

# Delights and Dangers of Working for a Family

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By Mortimer R. Feinberg

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Suppose a recruiter were to offer you a position with great financial rewards, marvelous perks, long-term security and relative freedom from others who want your job. As appealing as the offer sounds, you suspect there must be a downside.

"The catch is that you can never rise to the very top of the company," says the recruiter. "No matter how good you are, you'll always be working for somebody else."

The client? A family-owned or family-controlled business.

People often have the misconception that family firms are all small. Many are, but others, such as Ford, Du Pont, Campbell Soup, Hewlett Packard, Cox Communications and Wang Laboratories are either still run or partially controlled by the founders or descendants.

Signs of stress at family companies surface with regularity at many of these firms. At Ford, family members Edsel Ford II and William Clay Ford Jr. continue to agitate for more power though both already sit on the board of directors. At Wang, the selection as president of Frederick Wang, son of the company's founder, was preceded by the embittered departure of at least two senior executives in what was viewed as a succession battle.

Yet in this day and age of leveraged buyouts, more firms are likely to fall into family hands. Further, the current interest in entrepreneurial startups will result in an increasing number of family-controlled businesses in the 1990s.

For ambitious managers, working for a family company can be an enriching experience if they remember where the road leads and can spot the swamps and quagmires along the way. Talented managers can rise to the number two position. This has its consolations (security, almost total authority). But there are many who would still pine for that final responsibility. Here, based on an informal survey of managers who run family businesses and those who work for them, are important points to ponder:

- **Expect a cultural consistency.** "In most cases you can look for the values and customs of a family-owned business to remain the same over the long term," says Tomio Taki, CEO of the New York-based Takihyo Inc., a family business manufacturing Anne Klein and other clothing lines. "The same applies with the standards of performance appraisal by which you'll be judged."
- **Less opportunity should equal more money.** "Recruiting top people for a family firm is difficult because of the family blocked road to the top," says John Norton former deputy secretary of Agriculture and head of a third-generation agricultural company in Phoenix. "So expect terrific rewards-if family members feel they can depend on you." Family companies are increasingly survival-minded these days. They can't afford not to be. As a result, they realize they must pay well to attract and retain top management talent. Lawrence Levy, chairman of a Chicago-based restaurant and real estate first-generation company, offers very young people equity positions and more challenging assignments than they would find in other non-family organizations.
- **Get a written agreement to protect yourself.** "To help keep family members from second-guessing your decisions, candidates for a senior position should obtain a written agreement outlining their prerogatives and authority before signing on," advised R. Lyman Wood, president and CEO of Brennan College Services, a family-owned bookstore management company in Springfield,

Massachusetts. Such an agreement serves as a signal to family members that the head of the company has faith in you and actively endorses the strategic agenda you are promoting.

- **Interview associates who are family members.** What do other family members who are in the business think of each other and the patriarch or matriarch? "Take an hour with each to privately discuss their feelings-again before agreeing to join the firm. You may be surprised at the resentments that emerge," notes Mr. Wood, who was a manager with Lenox China, then run by his own family.
- **Watch out for late bloomers.** You may think that there are no members of the family contending for the top spot. Don't bet on it. An amazing number of young family members, previously uninterested, can become "instant" entrepreneurs: The son (or son-in-law) who is studying medicine, flunks anatomy and decides that heading the family concern makes good sense after all; the daughter whose ambition is to see the world, finally sees it all and then shifts her interests to economic challenges closer to home.

Edgar Bronfman, Jr. was a 30-year old with an affinity for show business. To the surprise of insiders, he was selected to run the Bronfman empire (where, by most accounts, he is doing a creditable job.) In his autobiography, Lee Iacocca describes one of the most celebrated cases of delusions of nephewhood when he tells of his shock at the news that Henry Ford intended to "keep it in the family."

- **Keep an eye out for family feuds.** Family-run businesses can be torn asunder by disagreements among the heirs or by intergenerational conflicts of the controlling family. The one place you don't want to be is exactly the place you'll find your self: caught in the crossfire.

Sorting out the shifting politics in such a situation can take all your time while the business itself begins to flounder, due to a lack of cohesive leadership. Keep tabs on the internecine battles as they evolve and be ready, if necessary, to jump ship.

- **Be prepared to be the teacher of the heir-apparent.** If you stay with a family company and become a valuable and trusted executive, one of your roles may be to help prepare a younger family member to take over the reins. Some managers have a tough time handling this. "Oh, I know blood is thicker than water, but they're asking too much when they want me to teach this twerp the ropes. I know I am not going to get the job, but damn it I deserve it!" said one manager with considerable bitterness. "I taught him all he knows," may be scant consolation, but it's likely to be what you can expect.

In most cases, the outsider who works for a family firm will remain an outsider. But that doesn't mean there are not great rewards to be garnered. Depending on your goals and the state of your career, associating yourself with such a business may be an excellent move.

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