Introducing *The Conflict Equation*

Deconstructing Conflict

Understanding Family Business, Shared Wealth and Power

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Chapter 1

Introduction and Foundational Concepts

We cannot destroy kindred: our chains stretch a little sometimes, but they never break.
– Marquise de Sévigné

It is unlikely that you know of a conflict-free family business. There are certainly plenty that operate smoothly or that have warm or close family members, but one that has no conflict would be close to impossible. With over 85% of American businesses being family-owned and operated, and an even higher percentage in many other countries around the world, we wrote this book to explain to stakeholders and their advisors the nature of conflict in family business and how it can be managed successfully. After all, conflict inevitably impacts most family businesses and can have devastating consequences for its stakeholders.

In this book, we not only deconstruct conflict into its component parts, we also show how each of these components interacts and what can be done to keep conflict from escalating and damaging both the family and its enterprise. Only by fully understanding why the potential for conflict is so high in family business systems, and what the underlying causes and triggers for conflict are, can these conflicts be managed successfully.

This book introduces *The Conflict Equation*™, a powerful tool we developed to help make sense of what is going on in the conflicts that challenge stakeholders of an enterprising family. It guides users to successfully manage outright conflict, prevent unintended conflict and get un-stuck when they are paralyzed by fear of conflict.

The Conflict Equation was developed over fifteen years of working with scores of families sharing ownership of businesses and assets ranging in size from millions to billions of dollars. Although *The Conflict Equation* was developed for family businesses and enterprising families of significant size and complexity, the methods presented in this book also apply to smaller businesses. It is an approach that can be applied in the boardroom just as easily as it can be used around the dining room table.

> Conflict in family enterprise is a type of identity-based, systemic conflict among stakeholders who share important continuing relationships that must survive the conflict. Seen through this lens, conflict in a family business has more in common with ethnic, political, and religious conflict than it does with the non-family, civil disputes we experience and read about daily.

This is a book about understanding and managing conflict in *family enterprise*. However, as we explain in this book, family business conflict, or conflict over shared wealth, is just one example of a broader category of conflict: identity-based, systemic conflict among stakeholders who share important continuing relationships that must survive the conflict. Seen through this lens, conflict in a family business has more in common with ethnic, political, and religious conflict than it does with the kind of non-family, civil disputes we experience and read about daily.

We will dive into just what this means shortly, but it is useful to take this perspective with you as you read this book: Studying conflict in a family enterprise is the perfect crucible for better understanding many of the global conflicts that seem intractable. The methods described here are equally applicable to this broader constellation of conflicts. Conversely, we can learn a lot about managing conflict in a family business from finding out what works (and what doesn't work) in managing political and ethnic conflict on the world stage. It is with this perspective that we designed the methodology described in this book.

There is much to digest in this book and some readers will know more than others about certain topics. Accordingly, we invite you to peruse the headings and skip subjects with which you may already be familiar or that provide more detail than you would like.

Why a book devoted to understanding and managing conflict in family businesses? Conflicts in family business make headlines in our newspapers, prompt exposés in our business journals, and are the subject of popular books and movies. The bigger the business, the more sensational the story! However, poorly managed conflict can be the most devastating threat to family businesses of any size. Yet despite the prevalence of conflict in a family business, most family stakeholders and advisors do not truly understand the special nature of this type of conflict and are thus typically unprepared to manage these conflicts when they strike.

When family dynamics combine with management, ownership and economic interests, the resulting mix can prove exponentially more complex. This is especially true when conflict erupts. How can business-related conflict be managed in a situation where the parties involved can't simply quit and start somewhere else? How can a conflict situation be worked out when these relationships are so important and uniquely permanent (i.e., siblings, cousins, parent, child)? How can family members with different values and interests share and manage assets together through generations? How can what's "fair" be agreed upon across all interest groups – when many of the issues in play are of crucial importance to stakeholders?

Through our extensive work with family firms and families who share significant wealth, we have found not only that conflict is inherent in these organizations, but also that *how conflict is managed* is often the difference between success and failure for these families and their enterprises. We have identified that the type of conflict inherent in family enterprise is poorly understood and that to be truly effective, family business stakeholders and their advisors must gain a better understanding of this type of conflict and be trained in effective approaches for its management.

The Conflict Equation is the synthesis of our experience working with families mired in some of the most extreme conflicts. This approach takes into account these five foundational concepts:

1. The potential for conflict is built into the structure of family enterprises.
2. How conflict is managed is central to the success or failure of the family business system.
3. These conflicts strike at the heart of stakeholder identities.

4. These conflicts exist among people whose continuing relationships are important, and these continuing relationships must be considered at every stage of a conflict management effort.
5. Conflict cannot be understood and managed by separating substantive from emotional issues. Rather, these conflicts must be managed in a way that integrates both the substantive or economic interests at hand as well as the personal and relationship factors in play *simultaneously*.

The Conflict Equation was originally developed as a framework for our own family business consulting work with clients to ensure that we thoroughly understood what was needed for clients to move forward — typically, through difficult and challenging conflict — and that we were able to develop comprehensive solutions for them that were reliable and effective. The method was developed, therefore, for the consultant's use, not the client's.

In the process of applying this method with scores of clients, however, we found that clients gained enormous value from learning the methods *themselves* and were able to apply these concepts for the long term. That said, learning how to deconstruct conflict can be exceedingly helpful, but there are limits to what a family member or other stakeholder in the system can accomplish as conflict managers within their own conflict situation. Having a stake in the outcome makes objectivity difficult; therefore, incorporating a neutral professional can add immeasurably to the success of the process.

This book, and *The Conflict Equation* methodology it describes, will help you — the stakeholder or advisor in a family enterprise — deconstruct conflict into its component parts, understand what triggers active conflict, and learn how to help all stakeholders manage these conflicts. In doing so, you will be armed with the most effective tool for achieving generational success in your, or your client's, family enterprise.

Why Is This So Important?

Family businesses are the backbone of the world's economy. Sixty percent of the US Gross National Product (GNP) comes from family businesses, and family businesses are responsible for over 90% of all new job creation in the US. Around the world, family business often plays an even stronger role in local and national economies. While statistics vary widely, and are not relevant when you are only concerned about one specific business (i.e., yours), we provide some here to help put into perspective just how important family businesses are to the world's economy.

It is clear that these statistics include many very small family businesses. In fact, many people think that family firms are de facto small businesses. However, some of the largest and most successful companies are family-controlled companies. Fully one-third of the S&P 500 firms are family owned, run or controlled in some fashion. Household names like Walmart, Fidelity, Nike, Toyota, Novartis, and Samsung are family-owned and controlled businesses.

You may have heard the proverb "shirtsleeves to shirtsleeves in three generations," implying that the first generation creates the wealth, the second generation preserves the wealth, and the third generation squanders the wealth. While there is some historical truth to this, we think it oversimplifies the situation and that families who can successfully manage the conflicts inherent in sharing wealth and power can break this cycle to develop productive, multigenerational approaches for sharing and building wealth.

There is a related admonition often quoted in family business literature that only one-third of all family businesses successfully transition to the next generation. By this logic, only about 10% make it to the third generation – a clear parallel to the shirtsleeves proverb. This is a misleading myth as it implies that the other 90% "fail." The fact is that family businesses are indeed excellent ways for families to build wealth and influence through many generations.

This unfortunate statistic was derived from a very limited study of family businesses many years ago and is often used to imply that at any given time, fully two-thirds of all family businesses will "fail" to transition, and thus be considered "failed" family businesses. The statistic misrepresents reality because many family businesses simply may not have been built with the intention to transition their businesses to future generations. Some families, for example, choose to sell their businesses due to market pressures or just because the right price is offered. For very small businesses — so-called *lifestyle businesses* that exist solely for the purpose of sustaining a particular family lifestyle for its current generation of stakeholders — growth and succession planning are generally not central concerns. Finally, there just may not be any heirs interested in taking over the business, thus prompting the company's sale and potentially providing the family with significant resources to do other things.

The point is that a failure to transition a business to the next generation may not be a "failure" after all. All businesses face market risks – even non-family firms fail or get bought out. The real question is: *Are family firms less successful than non-family firms*? The answer to this, according to many research sources, is a resounding "no." Family firms are generally more successful than their non-family counterparts in longevity and long-term profitability. This is due in large part to their long-term outlook, retention of talented employees, and lack of pressure from shareholders driven by short-term financial goals. All these statistics mean nothing, however, when the only business you are interested in is *yours*.

The tragedy is when family businesses fail to transition to new leaders and owners due to poor planning or poorly managed conflict.

Not all families plan to transition their businesses to a next generation, and there are many good reasons why individual enterprises don't transition. The tragedy is when family businesses fail to transition to new leaders and owners due to poor planning or poorly managed conflict. It is clear to us that families who can manage the particular types of conflict that exist when families own or work together can dramatically improve their chances of transitioning wealth and business opportunity through the generations. When conflict is managed well, it paves the way for better, more proactive planning – further supporting multigenerational success.

Understanding Some Key Terms in This Book

Defining Conflict

As mentioned above, conflict in a family business, or within a family of generational wealth, is systemic. This means that conflict is built into the organizational structures that connect the family to its enterprise or wealth. These conflicts also are identity-based, meaning that the issues surrounding these conflicts typically speak to strongly held, self-defining values, beliefs and roles.

Because of these complicating factors, conflict in a family business is distinct from common civil disputes and does not typically respond to the same dispute resolution approaches (e.g., litigation, mediation) that might be considered when unrelated parties fight over economic issues or over power and control.

Another distinguishing factor in family business conflict is that the continuing family relationships are very important and must survive the conflict. Stakeholders typically cannot just compromise and walk away. They must find a way to remain "family" after the fight. Therefore, family relationships must be considered at every stage of the conflict management process. *The Conflict Equation* does exactly this – throughout the process it considers individual and group relationships, how they have developed over time, and what family members want in the future.

Conflict in family enterprise is also very different from the strictly personal grudges and arguments that develop in families over emotional and relationship issues. When these issues are coupled with economic issues and issues of who holds power and how power is used in the family and in its shared enterprise, family therapy and psychology alone simply cannot provide robust solutions to these complex and intense situations. Decisions in business often cannot wait for psychological change to take place – even if change would be beneficial.

Trying to separate substantive economic issues from emotional and relationship-based issues, so they might be tackled independently, often proves counterproductive. Instead, economic, emotional, and relationship issues are locked together in family enterprise and must be addressed in an integrated and comprehensive manner. *The Conflict Equation* methodology offers such an approach.

Active and Passive Conflict

The term "conflict," as we use it in this book, not only concerns active, visible battles among stakeholders where the cause of the disputes is clear and battle lines are clearly drawn. The kind of conflict that we are concerned with also includes subtler manifestations, such as:

- Being stuck and unable to move forward due to fear that conflicts might be triggered if important decisions are made, or needed actions are taken;

- Tensions and bias handed down from previous generations that limit the enterprise;
- Structural pitfalls designed to avoid conflict like siloing and the lack of accountability systems;
- Tacit disagreement about how power is shared and used;
- Factionalism among family branches;
- Disrespect and friction among stakeholders;
- Lack of alignment concerning strategy and tactics;
- Uncertainty spawned by poor planning; and
- Crisis due to unexpected events, market changes, and/or competitive threats.

Defining Family Enterprise

Throughout this book, the terms "family business," "family firm," and "family enterprise" are used interchangeably. However, each of these terms may also be used purposefully to identify a particular class of family-controlled and/or managed organization. When we refer to a *family business* or *family firm*, we are generally talking about an operating company of some type that is owned and/or operated by family members. This could be a manufacturing company, a professional services firm or retail business, for example. We strive to make this obvious to the reader through the context in which the term is used.

Families of wealth are also included in our definition of family enterprise. These stakeholders may have no direct involvement in any specific family-owned operating business, but they share (or expect to share) significant assets. These family stakeholders must make decisions together concerning their wealth, which may be held within complex structures and decision-making hierarchies that are prone to conflict, just as in a more conventional family business.

We use the term "family enterprise" to refer to the broader set of economic interests that are shared by family members. These economic interests may include a family business, a family-owned professional services firm, and may also include shared wealth, real estate, and other assets that are owned, managed or governed by family members. Family offices, organizations created by families to manage family wealth and/or philanthropy and to facilitate group decision-making, are also referred to as family enterprises. In addition, we sometimes refer to "*enterpris-*

ing families" – families who are purposefully connected by economic interests. Despite these differences, these terms may be used somewhat interchangeably throughout this book and *The Conflict Equation* methodology applies to all.

For the purpose of this book, we define a family enterprise as *any organization in which important family relationships overlap with management, ownership or governance roles, and where these roles provide the family stakeholders with significant influence or control over that organization.* In addition, the definition extends to organizations where such overlap may not currently exist, but *may be expected and planned for at some future time.* This may include sole proprietorships for which there are expectations of, and plans for, additional family member involvement in the future.

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Families with Shared Wealth

Wealthy families who share assets grapple with many of the same challenges as families who share the ownership and management of a business. Like stakeholders in a more traditional operating company, these families need to manage their liquid and non-liquid assets and, therefore, need a level of structure to ensure they remain sustainable, continue to grow, and are used productively. To do this, wealthy families, like their business-owning counterparts, need strategies to manage the systemic conflict that comes from the intersection of their roles as family members, owners or beneficiaries, and stewards of their enterprise. To manage their assets and relationships over time, they must develop a shared vision, a communications structure, and guidelines by which they distribute funds. Philanthropy, a business in itself, often plays an important role in these families; carrying out shared philanthropy also requires a level of organizational rules and structure.

Family governance (how families make decisions together) provides a way for individual and groups of stakeholders to be proactive regarding their shared wealth. Privacy concerns, security, and education for beneficiaries all require planning. Additional needs such as risk management, tax and estate planning, and real estate management can be coordinated and overseen by a family office. As the level of complication and interdependence of stakeholders grows, so too does the potential for conflict.

Family Business

If you ask ten people to define "family business," you will probably get ten different answers. Some family business leaders aggressively promote the fact that they are family-owned and operated, believing that long-term family ownership implies quality and service commitments to customers and vendors. Other family business leaders are reluctant to identify their company as a "family" firm, believing that this term diminishes the value of their enterprise in the eyes of customers and competitors.

There is no SIC code (Standard Industrial Classification) or NAICS code (North American Industry Classification System) for family business. Family businesses are found across industrial sectors of all types. From family farms to high-tech manufacturing firms, and from retail stores to professional services firms, family businesses are ubiquitous. However, due to the fact that most family businesses are privately held companies, reliable data for family firms is far less available than for typical non-family businesses.

Family-run or family-controlled enterprises span all sizes and can be privately or publicly held. Fully one-third of the Fortune 500 businesses are family-managed and/or controlled. Family foundations and family offices are also included in our definition of family enterprise. They may have non-family executive management and only partial family ownership, yet may still be considered family-controlled.

Does Size Matter?

This book is intended primarily for situations where the family enterprise has some degree of complexity in its management, ownership and/or governance structure and where a multigenerational perspective exists. But, this book can also help families with smaller businesses and less complex ownership structures.

Smaller family enterprises may not make headlines when conflict strikes. But, while conflict in large family businesses can often seem sensational due to the huge dollar amounts involved, conflict in smaller companies, and within families of lesser means, can be just as, or more, extreme. This is because family stakeholders of larger companies may have more of an economic cushion than their smaller counterparts. Stakeholders of smaller family businesses are more likely to be faced with existential issues of basic economic survival when conflict strikes. In addition, a small business is far less able to withstand litigation. When these families argue, it can truly appear as a life-or-death struggle.

Family-run or controlled enterprises span all sizes and the value of these firms may not always correlate with the number of employees. Therefore, when we refer to a "large" or "small" family business, it is often useful to know if the company is large because it has many employees, possibly spread among several international offices, or because it has large revenues – or both. Some family foundations or family offices, which are also included in our definition of family enterprise, may have only a handful of employees yet manage and control very large and significant assets. In addition, some businesses may have very large revenues but may run on very slim margins and, thus, may have more in common with smaller businesses.

General contracting construction companies, for example, may have very large revenues but might actually be leaner firms with lower net incomes than one would expect. Likewise, real-estate-owning families may control great value through their properties, but may do so with relatively small staffs. Manufacturing firms, by contrast, are more likely to have significantly more people employed in their enterprise of equivalent value.

A family enterprise may have non-family, or "professional," leadership. It may even include non-family or other non-related families in its ownership group and on its board of directors. Public companies may also be considered family businesses, if a family holds a significant ownership stake such that it can extend significant strategic influence.

Defining Family

Throughout this book we refer to family relationships that are characterized as being permanent relationships – parent/child, siblings, and cousins, for example. Most often, these relationships are inherently important to the parties involved and there is a perception that breaking these ties would be catastrophic, with far-reaching effects on many of the other stakeholders involved. So, when we talk about "family," we are referring to individuals who typically share life-long relationships with each other, regardless of their personal affinity for each other.

Distant Family

Sometimes, late-generation family enterprises may be managed or owned by distant cousins. In these situations it is useful to ask, therefore, when does family stop being family? When do these distant family relationships cease to be significantly important relationships? When does calling the business a "family" business seem to lose its meaning – at least for the purposes of understanding and managing conflict?

The answer is different for each family. Some families have put in place structures such as family councils or family retreats that keep their family bonds meaningful despite distance and time. Other families quickly lose steam as "family." Even in these situations, when stakeholders no longer consider themselves "family," stakeholders may be locked into legacy agreements and structures that require them to act as "family." Therein also lie the seeds of conflict.

The term "family," therefore, is subjective and it is often difficult for outsiders to determine the importance of being family that really exists for family members. Sometimes, outsiders may perceive that a family member is acting against the business or against the family when they litigate or go to war in some manner. However, that family member may fervently believe that he or she is doing what is necessary to save both the business and the family. Stakeholders may end up in litigation against each other, when their real motivation is to save both themselves *and* the other from what they consider to be the other's misguided ideas. In other words, a family business in crisis may still be a family business, even when family stakeholders behave as enemies. As you'll see in later chapters, knowing when a family enterprise is "family" in name only is crucial for understanding how to approach the conflict management process and how to determine the likelihood of its success.

The Special Case of Spouses

One important distinction in the vast and diverse community of family enterprise concerns businesses owned and operated by married couples. When comparing such a leadership team to a team of siblings or first cousins that might lead a family business, for example, there is a similarity in that they are both single- (or same-) generation family businesses. What distinguishes the spousal team from the others, however, provides important insight into the concepts presented in this book.

When a married team leads a family business and conflict arises, there is an option not available to sibling- or cousin-led businesses. That option is divorce, which could render the enterprise a non-family-owned or managed business. For this reason, managing conflict when a married couple leads a firm often lends itself to more traditional approaches of dispute resolution. Siblings and cousins, however, remain family no matter what – even if cut off from each other due to conflict.

The importance of family relationships is a key component of family businesses and is what grounds our work in the conflict management framework we call *The Conflict Equation.*

In addition, married couples typically do not have a lifetime of experience growing up together. In contrast, siblings and cousins experience each other as family in a far more permanent way, typically beginning in childhood. For these reasons, family business conflicts involving siblings, cousins, parents-children and so on, often present extraordinary challenges that require an approach designed to address and preserve the integrity of these important family relationships.

That is not to say that spousal-led family businesses are of less concern. Spousal-led teams do indeed benefit from the robust approach to managing conflict we present in this book. Divorce is usually not the preferred conflict management choice, and improving the family bond is often a desired outcome. However, they represent a special case of family business because 1) they can choose to be non-family, through divorce, making the continuing relationship potentially less impactful, and 2) they haven't always been family, making certain aspects of the depth of their relationship potentially less impactful in the conflict management process.

The importance of family relationships is a key component of family businesses and is what grounds our work in the conflict management framework we call *The Conflict Equation*.

Importance of Continuing Relationships

A hallmark of family enterprise is that, on a fundamental level, the continuing relationships of the family members matter greatly. This poses both a challenge and benefit to managing conflict. The benefit is that family members should be able to leverage the importance of being family to better manage conflict. They may be more willing to compromise or to go the extra mile for a family member more than they would for non-family. However, too often family relationships become damaged during a conflict, rendering family members unable to achieve this advantage.

More commonly, however, being family is a complicating factor that makes managing conflict more difficult. This is because in addition to managing the substantive conflict issues at hand, the individuals are trying to negotiate how they will be family together during and after the conflict. Thus, the family relationships need to be considered at every stage of the conflict management process. This can be confusing and emotionally challenging for family members in conflict.

Contrast this with traditional civil disputes between non-family members. These combatants are concerned primarily about the substantive issues underlying the conflict and relationships issues do not matter nearly as much. This makes it a much simpler conflict landscape to navigate.

In family business conflict, the continuing family relationships are important – even when anger and distrust run high. Even when the individuals at the heart of the conflict feel that they don't care about their relationships any longer, they exist in a network of other family members who are affected by their conflict. Family members, although in conflict, will usually agree that breaking these ties would be devastating, with far-reaching effects on many other family members - even those only tangentially involved in a conflict.

Family relationships are lifelong. Even when family members abandon each other due to unresolved conflict and vow never to communicate again, the structural family bond still exists. You likely have experienced, or know someone who has experienced, a cutoff within his or her family. We frequently hear clients say "my sister and I never speak" or "my father and I had a falling out and only see each other, reluctantly, at infrequent family gatherings."

While cutoffs like these may curtail the active dispute that incited the original conflict, such a resolution generally is not a happy one for either party. Most importantly, despite the cutoff both the relationship and the systemic conflict still exist and continue to influence the family business system in some manner.

Certainly, non-family disputes can be extreme as well. But, non-related parties avoid the additional layer of complexity that exists in family conflict. In non-family disputes, once a resolution is reached, stakeholders can move on and may never have to hear about, let alone interact with, their adversary again. There generally is no sense of profound loss when ending casual friendships and business relationships as a result of a dispute, as there is with the destruction of a family relationship.

In addition, non-family relationships are not generally as intertwined with other relationships, the way family relationships tend to be. Unlike non-family relationships, disengaging from family relationships is often impossible or, at least, tremendously difficult, even when there is great animosity among family members, and becomes even more difficult when families are connected by economic interests because they need to continue to interact to manage those interests.

Another issue to note is that because of the highly emotional systems that exist in families, and the foundational importance that these relationships have played in stakeholders' lives, it is much more likely that the issues involved in a conflict speak to stakeholders' identities rather than simple disputes over money or any single event. We will discuss what we mean by identity-based conflict in more detail later in the book.

A Systems-Thinking Approach to Managing Family Business Conflict

Over more than a decade working with enterprising families, coupled with our own experience as stakeholders in our own family businesses, we identified consistent themes and components that existed in families that were either stuck or in active conflict. As we dove deeper into what was at play, we developed a methodology that became the foundation of our consulting practice, and it is the lens through which we look at a family business.

Our approach is grounded in *systems thinking*. Systems thinking is the process of thinking not simply about what is observed in isolation, but about how observed behavior is linked to other behaviors within a whole, integrated system. Nothing happens in a vacuum, and therefore all actions have ripple effects within the system. Accordingly, often what a group may think of as "the problem" may actually be the result of an array of issues that all came together over time to form a perfect storm.

Approaching conflict in a family business in the same manner as one would try to resolve a simple dispute among non-related stakeholders would not only be ineffective, but could even be counterproductive. Family business conflicts are systemic, not mere disputes, and therefore a systems approach that includes all stakeholders in their various roles and focuses on managing systemic conflict comprehensively is required. *Each dispute generally is part of a larger system, connected to, and influenced by, other disputes and relationship dynamics, which is why dispute resolution in general and mediation in particular are not effective processes for managing conflict over time in family business systems.*

Our systems thinking approach begins by deconstructing family business conflict into each of the individual component parts that make up the conflict system.

To better understand why a systems approach to conflict management is so crucial, imagine a doctor treating a patient's cough without considering that person's medical history, changes in lifestyle or health, or other ailments. If a doctor did this, she might not fully understand the contributing factors to the condition and might therefore miss the opportunity to diagnose a more serious problem that, if caught early, could be treated and managed over the long term. By considering the patient's past and ongoing lifestyle, behavior and relationships, the doctor could gain valuable insight about whether the patient is able or likely to follow the prescribed protocol. Does the patient have the support he needs to follow doctor's orders? Is the patient surrounded by a peer group that encourages continued behavior that caused the illness or injury? This strategy of comprehensive assessment is akin to the systems methodology that we advocate using in working with families in conflict.

Accordingly, the following chapters offer families and their advisors ways to think beyond a current dispute; to understand the larger system behind the observed, individual events. We show how to consider the varied roles stakeholders play in order to understand their motivations and concerns and how those intersect with other stakeholders' motivations and concerns. We provide a method to assess the important continuing relationships that exist in the family business system, and how those relationships impact the causes of conflict and potential solutions to conflict.

Our systems thinking approach begins by deconstructing family business conflict into each of the individual component parts that make up the conflict system. These component parts are the various reasons, triggers, levers for improvement, and other characteristics that work together in the conflict system. Figuring out how these component parts interact to increase or decrease conflict is the goal of the systems approach to managing conflict. That goal is represented in *The Conflict Equation*.

The utility of *The Conflict Equation* is that it establishes a method that considers the causes of conflict impacting the entire family business system, while also leading the stakeholder in a family enterprise (or an advisor to these families) to solutions that are robust, reliable, and transformational.

In the following chapters you will learn how to deconstruct what is going on in the family business system and how to generate approaches that will help manage existing and future conflict, as well as repair damage done in the past.

Summary

- We use the term "family enterprise" to refer to families who either share wealth or who share ownership and management of an operating company. Often, the management of a family's wealth is done through an operating company (i.e., a family office).
- The importance of continuing relationships must be considered throughout the conflict management process.
- Understanding how to manage conflict in a family business is important because family businesses are so prevalent and critical to our economy, and because conflict is built into the family business system. The ability of family members to be effective contributors to their shared enterprise, and for that enterprise to be of true benefit to the family, is fraught with potential for conflict. Only through understanding the unique qualities that define

this type of conflict, and learning to manage them, can success in family business be a potential outcome.

- Family business conflicts are so extreme because they are not simple disagreements over substantive issues like money or employment. These conflicts are more often rooted in identity issues among stakeholders. There is so much at stake with a role in the family business, or access to family wealth, that it is fundamentally unlike the situation in a non-family firm. Roles in a family business are often self-defining for stakeholders, i.e., the difference between perceived success or failure in their lives.
- These conflicts are so difficult to manage because the conflicts themselves are systemic, rather than simple disputes about isolated events. They are also so intractable due to the importance of the continuing family relationships that must be considered at every stage of the conflict management process. Ongoing family relationships are an extraordinarily complicating factor. Stakeholders are not only trying to manage the substance of the conflict at hand, they are also trying to figure out how they will be "family" in the future.
- When approaching your own, or a client's, family business conflict, the biggest mistake is to underestimate the complexity of conflict in family business.

Chapter 6

The Family Factor: The Most Powerful Component in *The Conflict Equation*

It is with the heart that one sees rightly; what is essential is invisible to the eye.
— Antoine de Saint-Exupéry

Strong family bonds are the best protection against the escalation of conflict. Strong families still sometimes have conflict, but they are able to manage that conflict better than families that lack a strong family bond. That said, strong family bonds can exist without affinity – families can place tremendous importance on their family ties, but they don't have to like each other. It can be difficult for an outsider to initially assess the strength of a family bond.

Further complicating this assessment, some families who profess love and devotion for each other in fact have only tentative bonds as a family. Conversely, other families in active conflict, with members who say that they truly despise their sibling, parent or cousin, may demonstrate over time that their bonds as family actually run very deep and that despite the current state of conflict, they would actually give their lives for another family member.

Our term for this component of conflict is, simply, the Family Factor (FF). Within *The Conflict Equation*, the Family Factor serves as a multiplier in the denominator, which gives it tremendous capacity to affect the equation.

$$C_t \propto \frac{ID \times DP \times (OG + IV + HI)}{FF \times \text{Conflict Management Approaches}} + XF$$

Key

C_t = Conflict over Time	$\propto$ = is proportional to	ID = Interdependence
OG = Opposing Goals	IV = Incompatible Values	HI = Historical Impasse
DP = Disrespected Power	FF = Family Factor	XF = External Factors

Figure 6-1

In this chapter, the Family Factor will be further broken down into its individual components. But we prefer to represent it as a whole concept in *The Conflict Equation* because of its uniquely important role in family business conflict. Breaking it down into its component parts helps us better understand and use this component to manage conflict, but talking about the Family Factor as a unique component, rather than its individual parts, is much more informative to our work in understanding and managing conflict.

The Family Factor is a measure of the strength of the family bond. It is determined by evaluating whether the family bond is strong enough to leverage compromise and a commitment to change. As we will see when we introduce initiatives to manage conflict, the ability for family stakeholders to compromise and commit to making changes that are useful in reducing conflict for the sake of family cohesiveness is a characteristic uniquely important to understanding conflict in family enterprise. This is the factor that illustrates the importance of the continuing relationships that we stress throughout this book.

> The Family Factor is a measure of the strength of the family bond. Is it strong enough to leverage compromise and a commitment to change?

Clearly, as the Family Factor increases, the whole denominator of *The Conflict Equation* grows. This means that conflict is less likely to escalate as the Family Factor improves. Conversely, if the Family Factor is very low (i.e., approaching zero), meaning that the family bond means so little to the stakeholders that they are not willing to compromise or make changes in order to preserve the family, then there is nothing to stop conflict from escalating to the point of litigation or worse. Remember that the kind of conflict we are dealing with is identity-based conflict. This can be among the most extreme types of conflict and when it escalates, the most extreme consequences can result.

So, back to the equation. Remember that dividing by zero is never permitted in mathematics. For our purposes, the Family Factor can become so small that it "approaches" zero, but never actually becomes zero. This is because families are families – whether by blood, legal structures, last name, or even if only in the perception of others. The only way that the Family Factor could be zero is if the family becomes non-family. (But then this framework would not be relevant.) So, for our purposes, the Family Factor can be very small, but it can never be zero. It's important to note that the smaller it is, the more the potential for conflict increases until it approaches infinity, because mathematically the outcome of any number divided by a much smaller number (i.e., almost zero) approaches infinity.

So, what, then, does infinite conflict mean? We define it as the potential for all-out war. When the Family Factor approaches zero, and the other elements of conflict exist (i.e., the numerator in the equation is not zero), stakeholders will go to great lengths to achieve the outcome they want – and take no prisoners in the process. This could mean litigation, cutoffs in the family, or even physical violence.

Deconstructing the Family Factor

As stated above, the Family Factor is a measure of the strength of the family bond and its ability to leverage compromise and a commitment to change. If stakeholders are willing to compromise and to change their behaviors in order to preserve and strengthen their family bonds, then the family will have more ability to manage conflict. Conversely, if they are not willing to sacrifice or compromise for the sake of being family, managing conflict will be more difficult.

How can the strength of the family bond be characterized? Think of it as a spectrum. On one end are families who genuinely care a lot about each other, and also care about remaining close in the future. At the other end of the spectrum are families who neither care about each other nor have any interest in maintaining relationships going forward. In between these two extremes, there is a range of families with a varying degree of Family Factor strength.

Some families have never been close but believe in the importance of their identity as part of the family even if they rarely see or communicate with each other. Others may want to maintain the fiction of being close or feel obliged to stay connected even if they do not relish the thought of actually spending time with each other. A typical family is made up of individuals and their respective relationships that span this range. Although we talk about Family Factor as though it is constant throughout a family, more often than not it is somewhat variable within families, as the Family Factor as a whole is a combination of many parts.

So what makes one family's Family Factor high versus another's low? In order to learn more about this highly important factor, we will deconstruct it into its component parts.

The Family Factor is composed of three key components:

- Shared history,
- Shared vision for being family in the future, and
- Trust.

Shared History

Shared history refers to the common experiences and memories that family members have. They can be positive or negative, happy or sad, or even neutral. Shared history can be kept alive through family stories and traditions and memorialized by photographs and home movies. Some families take pride in their history and it is important to them that the rising generation knows from whence they came and that they keep the traditions and shared experiences ongoing. Others live in the here and now and don't spend time learning about their ancestry, how they got to where they are now, or place much value in perpetuating a particular ethos.

A family that shares a robust and positive history together is likely to have a high Family Factor. This is, in part, because they have a solid foundation of positive memories and experiences together that serves to keep them naturally more aligned in their goals and values, making conflict less likely. But even more importantly, if they were unable to successfully manage conflict when it surfaced, they would have a lot to lose. At risk would be those fond memories of each other that would forever be tarnished by unresolved conflict. Having a strong, positive shared history among family members is probably the single most important protection against debilitating conflict that families can invest in.

Sometimes families are not storybook examples of harmony and "happily ever after." Sometimes they have difficult histories to contend with. They may have been challenged by substance abuse, bad behavior, messy divorces, bankruptcies, or tragic accidents of some sort and may not have many happy memories as family. But, to the extent that they have pulled together in adversity, they may have built a strong Family Factor despite these challenges (or maybe because of these challenges).

Family members may have very different experiences of their families. This is especially true when a family experiences a significant change in financial circumstances. Children growing up while wealth was being created might have experienced struggle and tough times. Younger siblings might have grown up after the family became more affluent. This disparity might serve to diminish shared history and, thus, lower its Family Factor. Age disparity alone may be a factor that diminishes shared history. In some families, older siblings may have left for college by the time the youngest ones entered grade school.

Families can also trick themselves into believing that their Family Factor is strong, only to find out that when conflict strikes, their families quickly devolve into the worst type of factional fighting. Take, for example, two different families that self-identify as being close in part because they vacation together every year at their seaside retreat. In one family, once they arrive each family member goes their separate way, spending time with their friends. They don't go to the beach, play golf or tennis, or spend unstructured time together as family. While they may travel together on the flights down and back, and share stories of the fun they had, their family vacations do not really serve the purpose of building a strong Family Factor.

Conversely, the other family gets to their vacation property and they plan fishing and scuba trips, beach picnics or hiking excursions through remote trails together. While they do see some friends while they are there, many nights are spent cooking meals, playing games, or just hanging out together.

On the face of it, both families vacation together, giving an outside observer (and themselves) the impression of closeness. However, the first family has only an illusion of closeness while the second family has developed much stronger, resilient relationships through the quality time they spend together. Anecdotally, when both families were challenged by conflict, the second family fared much better. They stood by each other during a severe market downturn, personal struggles, and significant transitions in leadership and ownership of their family company. In contrast, the first family collapsed into bitter litigation after the untimely death of the patriarch.

Shared Vision of Being Family in the Future

Having a shared vision of being family in the future speaks to whether or not family members believe they will remain connected over time. Some families are tied together through their ownership of shared assets while others have no legal ties but rather an interest in preserving their kinship across generations. When "being family" is important to family members, and when there is an expectation and desire for family members to remain connected and involved in each other's lives in the future, stakeholders have something to gain by investing effort in managing conflict well. Just as having a strong shared history contributes to a strong Family Factor, so too does having a shared vision for being family in the future.

Do family members share a common vision for being family in the future?

Inquiring into how individuals see the future of their family relationships can open up conversations about shared identity and vision. This can help assess the strength of the family's commitment to an ongoing relationship, and thus, their ability to manage conflict.

> When "being family" is important to family members, and when family members expect and desire to remain connected and involved in each other's lives in the future, stakeholders have something to gain by investing effort in managing conflict well.

Sometimes a family enterprise or shared wealth plays a central role in defining how families will preserve the family bond through succeeding generations. When a family business, or family philanthropy, serves as a focus for well-articulated family values and a structure for keeping family members connected, family members will have a very concrete vision of what "family" will mean in the future and how important it is. Families with such a legacy, or a lasting reason for being family, will likely have a strong Family Factor, as it is built into the structure of their family.

Some families may have a shared property passed down through the generations that has served as a gathering place for the family. Or, they may have strong traditions such as holiday meals, family vacations and retreats that keep them connected. If there is a proactive plan to maintain these structures and traditions, this can enhance a family's ability to maintain a shared vision for being family in the future. The danger, however, is that shared property, if not funded properly or organized well, can quickly become a source of conflict rather than connectedness. If this happens, participation in family vacations may wane as individual interests diverge and tensions increase. Even traditional family holidays can cease to be rallying points for family if succession is not considered (i.e., who will host Thanksgiving when Aunt Jane is no longer around?).

Properly organized for generational success, these traditions and shared vacation retreats can serve as powerful resources for strengthening the Family Factor. Additionally, when family members share hobbies and core values, they may simply enjoy being together and make time to continue getting together. Families of musicians, skiers, baseball fans and those who share religious or political beliefs may find camaraderie and true friendships within their families that they want to continue into the future. This will contribute to a strong Family Factor.

But, other families may stay together simply for immediate financial gain, personal need, or due to a sense of obligation. These family members may state that the family probably will not stay connected: "After Grandpa Stuart dies, we will probably just go our separate ways." Such a lack of vision about being "family" in the future will contribute to a low Family Factor and the family may not be as resilient in the face of conflict. They will not perceive that they have anything to gain through continued connection as family.

It could be argued that staying connected as family is not as important as it used to be. Generations ago, families stayed connected for basic survival. Individuals were judged based on their family heritage. Today, society places much more value on the individual. Greater mobility and mass communication have made relationships, especially family relationships, seemingly less important. In a world where we have thousands of "friends," is the importance of any individual relationship, especially family relationships, somewhat diminished?

Being stakeholders in an enterprising family forces family members to stay connected – perhaps longer than they might want to otherwise – to keep the enterprise running smoothly. In these situations, therefore, building strong family relationships, and a strong Family Factor, may be essential for the long-term success of the enterprise and the family.

Trust

Simply put, trust is the predictability that comes from knowing someone well. It is not a measure of affinity or shared goals and it is not necessary to like someone in order to trust them. It is also possible to love someone, yet not trust them, as many have, painfully, experienced. Trust is a critical component of family relationships, especially when it concerns shared economic or business interests. It is what enables people to make rational decisions beyond their own personal interests. Without trust, an individual can only make decisions that further their own self-interest. When trust exists, individuals can make decisions intended to further their shared enterprise, or their connected families.

Trust is what enables people to make rational decisions beyond their own personal interests.

The concept of trust is often misunderstood in this context. Most people think of trust in the sense that they "trust" another person when they believe that the other person has their best interests at heart. We believe that this definition of trust is unreliable and fleeting because it depends on the situation. In some instances, a person may indeed "have your back." In other instances, the issue at hand may simply be too important to that person and they will choose their own self-interest over yours. In short, that definition of trust is one that can't be trusted (pun intended).

We view trust the same way that noted developmental psychologist Erik Erickson viewed trust when he described what he called the "first stage of childhood development." Erickson thought of trust in simple terms: predictability. When the newborn baby cries, he eventually learns to trust that he will be comforted. It is the development of this sense of the predictability of his small world that enables the child to transition to more advanced stages of development.

In a family enterprise system, therefore, trust is also akin to predictability. A stakeholder may believe that her brother is a drunk and a cheat, and that he will always look for ways to benefit at the expense of others. In our view, the brother can indeed be trusted. He can be trusted because the stakeholder group knows him well and can predict, with some degree of certainty, his behavior in reaction to decisions they may make. It is when stakeholders do not know each other well enough to predict how each will react to decisions that prevents them from functioning as a group.

This kind of trust is acquired through gaining an understanding of that other person; what they value, what they want, and how they operate. When stakeholders do not fully understand each other's roles in the business, and the concerns and motivations those roles encourage, or when stakeholders do not know each other well enough to understand each other's values and the behaviors that may arise from them, their actions can be perceived as unpredictable, unreliable and thus untrustworthy.

The Family Factor Continuum – Past to Future

Past ----------------------------	Present ----------------------------	Future
Shared History	Trust	Shared vision for being family
Something to Lose	Predictability	Something to Gain

Figure 6-2

It is this sense of trust that connects a shared history to a shared vision for being family in the future. It is difficult to have trust if there is a limited experience of a person from the past. Even a negative history with a person is a basis for building trust. However, family members that have a very weak shared history with each other will be hard-pressed to find trust in their relationships. Similarly, when family members do not share a vision for being family in the future, they will also find it difficult to have or build trust. Even if their shared vision for being family in the future is that family connection will be minimal, that would be something on which trust can be built. It is the not-knowing that undermines trust because we trust people whose roles and values we understand, and whose behavior we can predict — at least to some extent.

Trust is about predictability, not about whether someone will act in your best interests.

Building the Family Factor

Understanding the Family Factor as a combination of the three components described above is a useful framework for determining the ability of a family to successfully leverage the strength of their family bond to forge compromise or expend the energy needed for, and accept the risks of, change. Each of these components is relevant to a family's appetite for managing conflict because if they have a shared history, they have something to lose; if they have a shared vision for being family in the future, they have something to gain; and if they have trust, they can make decisions beyond their own self-interest. As can be seen in *The Conflict Equation*, the Family Factor (a multiplier in the denominator) has a large impact on the level of conflict in a family enterprise – especially when the Family Factor is low. So, what strategies can be utilized to improve the Family Factor?

Increasing the level of trust between family members may be necessary if raising the Family Factor is important for managing conflict.

Building a Shared History

Sometimes family members in conflict have grown up in different places or, due to their age difference, had no overlap as children. While they may not remember spending time together as children, it is likely that they do have relationships with some common relatives – i.e., siblings in the middle or cousins who came to stay for a vacation or an extended period of time. Or, sometimes two siblings fifteen years apart in age may both have strong relationships with their parents. Geographically dispersed cousins may have close ties to their grandparents. Leveraging those relationships can stir up forgotten memories of common experiences or even similar memories of those middle siblings, parents or grandparents that create a tie between them. Shared history can be built by proxy.

There is not much a family can do to re-do the past, but it is never too late to try to reconcile different people's perceptions of the past. Some families have had a difficult history, complicated by feuds and historical impasse. The next chapter will discuss how historical impasses might be addressed. But, a difficult family history cannot be rebuilt solely by focusing on each of the specific incidents that led to hard feelings. When families have a negative shared history, but also desire to build their Family Factor, they can engage in a process of crafting a *new shared* narrative of that history together.

A shared narrative is not intended to cover up the past and recast a negative family history as positive. Rather, it is intended to acknowledge what happened in the past, honor the perspectives of all those involved, and articulate the lessons that came from the problematic past in a way that lays the groundwork for a rapprochement.

Building a Shared Vision for Being Family

A shared vision for being family in the future does not typically happen by itself. The process requires effort and needs to be proactive. Just as businesses create (or should create) succession plans and a corporate vision and mission statement, so too will families benefit from this same type of work.

Enterprising families who rely on having a strong Family Factor in the future should not leave the question of "who will host Thanksgiving after Grandma is unable" either unanswered or up to chance. Rising generations should be able to plan their lives with a reasonable understanding of the financial and career opportunities (and requirements for those opportunities) afforded by their family's assets. Family members should be engaged across generations to continually articulate what they stand for as a family and where they are headed. Family elders should pass down their stories and values to younger generations to provide the sense of the importance of family continuity. When being a part of the family for the future means something of importance to family members, they have strengthened their Family Factor.

Carving out time for family events that truly connect family members is the single best way to build resilience in the face of future conflict. When a family enterprise exists, and families are engaged in building that enterprise, they should remember that family enterprise is inherently conflictual and because of this, it is very important to build structures to enable a robust shared vision as a family.

Many successful families employ various structures to build connection as families grow in size and become more geographically, ethnically, culturally, and financially diverse. Family councils are an excellent way to formalize family decision-making and organization. Family websites and blogs (with appropriate security) are great ways to facilitate communication among and between generations. Shared philanthropy can also be used as a vehicle to keep family engaged. Family banks can help soften the realities of wealth disparity among family branches so that wealth is less of a barrier to family connectedness.

Building a shared vision for being family in the future may not seem important to some family members. When engaged in a family enterprise, however, where conflict is built-in to the very fabric of the system, building a shared vision for being family in the future is critical.

Building Trust

The hardest thing about building trust in families that have experienced conflict is overcoming the common preconceptions about trust.

False Preconceptions About Trust

- Trust requires affection for the other person.
- Trust means that the other person has your best interests at heart.
- Trust means that the other person would do what you would do in a given circumstance.
- Trust requires having respect for the other person.
- Trust requires being on the same side of an issue or conflict.
- Trust requires a belief in the honesty and integrity of the other person.

Once family members leave these ideas of trust behind, they can begin to build the kind of trust that is truly effective and reliable in families — predictability.

It must first be said that having a strong shared history engenders trust naturally. When family members have a solid understanding and experience of each other, trust simply exists. Likewise, when they have a shared vision for being family in the future, they are likely to be aligned in many ways and because of this, trust will likely follow.

People do not generally go from being trustworthy to untrustworthy in a short span of time. But sometimes, a family member may become unpredictable despite a robust shared history and shared vision, and then trust may be called into question. If this occurs, it indicates that something significant may have changed for that person. A family member may state that her brother has "changed, gone crazy, or maybe has a brain tumor" in her efforts to make sense of his new (i.e., untrustworthy) behavior. In general, digging deeper will unearth reasons for that person's changed behavior, and, when explained, trust can often be restored.

Take, for example, a case where the family member who lost the trust of his siblings turned out to have developed a substance abuse problem that he was hiding. His family members could not understand his new, secretive and unstable behavior. They never would have guessed what was really going on. Their trust in him was shaken and this was having terrible repercussions in the family business, since he was also one of the executives in the family company. Eventually, he was encouraged to share his challenges with one of his brothers. In addition, he joined a recovery program, and has been able to restore trust over time.

In another case, a family executive in the family business had lost trust with his family due to his changed and newly secretive behavior. It turned out that he was having a romantic affair. While that had a devastating impact on his wife and kids, the lack of trust caused by his newly unpredictable behavior severely compromised the ability of the executive management team to work together. Once he was able to share enough of what was going on with his wife and siblings, he was able to restore trust. Although there were still complications and ill-feelings, to say the least, predictability (i.e., trust) was restored.

In still another case, the erratic, unpredictable behavior of the patriarch was eventually explained by early-onset dementia. While this was a tragic ending for a dynamic, larger-than-life figure, his family could tell there was something wrong because his behavior and decision-making were no longer predictable. It is important to note that a loss of trust that once existed indicates that there is something wrong that needs to be addressed. Once that is understood, trust can usually be restored.

Summary

- The Family Factor is the most powerful variable in *The Conflict Equation* for managing conflict.
- A low Family Factor indicates a potential for extreme escalation of conflict, which could mean litigation or worse. When there is nothing to lose, nothing to gain and no trust (i.e., predictability), stakeholders will go to great lengths to pursue their own interests.
- The Family Factor is made up of a shared history, a shared vision for being "family" in the future, and trust.
- Shared history means that family members have something important to lose if they cannot manage conflict and risk splitting apart.
- A shared vision means that family members have something important to gain by managing conflict well and staying together as a connected family.
- Trust is defined by predictability, not necessarily by doing what's in another person's best interest.
- Trust enables a stakeholder to act beyond their own personal interest and for the greater interests of the family.
- *The Conflict Equation*:

$$C_t \propto \frac{\text{ID} \times \text{DP} \times (\text{OG} + \text{IV} + \text{HI})}{\text{FF} \times \text{Conflict Management Approaches}} + \text{XF}$$

Key

C_t = Conflict over Time	$\propto$ = is proportional to	ID = Interdependence
OG = Opposing Goals	IV = Incompatible Values	HI = Historical Impasse
DP = Disrespected Power	FF = Family Factor	XF = External Factors

Figure 6-3

Epilogue

When human beings live together, conflict is inevitable. War is not.
— Daisaku Ikeda

So, where do we go from here? Family business is the perfect crucible for understanding systemic, identity-based conflict, when continuing relationships matter. This means that the methodology for deconstructing conflict presented in this book can be applied to other kinds of conflict, such as ethnic, religious, political and cultural conflicts. Just as families have uniquely permanent relationships, so too do citizens in neighboring countries, diverse religious followers in pluralistic societies, and residents in culturally diverse school districts.

Like families, ethnic, religious and political groups carry with them long historical narratives that shape their perception of the fairness or unfairness of their plight. *The Conflict Equation* can be adapted to these situations because it is a methodology, not a best practice. Each of these types of groups holds some power that may or may not be disrespected by others; each has reasons for conflict. While they don't have a Family Factor™, they do have a Relationship Factor™ that incorporates their shared history, shared vision for the future, and level of trust. As in the family business context, if this component can be increased, it can lower the level of overall conflict and make the system more resilient in the face of change.

So much of international conflict management is based on dispute resolution techniques, such as negotiation and force (i.e., war). Opponents on the international stage argue over identity-based issues that, as we have discussed in this book, are not negotiable. Conflicts are treated as disputes, rather than systemic conflicts that demand more than simple dispute resolution approaches. Rather than trying to force a resolution to intractable conflict, or endlessly trying to negotiate the unnegotiable, we believe that the concepts in this book can be fully applied to these situations. Doing so would lead to developmental approaches, not force or negotiation alone, and could lead to successful outcomes for all involved.

We hope this book begins a new approach to thinking rationally about how to manage conflict in situations where identity-based conflict is at play and where important continuing relationships hang in the balance.

About the Authors

Doug Baumoel has spent the majority of his career in and around family businesses, having served as the second-generation leader in his own family's business and holding executive posts in other family-operated companies both in the US and abroad. Widely respected for his insights on leadership, governance, succession and conflict management in family enterprise, he writes and speaks extensively, and is the Founding Partner of Continuity LLC, a global firm working with family businesses and their stakeholders. Educated in engineering at Cornell and with an MBA from Wharton, he holds a number of distinctions, including Fellow of the National Association of Corporate Directors and the Family Firm Institute.

Blair Trippe is an experienced negotiator, mediator, and family business consultant. As a co-creator of the specialized field of elder mediation, she transformed the practice of helping adult siblings manage the issues confronting aging family members. With a background that includes executive posts on Wall Street and in other corporate settings, she is the Managing Partner of Continuity LLC and has served on numerous boards. Her grasp of family enterprise systems has garnered the trust of a wide range of family business executives, board members, and other stakeholders. She earned an MBA at Northwestern's Kellogg School, studied psychology at Connecticut College, and earned certificates in negotiation and mediation through the Program on Negotiation at Harvard University.

Praise for *Deconstructing Conflict*

"If you've ever been caught in the devastating undertow of family business conflict, this book offers hope and a way back to shore."

–Doug Stone, Author, *Difficult Conversations: How to Discuss What Matters Most*

"Doug and Blair give those of us committed to multigenerational family enterprise a roadmap for survival."

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"*Deconstructing Conflict* is an indispensable guide that outlines the perils and benefits of family business systems, and offers practical and wise advice for keeping those systems intact."

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"This is an incredibly smart and accessible... must-read for any family business, and for all families facing conflict."

–Partha Bose, Author, *Alexander the Great's Art of Strategy*

"Family business consultants, mediators, and family business owners will all benefit from the wealth of insight and experience captured in these pages."

–David Hoffman, Lecturer on Law, Harvard Law School

Deconstructing Conflict draws upon nearly fifteen years of experience in which Doug Baumoel and Blair Trippe have helped scores of enterprising families navigate the challenges of owning and managing together as family. Based upon their groundbreaking methodology known as "The Conflict Equation," the book presents five foundational concepts to help readers deconstruct conflict into its component parts. It will help you understand the reasons that underlie all conflict, what triggers active conflict, and why conflict can be so extreme and intractable in family business systems. This book will arm family business stakeholders and their advisors with the most cutting-edge thinking for achieving generational success in family enterprise.

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