



**It May Not be as
Fun as it Looks:**

Wealth & Power in Family Business

By Greg McCann and Jill Shipley



Years ago we worked with clients who were discussing what their new found wealth meant to them. The discussion brought up two powerful messages that have stayed with us every since. First they said that a risk in their family was using money as an emotional bargaining chip. Secondly, as they collectively digested the meaning of being independently wealthy, the tension in the room was palpable. In a broader sense, wealth-or power of any sort comes with benefits and burdens, yet few people would offer any sympathy for people with financial abundance. Are you surprised that studies show that years after winning the

lottery most people are no happier than they were beforehand? And when you read that last sentence, did you think to yourself: yeah, but I would be!

Let's address the first risk: that money becomes a substitute for emotions. In families and especially those that own businesses, it is easy to avoid having direct conversations about feelings and substitute money or power into the vacuum that has been created. If you find yourself having repeated conversations or even arguments about money and nothing seems to get resolved, that is often a red flag that the money is merely the surface issue and they underlying issue is more related to

the emotions that families that work together inevitably have. You may need a consultant to help you, but having a direct conversation about what people are feeling can help families get unstuck and deal with the underlying issues.

Looking at the second risk: the stress of abundance, we all tend to easily realize the benefits: great freedom, more opportunities, greater security, and freedom from financial pressures. But consider the other side of the coin: wealth can enable you to avoid the legitimate consequences of your behavior; avoid the personal struggle that leads to personal growth; find it harder to get objective

feedback; and find it harder to push yourself to earn legitimate credibility.

This has even greater applicability for members of the next generation in a family business. Why, because you may not have truly established your sense of self and what your values are. You may have confused feelings about being given wealth you didn't earn. (If that sounds like the risk of entitlement, see Greg's discussion of this his Generations article: Its Your Reputation in the ?? issue.) Remember, we defined entitlement as the enemy of credibility. Credibility has to be earned; entitlement is when you believe you have to a right to something you did not earn.

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Most people, including many family businesses feel pressure to meet the financial demands of life. This may make life simple, but hard. Analogous to combat where life can be very hard, but very simple: stay alive today. Material abundance takes away that pressure and life can become better, but is usually far less simple. When my clients realized they could do anything they wanted, it caused them a great deal of stress. We have met other people who no longer have to work at least not for financial reasons, and they still want to find a way to contribute, to add meaning to their lives, and to give back. But figuring out what you really want to do can be a daunting challenge.

Add to those reasons the challenge that

Some ideas to consider as you reflect on what wealth or material abundance means for you and your family's business:

1. Let your values control the use of your wealth, not vice versa.
2. Consider whether you and your family are consumers or stewards of wealth.
3. Consider whether you are a consumer: using wealth to avoid consequences, undermine your credibility, and indulge yourself.
4. Consider whether you are a steward: serving the other stakeholders, creating opportunities to test your mettle, and investing in human capital.
5. Are you seeking completion by consumption?
6. Who can give you feedback, support, and advice on these matters?

all young people face, or at least should face: establishing their identity, their sense of self, and their core values. Our characters are forged from challenging situations: a bad boss, a tough teacher, a project that we just seem unable to complete. Yet this personal struggle is what comes to define us. How do you stick with a boring class if you feel you don't have to? With a bad boss if you don't need the money or even the job? How do you summon the discipline when the pressure of financial need isn't present? That takes a great deal of character.

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One place to start is by clarifying what your core attitude is towards wealth (and power in general). Are you a consumer or a steward? A consumer believes that wealth is there for their use, their indulgence, and their personal benefit (sound like entitlement to you?). A steward believes that even if they legally own all of something (e.g. the family business) that they have a deep sense of obligation to the stakeholders involved (e.g. the family, the employees, the suppliers, the customers, the community, and even the environment). Stewards

believe that they should pass on something greater than they were given, that although they do earn the right to compensation, that they don't use that for destructive ends. They are far more likely to want to invest in human capital versus indulgences (a graduate degree versus high priced sports car). Stewards are mindful about how they carry out their businesses and about giving back-philanthropy.

Let me mention a related problem here. The idea that we first read about in a book *Open to Desire* by Mark Epstein: completion by consumption. This is when people try to deal with emotional problems by consuming, be it shopping, eating, drinking, or any other type of impulsive consumption. Trying to meet your emotional needs by consuming stuff is analogous to trying to deal with your hunger by listening to music: it might distract you, but when the song is over, you are merely hungrier.

So look deeply at you relationship and your family's relationship to wealth or abundance and the power it creates. Have some honest discussions. Curious, many of the people we work with are more reluctant to talk about money than any other issue. Realize that since in a family business everything affects everything, money is deeply tied to all the other issues we have discussed in previous columns. Further realize, that as in many areas of family business, the next generation may need to initiate change instead of waiting for the senior generation to act.