From Partners by Chance to Partners by Choice: The 7 Cs of Trust-based Partnerships

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Sibling and cousin partnerships almost always come about by chance rather than choice. Non-family partnerships are forged to capitalize on market opportunities whilst family partnerships are formed to help parents feel as though they've treated their children equally or to minimize estate taxes. Sometimes, but not usually, these partnerships are formed because siblings and cousins want to be in business together. It makes good sense then for family business partners to take the time to re-constitute their partnerships around fundamental principles — what I call the 7 Cs of Trust-based Partnerships.

Mike and Jim Brown (not their real names) struggle to manage their partnership as brothers, leaders and equal owners of a growing manufacturing firm in the Midwest. "I love and respect him," Mike says about Jim. "He's a great brother, father and husband. But if I'm being totally honest, I never would have chosen him as a business partner." When I ask Mike why, he points out that he himself takes an empirical, rational approach to the business and its challenges, while Jim is "far more emotional and intuitive — making decisions more from his heart than his head. Plus, he spends more money than he should. He's always in need of cash." Jim feels the same way about Mike. "As a brother? Yeah, Mike's a great guy, absolutely. But as my business partner, he's more controlling and paranoid than I'd like."

The Browns represent a composite of many family business partnerships I've observed. They are partners by chance rather than choice. With so many sibling and cousin partnerships around the world, it is crucial that family partners change this dynamic by going through the process of building and maintaining trust-based partnerships.

The goal of any partnership is to create a whole greater and more valuable than the sum of its parts built on the dimensions of skills, capital, performance and character. Here, I offer "7 Cs" critical to the formation and maintenance of trust-based partnerships, reflecting both individual and collective attributes. Now, it may be tempting to see yourself as strong on all counts. But I encourage you to think objectively about where you might improve — as part of a personal-responsibility oriented approach — while also striving to identify and enhance these qualities in current or prospective partners.

> "Your beliefs don't make you a more trusted person. Your behavior does." Unknown

The 7 Cs of Trust-based Partnerships

Character
Ask yourself: Does my behavior exhibit the character I seek out and trust in others? Character is fundamental. It's the bedrock of any trust-based relationship, encompassing respect, integrity, empathy and other qualities that determine how we integrate and collaborate with one another.

When Warren Buffet was asked about what he seeks in managers, he replied, “I’d say intelligence, energy, integrity. If you don’t have the last one, the first two will kill you. All you have is a crook who works hard.” [1] He notes that if asked to bet future earnings on someone, most of us should pick the person most effective at working with people and avoid the person no one wants to collaborate with.

How do you recognize character in others? Historical analysis of a person’s decisions about potentially ethical issues is a good place to start, such as how to compensate people or manage toxic substances. But it’s also about the smaller things. For example, pay attention to how potential associates talk about those who are not present or treat wait-staff at restaurants or events. Is there evidence of disrespect based on social status or other? If so, consider what this might indicate about the individual and how they might function as a partner.

Capability

Can your partner trust in your ability to perform your role or tasks according to pre-determined measures of acceptance? In short, can you do what you say you will do? Like character, capability is essential for a strong partnership. I have seen instances where a partnership between high-character people with strong commitment failed to yield value because one or both parties lacked the right capabilities.

Measures of capability in family firms are most often related to business skills such as strategy formulation, problem-solving, financial analysis, marketing acumen, compliance, governance and others. Returning to our personal-responsibility approach, an important question to consider is: “What unique and valuable capabilities do I bring to this partnership? What is my highest and best use? In which areas do I bring skills and abilities better than 10,000 other randomly selected individuals?”

Commitments (as in “Keeping Commitments”)

Trusted partners keep their commitments. They do what they say they will do. They do not overcommit and under deliver, but instead think carefully about their promises before they make them. A telltale sign of an over-committer is one who seems to constantly be apologizing for missing a deadline.

How reliable are you as a partner? Do you think carefully about your commitments before making them? Do you do what you say you will do when you say you will do it?

Complementarity

The mere presence of capability is not sufficient to create a highest-value partnership. Ideally, the skills, strengths and attributes present will fit together in a complementary way, both within and between partners, such that each supports, reinforces and maximizes the others. This goal is often the driving reason for creating nonfamily partnerships.

Here again, there are many dimensions of potential complementarity: hard and soft skills, “heart and wallet” (or emotional strength versus financial skills), capabilities with people management versus strengths with asset management. Of course, these skill sets aren’t mutually exclusive and a given person may have abilities in multiple areas.

But it’s how easily and well the contributions fit together that determine the partnership quality. Sibling and cousin groups are rife with differing skills and experiences. This variety is usually better than homogeneity, so far as there is a productive place for them to be applied. How do your skills and attributes complement those of your partners? What can you do to increase the value you are contributing to your partnership?

Collaboration
Some children are known by their parents and teachers to "play well with others." There is substantial evidence that interpersonal skills (or lack thereof), or those related to collaboration, start at an early age and tend to be maintained into adulthood, influencing how we work with others. [2]

Collaboration is the beating heart of a trust-based partnership and is based on and strengthens the other Cs. Working well with others includes respect, sensitivity, empathy and communication (another C, discussed below), with an ability to monitor, anticipate and address any problems that come up in the relationship on business, family or other fronts.

It's important to understand that strong collaboration is not the exclusive domain of extroverts, or people who are naturally more interested in social interaction and derive more energy from interpersonal relationships than their introvert peers. In fact, some of the most fruitful collaborations are between people on opposite ends of the introversion-extraversion spectrum, such a Steve Jobs and Steve Wozniak (who were family-like in their decades-long collaboration and conflict at Apple), because they bring different strengths and perspectives to the table. [3]

Think about where you fall on this spectrum and how willing you are to overlook differences in opinion and style and collaborate with your family business partners.

Commitment
Commitment is the invisible glue that holds a relationship together, no matter how complicated or conflicted it gets. While the presence of different ideas and perspectives are natural to business, it can be unnatural in a family context, contributing to greater discord. That's where commitment comes in.

Just as in a romantic relationship, there can be different levels of commitment between family business partners. But remember, most family business partners did not choose to be partners and are starting out as involuntary associates. For this reason, I encourage family partners to take the time together to openly consider how committed they are to the partnership and the broader enterprise. Do we want to be business partners? Are we committed to seeing things through over the long term? Are we focused primarily on our own gain or on others' growth and development? Am I willing to back up my commitment with real action, even when that means significant sacrifice?

Asking and answering these questions will go a long way to understanding how likely it is that the partnership will evolve from that of chance to choice. Let's be honest — some partners may not be committed to the partnership for the long-run. Isn't it better to know and plan for this circumstance now rather than later?

Communication
Can we talk? That sounds like a facetious question, but communication is critical to all relationships and lays the foundation of trust-based partnerships.

I think of good communication among partners as encompassing multiple features including these:

- Consistency: Do we talk regularly and address important topics, including difficult ones?
- Clarity and conciseness: Do we communicate simply but powerfully, without over-explaining? (Mark Twain famously apologized for writing a long letter because he "didn't have time" to write a shorter one! Less is often more.)
- Self- and team-awareness: Do we understand how we are doing as a team and individuals with regard to the partnership and where we can improve? Are we willing to talk about these things regularly?
- Process: Do we communicate about what we want to keep doing (or stop doing) and why? Do we talk about the best way to run the partnership, including how often to meet, what issues to monitor and how to resolve conflict?

Conclusion

Those are the 7 Cs that underlie trust-based partnerships. How can you put them to use in your family business? Set aside an hour during your next board meeting or owners council to review them and rate yourself as a partner and your partnership. It's unrealistic to expect that you or your partnership will be above average in all seven, but the results of your review will help you to identify weaknesses and plan for strengthening them.

You can "sail the 7 Cs," so to speak, by paying careful attention to them, including how they work together and how they can be improved. During the voyage, remember, the goal is to you help your partnership evolve from one of biological chance to strategic choice.

[1] http://www.thebuffett.com/quotes/Management.html

[2] See for example Robert Hogan, Handbook of Personality Psychology, Elsevier, 1997.

[3] For more on the dynamics of partnerships between opposites, see Jennifer Kahnweiler, The Genius of Opposites: How Extroverts and Introverts Achieve Extraordinary Results Together, Berrett Koehler, 2015.

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