

Case Study: Working with Family



What should you do when your son wants his fiancé to join the family business?

Ingrid Sapona, Apr 29, 2012

Joan and her late husband started a very successful business 30 years ago. Joan's 24-year-old daughter Deborah and 27-year-old son Steven both work full-time in the company. Steven just got engaged and he mentioned to Joan that he foresees his fiancé Clair, who is a CA, joining the company. Though Joan likes her daughter-in-law to be, there's no obvious role in the business for her at this point. Joan is also worried about the imbalance among the children that could develop if Clair comes on board. What should Joan consider doing in this situation?

As Joan no doubt realizes, this situation calls for a fair bit of tact. She does not want to say or do anything that might create friction or animosity between herself and Steven and Clair, or between Steven and Deborah. Also, she clearly realizes there is nothing concrete to deal with at this point, since Steven merely mentioned Clair joining the company at some future point.

However, Joan's instinct that there may be ramifications to the family business as a result of the addition of an in-law is good. Having run a successful family business for 30 years, she obviously understands that to have a successful family business you need to tend to both family and business matters.

One of the first things Joan should do is review the company's hiring policies. If there is no formal, written hiring policy regarding in-laws, the company should put one in place. Of course, any decision regarding a policy on employment of in-laws requires a family discussion, according to Dr. John Fast, family business consultant and author of *The Family Business*

Doctor: Ensuring the Long Term Health of Your Business Family. Fast also suggests they have the discussion soon, because it is better to deal with such things when the issue is not immediate.

In terms of what the hiring policy should be, Fast says there is no absolute right answer. “What’s right very much depends on the family and on preserving family harmony,” he says. “The family might decide, for example, that for harmony the policy will simply be that no in-laws can work for the company, period. Or maybe that in-laws can apply, but that they must meet certain education, or experience, requirements and be subject to the normal interview process, and so on. Whatever works for that family,” says Fast.

How smoothly this kind of family discussion goes will depend on things like whether the family already has a process in place for discussing business issues. Family dynamics, including how open, candid, and respectful family members are of each other, will also come into play. “If the family doesn’t already have a formal process in place by which they develop the formal business policies, I think they should start by putting one in place,” says Fast. Creating a family counsel or regular family forum, for example, would be a good starting point.

If Joan is concerned the family’s discussion might become emotionally charged, she should consider bringing in a neutral third party to facilitate the meeting. “Families usually try to avoid conflict at all cost,” says Fast. “So sometimes the best thing to do is bring in someone who can diffuse emotions. Often, an outsider can help everyone see that all they’re really trying do is institute a business policy that represents best practices,” he says.

If Joan’s family can see the need for a formal business policy to address the issue of hiring in-laws and can reach agreement on one, both the business and the family will be stronger.

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