

Family Wars: Classic Conflicts in Family Business and How to Deal with Them

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Wearing an elegant Yves Saint Laurent suit with a black cowl, Patrizia Gucci stood up and listened to the magistrate in a Milan courtroom read the verdict. Guilty—for the murder of the father of her children, Maurizio Gucci, the grandson of the founder of the glamorous designer house, and once 50% owner. This family war had its unglamorous moments.

Approximately twenty-four million family companies in the United States represent about 90% of all businesses. One-third of the Fortune 500 companies are either family-owned or family-controlled, but only about 30% of family-owned businesses survive the transfer of rule from the founder to son or daughter. Gordon, director general for the Institute for Family Business, and Nicholson, professor of organizational behavior at the London School of Business, analyze more than twenty family-backed enterprises that involve such names as the Bronfmans, Gallos, and Guinneses, pointing out what went wrong and what to avoid.

Chapters cover such topics as hubris—where megalomaniac Henry Ford was confronted by his Ford family-backed grandson, Henry II; insularity—where Robert Sakowitz's spending was “reality resistant” when the market declined; and schism—where after the patriarch Jay Pritzker's death, the family, who owned the Hyatt hotel chain, was divided between family shareholders not working at the company and the three family members who did.

The last chapter, “The Lessons — The Price of War and the Prize of Peace,” consists of lessons learned. Insights range from “the failure of success,” where companies that “ride the crest of the wave of market success are the ones that are most at risk to the unexpected;” the fallacy that the future will be like the past; and new circumstances revealing dormant aspects of personality rather than creating new ones. The chapter ends with “Warning Signs and Practical Measures” and “Family Risks and Remedies.”

The Gucci family suffered from the founder playing his sons off against one another, which resulted in one son establishing his own fashion products (Paolo Gucci Collection), violent confrontations, Uncle Aldo Gucci's false invoicing leading to conviction for tax evasion, and a bullet through the temple of Maurizio ordered by Patrizia, the “Black Widow.” “The Gucci infighting had become the nation's favorite soap opera,” said Sara Gay Forden, author of *The House of Gucci*.

The book suffers from what some might consider distracting puns and could have been improved upon by more details in the general anecdotes. The profitable lessons and mini company histories make the book worthwhile.

ALEX MOORE (April 11, 2008)

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