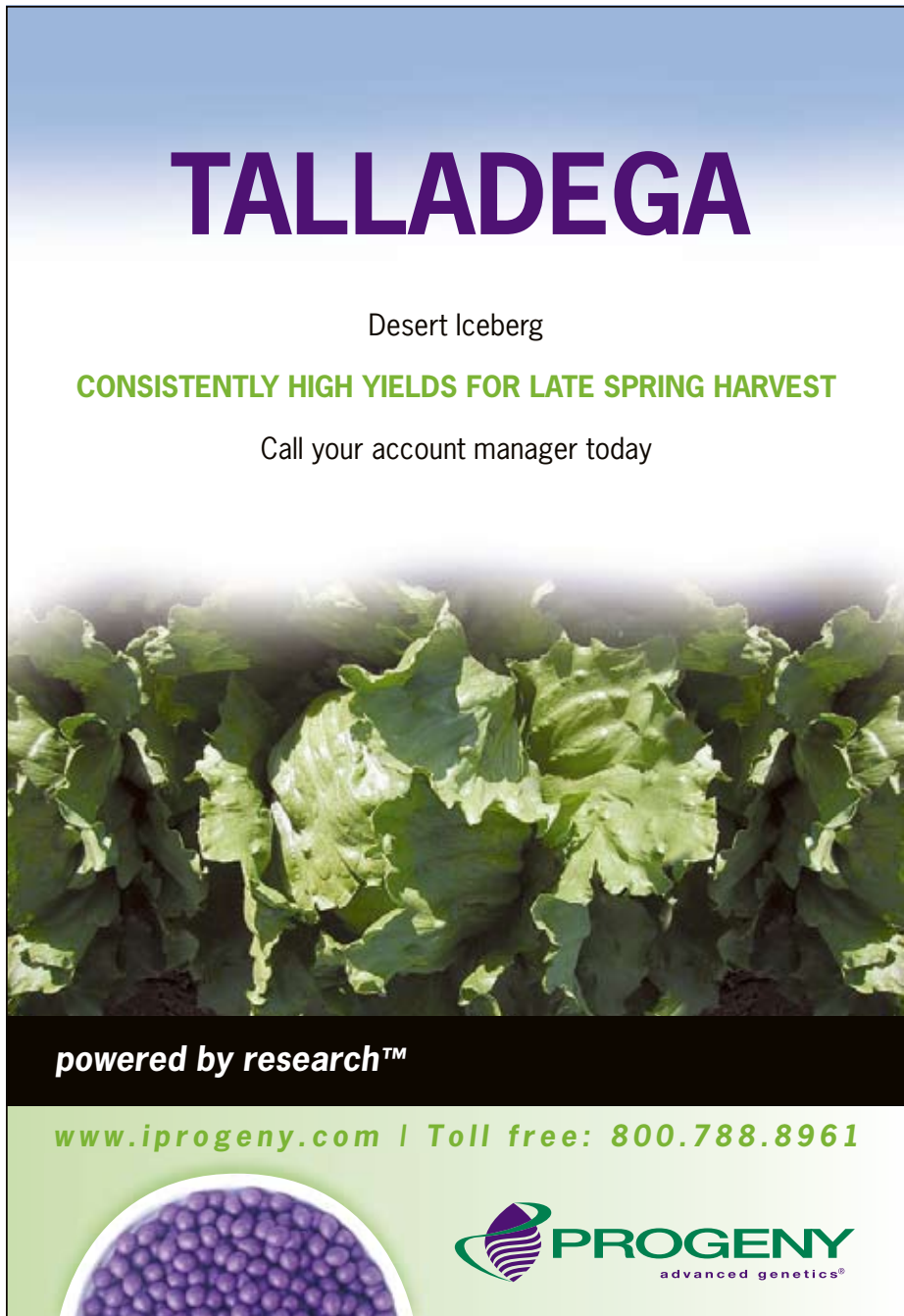
Trust is built on face-to-face time where family members have the opportunity to share information, demonstrate caring behaviors and build the emotional currency of the business. The meeting proved to be a productive experience for all and today, the Moon family members continue both working and playing together. They have tripled the size of their business while adding many innovations, and they have established their own family governance structures, including yearly family meetings.

If the family is not doing well the business will be hurt—this is true 100 percent of the time. In another example, a family meeting focused on resolving conflict and building trust. Marshall Brown had partially distributed ownership interest in his real estate firm to his

three children as part of his estate planning. His oldest daughter Jill was currently managing the business and Marshall had assumed an advisory position. His youngest daughter, Barbara, was established in her life as a wife and mother and had no particular interest in the business other than as part of her inheritance. George, the middle child, had worked in the business alongside his father for five years and left abruptly to build his accounting practice when his sister Jill

entered the business after graduate school.

Struggling in both his personal and professional life, George frequently complained about the lack of cash distributions, particularly when Jill and Marshall invested in new ventures. He often alluded to his desire to be bought out by the family and frequently demanded what he felt he was due. George was hostile and distant with all of his family and Marshall was very concerned about losing the relationship with



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his son and grandchildren. He also knew that to continue to distribute shares equally—his original plan—would create problems for the future of the business and particularly for Jill, who was quickly assuming the management helm.

## Careful planning and preparation for family meetings determines their success.

A family meeting was arranged to learn more about the problems and attempt to resolve the difficulties. Everyone participated in the meeting which also included time for fun and just being together as well as for problem resolution. In the end, an unusual and mutually-agreed-upon resolution was reached. In conjunction with their attorney, the family agreed to create a gradual buyout plan of George's shares and divide the future estate in a way that George would receive his inheritance from non business-related assets. As a result of the deepened understanding generated from this family meeting, the Brown family remains intact.

### What makes a successful family meeting

Careful planning and preparation for family meetings determines their success. Here are some important things to consider:

- ▶ Think about logistics—schedule meetings well ahead and make them convenient and fun for all family members. Set the date for next year's meeting before this year's is finished.
- ▶ Establish a focus—ask what people are interested in learning and doing together. This is in addition to the constants of getting to know each other better, resolving interpersonal issues and catching up on the current state of the business.
- ▶ Include everyone—the best way to gain buy-in for a family meeting is to involve people by listening to varied opinions,

dividing up the labor and sharing the leadership.

- ▶ Keep a balance—spend time having fun and relaxing together as well as discussing business and learning.

Family meetings build family trust, unity and commitment to the business. They also increase families' decision-making ability, problem-solving skills, productivity, and energy to devote to the businesses' present

and future activities. Family meetings raise confidence that information, knowledge and resources will be utilized for the common good. What could be better than to add this human connection to the family business? **ce**

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