

# Communication problems in family business

[Family](#)



For family businesses, effective communication is an even more integral factor for successful business operations due to the peculiarity that personal (family) emotions frequently interfere with business decisions. Family businesses often have to struggle with conflicts among members of the organization, low managerial abilities, interfered daily business activities, and customer relationships that suffer from the lack of structure and poor communication.

The research provided in this paper shows that small family businesses face similar problems, whereas effective communication is the most frequently mentioned issue regarding the need for improvement in family businesses. This paper considers the importance of common expectations and values to guide family members, thereby eliminating areas for dispute.

Other important findings are that leadership training and structured responsibilities (clear work roles) make the management more congruent and improve managerial communication; well-managed employees, who have direction and know about priorities, affect business activities positively; and that a professional appearance of the family business has a positive impact on customer relationships.

The conclusion presented at the end of this document states that once the family business has successfully implemented an effective organizational and information communication scheme that includes emphasis on family values, then the business will be able to make use of the particular advantages a family business can have. " Introducing an organizational communication and information scheme to a family business eliminates

potential areas for dispute, improves the managerial abilities and business activities, and has a positive impact on customer relationships. Statement of Problem

Family businesses differ from other businesses due to family involvement in the business. Due to this peculiarity, communication is an even more integral factor for successful business operations. Poor communication in family businesses can lead to the following common problems: Family members assume they know what other family members feel or want, personal ties inhibit expressing opinions, personal problems become business problems, non-family members feel excluded, and insufficient arrangements between managers and employees result in disadvantages for customers.

The family business I work for is also struggling with these problems. In 1993, Stephanie Olbrich's father founded a construction and engineering company all by himself. Today the company operates internationally, has a turnover of over 9, 000, 000 Euros per year, has more than 50 employees, and engages almost the entire family. With the increasing figures, the problems relating to the informal communication style became more serious: Managers became suspicious and employees became dissatisfied because of the lack of an information structure.

Introducing an organizational communication and information scheme to a family business eliminates potential areas for dispute, improves the managerial abilities and business activities, and has a positive impact on customer relationships. Typical areas for dispute in family business include family members assuming to know what other family members feel or want,

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meaning that family members do not take the possibility of misinterpretation into consideration.

For instance, the chief executive officer (CEO) criticizes the manager's (his daughter's) behavior constructively, in passing, without thinking, assuming that she understands his advice as she would at home. Surprisingly, the business environment causes the daughter to perceive the criticism as punishment so the communication misses the intended purpose of improving the daughter's behavior.

The CEO, who is assuming that the manager will understand his advice correctly, even though communicated in passing, causes a dispute instead of enhancing the manager's skills. A communication system that prescribes regular performance assessment could have prevented the mentioned situation. Furthermore, various family members often do not see the necessity to tell each other what to do because they mostly know each other well and expect each other already to know how to behave.

For example, the CEO hires a new family member and assumes that the new employee is aware of the necessity to behave differently in a business environment. However, the new employee, who is used to a trusting, loving relationship with the CEO, suddenly finds him or herself in business situations with outside businesses but has no clue how to react appropriately. Thus, even if business environment obviously requires some matter or patterns (e. g. separating private from business matters), yet the necessity of communicating remains in order to prevent unnecessary trouble.

However, with this reward can come a great deal of additional stress due to the fact that, not only does the business need to do well to provide a livelihood for all the family members but there is the additional responsibility of maintaining the family legacy and pride. At times the stress and tensions caused because of the business can start taking its toll on the family relationships. It can lead to family disputes, which in turn can have disastrous consequences for the business.

Indeed, in some extreme cases it can lead to the business being split up or even worse dissolved. Therefore, running a family business can be more of a challenge than just running a business with unconnected individuals. I will now go on to look at a few of the measures which can be put in place to avoid the tension and rifts within the family due to the business. They will cover the following: 1. Employment Contracts/Rules and Policies 2. Effective Communication 3. Staffing key positions 4. Dealing with family and business matters separately

**Employment Contracts/ Rules and Policies:** In most family businesses a majority of the staff comprises of relatives and close family members. Each family member should have a contract of employment which clearly outlines what their responsibilities are and what is expected of them. They should also all abide by the rules, policies and protocols set out as regards holiday, sickness and other employment issues. By setting these employment issues up on a formal basis you will be able to avoid the woolly 'I will do what I want mentality' which faces many family businesses.

Furthermore, if external staffs are employed, they should be governed by the same employment rules and policies as the family members, so as to avoid a 'them and us' work atmosphere being created. Effective Communication: This is a key component for the success of any business. Indeed, many family businesses have had to cease trading due to a complete communication breakdown between family members. Never hesitate to speak openly and clearing out business related issues with family members or relatives.

This should not be done one-on-one, whispering in separate room, but in group meetings which are chaired properly and have had pre-written agendas issued to all relevant family members. Staffing key positions: Always try to hire an experienced candidate for key positions such as a financial controller, as sometimes these types of positions require a lot of expertise ad prior knowledge. Posting a family member in one of these positions who is ill-qualified can be disastrous for the entire business.

Dealing with family & business matters separately: Never let family matters spill over into business matters or vice versa. Always be professional while discussing business related matters with the family members. Treat them the same way you would treat any other employee. But once outside the business you should still aim to interact like normal families. Dinner tables should be a place where you can discuss family affairs rather than just being another family board meeting.