

Connect and Communicate: The Foundation of Family Business

Dr. Hitesh Shukla*

The most important ingredient in the success or failure of a family business is the communication among key members of the family and business family. Most businesses can survive any threats; accept the communication and deterioration of interpersonal relationships that destroy the business and the family. It is observed from various studies that all problems of the family conflict is the communication problems and can be solved only through communication. Often poor communication creates biggest problem, and work done on this element can pave the way for improved relations and finally leads to long lasting business. Let us understand the same with a case study:

One fine morning Jay, younger brother went to his elder brother Vijay and expressed his wish to go to USA for a vacation with his wife who was working as honorary dietician in a local hospital. Actually they wanted to celebrate her birthday together in USA. Vijay, busy in some work, requested to plan after some time. Jay's wife was disappointed with this confrontation. Vijay had been an ideal brother for Jay and both of them worked like each other's shadow in their family business.

Few days later Vijay and his wife, who is assisting Vijay in the family business went to USA to meet perspective clients.

In-laws of Jay started talking ill about him saying that he did not have any say in the family neither in the business. His wife started feeling as if his husband did not have self-identity in family. They also added that Vijay seemed to be the controller of the business and family and had all privilege so both husband and wife could do whatever they liked to do. This message hurted Jay and it created an iron wall between two brothers. Later, with few such incidents, the image of Vijay like 'Ram' in the eye's of Jay transformed to be that of 'Ravan'.

What do you think is the actual problem with this case? Miscommunication. Communication is the key to any healthy relationship whether it is business or family. If you want to communicate better in a relationship, then you have to not only know how to state your ideas but also to able to really listen to your partner, understand feelings. In this case Vijay and his wife went to USA for business development, while Jay and his wife wanted to go on leisure trip. Moreover Jay could have told that both wanted to celebrate her birthday in USA and could have resolved the problem.

*Professor, Department of Business Management, (MBA Programme) Saurashtra University, Rajkot-360 005

The world 'Family' stands on true relationship. In India, Family Business (FB) is known for a genuine passion for and pride in the family and a desire for stability in terms of relationships with all stakeholders. However only 10 percentage of FB survive past the third generation. One significant factor for this is lack of communication among the family members. Though every FB has its own way of sharing information and communication it fails to understand the feelings.

Here, communication is not just about pushing the information but one needs to connect with every member of the family. The Business leader should try to create a sense of involvement for every member. They should feel that their opinion matters for the business and family; they are heard and considered in the process of decision making.

Family often consist of a great mix individuals, like first generation / senior (Entrepreneur), second generation and may be third generation (Gen Y). Many a times during business meetings, Gen Y, highly educated, skilled, passionate and risk takers can't share free and frank opinion before their seniors and thus accept their ideas as their family values restrict them to go beyond the decisions of their senior. This is because they love and respect their senior as if they who are the founders of their FB. Generally, seniors control and hardly allow any discussion. This results in a one-way communication and is recipe for tension and conflicts. In this way they never find the best suitable idea for business and as a result business suffers in long run.

If we look into the communication process of FB, it is typically more informal and unorganized. Instead it should be made formal in an organized way by holding structural conversation and better planning. As we write down long term goals, we will be more disciplined and clear about - 'What are we looking for?' Once the business plans are developed and written down involving every member, it holds everyone accountable. It also helps in controlling and monitoring the progress. There should be a formal performance evaluation system for members working in the business. A written business plan makes every player clear about his roles and responsibilities.

While discussing business, discuss only business and not the family issues. Emotions should be kept aside. If emotions overpower the logic, decisions of business will be taken by heart and result into problems. It would be best if one can separate oneself and all emotions from ones idea and try to find out the best solution for the business. If required involve outsiders for independent judgment. If someone becomes silent, work hard to bring them back into the discussion. Business needs rational, productive and profitable ideas where as the family demands emotional support, care and willingness to practice give and take.

In a family meeting, every member should be involved and allowed to contribute while in business meeting it should be first decided that who should be involved? i.e. a married daughter may be getting profit share from the business but should we involve her or her husband in business meetings? Roles often get blurred and lack of clarity could damage the relationship on both the fronts. It is better to create a separate business council and family council to discuss issues separately. The general rule for making decisions in the family council is to make decisions by consensus. For healthy relation in a family, a meeting of family members should be held at a regular time. This is considered as the best time for family concerns to be discussed to see / measure a chance for each family member to express thoughts or feelings and considered as the best tool to make a joint effort to make family decisions. Family council helps Gen Y to come closer and understand each other, helps children to learn to voice opinions respectfully, be responsible, learn problem-solving skills, and make decisions cooperatively with others.

The foundation of good relationships is open and honest communication. Family relationships that do not start with honest and open communication are doomed to crumble. For a responsible FB, dining table and office table should be dealt with differently. Family issues should be discussed in the family and business issues must be discussed in the office only. Involvement of independent directors helps in good governance since for them always 'BUSINESS is FIRST' in their mind. While considering the family issues, every individual should get equal opportunity to grow. In family council always 'FAMILY is FIRST.' Effective communication is the key to resolving most family business problems.