

Firing a Family Member

By Bernard Kliska, Ph.D.

If you think firing a long-term employee is difficult, try firing one who is a family member. As daunting the task may be, sometimes it's necessary. Any major firing threatens to disrupt a business, creating fear, anxiety and shifting alliances among employees. But the disconcerting and disruptive ripples from firing a family member may spread throughout the family as well. Handling this difficult matter the right way can limit emotional damage to the family and business and, with good communication and a few procedural tips it can also ultimately strengthen them.

Prevention is always the best strategy. Because most terminations have long roots, it's advisable to know as early as possible whether a family member is developing into a healthy plant or troublesome weed. The cultivating of prospective family members should begin before they enter the business. Avoid promising any future position. Constantly reinforce the value that performance, not family status, always determines a person's position in the company. No one is owed any company position---even after they're in it. If termination becomes necessary, the ordeal will be easier for everyone if these values have been firmly established.

Regular and honest performance reviews are essential. Although people disagree about their automatic use, 360-degree reviews---reviews that solicit input from both subordinates and superiors---are an excellent tool for family business members. Not only do 360-degree reviews help ensure the objectivity that is so difficult in reviewing family members, but if termination eventually becomes necessary, they provide important backup that can help defuse emotional reactions.

Unfortunately, even the most conscientious prevention strategies can fail to offer foolproof protection against the day when a family member may have to be fired. If that moment of reckoning arrives, there are several ways to help everyone through it.

Keep the separation between business and family clear. It's difficult to profess the family values of love, loyalty and all-for-one-and-one-for-all while delivering a termination notice. The person receiving the notice may understandably have difficulty hearing and believing that those family values still include him, but those values should still be clearly stated. Although for the ultimate good of all family members, including the

terminated person, the business must come first; firing a family member from the business does not mean firing him from the family. An unsuccessful manager still remains a successful and important father, sister, brother, uncle or daughter. An uncomfortable fit for the business does not have to mean an uncomfortable fit for the family. If a family affair is coming up, discuss it and state that you and everyone else hope the person will participate. Ask if there is anything you or others can do to make him more comfortable. If he refuses to talk about it, schedule a time to check back and keep that commitment.

Offer an honorable out. Consider offering the person a face-saving resignation. It won't cure an injured ego, but it can help. Avoid saving the person's ego by putting him into another position unless you genuinely believe that such a move is for the company's benefit. Remember that offering an honorable out must not short-circuit open, frank discussion of family issues and performance.

Use your board of directors wisely. Use the board for insulation, advice and support, not as a weapon, excuse, surrogate or proxy. While it's usually better for the family if the recommendation for termination comes from the board, you should avoid hiding behind that. Make it clear that while the board has recommended termination, you have made the final decision. Remember, you want to enhance communication and the family relationship. This requires honesty.

Have an impartial third person present during termination. Sometimes a consultant can promote effective and clear communication helping to navigate the anger, shame, denial and sadness swirling around the room. In an emotionally charged atmosphere, it takes more than good intent to make sure that the important things are said, heard and remembered. Research shows that strong emotions significantly distort memories and recall. A third person can help keep the emotions in check while acting as an impartial witness in case disputes later arise over what was said.

Be alert for family brushfires. Every family has alliances and tensions, often subtle or covert among family members. It is strongly advisable to know how these affect the family and essential to know how these may affect the business. It is impossible for family members to perceive all the emotional and strategic ramifications of a termination. An outside consultant can help anticipate and handle these alliances and tensions. A family map or genogram is particularly useful in planning the termination interview.

Charting each family member, including children and in-laws, going at least a generation back and then identifying alliances, tensions, similarities, differences and emotional patterns among family members gives a surprisingly clear picture of how each person is likely to respond. The genogram will provide ideas for how to avoid and handle problems and to bolster egos ahead of time.

Firing a family member may feel like the ultimate paradox in a family business, but by handling it clearly, honestly and with consideration and compassion, it is possible for both family and business to emerge from the ordeal even stronger.

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