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Sharing an asset requires intention and skill building

BY RICHARD ORLANDO

Last year, my wife and I decided to buy an iPod as a Christmas present to be shared by our two youngest children. Although we knew the "sharing" part might not come easily, we thought the experience would help develop their life skills. They found the iPod wrapped with both of their names on the tag; even so, my son took it and unwrapped it. "Awesome," he said. "Thanks for getting *me* this." How quickly he forgot that his sister's name was also on the tag and that we'd said the gift was for both of them to share.

All too often, sharing does not come naturally. It requires intention, skill and practice. What happened to our children and *their* shared iPod is analogous to what happens with many adults who have to share assets with their siblings and cousins. Family members don't necessarily have the same perspectives, values and interests. If you add a little stress, a lack of trust or some conflict into the mix, sharing can be even harder.

These issues often surface when family members must make a decision about a shared family asset, such as management of a family business, the use of a vacation home or the operation of a family foundation. I have witnessed families arguing heatedly even over a noble issue like a charitable donation. ("I would rather give to a different cause." "That charity's mission includes [*fill in the blank*], and I don't agree with that." "I believe we should only give to charities in our local community.")

If a parent or other senior family member funds the family foundation, that person often makes the final decisions, and the other family members follow along. But when more than one person has skin in the game, a decision about the foundation or other shared family asset must be made collaboratively. Merely being related by blood or marriage is not enough to ensure agreement about how to share the asset.

When I refer to a shared family asset such as a family business, I do not necessarily mean that all family members technically own it, work in it or set its strategy. I mean that the asset is part of the family portfolio and therefore plays a role in the family system. In many cases, a family business is like another child in the family: Significant time, emotion and treasure have been invested in it.

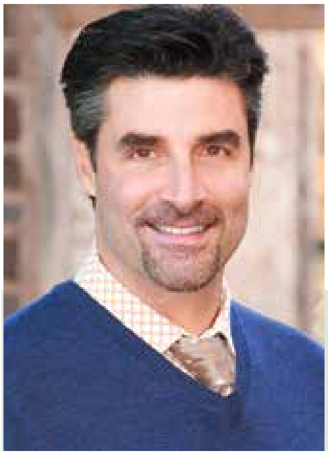
Skill-building exercise

In my experience, when multiple generations of a family share an asset, the elder generation will step in to make the final decision when they sense that conflict is brewing among members of the younger generation, in the same way that my wife or I intervened when our children disagreed about whose turn it was to use the iPod. When I work with multiple generations of the same family, I set aside time for the siblings or cousins to practice making decisions together without the involvement of their parents or grandparents. Because each family inevitably has a shared family asset, however small or large it may be, it is important that family members work toward developing a set of foundational relationship skills, such as decision making, negotiating and managing differences.

To assist them in developing this set of skills, I will often have my clients go through a governance exercise. Typically, I will identify a shared family asset that has relevance to most, if not all, of the adult family members—let's say a family business. I will pose a scenario to the next generation, and ask the elder generation to refrain from participating in the exercise.

For example, I might say, "Your parents have asked you to make a decision regarding the sale of the family business. Someone has made a very attractive offer to buy the business, and they want a response in the next 30 days or they will withdraw their offer. Your parents want you to make the decision without them." I then add, "For the purpose of this exercise, I do not want you to make the actual decision. I would like you to propose a process for how you all would make the decision together in the next 30 days."

Next, I divide them into groups to work on their proposed decision-making processes. After a while, I ask each group to share their proposed process with one another as well as with their parents. I instruct the parents to just listen to their children's proposals and not weigh in.



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In the last part of the governance exercise, the entire family works together to integrate the best of each proposal into one governance process that the family can use in the future to manage real-life cases like the hypothetical one I gave them. This is a very powerful first-time experience for most families, especially those in the next generation. The skills they build are vital to their long-term success in planning how to manage their shared family assets.

Relationship skills

Decision making, negotiating and other skills are important to the success of families in business together. But other foundational relationship skills must be part of the family portfolio as well. Here are ten additional skills to be developed and honed by family members:

1. Communicating: Family members must be able to clearly articulate what they feel, think and need, and to use language reflecting "ownership" of their feelings, thoughts and needs (for example, "I" statements).

2. Listening: Family members must be able not only to hear the words of others, but also to understand those words by reflecting back what they've heard. While listening, they should intentionally try to put themselves in the shoes of the speaker to better understand what they are hearing. It has been said that we have two ears and one mouth, so we should listen twice as much as we speak.

3. Staying open: Family members should acknowledge that they may not know everything there is to know about a topic, situation or person. They should ask discovery questions and be receptive to new information, even if it doesn't fit their preexisting assumptions.

4. Adapting: Family members must be able to adapt to new information, circumstances and people.

5. Defining roles: It is important to be clear on what role, if any, each family member has in the family business. For example, is this person an owner? An employee? A manager? A board member? During group interactions or conversations between two family members, clarify which "hat(s)" the participants should be wearing. Is this a father-and-son conversation or a boss-and-employee interaction?

6. Goal setting: Family members must know how to set short- and long-term goals, whether these goals pertain to their own development, the development of others or the growth of a business. Family members also must know the difference between procedural goals and outcome goals. The former are defined and measurable activities that are intended to contribute to achieving the latter.

7. Not assuming: Family members should not assume they know others' motivations and intentions. The only way to arrive at an accurate understanding about why someone did, said or felt something is to ask that person directly.

8. Accepting personal responsibility: Family members must understand that although they are interacting at times within the context of the family—and as a result, can be affected by others' actions, words or decisions—each person is ultimately responsible for how he or she responds to those actions, words or decisions. Similarly, each person is ultimately responsible for what he or she *does not* do, say or decide.

9. Forgiving: If a family member disappoints, hurts or abuses another, intentionally or unintentionally, it is important for the injured party to work though his or her process of forgiving. Forgiveness may help heal a troubled relationship, depending on the severity of the offense. At a minimum, it will help the aggrieved family member heal and move on.

10. Trusting: The level of trust one family member has toward another depends on how highly developed the aforementioned skills are within the family. For example, if a family member is not a good listener, is not interested in negotiating, is ineffective in managing differences and doesn't take personal responsibility for his or her actions, the rest of the family will tend to have a low level of trust when interacting with this person. Trusting someone is a deeply personal decision. Some family members start by fully trusting each other just because they're family, and others start from a posture that their family members must prove themselves and earn their trust. In either case, the ability to trust those who are trustworthy is very important to the success of a family.

In a recent family meeting that I facilitated, one of the family members leaned over to me and whispered, "I love my family, but working through these business issues requires so much effort because we have such different approaches." This statement encapsulates the vital importance of these foundational relational abilities, especially to the overall success of the family and the business.

Just because people are related by blood or marriage does not mean that decision making will be any easier. The family may have to work hard to develop their relationship skills before they can plan together for the future. FB