

# Adult Siblings in Family Business: Dreams Defer to Reality

While there are no statistics available on the number of family businesses with multiple siblings owning and/or managing a firm begun by their parents, the attributes of what makes such businesses successful are easy to pinpoint. Virtually all family businesses require some basic building blocks and fundamental actions for successful generational passage. The responsibility for a sibling team's success rests not only with the siblings, but with the parents as well.

## **The Parents Job**

As a founder, the dream of handing the business to your children may indeed come true.

But when the dream time is over, the work begins. Successful transitions take what successful businesses take preparation, discipline and an honest, clearheaded sense of the job before you.

Although the ultimate responsibility for your children's successful careers as co-managers and co-owners lies with them, parents can take steps to raise the odds of the next generation's success. Here are some tips:

- Look for opportunities for your children to collaborate, work as a team and make decisions together.
- Let your children resolve their own differences. While it is normal for you to want to step in, too much parental involvement in resolving childhood disagreements may produce adult siblings incapable of solving their own problems and conflicts.
- Never compare children with one another. Doing so only produces siblings who spend a lifetime competing with each other a difficult hurdle to overcome when attempting to run a business together.
- Help your children build their confidence. We strongly recommend that members of the next generation work outside the family firm for at least three years to gain self-confidence and fresh ideas.
- Be a model by keeping your own sibling relationships cooperative and loving. If you consistently demonstrate love to your own siblings and pride in their accomplishments, your offspring may just pick up on that behavior.

## **The Siblings Job**

The first requirement for members of the next generation is know thyself. Know your own goals, talents and passions. Only you can know whether a career in the family business is right for you. Learn about the business (and yourself) through summer or part-time work. Take a good, long, hard look at the business you will own and the people with whom you will work. If this is not the place you want to spend your life, then select another path. While being in business with a sibling is potentially very rewarding, there may be easier and less stressful ways to earn a good living.

On the other hand, if you and your siblings are realistic with yourselves and each other, you will be hard-pressed to find better business partners. With shared values, history, experiences and knowledge, you will likely develop intuitive and trusting relationships with your business partners that will translate into a valuable competitive advantage.

Before you and your siblings take the reins of management and ownership, ask yourselves two questions: Why do I want to be in business with my siblings? and What is the purpose the vision of our enterprise? Discuss these questions in depth, and if you are satisfied with each other's answers, hammer out a detailed agreement anticipating every issue you can think of that you may deal with as you take control. Issues to consider include leadership, strategy, compensation, individual roles and responsibilities, governance of the business and the family, ownership, liquidity and more.

Once the agreement is reached, siblings should always present themselves in public and to all members of the family, including parents and in-laws, as a unified team whose members respect and love one another. You may be tempted to keep a parent informed of difficulties between the siblings an evening call to Dad or Mum to complain about siblings is tempting, and the problem is compounded because parents will likely welcome such calls. After all, that way they are kept informed and involved and made to feel needed. The parent may even attempt to call your sibling to resolve your problem. Do not fall into this trap. To do so invites triangulation, communication mishaps and, almost always, an escalation of the problem as more and more family members become involved in attempting to impose a solution.

Successor generations must earn what they inherit. Having multiple owners and several family members in upper management presents challenges that entrepreneurs can only

imagine. But by consciously developing strong sibling management and ownership teams, success can be achieved for a new generation.

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