**The Accidental Partnership® Series:**

# Managing the Relationships that Bind or Bond

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# The Accidental Partnership®: Managing the Relationships that Bind or Bond

Mark Twain once said: “You will never truly understand your relatives until you have to share an inheritance.” This observation takes on even greater significance when the inheritance forces you to work together, perhaps forever. It’s like sharing a boat -- the space is tight and the work, expenses and upkeep must be shared.

As we explored in other booklets of The Accidental Partnership® series, every family has its inequities and the allocation of the parental prizes of love, acceptance, attention and approval never comes out exactly even. Even if it did, someone would not perceive it to be fair. In families, the residue of comparison leaves many feeling inferior, at least in some ways at certain times, to other members of our family, especially to sisters and brothers. The perception of favouritism can continue into adulthood and long after death, as the hands of parents seem to extend beyond the grave.

This booklet is about ownership and the situations that arise in inherited partnerships. This often includes those trusted non-family members who were there ‘at the beginning’. The inheritance comes from the transfer of stock in the family firm, but this is seldom just a transfer of wealth. Rather, this financial legacy becomes an emotional and a cultural legacy as well, as it is often interpreted as a testament to parental favouritism.

**PHRASES FROM THE FRONT LINES**

*“He’s always got an excuse, it’s always somebody else’s fault.”*

*“The problem is, my uncle and aunt spoiled him.”*

*“He is the smartest one of the four of us, the most educated, and he has tremendous potential. There’s nothing he couldn’t do if he would only apply himself.”*

*“She is never wrong. I’m always competing with her for what and who’s ‘right’.”*

*“You know, he accuses me of being a control freak. He’ll tell you I ignore his ideas. But the truth is I bend over backwards to try things his way, in hopes that he will take responsibility. He doesn’t want to be held accountable. What he wants is to complain.”*

*“In my first couple of months here [working for the family real estate firm], my father took my sister, my husband and me walking around downtown, and out to the suburbs, looking at the buildings and developments we have owned…. It was exhilarating to have him point out different aspects of other buildings and then walk us through a rehabilitated one and feel like the three of us were so in tune and learning, and here are my sister and I learning. I’m learning from Susanne, Susanne is learning from my father, and I’m learning from both really.”*

*“I don’t enjoy working with my brother. If I don’t go into the business, he’d be the reason. He’s a nice guy and everything, but he enjoys bothering me, making me mad, even when I’m working.”*

*“I really can’t be boss here because I have an older brother as well as a younger brother. For me to step in and be the boss with my older brother in the business just won’t work. I mean, I’ve come to terms with it. I understand it. It’s just the kind of thing I can’t do.”*

To adult children, the way the estate is divided up is frequently seen as an expression of what the parents really felt about them, and they tend to view it as the final statement of favouritism. To the parents, it is their last act of equality – a way to satisfy their strong desire that regardless of what happened during their lifetimes, at death they are able to provide proof of fairness and equality. But parents seem to forget that they do actually treat each child differently, because they perceive each child to have different advantages and needs. And the final disposition of shares in the company rekindles all the tensions that the old family "labels" arouse – and those tensions form the backdrop for the business relationship.

The accidental partnership is a powerful and bizarre family ownership phenomenon that arises due to circumstance – not choice. You do not choose these partners as fellow contributors to the business. Rather, you inherit them from the "lucky gene club" along with the family history of rules and relationships.

Do not create any illusions about the structure of the accidental partnership. It is pre-ordained, often tax driven, given to you with little or no choice and then expected to function as if it were a working group of peers who sought out, trusted and respected each other. No wonder it is a difficult relationship.

This booklet looks at ways to better manage relationships in an accidental partnership. That is, how do you do things differently? Here is the key: The sooner you recognize the accidental partnership for what it is, the sooner you can begin to create a partnership that works. The accidental partnership is an arranged marriage and takes an effort to function smoothly. But it can also be very rewarding. When it works, the joy of the accidental partnership is a most satisfying experience.

# The Context for the Accidental Partnership®

The accidental partnership is one of the most challenging of situations. Very few studies have concentrated on the subject of adult children working together in the family enterprise. Succession of children and cousins into a partnership is something like handing over the baton in a relay race. The runners must be at the same pace and, of course, in step. But family businesses are complicated because they require tolerance of differences. The very nature of families tends to produce styles and personalities that are opposites. Hopefully, these differences can be complementary in the family enterprise but, all too often, they are cause for conflict.

Any small business begins with its founder – and there is a case to be made that most family businesses begin with a husband-wife partnership. The accidental partnership, however, originates in two forms: inter-generational partnerships formed when the founder prepares to hand over the reins, and sibling partnerships. Multi-family, non-related partnerships are formed by choice so they do not qualify until the next generation appears on the scene.

To establish the context, here are a few thoughts describing the first stages of the accidental partnership life cycle.

The founder is often alone in wondering what to do about the next generation. Who will be the most appropriate next-generation leader and how will competency be most easily judged? These alone are big questions. And the thinking is complicated by the founder's management style and preferred exit strategy, if there is one at all. This creates strains on everyone. To avoid accusations of preferential treatment and unfairness, and to avoid questions of what's best for specific individuals, it's often easier not to enter into discussions at all.

At this early stage, shares are concentrated in one person. For tax reasons, the shares may reside in various entities with the children and spouses as participants or beneficiaries. But these vehicles are usually controlled by the founder, who also controls the family business's cash. Most, if not all, decisions are made unilaterally.

Let's consider some of the questions the founder may consider in handing ownership on to the next generation.

If he passes ownership control to just one heir, an alliance among the sibling shareholders is not legally required when making strategic business decisions. Although, in some ways, this ownership structure can liberate the new leader from having to co-ordinate with brothers and sisters, it seldom streamlines decision making unless this leader is viewed as competent, responsible and consultative. Indeed, all the shareholders must feel that this style of ownership distribution is fair and appreciate this arrangement as mutually beneficial. If not, disaffected relatives can stir up family, partnership and business trouble for the new leader.

**CASE STUDY: TO EACH HIS OWN**

Some families (and this is definitely the exception) recognize that they just don't get along and find ways to preserve the business without forcing each other to be accidental partners, which would fracture whatever was left of the family relationship. This particular family never got along, so the father took drastic action to keep the next generation from destroying the family tour-bus business after his death. After two unsuccessful marriages and one failed partnership with his sister, he finally realized that his three children required separate territories to get them off each other's backs. He was able to borrow money, purchase real estate and a hotel, separate most of the real estate from the operating companies and divide the ownership in an equitable fashion among the children. He set up a holding company for all the assets and gave the controlling shares of each of the 'territories' to one of his children, with minor stock to the other two and himself. The father still keeps a close eye on everything and can easily move among the various businesses and collaborate with each of his 'senior' partners.

Another option is to distribute ownership relatively equally between members of the next generation. Sibling owners who are active in the firm must now treat each other as partners in all major decisions, regardless of their position in the business. If all the family members working in the business are competent, co-operative and are perceived to contribute fairly, this accidental partnership can be highly productive and mutually satisfying. The opposite is also true. In these cases, the accidental partnership is confused and personal competition for power and authority overrules and stagnates most key decisions.

A different situation occurs when ownership passes on to a team of both active and inactive participants. Passive shareholders can be supportive of management when it suits their needs, but they also generally have some financial requirements that could supersede other considerations. The key to this accidental partnership constellation is to manage the relationship through attention, listening and substantive communication.

You can see that an understanding of family interactions forces a sensitivity not only to business and family components, but also to this accidental partnership structure. As we have briefly reviewed, each form entails crucial aspects such as who will control the direction and priorities of the company, and how the resources will be distributed.

So, how does this help our understanding of the accidental partnership? When you run a business as the sole owner, you can do what you want as long as it is legal. When you work with others, you must find ways to co-operate and co-exist. The characteristics of the first generation – especially stubborn individualism – are the antithesis to what is needed at successive stages of ownership. It is therefore a real stretch for founders to convince the next generation that they should work together. Rather, they use the family to invoke the need for harmony and joint decision-making, while they use the business and partnership to reinforce the history of unilateral decisions. If this isn't confusing enough, they send a personal message that values individual accomplishment over team achievement. These mixed messages are the code of conduct that must be deciphered to move forward, and avoid having the next generation re-enact the old ways and have one family buy out the rest.

## Ties That Bind or Bond

There is no simple time-honoured, socially approved, all-pervasive family relationship. Family members, much to our dismay, are not at all alike. Rather, there are a multiplicity of attachments and alliances that arrange themselves into a finite number of predictable family patterns. They seem to depend on birth order, gender, power, rivalry, competition, comparison and co-operation.

Family binds and bonds can create themes that entangle family members, often holding relationships together despite remarkable levels of stress and strain. There are ties that unite and ties that separate; and, there are always obligations, or the perception of obligations, that perpetuate the family connections.

The ties that unite are those that make it easy to balance the differences that each family member brings to the partnership. Along with an intimate knowledge or a common memory of one another, family members often share a form of common language or short hand. This means of accessing the same information from the same clues is very helpful, but is not always totally reliable.

The ties that separate are often viewed as part of the fair-versus-equal phenomenon, whereby parents attempt to treat all their children "the same". The feelings of resentment -- envy, jealousy, fear, rejection, guilt, rage and ambivalence (and a variety of other unacceptable emotions) -- toward these people who are inextricably tied to us for life are nothing more than natural and universal emotions. These feelings are simply a fact of life. You can suppress them, understand them, accept them, and improve them by acting differently -- but you can't get rid of them.

This wise solution hasn't made the siblings closer -- everyone had separate Thanksgiving meals -- but it seems to have eliminated the day-to-day friction. At the same time, each child now has been able to focus on the business rather on personal issues, which has resulted in better managed and more profitable businesses.

The remainder of this booklet describes ways to make these accidental partnerships thrive. Although each type of partnership is presented as if succession has occurred, be aware that each transition is an awesome struggle that often fails as it hopelessly entangles the next critical stage -- the maintenance and management of the new accidental partnership relationship.

**CASE STUDY: DISCUSSION GOES A LONG WAY**

A mother significantly built a business after the premature death of her husband. Along the way, she groomed her four children to take over. Notwithstanding this veneer of fairness, she demonstrated a strong preference for the youngest, who was provided with more opportunities, less hardship and, ultimately, the top position in the firm. The three older siblings continually voiced their discontent, but were censored by their mother in ways that often invoked God, their dead father and the need for family harmony.

When the time finally came to divide the stock four equal ways, the mother was proud that she had accomplished a seemingly successful transition to the next generation, naming the youngest as the leader. As there was no allowable way to discuss this matter, even during the crafting of the shareholder agreement, the resentment around leadership, power and authority festered. The perceived injustice was finally acted upon a few years after their mother's death. The three older siblings felt railroaded by the risky new business direction chosen by their 'leader', and opposed it. When their opinions went unacknowledged, they decided to use their shareholder rights to confirm whose company this really was. The majority overruled the minority shareholder and ultimately they forced

# The Sibling Partnership

Increasingly, founders and owners are choosing a more complex next-generation ownership structure. In the new ownership configuration, management, ownership and operational control are shared by numerous siblings, active and inactive. There are several reasons for this arrangement: preserving wealth, “fairness” in dividing the family wealth and emotional indecision are some of them.

The family of origin, as well as one’s active or passive status, can greatly influence the dynamics of the group, as can the relative effort that active siblings are committing to the business. Those members who are active in the business often feel they are carrying the passives and even some of the other actives; passives often feel they are being excluded or taken advantage of. These resentments are the embers for mistrust and discord.

## Sibling Rivalry

Family issues at the second-generation stage generally centre around sibling dynamics (unless you are an only child) and, to some degree, how the parents handle them. This stage is often shared by individuals who have differing needs, thoughts, experiences, talents and abilities. Often, these siblings have little outlet to express these characteristic differences, so they shut down, act out or commit acts of sabotage.

Sibling rivalry, to a greater or lesser extent, can be seen in every sibling partnership. Competitive feelings surface over who has the best decision making ability or work style, who is the preferred or favourite, who has the top status, or who gets most recognition or compensation. When rivalry is confined to non-strategic business concerns or dealt with in a mature manner or in a playful way, it can have a negligible or even positive impact on the business and work relationships. It can lead to a climate of listening and co-operation. Otherwise, the current or cumulative effects of sibling rivalry can contaminate relationships and be de-motivating, paralysing and disastrous for all concerned.

It is therefore important to come to understand that each of us has control, not over our siblings, but over how we perceive them. The choices that appear possible to us are limited by our powers of reasoning, subconscious feeling and interpretations of past experiences. Nevertheless, the actions that we take represent basically free choices. They are always

**CASE STUDY: SEPARATE BUSINESS AND FAMILY EXPENDITURES**

A father and mother divided their business equally among three siblings -- two were working in the firm and the third was a struggling artist. In the course of establishing the shareholder agreement, the two active siblings discovered that their sister was on the payroll, even though she did not work in the firm. After lengthy conversations, the brother and sister working in the business resolved this “allowance” situation with their sister.

They felt it was unacceptable to have her on the payroll unless she was actually performing some function. At the same time, they also felt that it was appropriate for their father to spend his money as he saw fit. The result was an agreement to compensate their father as a consultant so that he had sufficient funds to live and to continue personally to provide for his daughter.

Effective decisions are based on the family’s commitment to a shared future and a common creed. When this commitment is lacking, differing opinions and misunderstandings may prompt a meltdown as soon as the opportunity arises.

within a particular context, always within a complex set of constraints, but they are choices, and we are responsible for them. Seeing oneself as without the will to change, solely as the victim of others, is to deny oneself the freedom to take charge, to become a player and not a pawn.

Siblings are able to arrive at solutions if they are inclined to do so. The key ingredient for success is each sibling's need for personal identity. I have seen better understanding between sibling partners when they have spent more time together while growing up. Naturally, as families grow larger and parental influence diminishes, siblings often pair off based on birth order or common interests, and this too can either add to the close feelings of sibling-hood or cause further separation.

The first step in improving a sibling relationship, then, is to decide to do so, to be ready to give up the fantasy that only the perfect connection is possible. The next most important prerequisite is a strong sibling connection. Sounds obvious, but many get into such partnerships without it and fail miserably.

This sibling connection is often stronger when there is a willingness to put the past in the past and commit strongly to a shared future -- a 'one for all and all for one' mentality. This comes more easily when there is a relationship history in the early years, coupled with a low need for labels. These factors alone often allow siblings to be more willing to accept each other for who they have become.

In any sibling partnership, there has to be a willingness to co-operate and share. This actually forces everyone to learn ways to put their egos in their pockets and to focus on the business instead of imagining that everything that happens has something to do with their personal existence or survival. In terms of our model, it means being able to say 'I am' privately and to support other family members in the mutual quest to 'fit' and achieve agreed-upon business strategies. This doesn't necessarily mean decisions have to be consensual. It only means decisions are shared. Implicit in that is communication, as well as the development of constructive ways of handling differences of opinion and rivalries when they occur. And they will.

**WHERE IT STARTS**

Competitiveness and comparisons between generations and siblings starts when parents only reward winning. The message is reinforced by the competitive nature of a family business, which must "beat the competition". Another challenge starts when this sole owner tries to instruct his children that they should learn to work together. I am amazed how many people bring their children up to value individualist achievement and then say: "…and someday this will be all of yours, together." The message is: "I don't know how it will work; I didn't and wouldn't choose it for myself, but you kids should figure out how to make it work to my satisfaction or I will not leave the business or my money in your hands." The message the kids hear is: "I must compete to meet my parents' expectations. What they really expect is that the best kid will eventually come out on top." Unwittingly, they end up in a double bind – enacting a self-fulfilling prophesy and sowing the seeds for failure.

Many siblings need a referee to help them get along. In the past, referees were other siblings or parents. As they grow older, they may therefore listen to an advisor or consultant. This is not the case when the lead sibling – often the first-born – is a "control freak". (Who would want advice that would ultimately dethrone you?) Otherwise, outside help can be worthwhile.

Finally, the family as a whole must consider its role. If family members and spouses are committed to helping the partnership work, they avoid getting triangulated into the conflicts. This altruistic code of conduct helps solve many differences as they are contained where the actual problem can be resolved rather than taking on a life of their own within the family.

The real question remains: how do you actually help people build relationships that work? The answer lies in making use of family meetings and establishing appropriate arenas for decision-making. Both these topics are covered in depth in other booklets in The Accidental Partnership® series.

There are a few other matters to keep in mind. The accidental partnership demands major changes to the way decisions have always been made and information shared. To do that, there must be some discussion of relationship strains and areas of shared philosophy and values. Thoughts about trust, reliance, competency, commitment and respect are relevant, especially as the accidental partners begin to craft their shareholder agreement. The business family origins should also be explored and challenged as to those rules, labels and differences that are helpful and those that hinder co-existence now and in the future.

It's also important at this stage to resolve the question of how to treat shareholders that choose not to work in the business. This discussion usually revolves around money. Will there be dividends, for instance, and who will receive them, and can any or all of it be sold, and to whom?

**BUSINESS, FAMILY AND RELIGION: A POTENT MIX**

In certain families – sometimes called faith-first business families -- common traditions and religious beliefs seem to make it easier to co-exist. The advantage appears to be a common understanding of how they will treat one another. Perhaps it is the realization that a Greater Being is in control (reducing the need for an earthbound power struggle). Or perhaps it is the all-for-one phenomenon. But the arrangement often works well.

Tension may arise, however, when the different generations hold different standards of religious commitment. The fireworks are even more spectacular when these traditions are significantly different between the sibling partners. Often, but not necessarily always, the first-born embraces the more strict interpretation of the parental influences and uses this as a platform of superiority over the other siblings.

The family business aspects revolve around organization and managing the working relationships. How will decisions be made? What roles will each sibling take and how will they work together? What is the best structure to foster teamwork? How can the family make use of outside independent advice and resources? What salaries will be paid to those working in the firm?

On the personal side, each accidental partner is obliged to learn about the obligations and requirements of ownership and, at a minimum, get some knowledge regarding the concept of stewardship, philanthropy and the money side of the business. Often, family

**THE SPECIAL CASE OF TWINS**

Although twins account for a very small percentage of all births in North America, they attract plenty of fascination on the part of those who study sibling relationships. Twins often develop a special closeness not often experienced by others. In addition to sharing genetic material, they share a similar upbringing as their parents treat them more or less equally both by necessity and desire. The fact that they often wear the same clothes, play together and often share the same room creates strong attachments. It's a particular challenge for parents to minimize the merging of personalities.

In business families – like other families – they are often referred to as "the twins", which sometimes reinforces the blurring of these ego boundaries and contributes to cycles of fighting and affection. Using our model, we can say that twins have high access to each other and a close identification to one another, which often doesn't allow them to clearly state 'I am'. Their challenge is to be able to establish a balance between their sameness and difference, which usually requires them to think that they are indeed different but as well they're not different.

In terms of business performance, twins need to distance themselves from each other in order to lead sufficiently separate lives and carve out their own life and career territories. As siblings, they share many of the traits already described in other sibling partnerships. A major difference, however, is that twins are seldom ambivalent toward each other. The intensity of their relationship is just the tip of an iceberg whose details are often hidden from outsiders.

As an aside, it is interesting that twins can be labelled at birth and therefore streamed into different areas, as they become adults. In a typical case, one twin managed everything while the other took a rather marginal role. In some situations, this imbalance might affect the way the business operates, but in this case it worked. It was later revealed that at birth one of the twins developed a physical problem that required medical attention. The parents began to think differently about the twins, providing the robust twin with challenging situations while the other twin was always protected. There was actually no physical difference between the two, but the early problem became larger than life and eventually dictated how the twins acted with one another.

partners have varying skills in reading and understanding financial statements. Many partnerships encourage all the partners to learn how to read a balance sheet and income statement and, in some cases, a cash-flow projection in order to have substantive conversations about wealth preservation and re-investment.

Finally, each person has their own view as to what the family business legacy can do for them personally and to further their community work. This doesn't necessarily mean that they must act like Ben and Jerry's and give away a portion of pre-tax earnings, but it is something that accidental partnerships begin to consider at this stage in their evolution.

# The Cousin Partnership

As already discussed under sibling partnerships, there are many forces leading to a more widely held ownership structure in the family firm than in previous generations. There are therefore an increasing number of cousin partnerships – both at the sibling-cousin stage and the second cousin stage (where siblings may also be involved).

When cousin partnerships begin to flounder, a single family often emerges as the new owner by purchasing the shares of the other family branches. This is often a simple solution. But it takes a sophisticated family relationship to work through this buyout scenario and emerge at the end as a family that can still consider having a Thanksgiving meal together.

**CASE STUDY: COUSINS RE-ENACT THEIR FATHERS' BATTLES**

Cousins had inherited their business from their fathers, who were brothers. They found that the majority of their difficulties were re-enactments of their parents' old battles. This situation was reinforced by the fact that the cousins developed the same differences in competency and made similar contributions to the business as their fathers had. The older brother retired in his mid-fifties and transferred his half of the business to his son. The younger brother, uninterested in separation from the firm, began to transform the business in his own image, as he had always wanted. The nephew's respect for his uncle allowed some of this to occur, as long as it focused on improving the business and its profits, but emotions ran high when decision making ignored his branch of the family.

In most companies at the cousin partnership stage, management, ownership and operational control are shared by numerous individuals, all of whom hail from different family branches. In the most complicated situation, there are siblings and cousins working together with fathers, mothers, uncles and aunts. Reconciling all the differing views requires a very special commitment to make sure that the business remains the primary focus of attention.

Finally, the leadership dilemma forced this family to create what it called an "Office of the President" where everyone from both generations played some role. They installed the most congenial and least provocative family member in the role of president.

For the cousin partnership to work, there needs to be an atmosphere of overall co-operation and consideration. The family must have a "clan" culture. It must find ways to structure decision making in a way that represents everyone satisfactorily yet does not encumber the operators.

When cousins own a family firm there is a strong likelihood that some will be active in the business and some will be inactive shareholders. Finding a balance that reflects the needs of both types of stakeholders is often difficult. Inactive shareholders, at times, feel that active family members benefit more than they do. They cite salaries and benefits as well as exotic travel arrangements as "extras" that these people are getting due to the fact that they are family members in the business. This

**CASE STUDY: EQUALITY MAY NOT ALWAYS BE SEEN AS FAIR**

Five siblings who were equal partners in the founding of the firm created a family rule that only one child per family branch could work in the family business. The difficulty around competency and appropriate role for each of the cousins became the focus of many years of attention -- at times to the detriment of business growth and strategy decisions. This created a lot of tension between the vice-president of finance and the shipper, who were cousins, as this seemed to undermine the question of merit and did not seem to represent a fair market situation.

resentment, if left unchecked, can foster hostile shareholders who demand dividends in order to “get their share”.

However, one of the chief advantages at the cousin stage is that the business has often grown sufficiently to accommodate non-family managers. The opportunity to establish more professional systems and structures usually helps to make this stage function more smoothly, and can be used as an occasion to introduce a buffer between feuding parties and to make sure decisions have a solid business basis.

Let’s now address leadership, structure, governance and planning in the cousin partnership. These same ideas are further explored in an upcoming The Accidental Partnership® Series booklet: Governance and Accountability.

**CASE STUDY: USING FAMILY TIES TO YOUR ADVANTAGE**

A family business was at the stage where it involved cousins, a second cousin and siblings. The ownership structure was complex. Some members were active in the business and others were not involved at all. The family had spread throughout the world, with some members living in the same city as various sites of the family business while others were in distant countries.

The key for this family was a strong family heritage. The siblings grew up sharing summer holidays at the family compound, where everyone had their own house on shared land. The cousins constructed a family history and wrote a self-published book. This gave the second cousins a strong basis for co-existence. The business and their personal family heritage gave them plenty of pride and a sense of value. The cousin partnership thrived on a strong sense of community involvement, a practical sense of wealth preservation, a strong feeling of stewardship and a family rule around wealth transfer that ensured that each generation had enough money to be comfortable but not so much that they were not obliged to work for a living.

**Leadership and Structure:** A meritocracy works best at this stage of family business development. You truly need a family leader who is also able to guide the business. Competency in both these arenas is usually mandatory in order to have an enterprise that thrives and a family that is harmonious. Moreover, cousin partnerships need a structure that allows for the timely exchange of information and an appropriate voice in guiding the present and future of the firm. As well, the organization should be structured to allow a larger number of family members (if the business can accommodate them) to function both independently and as a cohesive family team.

**Governance:** As the Accidental Partnership® Model and developmental process demonstrates, business family and ownership are separate entities with distinct perspectives and motives. Too often, families at the cousin partnership stage choose one forum in an attempt to discuss all business and family issues. This isn’t helpful. Business decisions should be made by those siblings and cousins who are actively working in the business. Family oriented decisions should be made by all family members both in and out of the business in order to maintain a bridge to their business heritage. And finally, ownership decisions are for the owners alone. There simply must be a difference between management and ownership at this stage so that appropriate control mechanisms are in place for planning and moving forward.

This approach isn't for everyone as it only works if there is a high level of mutual respect, dignified interaction and understanding between one generation and the next. This usually requires the elders to act as the glue or the anchor to the next generation (and to be willing to replace this function with systems and structures that do not leave the family business reliant on one individual). In addition, this family confirms that its success is predicated on comprehensive business planning and allowing everyone to have a job. They admit that in most situations this would create tension, but in their family it has helped them thrive. They also credit their advisory board members, who provide a steady influence.

**Planning:** Planning at this stage takes on a more formal context, as there are more people involved who must understand what is going on. Inactive cousins or siblings are obliged to learn how to use the business strategic plan, the business operating plan and the financial statements to contribute to the dialogue and decisions that have to be made. Planning for multiple family-member participation, profits to provide dividends and growth to allow for expansion are key challenges at this stage of sibling and cousin interaction.

**CASE STUDY: ROOM TO BREATHE MEANS ROOM TO GROW**

Two brothers – the second generation – run a hotel business with a management team that includes eight of their twelve children and two young in-laws. The third generation's positions range from corporate officers and vice-presidents to controllers and hotel managers. The key to their success seems to be the fact that they are a pretty large company with sufficient room for everyone to carve out their own territory. One family member noted that of the eight siblings and cousins in the business, only two were interested in the same area, so direct competition rarely became an issue. In addition, each member of the third generation has made his or her professional mark outside the company before joining. This is perhaps an extremely important element of their harmony.

## The Legacy Challenge

Cousins often derive a lot of pleasure from challenging family traditions and rules. This comes up in all sorts of discussions around who can participate, who can own stock and the roles that the active and inactive family members will perform.

As well, at the sibling stage, accountability became a challenge. At the cousin stage, accountability and communication is required in the structure or the whole system implodes. Dealing with minority shareholders and looking at the next stage where family ownership becomes family control -- due to the low number of active family members in the business -- is an important consideration. Finally, as mentioned, teamwork at this stage helps in deciding how the cousins and siblings will deal with dividends, internal share redemptions and the need for outside capital.

# The Inter-Generational Partnership

This is the accidental partnership that is probably written about most widely. It happens at the transition point between each generational change and is always associated with some level of conflict. The dynamics lie at the heart of what has been labelled "succession planning".

The most notorious configuration is the father-children scenario, although the mother-children scenario isn't much different. Other interesting combinations are uncle-nephew and even elder sibling-junior sibling. Essentially, the success of the partnership often increases with emotional distance, which sometimes is the case as the family grows. Whatever the situation, the need for systems and structures that organize the business family, create a cohesive accidental partnership, foster more professional business activities and allow for individual growth are critical.

As the inter-generational partnership represents a transition point and not an end point, the likelihood of conflict is high. When tension and ambiguity are high, differences rather than similarities seem to be the focus. The key, therefore, is a code of conduct, as each generation interprets the same information differently. This seldom happens easily, as there is usually a dominant individual or family.

**CASE STUDY: ABSOLUTE POWER CORRUPTS**

A business had been started by the second of three siblings with their father. Over the years, the oldest and youngest joined the firm. The youngest died and his family was bought out. Eventually, the oldest reached retirement age. He had five children and the second brother had three; the family's ground rules allowed only two participants per ownership group.

The difficulty arose, naturally, at the retirement of the oldest brother. The second declared that he was no longer subject to the whims of his older brother and that he wanted a larger salary. He also wanted greater authority. He decided to install his own son in the leadership role, over all the others.

Interestingly, the children of the oldest brother got along well, but the second sibling's family was divided by competition and power struggles. The cousins, however, had found a way to co-exist as long as both parents were around. The second sibling's action, however, brought resentment into the family business arena. The inter-generational power struggle ended with the business being separated and each family taking their piece.

# Husbands and Wives

There are two basic types of husband-wife partnerships. One is a peer partnership, where two people function as a team. The other is where one spouse is a silent partner who shares in the business mostly for tax and emotional reasons.

Let's look at the first case, where the husband and wife actually want to work together. One of the major difficulties that these husband-wife teams encounter is the inability to separate their business and spousal roles so that difficulties encountered at home don't spill into the office and vice-versa.

Some husband-and-wife teams have found ingenious ways to keep the two worlds separate. One wife, for instance, heads off early in the morning to a health club and arrives at work on her own. Her husband has already arrived by this time. They simply take up their activities as two co-workers might.

Another husband and wife ensure that they always have lunch together. They feel so strongly about this that they set up a kitchen at their place of work and hired a cook, making this service available to all twelve employees.

Yet another couple chose areas of their house where they do not talk about business. Don't be surprised that it was the bathroom and the bedroom that they kept for their personal lives. They relate the story that the wife once retreated to the bedroom to avoid talking business, only to have the husband stand on the threshold relating the most recent news.

The tensions in the husband-wife partnership are fairly predictable. Difficulty arises whenever you spend too much time with anyone. Finding mental and physical space is crucial to a happy business partnership – as it is to a marital partnership.

In her book "In Love and In Business", Sharon Nelton identifies a number of stress producers and successful themes for husband-wife teams. The areas of stress on couple partnerships revolve mostly around:

- co-coordinating different management styles and work habits
- money
- separating business from family life and again from personal life
- dealing with spousal criticism
- lack of personal communication as a result of the burden and time constraints of running a business and household.

But there are successful husband and wife teams who put their marriage and children first, according to Nelton. They accomplish this because they have respect for each other, treat each other in a dignified manner, stay connected and maintain a high degree of substantive communication. These people complement each other in skills, talents, abilities and attitudes, and they divide their roles appropriately both in the family and in the business. The contribution of strong family ties to parents and siblings is also worth mentioning. The key is that these husband and wife teams like to laugh and manage to keep their egos in check, keeping tension levels low. They learn how to compete with the world outside and not with each other.

Not all marriages work, however, and the bonds of business are usually shattered when the bonds of matrimony are severed. There are recent incidents, however, where the business alliance has survived the break-up of the marriage. In these cases, former spouses confirm that working through the separation is exceedingly difficult, but they felt it had to be done to preserve their chosen career, profession and enterprise – and to provide security to children. A typical reaction is that they found the end of the marriage to be inevitable, but they were not prepared to leave everything they had built together as a result.

# Multi-Family Partnerships

If the family business endures, the business family ultimately becomes a multi-family accidental partnership as children grow to adults, inherit their share and have families of their own.

Almost every transition creates a multi-family partnership. These are usually difficult to manage because there are very powerful inter-generational forces that must be reckoned with in order to proceed. These transitions are tension-filled and if the tension is not reduced, it escalates and begins to poison the family and contaminate everything around it.

The multi-family partnership exists in two forms: a non-related multi-family and a related multi-family. In the former, two individuals who are not related choose to become partners. The must organize that business to accept the next generation of both families or the dominant family will purchase the assets of the other family -- or the whole business is sold to a third-party buyer. In a related multi-family situation, one usually observes brothers and sisters banding together to make a go of it. This type of partnership is often based on trust or, more to the point, a lack of trust of outsiders.

In each of these situations, there are always issues around power, leadership, authority and how to work through conflict. It's much like a sibling or cousin partnership, except that more people are generally involved. And the more people, the more difficult it is to organize, communicate and make decisions. It's a fact of life.

# In-Law Partnerships

In-laws occupy a special place in the business family. They are not automatically considered members of the family, deserving of a share in the enterprise. They are also not equivalent to trusted outsiders who have endured the hardships of the company's early years. They occupy a strange middle ground, neither inside the business nor outside in the cold. In fact, they are often expected to endure long hours of conversation about the business that may or may not make sense to them.

When the business family continually uses the business as its central topic whenever family members get together, it clearly isolates these new members and separates them from who is "in" and who is "out". The new in-law marries into the family business and often comes overwhelmed by the extent to which its tentacles intertwine with family members, business and wealth.

The new spouse then begins to interact with other in-laws and competition soon develops between the outsiders as to who is closer to the inside. As if this were not wearisome enough, the new spouse is often moving into a smaller community where the family business has existed for decades. Even the townspeople appear to know more than the bewildered spouse.

The most difficult aspect for many in-laws is becoming involved in internal squabbles. Spouses come home and complain about whatever irritated them on that day. The next day, they solve the problem, leaving the spouse with the residue of the situation and no understanding of whether it was resolved. This resentment builds when they again meet up with yesterday's "culprit". The spouse is left wondering whether to act in a way to support their spouse or as if nothing has happened. The emotional dilemma is complex.

Then there are the money issues, the most wrenching problems of all. Bickering over inheritance and shares often breaks out when the biological child is pushed by personal ambitions – or those of the spouse – to get his fair share. Sometimes, the parents initiate the hard feelings by insisting on a marriage contract. While the idea of the contract itself may be acceptable, it soon grows into an expansive legal document that is insulting to both husband and wife.

**CASE STUDY: WITH THIS PEN I THEE WED**

The bride and groom came from two distinct family businesses. Both had significant business backgrounds and wealth and intended to continue individual as well as joint careers. The result was rather interesting: they signed two sets of marriage and employment contracts, a highly unusual resolution.

The lesson is that if you are going to marry into a business family, it often helps to have a strong sense of self to begin with. In addition, discussing the ground rules for how the family and in-laws interact is probably beneficial. Other aspects around expectations regarding finances and workload expectations are helpful.

A watershed decision for in-laws is whether to join the family business or not. There is no rule of thumb, but the best indicator of success is the attitude of the organization and its owners. If the in-law happens to be a strong contributor to the long-term health and development of the business, he may come to be treated as a "second" child, which then raises the question of stock ownership. Every family has to work out this situation for itself, whether it's with an in-law or a key non-family manager. It is usually easier with the non-family manager.

# Inactive Partners

Those on the outside of the business do not wish to be left in the dark while those working in the business seldom enjoy backseat observers who may or may not have sufficient knowledge to be helpful. Addressing and balancing these concerns are critical elements of leadership.

From the vantage point of the Accidental Partnership® model, it's clear that a family member who is an owner but not working in the business will be more concerned about remuneration or benefits than any other aspect to the business. Inactive partners therefore require clear policies regarding the philosophy of operation and compensation. There must also be room for outsiders to have some input where appropriate in certain non-operational decisions.

# Care and feeding of inactive shareholders

Here are some thoughts on how to embrace your family members who are owners but not working in the firm.

1. Set up a family meeting process to communicate on all appropriate, timely and relevant business, ownership and family matters.
2. Work out the obligations of ownership and those areas that require their input for either information gathering or decision-making. Based on this, encourage inactive shareholders to learn the basics of business if they do not already understand how to read a balance sheet and income statement, plus the concept of business planning and policy setting.
3. Include your outside shareholders on committees and board activities if they have the skills and it is appropriate.
4. Always look for ways to make your inactive shareholders shine. That means giving them leadership roles where they can make a contribution, so that they can take pride in their ownership. Depending on the nature of your wealth, many families use a Family Foundation or other charitable platforms for this purpose.
5. Try to minimize the business chatter at family events so that the inactive members, and especially their spouses and families, do not feel isolated.
6. If you have a Family Council, many businesses at the cousin partnership stage encourage the junior members to research and write a book describing the family and business history. These are often self-published and are very valuable in bringing the next generation into the family business tradition and its legacy.

#### WHAT MAKES AN ACCIDENTAL PARTNERSHIP SUCCEED?

The simple answer is: a Shared Future!

This booklet has touched on some of the answers to this difficult question. The recipe for success in an accidental partnership begins with systems and structures that are more formal in order for the members to be clear as to their roles and responsibilities, and how normal business transactions and transitions will unfold. Some of the areas that should be addressed are matters such as a shareholder agreement, which includes a clear understanding of the allowable transfer of shares, how the management and decision-making structure will work and the buy-sell mechanisms for all parties to the agreement.

There should also be a retirement and personal financial plan, an estate plan, a participation plan, an interaction plan for both family and non-family directors and managers and, finally, a family plan.

Furthermore, there should be an independent outside board. It is often the best forum to aid decision-making.

Some inter-generational partnerships find it helpful to establish a transition team made up of both insiders and outsiders whose mandate is to assist both generations through the transition.

Another useful tool is a code of conduct in the form of a partnership creed, which helps open up a dialogue and provides a means of working through misunderstandings and differing opinions.

Finally, a method to deal with remuneration such as salaries, bonuses, dividends and benefits is usually necessary. Resentments over money and perquisites often fester in people's minds, leading to feelings of injustice.

**CASE STUDY: THE COMPLEX ALLEGIANCE OF OUTSIDERS**

In a large British company, only family members could move above general manager (to become vice-presidents or officers). This condition was maintained for thirty years with little trouble. Finally, the family-firm leadership decided that the next generation of family members did not have the resources necessary to direct the business. They decided that executive positions would be determined on merit alone, except for the CEO, who would still be a family member. One of the general managers was made a vice-president and business head. He was sent for advanced management courses at a business school.

To the amazement of the family, a revolution took place. Other non-family members were furious. They challenged the appointee's competence; some refused to work for him. They castigated the family for its terrible decision.

In trying to understand the cause of this uprising, the family launched a review. What emerged was the fact that the decision had disrupted the entire lives of the non-family members. Previously, they had known and accepted their place as senior "commoners" reporting directly to "royalty" -- the family. They were at the top of their possible career ladders and enjoyed their privileges. Under the new rules, others could compete for more senior positions; they might be bypassed. Or they would have to compete for these senior jobs -- which meant more work and energy. In short, their relationships with family and peers were upset, their stable world had turned topsy-turvy and their place in the organizational scheme was destroyed.

The lesson here is that relationships with long-standing non-family employees may be more complex than the family fully appreciates. Consider how new policies and procedures might affect them, and consider whether it is wise to mitigate their effect on key employees.

# Non-Family Members

Every family firm has trusted "outsiders" – either present from the start or adopted in the formative years. These are the early employees and outside managers who help the founder build a viable business. These people often become quite close to the founder – almost like family. The actual business family often is not in the picture at this point – and certainly is not relevant to managing the business. At any rate, the trusted outsiders establish their own relationship with the founder and ways of working. They may even advise the founder on policy and planning. They are heavily trusted.

Later, the founder's children join the firm – first in summer jobs, but later in training assignments. The old guard is asked to help with the mentoring and development of these young family members, usually for no extra compensation. They therefore form judgments as to whether the young scion shows much aptitude. If they feel there isn't much natural ability, they may doubt the future viability of the firm.

Meanwhile, the new generation may object to the special status of these outsiders. They may find their privileges incomprehensible, because they were not there during the company's early years, when living on the edge builds fierce loyalties between the founder and his managers and employees. In some cases, the children may simply see under-performers who are protected by their longevity in the company.

The position of non-family insiders comes to a head when the founder starts actively working on "continuity" of ownership – that is, the succession of the next generation. Non-family managers may become so concerned that they begin to consider other jobs. Much depends on the situation: the credibility of the new family member's preparation for succession, perceived competency, the inevitability of the succession plan, and so on. In families where it is clear from the time the children are teens that some of them will inherit the business – meaning management and ownership – the problems for non-family members on the actual succession are minimal. If, on the other hand, the son or daughter's succession seems to be based mostly on family loyalty without adequate planning or preparation, drastic consequences can occur. Key managers could consider early retirement or new positions.

**CASE STUDY: LOSING THE LEGACY**

The founder of a retail organization died suddenly, leaving the business to his widow, who had no experience. Two daughters were in the business. They were unable to handle strategic thinking, mainly because of their obsessive concern for power.

The executive vice-president, who had been chief operating officer and a trusted lieutenant for years, agreed to act as CEO for two years to direct the company and facilitate an appropriate succession. He had a sensible plan that included bringing in a competent CEO and developing some internal people including family members to take over after the new CEO had a few years to carry out the necessary growth and survival strategy.

The daughters fought him on every front. They worked on their mother until she was totally confused. The acting CEO became increasingly frustrated. He retired as soon as he could and sold his stock. The family appointed a leadership team. Within two years, the enterprise went from first to fourth in market share. Assets were sold and the firm never regained its old vitality.

While this is a situation where the trusted outsider was no longer working with the founder with whom he had established a lasting business relationship, it underlines the importance of protecting long-time employees' contribution to the company. It is also a fine argument for a clear succession plan in the event of the unexpected death of the owner.

# Dealing with Owner Value

Accidental partnerships work best when the partners reach some agreement on the real purpose of business ownership. How do they plan to manage the business, what is their view of the family legacy, what is an acceptable return on this investment and how do they see themselves contributing to these ideas? Partners' reluctance to decide on the fundamental reasons for their partnership creates a lack of communication that inevitably opens the door to selective decision-making and misunderstandings.

An intentional legacy plan gets around this problem. This document – it may be nothing more than a statement – sets out the future that the owners intend for the business: whether they will keep it, sell it, go public or establish an employee share ownership plan, for instance.

The idea of owner value touches the inner core of each of the accidental partners' philosophy of life and how they see their relationship to the business and other owners, as well as with the community at large (including their employees).

**CASE STUDY: LOYALTY PAYS DIVIDENDS**

A founder selected the husband of his daughter to succeed him as chief executive, but with a family council to which he would respond. The company's key professional managers found this acceptable only while the founder was still active. They anticipated either a professional executive team replacing the family council after the turnover of power -- or many of them planned to leave. They communicated this to the founder, who was contemplating what to do at the time of his sudden death.

His only son, in his mid-twenties, was bright, assertive and creative. Although he had served in several middle management positions, he was considered by the family as far from ready to take over the business, although emotionally both the father and mother wanted him to be the ultimate successor.

The mother, who was left controlling ownership, was firm that she wanted her son to succeed his father. She accepted the need for a caretaker management for a couple of years, but the long-range succession plan was not open to debate. She made her wish known to both the family and company management.

The management professionals respected the young son and rallied around the mother. They viewed him as a far superior leadership choice than his brother-in-law. They assured the mother that they could make the enterprise work with the son as team leader after one year. Meanwhile, they put their resources to "preparing" him for the role. Assured of their support, the son was able to get on top of the job quickly, and one year later was clearly in charge with a strong loyal management team.

Clearly, the loyalties of trusted non-family managers and executives could be a powerful force if they can be brought on side.

# Team Building in the Family Firm

Obviously, any accidental partnership's effectiveness hinges on family team building. Team building doesn't require members to like each other, only that they get their job done reliably, while respecting the space, contribution and dignity of other members.

Members must confront questions such as:

- How can we work together more effectively as a team?
- How can we better use our personal resources?
- How can we communicate with one another to make better decisions?
- What is impeding our performance?

The answers to these questions may be found by examining the factors that lead to team development and effectiveness. Family team members can measure these factors by using the Team Effectiveness Critique, which can be found in The Accidental Partnership™ Series booklet, *High Performance Enterprise Family Teams*. But before completing the critique, all team members should understand the terminology used to describe the nine factors.

## 1. Shared Goals and Objectives

The family must determine that its values, goals and objectives are clearly understood and mutually agreeable. The surest way to do so is to develop a code of conduct in the form of a family creed -- that is, a mission statement that successfully balances personal, family, partnership and business needs.

Building a family team requires time to share and compare visions and time to plan. Commitment to these family and business plans and a sense of team membership comes from involving all family members in the sharing of ideas and in being able to discuss problems that might impede the family in reaching certain goals.

This building process works best when the family works with an agenda and a facilitator in a retreat setting.  The retreat provides a break from everyday family and business settings, the agenda helps keep discussions focused, and the facilitator encourages communication and understanding.

What should an agenda for family team building cover once the values, goals and objectives are clarified and agreed upon? Some items will be specific to the family and its business, but there are some topics that every family must examine: using resources effectively; trust and conflict resolution; sharing leadership; control and procedures; building effective interpersonal communications; and developing an approach to problem-solving and decision-making.

## 2. Using Resources Effectively

Most advisors say that parents should objectively assess their children's skills and then match skills to jobs.  It may be good advice, but it's next to impossible in real life.

In real life, parents don't objectively ask the right questions or assess their children's skills.  It's just the natural difficulty of being objective about your own children.

Family enterprises can make more objective decisions about children's contributions to the business and match skills with jobs when the family has learned to work as a business team. In companies that act like teams, the children feel that their opinions are heard and considered and, in particular, the founder has created an atmosphere where the next generation can voice opinions without fear of negative family or business consequences.

## 3. Trust and Conflict Resolution

Conflicts are inevitable in any team situation. For family teams, the question is always: Will the family manage the conflict or will the conflict manage the family?

Families in business together often avoid openly discussing conflicts for fear it could split the family. This natural fear of family discord is where family and business issues get particularly entangled, since attempts to evade business conflicts usually produce the very discord and hard feelings they sought to avoid.

To work as an effective team, family members and non-family employees must learn to deal with conflict. A neutral outsider who has skills in family firm management or family therapy can be helpful in resolving the more contentious issues.

## 4. Shared Leadership

A family business team occurs only when there is a feeling of shared leadership -- just as participatory leadership creates successful non-family companies. Participatory leadership, however, is a totally foreign concept in the family where only parents, not children, can be considered leaders.

The founder -- or controlling generation -- must be prepared to transfer authority as well as responsibility for different aspects of the business to the successors. It also has to be accomplished gracefully -- and without second-guessing once done. A difficult task, particularly for founders, but in reality probably no more difficult than other parenting tasks.

The founder must also be prepared to train the children in the operational, financial and legal aspects of the business. To make sure good intentions come to fruition, it may be useful to draw up a contract between the founder and the successors for a certain number of hours of training, specifying what will be covered, when and how.

## 5. Control and Procedures

Founders, in particular, seldom stop long enough to recognize that they are running the company from scraps of paper in their pocket or purse. They resist formal systems, partly because they have found success without it.

But others cannot learn solely by a process of osmosis. Unless the founder and the family lays out an organization and structure, no one else can act with certainty or exercise any measure of control. Therefore, there can be little preparation for the smooth transfer of the business.

Procedures are not as restrictive or bureaucratic as most entrepreneurs fear. What they often discover is that they can be liberating, since a formal structure can provide mechanisms for conflict resolution, shared leadership and transition from one generation to the next.

## 6. Effective Communications

Successful team development also depends on open and honest communication. Sometimes, however, openness and honesty between family members is less important than maintaining harmony. In other words, “If you can’t say anything nice….”

It is possible to maintain family harmony while being open and honest, but if the family has never practiced this type of communication, it is likely to lead to hostilities. If parents get into the habit of listening to their children with courtesy and talking things through with them in a way that separates person and issue, then the transition to business matters will be much easier.

Siblings are probably not used to listening to each other, but have long memories for each other's follies and misdemeanours. They need to regulate themselves, ensuring that all team members -- including the sibling with the family reputation for not being able to walk and chew gum at the same time -- have an equal opportunity to participate in discussions. The real need is for siblings to realize that a lack of true communication has an impact on the business.

## 7. Problems and Decisions

Solving problems and making decisions are two critical team functions. The standard family approach to problem solving and decision-making is totally at odds with the business approach. In the family, parents usually solve the problems and make decisions in isolation and without consulting children. Most successful businesses, however, are based on participatory management with a group/task force approach to problem solving and decision-making.

Families in business need to agree on an approach to solving problems and making decisions that leaves behind the traditional parent-child relationship, which only frustrates and obstructs successful transfer of the business to the next generation.

## 8. Experimentation and Creativity

Just as it is important for a family team to have certain structured procedures, it also is important that the team be prepared occasionally to move beyond the boundaries of established procedures and processes in order to experiment with new ways of doing things. Techniques such as "brainstorming" as a means of increasing creativity should be tried periodically to generate new ways to increase the family team's effectiveness. An experimental attitude should be adopted in order to allow the team greater flexibility in dealing with problems and decision-making situations.

## 9. Evaluation

The family team should examine how it works as a group from both a task and maintenance point of view. This examination or "critique" requires the team to stop and look at how well it is doing and what, if anything, individual team members can do to improve. Such problems should be resolved through discussion before the team goes any further. Honest self-evaluation is probably one of the most critical factors leading to team development.

### In Conclusion

A team's development can be measured by assessing its ability to get things done and the degree to which it is cohesive. A cohesive team gives individuals a strong sense of belonging, a commitment to common goals and to each other.

It takes time, effort and patience to develop a family business team with a high level of commitment to the enterprise, the ability to respond quickly to changing market conditions, a wide range of committed resources for managing difficult and complex situations, and critical support systems.

Acting as a team, the family in business together benefits as a business, as a family and as individual family members.

# Your Relationship to Each Other and to the Business and Other Assets

An accidental partnership requires enormous commitment on the part of all family members – parents, siblings, in-laws, cousins – and key non-family members as well.

There are individual needs, naturally, but these must be looked at with respect to your relationship to each other, both in the business and out of the business, and your relationship to the business itself. This takes a lot of effort. As this booklet has explained, planning, communication, organization and structure are some key areas to address.

**Planning:** Planning means planning for business and family co-existence, business growth, family participation, and above all for working together.

**Communication:** In the accidental partnership, communication really means the completion of a family creed, whether it focuses on the present stage of the partnership or beyond. As families journey through the inter-generational, sibling and cousin stages, it is also helpful to ensure that there are meetings where all those who have a relationship to the business feel that they have a voice.

**Organization:** An organization requires accountability and clarity of roles. Roles for owners who are not working in the business sometimes create the greatest challenge. Use these individuals where their talents match skills required by the business, perhaps on the advisory board or helping out on a committee.

The key prerequisite to organize is a common direction toward goals that result from a vision of a shared future articulated in a family partnership creed. In addition, accidental partnerships are well served by completing a shareholder agreement that addresses the buy-sell arrangement and how shares are to be transferred. The former confirms the ability to separate from one another in a logical manner; the latter clearly states the intention to hand over the reins to another generation and how it will occur. The shareholder agreement also creates a peer relationship that allows partners to choose to stay together.

**Structure:** Finally, at the more complex stages of family and business development, structure helps. Often the most important addition is an outside independent advisory board. This is a big step for any partnership as it lifts the veil of secrecy and embraces a more open dialogue with trusted outsiders.

# Aron R. Pervin

Aron Pervin is an organizational consultant, psycho-therapist, coach/mentor and social entrepreneur. A respected thought leader, Aron has spent more than 40 years working with business family owners on issues of concern to family enterprises, including relationships, continuity, management, ownership and governance, and the impact of each on enterprise performance.

Through his ongoing involvement in industry associations around the world, Aron's views on accountability and results have literally changed the conversation for business owners, providing thought provoking perspectives on decision-making, management and transition.

Most recently, Aron's relentless passion for improving the way consulting services are delivered has led to the development of Optimizer720. This unique business intelligence tool leverages the experience of both seasoned and next generation consultants, allowing them to more effectively advise their mid-market and family enterprise clients.

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