

SMALL BUSINESS | SMALL-BUSINESS GUIDE

When Couples Divorce but Still Run a Business Together

By BRYAN BORZYKOWSKI DEC. 5, 2012

Most business owners know not to bring personal issues to work, but that has been especially difficult for Agostinho Ribeiro. That is because he runs his company, a law firm based in Danbury, Conn., with his former wife, Valerie Calistro.

The two met in the late '80s, in law school, and the relationship blossomed in the early '90s at the firm — Ventura, Ribeiro & Smith — where Mr. Ribeiro was essentially the chief executive. They were married in 1998, and soon after, Ms. Calistro took a more active role in running the company's operations. Together, they built the business into what is now a 50-person operation with an emphasis on civil litigation.

But while the business grew, their home life started falling apart. Mr. Ribeiro and Ms. Calistro divorced in 2006, and suddenly, the former spouses had to make a choice: Do they continue running the business together or should one of them leave? (Ms. Calistro was not an equity partner at the time of the divorce; she is now.)

"People said, including both of our lawyers, that we shouldn't work together," Mr. Ribeiro said. "But we talked in an office for two hours and decided we should try to make our business relationship work."

Given a 2007 Census Bureau estimate that about 3.7 million businesses are owned by a husband and a wife. Given the high rate of divorce, this situation is more

common than many realize. This small-business guide, based on the experiences of owners like Mr. Ribeiro and Ms. Calistro, offers suggestions on making the best of a difficult situation.

“We created the business,” Mr. Ribeiro said, “we created the structure, and we had a team that counted on us.” Six years after signing the divorce papers, the business partners say they are working together happily and the firm is in good shape.

RESPECT IS CRUCIAL When Stephanie Blackwell and her husband of 12 years divorced in 1991 — “we just fell out of love,” she said — she wanted out of the business they had started together, growing alfalfa sprouts. He was angry, she said, and she could not deal with it. One day she drove off, but he chased her and told her to come back to work. “There was so much anger between the two of us,” she said, “but I still cared for him. I just didn’t want to be married.”

While it was tough to continue running the company with her husband, she stuck it out. They had four children together, she could not afford to leave her job, and she still respected him.

In 1998, she left to start another business, *Aurora Products*, which turned into a \$45 million company that packages and sells natural and organic snacks. Initially, her former husband took full control of the alfalfa business but it closed 12 years later. He now works for her, overseeing construction of a new plant.

Ivan Lansberg, co-founder and senior partner at *Lansberg Gersick & Associates*, a consulting firm in New Haven that advises family businesses, also emphasizes the importance of respect. Unfortunately, he said, many relationships become so damaged — especially if one person has cheated — that trust and respect are not possible.

To Mr. Lansberg, it all depends on open communication, predictability (people have to do what they say they are going to do), and consistency (they have to follow through even on bad days). But there also has to be some compassion. “You have to be able to put yourself in the shoes of the other person and empathize with what they are going through,” he said.

GET HELP Unlike most former spouses, those who own a business together must continue to see each other regularly even after the divorce papers are signed. That can make it harder to heal, which may be a good reason to seek professional help — even if it is too late to save the marriage.

Terri Allen still cared for her husband when the two separated in 2010 — they are not yet divorced — but there was so much anger that they could barely communicate. That made it difficult to continue running their accounting firm, which is based in Toronto.

The couple decided to hire a therapist to help them sort through their problems so they could continue working with each other. They found someone who specializes in Imago Relationship Therapy, a type of therapy that helps people communicate. “It helped us learn how to talk to each other in a calm and rational way,” Ms. Allen said.

Soon, she said, the yelling and screaming stopped, and they began to appreciate each other’s needs and concerns. “I was able to make it not about him and not about me,” she said. “So I became less angry.”

And that did wonders for their business relationship. When personal feelings interfere in a work conversation, she uses what she learned in therapy. “I’ve learned to be patient,” she said.

CREATE AN AGREEMENT Most business partners sign a shareholders agreement to establish what happens if someone wants to sell. Married entrepreneurs, though, often do not write such an agreement. “We didn’t have a proper partnership agreement,” Ms. Allen said. “We were married, and we wanted to work together.”

She and her husband are now putting together an agreement. When it’s done, it will detail how they would split the business’s assets if either one were to decide to leave. “It would have been great if we had done it before,” she said.

When Mr. Ribeiro and Ms. Calistro divorced, she was worried that she might lose her job. She asked her ex-husband to sign an agreement saying she could stay in

the business for three years. “I needed to know that I could continue working here and earn an income,” she said. That security calmed her nerves and gave them time to find a way to work together.

TALKING TO EMPLOYEES When owners divorce, the employees, not unlike children in a divorce, often pick sides. If that happens, Mr. Lansberg said, the company can fall apart quickly.

Divorcing owners, he said, need to be upfront about what is happening. If employees hear the news from someone else, they are likely to feel betrayed and worry about their jobs. “If people get wind of it, it tells them something about their connection to you,” he said. “They’ll feel like you don’t trust them.”

He suggests couples come up with a common story that they can share. Reassure staff members that the issues are being dealt with, he said, and that the company is not going to be affected. Of course, many people are not comfortable being that open. Ms. Blackwell, for example, did not make any formal announcement, though some staff members knew what was going on. “I felt sorry for the office administrator,” she said. “There was a lot of hollering and screaming.”

Ms. Allen took Mr. Lansberg’s approach. After the separation, she and her husband sat down with their employees and told them. “We knew we needed to be the first ones to tell them,” she said.

They told the staff that while the separation had been a long time coming, they still respected each other and wanted to continue in the business. The employees, she said, “were polite and thankful that we told them. They were happy that they knew their jobs were secure.”

As difficult as it is to run a business with a former spouse, Ms. Allen, Ms. Blackwell, Mr. Ribeiro and Ms. Calistro all said that it gets easier after about two years.

A version of this article appears in print on December 6, 2012, on Page B11 of the New York edition with the headline: When Couples Divorce But Still Run A Business Together.
