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Good Intentions Can Sow Dysfunction at Family Businesses

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People wear many hats at family businesses: owners, managers, and family members. All too often, says family business advisor Sara B. Stern, they're thinking like family members rather than owners when they make critical business decisions. This can lead to family business conflict, succession problems, and a loss of wealth.

Family members must think like owners when deciding what's in the best interests of the family business, says Stern, who is a certified Entrepreneurial Operating System (EOS) advisor. Sometimes, she points out, that means firing family members who are not performing, paying relatives only what they are worth, or excluding family members who are not involved in the business from important meetings. That doesn't mean these people can't enjoy the wealth that the business creates, but the leaders of the firm must still call the shots and tune out distractions. Family firms should not be afraid of conflict, she says, but it needs to be productive conflict.

Stern is also the author of the book "Married to the Family Business," a guide for spouses and other family members who are not directly involved in the family firm but can influence the people who are. "Many of these people have good hearts and and good intentions," she says, "but they are sowing the seeds of dysfunction."

In this interview with FamilyBusiness.org Editor-in-Chief Kimberly Eddleston, Stern also dishes about why she doesn't like the HBO hit show "Succession" (because it "banged the drum of every stereotype about family businesses") and why family businesses should instead watch "The Osbournes," "Cake Boss," and the YouTube series "Kings of Fish" for tips on managing family and business productively.

Link to video