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ADVISING THE FAMILY FIRM: OPENING PANDORA’S BOX (B)

Vanessa Strike and Dennis Ma wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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THE FEEDBACK MEETING

January 6, 2018, was the day of the feedback meeting. At this meeting, the advisory team was to present reflections on the high-level themes they had identified during the discovery interviews, such as communication, ownership, and transitioning the business. The family would select three of these themes and ask the advisory group to provide recommendations on these issues. The goal was to communicate and reach consensus on, as well as un-root, any constituents that were pertinent to developing the action plan.

The intention of the meeting was neither to reveal what had been said during the interviews nor to provide recommendations regarding structures and best practices. However, several professional members of the team wanted to jump in to resolve the issues they saw. One team member in particular kept trying to do so, and the rest of the team had to hold him back. The advisors needed self-control to sit back and give the process time.

The meeting was attended by the 10 members of the Graham family. There was an abundance of conversation among the family members, though closer inspection showed that the younger generation was doing most of the talking. The older members of the family were seated first, and the advisory team welcomed the Grahams and reminded everyone of the purpose of the feedback meeting. The session was off to a great start.

Before the team launched into its presentation, Sierra indicated that she had a question about the meeting agenda in her hand: “It says here that you’ve identified three areas: family, business, and ownership. What’s the difference between business and ownership?”

Before the advisors could answer, Hefe explained the difference between voting rights and ownership rights as it related to their business. Brannan and Sierra looked confused; this was news to them. Hefe continued: “We all have ownership, but Dad split control between mom and me; I thought we all knew that.” Confused looks gave way to glares of resentment. Business matters quickly became personal matters. The younger Grahams appeared just as shocked as the advisory team. It wasn’t long before the senior members of the family left the meeting room. The feedback meeting had ended before it could start.

A family lunch had been scheduled to follow the meeting, and the advisory team had encouraged the Grahams beforehand to use the lunch as an opportunity to share their stories. However, the sharing led to further unanticipated actions. Figuratively, the knives truly came out (i.e., the discussion became very tense) and exchanges among the second-generation Grahams escalated. Old stories were unearthed, and so were the emotions that came with them. Some of the sisters felt threatened, and one sister shared information that emotionally harmed another—information she had held in confidence for many years regarding gifts from their father. Sierra stopped talking to Hefe. Their mother tried to mediate, and Sierra stopped talking to her as well.

Several hours after the meeting, the advisory team was contacted by the second-generation family members. They were apologetic and said that the Graham sisters’ dispute had carried on outside of the meeting and was not yet reconciled.

Due to restrictions outlined in the advisory contract, the next in-person meeting was their last. It had been difficult enough to organize the three meeting dates to accommodate everyone’s schedules within the three months. Given the short time before the final meeting, it was not possible to coordinate a make-up meeting. Furthermore, the team was facing a strict deadline regarding completion of their advisory project.

However, the advisory team was able to gather some additional information following the feedback meeting. They received an email from Sierra, who asked for a separate call with just one of the advisory team members. This went against the advisory charter and brought up potentially serious issues of triangulation, so Sierra agreed to allow the meeting to be recorded and shared with the other advisory team members. Sierra expressed significant emotion; she felt she was being excluded and often scapegoated. Even though the family claimed to believe in equality, Sierra felt marginalized. Although Hefe and Sierra were only a year apart in age, Sierra had been left behind as Hefe emerged as the voice of the family business. Brannan and Sierra had distanced themselves from their sisters and mother, and Brannan had aligned with Sierra in an “us versus them” scenario, where conversations were both heated and contentious. Although the family was undeniably close, Brannan and Sierra were upset at their sisters’ apparent lack of understanding. Brannan and Sierra both felt excluded—a feeling their sisters did not share, based on the roles they had inherited. Perhaps they would have a better chance of being heard if they spoke together.

While the family had always conducted itself relatively informally, Willow and Hefe were surprised to learn that their sisters were oblivious to certain facets of the business. It seemed odd to some in the family that such issues would matter; after all, the business had been operating under Hefe’s leadership for years. Fortunately, all four sisters assured the advisory team that the quarrel would be short lived and that “things usually resolve themselves with time.” They had an “unshakable love” for one another and hated straining the happiness of the family due to minor squabbles.

The advisory team felt torn and challenged because they were not allowed to implement any changes; they could only go through the stages of contracting, discovery, feedback, and recommendations. They suggested bringing in a facilitator to implement the process, but the family did not want to bring in anyone else. Hefe had brought in the initial advising team, and there were clearly underlying trust issues.

THE FINAL MEETING

The advisory team seemed to have violated the first rule of the team charter—do no harm: actions and recommendations must not impair family relationships. However, the team had done the opposite, it seemed, and had figuratively opened Pandora’s Box. That is, they had allowed a rift within the Graham family to emerge. It seemed that this case was more complex than any succession-planning case they had studied in the classroom. This family wasn’t like any they had come across before.

As the team peeled back the family layers, they realized the message the sisters had grown up with—that they should not damage family relationships—had actually fostered conflict-avoidance and fear, instead of strong interpersonal relationships. Instead of addressing conflict, the sisters had been forced over the years to allow time to go by until they could once again bear one another. While identifying the true issues had been difficult, once the advisory team did begin to unearth them, they started bubbling over. For example, the other sisters noted that Brannan often wanted to be the centre of attention, but what the advisory team learned was that Brannan just wanted a voice; because she was not near the family, she felt isolated and left out. This was why she had requested funding to fly to family meetings, a request her sisters had claimed was unfair.

Some members of the advisory team agreed that decentralization, or even divestiture of ownership, should be considered. After all, the next generation had no experience with the business. Instead, why not provide them the resources to pursue their individual interests? It was clear to these members that the tight coupling between family and business was no longer helpful to either domain but was instead increasingly becoming a source of harm. To them, the solution was painfully obvious: split off the individual franchises according to the current ownership structure and let the family members do what they wanted with their individual franchises. The rationale was just as obvious: there was no evidence that the pooled ownership and governance structure had any advantages over a completely divested one for a portfolio of franchises. With this approach, the advisory team would have a clear recommendation to the succession problem they had been retained to address. Other team members argued that this proposal would not go over well with the Graham family. The team was at odds, and the disagreement ignited heated debate.

Turning their gaze from the setting sun, the advisory team reviewed several items on the meeting desk: the advisory contract—which had undergone several changes during the course of the project—the team charter, and their notes. The three sets of landmark meetings over the previous three months would culminate all too soon. The team needed to devise an action plan that ensured the continuity of the Graham business without further jeopardizing the continuity of the Graham family’s interpersonal relationships. They had already broken the first rule of their charter—do no harm—and they wondered if such a plan was even possible.