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Invest  
**How family businesses can shape their next generation**

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ONE of the most important responsibilities of senior family and management in the succession process is creating structures that support positive relationships with and among the next generation.

Families must recognise that these relationships are shaped by a combination of genetic and environmental forces, including birth order, gender, personality and individual and family experiences.

It is unrealistic that siblings or cousins who have had a conflicted relationship will suddenly work together for the good of the family and business. In fact, it is more likely that serious conflicts will erupt at the death of the parents, as the siblings attempt to create a new family structure. At this time, it is likely that old, unhealed wounds and hurts will trigger serious sibling conflicts.

Competitive tension is often healthy for a business. Siblings who are striving for presidency, for example, will work hard to turn in excellent job performances. Yet, if this effort becomes a rough-and-tumble battle - complete with efforts to derail other siblings or cousins - it will have a negative effect on the company. Unfortunately, husbands and wives often simultaneously reinforce this sort of unhealthy competition.

In successful family businesses, siblings, cousins and the senior generation work to make the effect of rivalry positive rather than negative. Family agreements and business policies should support this goal.

Until one is named president, family members should not be required to report to one another if possible. Each should have his or her own area or project within the company. If they perform well and are rewarded for their efforts, they will feel they are making valuable contributions to the business. This softens the sting of watching one sibling gain a higher title. Eventually, such separate career paths could pave the way for new ventures led by individual sons and daughters.

It is useful to have a family code of conduct - an agreement among members to act in a manner conducive to and supportive of healthy relationships and a healthy business. Often, the code will need to be strengthened or expanded to accommodate rules on how to work together and avoid serious rifts. Examples include ensuring that each member has discretionary time to use as he or she wants, and not taking assets out of the business except as part of a formal pay package.

The following work or employment issues can be covered in the code:

Keeping in-laws and spouses up to date on the business performance and plans.

Publicly recognising the various accomplishments of each family employee.

Spending social time with other family members employed in the business and ensuring open lines of communication.

Maintaining family and work boundaries (not discussing work topics at social or family events).

Publicly supporting each other, especially before employees, clients and suppliers.

Sharing publicity and recognition with each other.

Excerpted from **Randel Carlock's** and John Ward's Strategic Planning For the Family Business, published by Palgrave.

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