

Legacy Matters

The Upside of Conflict in a Family Business.

BY **LEAH GOLOB**
BUSINESS FAMILIES CENTRE

In an average business, relationship conflict is unpleasant. In a family firm, it can be downright devastating. Family firms are comprised of dynamic and complex interpersonal relationships, prone to spark fights concerning everything from succession planning and mixing family and business roles to the lack of formal organization. A common oversimplification is that the family is emotional and the business is unemotional. This is simply not true. Family and business is a powerful mix, and it's not easy, or even possible, to keep the two separate.

It's important to distinguish between productive types of conflict and destructive types of conflict before nipping family squabbles in the bud. The term "conflict resolution" is misleading because it implies that all conflict should be squashed immediately. Current research shows that conflict among family members can actually be a good thing because it increases options, prevents premature consensus, and improves the involvement and motivation of family members. Without conflict, family businesses can remain stuck in their ways, not realizing comfort has become synonymous with stagnation.

Too much relationship conflict is how family businesses can be destroyed. Relationship conflict is the perception of personal animosities and incompatibility between family members. Snide or mocking comments and constant bickering create a toxic work environment for everyone, not just the relatives fighting. Poor attitudes or employees that don't speak to one another often serve as signs for interpersonal conflict.

Whereas relationship conflict should be avoided, task conflict and process conflict should be encouraged. Task conflict is debate over the business's goals and strategies and stems from disagreements over which tasks should be accomplished. For example, families experience conflict due to opposing directions from two bosses, uncertainty about the timeframe necessary for completing tasks, and the relative importance of multiple job goals. Task conflict improves decision-making outcomes and productivity by increasing the quality of decisions through extensive dialogue. Members are more accepting of final outcomes because they've had the opportunity to consider various facets of the decision at hand, as well as consider everyone else's input.

Whereas task conflict concerns what strategies to accomplish, process conflict focuses on how to achieve goals. For example, conflict may arise over how work is divided between team members, how various projects are assigned, and the way in which job activities are handled. Family members sometimes work in the business without specific educational or employment experience. As a result, they sometimes hold higher organizational positions than they would with careers outside the family firm. Firms may have difficulty adjusting roles and responsibilities as needed for each family member. Process conflict is a good way to ensure each member's talents are used effectively and efficiently.

Relationships act as the glue of both the firm and family, determining how stable each is. If there's a strong foundation, the family can thrive with a healthy dose of debate over tasks and processes. On the other hand, if members are on edge due to relationship conflict, the business does not have the foundation to engage in healthy conflict.

From our Executive Director

JUDI CUNNINGHAM
EXECUTIVE DIRECTOR,
BUSINESS FAMILIES CENTRE

Welcome to the return of Legacy Matters, the Business Families Centre (BFC) newsletter. We are very excited to be re-launching our popular newsletter, which will feature topics to inform, educate and inspire our business families and their professional advisors. The bi-monthly format will include academic and business articles, tools to assist you in your transition planning, as well as the latest Sauder School of Business and BFC news and program information. This issue we focus on Conflict in Business Families—in particular how conflict can be beneficial, and when managed appropriately how conflict can be an opportunity for improved dialogue, growth and change.

It's been a wonderful year of growth for us at the BFC. In 2011, we celebrated 10 years of service to business families, broke

attendance at our Family Legacy Series dinner—featuring the McLean Family (pictured below), and received our largest single gift to date, thanks to BMO Financial Group. Be sure to see the news section in this issue for more details.

As we look ahead to the fall, we are excited. September marks the beginning of a new school year and at the BFC, we're no exception. Our Road Map program for families will be offered in both downtown Vancouver and in the Fraser Valley this fall. Please refer to the calendar in this issue for dates and details.

We're also pleased to be offering an additional intake for our Family Enterprise Advisor Program (FEAP). In addition to the January cohort which wraps up in November of this year, we are offering a cohort beginning in September in both Vancouver

and Toronto. The program—designed for lawyers, accountants, wealth managers, insurance and financial planners, therapists and coaches—teaches a multi-disciplinary approach with leading experts in the field of family enterprise. The program is now the education pre-requisite for a designation with the Institute of Family Enterprise Advisors (IFEA)—the only designation of its kind in the world.

We look forward to working with you all this year and to seeing you at our programs and events. As ever, thank you for your continued support of the Business Families Centre.



News and Highlights

Business Families Centre Receives Largest Gift to Date with Support from BMO

The Business Families Centre at UBC's Sauder School of Business is pleased to announce the BMO Financial Group's \$1.95 million donation in support of research, education and service for family enterprise in Canada. Paired with a donation to UBC's Dairy Education and Resource Centre, the university received \$2.2 million in support funds.

With only 30% of family businesses surviving into the next generation, the BFC is an invaluable resource for families facing the complexities involved in owning and maintaining a successful business. To further research and innovation, the BFC will use the major gift to establish a new Family Enterprise Program. Guided by the expertise of seasoned academics and professionals, the program covers critical issues troubling business families, including wealth preservation, relationships, governance and succession.

The BFC also plans to create a national database—the first of its kind in Canada—with the latest relevant research on family business. As the baby boomers shift into retirement, many families



find themselves floundering without resources and support—only 40% of Canadian private companies have a clear business ownership succession plan in place. While using the database, entrepreneurial families will have access to the tools and resources necessary for growth lasting multiple generations.



Family Enterprise Advisor Program Graduation Day

Congratulations to the 2011 graduates of the Family Enterprise Advisor Program (FEAP) in Toronto and Vancouver. These 53 professionals completed the one year advisor program which augments their technical capabilities with a more sophisticated understanding of business families and their unique dynamics. Our Graduates are part of a select group of professionals leading the field of business family advising. By completing FEAP, professional advisors now fulfill the education pre-requisite for a designation with the Institute of Family Enterprise Advisors (IFEA), the only accreditation of its kind in the world.



2011 Family Legacy Series Gala Dinner, Featuring The McLean Family



September 15th marked the 9th annual Family Legacy Dinner hosted by the Business Families Centre at UBC's Sauder School of Business. Dave and Brenda McLean, founders of the McLean Group, spoke candidly about their business, marriage and family to a room packed with 700 prominent guests.

The McLeans praised the value of family enterprise education for providing

insight into complexities of family-owned businesses. Maintaining open and honest communication has been an integral part of the McLean Group's accomplishments as a second-generation family enterprise. Sons, Jason and Sacha, have now successfully integrated into the business as CEOs, adopting leadership roles that reflect their individual interests and education. Their partners, Andrea and Melanie McLean,

rounded out the panel by sharing their stories of marrying into the family business.

Founded in 1972, the McLean Group has evolved from a successful real estate investment and development firm into a second-generation family business active in film and television production (Vancouver Film Studios), communications (Signal Systems), construction (Harbour Landing Construction), real estate (Blanca Realty), aviation (Blackcomb Aviation which they co-own with John Morris), and philanthropy (the McLean McCuaig Foundation).

Stay tuned for information on our next dinner, coming fall of 2012. Contact the Business Families Centre for sponsorship opportunities or further information.

Short-term Projects. Long-term Shared Value.

An important part of our mission at the Hari B. Varshney Business Career Centre, at the Sauder School of Business, UBC, is to connect students to organizations and the community in a meaningful way. This means so much more than simply helping students find jobs and a chance to earn some money. A short-term work opportunity is also a valuable learning experience.

At UBC's Sauder School of Business, experiential learning has become a key part of the curriculum in our Bachelor of Commerce (BCom) program as well as in our Master of Management-Early Career Masters (MM-ECM), and Master of Business Administration (MBA) programs, offered by the Robert H. Lee Graduate School. As part of these programs, students are given the opportunity to go out into the business community to

tackle short-term business projects where students develop their skills and knowledge in an immediate and relevant setting. This further enriches their classroom learning by providing real-world context and experiences for them to draw upon. Learning more about themselves—their skills and job preferences—ensures students make better career decisions and become happier, more motivated employees in the long run.

By providing experiential learning opportunities, companies help talented young students to graduate with the knowledge skills and experience necessary to make a real and lasting impact in an organization. Companies also benefit from tangible rewards through the completion of short-term business

projects and the energy and fresh ideas that students bring.

We have had the privilege of working with many companies—small and large, national and international—that provide work experiences for our students in the form of co-op work terms, internships, community business projects and summer jobs. We encourage all employers to provide experiential learning opportunities to the many talented students that we represent and to realize the long-term value that comes from short-term projects.

To find out how to get involved, contact the Business Career Centre.

www.sauder.ubc.ca/Careers/For_Employers

From Differences to Understanding

BY IAN MACNAUGHTON

Conflict is inevitable—it's a part of life. As individuals, we are all unique enough that somewhere, sometime, we will be involved in a disagreement that results in stressful, and at times, seemingly irreconcilable differences in understanding. These moments can happen unexpectedly because we tend to assume that other people are like us and we can easily fail to notice differences that are important distinctions to others.

Brain research indicates that when conflict becomes too stressful, the executive function of our brain goes off-line, and the more reactive aspects of our psychoneurology and animal nature become active. In other words, our mature thinking drops off and our reactivity predominates. It then becomes difficult to follow logic instead of just getting stuck in our own opinions, perceiving them as facts.

Leading a group towards conflict resolution requires developing the necessary skills to avoid taking confrontational interactions personally.

Tools for Leaders

The **executive function** in the Triune Brain is the awareness of the balance of our thinking, feelings and instincts. When conflict arises, the capacity to listen, to clarify what the other person means, and to understand becomes compromised. The executive function, the “manager,” begins to fail and less evolved parts of our brain take over. We tend to want to challenge or at least express “what we think and feel” as a rebuttal instead of listening and slowing things down.

Research shows that when our emotional reactivity takes over what we need is someone solid to maintain their executive

function enough to generate right brain activity, such as more communication that reflects feeling tonality before offering any intellectual, left brain, rational problem solving. The leader's task is to stay in the pre-frontal cortex, and not get hijacked by stress into a less evolved state. Connection first, solutions second!

Replace reactivity with curiosity. When there is conflict, beside the opposing views, there is always a third Storey! Develop family meetings and family councils as forums in which issues can be discussed before they pile up. These provide a structure for ongoing discussions, the problem solving process, and provide a context that makes it easier to use conflict resolution skills. Results

- **Calming intensity:** Attack behavior is reduced, stonewalling patterns are softened, and boundaries are removed to enable more listening.
- **Problem solving together:** The group focuses on fixing the issue rather than “people.”
- **Externalizing the problem:** The group directs their attention to “the problem” instead of just making the discussion about each other.
- **Understanding:** The family comes to the realization that everyone has a personal reality that needs to be honoured. Rather than labeling thinking as either “right” or “wrong,” the family can reach an understanding of how business and relationships work for the group.

Ian MacNaughton, M.B.A., Ph.D., FEA is an executive coach, organizational consultant and psycho-therapist in private practices. MacNaughton is no stranger to the field of family enterprise—from growing up in a business family to taking the reins as a second generation owner, his first-hand expertise has guided his role as a consultant and therapist. His credentials include owning a number of businesses in the hospitality and real estate development field, and he has taught at Langara College, British Columbia Institute of Technology, Simon Fraser University, and the University of British Columbia.

As a graduate of the Business Families Centre's Family Enterprise Advisor Program (FEAP), MacNaughton's consultant practice, Family Business Solutions, has benefited from the program's focus on multidisciplinary networking and advising. “I know more colleagues to choose from so I can bring in various tax, wealth, financial, and legal resources,” he said. The program has enabled Ian to refer advisors that are a good fit for the family both in terms of skills and personal style. “The program reinforced my own belief of working as a team and opened up opportunities to connect with like-minded colleagues. Advisors learn how to work together with business families instead of pulling people in different directions.”

MacNaughton is one of the first advisors in Canada to have completed the certification process with the Institute of Family Enterprise Advisors, whom he earned an FEA designation from.

Programs and Events

Family Programs

The Road Map Program provides a unique, safe and exciting opportunity for growth, discovery and affirmation of your family business and its future. It addresses the shortfall in business-family planning enabling business families to remain healthy and successful over multiple generations.

The Road Map Program is a set of two weekend educational seminars designed with the goal of establishing a plan and charting a course of action for your family, led by experts in the field including David Bentall, Wendy Sage-Hayward, and Ruth Steverlynck.

Road Map Part 1

VANCOUVER: Oct 12-14, 2012

Oct 12: 4:00 pm to 9:00 pm

Oct 13 & 14: 9:00 am to 5:00 pm

Location: Metropolitan Hotel Vancouver

ABBOTSFORD: Oct 26-28, 2012

Oct 26: 4:00 pm to 9:00 pm

Oct 27 & 28: 9:00 am to 5:00 pm

Location: Ramada Inn Abbotsford

Road Map Part 2

VANCOUVER: Nov 30 & Dec 1-2, 2012

Nov 30: 4:00 pm to 9:00 pm

Dec 1 & 2: 9:00 am to 5:00 pm

Location: Metropolitan Hotel Vancouver

Business Family Dynamics

Learn the concepts fundamental to understanding the business family and its unique challenges, especially during a leadership transition.

VANCOUVER: SEPT 21-22, 2012

TORONTO: Sept 17-18, 2012

Family Enterprise Strategy

Understand what it takes to create long term “family enterprising” that promotes trans generational wealth. Learn how to blend family, business and ownership strategies.

VANCOUVER: Oct 3-4, 2012

TORONTO: Oct 22-23, 2012

For further information, including costs, early bird and group discounts, please call Mischa Ragona at **604.827.4604**

Advisor Programs

Family Enterprise Advisor Program (FEAP) -*Become a Leader in Family Enterprise Advising*

Families are becoming more discerning about the advisors they bring into their fold. Graduates of the Family Enterprise Advisor Program (FEAP) put themselves ahead of the curve by being one step closer to receiving their professional Family Enterprise Advising designation (FEA). The FEAP Certificate not only puts you on the path to your professional accreditation—it also provides the world-leading business family advising education that can help you create lasting results for your business—and the families you serve.

FEAP consists of 15 days in the classroom over the course of the year. The next cohort begins September 2012 in downtown Toronto and downtown Vancouver.

For further information on courses and dates:

www.sauder.ubc.ca/Programs/Business_Families_Centre/Programs_for_Advisors/Courses

