

Hi. This is Wayne Rivers at The Family Business Institute. Thanks for tuning in. As always, we want to know your comments, so click on the link below. If you like, make suggestions about what you'd like to see in future blogs in the incoming weeks.

This came up a few weeks ago and I thought it was a good time to re-bring this up as a part of your family business system. I'm going to come back to that in a minute. We're undertaking an assignment with a family business, and as we always do we're going to interview family members and key employees in the business. We do psychological profiling and surveying and other things, but a face-to-face conversation can be very informative as well.

So, we're getting ready to go and we compile a list of the people we want to interview with the help of the owners of the company. The wives are on the list and so our consultant goes, and he goes in the front door and they say, "Hi. Why do you need to interview our wives?" Now, we discussed before with them the reasons why and we got over that hump, but then the consultant gets there and it come starts all over again.

It's a great question, why in the world would these consultants want to come in? During the context of the family business, succession and strategy planning, "Why in the world would you want to interview my wife who doesn't even work in my company?" My first reaction to that is, "Are you kidding? Really? Seriously? Are you kidding me?"

Let me just go through some of the reasons that this is an issue. First of all, most people when we say we're going to interview the wives, and by the way I don't mean to be sexist, the spouses. When we say we're going to interview the spouses most people understand that intuitively they just get it, but 10% or 20% say, "Why in the world are you going to do this?" We have to kind of go through the motions with them.

First of all, objectivity, since they don't work there every day, they're not embroiled in the day to day moving boxes and handling customer complaints, they're a little more objective about the business, they're a little bit more removed from the day to day and they can look at the 30,000 feet view.

The other thing is they tend to be fairly protective, spouses tend to be protective of their spouses. They'll in essence advocate for their spouse, whereas I might not advocate for myself because I might perceive that that's disrespectful to my brother, or my sister, or my mom or dad. My wife would advocate for me and she might say, "Well he works the hardest and he contributes the most, and he gets paid the same as everybody else and then we'd never have thought that was fair," and all that kind of stuff so advocacy is a piece of it.

The spouse usually takes the view of how the business affects the family. Again, if you're talking to me as an operator of business, I'm thinking purely business stuff - moving stuff point A to point B and achieving goals and setting targets and all that kind of stuff. You're not going to hear probably a lot for me at least not superficially about how the work that we do here takes time away from my family and all that, but you would hear that from my spouse.

They tend to do more truth-telling than other people in the family business. Again, they're outside the business looking in to a degree and they tend to be a lot more honest, I think when we interview operators, insiders in family businesses they gloss over lots of stuff and we talk to the spouses. We tend to get the real dirt of, "My mother-in-law doesn't work there anymore but she used to be the office administrator and the finance person and she keeps an iron fist on that checkbook." We'll hear again, so yeah, I've been running the business for 20 years, and then we find out later that mom, grandma in this case actually, still controls the finances of the business.

We get a more truth-telling from spouses who don't work in the business than you might otherwise suspect. They just gave us a ton of valuable insights and I can't imagine doing a family business intervention without interviewing spouses who are directly affected by the decisions that the insiders make. They are stakeholders, just like anybody else, they may not be stockholders but they're stakeholders in the outcomes of the family business. They want to make sure things are fair, the business is running successfully. I mean, they themselves and their children have a stake in the outcomes and success of the family business.

Now, let me get back to system, the family businesses we've written about and talked about 100 times before is the system. It's not stockholder A and stockholder B and stockholder C and everything is about us. We have spouses, we have children, we have employees, we have customers. The family business is a system that works together in an interlocked way, and in all parts of the system need to function pretty darn well in order for people to be successful, to be happy, and to enjoy a reasonable remuneration from all the hard work and the risk that they put in.

So, why do we interview the spouses? They're a key part of the family system and the family business system and they too have a stake in the outcomes of family business succession and strategy planning. I can't imagine undertaking a family business assignment without interviewing the spouses. Hopefully, this answers the question for the 10% or 20% of our audience that doesn't necessarily get it. Anyway, spouses are a key part of the system and absolutely don't turn your in-laws into outlaws, make them a part of the interview and the assessment process.

This is Wayne Rivers at The Family Business Institute. Thank you.