



Q&A with Clere Co-founder, Sam Dresser

You are an expert in the fields of addiction and family business transition and succession. Besides addiction, what are some of the forces that can get in the way of handing things off to the second or third generation?

I go back to my own story, in 1983, when I was in my early 20s and trying to finish college. I was struggling with my own alcoholism at the time and working as a laborer for my father. He had built up a good-sized construction company that built bridges all over Minnesota, Wisconsin, and Iowa – a business that he had inherited from his father.

Before I could ask him about my role, if any, in the family business, and before I began to work on my recovery, he was killed in a car accident. My mother died very shortly after that. My parents had no plans to die, and no plans of what would happen to the business if they did. So, there I was at age 24, with absolutely no one to advise me on what I should or shouldn't do, facing a decision of whether or not to let go of the century-old family legacy. I really had no choice but to let go. So, you can see I have a particular passion for this work – and for telling moms and dads who think it will never happen to them to plan ahead and make sure that they are devoting resources to preparing their families for transition and succession.

The research shows that about 7 out of 10 estates fail after the transition to heirs. In family business transition, the heirs-apparent or president wannabes oftentimes are not prepared to take on those roles because their family dynamics have woven themselves into the management practices of the business. We often find that members of the second generation have little accountability and no clear lines of authority. Sometimes they're in positions that they're not capable of maintaining professionally; or they burn out because this isn't necessarily where they want to be and are performing out of a sense of obligation, or they are caught in "golden handcuffs" – believing that they can't possibly do better outside the family business.

A successful transition takes years of planning, especially to open the intergenerational lines of communication. Most family founders and their heirs are tempted to see the succession as transactional in nature: The valuation and terms of the sale are in place, and the tax and financial implications are understood. But the impact of family dynamics on the future business – all the land mines and obstacles to a successful transition between the generations, siblings and inlaws when the balance of power and control shift – is vastly underestimated. The literature and the research are telling us that those businesses have a high likelihood of failing.



How does addiction complicate or exacerbate these issues?

The complicating factor for addiction and family business is that the business is the money pump for families. When you have individuals who are not only members of the family but also woven into the fabric of the money pump, whether as an employee or an executive, suddenly there are a lot of variables and complications. If the person who is addicted is not performing well – and typically that’s what gets people’s attention – everyone finds ways to work around that. Businesses will limp along for a long time and suffer, with the people around the addicted person compensating and enabling in much the same ways that all families do, whether or not there’s a business.

When there is addiction in the ranks, Clere Consulting collaborates and plans with other professionals (including financial, legal and philanthropic experts) who are advising families. One of them is Larry Hause, co-founder of the Family Business Alliance and co-author of “The Balance Point: A Book for Family Business Owners in Transition.” We all understand on a deep level that in order for transition and succession to work effectively, there’s a skill set that is needed that pays attention to the family structure and family dynamics around change. That really is the area we work in: If we need to make changes to be successful, what are they? How are we going to make them? And what will some of the barriers be?

Does enabling within the context of a family business work the same as enabling within the context of a family?

I would say it’s largely the same, though there are different permutations of enabling in family businesses. If I’m your father, and you’re working in my company and you’re getting paid X amount of dollars, and I’m getting reports from people that you’re not doing well, I’m likely to play out and repeat the same responses that I have had as a father. For instance, if my pattern is to minimize conflict and avoid setting clear boundaries and limits, I will play that out in the company. Within the company, the non-family managers and supervisors are all caught in a tough spot. Depending on the receptivity of the owners or the family-member management, they’re often reluctant to say a whole lot about the performance of family-member employees; there’s nothing in it for them. So just by virtue of being a family-member employee you are enabled to a certain degree.

Having said that, it also works the other way: In fact, many employees who are family members will tell you that they have had to work a lot harder, jump a lot higher, move a lot faster and be better than anybody else in that company – because guess who’s the boss? You have a target on your back because you’re the boss’ kid. Non-family members look at you and think to themselves that you must be privileged, that you get extra because of who you are and your last name. You’re already perceived as being a favorite and your identity is that of a family member who is also a future potential owner and heir. So, you are different, and it is challenging, difficult and stressful to work in that system.



How does a family-owned business with addiction in the ranks begin to untangle from all the related issues?

Fortunately, family businesses are in a perfect position to use financial and employment leverage with a family member who is struggling, depending, of course, on who that person is. They have the added component of employment, future compensation, and potential ownership, especially with the second or third generation when the ownership hasn't yet transferred.

Let's say there's a large successful retail business with the second generation actively engaged in the daily operations. The owners' goal is to pass on the business equally to their children. One of the sons is bright and talented and the most logical candidate for becoming president. The complication is that he's in recovery from alcoholism and has had multiple relapses.

For this situation, we'd design an employment contract that requires him to participate in a recovery monitoring program individually designed by Clere and his treating professionals. We use evidenced-based principles taken directly from proven, high-outcome monitoring programs used by airlines for their pilots and health boards for their practicing physicians. The devil is always in the details and implementing these kinds of programs within a struggling family system and workplace takes experience, commitment, and constancy of purpose, which we drive and support for our clients. At first it might seem a little punitive – more like a stick than a carrot. What happens over the 18 months is the best part of my job, as people heal, and trust and confidence are restored. Chances are you eventually will have an effective employee who has regained his siblings' trust and confidence. They'll be able to say to themselves, "I don't have to worry about my brother being a fellow owner or being the president of the money pump for my family, because I know that we have this accountability plan in place."

Are there situations in which there is no leverage at all? What if the addict holds all the cards?

There are always family relationships to leverage. But I've run into that, and it's difficult to overcome. Generally, we don't get hired, because if they're writing the checks and their company is paying the bill, they're not going to want to hear from people like me. Our strategy there is always to help the people around the addict to move forward – to do something positive for themselves, set boundaries and limits, and to find ways that they can be in a relationship either with the business or with the dynamics that exist with a degree of integrity and health. If they can't, what are their options and what can they do differently and how can they move on? Those are the challenges we help to address.



Can pressure to take the reins be a contributing factor to addiction?

I can't really say that there's a causal link. But what I can say is that whenever you aren't true to yourself, your motivations, your values, or you aren't really sure what they are and you're in the family business out of a sense of obligation, these can certainly contribute to stress and dissatisfaction, which people quite naturally desire to self-soothe and/or medicate in different ways. Unfortunately, if you're predisposed to be an addict, if that's the way you're wired, medicating using alcohol and/or mood-altering substances will likely lead to serious problems.

Are you able to help people free themselves from expectation and obligation and frame their own identities?

I use the Hogan Assessment Systems with all family business clients, which is a state-of-the-art psychological assessment tool that helps people identify their motives and values and how they show up and are perceived in the professional setting. I use information from the assessment to provide coaching and analysis that helps them process and cope with their circumstances. The goal is not to talk someone out of working in the family business. The goal is to open them to the possibility that their job satisfaction/stress response to working in a family business can give them context for why or how or if that works for them.

Everybody must make choices about where they are going to work and play and what they're going to be a part of. Within the construct of family business, very good family business advisors will help the owners and their family members define ways in which they can participate in the company either as owners or managers of employees in ways that make sense. That's the beauty of a family-owned business: You can have a family employment policy on which everybody agrees, with roles and accountability patterns that contribute to the members' health, happiness, and success.

What are some strategies for reintroducing a family member back into the family business after treatment??

Almost every family business owner and manager I've ever spoken with says they have an employment policy. And I always ask, "Well do you have a policy regarding substance abuse and addiction?" And they say, "Well yes we do, we have it right here." And then I ask, "In practice, does this apply to all family employees?" You can guess the answer.

It's essential to create a family-member employment policy that addresses addiction and substance abuse issues and spells out the accountability of family-member managers and employees. Having a policy, however, is not enough. It's my job to facilitate an owner/management culture that understands and buys into a policy that treats this as a brain disease requiring medical attention, ongoing support, and an employee's accountability for self-care.



The policy should include best practices around recovery management (including randomized biological testing) and a plan for what to do if a person relapses. Do they lose their job? Are they done for good? Are they out of management? Or can this person be allowed to address his needs medically, and have a prescribed plan of treatment and recovery? That's usually how people land and that's usually how I advise them to land – unless things have really deteriorated. There are some events that are just irretrievable, and some behaviors that carry a high risk of liability and lawsuits. I've been involved with cases where a person can never come back to the company. And it's legitimate, and you have to work within that construct as well. Those are less common, but they do happen.

What daily practices do you employ to maintain sobriety?

Well, there's Rule 62 from the "Twelve Steps and Twelve Traditions" – "Don't take yourself too damn seriously" – which I have to put in front of me every day in order to keep from getting into too much trouble. My children and especially my wife are a constant source of inspiration and guidance for me. Aside from that, I make daily conscious contact through meditation with my Higher Power, making sure that I take time in the morning and the evening to acknowledge that connection.