



Conflict Consulting

For Families - Estate/Wealth Planning

Making decisions regarding the disposition of your personal and family assets are an important part of your life. When planning or creating business relationships for existing and new ventures, there are important and critical components for personal and corporate health and relationships. How these plans are made and implemented can affect or determine the success and viability of the plans made.

Taking this step is important to ensure the effectiveness, efficiency, and sustainability of your new relationship, as well as to set an example for others. For many individuals of faith, it is important that their work be an expression of their faith to others. They seek a witness that is more than just their words. Such sharing is less about speaking and more about modeling. Jesus expresses this in Matthew 5:13-16 when he calls his followers to be salt and light:

“You are the salt of the earth. But if the salt loses its saltiness, how can it be made salty again? It is no longer good for anything, except to be thrown out and trampled by men. You are the light of the world. A city on a hill cannot be hidden. Neither do people light a lamp and put it under a bowl. Instead they put it on its stand, and it gives light to everyone in the house. In the same way, let your light shine before men, that they may see your good deeds and praise your Father in heaven.”

The pattern for many Christian individuals and organizations is to merely imitate the culture around us in our relationships. As a result, we lose our “saltiness” and have little impact on those in our sphere of influence. The most serious consequence, though, is that we cause confusion regarding the identity and character of Jesus.

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Christ notes that the world watches his disciples and, by their actions, determines the legitimacy and truthfulness of God's statements about his love for the world and the deity of Jesus.

"My prayer is not for them alone. I pray also for those who will believe in me through their message, that all of them may be one, Father, just as you are in me and I am in you. May they also be in us so that the world may believe that you have sent me. I have given them the glory that you gave me, that they may be one as we are one: I in them and you in me. May they be brought to complete unity to let the world know that you sent me and have loved them even as you have loved me."

John 17:20-23

Francis Schaeffer states this important relationship as follows:

In the midst of the world, in the midst of our present dying culture, Jesus is giving a right to the world. Upon his authority, he gives the world the right to judge whether you and I are born-again Christians on the basis of our observable love toward all . . . Jesus is stating something else which is much more cutting, much more profound: We cannot expect the world to believe the Father sent the Son, that Jesus' claims are true, and that Christianity is true, unless the world sees some reality of the oneness of true Christians. . . without true Christians loving one another, Christ says the world cannot be expected to listen, even when we give proper answers.¹

If we intend to model God's love for the world, illuminating the darkness like a city on a hill, we need to act visibly different than the world, particularly in the area of resolving disagreements and misunderstandings with one another. God has consistently called leaders (Noah, Daniel, Esther, and Peter, to name a few) to be faithful to God's principles in the midst of a culture that doesn't accept them, or is even hostile to them. As God blessed these men and women in the Bible, He will do likewise with you as you seek to be faithful. God will be with you and guide you as you seek to live out your faith in your organization, home, and community.

¹ *The Mark of the Christian*, pp 22-29.

Case Study

The following is a case study of a family business and the conflicts that can damage and threaten the viability of the business and family, and how conflict consulting can help.

John and Edith took over a small ranch in the Southwest, originally developed by John's father in the early 1900s. As John and Edith grew the ranch, they also grew their family, with five sons and a daughter. John and Edith wanted to see their sons stay and help run the ranch, encouraging and making room for their sons and their families to become part of the ranch operation.

John was the leader, both training his sons as well as being their mediator and arbitrator when they developed competing interests in the ranch operation. As the ranch grew, and John started to reach retirement age, he and Edith followed their attorney's advice and developed an estate plan which relied on creating a family corporation, with each of the children holding minority shares and John and Edith holding the majority.

Unfortunately, John died earlier than expected, leaving the ranch operation to Edith, who held the majority shares, and the children. Edith tried to guide the family decisions, but the sons were more experienced, and the day-to-day operation was placed under the control of the oldest brother who answered to the Board of Directors, made up of his mother and siblings. The third son soon left the ranch, seeing there was no room for him in his family, and the two oldest brothers tried to run the operation through challenging economic times.

As might be expected, the two brothers had very different ideas on the operation, and the control of the ultimate decisions depended on where Edith placed her support. The non-managing siblings felt that the two managing siblings were managing the ranch as "their" ranch, not for the entire family. Those not included began to feel taken advantage of and questioned the decisions and actions of the managing siblings.

After 10 years of difficult financial times, the second son convinced Edith that the older brother was not successfully managing the ranch and garnered the support of the other family members to vote out the older son and place the second son in the management position.

The result of this change, and the way it was implemented, left the older son estranged from the family and ranch, but still a shareholder. As the economic challenges continued, the second son was as unsuccessful in managing the ranch

productively as the older son had been. On the verge of losing the ranch to increased debt, the siblings, now voting Mom's shares under a Power of Attorney due to Mom's illness, removed the second son and appointed the third son as president. These changes resulted in a very contentious and difficult family relationship, and promoted the same conflicts and methods of attempting to resolve them as had existed for the past 20 years.

With the ranch's viability and future in the balance, there were threats of lawsuits, lack of cooperation, and further estrangement between the family and their children. The family faced the choice of selling the ranch, hoping to pay the debts and move on, or seeking reconciliation of the broken relationships in an effort to achieve sufficient cooperation between the family members to develop and execute a plan for the ranch with the goal of saving the ranch and keeping it in the family, after nearly 100 years of operation by their grandfather and father.

How and when could Conflict Consulting help this family and their business operation?

There are three separate stages during which conflict consulting is appropriate and can provide significant help:

1. During the development of the estate and entity formation
2. Communicating the intent and purpose of the estate and entity plan to the heirs, and
3. Assisting the family with conflicts that arise between the heirs.

Development of the Estate and Entity Formation

When a client comes to their attorney for help in developing an estate plan, or creating a business entity to accomplish the business goals and/or estate plan, the first step is to fully understand the needs and desires of the client (in this case, Mom and Dad), and to create a plan which helps them act on and execute their goals and plans. The goals and plans of the parents will always be significantly influenced by the relationships they have with those they want to be involved in the business operation as well as the estate.

To help them make wise and effective choices, it is important to assist them in evaluating whether there are existing disagreements, strained or estranged relationships, or conflicts with those being considered to be included or excluded in their plans. If these relationships are influencing their decisions, providing them with coaching on how to address the conflicts, as well as assisting them to

resolve the conflicts before a final decision on how their plan should be structured, will result in more clarity in their desired plan and likelihood that they will accomplish their true goals.

For many clients, decisions related to estate and business planning are made in the context of the values and beliefs represented in their faith. It is important that they make choices and decisions which are informed by, and consistent with, their faith. Providing them with an opportunity to assess these relationships and resolve the situations by applying the values and principles of their faith allows more complete and satisfactory decisions.

In our case study, John and Edith could have significantly helped their adult children by first recognizing the disagreements and conflicts that existed between their children and future heirs at the time they were considering their estate plan. That would have allowed them to first attempt to resolve the issues and to take these into consideration in the manner in which the estate plan was established.

Helping John and Edith and their adult children address the underlying interests, priorities, and relationships would have given the heirs a foundation on which to work together once the estate plan became effective. The outcomes of such efforts would have also allowed John and Edith to structure their plan so as to account for the various differences and strengths of their children. If these issues had been addressed at the outset, John and Edith would have created a plan that both achieved their goals and promoted or avoided creating more contention or disagreements between the heirs.

Communicating the intent and purpose of the estate and entity plan to the heirs

When an estate plan is developed, a critical part of helping the heirs and beneficiaries understand and accept the plan is complete and appropriate communication. While plan documents can and should strive to convey the desires and intent of the donors, a written document, by itself, is not able to convey the depth of information often needed to fully understand it.

To promote this deeper level of understanding and acceptance, it is recommended that the donors have a meeting with the key beneficiaries to explain their desires and intent, and to answer questions from the beneficiaries. This conversation, however, is often difficult without help of a third person.

Most plans contain elements which may not be fully accepted and understood by all parties, potentially leading to conflict. Having a person trained to help individuals address situations and communications that may cause conflict, applying the values and beliefs of the parties' faith, leads to both acceptance and reducing the potential of a conflict in the future which may challenges or destroy relationships important to everyone.

In our case study, after John and Edith had decided on the best approach for their plan, having our conflict consultant meet with them and the adult children would have helped them explain their desires and plans for the ranch to remain in the family, and why they would want one or more of the children to manage the ranch. They would have been able to express a desire that those managing the ranch do so for the benefit of all, not just for themselves as the chosen recipient. This discussion, if managed appropriately, allows the children to ask questions of John and Edith to ensure they understand the desires and intent of the parents, as well as allowing the children to discuss among themselves how they understand and will carry out the directives set forth in the plan.

Assisting the family with conflicts that arise between the heirs

At times, despite the best efforts taken, or maybe because stages 1 & 2 are not taken, the heirs find themselves in conflict, which threatens both the viability of the estate plan and the relationships between the heirs. When this occurs between individuals who desire and agree to apply the values and beliefs of their faith to the situation and resolution, we can provide a dispute resolution process that incorporates and is based on faith-based principles.

The process is a well-established, time-tested process consistently applied in all types of conflicts for the past 30 years. It is based on a process defined in [*The Rules of Procedure for Christian Conciliation*](#). The dispute resolution process uses a certified, third party mediator and/or arbitrator who helps the parties address their conflicts in the context of their faith values, resulting in not only resolution of the substantive disagreements, but also allowing for a reconciliation of the relationships between the parties. The reconciliation of the relationships is not only the element that allows parties to consistently resolved disagreements guided by their faith, but is also the element that allows the resolution to be lasting.

In John and Edith's family, after years of contention and estrangement that threatened the ability to keep the ranch in the family as their parents desired, the

siblings came to the realization that, unless they sought the help of a third party mediator, they would end the family ranch with bankruptcy or resolution in the civil courts, or both. They realized that, not only did they mourn their loss of times a family, it was impacting the next generation as their children and grandchildren lost relationship with one another while their parents refused to gather together for family events and holidays, and continued to fight and attack one another.

Although the six siblings would not all describe themselves as having the same faith and commitment, they did all agree that the basic values of the Christian faith were trustworthy, and were the basis of their parents' decisions. As a result, they agreed to use a mediator, utilizing the process for Christian Conciliation. Each sibling and their spouse first met with the mediator for a conflict coaching session to help the mediator understand their issues, positions, and interests, as well as receive guidance on how to prepare for the mediation.

They then met together, with the mediator, and began to discuss the many issues and concerns, both material and relational, which were separating them. As they began to consider their individual contributions to the conflict, as well as helping each other see their respective wrongs and offenses to one another, they also sought to understand and apply the wisdom from the principles and faith they agreed would be the foundation of their discussions.

The result of their hard and deliberate work was agreements designed to allow them to work together and pursue the continuity of the ranch within the family. Most importantly, they reconciled their relationships.

To find out more how your family or estate clients can take advantage of these opportunities for assistance, contact David D Schlachter at david@crossroadsresolution.com, 503-764-9254.