CONTINUITY

The Family Business Catch-22

Why the Families Who Need Help Most Find It Hardest to Accept

The challenges that prompt family enterprises to seek help managing differences are often the same ones that make engaging such help difficult to initiate.

Families seek intervention when they are unable to make timely decisions or when active conflict exists. These are conditions in which different factions systematically oppose proposals from other parties. Yet this same inability to reach agreement on business issues creates a paradox: how can stakeholders who cannot align on ordinary business decisions reach consensus on hiring external help to address that very misalignment?

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This paradox—a no-win situation where the conditions needed to resolve a problem actively prevent its resolution—is both real and all too common in family business contexts. Understanding the root dynamics of this paradox can help you and your family craft strategies to accept the help you need.

Three primary factors characterize this paradox and explain why stakeholder agreement on intervention remains elusive. You may recognize one or more of them in your own family's experience.

The fear that positions will be challenged

The first factor is positional fear: the concern that an external advisor unfamiliar with the business and its history may recommend changes that challenge entrenched stakeholder positions on issues central to the conflict.

Conventional consulting approaches typically emphasize 'best practices': policies and structures commonly employed by successful family firms that are either intuitively appealing or documented in family business literature. However, best-practice approaches carry a fundamental liability: any prescribed practice will likely align with some stakeholders' perceived interests while conflicting with others', thereby intensifying existing tensions. Moreover, many so-called 'best-practices' remain anecdotal rather than empirically validated through rigorous analysis.

An alternative framework centers on managing differences first, rather than prescribing structures at the outset. This approach posits that poorly managed conflict—rather than the absence of particular processes or policies—constitutes the core threat to family enterprise sustainability. Once stakeholders establish functional communication, alignment on high-level goals, and some resolution of past relational issues, structural and procedural solutions become viable options tailored to specific interests and constraints.

While reference to peer practices and documented approaches can offer value, each family system presents distinct dynamics; solutions therefore require customization rather than template application. Foundational to this approach is investigation into root causes of impasse and sources of substantive difference. Trust and functional communication must be reestablished before stakeholders can undertake structural change or strategic reinforcement of the shared enterprise.

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The fear of taking sides

The second factor is fear of bias. Typically, initial contact originates with a single stakeholder, often representing one faction within a conflict. Motivations range from frustration with the status quo to anxiety about the family enterprise's trajectory, or simple pent-up animosity and lack of trust among stakeholders. The result is that whoever the initiating party reaches out to will appear to be tainted or biased against the parties who did not initiate contact.

Rigorous engagement protocols anticipate this concern and work to minimize this perception of bias. The initial conversation is structured to be a high-level overview of the nature of conflict or differences experienced by the family. Individual narratives are cut-short as hearing one side of a highly emotional issue before other parties are even aware of the outreach could lead to a perception of bias. The initial caller is discouraged from presenting faction-specific arguments or contested details. The first caller must be able to say "the consultant would not let me tell my side of the story."

Even with such safeguards, apprehension often persists that the practitioner will favor the stakeholder or faction initiating the engagement. To mitigate this concern, it is highly recommended that a trusted third party—one with credibility across all stakeholder groups—identify and introduce the practitioner. This intermediary vetting reduces fear of bias and signals neutrality at the outset.

The pull of the status quo

The third factor concerns momentum and resistance to change. Some stakeholders may perceive advantage in the status quo and believe that inaction ('kicking the can') will outlast opposing pressures. While this posture may protect the interests of stakeholders with positional power, it typically undermines family relationships and complicates intergenerational transition.

The path forward

Herein lies a fundamental prerequisite for this work to be successful: stakeholders collectively must see some value in family continuity as an outcome, even if only for future generations. Without shared commitment to maintaining family connection as a system, structural or procedural intervention is unlikely to prove effective. Family members do not need to like each other or enjoy each other's company. They don't even need to share values or agree on most issues. But they do need to believe that having functional relationships with each other so that they can make collective decisions on the enterprise or assets that connect them, has value.

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Overcoming entrenched positions requires both will and sustained effort. The objective of this work is to restore relationships to a functional level, enabling stakeholders to convene, deliberate, and reach decisions serving both family and enterprise interests. Emotional reconciliation, while beneficial when it occurs, is distinct from this functional outcome and should not be conflated with it. The aim is to establish a relational foundation that permits subsequent generations to build enterprise and family continuity.

Inaction typically deepens misalignment and entrenches dysfunction. While intervention requires sustained engagement and financial investment, the returns, measured in family cohesion and enterprise stability, can be substantial. Engagement with the right external professionals through a process that is unbiased, thoughtful and focused on managing differences rather than imposing so-called best practices provides you and other stakeholders an opportunity to address the past productively and to move into a future with alignment, better communication and the best chance for sustaining both the family and its enterprise.

Written By:

Doug Baumoel, MBA

Founding Partner

Doug has applied over 25 years of business experience to develop a robust process for analyzing the key variables that influence family business conflict. He co-authored “Deconstructing Conflict: Understanding Family Business, Shared Wealth, and Power” with Continuity Managing Partner Blair Trippe, providing an essential guide for managing conflict within family enterprises.

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