



Welcome to the Interpersonal Issues module.

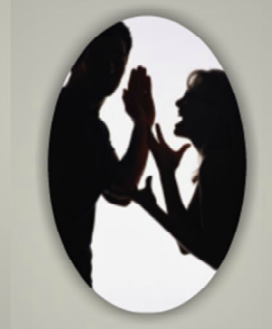
In this module you will learn explore the interpersonal challenges that family businesses must navigate throughout the transfer process and you will assess your business's ability to navigate interpersonal issues.



## INTERPERSONAL ISSUES

In this module you will:

- Explore the interpersonal issues that can cause conflict during succession planning
- Identify techniques for improving your personal communication skills
- Identify strategies for managing conflict in the family and the business
- Assess the sources of conflict in your business and how well you currently deal with them



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Managing interpersonal issues is a critical aspect of succession planning in family business. The good and not so good aspects of relationships within the family spill over into the business decisions that need to be made.

In this module, you will explore the interpersonal issues that cause conflict during succession planning and learn communication and conflict management techniques to help you navigate them.

Throughout this module, you will assess the sources of conflict in your business and how well you currently deal with them.

Instructor: Have the assessment forms ready to distribute at the end of this module.



## PERSPECTIVES

Sources of conflict between founders and next generation managers can include:

- Control over the performance and direction of the business
- Different ideas about gender roles
- Generational priorities and values (relationships, sibling rivalry, etc.)



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Conflicts in management succession often arise when the founder begins to transition management functions to others. Conflicts can stem from differences in the perspective of the founder and the next generation manager.



Instructor: Click to reveal each character's perspective.

Joe: My grand kids don't understand the value of a hard day's work. They expect things to be handed to them. Nobody gave me anything! I earned my way in the world with my own two hands. There is nothing better than knowing you can stand on your own two feet!

Judy: Why can't everybody just get along?

Martha: Joe just doesn't understand that Graham is more than just his ranch hand! He's a husband and a father and a member of our community. He has responsibilities to people other than just Joe.

Graham: Growing up, my family was all work and no play. They valued productivity and a strong work ethic. Today, I want my kids to be exposed to more options and opportunities. I want them to learn who they are and what they are passionate about.

Instructor Transition: Sound familiar? Let's look more at Joe, and common types attitudes of business founders.



## FOUNDERS

Founders tend to adopt one of three attitudes regarding the family business and managing transition to the next generation.



### Proprietors

Proprietors are focused on ownership of the business and see themselves as central to the business' future. They can be very controlling of any involvement of children in the business, as they do not trust others' abilities to make good decisions. As a result, their children often become passive or rebellious as a

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Instructor: Click through the next two slides to display the different attitudes.

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### Conductors

Conductors like the idea of the family business and encourage children to become involved. However, they remain firmly in control of the business. They are not usually interested in developing a detailed succession plan, but try to foster a business culture and environment.

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Technicians

Technicians create a business around their own technical skills and creative abilities. They generally dislike the management aspects of the business and often delegate those responsibilities to others. However, they view themselves as essential to the business, where no other person could possess the same skills as they do. As a result, they do not pass on their skills to others, nor do they easily let go of their role in the business.

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## NEXT GENERATION

Perspectives of next generation managers vary depending on the relationship to the founder.

Sons

Daughters

In-Laws

Multi-Family  
Businesses

Non-Family  
Members

### Sons

Sons are the traditional inheritors of management or leadership roles in families and so too in family businesses. Fathers and sons may be able to work well side-by-side in a business, but just as likely, the father-son relationship, and accompanying rivalry or friction, may spill over into the business.

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The next generation is typically children of the founding generations; however, they may be any person in the family business who is younger than the founder.

The perspective and issues for next generation managers of family businesses vary depending on the individual's relationship to the founder.

Instructor: This and the next 4 slides will depict different perspectives based upon relationship.

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### In -Laws

Marrying into a family business may provide opportunities to become involved in that business. However, the road to involvement can include many problems, including:

- Feeling like an outsider
- Being overwhelmed by the closeness of the relationship with spouse's family
- Being treated with suspicion by other family members
- Jealousy or competitiveness on the part of other family members

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Family businesses may be comprised of more than one family. Although such arrangements may create more opportunities for individual family members and a larger set of skills/expertise, it can also be increasingly complicated due to the greater number of individual interests involved.

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### **Non-Family Members**

Larger family businesses usually include non-family employees. Most often these individuals provide general labor and do not expect to become owners or hold positions of higher responsibility. When a non-family member is named as successor in the business, they must learn to successfully navigate the political and emotional land mines of various family relationships.

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Instructor Transition: So if each of these generations tend to come with a unique perspective what can the founder do?



## NEXT GENERATION,

Questions to consider about the generations:

- What are their personality types?
- What parts of the business are they most interested in?
- What applicable skills and experience do they have?
- Do they have interest in a managerial role?
- How well do they work with the founders? With other business members?
- Are they committed to the continuation of the business?

My Dad was larger than life in a lot of ways. He was the business and the business was him. There wasn't a lot of room for my interests or opinions. And that was okay with me, until he was gone. I was left to lead the business with a direction and purpose that didn't really fit me and what I was best qualified to accomplish.



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It is critical to the successful transfer of management control in the business that members of the founding and next generations learn about one another. Both generations have to come to a common vision of the future of the business for succession to occur smoothly.

Review the questions on screen that founders should consider about next generation family members.

Thinking about and answering these and other questions will help determine which member(s) of the next generation should come into the family business, and what responsibilities they should fulfill. Considering the answers to these questions will help reduce conflict, better utilize resources, and increase the likelihood of sustained success.

Instructor: Click to see Graham's comment.



## PERSPECTIVES SELF-ASSESSMENT

**PERSPECTIVES**

**FOUNDER CONTROL ISSUES AROUND  
TRANSFER TO THE NEXT GENERATION**

Our founder has discussed and agreed upon how control of the business will be transferred to the next generation with the family.	Our founder has expressed how he/she envisions transfer of control of the business to the next generation.	Our founder has not addressed how control of the business will transfer to the next generation.
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7      6      5      4      3      2      1

**CONTINUE**

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STATE: We'll now take an assessment to evaluate how well your family has shared it's perspectives about the business. Read the statements carefully and rate your level of agreement between 1 and 7, with 1 being strongly disagree and 7 being strongly agree. Once you have rated all the statements in the section sum up your entries

INSTRUCTOR: Hand out the Perspectives Assessment from the PDF file found in the Resources Section of the course under Assessments. Give participants several minutes to complete the assessment and total their scores. When they have completed the assessment go to the next slide to reveal the scoring feedback.



## PERSPECTIVES SELF-ASSESSMENT



Green (215 – 301) Congratulations! Your perspectives score is strong and suggests a high chance of a successful business transition.



Yellow (129 – 214) Caution! Your perspectives score indicates improvement is needed to increase the chances of a successful business transition.



Red (0-128) Alert! Your perspectives score indicates attention is needed to increase the chances of a successful business transition.

**INSTRUCTOR:** Review what the scores on the Perspectives Assessment reveal about the business being evaluated.



## REDUCING AND RESOLVING CONFLICTS

Through good communications and a willingness to understand the true issue at work, families can prevent and resolve conflicts. Further, they can develop interpersonal mechanisms to reduce the hurt caused by conflicts.

Some of the most common factors in family conflicts include:

- People attempt to minimize conflict by thinking or saying that nothing is wrong
- The facts related to an issue may cause someone to have hurt feelings
- Underlying emotional issues, such as fear, may be obscured by conflicts over money or power
- Conflicts can become personalized, causing individuals to blame one another for the problem, rather than discovering the root cause

Early in our marriage I expressed concerns about the way my relationship with Joe was evolving. Graham insisted that Joe treated everyone this way and that I shouldn't take it personally.

I always felt the issue was more serious than that, but I didn't want to make things harder for Graham than they already were.



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Conflicts arise in all relationships. Differences of opinion and rivalries are natural parts of life.

The primary way to reduce and resolve problems is for family members to address the underlying issues rather than displaying aggression, passing judgment, or avoiding conflict.

Instructor: Click to display Martha's comment.





## GOOD COMMUNICATION

- It is very difficult to change an organizational or family culture once it has been established.
- If employees routinely feel that they are not heard and their opinions do not matter they will “shut down,” and stop contributing
- It is much easier to create an environment which facilitates open communication, than to try to fix poor communication habits once they have become entrenched.
- Taking active steps towards improving communication will benefit all employees as well as the farm operations.



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The success of any family business can be helped by good communication. This is especially true during times of transition.

When employees and employers are unable to effectively communicate, a number of challenges can arise. Awareness of the consequences of a long-term lack of clear communication is a first step.

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Taking active steps towards improving communication will benefit all employees as well as the farm operations.



## EFFECTIVE COMMUNICATION

Questioning

Listening

Providing  
Feedback

Asking the right questions is at the heart of effective communications and information exchange. By using the right questions for a particular situation, you can achieve many desired results. For example, you can gather more information, learn things you didn't know, build stronger relationships, manage people more effectively, and help others to discover their own answers.



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Questioning, listening, and providing feedback are three key skills to ensure effective communication within your family and business.

Instructor: Click through the next two slides and discuss each phase of effective communication: Questioning, Listening, and Providing Feedback

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## EFFECTIVE COMMUNICATION

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Listening is one of the most important communication skills you can have. How well you listen has a major impact on the quality of your relationships with others. It is easy to unintentionally dominate a conversation. When you are doing all the talking, you do not hear others' ideas and points of view. Others in the conversation may feel dismissed and misunderstood.

There is an old saying that we are given two ears and one mouth in proportion to amount of listening and talking that we should do.



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There is an old saying that we are given two ears and one mouth in proportion to amount of listening and talking that we should do.

### **Providing Feedback**

Feedback makes communication meaningful. It is the end-result of a message and makes communication mutual.

The way in which you provide feedback can either enhance understanding and reinforce relationships, or destroy trust and create barriers.

Be aware that you give feedback both verbally and non-verbally. Your facial expressions and body language make a strong statement about what you are thinking.

The ability to understand and use body language is a powerful tool that can help you connect with others, express what you really mean, and build better relationships.



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## TYPES OF QUESTIONS

### Closed Questions

**Opening a conversation:**  
"Great weather we're having, isn't it?"

**Testing for understanding:**  
"So, would you like to have your own land?"

**Frame setting:**  
"Are you happy with the service from your bank?"

**Concluding a discussion or making a decision:**  
"Are we all agreed this is the right course of action?"

### Open Questions

**Developing a conversation:**  
"How was the party?"  
"What did you do on vacation?"

**Obtaining Information:**  
"What happened next?"  
"What else do we need to do to make this a success?"

**Determining the speakers opinion or point of view:**  
"What do you think about those changes?"  
"What is most important to you?"

There are two main kinds of questions, closed and open.

A closed question usually requires a single word or very short, factual answer. Open questions elicit longer answers. They usually begin with what, why, or how.

Each of these kinds of questions should be used in specific situations and for specific purposes.



## QUESTION GUIDELINES

- Use closed questions judiciously. A misplaced closed question can kill a conversation.
- Avoid frequently asking questions that begin with “Why.”
- Ask questions that clarify what the other person is saying.
- Ask the other person for help (shows enough trust and confidence in the relationship).
- Ask about the person’s perspectives, assumptions, and actions.
- Avoid questions that imply a particular answer or convey an opinion about what is being asked.

Graham was always committed to the business, but I never really knew what he wanted or how he envisioned the future of the ranch. I guess I never asked him about those things.



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To make questioning most effective, follow the guidelines on the screen.

Instructor: Discuss the question guidelines. Click to display Joe’s comment.



## LISTENING SKILLS

**Don't Talk**

**Focus on the Speaker**

**Empathize & Avoid Judgment**

**Use Your Whole Body**

### **Don't Talk**

When others are talking, listen to what they are saying; do not interrupt, talk over them, or finish their sentences. When the other person has finished talking you can ask questions to ensure you have received their message accurately.

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Listening is the ability to accurately receive messages in the communication process. Without the ability to listen effectively, messages can be easily misunderstood, communication breaks down, and the sender of the message can easily become frustrated or irritated.

Discipline yourself to focus on your conversation and "tune out" distractions. If your attention drifts at the wrong time, you could miss a critical message.

Instructor: click through this and the next three slides to discuss each listening skill.

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### **Focus on the Speaker**

Avoid unnecessary interruptions. Don't answer phone calls, look at your email, or check the time while someone else is speaking. Put other things out of your mind. The human mind is easily distracted by random thoughts like, what's for lunch, what

time do I need to leave, is it going to rain. Try to quiet this “mental chatter” and concentrate on the message being communicated. These behaviors disrupt the listening process and communicate to the speaker that you are bored or disinterested.

### **Empathize & Avoid Judgement**

Help others feel free to express themselves. Nod or use other gestures or words to encourage them to continue. Maintain eye contact. Show you are listening and understanding what is being said.

Try to understand the other people’s point of view. Look at issues from their perspective. Let go of preconceived ideas. By having an open mind we can more fully empathize with the speaker.

Try to be impartial.

### **Use Your Whole Body**

We don’t just listen with our ears, but also with our eyes and body language. Make sure you convey attentiveness and non-judgement through your gestures, facial expressions, and eye-movements.

Also, watch for information being transmitted via non-verbal communication. If the speaker is saying one thing, but conveying a different message non-verbally, it is a sign that effective communication is not occurring.





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Sometimes, I would shut down when Dad started talking to me about the ranch. Now, I wish I paid more attention to what he was saying.



Instructor: Click to display Graham's comment

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## PROVIDING FEEDBACK

Be Positive

Reflect the  
Speaker

Leave the  
Door Open

Watch Your  
Body Language

### Be Positive

It is easier for people to accept feedback that is framed in a positive way. That does not mean you always have to agree with everyone or hold the same point of view; however, you should begin your feedback with positive comments, observations, or common ground before pointing out differences. Resist the temptation to judge another's message as good or bad, right or wrong. Accept it as simply their point of view.

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We acknowledge a speaker and demonstrate understanding by providing feedback. The way that you provide feedback can make the difference between a productive conversation and a destructive one.

Instructor: click through this and the next three slides to discuss some techniques for providing effective feedback.

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## PROVIDING FEEDBACK

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### Reflect the Speaker

Reflecting is a powerful feedback technique. It involves paraphrasing and restating the feelings and words of the speaker. Reflecting allows the speaker to 'hear' their own thoughts and to clarify what they mean and feel. It allows you to confirm that you correctly understood what the speaker intended to say.

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## PROVIDING FEEDBACK

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### Leave the Door Open

Avoid providing feedback that shuts down the conversation. Often in an attempt to “win” an argument or persuade others to your point of view, you can express yourself in ways that close the door on any further dialog. Remember, the only way to “win” in communication is to ensure that the dialog goes on. Even if you end up agreeing to disagree, make sure that there is always the potential to revisit the topic in the future.

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### Leave the Door Open

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### Watch Your Body Language

Remember, feedback is conveyed not only through what you say, but also through your posture, facial expressions, gestures, and eye movements. If you follow all of the other tips on this page, but do it while frowning, turning away from the speaker, or looking at your watch, it will be perceived as disingenuous.

## PROVIDING FEEDBACK

I tried to talk to Joe about being more reasonable with the amount of time he required Graham to be on the ranch. He told me that what happened on the ranch was none of my business and we never spoke about it again.

Be Positive

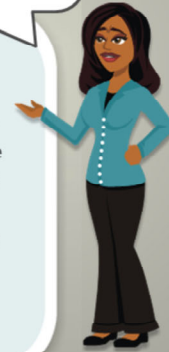
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Instructor: Click to display Martha's comment

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## COMMUNICATION EFFECTIVENESS

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**PRACTICE EFFECTIVE COMMUNICATION SKILLS**

<p>Our family understands the importance of effective communication skills. We are committed to invest time and money to help family members improve their communication skills.</p>	<p>Our family occasionally supports and encourages family members to improve and practice effective communication skills, but we have not spent much time discussing the topic and its importance to our success.</p>	<p>Our family does not support or encourage family members to improve and practice effective communication skills.</p>
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7 6 5 4 3 2 1

CONTINUE

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STATE: We'll now take an assessment to evaluate how effectively your family communicates. Read the statements carefully and rate your level of agreement between 1 and 7, with 1 being strongly disagree and 7 being strongly agree. Once you have rated all the statements in the section sum up your entries

INSTRUCTOR: Hand out the Communication Assessment from the PDF file found in the Resources Section of the course under Assessments. Give participants several minutes to complete the assessment and total their scores. When they have completed the assessment go to the next slide to reveal the scoring feedback.





## COMMUNICATION EFFECTIVENESS



Green (135 – 189) Congratulations! Your communication skills score is strong and suggests a high chance of a successful business transition.



Yellow (81 – 134) Caution! Your communication skills score indicates improvement is needed to increase the chances of a successful business transition.



Red (0-80) Alert! Your communication skills score indicates attention is needed to increase the chances of a successful business transition.

**INSTRUCTOR:** Review what the scores on the Communication Assessment reveal about the business being evaluated.



## FAMILY CONFLICT

Two people may have different values and beliefs, which may lead them to pursue different goals or use different methods to achieve the same goals.

Conflict occurs when one person perceives a block to achieving his or her goal.

Positive effects of conflict:

- Confrontation can lead to change
- Awareness of conflict can motivate people to action
- Conflict surfaces problems that need to be addressed
- Disagreements often cause people to think through a decision more carefully

I think there were some great opportunities for the future when Graham and Martha married. Unfortunately, we missed out on them because everyone was so focused on getting their way. We weren't able to hear each other and use the different points of view to create better solutions than any one individual had.



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Instructor: Discuss the slide, then click to see Judy's comment.

What ideas come to mind when you hear the word "conflict?" Are most of them negative? A common belief about conflict is that it is uncomfortable and should be avoided. Have you ever considered that conflicts can have some positive benefits?

While you probably don't want to go out and look for a conflict, experiencing one can provide you with new ideas and opportunities. The question is, can you capitalize on the positives and make conflict work for you?



## MANAGING CONFLICT

Approaches for managing family conflict:

Work it out

Mediation

Arbitration

Separation

### Work it out

Encourage the family members to resolve their own conflicts by working through an agreed upon process. Encourage family members to attack the problem, not the person and reward individuals when they solve their own problems.

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All family businesses experience interpersonal conflicts. Put two or more people together and you run the risk of interpersonal conflict. When conflict occurs, here are four possible approaches you can use to resolve it.

Instructor: Click to display the information for the four approaches Work it Out, Mediation, Arbitration, and Separation.

Ask: In the Miller Family (Kalang Ranch), which approach did Martha (daughter-in-law) use? Why does that not yield positive results?

### Work it out

Encourage the family members to resolve their own conflicts by working through an agreed upon process. Encourage family members to attack the problem, not the person and reward individuals when they solve their own problems



## MANAGING CONFLICT

Approaches for managing family conflict:

Work it out

Mediation

Arbitration

Separation

### **Mediation**

In mediation, the two parties involved in the conflict meet with an objective third party who recommends a solution. Mediation is not binding.

The mediator suggests a solution, but it is up to the individuals involved to implement it.

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## MANAGING CONFLICT

Approaches for managing family conflict:

Work it out

Mediation

Arbitration

Separation

### **Arbitration**

Arbitration is a binding solution that is imposed by someone else.

In a family team setting, the arbitration could be done by any other team/family member as long as all parties agree that they will live by whatever solution the arbitrator imposes.

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## MANAGING CONFLICT

Approaches for managing family conflict:

Work it out

Mediation

Arbitration

Separation

### **Separation**

When all other attempts to resolve the conflict fail, as a last resort one or more family members may have to agree to not work together in the business. If this happens, it is important to maintain respect for each other as family members.

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## WORKING THROUGH CONFLICT

This process is a way for families to approach conflict creatively. It does not offer specific answers, but provides a formula for conflict resolution.



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Ideally, most conflicts will be resolved by the individuals involved working it out themselves.

Here is a process you can use to work through conflicts that occur in your business.

This process uses a collaborative approach to resolve conflicts between multiple individuals.

Instructor: Ask the class, "Following this process, how might Graham or Martha have handled the conflict in his family?"



## TIPS FOR MANAGING CONFLICT

- Accept that conflicts will occur and have a process for resolving them.
- Listen actively to understand the source of the conflicts.
- Analyze the conflict to clarify the specific problem and identify possible resolutions.
- Avoid inflammatory language such as profanity, name calling, and exaggerations which only escalate conflict.
- Focus on the behavior or circumstance causing conflict, rather than attributing negative feelings to the person involved.
- Stop placing blame and take ownership for your part in the conflict. Make a commitment to work together to solve the problem.

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Remember that conflict is natural and happens in every ongoing relationship. It can be a sign that a change is needed and provide an opportunity to make improvements.

Use the tips on screen to manage conflict more effectively in your business.





## CONFLICT MANAGEMENT ASSESSMENT

**MANAGING CONFLICT**

**ACCEPT CONFLICT**

Our family sees conflict as a sign that change is needed and an opportunity to make improvements.	Our family looks at conflict as a negative, but we try to find solutions and occasionally have some success.	Our family looks at conflict as a negative and avoiding the issue is a common practice.
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7      6      5      4      3      2      1

**CONTINUE**

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**STATE:** We'll now take an assessment to evaluate how effectively your family manages conflict. Read the statements carefully and rate your level of agreement between 1 and 7, with 1 being strongly disagree and 7 being strongly agree. Once you have rated all the statements in the section sum up your entries

**INSTRUCTOR:** Hand out the Managing Conflict Assessment from the PDF file found in the Resources Section of the course under Assessments. Give participants several minutes to complete the assessment and total their scores. When they have completed the assessment go to the next slide to reveal the scoring feedback.



## MANAGING CONFLICT



Green (95 – 133) Congratulations! Your managing conflict score is strong and suggests a high chance of a successful business transition.



Yellow (57 – 94) Caution! Your managing conflict score indicates improvement is needed to increase the chances of a successful business transition.



Red (0-56) Alert! Your managing conflict score indicates attention is needed to increase the chances of a successful business transition.

**INSTRUCTOR:** Review what the scores on the Managing Conflict Assessment reveal about the business being evaluated.



## MODULE SUMMARY

- Different individuals have different perspectives on the future of the business. Understanding these difference can help ease the succession transition.
- Good communication skills are essential to a smooth transition. Work to improve your skills at questioning, listening, and providing feedback.
- Conflict is a natural part of any ongoing relationship. Having an agreed upon process for managing and resolving conflicts when they arise will improve the overall success of your business.

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This is the end of the Interpersonal Issues module. In this module you learned different perspectives within a family business as well as techniques for improving interpersonal communication and managing conflict.

Instructor: Review the key points listed on screen, then proceed to the next module.