

Family business management not taught in business schools

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Joseph Astrachan walks a figurative tightrope as he addresses the owners and managers of family-run businesses at his frequent seminars.

But in 25 years of mining the often-personal underpinnings of family business conflict, he has never had anyone walk out of a session.

"I think there are probably a couple of reasons for that," Astrachan said. "One, of course, is that people are always interested in other people's problems. But beyond that, I think family business owners recognize the commonality of the issues that arise and are grateful to get someone else's perspective on how to resolve them.

"There's a reason business schools don't delve deeply into the myriad issues that might arise in a family business, and that reason is that there are just so many moving parts, many of which aren't recognized in the day-to-day running of a commercial enterprise," he said.

Astrachan, the Wachovia Eminent Scholar Chair of Family Business at Georgia's Kennesaw State University and director of the Cox Family Enterprise Center, will be the guest speaker at the next family business forum hosted by the Tate Center for Entrepreneurship.

The forum, which will cover a wide range of family business issues, is scheduled for Oct. 11 at 4 p.m. A reception, hosted by the College of Charleston, will follow the event.

Despite the fact that most businesses are family enterprises and therefore most employees work for one, Astrachan believes many people fail to recognize the shadow family relationships can cast over their daily working experience.

When family members involved in the ownership or management of a business fail to acknowledge this, the very survival of the business could be at stake, Astrachan said.

"I think one of the interesting phenomena in American society is our overwhelming belief that family relations should be natural, that they are somehow innate and that in a family the way you act is naturally based upon what you feel," he said.

"I argue that family relations are not truly or entirely the result of biological determination and that we have to be conscious of what's going on in those relationships and deliberately act to foster them. If you don't, then problems can arise and manifest themselves even within the structure of the business."

The Tate Center session, which is the third in an ongoing series, is expected to be one part lecture and one part free-flowing discussion. The only ground rule is that nothing said about the inner workings of someone's business or family leaves the room.

"Most of the give-and-take is anecdotal, and a lot of it is hypothetical, but I think one thing that characterizes all of these sessions is that the family issues almost always remain under the surface in the early going," Astrachan said.

That means the moderator has to make a fateful decision: try to get at the deeper issues slowly or go right after them, in Astrachan's words, "like ripping off a Band-Aid."

"The key to doing that is getting them to understand that these underlying family issues may make them feel awful, but they're not fatal," he said.

To illustrate the underlying causes of family business problems, Astrachan offered a hypothetical case in which the grandchildren of the founder of a business decided they didn't want to be in the business and wanted to pursue their own interests.

"What I've found in many of these cases is that parenting problems were at the root of this decision," said Astrachan. "Such decision-making by the younger generation often comes down to whether or not they genuinely like being around their parents. If you like being with your parents, I think you're more likely to stay involved, even if the business itself doesn't genuinely excite you."

If the issue turns out genuinely to be based on a desire by the younger family member to follow his or her own drummer, and the business has grown large enough, one simple solution might be to have the son or daughter serve as an owner, rather than as a day-to-day manager, Astrachan said.

"That way they're involved, but their day-to-day responsibilities in the business are much less," he said.

The most important thing any family engaged in a business can do to head off future conflicts is to have an open and honest dialogue about the range of expectations attached to a business, whether the expectations involve wages and hours, how much debt a business should acquire or how quickly the business should grow, Astrachan said.

"One of the reasons profound family business conflicts are so hard to resolve and frequently wind up in court is that there's never a financial reason at heart that you can negotiate," he said. "That's why lawyers hate these cases. There's no rubric for dealing with them."

Tickets for the forum are \$25 per person and advance registration is encouraged. A \$10 discount is available for FastTrac, Center for Women, Mount Pleasant Business and Professional Association and Women@Work members. Contact Lisa O'Beirne at (843) 953-6622 or obeirnel@cofc.edu to register.

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