

Mastering Family Business Paradoxes: Learning to Manage Dilemmas That Can't Be Solved

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Inevitably, every family business faces heart-wrenching, impossible choices. Some common examples are choosing between the needs of the business and the needs of the family, choosing between shareholder liquidity and shareholder investment and choosing between a focus on profitability and a focus on legacy. All these examples present a choice between two “right” answers that appear to be in direct conflict. In these cases, often called paradoxes or polarities, wise families refuse to choose one option to the exclusion of the other. They recognize that the complexity of the issue at hand won't be addressed by one solution. Instead, they seek ways to incorporate both options.

Dr. Barry Johnson, in his book *Polarity Management*,

helps clarify this dynamic by differentiating between problems and polarities. Problems — for example, whether or not to build a new facility, who to hire for an open position, or how much to budget for a new vehicle — can be solved. A choice may be difficult but can — and must — be made.

In contrast, polarities (or paradoxes) present two apparent opposites that can only be managed, not solved. This occurs because both options in a paradox are highly desirable and in fact necessary. Choosing one option over another is always a bad idea. In *Family Business as Paradox*, we have defined family business paradoxes as “...two sides that appear to be opposing, but in fact are mutually supportive” (page xii).

Some examples of common family business paradoxes:

BUSINESS		FAMILY/ RELATIONSHIPS		OWNERSHIP	
Long-term	Short-term	Individual	Family	Equality	Merit
Planning	Operating	Emotion	Reason	Harvesting	Investing
Strategic	Tactical	Support	Challenge	Growth	Preservation
Financial Goals	Non-financial	Work, Activity	Play, Rest	Majority Control	Minority Voice

Families in business together encounter the paradox challenge everywhere they turn, and their ability to harness the power of this dynamic is essential to their success.

Paradox often feels wrenching because there is no one “right” choice. No selection is clearly, indubitably, and unmistakably superior. However, as you seek to tap the power of both options, the feeling of frustration is replaced by a wonderful sense of possibility. Now, rather than being limited to one “correct” choice, you are free to select both “correct” choices. When tapped as an interdependent pair, paradox is a source of energy and opportunity. Though neither option is superior to the other, together both options provide a superior response.

We often experience recurring paradoxes as being frustrating or even dangerous. When the family is divided in its response, it can feel as though there is a serious threat to family unity and business continuity. But what if we took a completely different approach to these tricky issues?

Rather than seeking to solve them with one right answer, we could shift our framework and, instead, seek to manage them as naturally occurring tensions that have no solution. And, further, rather than feeling frustrated and threatened by these tensions, we could appreciate them as powerful sources of exceptional performance and quality of life. In fact, these paradoxes are gifts, and learning to manage them is central to the development of healthy families, sound businesses, and vital communities.

Many business-owning families intuitively manage the paradox dynamic with great skill. But other families often

feel inadequate when faced with stubborn, recurring dilemmas that can't be neatly resolved. These families often wonder, “Why aren't we strong or smart enough to make a decision?” Or they worry about the threat represented by a lack of family agreement. However, once they understand these issues as dynamics to be managed rather than problems to be solved, they can feel a tremendous sense of relief. They acknowledge the necessity to find a way to do both over time.

For example, they will need to act in response to short-term needs AND consider long-term implications. They will need to make decisions based upon emotion AND reason. They will serve the needs of the family AND of the business. By refusing to choose between two necessary and desirable options, these families are demonstrating their wisdom and understanding.

The research is clear. Organizations that manage paradox well outperform those that don't. Leaders who manage polarities well are more effective than those who don't. And, possibly most important, the most effective, harmonious families are those that successfully tap the power of both elements of naturally occurring polarities.

For further reading:

Schuman, Amy M., Stacy Stutz and John L. Ward. *Family Business as Paradox*. New York: Palgrave Macmillan, 2010.

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Collins, Jim. *Good to Great: Why Some Companies Make the Leap and Others Don't*. New York: HarperCollins, 2001.

Fletcher, Jerry and Kelle Olwyler. *Paradoxical Thinking: How to Profit From Your Contradictions*. San Francisco: Berrett-Koehler, 1997.



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