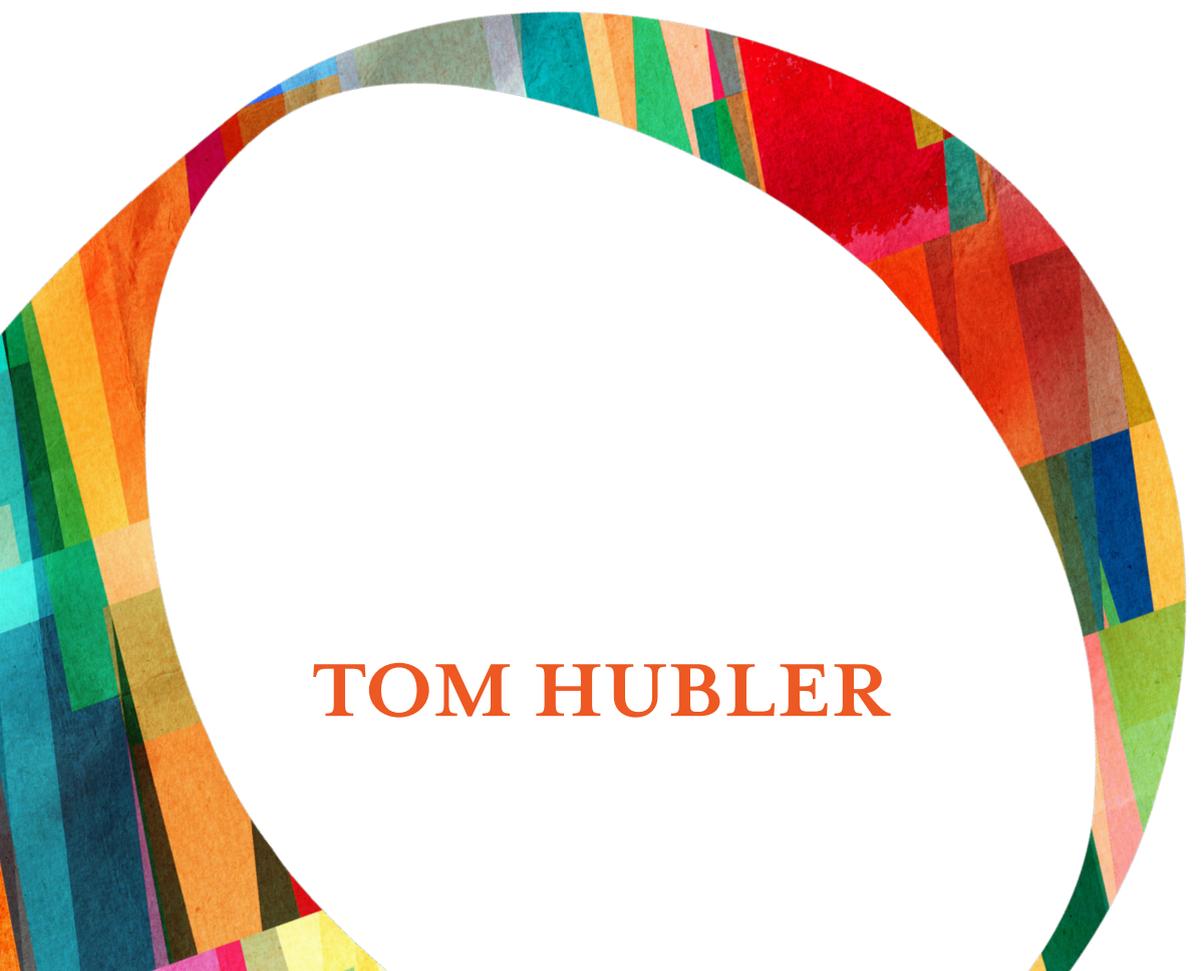


# THE **SOUL** OF FAMILY BUSINESS

A PRACTICAL GUIDE TO  
FAMILY BUSINESS SUCCESS  
AND A LOVING FAMILY



**TOM HUBLER**

# **THE SOUL OF FAMILY BUSINESS**

*A practical guide to family business success  
and a loving family*

**TOM HUBLER**



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## *Foreword*

When people ask me how I got into family business consulting, there are two answers I give. The official one is that I was a professional therapist who grew interested in the challenges families faced in running businesses together while maintaining their essential family relationships—father to daughter, mother to son, grandfather to grandson, and so on.

The unofficial answer is that I started as an unpaid volunteer therapist in my own family at age seven. Because my own family was troubled, I became a mediator almost as soon as I could talk. Ever since then, I've been on a quest to create happy families, starting with my own. I've simply professionalized it and made a career out of it.

But as I've gotten more deeply involved in my work with families and their businesses, it has been like peeling back an onion to reach the essential root of both the family and its business—something I call the “soul” of family business.

According to the *Oxford English Dictionary*<sup>1\*</sup>, “soul” is defined as the essence or embodiment of something, whether it is a person or quality, such as “the soul of discretion” (which, by the way, is a useful quality to have in a family business!).

For many years I have been talking about “soul” in individual sessions with my client families, in speeches, and in the many articles I've written for business publications. Increasingly, I've incorporated the concept into my family business consulting work with more than five hundred families over the past three decades. I've

\* Please see References section for information on statistics and cited material in each chapter.

explained it and helped others to understand it, sometimes across seemingly large generational divides. Joyfully, I have experienced firsthand the rewards that come from its expression within a family-owned business.

This lifelong exploration has led me to write the book you are now holding in your hands. There are many books written about family businesses and their unique challenges and opportunities, but *The Soul of Family Business* is different in that I prefer to look at the topic through a different lens.

Family businesses are certainly deserving of attention. Today, family-held businesses comprise eighty to ninety percent of all enterprises in the United States and account for more than sixty percent of the country's GDP. Yet less than one-third (thirty percent) of families control their businesses into the second generation, and only about twelve percent make it into the third generation.<sup>ii</sup>

There are many different families involved in business enterprises today, from small mom-and-pop retail stores to multinational corporations. No matter the size or scope of a family enterprise, I've seen that families with soul qualities embedded within their businesses generally are able to identify their soul, and they live those values for the benefit of their family and the success of the company. Some families ignore or are unable to identify their soul, and as a consequence, they do not thrive. But having a close reflection of soul helps family members thrive within their businesses, and it not only generates capital and wealth but also happiness and career satisfaction in equal measure.

The soul of a family business has to do with the family's values, love, and heritage. It has to do with everything that's happened in the family, both the good and bad things alike, that creates the essence of who they are. I like to call this their "secret sauce" that makes them unique and fuels their success. That secret sauce is what families need to bottle because it's what differentiates them from all other businesses, family-owned and not.

In my consulting work, we often begin by asking: “What are the family values that you would like to see perpetuated in your business?” We then use those values to craft a Common Family Vision™ designed to help to unite all family members. That becomes their inspiration, and as they articulate what they want for themselves and for others within and outside the business, it’s under the umbrella of this family vision.

The question is often posed: Are you a business first or a family first? I’ve always said it’s business first, but with a major family emphasis—so it isn’t either/or. It’s a business with a family vision attached to it, and when executed and embraced correctly it represents a powerful combination.

In this book, I’ll talk about how family businesses must satisfy the **B.O.S.S.**, a concept advanced by Sherod Miller<sup>iii</sup> that I have found to be very helpful (more on this in Chapter 2).

We’ll look at the foundation of family business, including how love factors into it. We’ll examine the elements of soul in the business and look at best practices, as well. We’ll take a look at the lifecycle inherent in a family business, from learning the business, doing the business, and teaching the business to letting go of the business. We’ll examine how the entrepreneur is highly skilled at running the business and how it can represent a great deal of his or her self-image. We’ll look at how conflicts can erupt as the younger generation begins to run the business while the entrepreneur is letting go of it—and how various mindfulness and forgiveness practices can facilitate each phase.

We’ll look at the Last Challenge of Entrepreneurship™, which not only involves passing the torch to next-generation family owners but also finding new pursuits and dreams for the entrepreneur once he or she has left the business.

Sprinkled throughout are stories from my own experiences working with clients, since these real situations have informed my work

and theories. For longer stories, you will see them sectioned off with the title, “From the Case Study Files.” In all cases, the names and other identifying details have been changed to protect client confidentiality.

I also will share what I call the Hubler Checklist™ (see page 16), which provides a list of topics that are important to family businesses, from the benefits of family meetings to useful skills for family business members to employ, such as listening and forgiveness.

In the final chapter, the section titled “Family Business Consultants as Leaders” (page 165) is designed to help the professionals who work with family-owned firms be more effective with their family business clients. My emphasis is on shedding light on issues and eliminating the shadows that can derail family-owned enterprises. And even though the chapter is written for outside professionals, members of family businesses can read this chapter, too, to help them evaluate the quality and character of the consultants they may be working with in their family businesses.

As I round the corner into the endgame of my life, I am happy to share what I’ve learned with others. It’s my hope that it will help members of family businesses appreciate their uniqueness. It’s my hope that it will help prevent an unspoken issue—a mere speck of dust—from derailing an entire family and their business. And it’s my hope that other professionals may benefit from some of the small insights they read here.

Because when all is said and done, it has been my honor and privilege to work with some of the most amazing people—families like yours—who have created enterprises that not only support their families but others’ families, as well—and make the world a better place.

*Tom Hubler*  
*Saint Paul, Minnesota*





# 1

## THE FOUNDATION OF FAMILY BUSINESS



*The story goes that a father and son are sitting in the hot tub on a Friday evening.*

*The father says, "I'm sorry things haven't worked out in the family business, but I'm going to have to let you go."*

*"I'm shocked," says the son.*

*The father responds, "Speaking as your dad, let me just say how sorry I am to learn you've just lost your job, and I want to do everything I can to help you."*

### **The Business**

The entrepreneurial spirit runs high in today's society. People want to go into business for themselves for numerous reasons, whether it be to have the freedom of being their own boss, to increase their earning potential, or simply because they have an idea no one else has ever had. However, while many people are ready to go into business for themselves, few think about starting a family business. Most family businesses are started by an entrepreneur who, over time, brings his or her family members into the business based on skill and trust level. These businesses encompass multiple members of the family and have the capacity to be passed on from generation to generation.

Even at my own firm, Hubler/Swartz (a family business consultancy that I started in 1981 with lawyer Steve Swartz), we operated in that informal way, and it is where I got my first real-life lessons in family business.

One year, the office manager asked me if my daughter, Kirsten, would like to share the receptionist position with another high school student during the summer. As it turned out, she wasn't available, so I asked the office manager if my son, Jon, could take the position instead. She asked if Jon, who was fifteen at the time, was too young to handle the responsibilities of the job, but I asked her to interview him. That evening at home, I mentioned the receptionist job to Jon, and he became excited about the opportunity, especially since it paid more than the fast food industry.

Jon was hired on a one-day probationary period, but he worked the entire summer, answering the phone, doing light typing, and correcting some testing. On the day it was announced that Jon would be working in the company, I said to myself, "I hope he doesn't embarrass me, I hope he works hard, and I hope he doesn't act at the office like he does at home."

Back at home, Kirsten complained. She felt that Jon had taken "her" job. And to fan the flames, Jon would tell Kirsten that I had taken him to visit a client or out to lunch. Kirsten was clearly hurt by her brother's remarks, and, in retrospect, I'm sure she felt emotionally eclipsed by her younger brother.

You can imagine what it was like for me to be in the middle of that situation. Despite my family business consulting background, this was my first personal experience balancing family and business. Even today, my life is a balancing act. My wife, Joy, works with me and handles the administrative functions for our company, Hubler for Business Families. Even though love is at the core of our relationship, the boundaries between business and personal sometimes become blurred.

In an ideal world, an entrepreneur would start his or her family business with a plan to organize the business with proper structure and formality.

But it just doesn't work that way.

When it comes to starting a business, it is not usually the entrepreneur's intention to start a family business. Actually, it usually starts with an idea or a product in the entrepreneur's garage. I've had multiple clients who have grown their small start-up businesses into very successful companies. One small bit of success leads to another, and before they know it, they've outgrown the garage and need to move to a larger space.

Given the informality of the initial structure, it is no surprise that some of the early employees and other members of the family business work for little or no pay—it's their sweat equity that keeps the company afloat. It's also not unusual for an entrepreneur's spouse to do the bookkeeping in a start-up business, and the kids are often eager to help out by emptying wastebaskets or mowing the company's lawn. It's clearly a labor of love for the whole family. At this stage of business development, survival is the most important element, and everyone pitches in to help the company succeed.

Recently I had a client family in the real estate business describe themselves as "urban farmers." They saw themselves like a farm family, where everyone pitches in at an early age to help with the chores.

As a company grows, it is not unusual for the family to become more formally employed. It is a great way to live out family values, create opportunity, and teach the next generation the meaning of work. Even at a young age, the children begin to aspire to someday sit in their mom or dad's chair.

As a family business grows and becomes more successful, there is a need to add structure and formality to preserve the love within a family. In any case, whether you are a start-up family or a more ma-

ture family business, managing the family and business boundaries are essential to your success. Coupled with that is the importance of maintaining your family love, which as the business grows will evolve and become the foundation of the soul of your family business.

## **Lessons from *Fences***

*“Your dad tried to teach you all the things that he wasn’t,  
and at the same time you became all of the things that he was.”*

August Wilson, *Fences* (1985)

In his award-winning play *Fences*, August Wilson comments on what is considered a common dynamic between fathers and sons: tension and competition. The play features Troy Maxim, a father who grew up playing baseball in the Negro Leagues and who is a victim of racism in many aspects of his life—he is bitter and resentful. With almost unrelenting bombast, he’s at war with the racism that has boxed him in his whole life. To offset his experiences of racism, Troy builds a fence in his backyard to protect his son and keep the effects of racism from impacting his family.

Troy’s son, Cory, has a future that rests on getting a football scholarship. Troy’s pride, jealousy, and concern for the white man’s impact on his son causes him to meddle with Cory’s future, and sadly the son does not get the scholarship. Cory is angry with his father, stops speaking to him, and, in reaction, enters the armed services.

Did this famous playwright promote a stereotype? A stereotype is generally defined as a widely held but fixed or oversimplified idea of a type of person or thing. My dictionary includes the pejorative, “to make hackneyed.”

The stereotypical father runs the business, puts bread on the table, and is both the family and company CEO. Continuing this business family stereotype, the mother is also the CEO: Chief Emotional Officer. Maybe that’s hackneyed and outdated, but in my experience,

that has been true of family-run businesses; happily, I am now seeing more female entrepreneurs and daughters being groomed to take over family businesses.

Back to fathers, I have realized over years of consulting just how vital fathers are in the emotional development of their adult sons and daughters. Fathers who take the time to bless their children by participating in their lives recognize the powerful bond that is created. The fathers' investment of time and energy reaps tremendous rewards in the relationships they enjoy with their sons and daughters.

Sons who are the beneficiaries of their fathers' attention are generally much more successful. Similarly, when fathers bless their daughters with attention, the daughters tend to do better in school, particularly in math, science, and business.

Troubled father/son or father/daughter business relationships that make the news are often directly related to what has or has not happened in the parent-child relationship. Tension in the business relationship often results from the emotional deficit that accrued in the family between the father and the children.

That fathers are critical to the emotional development of their sons and daughters is likely no surprise. But even when deficits in emotional involvement have occurred, it is never too late in the family business to make an adjustment. Fathers should (may I say "must"?) get involved now with their adult children and their grandchildren. It is mutually rewarding, heals past hurts, and prevents future business/leadership tensions.

Part of the reason to emphasize the role of fathers in an emotional sense is to offset the role of mothers as the CEO (Chief Emotional Officer). Not only does the moniker stereotype mothers and diminish their role in the family business, it also enables fathers to operate within their own stereotype and focus solely on business, regardless of family emotions. Truly authentic fathers and mothers both provide emotional input and love to their families.

Supportive spouses in family business have historically been female, though there are some notable exceptions. Bill Ramirez not only supported his entrepreneurial wife, Mary Louisa Ramirez, the founder of a Mexican food company that manufactured tortillas, he also provided most of the technical experience for their company. Mary Louisa had grown up in a family business and came into her entrepreneurial spirit naturally. She and Bill worked together, though he eventually left due to family conflict. What made Mary Louisa special and unique was that no one in her family had formal training in the food industry; they learned the business by trial and error—from the ground up. Mary Louisa also honed her business skills, eventually negotiating a major partnership with a national supplier—the first and only time that supplier was a minority partner in such a deal.

Mary Louisa's three children eventually joined the business. They moved into roles that matched their gifts and made positive contributions to the company. Mary Louisa groomed her oldest son, Mario, to manage the financials and her younger son, José, to manage equipment and maintenance. It was her daughter, Diana, with her formal business training and managerial experience, whom Mary Louisa groomed to eventually replace herself.

Another example is Mary Lilja, an entrepreneur and the editor of this book. Mary grew up in a family business in which she says the business “was like the fifth sibling around the dinner table each evening,” where business topics were often discussed. During college, each child worked summer stints in the business, and while her brothers ultimately were able to work there, she pursued a corporate career. Honing her entrepreneurial spirit, however, she started her own public relations and book publishing business, combining her corporate experience with the knowledge she had gleaned from her father. Consistent with the model of spouses being supportive to their entrepreneurial partners, Mary's husband, Mike, has provided IT and accounting functions for the company, as well as being a critical advisor since the beginning. The company, now 30 years and counting, also employs their daughter, Kate.

In a typical and strategic model, the spouse often becomes the primary advisor and major confidant to the entrepreneur. From a systems perspective, the spouse is the stabilizing force in the system—offering stability in their personal and business relationships, which allows the entrepreneur to take the risks that he or she does. At the same time, the spouse provides solace when the business experiences setbacks and acts as the cheerleader when successes occur.

The same is true in my relationship with my wife, Joy, who provides most of the administrative function for my consulting work. More importantly, she acts as my sounding board when I'm perplexed about a difficult client situation. Her insight and professional guidance allow me an opportunity to reflect and create alternate methods to address client issues. I would be lost without her—I wasn't kidding when I mentioned in the book dedication that she is my real-life editor!

### ***Building Emotional Connections***

In my experience, I've worked with many male family business leaders, and I have realized over years of consulting just how vital fathers are in the emotional development of their adult sons and daughters. Fathers who take the time to bless their children by participating in their lives recognize the powerful bond that is created. A father's investment of time and energy reaps tremendous rewards in the relationships he enjoys with his sons and daughters.

There are so many opportunities with your grandchildren to share your values and help the younger generation understand what is important to you and what motivates you to do what you do. I have found a great way to build emotional connections that are fun and natural: I hold an annual film festival for my two (now fifteen-year-old) grandsons who are cousins. Last year, the film festival theme was 1930/1940s genre horror films, e.g., *Frankenstein*, *The Wolf Man*, and *Dracula*. While this may sound intense, the weekend included lots of pizza, swimming, and a local fireworks display. The theme for

this year's festival focused on father-son relationships. We watched *Captains Courageous*, *The Red Pony*, and *Shane*. In each film, the son is neglected or held at an emotional distance from his father.

In *Captains Courageous*, the father and son are completely alienated. The son is a spoiled, entitled brat who is kicked out of prep school. The father is a business tycoon immersed in his business dealings. The story is about how the boy's life is transformed when he is lost at sea and then rescued by a fisherman who teaches him about life skills, values, and manhood through fishing. The boy and his father connect emotionally at the end of the film while the boy is grieving over the loss of his fisherman friend and mentor.

A similar dynamic occurs in *The Red Pony*, in which a father and son are distant. To connect with his son, the father gives the boy a red pony. However, the son learns about life, values, and manhood from the family's hired hand. At the close of the film, the father becomes involved in his son's emotional life, and they finally share a connection.

In *Shane*, the father and son are not alienated, but the son idolizes a transient, retired gunfighter from whom he learns about life, values, and manhood.

Each of these stories could have just as easily been about a father and his daughter. Together they demonstrate that when the father or his surrogate becomes emotionally involved with a child, the child is better able to learn life lessons.

However you choose to spend time with your children and grandchildren, use these shared times to explore your relationships and your expectations of one another. As Neil Chethik mentions in his book *Fatherloss* (2001)<sup>j</sup>, it takes time to share the words you always wanted to hear: "I love you. I appreciate you, and I admire the life you are leading."

In the same way, adult children can take the initiative and act on their expectations. A friend of mine recently commented that his re-

lationship with his father was not affectionate enough. When his father was diagnosed with early-onset Alzheimer's disease, my friend realized that he had to change the relationship to become more affectionate. Now whenever he greets his father, it's the father who initiates the hug.

In *Fences*, Troy, the father, dies while his son is away serving in the armed forces. When Cory, the son, returns home at the time of his father's death and refuses to attend the funeral, his mother says to him, "Your dad tried to teach you all the things that he wasn't, and at the same time you became all of the things that he was."

Reach out to your family members, break down your emotional fences, and offer a hug or a kiss. Get involved in one another's emotional lives. It makes good sense, and your actions will go right to the bottom line.

## **The Power of Love**

*What's love got to do, got to do with it  
What's love but a second hand emotion  
What's love got to do, got to do with it  
Who needs a heart when a heart can be broken.  
Tina Turner, "What's Love Got to Do With It"*

Success in a family business is a lot about love. That begs the question (as Tina Turner asked), What's Love Got to Do With It? My answer is simple: Everything!

Love is the foundation of a productive and successful business family. The closeness of family is what separates those who own a business from all other work relationships. The entanglement of business and family complicates the work environment because it is difficult to balance work with family. Family life and work life intertwine, so there's no place to hide when there is stress in one or the other.

The crossover can easily overwhelm individuals. Friction causes pain and isolation. Disagreements get personal. There's no way to get away. I believe the answer is disarmingly but deceptively simple: Love. Regularly demonstrated among family members, love is the foundation of a productive, successful business family. I saw it unfold firsthand between two brothers and their family business.

## FROM THE CASE STUDY FILES: BROTHERS IN CONFLICT

John and Carl grew up in their family's manufacturing business. John became an integral part of the business right after he graduated high school. He sacrificed his college career to help his father complete crucial government contracts that greatly enhanced the business.

Carl was able to go to college and earn a business degree. After graduating, he traveled around Europe for the summer. When he returned from his three-month European holiday, his father, Frank, recruited Carl into the business. He joined at the same pay level as his brother, John, and they both held titles of vice president.

John was deeply hurt. He felt taken for granted. For two years his unhappiness festered until he couldn't take it anymore. John left the family business, moved across the river to Wisconsin, and started his own company as a direct competitor. All communication broke down; John no longer had contact with his family.

Years passed. Children were born who didn't meet their cousins. Both businesses thrived, but John and his wife and children never ventured across the river for family gatherings or holidays.

One cold December evening, John was driving on an icy rural road when he came upon a car in the ditch. A Good Samaritan, he stopped to offer assistance. As he stood there, another car, driven by a drunk driver, hit John's car, pushed it into the stranded car, and crushed John's knee between them.

John was airlifted to a local hospital for emergency surgery. As he awoke from the anesthesia, he became aware that his estranged brother, Carl, was standing beside his bed. He felt Carl holding his hand and heard him repeating, “I love you.”

The tragic event renewed their relationship. Eventually the family reconciled, the two companies merged, and the family business, as well as the family, was healed and whole. Love—expressed, demonstrated, initiated—started strengthening family bonds that overcame past hurts and misunderstandings.

### ***Statistics of Love***

Family businesses comprise 80 to 90 percent of enterprises in North America.<sup>ii</sup> Yet operating a business as a family is no easy task—personalities add an extra level of pressure and potential conflict. This is statistically evident when you remember that less than one-third of families control their business into the second generation, and only about one in ten are still viable into the third generation.<sup>iii</sup> That’s why it’s so important not to take love for granted.

Based on my experience, the largest obstacle to family business succession planning is poorly expressed appreciation, recognition, and love. This blind spot crosses genders, generations, and ages. Working with family business clients, I have talked with owner-entrepreneurs who desperately want to know whether what they have done—creating and maintaining a successful business—is recognized as making a difference. They want to know that their families love them.

Of course, adult children love their parents, right? There’s the rub—many take their parents for granted and fail to tell them they love them or appreciate the business platform that’s been built.

Across generations I’ve often heard, “Oh, they know I love them.” Or, “It’s obvious, I don’t have to talk about it all the time.” I usually reply, “Of course you love them, but let them know it, too.”

Strengthening the love in your family helps the bottom line. Here are three simple ways you can strengthen your family and your business:

1. Regularly and genuinely tell your family that you love and appreciate them and what they mean to you.
2. Spend time individually with other generations outside of the business to build the emotional equity of your relationship. Get involved with one another's lives.
3. Actively engage one another through family meetings to share your family values on money and wealth, and help develop purposeful lives through stewardship and service.

Create every opportunity possible to build the emotional equity of your family, even as you build the equity of your company. It costs nothing, takes very little time, and it works.

## **Formalizing the Love**

*... He will not go behind his father's saying,  
And he likes having thought of it so well  
He says again, "Good fences make good neighbors."  
Robert Frost, "Mending Wall" (1914)*

Although poet Robert Frost's proverb, "Good fences make good neighbors," rings true for neighbors, when it comes to family business, I suggest a variation: "Formal structure supports family love." Having a structure and shared vision can prevent family rifts from undermining a thriving enterprise.

Yet it's not unusual for family businesses to put off dealing with issues as a way to maintain family unity. Of course, what happens when issues are not discussed and resolved is that more issues arise, and this inadvertently creates the very problem the family is trying to avoid.

Bottom line: Family businesses, like all start-ups, need structure to grow. In my experience, family members in business generally

love and care about one another. They try to do what's best for their company and to avoid fights. Especially in start-up companies, each working family member operates independently, with little official structure or formal communication. This creates communication voids. Individuals make assumptions without a shared understanding, and small differences fester unresolved until they become painful and unmanageable.

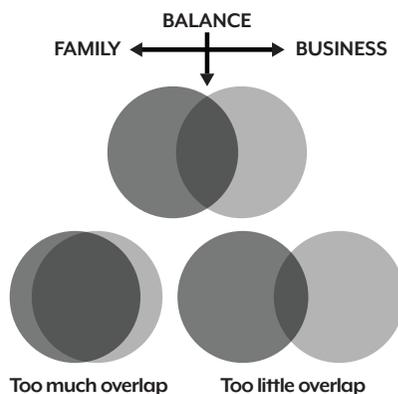
If a family business is operating without a hand on the tiller, administrative decisions are being made by the bookkeeper without recognizing how they affect other parts of the company. Feelings are hurt; complaints become personal. That's typically when I am called in—when feelings are raw and people aren't talking.

Believe it or not, this is not unusual. I might even say such situations can be expected in family businesses that run “on their own.” Business and family issues overlap without oversight, and family entanglements upset business functions. Even normal business and financial differences can erode family relationships. That's because two separate systems—family and business—have become intertwined. Business activities erode family relationships, and family relationships put stress on the business.

### ***Find the Balance***

Family-owned firms need to find, define, and develop the balance. This is necessary so that a business family can be both a business and a family without one overly influencing the other.

When there is too much overlap, the business is vulnerable to family issues and entangle-



ments that are normal in all our families. In addition, business differences often harm family relationships.

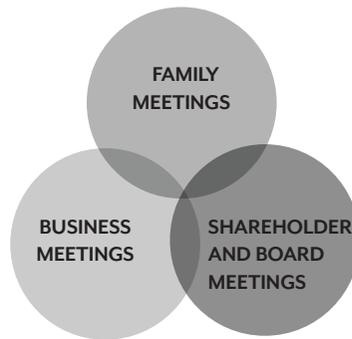
On the other hand, when there is too little overlap, it robs the business of all the positive qualities of the family culture. It's these positive qualities that contribute to family businesses outperforming the financials of companies in the Standard & Poor's 500 index.<sup>iv</sup> Family businesses are the source of most new employment and are also a major contributor to the gross domestic product.

The way to create balance between the two systems is to have structure and formality—something that all family businesses need to create. Typically when I suggest this, the client's response is, "We don't need all that corporate stuff because we love one another." My response is always, "It's because you love one another that you need this stuff."

### ***Start by Sharing***

A family business needs three types of meetings to formalize expectations for the company:

**1. Family meetings.** These begin first so that the family can discuss the expectations and operations of the company and the family's approach to business. It is also a way to manage the boundary between business and family. Everyone in the family is invited to family meetings, even those who may not be working in the company but are affected by its decisions. A lot can be accomplished in these meetings to bring understanding, healing, and power to individuals as well as the entire family. Family meetings are one of the ways to create structure, formality, and balance between the two systems.



Family meetings are also the place where family members formulate their expectations for the company and communicate them to the board of directors.

**2. Business meetings.** These meetings are where the employees implement what the board has created in terms of the family's expectations for the business. Only company employees attend these meetings.

**3. Shareholder and board meetings.** These meetings monitor and discuss the company's performance. This assumes that the company has specific, measurable processes and goals and that the board has real influence and governance. Only shareholders or board members attend these meetings.

As you can see, family meetings are at the heart of what continues within the business. They are the foundation for the core values that underlie the corporate culture of the family firm, as well as the management and governance of the business. Set out in Tables 1–3 on the following pages is a summary of what family meetings are all about. I encourage anyone involved in a family business to use this template as an opportunity to begin meaningful communications and to catch little irritations before they become big fights. Doing so will permit the family that controls the company to set its course, develop its strategies, and execute its plan on the most solid foundation possible.

## The Hubler Checklist™: Family Meetings

TABLE 1: FUNCTIONS OF FAMILY MEETINGS

|  |
|--|
| Creating balance between the family and business system                            |
| Opportunities to build the emotional equity of the company                         |
| Creating a Common Family Vision™ to unite the family                               |
| Shareholder education  |
| Family unity   |
| Celebration and renewal of family rituals  |
| Transparency   |
| Creation of a Family Participation Plan™ (family employment policy)                |
| Creation of expectations for the performance of the company (return on investment) |
| Succession planning discussions  |
| Communication  |
| Estate planning discussions  |
| Management of differences  |
| Wealth preparation planning and philanthropy discussions                           |

## **The Hubler Checklist™: Family Meetings**

**TABLE 2: BENEFITS OF FAMILY MEETINGS**

|   |
|---|
| Family harmony  |
| As a family, living in gratitude                                      |
| Business success  |
| Identifying family values regarding wealth, philanthropy, and service |
| Transparency  |
| Successful succession planning  |
| Successful adult children   |
| Having a strong sense of purpose                                      |

## **The Hubler Checklist™: Family Meetings**

**TABLE 3: FAMILY SKILLS**

|   |
|---|
| Talking skills (sharing)                    |
| Management of differences (problem solving) |
| Listening skills (understanding)            |
| Forgiveness (reconciliation)                |

## FROM THE CASE STUDY FILES: THE JONES FAMILY

In 2008, a father and his son started Jones Construction. At that time, the Great Recession was challenging all businesses, especially construction. Yet, Jones Construction experienced wonderful financial success, growing from nothing to \$7 million annually in 2012, with a \$500,000 profit. On the outside, Jones Construction looked like a thriving business with remarkable prospects and a great future.

But inside the family was unhappy. In addition to the father and son, the father's wife (the son's stepmother) and the son's wife were also engaged in the business: The stepmother was the estimator, and the daughter-in-law was the bookkeeper. The two women weren't speaking to each other. This strained the relationship between the father and son, who had founded the company. They needed to do something to restore family relationships and maintain the company's success.

### ADDRESS THE ISSUES

We began with an initial family meeting to find some common ground. We talked about the issues, concerns, and challenges that the business and family faced. In follow-up meetings, we developed an action plan to address the issues that were identified. Here are a few of them:

- Updating and producing a well-constructed buy-sell agreement
- Preparing a Common Family Vision™ to unite the family
- Developing a financial exit strategy
- Discussing and determining who will lead the company and who will produce a business plan
- Leveraging contributions to the 401(k) plan
- Getting everyone talking!

They had a lot of work to do. The family meetings started by creating the first-ever Jones Common Family Vision™. Each family member wrote his or her own individual vision and shared the family values most important to that person—so important that the family member wanted to see them perpetuated in the company. This helped balance the critical zone where family values and business requirements come together.

## CREATE A FAMILY VISION

Discussed in more detail in the next chapter, an ideal Common Family Vision™ should unite the family around its shared values. Each family member should aspire to achieve his or her vision, realizing that no one will ever get one hundred percent of what they want. However, each person is called upon to make a contribution to the common good out of their generosity, love, sense of abundance, and the trust that “if I make a contribution now, other family members will do the same when their turn comes.”

It’s so important to do this that I encourage each member to recite the Common Family Vision™ every day. As both a promise and a rallying cry, it continually reinforces the reciprocal commitment that family members have made to one another’s success in the team.

## JONES COMMON FAMILY VISION™

*The strength of our family business is our dedication to one another, our employees, and the quality of our work.*

*We create a legacy of integrity that is committed to acceptance, kindness, and respect for one another that allows us all to grow, have fun, and enjoy our work.*

## STRENGTHEN COMMUNICATION SKILLS

Once the Jones family had written its Common Family Vision™, they started having regular family meetings to strengthen the family's communication skills. I introduced them to Sherod Miller's Collaborative Team Skills<sup>v</sup> process to make it easier. Miller has devoted his professional life to effective communication. The program in its original format was titled "The Minnesota Couple Communication Program," and the business iteration became Collaborative Team Skills. Collaborative Team Skills is a practical, skill-building program about communication styles, talking skills, listening skills, and problem-solving skills.

The program begins by educating family members about the two aspects of communication, the what and the how. Of these two, the how (the style) can be more important. Each family member worked diligently to improve his or her communication—and it worked. Just learning how to share feelings made a huge difference in resolving issues. They learned to share hurt feelings instead of acting out the hurt. It may sound like a play on words, but in action it was a game changer for the family.

With improved communication skills, the family used its meetings to discuss expectations. All relationships are bilateral, which means one person needs the others to carry out their respective roles at work or in the family. It's the same idea as stardom: A movie star cannot be a star unless there's a supporting cast. This is true in all our relationships. In a movie, the cast knows what to say and do, but in life and work those actions are ambiguous or assumed. Yet each of us has expectations about what a good co-owner, spouse, sister-in-law, father, or son does. We need to discuss those expectations so that everyone knows. When the Jones family talked about expectations, everyone began to understand and respond, and things improved.

## UNDERSTAND ONE ANOTHER'S WANTS

The father and his wife were able to share what they needed from each other to thrive. For instance, the father needed the space and time to do things the way he wanted rather than how his wife wanted. On the other side, the wife wanted to be heard and respected for her opinion.

The stepmother and daughter-in-law worked hard to learn how to negotiate their expectations. They shared what they needed to thrive and learned how to make appropriate adjustments. For example, each of them agreed to check out her assumptions and give the other the benefit of the doubt before just assuming the other was trying to hurt her.

The father and son also learned to get comfortable sharing what they expected from each other in order to thrive, communicate respect, and show their love. I was honored to witness a moment when they renewed their commitment to each other. They continued on to comfortably work as a team to confront and resolve succession planning and other issues the company faced.

Here are a few examples to demonstrate how significantly the father and son brought things into balance:

- They hired an operations manager consultant to guide them in reorganizing the company. In that process they clarified their roles, developed a business plan, and are considering hiring a general manager to run the company.
- The father is working with a new company accountant to develop his financial exit strategy and determine how his son will acquire the father's half of the business.
- Both the father and son are working with their new company attorney to revise and update the buy-sell agreement.
- The father and son are working with their new 401(k) vendor to correct previous errors so that all recipients achieve maximum benefits.

## MAKE RELATIONSHIP COMMITMENTS

Jones Construction is a small family business that made family meetings a pathway to a whole new sense of family and business. The family will hold two family meetings a year as a way to maintain progress. They tell me that every day they recite their Common Family Vision™ and reciprocal commitment to one another's success. They will use the communication skills they learned in the Collaborative Team Skills process to efficiently manage their differences.

Large or small, complex or simple, start-up or generational, in my opinion, business families enjoy life, family, relationships, and business much more when they take the time to formalize their love.



**TOM HUBLER** began his family business consulting practice in 1980 as one of the few professionals addressing family-owned businesses in the United States. As an experienced senior consultant and trusted advisor, he has coun-



seled more than five hundred private family businesses over the course of his career.

The acknowledged “dean” of family business consulting, Tom continues to shape this important field, helping families strengthen connections and eliminate barriers to healthy, productive family and business relationships.

Tom is a founding member and fellow of the Family Firm Institute in Boston, a professional organization serving the needs of family-owned businesses. For more than ten years, he was a professional-in-residence and taught family business management at the University of St. Thomas in St. Paul, Minnesota. He is the published author of more than fifty articles and scholarly papers, including a monthly column in *Twin Cities Business* magazine. Tom was a guest twice on NBC's TODAY show, speaks on cutting-edge family business issues nationally and internationally, and has been frequently quoted in *The New York Times Sunday Magazine*, *Washington Post*, and *Wall Street Journal*.

Tom lives in St. Paul, Minnesota, with his wife, Joy. Together they enjoy life with two adult children and their spouses, and seven grandchildren.