

How to Promote Change By Reinterpreting Traditions

By The Family Business Consulting Group, Inc.

We've often written of the successor's challenge to preserve the strengths of tradition, yet to adapt those traditions to have more relevance for today. The challenge can be difficult and subtle. Sometimes the literal application of the tradition is contrary to the requirements for future success. But out of respect for predecessors and with appreciation for the power of culture, the successor would rather maintain the tradition. The task is to hold onto the spirit of the tradition but to reinterpret its meaning for contemporary utilization. Here are three situations where that was accomplished.

Do Whatever It Takes

The entrepreneurial founder of one company built a very successful construction business. He was able to grow by seeking all the work that came along. Some of his competitors were complacent and he was able to gain the business they didn't pursue. He earned a great reputation with his motto: Do whatever it takes to get any new customer.

Today, the entrepreneur's daughter runs the company. She and the business executives have determined that to continue to be successful the company now must focus on a specialized market segment by building extraordinary skills to serve particular customers. They needed lots of discipline and time to overcome the organization's temptation to bid on any work that came along. Not specializing, they realized, was not only inefficient in these more competitive times but

also risked getting into contracts where they lacked expertise. Sticking to their competence created plenty of opportunities as their reputation spread to a national market.

Her father became frustrated that the company didn't choose to bid on jobs from some of his old customers in the area. Many employees struggled with the memory of "do whatever it takes."

Through meetings and talks, the daughter rekindled the spirit of do whatever it takes. She stressed that the company should do whatever it takes to satisfy each customer they did seek and to constantly improve the company's methods. She wanted each customer to be really well served. She stressed doing the jobs more quickly and more safely by doing whatever it takes.

Training Takes Care of Our People

In a retail business, the tradition was to earn loyalty with We always take care of our people. Over the past two decades the company developed a very paternalistic culture including lending employees money for personal problems as well as providing job security and extraordinary benefits.

With a shift in business trends and demands, the third generation sons wanted to change the attitudes and culture of the workforce. They wanted to put more emphasis on training and less on providing security. The contradiction with the past was troubling.

At a board meeting they were struggling with their resolve on this issue. One independent director asked rhetorically, “Whose responsibility is it to create a career path?” After some discussion it was felt that it’s the company’s responsibility to offer great training and learning opportunities. It’s each individual employee’s responsibility to shape that into a secure career path.

The co-presidents then made it their goal to provide the best employee training in the industry. They promoted training as how we take care of our people. Training, they argued over and over, was the best gift of security a company in these times can offer.

Owe Nothing

Three generations ago a business was founded in a tough industry noted for its sleaziness in paying bills to suppliers and receiving payments from customers. Credit, credibility and trust were absent.

This business felt it could prosper by doing things differently — in ways consistent with its owners’ personal ethics. They pledged to pay all their suppliers and subcontractors, in full, every Friday. Their motto

was: Go home every weekend owing no one anything. They hoped that their policy would build at least a few successful relationships and word would spread to customers who wanted to do business in this style. They consistently rejected all forms of debt.

Now, 75 years later, the family business enjoys a well earned, outstanding reputation, well rewarded by a reforming marketplace. But business practices and strategic requirements changed through the years. While the company no longer clears its books, every Friday, it still pays all bills fully within terms. Its reputation remains especially strong. The company now has long-term debt used to finance a recent acquisition.

We urge business owning families to identify the spirit of their culture, such as being good to the people or always striving to do the best the company can. Then explore how that message has relevance for today and how it creates problems in today’s context. Stress the former, save the spirit of the message and reinterpret it to be consistent with new required behaviors. It can be a creative and fulfilling role for a president — especially in a family business.

To learn more about The Family Business Consulting Group and how we serve families like yours, call us at (773) 604-5005 or email us at info@thefbcg.com. There is absolutely no obligation.

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