

CHAPTER 11

Challenge 7— Avoiding the Golden Handcuffs

The parents of a student I knew were willing to pay him about \$80,000 to come home right out of college and manage the family restaurant. His resume didn't justify that salary. He was probably worth about half that in the marketplace. Yet he found it too hard to resist and joined the family business.

If you had such an offer, would you take it? One of the skills I want to help you develop in this chapter is the ability to look down the road at the consequences of your choices, especially the offer from your family's business. I want you to avoid ending up feeling trapped.

By the end of this chapter, you will be able to

- Understand and appreciate the risk of being caught in golden handcuffs.
- Realize why the work that you are doing now can address this future challenge.
- Start to take the steps to avoid getting caught in the golden handcuffs.

Joining Your Family Business for the Right Reasons

All members of the next generation face the challenge of making sure they work for the family business only for legitimate reasons. If you join your family's business for less than legitimate reasons, you risk getting trapped by the benefits of your job, caught in a pair of *golden handcuffs*.

KEYWORD Golden handcuffs describes being trapped in a position in your family business by the undeserved benefits the job gives you. Because you haven't earned them, other companies in the marketplace won't match them. Thus you feel stuck, because if you leave you will probably have to take a cut in pay and status and have to increase your accountability.

The gold, in this case, is the excessive compensation you receive relative to your qualifications and your output. The handcuffs represent how trapped you will feel in this situation. Because you are overpaid, probably underqualified, and not even held fully accountable, you couldn't find another job that would match what your family has given you. If you leave, you would almost certainly make less money, have less power, and be more accountable for your performance. Would you want to be 30, married with children, and facing this challenge for the first time? Or would you rather address it now?

If you work for your family's business when you aren't qualified to do so, you will lack credibility. And if you don't have to meet the same performance goals as other employees and if you are overpaid for what you do, you will not earn credibility. As a consultant, I've seen that although many people envy a person in this position, that person is often the least happy person in the family and in the business. Why? Such people make a lot of money and do nothing—must be nice, right? But most employees can spot these amateurs a mile away and will avoid going to them with decisions, ideas, or for advice. They themselves feel like frauds, because they typically know they aren't getting these benefits because they deserve them, but because the family is giving them a gift they did not earn.

The prices for such “gifts” include lowered self-esteem and a feeling of hopeless entrapment, which accompany lowered credibility and lowered marketability. The marketplace will not offer them a job equivalent to the one they have, so they are constantly afraid of being let go and having to take a more demanding job and live on a smaller salary. This situation can be even more stressful for those living beyond their means. If you already spend more than you make (and thus have probably run up some debt), the idea of lowering your standard of living is even more threatening.

Such a deal might look good at first, but selling your credibility is a tough way to get a job. Do you think people in that position thought about the future consequences? Do you think you should?

An Offer He Should Have Refused

Some family businesses can feel more like a trap than others. In *The Godfather: Part II*, the 1974 sequel to 1972's *The Godfather*, Michael Corleone (played by Al Pacino) is now running the family business, which just happens to be organized crime. In the first film, he was seen as the son least likely to succeed his father. When his father dies with no succession plan nor heir apparent, however, Michael apparently rises to the occasion. In this second film, Michael feels more and more trapped by his position. In his case it may not be the money keeping him in place—I am sure anyone running a criminal organization must feel like it is awfully difficult to get out. At one point his wife says, “You once told me in five years the Corleone family will be completely legitimate. That was seven years ago.” Michael responds, “I know. I’m trying, darling.” Sounds pretty trapped to me.

Deciding Whether to Work Somewhere Else First

One of my brothers started working in our family business directly out of college. It was a small startup company, which I imagine made it even more difficult. His only supervisor was a family member, our father. At the time, Dad also was running a large health care company, so he had only limited time to provide structure, guidance, and feedback to my

brother. In addition, my brother started out working out of a home office, which adds a layer of difficulty for anyone but especially someone in his first job. Starting in this situation right out of college, I think that he always had a tougher time feeling credible inside the company and being clear on what he might do if he ever wanted to leave.

I started outside my family's business in the public accounting firm of Price Waterhouse. Even though I had chosen a career that didn't really work out for me, having outside experience helped my credibility in the family business, as did having a nonfamily employee in my father's health care business recruit me to join the family business.

Most experts in the field of family business will tell you that it is far easier, and usually better, to start your career outside your own family business. Both Stetson University's family business major and minor actually require an internship in a family business besides the student's own or with a firm that advises family businesses.

If you go directly from college into your family business, the hard part of the golden handcuffs challenge isn't over. You still have to earn and protect your credibility and your marketability. That is what people who end up feeling trapped don't realize. They imagine they're being offered a better position with higher compensation than they could get anywhere else. That offer sounds great, but there's a serious downside.

I once met with a lawyer who had hired his two sons directly out of law school. He talked with me for a few hours. He felt frustrated because, as he put it, his sons didn't know how good they had it. He said they were paid more than the market value for their services, probably worked fewer hours, and were under less pressure than they would be in most law firms. Because they had never worked anywhere else, I asked him, "How *could* they know how good they had it?" He realized they had no context for that understanding, and if he tried to tell them, he would just sound like a father and not like a boss.

Working outside the family business first gives you greater self-confidence because you have a context for how other firms function. My first week at my family's small business, my brother and I put in a 40-

to 45-hour week. My brother felt that was a long week, a lot of hours. But after working for the large accounting firm and my family's larger business and going through final exams in law school and busy seasons in an accounting firm, it didn't seem that tough to me. I had a broader context gained from more outside experience.

Going into your family business, especially right out of college, should be the tougher choice, not the easier one. Outside experience gives you that broader context and insight into how other firms operate. You might grow to appreciate how generously or even how unfairly your parents treat you. You might see how much technology, outside consultants, or other new ideas could add to your family business. All this knowledge improves not only your self-confidence, but also others' perceptions of you, which is the external aspect of credibility.

Before you commit to joining the family business, follow these suggestions to protect your credibility:

- Get two outside job offers from other firms.
- Don't accept a salary or position for more than the highest of your two offers.
- Don't accept a salary or position higher than your resume would justify.
- If possible, have a nonfamily supervisor.
- Make sure you have written performance reviews at least every six months.
- Develop an exit strategy that allows either the family or you to end the employment relationship while protecting the family relationship.

Involving Your Family in the Decision

I've said that in a family business everything affects everything. Often parents conspire in creating a golden handcuffs situation. I have had parents tell me they will gladly pay their children far more than any salary they are offered just to make sure they join the family business.