



Family feuds can fester for generations and the conflict may have a disastrously destructive effect on the family and the prospects for its business. Communication and respect are the keys to avoiding damaging family conflicts

# Resolving family feuds

By Dennis T Jaffe

ONE OF THE DEADLIEST NATURAL DISASTERS that can befall a family business is a family feud. Tied together by blood and business, siblings or parents and children can find their connection boiling over into destructive conflict. While family conflict is healthy and inevitable, when it becomes a feud, the degree of hurt and anger makes resolution very difficult.

## The Guccis

The Gucci brothers' feud is legendary, and represents a pattern of escalating sibling rivalry that is all too common. Proud father Guccio expected each of his three sons to take their place in the business. Each member of the volatile and highly competitive clan had different roles, and lived in different places as the empire expanded during the 1950s and 60s. After the death of brother Vasco, Rodolfo and Aldo each held about half the shares of the family companies. They were fierce but contained rivals; each had different ideas on how to expand and the role for their own sons.

Aldo's three sons entered the business, as did Rodolfo's only child, Maurizio. Resentment grew between Rodolfo and Aldo over Aldo's increasing control over the business in the US, and Rodolfo's feeling of being slighted by his older brother. Without their middle brother to balance things, things boiled over. Aldo's son Paolo was openly critical of his elders and he tried to go into business using his name to market his own Gucci line.

With control very convoluted among several entities, board meetings became family wars. Paolo was fired by Rodolfo and a well-publicised physical fight erupted at a board meeting. Events escalated even more when Aldo was convicted of tax evasion in New York and went to jail. Control of the company shifted to Maurizio, before the empire was hobbled by the conflict and sold.

## The Johnsons

This is the age of multiple marriages, so inevitably step-sons and step-families can also come to blows. The children of Seward Johnson, one of the brothers inheriting majority ownership of Johnson & Johnson, had a much publicised and costly lawsuit with their step-mother, who had been their father's companion for more than a decade before his death. While the fight was about money, the feelings held by the children were to do with a lack of recognition and respect by their father. Like most feuds, the resolution cost both sides considerable dignity and legal fees, and led to victory for no one.

## The Duponts and the Warburgs

Other feuds arise between family branches and can simmer for years. In the Dupont family, one branch became deeply disaffected for more than a generation by the feeling that family leader Pierre had cut his extended family out of the lucrative sale and refinancing of the company.

In the late 19th century, the Warburg banking family comprised two equal family branches. By tradition, each branch was represented by one directorship in their bank. But one family branch had five sons and accounted for much of the family wealth before the devastation of the second world war. Their cousin Siegmund was raised feeling that his branch had not received its fair representation. As he rose to prominence after the war, he alternated between fighting and cooperating with his cousins for control of the scattered Warburg ventures.

## Conflict and what to do with it

It is hard to sustain harmony and avoid conflicts with any set of siblings, parents, and cousins. Families often dilute potential conflict by creating some distance among family members.

When a family has a vast business, however, the forces of connection make it imperative that they have effective conflict-resolution mechanisms. The features of family feuds are familiar. A deep resentment grows among the parties, with each feeling the other has been taking advantage. There are hot families, such as the Guccis, and cool ones, like the Warburgs. Their anger and mutual recrimination keeps from them any possibility of resolution by direct negotiation.

### The origins of feuds: feelings

While many feuds are about money and control, one can see that they often result from unhappy family relationships – parents not being respectful or loving enough, or a feeling that one child or gender is favoured. A feud begins when one family member feels that their role, share or influence does not allow them to feel respected. Siegmund Warburg and Arthur Dupont both felt slighted by their families, and all the Johnson children felt neglected by their father over many years.

### Preventative medicine

The best medicine for family feuds is prevention. Anyone observing a family feud can see that it doesn't come up overnight, and they aren't always about business disagreements alone. When bringing siblings into the business, parents can minimise the possibility of destructive feuding by following four key principles:

*Define family fairness and justice.* Every family member has a sense of what is fair in a family and, as they grow, these concerns become more serious in their consequences. Families need to discuss expectations, especially in relation to the business. What can a sibling expect, and what differences will there be for those who work in the business and those who do not? This must be done by open communication among family members.

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Families that have a clear expectation of outside employment, and support for heirs who take up many forms of work, are less likely to fight over pieces of a smaller pie. Competent and confident people tend to feel less need to blame others, and are more willing and able to compromise and see the other's perspective.

*Create structural clarity.* If ownership or agreements are vague, they can be interpreted differently. In the Gucci case, the development of many entities with different shareholdings, and unclear mechanisms of control, created the conditions for a fight. The presence of different numbers of siblings in different family branches means that a large family business must have clear structures to define succession and key decisions.

*Include outside mediators.* Families are usually on their best behaviour when guests are present. A close family friend can often say things that a father cannot. In a family business, the presence of respected elders on the board, and available to the

family, can help mediate and reduce friction in succeeding generations. Feuds gain unnecessary heat when there is no outside presence to sit the principals down and let things cool off.

### Toward family reconciliation

But most families don't expect a feud to erupt, or have mechanisms that blind them to the potential hurt that can be triggered many years later. Feuds can simmer for years, only to flare up when there is a death, a trauma or a seemingly minor slight. If your family has had a rift, and there is a deep conflict that estranges two siblings or families, what can be done?

Feuds don't heal because the hurt is so deep and the feelings

so volatile that the two parties have to build walls that separate them. But while the feelings may seem buried, they don't go away. Put one feuding party in the presence of another, at a family wedding or to sign legal papers, and events that happened years ago erupt once again.

Healing in families comes about when one of the parties decides that they are losing more by not being connected than is being gained by the fight. Sometimes another family member feels there should be peace. Reconciliation needs to proceed very slowly, and care must be taken that anger and blame do not escalate.

Anthropologists have noted a powerful mechanism for reconciliation in some cultures. When a person feels wronged or hurt, they give the other person a gift. This serves the purpose of stating that reconciliation and connection is stronger than personal differences. For our purposes, a variation of this might be for a hurt family

member simply to seek out and engage the other person.

The person who wants to end the feud must work on taking some responsibility for provoking the feud. If one is able to say: "I understand that what I did hurt you" or "I understand that this business is very important to you and that you want to be recognised", this demonstrates some openness to the other person. A very carefully written letter proposing a reconciliation meeting can open the door.

Reconciliation must proceed slowly and without a rush to resolve issues. It is often best to start with areas of agreement, and recalling what is good and positive about the family, the business or their work together. Talking about what both people want to do or see in the business can also build a positive foundation.

Family feuds are common and many of them are so deep that they are hard to prevent or overcome. What a tragedy it is when a strong business, and people who have so much, find their vision narrowed and their fulfillment frustrated by the residue of long-standing family hurts, rivalries and deprivation. When a family develops positive ways to openly express and deal with differences, the chances are much less that it will decay into a self-defeating feud. ■

#### Action steps for overcoming family feuds

- Seek out and talk to people who have hurt you as soon as possible.
- Have patience; do not try to kiss and make up in one step.
- Take responsibility for the part of the hurt or conflict that you have contributed.
- Ask others who know both parties to mediate and offer their impartial observations.
- Define what you want and what is fair, not what you don't want the other person to get and state this clearly to the other person.
- Check out what the other person has done, intends or thinks before you act on your assumptions.

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**Dennis T Jaffe, PhD** is professor at Saybrook Graduate School in San Francisco, author of *Working With The Ones You Love*, and a founding member of the Aspen Family Business Group.