

MIKE HENNING'S

“ALL IN THE FAMILY” COLUMN

## Rebuilding Business Trust

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If I cannot trust my family, I am a lost soul. Normal, functional people who come to conclude that they cannot trust key family members feel understandably vulnerable and betrayed. No wonder some stop at nothing in their pursuit of justice—or revenge.

“I don’t trust him.” Nothing in life works without trust, especially in a family firm. Unfortunately, a certain amount of distrust seems built into family firms. Entrepreneurs are often ambivalent about trust. Thus, they often zealously guard control and have difficulty trusting anyone else with business decisions. They know so well the narrow margin between success and failure. So they use the business as a safety net for their offspring, which often turns out to be a snare.

It should not be surprising, therefore, that family business issues are all about trust, from the everyday problem of delegating responsibility to the ultimate doubt about whether the kids will try to put Grandpa out to pasture prematurely or stop visiting Grandma when she can no longer write a check. Unfortunately, one member’s mistrust only breeds mutual mistrust and self-fulfilling prophecies about lack of trustworthiness in family members.

When trust is lacking or insufficient, the only alternative to ending the relationship is to rebuild it—contrary to the defensive instinct. In the words of a client, “We have to take down the wall brick by brick and use the bricks to build a bridge.”

### Three Types of Distrust

The first step in trying to turn one client’s deteriorating situation around was to clarify the nature of the different members’ distrust, for there are at least three kinds of trust.

One has to do with honesty. Sharon did not believe she could trust her brother Bill, the regional sales manager, to tell her the truth. He had lied to her more than once, she said.

“It seems to be his way of avoiding conflict. He doesn’t want to tell me bad news, or he doesn’t want to be criticized—so he tells me what he thinks I want to hear. When I find out the truth, I’m twice as upset as I would have been if he had been straight with me in the first place.”

Another kind of trust has to do with intentions: Would this person knowingly hurt me? Both John and Bill had concluded that their sisters and brothers-in-law intended to unseat them, to reduce their power and their incomes as well. That was how they interpreted Sharon’s frequent emphasis on “accountability” and “performance reviews.”

The third kind of trust or mistrust is about competence. The faction of the family that was challenging John III’s leadership didn’t doubt his honesty or his good intentions, just his ability to lead the company. They had too much at stake to entrust it to a lackluster president. Sister Joanne explained, “The others (among her generation) don’t know what to do with him. He can’t manage people, and my husband says

they all try to keep him away from important customers. In each case, a process over many years has built a wall of distrust. A dismantling and bridge-building process can begin, but it will take time. Trust will only come gradually.

If either John or Bill had seen Sharon or their brothers-in-law as untrustworthy in all three ways, I would have held out no hope. Instead, the brothers had positive things to say about Sharon's skills and her honesty. They only doubted her motives because of the way she made trouble for them "when she doesn't get her way."

The second thing I pointed out to them is that in all human relationships —friendship, marriage, parent-child relations, teammates, customer-vendor, employee-manager, or business partnerships —trust is an on-going process. Trusting in other people's competence means giving them room to learn and testing their competence one step at a time. Trust is a process that requires collecting information (overcoming prejudice) over time; controls and risk assessment (distinguishing between those who can, and cannot, be trusted) feedback and evaluation (I can trust him just so far before I need to know the results).

In a family business, allowing each member to develop as an individual is even more challenging, because everyone's livelihood depends on developing and maintaining a shared purpose. Individuation is a matter of how far the members will trust, tolerate, and even celebrate each other's uniqueness before their differences create anxiety over the possible risk to their interdependence.

### **Building Trust**

That word, mutual, was the next important idea the client needed to grasp. Trust never works one way, not for long. It has to be a trusting-trusted relationship. If you don't trust Joe, is that a statement about Joe, or about something between you and Joe? It may be a statement about where your relationship with him is at that point in time.

We devise tests of others' trustworthiness, without telling them we're testing them. We discourage others from trusting us too much, often because we fear the responsibility of accepting their trust. We undermine trust between others if we fear that their good relationship jeopardizes our own relationship with one or the other. And, of course, we lie. We pretend to trust more than we do, and we pretend to be more trustworthy than we are.

Instead, all of the members needed to ask what they could do to earn the others' trust and to make the others more trustworthy – which turned out to be the same process.

The process of trust can go awry in many ways. Most of the time, erosion in the process can be reversed by backing up, understanding what is really being asked and said, and earning and giving trust gradually, by degrees. But people who go through life withdrawing from challenging relationships too hastily, upon insufficient evidence, wind up just as bereft of mutually productive alliances as those who stay too long in destructive ones.

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*This article appeared in Mike Henning's Family Firm Advisor newsletter, for more information about receiving one free copy of our newsletter, visit us at our web site: [www.mikehenning.com](http://www.mikehenning.com), e-mail: [hfbc@mikehenning.com](mailto:hfbc@mikehenning.com), or call -- 217-342-3728. Mike Henning is a nationally and internationally respected consultant and speaker on family business issues.*