Good communication and interpersonal relationships are imperative to overall business performance and sustainability. Most managers understand the need to improve various facets of their business management practices. However, these two areas tend to be neglected or minimized in terms of their importance. Peter Drucker, often called the father of modern management, once said that 60 percent of all management problems are the result of poor communication. While poor business decisions can cause ultimate failure of a business, I have witnessed many closely held businesses torn apart and ultimately fail because of communication and relationship problems. Unless there is a major blow up, most outside observers never realize the underlying cause of the problems that manifest themselves in poor business performance. This article discusses what I see as the five most common communication and relationship problems.

The first problem is the dictatorship or as Don Jonovic, president of Family Business Management Services, describes it, the “der Fuehrer or el Heffe” management model. Everyone knows the management style I’m describing, “This is mine and if you want to work here or inherit your share when I’m gone, just do what I tell you. If I want your opinion, I’ll ask for it.” If someone does own it all, that’s obviously their prerogative; but, it is a management style that is best suited to a business in its last generation, because it is an extremely dysfunctional system for developing capable successors.

Unfortunately, a more open participatory management style goes against the basic nature of those who like the idea of being “boss” and being able to tell other people what to do. Being in charge and having the final say is one thing; but, some people seem to have a need to force their will on others just to prove they can and to make sure that no one forgets it.

On a personal note, when I was growing up, my dad used to kid my brothers and I anytime we would say “I think”. His response would be, “How do you know what you think, I haven’t told you yet.” Fortunately for us, he wasn’t serious. While we all knew the final decision was his, he was always encouraging us to “use our heads” and to come up with new ideas. When we did, he would talk them over with us to get us to explain our reasoning, to think about what the consequences might be, and to see if we had considered any alternatives. Unfortunately, I see situations all the time where the sentiment originally expressed is intended.

The second problem is of the biggest roadblocks to progress in any organization and that is secrecy. Don Jonovic says that most family businesses aren’t just closely held, they are hermetically sealed. He talks about making a presentation in which he discussed
how information is passed from one generation to the next. After the presentation, a woman came up to him and said that he had missed the method that her husband used with their son. When he inquired what it was, she said “read my mind.” Since then he has included it in every management succession seminar he has given.

Far too many owners and senior managers share information only on a need to know basis. Successors need to be able to share in the accumulated wisdom and experience of their elders. They shouldn’t have to learn by osmosis or only through their own experience. Key employees and family members want and need to know the answers to the following questions:

- What are they expected to do?
- Why are they doing it?
- How are they doing?
- How can they improve?
- Where is the business headed?
- How does it plan to get there?
- What is my role?
- What’s in it for me?

The third behavior I see all too often is people who can’t admit they are wrong. It is just as often true of the junior members of the management team as it is of those in senior positions. These individuals frequently resort to turning a difference of opinion into an argument. The result is that this tends to escalate the disagreement to the point where it becomes an emotional exchange rather than pursuing a rational discussion. This behavior generally produces one of three outcomes: 1) if the person being challenged has position power, he/she crushes the challenge to their authority, 2) both parties revert to childish behavior which accomplishes nothing but embarrassment and/or resentment, or 3) knowing the behavior that differences of opinion create, others simply give up challenging the person’s ideas or assertions and much needed constructive discussion of issues, logic and decisions never occurs.

The fourth problem is unresolved conflict. This may be between people working in the business or between family members in the business and those who have an ownership interest but don’t work in the business. These problems are like an insidious cancer that eats away from inside the business. If they are not addressed and resolved, they not only have an adverse affect on business performance, they can also be the landmine that prevents a successful transition of the business to the next generation. Fortunately, most states have some type of mediation program if people will take advantage of their services.

It is important to recognize that disagreement is normal and inevitable. In fact, if the business is going to change and grow, it is essential. Henry Ford was once quoted as saying, “If two people in a business agree on everything, then one of them is superfluous.” The problem occurs when a disagreement grows into conflict. All other issues may become secondary and the conflict could become the business’s Achilles’ Heel. Unfortunately, conflicts are often never properly addressed. Under a strong
authoritarian leader, problems often don’t erupt until the leader dies or turns over the reins. But, by then the differences between the heirs are often irreconcilable except through the legal system, in which case the only winners are attorneys.

The fifth problem relates to learning how to fight fair. In order to learn how to do this, people need to focus on developing both emotional maturity and interpersonal skills. At a minimum, there are five basic ground rules: avoid personal attacks, don’t drag others into taking sides in the argument, don’t use subversion, focus on the issue at hand (i.e., don’t dredge up old issues), and keep heated discussions in private. Bullying or childish behavior may win battles, but the result may be that family relationships and/or businesses end up losing the war.

When it comes to working with people, those who do it best tend to follow two basic rules: the Golden Rule, “treat others like you would like to be treated,” and the Platinum Rule, “treat others as they would like to be treated.” The Platinum Rule basically recognizes that everyone is different and reflects two of the habits Stephen Covey describes in his book 7 Habits of Highly Effective People, “Seek first to understand, then to be understood” and “Think win-win.”

I think the first is self-explanatory. It can help though if the parties involved have some understanding of personality style and generational differences. Many state extension program offer workshops on these topics. The win-win idea, however, is often misunderstood. It isn’t based on compromise, but on fostering an attitude that is committed to finding solutions that will truly benefit both sides of a dispute. Solutions do not of course exist in themselves; they must be created.

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