

IN/OUT OF CONTROL AWARENESS TOOL

1. INTENTION OF THIS ARTICLE

As a Family Advocate for more than 30 years, I see patterns and behaviours among shareholders, managers, parents, and NextGen. These variably present as great confidence and In Control to wavering and feeling out of sorts unable to find certainty in their situations. These changes in control expectations typically happen at critical decision-making junctures, from planning a new path in the family business to developing the agenda for a family meeting.

Pivoting to new strategies, introducing new management objectives, or tinkering with the succession plan may bring a range of new expectations, unease, or gratitude. The swing in expectations may be fed by a lack of current information, too much information, or simply disinterest.

There are many underlying yet seemingly unrelated factors which may be fleeting or stationary, and incidental or fundamental leading to a faltering of expectations. A faltering of expectations diminishes the feeling of being In Control of a situation and not finding the energy to work through the challenge to a satisfactory resolution.

And the reverse is also true. Factors which act as a harbinger of strength and direction bring confidence and a response of being In Control. Whether these factors can be explained to others witnessing the transition, as it oscillates from being In Control to being Out of Control and back again, they may be surfaced by asking simple questions before a project is undertaken by a Family Enterprise Advisor (FEA).

How to address and manage these control expectations led me to create an In/Out of Control Awareness Tool based on a fluid continuum family members experience individually and often without understanding the impetus behind those expectations. Those experiences are not likely to be the same when each new challenge is presented given the individuals at the table and the many common and divergent factors in play.

2. DEFINITIONS

The definitions I use in this article:

- **Control:** to command, regulate, direct, rule, influence or dominate. The sense of being in/out of control may be real and observed by others or a momentary feeling of discomfort
- **Expectations:** A held belief that something anticipated will or should happen.

- **Awareness:** being cognizant

3. IN/OUT CONTROL AWARENESS TOOL

When researching the In/Out of Control dichotomy, a graphic I often came across were two concentric circles.



The inner circle showcases factors which a person will be In Control of, such as what they think and the values they hold close. The outer circle identifies those factors Out of Control, such as the past and decisions made by others.

The solid edge of the inner circle represents a closed boundary. A factor in a client's control stays in their control and a factor placed in the outer circle is always relegated to that placement. But is that accurate? Can factors migrate? Are they always fixed and stationary in their placement within the two circles? What displaces them and what cements their placement?

Intervening actions by others and individual perceptions arising perhaps from a comment made from an advisor, an unexpected financial data point, or a fleeting emotional insecurity such "am I doing the right thing for my family?" may dislodge a client's expectations to the polar opposite of where they started: suddenly being flung from an awareness of In Control to a partial or considerable loss of control.

IN / OUT OF CONTROL AWARENESS TOOL

IN CONTROL

OUT OF CONTROL



Readiness vs Inertia

Expectations / Intentions vs Perceptions / Unintentionality

Choice vs Mandatory

Single vs Dual Polarity

Fluid vs Stationary

The Past v The Future

Accept Obligations vs Decline Responsibilities

Resolution vs Indecision

4. CONTROL EXPECTATIONS

When we approach a new problem, consider plans to make changes in our lives, or face change presented to us, we develop, at a minimum, expectations among other reactions. We often hear our clients lament that they have no control over what's about to happen or they've lost control over that which was familiar in their lives. Those expectations can be confusing, overwhelming and feel insurmountable. Other expectations feel comfortable and unfurl just as expected.

I studied earlier client matters and focused on pivoting steps, full stops, and how challenges were handled. I noticed cultural norms and family traditions transcend a group of common factors. Consider entitlement vs merit, privilege and standing, voluntary compliance of rules or mandatory adherence, scarcity and abundance of money and resources, how emotions surface or are repressed, expressing, and acknowledging gratitude, and learning how to forgive for past transgressions enveloping and impacting generations.

Expressing what may be unspoken over generations can nonetheless impact our client's choices and decisions they make. Offering them the choice and opportunity to engage a Collaborative Multidisciplinary Team approach offers them the collective wisdom and experience of what each professional can bring to the process to support each client in their management of their control expectations. This multifaceted approach can encourage clients to better understand where their control lies and how to make strong decisions and choices.

Here are the common factors I surfaced from that study. The continuum polar labels are arbitrary; they could be reversed. Movement is not unidirectional or always from In Control to Out of Control. A factor may rest in a neutral zone between the two poles. Or it may always be in flux if it is emotionally based. Consider too that there are layers of subfactors. For example, past indiscretions, past decisions, past achievements are locked in time yet may influence a future decision to do better, achieve more. Let's briefly explore each.

a. Readiness vs inertia

We want to take the time to ask our clients where they are now and where they want to be. Are they ready to see the new challenge and assess its strengths and benefits, efficiencies, costs, timeframes, and endpoints?

If we don't turn our attention to our clients' readiness to embark on this path of understanding and developing their awareness to where they are on the continuum of being In Control or out of control or where in flux, they collectively or individually can not move forward.

b. Expectations / Intentions vs Perceptions / Unintentionality

What each person holds as an expectation and intends to act upon may be different than what they intuitively perceive. A misread facial or language cue may upset an In Control expectation and bounce it along the continuum to an unintended landing nearer to Out of Control position. Once factual data provides the appropriate insight or other persuasive arguments are brought forward, expectations will settle back to the In Control end of the continuum.

c. Choice vs Mandatory

An action founded on voluntary choice validates a control expectation for the family members exercising that choice. What may be an imposed mandatory decision may either offer the individual a sense of loss of control or if the decision bestows an unforeseen benefit, then control is acknowledged.

d. Single vs Dual Polarity

What may be referred to as a mixed blessing are those situations where a choice or imposed decision extends both an awareness of confirming control and a loss of control in related expectations.

Consider a situation I have encountered where a NextGen sibling married and demands their new spouse be invited into the family business challenging the long standing no spouse policy. While the new spouse had extensive corporate experience and would, upon everyone's agreement, be an incredible asset, Gen 1 argued that the potential dilution of ownership control would harm the family's legacy and succession plans. A restrictive marriage contract with stepped shareholder inclusion may start a discussion towards a consensual path forward.

e. The Past vs the Future

The past is invariable and cannot be considered within the scope of an individual's In Control field of expectations.

The future is the dynamic gambit. Recognizing that the future can play the length of the continuum temporarily landing on any point on the In/Out Control path, awareness becomes key. Add planning, risk taking, cost benefit analysis and a myriad of other metrics, culture, tradition, and innovation may take a back seat. As each family member treads into the future, the possibility of making individual and / or family centric inclusive choices to benefit members of the family circle and their relationship with the business circle squarely rests Out of Control until such choices become decisions in the rear-view mirror.

f. Fluid vs Stationary

Building an awareness of how control expectations have the potential to be in flux at any time supports the FEA in their work and the family in its power to resolve inertia with readiness, clarify and share expectations and intentions, let go of common factors which restrict and restrain innovation and creativity.

Understanding why and how a fluid or stationary control expectation can be harnessed to align values, resolve conflict, and enhance governance and policy doctrine can only bring strength and unity to the family.

g. Accept Obligations vs Decline Responsibilities

Accepting or declining an imposed obligation may ignite an Out of Control reaction causing disruption and harm to family and business relationships.

Bringing forward all family members who may be impacted by the potential application of a new obligation to allow their voices to be heard and invite specialist advisors to share their wisdom demonstrates affirmative family values and highlights the bonds of those family ties. A neutral facilitator may offer process options to better present difficult content issues. Reaching out to a peer colleague may surprise the family with how they handled a similar situation with success.

There may be no way to divert the impact of the obligation. Hiding or delaying the issue or distracting family members away from being involved engorges the perception of Out of Control expectations perhaps beyond remediation. However, authentic communication, sharing resources and insights, and open dialogue could bring the family along the continuum to within the In Control margins.

h. Resolution vs Indecision

A family member may be In Control to support a family business initiative or at least comfortably express their reservations when invited to share their information and concerns. If a resolution cannot be found, return to the Readiness vs Inertia common factor. There may be new reasons or experiences, assumptions or misguided rumors needing to be surfaced and explored.

It is not a failure of the family to restart the process of discovery. Rather it speaks to being In Control and facilitating awareness training and understanding.

5. Summary

There is no common factor frozen on the continuum. Control expectations are in flux and impact understanding and confidence to accept or decline from participating in challenges facing the enterprise family. Asking questions and rising awareness of the common factors offer both fixed and kinetic insights about each family members' control expectations.

FEAs, in collaboration with their multidisciplinary colleagues, can appropriately raise the family's awareness of these eight common factors and how those insights can facilitate each family member's control expectations to arrive at the family's best position for each new and ongoing challenge.