

# Family firms must learn to manage concurrency

BY JOSHUA NACHT AND PETER BEGALLA

**A** FOURTH-GENERATION FAMILY BUSINESS grappled with the definition of family ownership for many years. They struggled with whether to limit ownership to blood relatives and what to do with former spouses after a divorce. They wanted to appropriately restrict ownership to protect their enterprise, yet they also wanted to promote a spirit of inclusiveness.

Family business systems grapple with issues like this frequently. The most successful families adopt a certain way of thinking about these situations that brings success over the long term. These enduring families have developed thought processes that enable them to manage the concurrency of fundamentally opposite interests.

The capacity to accept inherent dichotomies as opportunities instead of problems to be solved is a vital skill for long-term success. In our experience, the families that move beyond “either/or” thinking into a “both/and” thought process are better able to successfully manage and navigate in an increasingly complex world.

To meet all competing needs, the family in the example above adopted an encompassing definition of family, crafted a buy-back and buy-in process for family members and developed a structured family internship and family employment policy. This both/and approach

resulted in a sense of family inclusiveness and created pathways for the family to relate in a professional, structured way that protected the business.

## Wearing two hats

In our work as scholars, researchers and family business owners ourselves, we see a consistent theme among the longest-lasting, most successful family business systems: They are able to develop the capacity to manage the concurrent demands placed on them by the unique situations they face. It may not be enough to wear the “business hat” sometimes, and then take it off to wear the “family hat.” This approach is reflective of either/or thinking, and is unnecessarily limiting. We need to develop the ability to wear both hats at the same time.

The seeming paradox of family business can be a great advantage when we shift the way we think about our problems and embrace the capacity for “both” (see *Family Business as Paradox*, by Amy Schuman, Stacy Stutz and John L. Ward, Palgrave Macmillan, 2010). The more that family business stakeholders develop their thought processes and ability to manage concurrency, the greater their chances of success in a range of situations.

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After a sobering appointment with his cardiologist, a father stayed awake many nights thinking about how to hand the business over to his son. As the head of operations the son was top-notch but had a brisk way of making decisions that was

markedly different from his father's lengthy and slower approach. “I love him, but he's not ready,” the father thought. “He has no idea about how I make decisions.” The father knew he wanted to exit the business but was concerned about how a rapid transition of leadership to his son would affect the management team. He wanted to change the way his son thought.

What do you do in this situation? Is this a problem to be solved, or a polarity to be managed? Problem solving is an essential technical skill that we use all the time. But problem solving has its limitations. Ronald A. Heifetz and Marty Linsky (*Leadership on the Line*, Harvard Business



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School Press, 2002) distinguished between technical skills, such as “fixing” and solving problems, and adaptive skills, such as looking at underlying causes for the problems and adopting innovative thought patterns. Our socio-cultural upbringing tends to develop and reward our problem-solving skills, so we have a tendency to overemphasize this approach. Family businesses unintentionally limit themselves when they use technical skills and either/or thinking to solve adaptive challenges.

Over time the father saw that he couldn’t “fix” his son and that his own style had flaws and inconsistencies. The father and son discussed the strengths and weaknesses of their respective decision-making skills among themselves and with their management team. The risks and benefits of each one’s decision-making style, along with their commitment to the family and to the firm, were thus known to all. This discussion sparked a non-family manager to contribute more and to counterbalance the son’s style. Eventually the team adopted a co-COO style of management. This adaptive approach allowed the father to pull back from daily operations and facilitate a creative way to capture the benefits of multiple approaches to decision making.

### Opportunities rather than problems

Family businesses run into these issues all the time: How do I demonstrate unconditional love for my family members *and* institute a merit-based system? How can I manage the short-term *and* the long-term needs of both my family and my business? How can we integrate the need to make quick decisions with the discipline of making slow, reasoned choices? Certainly, we could approach each of these conundrums as a problem to be solved. But a problem-solving approach might limit us to a narrow range of options. What if we approached these situations as opportunities to be managed in perpetual concurrency?

As Schuman and coauthors noted in *Family Business as Paradox*, risk/stability, individual/team, harvest/invest

tend to be viewed by family business owners as choices. But often, choosing one or the other prevents family firms from succeeding to their fullest potential. Both poles must be developed consistently over time in order

for the family and the business to truly thrive.

Models and tools such as the Polarity Map, developed by Barry Johnson (*Polarity Management*, HRD, 1996), can be very helpful in developing the capacity to leverage polarities for our advantage. When we work to actively manage polarities, we can benefit from the upsides of each option; we must intentionally develop the

capacity to think in this way.

Our mental models of how to approach situations are built through our language and thought patterns. “Am I focused on the success of the business, or the harmony of my family?” This question creates a false choice, and is unintentionally limiting. When we develop the capacity to manage polarities in concurrency, we can ask, “How can I ensure I have business success *and* family harmony?”

“Do we rely on how we have always done things, or do we try something new?” This limiting question can be restated as: “How can we utilize our experience of what has worked in the past *and* incorporate some fresh new ideas?”

The most successful, happy families we have encountered embrace polarities and have developed ways of thinking to ensure that competing needs are met. The ability to manage concurrency is a skill that must be cultivated and valued.

The challenges that family businesses face are not single events; they are ongoing, evolving and often unsolvable. If we approach them as problems that require a solution, we waste our valuable time and energy. The most successful family businesses have developed the vital capacity to manage polarities in concurrency as an ongoing resource.

What about yours?

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