

## DEALING WITH ENTITLEMENT IN A FAMILY BUSINESS

By: Professor Enrique M. Soriano III

In business, there is always a possibility that family members who join the company may not always become an asset. Issues may arise if they are favored and entitled due to their blood ties to the pillars of the business.

But who is really accountable for the behavior of favored family-member employees? Most of the time, the founder-parent-business owners play a part in fostering entitled family members given the following reasons:



1. The natural instinct of parents or founders of businesses is to "shelter" their children from the hardships that they endured during the company's startup years.
2. Absentee parents, who concentrate on their businesses during their children's formative years tend to make up for lost time by showering their children with material wealth.
3. Nine out of ten business owners make the mistake of repeatedly assuring their children that "someday this business that I built will be yours" or "everything I do and own will eventually be passed on to you".
4. Bringing in children into the company without any work experience will lead to them emulating the autocratic style of his or her visionary parent.

When business owners commit any of the situation mentioned, we can naturally expect the twin evils (entitlement and "owner mentality") to manifest when the children crosses over from being family members to family member-employees.

Everyday, the business owner will continue to struggle, hold on to the business out of fear, resist initiating a succession plan and try to understand why their children do not display the work ethic or exhibit the same commitment to the company as they do.

When entitled family members are kept in the business, the following issues may arise and consequently, compromise the company's operations and success.

1. The entitled family member employee may not bring any value to the business, preventing it from moving forward.
2. The entitled family member employee may cause divisiveness. Causing non-family employees to have little or no respect for family member-employees whose only claim to fame and passport to employment is his or her last name.



### How to Deal with Entitlement

Can business owners address the sense of entitlement among their family members?

It is possible but it entails firm leadership from the company's patriarch/matриarch or senior generation leaders. They need to set a strong commitment to strictly adhere to corporate governance to be followed by everyone including the next generation family members. This will enable the business to maintain professionalism and allow it to prosper.

Initiating governance and best practices will lead to the removal of the sense of entitlement. One effective way to impose accountability is to create a family charter/constitution, which will clearly outline how and when a family member will progress within the business.

It should also establish a solid family code of conduct that outlines policies addressing predictable problems that are currently happening in the company and/or may likely occur in the future.

In the end, next generation family member-employees must understand and realize that their way into and through the business should always be based on merit and never through their birthright. (sorianoasia@gmail.com)

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