

# Divorce – is it possible for a business to survive?

Running a family business can be tricky enough at the best of times, but things can get even worse in the aftermath of a painful divorce. Will the business suffer or become stronger? Tom Davidow explores the impact divorce can have and how to manage it

Divorce is a legal term describing the official end of a marriage. However, once two people create a family by having children together, every member of that family stays emotionally connected. Divorce finishes a marriage and it can fracture a family, but it does not end it. A family remains alive in the psyches of its members and how they interact with each other.

Divorce has serious long-lasting effects on both children and parents. It influences a child's outlook on life and creates additional issues for parents to address. During the initial stages of divorce, parents often have very little emotional energy available for their children. That lack of emotional support when the children need it most can damage their relationship with their parents. Frequently, it is the non-custodial parent who receives the brunt of a child's feelings of rejection, abandonment and loss when they are triggered (consciously and unconsciously) by later events. The issues that caused the divorce in the first place will linger and resurface among the family members through their roles as parents and children.

When a parent/business-owner brings a child from a divorce into the family business, it is often with the hope that it is the one place where parent and child can experience a recovered sense of family. They have the opportunity to act out the closeness and intimacy they missed as a consequence of the divorce. The parent/owner sees the family business as a place of safety and nurturance, where the child can grow, learn and have a successful career.

The flaw in that thought process is the assumption that the personal part of the parent/child relationship, which was missing because of the divorce, can be lived out in a business setting. Integrating the next generation into a productive role is a difficult and complicated task in the best of family business situations. When children of divorce enter the family business, unresolved issues surface between the child and the business-owning parent, making the process more complicated.

Parents may have complex feelings as well. They may not trust a child if they feel that the child is still loyal to the

other parent. Or, as is common, they may take a long time to forgive themselves for the divorce. Parental remorse, with its tendency to try to make up for a child's past hurts, can affect business interactions and decisions, spelling trouble for family and non-family alike. Although parents have to deal with the impact of divorce on their children for the rest of their lives, overcompensating constantly for the divorce is not healthy for them or their children.

The following two cases illustrate the difficulty for family members in business to overcome their history of divorce.

## ACCEPTING THE PAST

In this first example, a father of five was betrayed by his wife. The bitterness between the parents delayed the divorce settlement for years, during which time the mother and her children suffered financially. Once the children were adults, they all entered the family business.

The father compensated them beyond their contribution to the business while demanding very little accountability for their performance.

When the father began to plan for succession, the children were apprehensive about the future of the business as they knew that they were not prepared, but they were looking forward to interacting with their father in a new context. They hoped he would begin to take them seriously, even if it meant they would have to participate in a much more structured and accountable business system.

*“Conflicts that trigger painful memories happen all the time between divorced parents and their children”*

However, change cannot occur without some willingness to discuss the past in order to let it go. The father could not understand, let alone forgive, his wife's betrayal. When he realized his children were able to empathize with her, and

they harboured some residual feelings of being “abandoned” by him, he felt “betrayed” by them. He felt they were unappreciative for all that he had done for them and disloyal for siding with their mother. The business managed to limp along but will, most likely, eventually close or be sold and will not carry on after him.

### ACKNOWLEDGING RESPONSIBILITY

Another example is a family in which two out of three children worked in the business, the third being a stockholder. The father, who had left the house when the eldest was 16, stayed involved with his children, all of whom were clever and accomplished. As they got older, he invited them into his successful business - the place where he was most comfortable and could be the generous, “wise” father/CEO.

The middle child spent a significant number of years sorting through his personal issues and returned to the family business only after securing his own success. The youngest child chose a different career path and remained independent of her father. The eldest child, who wanted his father's approval and respect, believed that it was worth trying to fix their relationship and entered the family business. It was a disaster.

The father and son had been at odds even before the father left. The father had been away from home a lot while he built the business, leaving the eldest in the role of the “responsible child” at home with an alcoholic mother. Feeling abandoned, the child was angry with his father for not being more responsive and responsible for him and his siblings.

The son defined the quality of the relationship by his father's ability to be empathetic to him for the sadness that he had to endure growing up, the father defined his responsibility to his son as securing his son's economic welfare. The son saw the father as distant and controlling; the father felt his son was eternally ungrateful for the opportunities he had given him.

The two men, stuck in a relationship between adolescent and parent, the stage they were in when the father left, knew only one way to connect: through conflict.

The best thing the father could have done for his son, who was both disrespectful and argumentative, would have been to act like a CEO - to hold him accountable for his inappropriate behaviour and, unless it changed, to remove him from the business. Although the father constantly criticized his son for his shortcomings and attitude, the divorce and its psychological ramifications inhibited him from dealing with his son as an employee.



The “perfect family”: divorce doesn't break family bonds

### TIME AND UNDERSTANDING

While it is possible for parenting obligations to be fulfilled within the context of the family business, the fulfillment of those obligations is incredibly demanding of the parents. Every disagreement can have an emotional edge to it. Conflicts that trigger painful memories happen all the time between divorced parents and their children. When they happen in the context of the business, however, the business can suffer the ramifications of the disagreement as well.

The best antidote is the single ingredient missing from the evolution of the parent/child relationship: time. The parent/owner must be prepared to devote enough time to issues as they occur, without sacrificing the time it takes to be involved with the child's personal life as well. Otherwise, the relationship, one way or another, will suffer.

It is a risky decision to have children from a failed marriage enter a family business. It is rare for a parent and child to resolve their relationship sufficiently to complete a succession process. Placing the often emotionally fraught family dynamics between children and divorced parents in a family business setting presents a substantial challenge, requiring much thought, planning, vigilance and determination. The parents/owners must develop highly structured, well-thought-out training programmes, with responsibility built into the system. Through that structure, they must be honest with their children about their ability to perform. If they are, the business will benefit. Their relationship with their children will benefit even more, which is why they bring their children into the business in the first place. ●

Tom Davidow is founder and principal of Thomas D Davidow & Associates, based in Brookline, MA.