



CAMP

ARBITRATION AND MEDIATION
PRACTICE PVT. LTD.



FAMILY BUSINESS DISPUTES



CASE STUDY 1

A Family Business Dispute

The Dispute

- X was the founder of a manufacturing business
- X died without a will.
- Disagreement set in amongst his 4 children – his sons A and B and his daughters D and E – regarding inheritance.
- All the siblings who were once close to each other now fought over receiving fair share in the business.
- Y, the mother who tried hard to resolve the differences between her children was diagnosed with a terminal illness. It was her dying wish that her children find peace again.
- All the siblings agreed to come for Mediation at CAMP.

The Process

- Mediation uncovered that X had always wished for his sons to run the business and his daughters to own the real estate upon his death.
- Sisters D and E were concerned that many of the real estate properties had been mortgaged to support the business.
- D and E felt that not having any share in the business was unfair in a home that treated the girls equally with the boys.
- A and B were of the opinion that the running and operations relating to the company should be left entirely with them because D and E had never been involved with the business. Both sisters D and E have been living abroad for the past 30 years since they got married.

The Outcome

- The siblings reached a settlement within a week.
- Sisters D and E were assured that the mortgages against the properties would be cleared by the company.
- Sisters D and E agreed for the brothers, A and B to take full charge of the company.
- Real estate property belonging to D and E was clearly identified and secured. The mediator understood subsequently that D and E got more than they had asked for in the settlement by their brothers.
- Over time D and E eventually got more than they asked for in the settlement.
- All the siblings are still in touch with each other and the family stays united.

CASE STUDY 1

An Internal conflict in a manufacturing business arising due to generational differences

The Dispute

- 6 brothers (A, B, C, D, E, F) were the directors of a 60-year-old family business.
- A, B, and C had been running the business in a conventional way to save money and ensure financial accountability.
- When D, E, and F started participating in the day-to-day affairs, conflicts arose between them and the elder group of A, B, and C.
- The two groups had differences in their perspectives about running the business – A, B, and C wanted to maintain the traditional approach, while D, E, and F wanted to adopt modern practices and explore new areas.
- This internal conflict caused the business to start going downhill, and there was no resolution to be found.

The Process

- A neutral third party mediator was brought in to help the parties communicate with each other.
- The mediator was able to move the brothers from their positions of distrust, anger, and bitterness towards seeing a way forward that respected their families and business.
- Mediation especially helped the brothers recognize the deep emotional impact the dispute was having on their children and future generations.

The Outcome

- With the help of experts who evaluated the business and assets objectively, a family settlement was reached.
- It was decided that A, B, and C would continue to run the main business.
- Sisters X and Y contributed their shares and properties to facilitate the settlement within the companies.
- D and E decided to take their shares and start businesses of their own, while F chose to leave the main business.
- The communication between the brothers and the family was revived, and the main business became one of the largest in its segment in India.