

*Dubai-based Samir Haddad, at 69, is determined to bring structure and governance to Family Businesses. He is knowledgeable, sharp, experienced and determined to make your family business grow and succeed. He has worked with several Indian Family Businesses to help them perpetuate their rich legacy.*



## Managing Conflicts in Family Businesses

# Difference of Opinions Result in Discord in Family Businesses

- Samir Haddad, a well known UAE-based Family Business Counsellor



**Nitasha Kohli**  
Overseas Editor  
SME WORLD

**V**ulnerability of family businesses is evident in almost every country. The family businesses remain exposed to the discord and disharmony. Family business blends the line between work and life, making burnout almost inevitable. If excitement and ambition are the fuel that powers your business, burnout is the equivalent of your engine frying.

*The families of today are quite different from those of the yore when values mattered more than anything. They were driven by traditions rather than temptations. Social values were high on priorities.*

Family businesses are fundamental to the business landscape of the regions and the Middle East is no exception. In the present charged economic scenario, the challenges faced by today's family businesses are perhaps greater than ever.

The families of today are quite different from those of the yore when values mattered more than anything. They were driven by traditions rather than temptations. Social values were high on priorities. Global economy, multi-challenges, regulations are the some of the challenges which work to compound the relationships within the families.

What is required is an equitable balance between family demands and the needs of the business. The family governance framework has to well defined and tangible. Lack of succession planning is a major challenge facing most family-run enterprises. Succession means change from one generation to another. It means change of leadership. It also involves set of emotional issues, accepting new responsibilities, change of leadership issues. It is a kind of revolution in which the culture of the organization is restructured by the next generation, who brings with them new ideas about how business should be run, how to develop new working practices, new staff, new loyalties etc.

Family is one of the oldest surviving social system (Goode1982) and family business is the oldest surviving economic system. Family businesses exist all over the world for centuries. 80% of the world business is controlled by families. Family businesses constitute the largest size in terms of ownership contribute significant to the gross national product (GNP), total industrial employment

and total exports of the country. The world's oldest family business is a construction company named 'KongoGumini' of Japan founded in 578 AD and is currently managed by the 40<sup>th</sup> generation. Some of largest family business firms worldwide are: WAL – Mart (USA) – Sam Walt man Family, Samsung Group (South Korea), Foxconn (Taiwan) and Tata Group (India) India enjoys a rich and glorious history of family business. Families like Tata, Birla, Goenka,

Family is one of the oldest surviving social system (Goode1982) and family business is the oldest surviving economic system. Family businesses exist all over the world for centuries. 80% of the world business is controlled by families.

Murugappa, Bajaj, Modis, Bangurs, Mafattals, Godrej, Wipro, Ambani are surviving since more than 3 generations successfully .

“Conflict in business families cannot be eliminated. It can be managed and

reduced. Conflicts between people initially arise because of differences of opinions. However, if not immediately resolved they can develop into complex scenarios which adversely affect both family and business, says Samir Haddad, Managing Director, Family Firm Advisors based in Dubai.

**Family Firm Advisors work with business families on matters of family and business. “We work with family businesses to build the foundations that would better prepare them to preserve their family legacy and their business into future generations.** Family owned businesses have their own unique complexities. They need to understand and effectively manage the overlaps of three interrelated and dynamic systems: Family, Business and Ownership. Families who are serious about maintaining their legacy, long term family unity and business continuity need to successfully manage these complexities on an ongoing basis, Haddad says.

Samir Haddad brings a distinctive mix of professional experience and qualifications. He is a member of the Family Firm Institute, USA, the oldest and most prestigious multidisciplinary professional



*In the context of addressing family matters, a professional and trusted advisor plays an important role as an impartial facilitator of communication between family members on topics that are often deemed sensitive or controversial to be freely and openly discussed among them; quite often this is why families keep postponing these discussions.*



association for family enterprise in the world where he has had an advanced certificate in Family Business Advising. Samir has held board of directors positions with Corporations, educational institutions and NGOs.

Samir is highly experienced senior corporate executive having been the Vice President and Regional General Manager for Middle East & Africa at Gillette, now part of P&G Group. He was group CEO and board member at a GCC family owned business where he worked with 3 generations in the family.

**SME WORLD's Overseas Editor  
Nitasha Kohli talks to Samir  
Haddad in Dubai.**

**Please describe your career  
journey.**

The more recent and longest part of my career has been 22 years with the Gillette company where for the last four years of that period I was vice president and regional general manager for the Middle East and Africa; this region comprised over 60 countries. I had progressed through general management positions in Egypt then the Middle East and worked also in the UK, South Africa and Dubai and succeeded in

consolidating that geographic region under one management for the first time. This proved to be a very successful arrangement for the company's business and for expanding the careers of our managers. After leaving Gillette I took up the position of group CEO with a family-owned business in Saudi Arabia; this provided the opportunity to lead and manage inside a family firm where 3 generations of the family worked in the business.

**Why did you decide to start  
Family Firm Advisors?**

I observed a need in the Middle East countries for more organized and clearer relations between members of business families as well as improved systems, procedures and clarity within their businesses especially that many of these businesses were transitioning from the founder generation to the second generation

Family Firm Advisors work with business families on matters of family and business. "We work with family businesses to build the foundations that would better prepare them to preserve their family legacy and their business into future generations.

or later. Such transitions often lacked (and still do) the level of planning and internal organization that can make their intergenerational transition successful. In the business literature the 30:13:3 rule is still the accepted reference, around 30% of family businesses survive to the second generation, 13% to the third generation and only 3% beyond the third generation.

This has prompted me to delve deeper into this subject and to pursue obtaining my advanced certificate in family business advising.



**Why do family businesses need a  
special consultant?**

In the context of addressing family matters, a professional and trusted advisor plays an important role as an impartial facilitator of communication between family members on topics that are often deemed sensitive or controversial to be freely and openly discussed among them; quite often this is why families keep postponing these discussions. The professional advisor brings knowledge of both process and content that allows him to add value in managing conflict or differences among family members and open doors for positive discussions that lead to positive outcomes.

Obviously, if the advisor also comes from a strong management and business background and has actually been in such top positions he can additionally advise the family on

*The professional advisor would have the knowledge to understand the peculiarities of each such challenge and come up with tailor-made solutions that suit the family's and business's particular needs and requirements.*

management and business-related matters and be a catalyst in delivering measurable improvements in their business.

### **How can family businesses in India benefit from your services?**

We advise business families on family matters and on business matters. These families often face similar types of challenges almost everywhere. A prime example of such challenges are family governance and succession planning whose effects can easily carry into the family businesses. The professional advisor would have the knowledge to understand the peculiarities of each such challenge and come up with tailor-made solutions that suit the family's and business's particular needs and requirements. The skilled and professional advisor would be knowledgeable, discreet, and trustworthy and have respect for the cultural sensitivities of the communities where he is doing his work. These combined traits significantly improve his ability to deliver the results that meet his clients' requirements.

### **What are the challenges Family businesses will need to deal with?**

The increasing number of owners and family members, the entry of non-family members, differences in opinions within the family and the business and resulting conflicts and anxieties, reduced family bonds, the influence of money, succession issues, are among the many challenges that family businesses would need to deal with effectively in order to maintain the continuity of both the family and the business.

Here again, these types of challenges indicate why, quite often, business families would need to work with one or more professional advisors to identify and address such challenges.

### **What is the future of Family Business in the changing corporate world?**

I think that Family businesses will continue to face many of the types of challenges that they have been facing say in the last 15 years, though possibly more intensely; challenges which have often resulted in the family businesses' relatively short generational survival. Technological and process innovations will keep the pressure businesses to be resilient



We advise business families on family matters and on business matters. These families often face similar types of challenges almost everywhere. A prime example of such challenges are family governance and succession planning whose effects can easily carry into the family businesses.

I observed a need in the Middle East countries for more organized and clearer relations between members of business families as well as improved systems, procedures and clarity within their businesses especially that many of these businesses were transitioning from the founder generation to the second generation or later.

and innovative, anticipating trends, planning and adapting in terms of new product and service offerings and more focused allocation of resources..

Within this context families would need to build the appropriate leadership talent and skills within themselves in order to keep pace with these developments and innovations and continue their legacies into the next generations.

### **Can you provide some background information about you?**

I am married with grownup daughter and son. I am very fond of nature and the outdoors, with a number of my hobbies often tied to that like swimming, skiing, jogging. Reading of professional literature, global news and happenings as well as some casual reading on less serious matters help maintain a balanced and 'sane' perspective of things. Air and noise pollution especially in major urban centers are diminishing the overall quality of living in these locations and in some cases perhaps even causing some health issues.

Positive creativity and innovation in all walks of life and the people who make them happen continue to inspire me and convince me that we should not set boundaries for ourselves.