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Bobby Knight, meet J.P. Morgan

Why do employees idolize abusive family bosses?

By Ivan Lansberg

“On Saturday my boss told me not to extend credit to a particular customer because he had a bad history with us. On Monday I turned the customer down for credit, and he complained to my boss. My boss got furious and burst into a meeting I was conducting. In front of my subordinates, he called me stupid and incompetent and threatened to fire me the next time I acted as if I were an owner. It was humiliating.”

The woman who told me this story was a long-time employee in a family company. Her boss is a 65-year-old owner whose abusiveness has exacerbated as he approaches retirement age. The behavior typically includes temper tantrums, bullying, humiliating criticism, shouting and profanity. Occasionally he engages in physical outbursts, like thumping on desks and slamming doors.

In general, family companies tend to be good places to work. But not all families are alike. Abusively dysfunctional families often spin abusive authority relations in the business.

In family companies like the one I cited above, employees (be they family or not) can be exposed to particularly toxic kinds of leadership behavior. Ironically, the very factors that enhance the appeal of family companies—such as the high level of inclusion, the deep loyalty toward the family, the high regard for privacy and the direct control of decision-making exerted by the owners—can also trap employees into staying with abusive bosses. Just like victims in abusive families, employees can feel that leaving the business—dysfunctional as it may be—is an act of betrayal.

In the process of building a legendary name in banking, the great 19th-century financier J.P. Morgan so terrified his overworked subordinates that many of them dropped dead before the age of 60. The thought of leaving apparently never occurred to them. They idolized their boss—just as, say, General George Patton’s soldiers in World War II or

coach Bobby Knight's basketball players at Indiana University idolized leaders whose behavior was clearly abusive.

When I asked the woman mentioned above why she didn't leave her boss, she rationalized: "Well, over the years, I've learned to cope with him. Usually I'm OK if I stay out of his way. Besides, I love the rest of the family. They're decent, hard-working people. My boss's father was wonderful to my family during the Depression. The family has a good reputation in the community, which rubs off on all of us employees. Also, I enjoy what I do. I've worked here for more than 15 years—it would be hard at this point to start all over again somewhere else. But the truth be told—some days I feel like an abused spouse who stays on, no matter what."

Abusive bosses in family business—be they men or women—are often very adept at creating conditions that breed dependency in those under them. They often dangle opportunities and rewards in front of their subordinates or bring them into intimate conversations about family issues that make them feel special—as if they were adopted members of the family. This inclusion comes at a price, however. Frequently, they get sucked into conflicts between their boss and other family members in the business.

"Difficult as my boss is with me, he treats his 20-year-old son even worse," said the woman in the case above. "I'm often put in the awkward position of having to explain the father's erratic behavior to the son—who, in turn, has his own difficulties getting along with others."

Abusive family business leaders often reserve the worst of their wrath for junior family members who work in the company. Contrary to the stereotypical notion of the protected scion in a cushy job, junior family employees under abusive bosses are often subjected to a boot-camp approach to mentoring—that is, "If this doesn't kill you, it will make you stronger."

Since these sons and daughters stand to succeed the abusive leader and inherit the business, they're particularly vulnerable targets for the leader's manipulations and resentments. These leaders are quick to recognize inadequacies in their own children that they despise about themselves. Paradoxically, they demand obedience—and when they get it, they criticize it as a sign of weakness and lack of initiative.

When I look back over cases of this kind of abuse in my work with family companies, it's almost invariably associated with dysfunctional levels of narcissism and self-absorption in their leaders. Many are workaholics or substance abusers of one sort or another. They're particularly gifted at putting the responsibility for their behavior on their victims.

"Every time I'm subjected to his explosions," said the woman I cited above, "I come away wondering what I did to provoke him. It's as if I'm always the one responsible for the eruption having taken place. It has taken me a while to understand that he is the one who ought to control his behavior, not me."

Often the very characteristics that made entrepreneurs successful—their singular vision, their relentless drive, their obsession with detail, their aversion to authority and their need to control decisions—can exacerbate the negative aspects of their personalities and create exploitive work settings. Indeed, they create organization structures that are a direct expression of their personality: They build highly centralized organizations that assure them direct control over decisions; then they hire dependent subordinates who are afraid to confront them with their abusive behavior.

Above all, abusive leaders avoid accountability: If they have boards at all (most don't), these are rubber-stamp groups that serve more to feed the boss's ego rather than to monitor his leadership.

Most abusive bosses suffer gaping blind spots when it comes to recognizing their own behavior and its consequences on others. Yet the biggest victims of this behavior are the owner-bosses themselves—because their terror tactics undermine the effectiveness of their own companies. Abusive behavior not only creates a corrosive, demoralizing organizational culture that stifles collaboration and growth but also makes it difficult to attract, retain and motivate good employees. Rapidly growing companies, in particular, desperately need to add highly skilled executives—the very sort of people who are typically unwilling to put up with abuse, no matter how generous the rest of their compensation package might be.

Because most family companies are private and the controlling owners are the ultimate authorities, abused employees often believe they have no legal recourse, short of quitting. But in fact they do have a few options.

The first is to get the abusive behavior out in the open and call it for what it is. Typically, that's difficult for employees to do individually. However, employees can seek opportunities that may legitimize an open dialogue about these issues. In one company, for example, a group of employees requested that a consultant be brought in to teach a program on "quality of work life." The consultant, who interviewed the owner and a number of family and non-family employees before the meeting, was able to frame the training in way that helped raise people's concerns about the boss's behavior. I'm told that this program has helped make him more self-conscious and has curbed his temper tantrums—at least in public.

It can also be helpful for employees to try to measure the bottom-line consequences of a boss's abusive behavior. In the company above, the employee complained to the human resources manager, who, in turn, began carefully documenting the company's high turnover rate and its staggering cost—especially in today's tight labor market. She also conducted detailed exit interviews with disenchanted employees who had been subjected to the boss's exploitative behavior. Unlike those who stay behind, departing employees can afford to speak openly about their negative work experience. Sometimes, documenting this evidence and confronting business owners with the economic costs of abusiveness can begin to raise their awareness of the trouble they're causing themselves and their companies.

But at the end of the day, employees aren't (and shouldn't be) responsible for saving abusive bosses from themselves. Often the best thing that victimized employees can do (be they family or not) is to leave the organization. Those who gather the courage to leave are often pleasantly surprised about their ability to find more promising opportunities elsewhere. Frequently their only regret is not having done it sooner.

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