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## WIFU\_compact\_22: Taboo Topics in Business Families

“You know, we can talk about everything.” But can we? Many business families certainly know and appreciate the value of an open and sincere discussion, but outside the spotlight of attention, some corners always remain unexplored. It is in these corners that taboo topics lurk and every business family is well-advised to shed some light on them.

### A taboo – what does that mean nowadays?

Taboos are by no means long-vanquished oddities from times gone by. In every society and at every time, unwritten laws determine what should never be done or talked about. Similarly, there are taboos in families. In general, we can assume that taboos protect something important, valuable or sacred, for example, the cohesion of the family. Five taboo topics are particularly common in business families.

### Taboo topic – succession

One topic around which the taboo is already lessening is succession, and debate in this area has undoubtedly become more open. However, related taboos orbit this topic like satellites. One of these taboos is any questioning of the aptitude of the chosen successor. Not everyone is convinced that they would be a competent leader, but is it acceptable to admit these doubts? Another issue that is sometimes still taboo is female succession. While it would be downright inappropriate to bluntly question the suitability of women, doubts and reservations do persist. Is it possible to express these views or do they have to remain unspoken? And finally, there is the always explosive issue of whether a senior is truly willing to give up their power and personal status.

### Taboo topic – family feuds

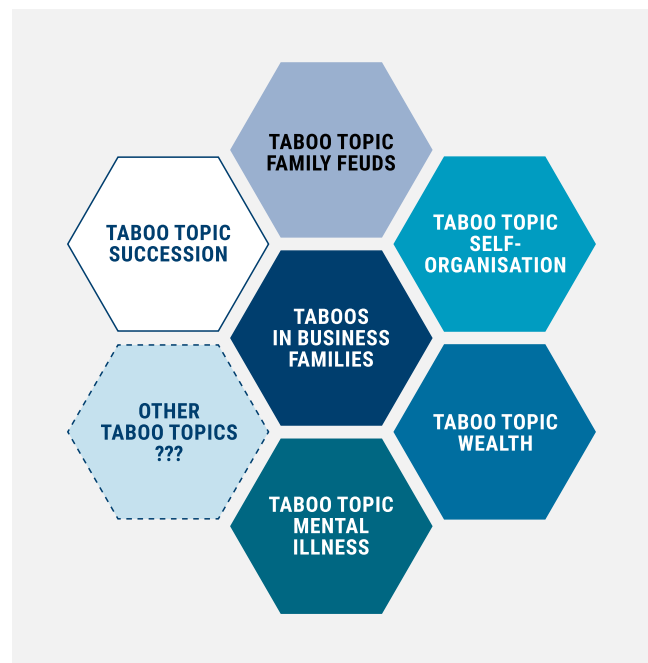
Animosities, arguments and disputes are part of being a family. However, conflicts in business families become dangerous if they are ignored. We may like to think, “In our family, we get along!” but the enduring harmony of family members across generations is wishful thinking. It should, therefore, be acknowledged that conflicts are the rule rather than the exception. As soon as this is accepted, we can find methods of dealing with conflicts in a helpful way.

### Taboo topic – self-organisation

A cluster of very stubborn taboos ... One of them is the divergence from the traditional leadership model. The shareholders believe the business needs to change radically, but how to break this to the top executive? While the business runs successfully, the moment of truth may be postponed, yet if difficult situations are allowed to persist, traditional structures will quickly become overburdened. There is also a reluctance to raise the issue of a lack of competence among shareholders. Again, such shortcomings are disregarded in good times. However, as soon as strategic decision-making is required, with decisions to be made that are crucial for the continuation of the business, a laissez-faire attitude will backfire. Another problematic issue is a reluctance to address the misdeeds of individual actors. Most people are conflict-averse and prefer to hide behind the convention that they cannot and do not want to tell others what to do. However, families who do not insist on rules in these situations risk their reputation, company secrets, money and even individual safety.

### Taboo topic – wealth

There has often been (at least) a tacit agreement that shares and assets tied to the company require fiduciary management and are not part of private wealth. However, this understanding is starting to unravel with the loosening of family ties. Similarly vexed is the question of how to manage secondary assets: To whom do they belong? How much may one





individual, or one generation consume? And then there are further, related, questions: What is luxury? How much money is each individual allowed to spend, who drives which car, has which house, or travels where ...? In the context of large and very large fortunes (and also against the backdrop of macro-social discussions about entitlement to inherited wealth), this taboo needs to be addressed urgently.

### Taboo topic – mental illness

Linked to shame and feelings of guilt, silence surrounds addictions, trauma or mental illness. This taboo also operates outside business families, but it feeds into the question of whether the business family is an unhealthy system in itself. This suspicion can be ruled out for some medical conditions – but not for all. However, it is an issue often avoided. If it were openly discussed, some unpleasant truths might emerge: too much pressure, unfulfillable expectations or desires incompatible with the business.

### Taboos come and go

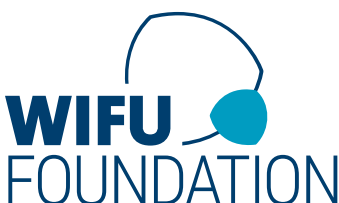
Taboos can change. Although some are enduring, others perish. Nevertheless, change also means that new taboos may be formed. Family business research has identified other issues that rarely attract focus, listed here only in keywords:

- 1 Power: can decision-making power be accepted and how is it legitimised?
- 2 Loss of the family business due to bankruptcy or acquisition: What is left of the identity of the business family?
- 3 Wealth discrepancies in marriages and couple relationships.
- 4 Dealing with significantly diverging shareholdings across different family branches.
- 5 Limits to the cohesion of the business family: are there pressure points that (could) cause the family to break apart?
- 6 The qualifications that family members need for positions and offices – can they be assessed and what do we do if individuals are assessed as insufficiently skilled?
- 7 Managing overextended and overburdened successors.
- 8 What to do in the event of serious illness or the death of family members, especially those who have leadership positions in the business?

### All things considered, there seems to be more darkness than light ...

It seems that way – yet all taboos are not normally present in one business family, or at least not all are so strong that they affect the cohesion of the “family” and “business” systems. The important part is to be aware of these taboos and to acknowledge them at an early stage.

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#### Reference:

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