

Ep #6: Entitlement with Kim Eddleston



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Ellie Frey Zagel

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You are listening to episode six where I talk to Kim Eddleston on Entitlement.

Welcome to *The Family Business Leader Podcast*. A podcast for multigenerational family business leaders who want to become the leader they were meant to be. If you're ready to learn how to develop your own authentic leadership style, successfully lead your family business and create your own lasting legacy while still honoring theirs this is the podcast for you. I'm your host, Ellie Frey Zagel, family business leadership coach and third-generation family business leader. Let's get to it.

Ellie: Hi Kim, how are you?

Kim: Good. How are you Ellie?

Ellie: I'm good. I am so good. Thank you so much for being on The Family Business Leader Podcast. Are you ready to get started?

Kim: Yes.

Ellie: Fantastic. So you have multiple family businesses in your background. Can you tell us a little bit about yourself?

Kim: So I'm a professor of entrepreneurship at Northeastern University and also an academic fellow at Cornell University's Smith Family Business Initiative. And I come from a family that has several family businesses, different industries, real estate, construction and landscaping, hospitality industry and business services.

Ellie: So you were literally born into this work. And when you and I spoke a while back you are third and fourth generation, it's just not you're first generation or second generation you have experienced...

Kim: I was never involved in the fourth generation, it was gone before then but I've seen it.

Ellie: Yeah, you see it with your students as well, right?

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Kim: Yes. So I teach a next gen class at Northeastern where the students all come from family businesses and they're from around the world which is really interesting. And you really do get to see a lot of the complexities and the issues surrounding family business really are global.

Ellie: I think that you and I could speak for hours on all that you do. I just find it fascinating. I'm so glad that you are available to these next gen or rising gen around the world, trying to learn how they can be the leader that they want to be in their family enterprise, so thank you. Today I want to talk about something that you are both passionate and very knowledgeable about is entitlement. And you've written a lot of publications about entitlement and entitlement mentality.

I want to come at this from a rising gen or a next gen leader, the heir. What do they need to know about entitlement if they're heading into, maybe they're not yet running the family business, they're in that succession planning stage. What do they need to know about entitlement?

Kim: That they shouldn't be entitled. That just because of their last name they shouldn't feel entitled to a job at the family business, a leadership role, ownership just like the current CEO of the business shouldn't feel entitled to be in that role until death do us part. Unfortunately we still see a lot of family businesses that there's not that transfer to the next generation until the CEO passes away, purely founders, founders are a bit difficult. But it's really important that as a family member they shouldn't feel entitled. They should have to earn it.

Ellie: So let's say you're just stepping into this work, you don't exactly know what even entitlement means. Can you kind of share a favorite definition or even some examples? I know you've already shared a few, but dive into this a little bit more with me.

Kim: It would probably be feeling that you deserve something because of who you are as opposed to what you've done to earn it. So you haven't earned it. So whether it's your last name, your relationship, you're the first born male. And it's that sense of feeling that you deserve something

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because of who you are as opposed to what you've done. That's a general definition I tend to use in my work.

Ellie: I know that I had an experience a couple of years ago and it was somebody close to me who said, "No, no, no, because of my last name I get to participate in this." It just struck me as something odd. And I didn't have the words. I didn't say, "That's entitlement." I just know that that was like I just didn't feel very good.

Kim: No. And it is an issue in family businesses. And there's probably two main reasons that happens that successors should be aware of because as the business gets larger and the family gets wealthier it is more likely to attract people who want to take from the family business as opposed to contribute. Over time if you have a lot of those people come into your family business it will become a wealthier institution. So the two main things, there's a lot of different issues but two of them is really that clash between the norms of a family versus the norms of a business.

So when a family, when we allocate resources we usually allocate them based on equality where everyone gets the same. Or need, meaning if someone is disabled, or incapacitated, or is having just an issue, we give that person more resources, we take care of them. And in a business, resources should be allocated based on merit, you get what you deserve.

And so when you have that family and the business system's kind of colliding real issues can occur because the family expects all the same benefits, all the same pay, all the same opportunities. Because they're family as opposed to what's my degree, what's my work experience, what can I contribute?

And then the other thing is families have a residual claim on the business, meaning because their family owns the business they feel that they can use the assets at their will like you would a family. When you come into a family's home, you go in the fridge, your children come and take your things and hopefully borrow them, say they'll bring them back but they don't. So it's those kinds of elements.

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And it really is the two systems kind of overlapping and no one ever creating boundaries. And really that communication of saying, "This is the business's, this is not the family's." And really discerning between what it should take for a family member to get a job at the business, to get a promotion, maybe even ownership versus what can maybe cause them to not be welcomed to the business and lose those rights. Sometimes you always think your family's unique and then when you see it in students and you're like, "Wait a minute, there's something here."

Ellie: Yes. That's exactly why I started my mastermind, Kim, just because we need to know we're not alone in dealing with this. It happens in every family and so the discrepancy between equality, or everybody's treated equal. And one of the things that I've learned in family business is fair isn't always equal and equal isn't always fair. So, Kim, can you share any specific examples on how these play out?

Kim: Yes. And I won't share them from my family because I don't want to be the black sheep. So these are stories from family businesses that I've been aware of or I have maybe interacted with, or had students and two of them really stand out.

One of them with the residual claim was a really high end retail store, a boutique and they had actually had a few stores. And the daughters would use the stores almost as their personal closets, taking merchandise at will, not paying for it and even giving things to their friends. So really treating it as their personal closet, and when you think about it, this was still a small business with costs. And how much can a business take of that where they're just seeing merchandise fly out the door and feeling entitled to it?

And that's the problem. Because they have a residual claim and feel their assets are their family's to do with what they please they don't feel guilt.

So another story that's always a favorite, it was a New England company where they had multiple locations. And one of the brothers or the sibling's job was divisional manager. So every day about four days a week his job was to go to the different locations and check in and manage them. And so he was in his car four days a week, if not more.

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And so the dad bought him a company car. And when the siblings found out they all demanded that they also receive a company car to be fair even though none of them were divisional managers. Some actually worked from home. And most of them that didn't went to the same location in the same town every single day. And it created such a fight among the family over this idea of what's fair, what's not fair and it being almost a job requirement, getting a car that the dad actually almost thought of selling the business.

Ellie: Wow. It went that far?

Kim: Yeah, the conflict was that bad, it was that bad that they were demanding cars.

Ellie: I've heard this in another form, this equal isn't fair, fair isn't equal. And it comes from a CEO who's making the exact same as his brother who is a plant manager because everybody had to be treated equal. And he was okay for a while but I think some entitlements slipped in from the brother and he was just like, "I can't do this anymore." And he ended up; he was very capable, grew the business, did a really great job but ended up leaving the company.

Kim: And that is what happens. You'll get your best people, your best family members, the real assets leaving because they can be treated better and get paid more elsewhere. So a lot of times when we think of entitlement we actually do think of family members being overpaid. And certainly that is a case and it's very detrimental obviously.

But what happens is when you create this fairness issue or if we, again that if we wear the family hat and we think because you're family and it's the family's business you should give more, you should be stewards, you should sacrifice. Eventually you'll have the best people leaving and then you'll have a bunch of family members who can't get jobs elsewhere working in the business. Obviously that wouldn't be good for the business or the family.

Ellie: No. It destroys families, and livelihoods, and you've seen this happen. So how is this preventable?

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Kim: I think a lot of it actually starts at home and a lot of times entrepreneurs, business owners are so busy. And they have so much guilt for working so much that they spoil their children. And that creates a sense of entitlement at a young age that they're special. So a lot of it starts at a young age. I know every business is different. So some it's really easy, we say start at the bottom, the small summer jobs, stuffing envelopes or cleaning the shop floor, restaurant industry easy, go work the cloakroom.

My brother worked at our seafood business, really easy. My father's law firm, no. I can stuff envelopes. But I mean so it is different. How do you teach them? So it could be even volunteering at a young age. But getting a job, really making sure they learn to earn what they have, even using report card, having high expectations, realistic, but high expectations, holding them accountable.

Another really hard thing for parents to do is not be their savior all the time which is really hard. It's really hard. But when they're having trouble let them have consequences, don't always bail them out. Don't let them learn that just for showing up and participating they get a trophy. A lot of this is it's earning something. My daughter just yesterday sent me a picture of a Corvette saying, "I'll give you the biggest hug if you buy this for me on my 16th birthday." And I told her, "I'll give you the biggest hug when you buy it, when you earn it."

And it is it is as a parent we want our children to have a better life but it's hard. But it does start at home. I think there are even things in a family business, creating formalized HR practices, rules of entry. A lot of families don't want to talk about it because they think it'll create conflict. But you have to, if you don't do it you're actually putting off more conflict. If you see someone in the family that seems a little entitled and not fit for the business, steer them away.

I am a big proponent of families, especially older families with lots of younger family members, everyone getting career counseling so that everyone kind of learns what they're good at and finds careers they enjoy. Make sure they understand that working in the family business isn't the

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same as ownership. And maybe finding ways to buy them out or give them other pieces of the family's wealth. And then I love the idea of young generations creating rules of ethics for the family. And it shouldn't even be just bound to the business.

So what is acceptable? Who are we as a family? Eddlestons, what do the Eddlestons do? I always tell my kids, "Stand up for what's right, even if you have to stand alone." But all those things that kids can codify. It's a great practice for the younger generation to do every once in a while. Who are we? What are our ethics? What do we believe in? What are our values? And to get on the same page and then to share it, have them present it to your board, have them present it to the older family members and have them give their input.

You have to be conscious of it though, I think that's, you know, on the day you wake-up and you get a Fredo, what I call them in the business. And we can't just take him out in a boat.

Ellie: No, as much as we may want to. No, of course we don't. You have to be conscious about it. It's just like the culture that you create, you have a culture. It just may not be the one that you want and so just really thinking about if you are going to be hiring family are they right for the job? Are they passionate about the job? Or do you just want them to have a job?

Kim: Yeah. Never create a job for a family member and especially right now in the pandemic obviously, and people not having jobs there is that desire to, again, member of family we're supposed to take care of the needy. We're supposed to take care of needy family members, those down and out. You're probably better off giving them a loan or a check. It is very hard to fire a family member. It's so very hard to fire a family member, to make it stick. What's Thanksgiving going to be like? What's the holidays going to be like?

So that's why it is, if you can steer them away, create rules of entry. Make them clear and known to everybody. And there are ones you can almost – it's always different for the business. But there was one student I had from Africa, I won't say exactly where, a very old business, started by his

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grandma, which I love, and large. And in order to get a job at the business you had to work six months for free as a family member. They would take care of you. They'd pay your mortgage or apartment and food.

And it was in the factory. So you had to show you were willing to make a sacrifice for the family in order to get the job and I thought that was just brilliant, because again they had to weed out those family members that were looking at the business as a cash prize and an easy lifestyle.

Ellie: An easy lifestyle, absolutely. So I want to ask, if you see entitlement in your family what do you do? We just talked a lot about preemptively what we can do. But now what do you do if you see it in others? And then I'm going to ask, what if you see it in yourself? So let's first talk about what if you look around and whoa, I see entitlement all over the place, this isn't working very well?

Kim: That might be a good time to bring in an advisor or a board of advisors because you probably are suffering from a very informal business. Which one of the things that really help family businesses stay nimble and innovative is informality. But eventually you need job descriptions. You need performance appraisals so either put together a committee or even a board of advisors to help you with that. And you always like to give people the benefit of the doubt. So maybe initially explain to people how they're going to be evaluated and then hold them to it. Hold them to it.

Ellie: And I really like how you said that probably if you're seeing a lot of entitlement there's probably some informality and some processes that need to happen. And so what I say when I work with my clients, I'm like, "You're just basically bringing yourself from the garage into kind of professionalizing the family business." So I don't know if it's an apt way of describing it but people seem to really get it, because most of us start at the family business in the garage.

Kim: And I'm amazed, even large ones don't have job descriptions. And when you don't know what you're accountable for or responsible for it is really hard to perform your job at a 100%. So some of it is let's give them the benefit of the doubt, and there are some easy tweaks we can make.

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And an informal business that grows really fast and adds people all of a sudden there's not a clear chain of command. There's not a clear, what are people responsible for? People start stepping on one another's toes.

People might want to avoid conflict so they don't do things. They don't want to step on one another's toes. So at first I would kind of come at it in hopefully a positive light. What can we do? Make sure people understand what they're responsible for, what they're accountable for. Create the evaluations. It's always good to get people to participate in helping to create a system and then hold everyone to the same accountability, family and non-family. And if you need help there are so many resources online for free. But then I love having a board of advisors help with that too.

And then on failingbusiness.org there's a whole exercise on creating formalized HR practices. So that's a good place to start.

Ellie: Yeah. We'll put that in the show notes for sure.

Kim: I know the other question; you asked what if you see yourself as entitled?

Ellie: Yes. What if you see some entitlement in yourself?

Kim: Actually I think that would be somewhat of a good thing. I think people should always be kind of questioning, did I earn this job a little bit? You don't want to create the imposter syndrome either. You don't want it where someone always feels only here because of who I am, not what I have accomplished. But everyone should kind of think am I doing all that I can? Do I have all the skills and training? At universities we talk about the lifelong learning model. I think it's a great thing if you're feeling maybe like an imposter.

You wouldn't have the job if it wasn't for who you were. Prove them wrong and get the education, and the skills, and the experience. There's tons of workshops out there. And we were just talking about the show, The Crown where Queen Elizabeth got a tutor. If she can do it I think anyone in your family business, any prince or princess can, if they feel they're not a 100% in the game and have all of the skills and prerequisites needed for a job

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then give them the education, the skills and the training. And the executive coaching even, the executive coaching they need to get them there.

Ellie: Yes. And a board of directors could also help too just to mentor and advise that rising generation.

Kim: Yes.

Ellie: Kim, thank you so much for kind of sharing your words of wisdom and your talent. How can we find you?

Kim: So you can Google me. But right at Northeastern University, so the easiest way is probably write through Northeastern University, Kimberley Eddleston and my email. And then you can also find me on LinkedIn. Anyone who contacts you feel free. And then obviously I'm founding editor of failingbusiness.org with all free resources for business owning families.

And I should mention it's all supported by Dick Schulze the founder of BestBuy who also leads what could be considered a family business. And certainly his foundation is a family foundation. So hopefully there's a lot of resources there to help you get every family on the right foot, healthy family healthy business.

Ellie: I love it. That's such a good tagline. We'll have to use that. Kim, Eddleston, thank you so much for being on The Family Business Leader Podcast. I hope that we can have you on again. This was so much fun to talk to you.

Kim: Thank you, would love it.

Well, there you have it. I hope you enjoyed today's interview with Kim Eddleston on entitlement. She gave us a lot of ways that we can stave off entitlement in our family. I hope that you took them down. If not, listen to the episode again with a pad of paper. I feel like there's at least, I think I have at least 10 ways that we can combat entitlement in our families. So I would love to continue this conversation with you if you so choose.

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I am accepting applications for The Family Business Leader Mastermind. So if you do work with your family and entitlement is something that you would like to explore in yourself or figure out how others are staving off entitlement in their families. I encourage you to check out The Family Business Leader Mastermind, our landing page. The link will be in the show notes as well as the application link is there too. We'd love to have you. It's awesome. Your learning is where it's at.

Well, there you have it. Thank you so much for listening to *The Family Business Leader Podcast*. If you've enjoyed today's episode, be sure to share it with someone who needs it. If you'd like more information about family business leadership development, please visit successfulgenerations.com. I can't wait to connect with you again next week, until then.