

Family Business Times

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Conflict in a family business – Stop worrying its normal

Why is conflict normal?

Whatever the size of your family business there are always limited resources – by which we mean things like time, money, ownership and career opportunities – to meet the changing needs of many different people. For example:

- Two family members want to be the next CEO, but there is only one job.
- The shareholders would like an increased dividend, but the business needs investment.
- The business needs a lot of time from family members, which makes it difficult for them to spend time with family.

Each of these situations involves competition for resources among different people who are passionately involved in a family business. It is natural that occasionally their competing interests will lead to arguments. This is not odd; it is certainly not dysfunctional. It is normal.

Role conflict

This is a different type of conflict. A family often allocates several roles to the most willing and/or able. For example, an individual family shareholder serves as a director and trustee of a family trust of which they are also a beneficiary. This sets up inevitable, personal conflicts of interest, such as between what the individual would like to do as a shareholder and their different legal duties as a director and trustee. The frustration that this causes can spill over into other areas of life, in the family and the business.

Understanding your relatives

This might help. Some of the conflicts in a family business are a result of the anxiety that is generated when people need to know what is happening in the future.

- The next generation would like to know if one of them will ever become the next CEO which depends on the senior generation retiring.
- The seniors would like to retire but are unsure if the next generation are able or even willing to take over.

In both examples the answer that each generation needs is bound up in the lives of their loved ones. It will help if each generation can understand what the other generation needs rather than focussing on personal needs.

The seniors who are postponing any discussions about the future should understand that the next generation's lives are effectively being put on hold. How frustrating is that. The next generation should understand the senior's challenge of giving up the status, reputation and income that derives from being involved in the business and of creating a structure for later life.

In other words practice empathy. This is not easy, when there is so much a stake but it is worth the effort if the alternative is rancorous conflict.

Other approaches

The use of other dispute resolution techniques is an understandable reaction when confronted by conflict, but the wary family business needs to approach these with caution.

An adversarial approach, no matter how well intentioned, can accelerate a family's descent into costly litigation that may also compromise or destroy personal relationships. Even those techniques that seek a win-win outcome may be based on the unrealistic assumption that the parties can accept a compromise because afterwards they can each 'walk away'. In a family business conflict the parties cannot easily walk away after the dispute is resolved because of family relationships and the other ties that bind, like ownership stakes or careers in the family business.

Reality check

Sometimes a family sustains apparent disputes or conflicts as a technique for avoiding or delaying the bigger discussions, for example, about succession in a family business. However tough this might appear, low level and unresolved conflicts might still feel more tolerable for the family than unpacking what is feared by them to be a can of worms.

Pressure, pressure

The family business is a circuit board of anxiety. Conflict can break out when someone in the family business finds their situation intolerable. Decisions that are best for a business might cause disharmony in the family, or what makes for a contented family life might cause ructions in the business.

Family business conflict is not necessarily an indication of dysfunction. While conflict in some family businesses can be a consequence of dysfunctional relationships among family, management and owners, at least as frequently conflict is a posture adopted in response to anxiety created by competition for the finite or limited resources that the family business can provide.

To find out more about the points raised in the Family Business Times please contact us [here](#).

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