

# Tariffs, Turmoil, and Family Tiffs: Navigating the Current Chaos

Joseph Astrachan (Generation6 | Family Enterprise Advisors and ,Jönköping University (CeFEO))

Claudia Binz Astrachan (Affiliated Researcher at Jönköping University (CeFEO) and Witten/Herdecke University)

**KEYWORDS:** Family Business Governance, family business advice, Help with a family business, family business conflict.

You can support your business through economic uncertainty and maintain unity and commitment.

Multigenerational enterprising families are not easily shaken. Over decades and sometimes centuries they've grown accustomed to uncertainty and have honed their ability to make smart decisions in ambiguous conditions. They know how to ride out technological disruptions and the occasional natural or man-made shock. But it's one thing to navigate such events, and quite another to operate in a world where legal interpretations, taxes, regulations, judicial rulings, trade agreements, and the like change daily. The resulting sense of powerlessness can create [learned helplessness](https://www.medicalnewstoday.com/articles/325355#wat-it-is) (https://www.medicalnewstoday.com/articles/325355#wat-it-is) , which can lead to paralysis and worse.

The current outlook is less optimistic than it was just months ago. International trade and supply chain effects appear unpredictable, and economic and regulatory uncertainty has reduced investment at all levels. Capital costs have generally increased, and while interest rates have not yet gone up, capital seems less available. All this comes on top of the unique challenges that each family business faces.

The upshot: Forecasts are unreliable, long-term investments are on hold, and anxiety about a looming recession, or worse, is spreading.

For family enterprises, external pressures like these

often ignite internal flashpoints. As uncertainty rises, margins threaten to shrink; cash flows become insecure; and shareholder meetings can grow tense. If the family is not firmly united as performance worsens, individuals will point fingers and assign blame and the bonds of family break.

In this short article, we explore how family enterprise owners can navigate today's uncertainty. We'll outline a few small, concrete actions you can take to help protect and preserve your family legacy.

## Supporting Your Business Through Economic Uncertainty

Unlike most external shocks (like COVID), where we can predict their effects and large cash reserves might be enough to sustain the business through the crisis, today we are not sure what will happen next. We are literally in chaotic times facing unpredictable turbulence. Here are some things to do now.

## Reinforce Financial Resilience: Cash Flow Forecasting and Stress-Testing

Knowing what to do, as in whether to retrench or expand, requires dynamic cash flow forecasting. If you don't have an FP&A function (Financial Planning and Analysis), consider hiring a consultant. Hopefully, your cash flow forecasting models are built to allow changing assumptions so the model can be stress tested. Ask your FP&A team how each of the following affects when cash flow will go negative, or banking covenants will be breached:

- Today's changes in policies, taxes, tariffs,

regulations, etc.

- How much would sales have to decline, at current prices?
- How much would input prices (inclusive of tariffs) have to go up?
- How much would labor have to go up?
- How much would our transportation and logistics costs have to go up?
- How much would interest rates have to increase?
- For the above, how much longer would we have if we stopped all but tax distributions to shareholders?
- For the above, how much longer would we have if we added 10 or 15 days to our payables and/or our receivables cycle?
- For the above, can we determine the precise indicators that should trigger a capital call?

The answers to questions such as these inform the moves you need to make – and when. You should also define what level of liquidity you likely need over the next six to 12 months, and whether you should revisit your credit lines or negotiate terms with banks, customers, and suppliers before conditions worsen.

The next step is to develop plans that have clear triggers and actions. For example, what would trigger layoffs, reducing or halting dividends or distributions to shareholders, or the sale of an asset? In uncertain times, cash is king (and this truism is a huge reason why people are reducing long-term investment right now), so revisit your liquidity strategy. If you think you might make capital calls, give your shareholder base a heads-up!

## Strengthen Scenario Planning and Risk Management

While forecasts are increasingly unreliable, preparing for plausible futures keeps you nimble and responsive. Scenario planning with the whole team aims to prepare your business to adapt swiftly. Here are some strategies.

- Build a set of alternative futures (e.g., recession, inflation) and assess how each would affect your key business drivers (e.g., sales, costs, capital).
- Engage your leadership team in a risk review (e.g., What dominoes fall if tariffs spike, a key supplier fails, or capital becomes prohibitively expensive?).
- Define critical decisions each scenario requires

and their triggers (e.g., deferring investment, exiting markets).

- Monitor Regulatory & Political Signals
- When rules change constantly, pay attention to the early warning signs.
- Assign someone (internal or external) to track changes (e.g., taxes, tariffs, immigration policies, trade agreements). Your law and accounting firms can help; many have dedicated teams that monitor such changes. Trade associations can help too.
- Bring policy updates into your leadership meetings.
- Consider establishing a “policy watch group” to model impact and advise decisions.

## Leverage your Board

In chaotic times, your board can be a powerful asset:

- Consider more frequent calls, even monthly.
- Empower a “crisis group” of board members and executives to meet in between meetings to make urgent recommendations.
- Clarify roles: What are management’s decisions and which need board input?
- If governance slows things or causes confusion, review and improve it. Agility is essential, and governance must support that.

## Double Down on Communication

In the fog of uncertainty, people crave transparency. The best leaders over-communicate honestly to build trust, alignment, and calm.

- Keep employees, customers, and suppliers informed. Share what you know, what you don’t, and what you’re doing to stay resilient.
- Consider issuing a weekly or bi-weekly “State of the Business” update to calm nerves and keep stakeholders grounded in fact.
- Use multiple channels and keep messages short, clear, and consistent.
- Don’t forget family shareholders. They should hear from business leaders.

## Maintaining Family Shareholder Unity and Commitment

You might feel like you don’t have time to attend to family unity, but that would be an enormous mistake with serious long-term implications. Family needs to be

aligned, unified, and supportive of the business and those leading it through turmoil.

The family council can be a great mechanism for shareholder communication and engagement; family board members are another great resource to leverage. Activities like family town halls or educational sessions can help create shared understanding of business challenges and needs. Other messages to send include:

- Highlight shared purpose and remind the family why they are in this together, beyond money.
- Anchor communications values, stewardship, and long-term thinking.
- Encourage family conversations about “resilience.”

## Recognize and Minimize Unhelpful Interference

Now is not the time for finger pointing, being an “armchair general,” or any metaphor that represents someone without front line knowledge trying to advise those facing rapidly changing and potentially life-threatening decisions. If you’ve ever been in the cockpit of a plane while the pilot is trying to land in rough conditions, you know you don’t speak unless it’s urgent and you are sure of the facts. A common problem is when people just don’t trust and won’t agree with anything proposed. Whatever the reasons for mistrust and opposition, leadership likely won’t have the time to deal with it. So, what might they do?

- A strategy that works for many family shareholder groups is to engage trusted family members to run interference. This can help distrusting members feel heard and valued.
- Remind family shareholders not to do things on the company’s behalf, including reaching out to employees, without permission.
- When shareholders can’t resist the urge to blame or advise, gently point out their behavior.
- Remind family shareholders that while their intentions are noble, confusion can cause major setbacks in times of rapid change and uncertainty.

## Communicate Early, Often, and Transparently

These times require a constant flow of communication about what is happening and why. We need to state

clearly that opinions will be taken into consideration only when time permits. Make sure the family is informed and forewarned that things may get worse before they get better.

Uncertainty outside the business often amplifies emotions within the family. Fear, frustration, and diverging risk tolerances surface quickly, and sometimes destructively, especially without preparing for uncertain times or putting mechanisms in place for shareholder to express their opinions. Family governance needs to actively listen. Ownership forums, next-gen updates, and clear communication channels are vital. Even simple practices, like regular town halls or anonymous Q&As, can reduce misunderstanding and build cohesion. We typically recommend you:

- Don’t wait until people ask questions – proactively share how the business is adapting. The family council can have a key role here.
- Consider an effective system to keep family informed and allow them to raise concerns or ask questions -- for example: town halls, digital updates, and family meetings.
- Keep messages consistent and use the same core message across all channels.

## Build Financial Literacy and Business Understanding

In uncertain times, gaps between what’s happening in the business and what shareholders understand can grow dangerously. Well-informed shareholders are more likely to be calm, collaborative, and patient, even when dividends are cut.

- Offer short learning sessions, online or in-person, covering key financial concepts (liquidity, profitability, cash flow).
- Break down macroeconomic dynamics: how interest rates, inflation, and political volatility affect your business.
- Use real company data and scenario planning tools to illustrate what may happen.
- Focus on clarity, not complexity. Visuals, analogies, and Q&A go a long way.
- Remember that financial literacy isn’t just for adults. Engage younger family members too.

## Strengthen and Activate Family Governance

During times of volatility, strong family governance structures can act as stabilizers, providing clarity and helping align family.

- Make sure family councils are active, visible, and empowered to communicate.
- Consider segmenting outreach by generation to ensure relevance and engagement (younger members might benefit from more context).
- Consider revisiting key agreements (e.g., dividend policies, voting rules, and decision-making authority).

## What's Next?

This uncertainty will not last. Remember the lesson of Admiral James Stockdale, who, reflecting on those who survived brutal circumstances as prisoners of war, said this: *"You must never confuse faith that you will prevail in the end—which you can never afford to lose—with the discipline to confront the most brutal facts of your current reality, whatever they might be."*

In the end, it is about surviving, learning, and growing ever closer in the face of adversity. Families can excel at this or fail epically. Families that face bitter realities early fare better than those who respond retroactively. We remain hopeful that stability and predictability will return to our world, but as we say in the boardroom, hope is not a strategy. It is essential to understand business constraints and put in place mechanisms for quick and adequate responses.

If your family can learn and grow together, then get ready to celebrate and express thanks to reinforce what you have accomplished as a family and set the stage for a united and prosperous future.