

Role Play Materials



Breakout Sessions 1:15 pm – 2:15 pm

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Family Business Dispute

The CFO of Triple S Manufacturing, Inc. phones and asks for your assistance. The sister and brother who run the business are having another conflict, this one seems worse than the others. You learn:

Sylvia and Samuel joined the business started by their father, Seth, after receiving their MBA's. For eight years, the three worked well together, and the business thrived. When Seth retired in 2011, he turned over management of the business to his children; He gave 24.5% of the company stock to each of his children; retaining 51%. The siblings have full authority to manage the day-to-day operation of the business. Seth didn't want to be involved in business decisions; he wanted to enjoy his retirement with his wife, Sandra.

In some ways, the partnership between Sylvia and Samuel works. She deals with strategic planning and managing the company's finances, including relationships with their bankers; while Samuel is involved in employment matters and relationships with buyers and suppliers.

Nevertheless, in the past three years Sylvia and Samuel have had difficulty making tough decisions. On a few occasions, Seth was obliged to intercede in order to break the deadlock and keep the conflict between his children from undermining the business.

During a routine Monday morning meeting at which the CFO and three other senior managers were present, another argument occurred (erupted is perhaps a more fitting description), Sylvia suddenly announced, "I spoke with Dad and he thinks I'm right about this." Samuel was dumbfounded at first and then furious that their father had been drawn into the argument. Samuel shot back, "Then, let's see what Mom says about this." They exited the meeting in a great rush.

It's Tuesday afternoon, and the CFO hasn't seen or heard from either of them since they left the office. She phones to ask you to consider acting as mediator. She offers to contact Sylvia and Samuel and get their commitment to speak with you by phone.

Samuel's Story

You arrange a telephone interview with Samuel the next day. He tells you:

For a long time, Dad thought I should take over the business—producing parts for auto manufacturers is dirty hands-on work; it's really a man's job. That's what Dad always said. From the time I was 9 years old, my dad took me to the factory at least once a week. When I was old enough, I worked on the manufacturing floor during summer vacations. Once I was in college and grad school, he would invite to sit in on meetings with buyers and suppliers and with union reps. He was grooming me to take over the business. He often told me so.

Sylvia was a successful investment banker. She was pulling down big bucks on Wall Street. She had everything. Why she wanted to come back to Murfreesboro is a mystery. She probably wanted to keep me from taking over the business.

I am the one who is better suited to run the company. She doesn't really understand the business. She's very smart, but she focuses on strategic plans, spread-sheets and other pieces of paper. This business is about people—the people who buy our products and the people who produce them. That's what I know and I do my job really well. She wants to rest on her Harvard degree, but when I meet with buyers' reps or with union stewards, they don't care what degree I have or where it's from. They care about who I am, whether I am reliable, trustworthy and honest. Bottom line, this is a people business.

Sylvia should just stay in her office and read reports, write memos and deal with our bankers. Let me deal with the real business of our company.

I need Dad to stop meddling. I need Sylvia to respect me. Also, these weekly meetings, they are a waste of time. I can arrange to have coffee or lunch if there's anyone I need to talk with.

- 1. Has your initial hypothesis about this conflict changed as a result of the interview, and if so, in what way?**
- 2. Can you identify Samuel's procedural, psychological and substantive needs?**
- 3. What do you see as the likely outcome? What influences your thoughts?**

Additional information from Samuel

Prior to the joint mediation session, you meet with Samuel and learn:

My older sister has always been bossy. From the time we were little, Dad always took her side. That's why I looked to Mom to even things out. She helped make sure things were fair between Sylvia and me.

Even though Sylvia was always his favorite, it was clear that the business was to be mine. I attended public schools; while she went to a prestigious New England prep school. She was being groomed for something bigger than running the family business in Murfreesboro.

I did everything Dad asked. I really didn't want to go to grad school, but he insisted that an MBA was important because it would give me credibility with bankers and others who were influential in the success of our business.

I was shocked, angry and bitter when Sylvia decided to leave a cushy job on Wall Street and work in the family business. I argued with Dad. I told him I felt betrayed. He simply said, "She's family too." And, that was the end of the discussion.

Sylvia wants to run the business on the basis of theories she learned at Harvard. Theories are great for classrooms, but they don't mean a damn thing in the real world of manufacturing. She needs to get real; get her head out of spreadsheets and reports and visit the manufacturing floor (she has never been there). She needs to talk to the buyers, suppliers and union reps in order to understand this business.

I am the one who keeps this business running. Without me, the company is nothing. Without me, employees leave and buyers find other suppliers.

Dad loves his "little girl". She can do no wrong. He is convinced she will take a 20th century business and make it viable in the 21st century. That's wishful thinking. The core of this business has always been people. Dad knows this, but he seems to have blinders where Sylvia is concerned. Mom needs to set him straight about that. She needs to remind him of his promises to me.

Sylvia's Story

You arrange a telephone interview with Sylvia the next day. She tells you:

Samuel always resented me. That's the way it is between first and second born; especially when the first-born is a capable, smart and successful woman. Dad realized my potential and always encouraged me to excel. Samuel, on the other hand, saw me as a usurper. He should have been born first; he should have been his father's favorite; he should be running the company on his own. Because Mom coddled him and always took his side, he felt a sense of entitlement.

Well, I am the one who is undeniably a more capable manager. I graduated with honors from Harvard Business School with an MBA. Samuel is smart, but he never really applied himself, and just managed to complete his MBA at UT.

When Dad was around, he kept issues between Samuel and me under control. We knew he wanted us to get along—at least for the sake of the company. And, Mom wanted us to get along because that's what she expected of her children.

I am the CEO—not in title, but in terms of my role in the business. I consider the strategic issues, the long-term challenges facing our company, the big picture. Samuel is more like a COO—a day-to-day manager. He's good with people, but his focus is very limited. And, if he kept to what he's good at, things would be all right. But, he keeps encroaching on my areas of expertise and my relationships with our financiers. He does more harm than good because in those areas, he's in over his head.

If we could stick to what we're good at, everything would be OK, but that doesn't really happen because Samuel thinks of himself as the leader of the company. He isn't.

In terms of an outcome, our roles and responsibilities need to be spelled out with clear boundaries. Samuel needs to respect my work and focus on what he's good at. We need to limit the number and type of decisions we need to make together. And, even though this is a family business, we need to keep our parents out of the business.

- 1. Has your initial hypothesis about this conflict changed as a result of the interview, and if so, in what way?**
- 2. Can you identify Sylvia's procedural, psychological and substantive needs?**
- 3. What do you see as the likely outcome?**

Additional information from Sylvia

Prior to the joint mediation session, you meet with Sylvia and learn:

My brother is a jerk. Samuel is the same Momma's boy he's always been, looking to her when things get tough.

Dad encouraged me to come home and be part of the company because he understood the business model he had successfully used for 30 years would not be viable in the 21st century. He believed we needed a fresh approach; a strategic re-evaluation and restructuring of the business.

Samuel is part of the old thinking, the old way of doing business. For 8 years, working along side Dad and Samuel, I was able to shift the business, gradually and incrementally toward a new vision for an old-style business. If we are to be as successful in the new century as we were in the past, if we were to keep jobs in Tennessee, and not rely on foreign manufacturing, we needed to do things differently. Dad seemed to understand this.

Dad also knew that Samuel was integral to the company's success. He isn't a thinker; he's a doer. He knows how to interact with the women and men on the shop floor; he can rub elbows and have a beer with the union reps; he can schmooze the buyers and suppliers. As important as the personal touch may be, it's not the key to future success.

I gave up an amazing opportunity on Wall Street. I had the credentials, drive, intellect and creativity to make my way to a very successful and lucrative career. But, Dad convinced me to come home, to help run the company, to protect the family business, and to lead the company into the future. I left a great opportunity and good friends, but it didn't matter. I wanted to repay my parents for all their help over the years and to keep the family business successful.

Without me, the business fails. Bankers withdraw their financing, buyers lose faith in the company's ability to provide products at competitive prices; and suppliers find other customers. Samuel doesn't get that. The personal touch means a lot; and it meant much more when Dad started the company. But now, especially after the economic collapse of 2008-2009; what matters is the bottom line. And, Samuel doesn't have a clue how to manage that part of the business.

Dad trusts me to keep the company solvent and operating. We have coffee every week or two, and I give him an update. He listens, asks questions, but always says, "Do what you think is best. You know how to keep the company in business."

HYPOTHESIS

An hypothesis is a tentative explanation for a set data, observations and other phenomena that can be tested by further investigation. It is an assumption taken to be true for the purpose of investigation.

As humans we are constantly generating coherent structures of meaning out of what our senses experience. We classify, pigeonhole, sort, frame, identify, and diagnose; all are ways of explaining or giving structure and understanding to sets of information. We listen to stories and immediately try to “make sense” of what has occurred.

Hypotheses are not statements of truth. They should never be accepted as valid explanations without further examination and testing. They are, however, useful constructs—starting places—that allow us to initiate our analysis.

Examples:

- We observe drivers who talk on cell phones appear to drive more erratically and dangerously. Our hypothesis might be that cell phone use, more than other activities, such as listening to the radio, creates a distraction that results in driver error.
- We have been barraged for the past several weeks with political advertising, most of which involve attacks against the candidate’s opponent. We might hypothesize that negative advertising is essential to a candidate’s electoral success.

What hypotheses arise out of the initial set of facts presented for The Family Business Dispute?

BELIEFS SHAPE PRACTICE

To achieve excellence in practice, mediators must be aware of their beliefs and how those views affect their practice decisions.

Think about the Sylvia and Samuel scenario. Do you hold some or all of these notions about mediation and conflict?

Mediators alter their approach depending on the needs and wishes of the parties; they can move from facilitative to directive.

Mediation helps people express and achieve self-determination.

Mediation is an opportunity to help people be at their best when their instinct is to be at their worst.

People in conflict are relatively weak, insecure and self-absorbed.

More than achieving individual gain people seek to reach mutual understanding of their values and concerns.

People may appear to express concern for the other, but ultimately they only do so to gain advantage and to get their way.

The goal of mediation is to find solutions to conflicts.

Individuals have the resources to solve their own conflicts and are best placed to do so.

Mediators cannot "save" or "protect" one of the parties. Mediators are not responsible for power differences.

When parties are "stuck" mediators should offer solutions to help them get through the impasse.

Parties in conflict need a strong guide to help them find workable solutions to their disputes.