

# 17 DEADLY SINS

## in Family Business

### 1. USING THE “FAMILY SYSTEM” INSTEAD OF THE “BUSINESS SYSTEM”

A family business operates within two distinct systems: the family system and the business system. Problems arise when the family imposes its emotional structure onto the business. A family business should be governed by business logic, not family dynamics. When families “play family” at work — recreating household patterns in the company — conflicts, favoritism, and inefficiency quickly follow.



### 3. CONFUSING PARENTING WITH MANAGEMENT

Raising a family and running a company require very different skill sets. Parenting is about nurturing and protecting; management is about setting expectations and measuring performance. Treating employees like children — or children like employees — confuses both systems and damages authority and respect.

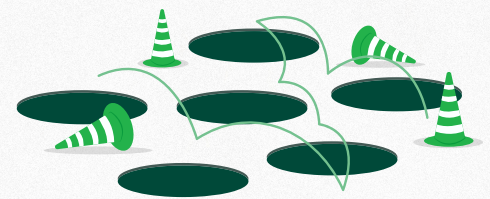
### 5. REPEATING FAMILY BEHAVIOR PATTERNS AT WORK

Patterns learned in childhood — such as attention-seeking, entitlement, or lack of discipline — often reappear when family members join the business. Spoiled or dependent children who are not held accountable become a liability to the organization.



### 2. REFLECTING FAMILY CONFLICTS ON THE BUSINESS

Without deliberate intervention, family tensions and unresolved conflicts naturally spill over into the business. Disagreements that belong at home can infect workplace dynamics, harm teamwork, trust, and productivity.



### 4. THE FAMILY’S HIERARCHY IS THE BUSINESS CURSE

Many families unconsciously replicate their household hierarchy within the company — for example, by assigning roles based on birth order or gender. This often results in unqualified individuals filling key positions simply because of their family status, not their merit. This approach raises a critical question — are the right people in the right roles?

## 6. EQUAL REWARD FOR UNEQUAL WORK (I LOVE ALL MY CHILDREN EQUALLY)

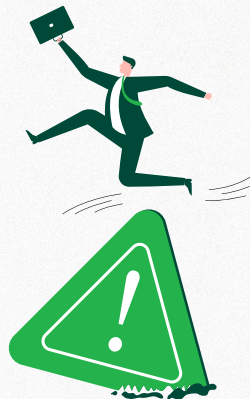
Parents often equate fairness with equality: “I love all my children equally.” While equal love is essential in families, equal reward has no place in business. Compensation and authority must reflect contribution, capability, and performance, not family ties.

True equality in a family business means giving everyone equal opportunity to contribute — not equal outcomes.



## 8. TREATING ADULT CHILDREN LIKE CHILDREN

Even as children grow older, parents often continue to treat them as dependent rather than equals. Joining the family business does not automatically change this dynamic. When parents fail to recognize their adult children as capable professionals, it prevents them from earning respect and developing true leadership within the company.



## 10. COMPETING WITH ONE'S OWN CHILDREN

Some parents remain in control of the business long past their competitive prime, often viewing their children as rivals rather than successors. This leads to potential successors being sidelined or undermined. Families must remember that their real competition lies in the market, not within their own walls. Parents should focus on mentoring their children to lead, not competing with them.

## 7. COMMUNICATING THROUGH INTERMEDIARIES

When family members avoid direct communication and rely on third-party intermediaries, misunderstandings multiply. Clear, honest dialogue — even when uncomfortable — is essential for healthy business and family relationships.

## 9. DISMISSING THE NEXT GENERATION'S IDEAS

Adult children who join the family business often bring fresh ideas and new approaches. Unfortunately, parents frequently reject these ideas instinctively, often without realizing it. Ironically, they may be more willing to listen to suggestions from non-family employees than from their own children. This not only discourages innovation but also leaves the children feeling undervalued and disrespected.

## 11. FORCING CHILDREN TO BE “MINI-VERSIONS” OF THE PARENTS

Some parents project their own feelings and ambitions onto their children, expecting them to think, feel, and believe exactly as they do. To be considered loyal, the children are expected to share the same passion for the family business as their parents. However, forcing this interest suppresses the children's ability to explore their own talents, understand their strengths, and reach their full potential. Moreover, not all children possess the right skills or temperament for business, and imposing this path can hinder both their growth and the company's success.

## 12. RESISTING SUCCESSION AND ROLE TRANSITION

Business succession means that current owners step aside while successors move up to take their place — the children assume dominant roles, and the parents take on more passive ones. However, succession only changes roles within the business system, not within the family system. Parents will always remain the heads of the family. Many owners, however, see stepping down from the business as losing their family authority, which can create fear and resistance. Likewise, children may also feel anxious and uncertain about their ability to fill their parents' roles and meet expectations in leading the business.

## 13. IGNORING THE VALUE OF HEALTHY DISTANCE

“Distance” means stepping away from the direct influence and pressure of the family system. It is essential because it allows individuals to discover who they truly are — their likes, dislikes, strengths, and weaknesses. By gaining experience and feedback from external environments, people develop self-awareness and independence. Therefore, it is advisable for family members to work outside the family business first, building perspective and confidence before taking on roles within it.

## 14. COMPLEXITY IS THE SILENT TRAP

Family businesses are often more complex to govern than non-family enterprises. Emotional ties, overlapping roles, and personal relationships add layers of difficulty to decision-making. Because family members often play multiple roles — as owners, managers, and relatives — conflicting interests and misaligned incentives can easily arise.

## 16. INFLEXIBILITY BLOCKS PROGRESS

A common downside of deep-rooted family involvement is rigidity. The belief that “we’ve always done it this way” can stifle innovation and adaptation. Businesses that fail to evolve with changing market, social, or technological conditions risk being left behind. Flexibility and openness to change are essential for survival.



## 15. INFORMALITY BREEDS INEFFICIENCY

Many family businesses suffer from a lack of formal structure and discipline in critical areas such as succession planning, family employment policies, and attracting or retaining skilled external managers. Founders and early generations often rely on informal decision-making, which may work initially but becomes a liability as the business grows. Without clear systems, defined roles, and consistent processes, confusion, inefficiency, and weak accountability take root — threatening long-term stability and continuity.

## 17. PRESSURE FROM HIGH EXPECTATIONS

High expectations — from both inside and outside the family — can create enormous pressure on family members. To manage this, professional standards must be applied when employing relatives. Setting education and experience criteria, paying fair salaries, conducting regular performance reviews, and involving non-family managers in evaluations ensures that family members succeed based on merit, not privilege.