

# Common Areas of Challenge For Families in Business

By Paul White, Ph.D.



Many business families experience a variety of obstacles they must overcome. Not all are directly related to the business. Some issues create challenges for the *health of the family*, while others threaten the *well-being of the business*. Six of the most common themes are identified and described below.

## Family Decisions

Many times families need to make decisions together but it's difficult to get everyone in one place to sit down, "talk through" the issues and come to a mutually agreeable decision for all involved. This can occur at the senior generation level, for example, when a couple has difficulty agreeing on how much to give to their children and grandchildren (including when to do so and how).

Increasingly, family meetings involve adult siblings (sometimes with their parents) to decide how to manage common investments together, what to do with the family vacation home or condominium or other commonly held assets.

## Family Business Issues

Often families in business must deal with transition issues related to the future management of the business. Sometimes this is related to the process of the founder transitioning out of the business. Another common situation is that the current founder/CEO is experiencing some serious health problems.

Many times there are issues related to siblings who are managers in the business, but who are not ready to take over senior management leadership positions. Developing a plan for interim management succession and a long-term development plan for family members is often necessary.

A second, critical issue has to do with transferring the ownership of the business to the next generations, and the complicating factor of some family members working in the business while others do not. Often, the challenge of maintaining financial parity among family members while also keeping business control in management's hands is an issue that needs to be resolved.

## Family Relationships

There are two common scenarios within the area of family relationships. First, there are often relationships that need strengthening. The relationship may not be "bad," but if work is not done to improve trust and communication there may be problems in the future. This may include conflictual relationships between siblings, a tense relationship across generations (for example, between father and son, or mother and daughter-in-law) or poor communication among the siblings' spouses.

The second area is the need to continue to build strength into already positive existing relationships. This is especially important as the family grows older—there is less day-to-day contact among families, and the stages of the family's development (college, marriage, young children, career building) create challenges in getting together regularly.



## Career Direction and Life Purpose

A repetitive theme among families today is that they have one or more family members who need assistance in determining “where they are going” with regard to education and career. This can be true of high school students as well as students who are in college or who have recently completed college. Many family businesses also have a family member who is not in the “right place”—either for them or for the business.

As a result, a career assessment—followed by ongoing career coaching—is often helpful in finding a positive and rewarding career direction.

## Managing Finances

Most senior family members are concerned about the younger generation’s ability to appropriately manage the money they currently have and will receive in the future. Some family members may be demonstrating good skills in this area, while others are clearly struggling.

The type of assistance needed often depends on the stage of life of the family member. For adolescents and college-age students, skill coaching is at a very basic, personal level—helping them learn and understand the use of credit cards, reconciling their checking account and beginning to track the spending of their money.

Young adults usually need assistance in developing and maintaining a personal budget. There can also be some need for foundational education in the area of accounting and investments.

Interestingly, most people view this area of training as primarily financial (and informational) when in actuality the issues associated with wise financial management are really behavioral—controlling one’s impulses, setting goals and implementing a plan, and then consistently making the right choices.

## Values Transfer

A common area of concern for senior generation family members is the desire that younger generation family members learn important lessons in life and develop solid core values. Commonly expressed values include a good worth ethic, not being self-focused, living frugally, caring about others, loving God, giving generously and developing one’s skills and abilities to the fullest potential.

Most families, however, are not sure how to really transfer these values across generations and actually see the opposite character qualities developing (laziness, a sense of entitlement, lack of personal responsibility). A huge problem in our culture today (and thus, in families) is the focus on issues and experiences which actually undermines the development of core, foundational values in our young people. Fortunately, there are steps parents and families can take to counteract these forces.

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