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# Through the Eyes of the Family: A Collective Case Study of Family Business Consulting

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THROUGH THE EYES OF THE FAMILY:  
A COLLECTIVE CASE STUDY OF FAMILY BUSINESS CONSULTING

CYNTHIA L. WAISNER

A DISSERTATION

Submitted to the Ph.D. in Leadership & Change Program

of Antioch University in partial fulfillment

of the requirement for the degree of

Doctor of Philosophy

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This is to certify that the dissertation entitled:

THROUGH THE EYES OF THE FAMILY:  
A COLLECTIVE CASE STUDY OF FAMILY BUSINESS CONSULTING

prepared by

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is approved in partial fulfillment of the requirements for the degree of Doctor of Philosophy in  
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## **Abstract**

Interest in family businesses has increased over the last 50 years. Little empirical research, however, has been devoted specifically to the study of family business consulting. Various practitioners have offered their insights regarding approaches and tools, and a few empirical studies have offered the practitioners' viewpoints regarding the practice area. The purpose of this study was to add to this small body of research by providing a view of family business consulting through the lens of the family business member. The chosen method of inquiry was collective case study, to allow for both contextual understanding and cross-case comparison. A total of nine participants across three cases were involved in the study. Several primary themes emerged from the study. To be considered a family business consultant by family members, a consultant needed to have entered the family business system through the family portal. The work of family business consultants was focused on inter-generational issues. Factors important to a successful consultation included chemistry with the family business leader, trust, values, and the involvement of non-business spouses. Finally, family members identified the maintenance of intact family member relationships as an important component of success in a family business consultation. Themes suggested by this study both supported and extended findings exploring family business consulting from the practitioner's point of view. The electronic version of this dissertation is at OhioLink ETD Center, [www.ohiolink.edu/etd](http://www.ohiolink.edu/etd)

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## Chapter I: Introduction

The purpose of this study was to conduct exploratory research into the relationship between the family business system and family business consultants from an insider perspective—that of family members. The study utilized collective case study as the method of inquiry.

### Background and Rationale

The use of outside consultants to businesses is nothing new. McKenna (2001) averred “administrators have employed outside advisors for thousands of years, but their counsel has traditionally been political, not commercial” (p. 19). He further argued that the “rise of management consulting as a distinct professional field occurred as a direct result of Congressional passage of the Glass-Steagall Banking Act in 1933” (p. 30). This act “outlawed banks’ previous consultative and reorganizational activities” (p. 31) to their clients. The concurrent passage of the Securities Act of 1933 required “the exercise of due diligence” (p. 31) prior to provision of financing. The Securities and Exchange Commission (SEC) further required large accounting firms to restructure to avoid possible conflicts of interest. McKenna argued that modern management consulting thus “grew not through a gradual process of linear evolution, but instead emerged from a competitive equilibrium shattered by regulatory change in the early 1930s” (p. 32). This young field, as might be expected from these origins, focused primarily on providing counsel and advice to large, public businesses. It would be several more decades before researchers began to focus attention directly on the family business as a particular type of business worthy of study in its own right.

Handler (1989) stated “research in . . . [the area of family businesses] was relatively limited prior to 1975” (p. 257). In that year, Danco (1975) published *Beyond Survival*, veering

off from the larger, but also young, research area of entrepreneurial studies to focus particular attention on the family business. Interest in the family business in general, and in consulting to the family business in particular, progressed rapidly over the next two decades.

Upton, Vinton, Seaman, and Moore (1993) pointed to 1984 as “a milestone date” (p. 301) associated with the “creation of the field” of family business consulting. This marks the year the Family Firm Institute (FFI) was chartered. Its founders “envisioned the Family Firm Institute as a ‘three-legged stool’ focused on serving a membership encompassing consultants, educators, and family business owners (J. Brockhaus, personal communication, 2002)” (Kaslow, 2006, p. 19). Since then, interest and professional activity in the area have increased dramatically. For example, Kaslow (2006) pointed out that attendance at the FFI conference grew from 20 participants in 1988 to more than 500 participants by 2006. The early 1990s saw the emergence of university-based forums and family business centers, used by some businesses “for direct consultation to their own family enterprise” (Kaslow, 2006, p. 20). An international professional organization, the Family Business Network-International (FBN-I), was formed in 1990, followed by the International Family Enterprise Research Academy (IFERA) in 2001 (Heck, Hoy, Poutziouris, & Steier, 2008). The FFI launched the Certificate Program in Family Business Advising in 2001. *Family Business Review*, the “only scholarly journal in the world dedicated exclusively to family business research” (Kaslow, 2006, p. 20) has published a number of articles related to consulting with family businesses. These are just a few examples of the venues, activities, events, and associations now available, which provide opportunities for practitioners and researchers to share knowledge and research and to hone their professional skills.

Various authors have asserted that consulting with family businesses is somehow different from consulting with other organizations (Upton et al., 1993, p. 305). Some preliminary work has been done with regard to identifying and categorizing these differences from the perspective of practitioners. For example, Upton et al. (1993) reported on a practitioner survey that asked survey respondents to “describe the three most important ways in which consulting with family firms differs from other business consulting” (p. 305). The researchers reported:

The number one answer dealt with family dynamics, emotions, and conflict resolution. . . . The second most frequent answer was that family firm consulting is more personal than other consulting. . . . The third most often cited way in which consulting with family firms differs from other business consulting involves the balance between family and business concerns. (pp. 305-306)

Kets de Vries and Carlock (2007) pointed out “what makes [*sic*] many family business issues seem intractable is not the business aspects, but the emotional issues that compound them” (p. xiv).

Others have proposed various interventions and models that they, as practitioners, have found useful in working with family businesses. For example, Silverzweig and D’Agostino (1995) outlined a four-day workshop approach and agenda that included work in the areas of strategic planning, communication skill development, and team building, among others. Vago (2004) discussed application of a proprietary process, Integrated Change Management©, to family business settings.

To date, however, little agreement has emerged regarding the nature and shape of this practice area. Malkin (1992) stated “little has been available in the literature on the actual process of family business consulting” (p. 19). Cross (2004) agreed and pointed out the dearth of empirical research on the topic. Cross further stressed, “the literature in the field contains a variety of ideas, assertions, philosophies, and models, none of which have been challenged or

viewed in relation to the others” (p. 2). For the interest area to progress and for practitioners to best serve family businesses and their various stakeholders, empirical research is needed to help answer the basic question: How does the family business consultant function effectively within the family business system? There is significant value in answering this question.

Gersick, Davis, Hampton, and Lansberg (1997) pointed out that the family business is “the predominant form of enterprise around the world” (p. 2). They further indicated “the most conservative estimates put the proportion of all worldwide business enterprises that are owned or managed by families between 65 and 80 percent” (p. 2) and that family businesses “generate half of the U.S. gross domestic product (GDP) and employ half the workforce” (p. 2). Many, if not most, of these businesses will work with a broad range of professional advisors and consultants throughout their lifetime. Yet, there is a sense among practitioners and researchers in the area that “professionals are not always prepared to deal with the special nature of family companies” (p. 4).

W. G. Dyer and Sanchez (1998) expressed concern over a decline in the number of *Family Business Review* articles devoted to practitioners’ needs and concerns:

Interest in practice articles seems to be decreasing, particularly because the number of such articles has steadily declined, which we viewed with some concern. We can only test our theories and develop better ones through application. We need to encourage professionals in the field to explicitly connect theory with practice and methodology. . . . Good theory is the result of good methods and good practice—each informs the other. To that extent, there is still much to be done. (pp. 290-291)

Vought, Baker, and Smith (2008) reiterated the need for both theory-focused and practice-focused research. The authors cited the need to “develop both a general theory of the family firm and subtheories on different aspects of operating a family firm” (p. 1112). They pointed out that “a good theory does not have to be immediately useful to practitioners. In fact, many theories are not immediately useful—they take testing, restating, and interpretation so they



can be applied to real-world problems” (p. 1111). This focus on theory will provide a solid foundation and shared understanding for family business as a field of research and practice. The authors, however, went on to state “it is important that researchers, when developing the field, periodically question whether the theories they are developing can eventually help solve practitioners’ problems” (p. 1112). They concluded by stating “while there is a need for more theory-based research, there is also a need for more research that is immediately useful for practitioners” (p. 1119).

This study sought to extend the small body of exploratory research regarding family business consulting by seeking information from a perspective that has not often appeared in the family business literature—that of family members within the family business system. To date, the research on effective family business consulting, indeed on family businesses in general, has focused primarily on the viewpoint of the practitioner, scholar, or other outsider. As Duffy and Solomon (2002) pointed out:

The existing body of family business literature is predominantly written through the lens of the “outsider” with academics, consultants, and professionals offering objective analyses of family business issues. In a review of family business research written by Sharma, Chrisman, and Chua (1996), only 11 of the 226 articles reviewed used qualitative methodology based on narratives from, or observations of, members of family businesses. This lack of research grounded in “insider” experience may be due in part to the difficulty of accessing the private lives of families in business; family enterprises are often secretive and may not welcome researchers into their worlds (Neubauer & Lank, 1998). Limited qualitative research may also be a function of the field’s development; by some accounts the study of family business as a distinct discipline is only about 30 years old (Neubauer & Lank, 1998). . . . By shifting the research lens to the personal experience of family business members, researchers may gain a unique opportunity to understand the depth and the complexity of family businesses. (literature review section, para. 7)

Thus, adding the client perspective to the available research on family business consulting helps to extend and clarify insights gained through practitioner-focused research.

## Definitions

To ensure that this study was properly bounded, some definitions were necessary. These definitions are summarized in Table 1.1.

Table 1.1

### *Key Terms and Definitions*

Term	Definition
Family business	One in which at least two members of the owning family are employed full-time, and in which more than one generation are currently, or have been in the past, actively involved.
Family business consultant	A professional, regardless of original professional training, who engages with the family business system primarily in the self-described role of “family business consultant,” (Davidow & Narva, 1990, p. 267) rather than in the traditional role of the original profession.
Family member	Any individual who, whether by birth or by marriage, is legally considered part of the family that owns and manages the business.

**Family business.** There is no commonly accepted definition of the family business. O’Connor (2000) pointed out that “researchers and consultants who have considered this question have come up with a number of different answers” (p. 3). In reviewing these definitions, Winter, Fitzgerald, Heck, Haynes, and Danes (1998) concluded “many researchers have focused on the degree of ownership and/or management by family members as criteria for a family business ” (p. 240). Astrachan and Shanker (2003) elaborated further:

There is no concise, measurable, agreed-upon definition of a family business. Experts in the field use many different criteria to distinguish these businesses, such as percentage of ownership, strategic control, involvement of multiple generations, and the intention for the business to remain in the family. (p. 211)

Astrachan and Shanker (2003) defined a range of definitions, from broad to narrow, based on the life cycle stage of the business. In this schema, “the level of inclusiveness depends on the perceived degree of family involvement in the business” (Astrachan & Shanker, 2003, p. 211). Their narrowest definition, that including companies with the highest perceived degree of family involvement, has two requirements: that multiple generations be directly involved in the business, and that more than one member of the owner’s family has management responsibility within the business (Astrachan & Shanker, 2003). The definition used in this study was based on this definition, with two changes.

First, I did not require that multiple generations currently be actively involved in the business, as this can often be difficult to determine. In my experience with family businesses, involvement is frequently not an either-or situation, as in the case of a founder who no longer appears on the organizational chart, but whose influence is still strong in the business. This individual may even spend considerable time at the place of business in an informal capacity. Such a business, an otherwise good candidate for this study, would have been screened out by a requirement for current multi-generational involvement. However, to distinguish study candidates from single generation “mom and pop” establishments, I did require that multiple generations have, at some time, been actively involved in the business.

Second, I quantified that at least two family members must work full-time within the business. I did not, however, purposely limit my interviews to those family members working full-time within the business (though, ultimately, only one individual who does not work full-time in the business was willing to be interviewed). Thus, I used the definition of a “family business as one in which at least two family members are employed full-time, and in which more than one generation are currently, or have been in the past, actively involved.”

**Family business consultant.** Early efforts to “define the body of knowledge for the family business field” (Family Firm Institute, Inc., 2007, p. I.5) identified that family business consultants come from a variety of backgrounds and home disciplines. These efforts further defined the four “major content areas, or core professions, in family business practice and education” (p. I.5). These are behavioral science, finance, law, and management science (including organization development, or OD), each with its specialized language and approach to the work of family business consulting (p. I.5).

However, as with the term family business, there is no one, clearly accepted definition of family business consulting. My definition was based on the issues and distinctions raised by Davidow and Narva (1990):

We would like to define a family business consultant first and foremost as one who separates himself or herself from an original profession as a clinician or a traditional business adviser and applies the expertise of that professional discipline to family-owned businesses. . . . We recognize that a family business consultant can continue to practice simultaneously in his or her original profession, outside the realm of family business. Our definition is intended to prohibit acting in both roles with the *same* client. (pp. 267-268)

As the nature and scope of family business consulting have not yet been fully delineated and described, it seemed appropriate, in terms of this study, to adopt a definition based on the perceptions and expectations of the two primary parties in the consulting relationship: the consultant and the family business system. Hence, my definition of a “family business consultant for the purposes of this study was a professional, regardless of original professional training, who engages with the family business system primarily in the self-described role of ‘family business consultant,’ rather than in the traditional role of the original profession.” This is consistent with the definition offered by Davidow and Nara (1990), as well as with the description provided more recently by Hilburt-Davis and W. G. Dyer (2003): “What distinguishes family business consultants from . . . other consultants . . . is that family business

consultants work at the boundaries where there are overlaps” (p. 15) between and among the family, business, and/or ownership/governance subsystems.

**Family member.** As this study focused on the perceptions of those fully inside the family business system—family members themselves—it was important to define the term *family member*. Because this insider viewpoint is rare in the literature, it is not known if there is a difference in perspective between those family members working in the business and those reaping the rewards of the business but not involved in day-to-day management, between those related by birth and those related by marriage, or between those in the nuclear family and those in the extended family. Therefore, to cast the broadest possible net, this study used the definition of a “family member as any individual who, whether by birth or by marriage is legally considered part of the family that owns and manages the business.” Additional criteria were necessary to screen individual cases for inclusion in the study. These criteria are covered in chapter III.

### **My Interest in the Topic**

Involvement with family businesses has been present, in one form or another, throughout my entire life. I grew up in a family that owned, over time, several retail businesses of the mom-and-pop variety. Thus, I developed insider familiarity with the intertwining nature of family and business priorities, demands, actions, conversations, functions, and roles. While studying for my MBA, I was particularly drawn to the topic of entrepreneurship, especially the emerging work on co-preneurial couples—those choosing to engage in entrepreneurial endeavors together and establish themselves as a family in business.

For more than a decade, my husband and I have been in business together, running a boutique management consulting practice. Being business partners has required us to have

constant, thoughtful conversations about what it means to be a family in business and what the implications are for how we define and work toward success, in both the business and the family realms.

My professional interest in the topic area, however, was ignited when my husband was asked, some years ago, to assume a role as the first non-family member CEO of a second-generation family business. The relationship lasted approximately two-and-a-half years, during the course of which I was also professionally involved with the company as a consultant. The search for answers and effective ways of dealing with a number of family business issues, such as role and boundary conflicts, led me to examine the family business literature. I came away with confirmation that the complexity and level of difficulty we were encountering in engaging with this system were not unique, and that much research remains to be done to equip both families in business and family business consultants with a complete and appropriate tool kit.

In 2007, I presented a poster session (see Figure 1.1) at FFI's annual conference, held in Miami, Florida. The session was based on a review of peer-reviewed research regarding family business consulting I conducted as part of my Ph.D. studies at Antioch University. I found that, of 135 peer-reviewed articles dealing with consulting to family businesses, only 45 represented empirical research. The vast majority of these were single case studies outlining a practitioner's experience with a particular consulting engagement. Almost all of the research was stand-alone; that is, it did not build on prior work in the area. I concluded there was a vital need to build a solid framework of research to guide practitioners in this practice area (Waisner, 2007).

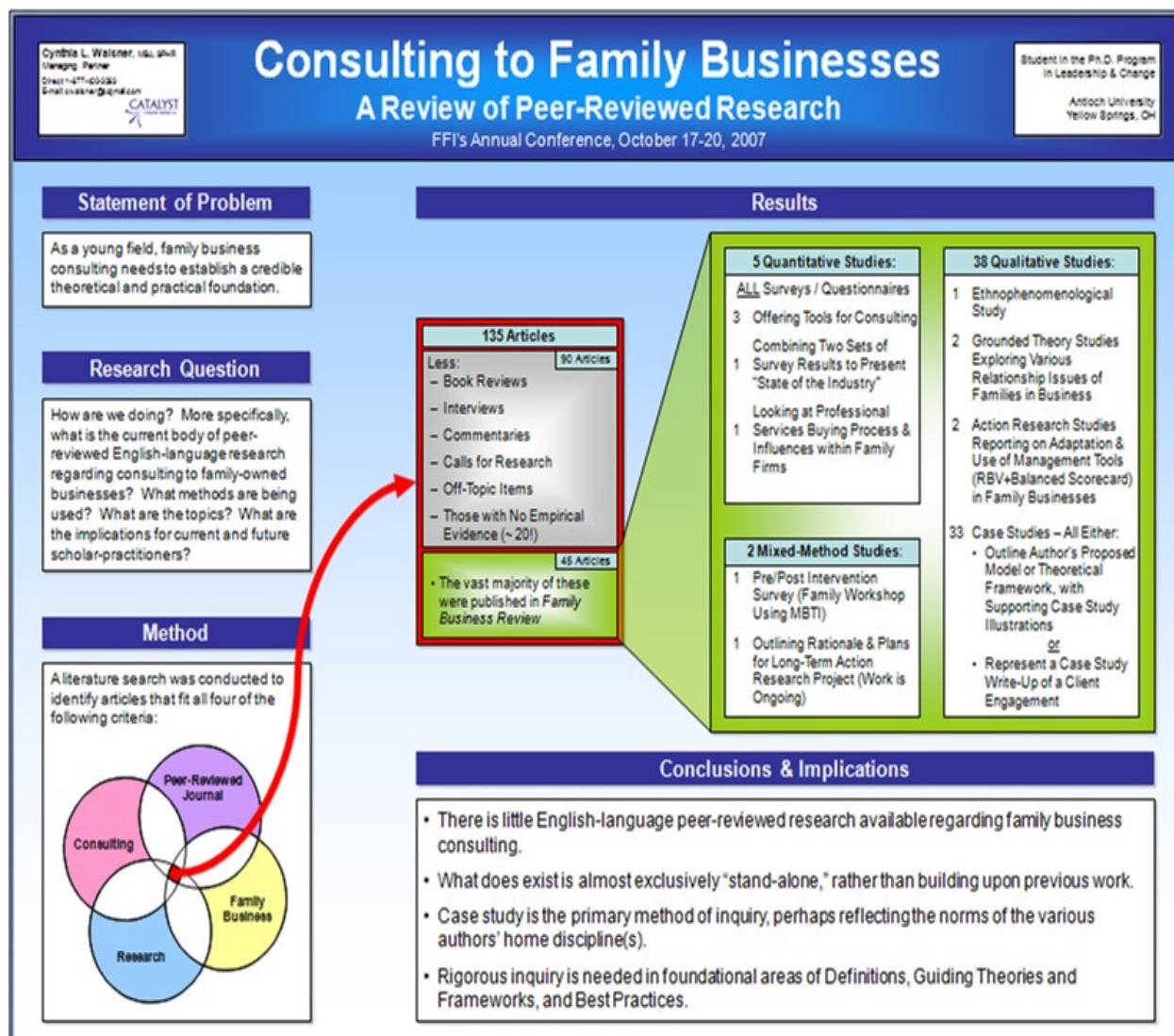


Figure 1.1. Poster session at FFI's annual conference (Waisner, 2007).

Since that time, I have partially fulfilled the requirements for the Family Firm Institute's Certificate in Family Business Advising. I am professionally involved, from time to time, with family businesses, though I view myself primarily as a professional facilitator and organization development consultant, not as a family business consultant.

The combination of these experiences led me to a strong desire to contribute to the understanding of family business consulting. My hope is that, over time, research in this area can help improve practitioners' effectiveness in working with this vital segment of the economy.

## Research Paradigm and Knowledge Claims

An important component of any study is to identify its dominant research paradigm and associated knowledge claims. As a practitioner and researcher, I am grounded in a pragmatic approach. In this framework, “the problem is most important” (Creswell, 2003, p. 11). The choice of method is driven less by the method’s philosophical underpinnings and more by its likelihood of shedding light on the problem.

In this instance, the primary research issue was to understand family business consulting from the perspective of those inside the family business system—the family members themselves. This is most consistent with a social constructionist epistemology and theoretical perspective. This paradigm emphasizes “the actor’s definition of the situation” (Schwandt, 2001, p. 31). The approach seeks to understand “how social actors recognize, produce, and reproduce social actions and how they come to share an intersubjective understanding of specific life circumstances” (pp. 31-32). In this paradigm:

The researcher’s intent . . . is to make sense of (or interpret) the meanings others have about the world. Rather than starting with a theory (as in postpositivism) [*sic*], inquirers generate or inductively develop a theory or pattern of meaning. (Creswell, 2003, p. 9)

As the understanding of family business consulting from the viewpoint of family members inside the family business system is highly limited in the existing literature, there was a good fit between the social constructionist paradigm and the purpose of this research study.

Various methods of inquiry demonstrate good fit with the social constructionist paradigm. I chose to use the collective case study for several reasons. First, researchers agree that family business systems are complex and somewhat idiosyncratic. Rather than artificially simplifying this complexity, I wanted to use a method that would honor the complexity and richness of each system’s unique experience. Second, the approach is well suited to the early stage of development of knowledge in this area. As Stake (1995) stated:



We . . . have a research question, a puzzlement, a need for general understanding, and feel that we may get insight into the question by studying a particular case. . . . This use of case study is to understand something else. (p. 3)

Finally, as Stake (2006) averred, “one fails to understand the phenomenon unless the explanation holds up in most individual situations. Examining situational complexity is a vital part of social science research” (p. x). The study of the unique complexity of specific family business consultations is necessary to advance both understanding and praxis regarding family business consulting as a whole. As Flyvbjerg (2006) stated, “common to all experts . . . is that they operate on the basis of intimate knowledge of several thousand concrete cases in their areas of expertise. Context-dependent knowledge and experience are at the very heart of expert activity” (p. 222). The current study sought to contribute to the literature by extending the small body of existing research regarding family business consulting, and, most importantly, by adding the point of view of an additional major stakeholder in this context.

### **Evaluation Criteria**

Lincoln and Guba (1985) clearly articulated a set of criteria for evaluating qualitative inquiry. These criteria, which have gained broad recognition and acceptance, were appropriate for use in this study. They are credibility, transferability, dependability, and confirmability (see Table 1.2). The specific techniques for meeting each criterion are elaborated more fully in chapter III.

Table 1.2

*Evaluation Criteria*

Criterion	Parallel in positivistic paradigm	Primary concern
Credibility	Internal validity	Truth value—are the findings and interpretations “credible to the constructors of the original multiple realities” (Lincoln & Guba, 1985, p. 296)?
Transferability	Generalizability	Applicability of the findings to other contexts—is sufficient “descriptive data” (Lincoln & Guba, 1985, p. 298) provided to allow the reader to make an informed judgment regarding contextual similarity?
Dependability	Reliability	The inquiry process—was the process “logical, traceable, and documented” (Schwandt, 2001, p. 258)?
Confirmability	Objectivity	The inquiry product—can data and the interpretations of the data be clearly linked to the original sources? Is the logic used to interpret the data sound and explicit?

*Credibility* is parallel to the internal validity criterion found in positivistic inquiry. Here, it refers to the congruence between:

Constructed realities of respondents and the reconstructions attributed to them. That is, instead of focus on a presumed ‘real’ reality, ‘out there,’ the focus has moved to establishing the match between the constructed realities of respondents (or stakeholders) and those realities as represented by the . . . [researcher] . . . and attributed to various stakeholders. (Guba & Lincoln, 1989, p. 237)

Lincoln and Guba (1985), Guba and Lincoln (1989), and Creswell (2007), among others, have delineated various techniques the researcher can use to ensure credibility. The current study employed the techniques of peer debriefing and member checking.

*Transferability* “may be thought of as parallel to external validity or generalizability” (Guba & Lincoln, 1989, p. 241). The burden of proof for transferability is on the reader of the study. The job of the researcher is to “provide as complete a data base as humanly possible in order to facilitate transferability judgments on the part of others who may wish to apply the study to their own situations (or situations in which they have an interest)” (p. 242). The primary technique for providing this complete database is thick description.

*Dependability* parallels the reliability criterion and is “concerned with the stability of the data over time” (Guba & Lincoln, 1989, p. 242). In a naturalistic study such as this one, shifts in constructs and methodological changes, rather than being threats, are “hallmarks of a maturing—and successful—inquiry” (p. 242). However, such changes need to be both “tracked and trackable” (p. 242). Throughout the inquiry, field notes, analytic memos, original data, etc. should provide a clear process trail by which “outside reviewers . . . can explore the process, judge the decisions that were made, and understand what salient factors in the context led the evaluator to the decisions and interpretations made” (p. 242).

*Confirmability*, parallel to objectivity, is concerned with “assuring that data, interpretations, and outcomes of inquiries are rooted in contexts and persons apart from the evaluator and are not simply figments of the evaluator’s imagination” (Guba & Lincoln, 1989, p. 243). In the constructivist paradigm, this means that data can be traced to their sources, and that “the logic used to assemble the interpretations into structurally coherent and corroborating wholes is both explicit and implicit in the narrative of a case study” (p. 243). Triangulation is the primary technique for ensuring confirmability.

## **The Research Question**

In his book on multiple, or collective, case studies, Stake (2006) made a clear distinction between the case (the individual instances being studied) and what he referred to as the quintain, “an object or phenomenon or condition to be studied—a target, but not a bull’s eye” (p. 6).

Multicase (or collective case) research is focused on the quintain:

Multicase research starts with the quintain. To understand it better, we study some of its single cases—its sites or manifestations. But it is the quintain we seek to understand. We study what is similar and different about the cases in order to understand the quintain better. (Stake, 2006, p. 6)

In the instance of the current study, the quintain was defined as the relationship between family businesses and family business consultants. As an instrumental collective case study, this study sought to “go beyond the case” (Stake, 2006, p. 8), as a step toward broader understanding of the quintain. Hence, the study was guided by a single research question:

RQ1: How do family members within a family business system understand the system’s relationship and interaction with a family business consultant?

While the study was inductive in nature, specific areas of the family business system/family business consultant relationship were explored. In particular, the study sought to engage family members regarding themes and issues that have previously been explored from the practitioner’s point of view. These areas are detailed in chapter III.

## **Limitations of the Study**

The study had three primary limitations. First, as an exploratory study, it utilized the points of view of a small and non-random sample of family businesses and their corresponding family members. While the cases selected cannot, by any means, be assumed to be representative, there is much to be learned from the particular. As Flyvbjerg (2006) stated, “the case study is well suited for identifying ‘black swans’ because of its in-depth approach: What

appears to be ‘white’ often turns out on closer examination to be ‘black’” (p. 228). Additional research, utilizing a variety of methods, will be needed to explore whether insights suggested by this study apply in other contexts.

Second, the study focused only on U.S. family businesses. Therefore, information and insights suggested by the study may or may not be relevant in other settings and cultures. Additional research will be needed to explore the findings across a broader range of U.S. businesses (perhaps via a survey incorporating the items identified in this study) and in different cultures (perhaps by replicating the research in other countries).

Finally, as with most qualitative research, findings of this study cannot be claimed to be generalizable in the empirical-statistical sense. However, transferability of findings on a case-by-case basis is possible. Schwandt (2001) stated:

Yvonna Lincoln and Ego Guba maintain that generalization is unrealizable, but, similar to Stake, they claim that extrapolation or *transferability* of findings from one specific *case* to another is possible. In their view, case-to-case transfer, an activity that is the responsibility of the reader of research, can be accomplished if the inquirer provides sufficient detail about the circumstances of the situation or case that was studied so that readers can engage in reasonable but modest speculation about whether findings are applicable to other cases with similar circumstances. (p. 107)

## **Dissertation Structure**

This dissertation comprises five chapters. In chapter I, I have provided the background, scope, and limitations of the study; explained its importance and relevance; and defined the research question. Chapter II reviews the relevant literature regarding family businesses and, in particular, family business consulting. Chapter III outlines the research methodology. Results of the study are reported in chapter IV. Finally, chapter V discusses the findings and their implications.

## Chapter II: Review of Pertinent Literature

Duffy and Solomon (2002) reviewed “over 1,300 family business articles and books”

(p. 3) and found that:

Family business literature began to appear in the middle 1950’s [*sic*] and gradually increased until the 1980’s [*sic*], when the publication of family business-related writing surged. The writings included academic literature (44%), business publications (29%), trade and professional journals (18%), newspapers (6%), popular magazines (2%), and government publications (1%). . . . The subjects most represented were succession and exit strategies, business strategy, financial management, work and family roles, and relationships. (pp. 3-4)

Most of these topics are outside the purview of this study and were, therefore, not pertinent for this literature review, which focused on (a) the status of and issues related to family business research, in order to situate the study within the larger body of family business research and (b) literature focused directly on family business consulting. As the definition of family business consultant used in this study and grounded in the definition provided by Davidow and Narva (1990) focuses on an individual who “separates himself or herself from an original profession” (p. 267), the foundational literature in these multiple original professions of family business consultants is not directly relevant.

### Family Business Research

Zahra and Sharma (2004) described a research “culture of regular stocktaking and intermittent synthesis of the literature” (p. 332) in the study of family businesses. Indeed, since at least 1987, shortly after the recognition of the family business as a discrete area of interest, various authors and researchers have regularly reviewed the state of family business research and offered their assessments, suggestions, and concerns for future research in this area. These studies offer thoughts and insights in several broad subcategories: methodological issues related to studying the family business; issues being studied; authorship and publication outlets; and

implications of the research for the evolution toward establishment of family business research as a bona fide field of study and practice.

**Methodological issues in family business research.** A number of researchers have thoughtfully explored this area, identifying several important issues. A primary point of focus has been identifying what is meant by the term *family business*. Other concerns explored have included ease of access and range and appropriateness of methods employed in research.

***Defining the family business.*** Gersick (1994) and others have commented that the study of family businesses is a “complicated field” (p. 103). The first complication is evident in the lack of an accepted definition or typology for distinguishing family businesses from non-family businesses and for distinguishing various forms of family business from one another. Churchill and Hatten (1987) called for a research framework distinguishing family businesses from those that are owner-managed. They viewed the critical distinctions between these two groups as the involvement of family members in the business and the non-market-based transfer of power between family members. Handler (1989) pointed out that definitional issues extend beyond the need for agreement on what constitutes a “family firm” (p. 258), highlighting the need for agreement on what constitutes succession as well as on what constitutes a “successful” or “effective” succession (p. 259). Handler further pointed out that, without agreement on these basic terms and conditions (indeed, there is even lack of consensus on which terms to use), “research sampling is very difficult” (p. 259). McCollom (1990) suggested family firms be distinguished from other organizations on four dimensions: structure—specifically, the degree to which the family and business systems overlap; task—the variance between the goals and values of the family and the business; culture—especially the emotional impact of family relationships on the business system; and roles—specifically, the multiplicity of family, business, and

ownership roles played by many individual entities in the overall family system . McCollom argued that the differences in these four areas between family firms and non-family firms create significant problems for the organizational researcher. These problems will be explored in the following section on methodological issues related to family business research.

In assembling a comprehensive conceptual and research-based typology of family business research in 1994, Wortman reported little progress in defining the family business: “definitions of family-owned business have been provided in textbooks and practitioner publications, but there is little commonality among these definitions” (p. 16).

Writing in that same year, Brockhaus (1994) offered perspective from the related research area of entrepreneurship, along with a potential way out of the dilemma:

Researchers in the 1970s and 1980s devoted a significant amount of effort attempting to obtain a definition for the term “entrepreneur.” By 1990, most researchers had come to the realization that a single definition of the term was not going to be widely accepted. The importance of fully describing the subjects in any specific study became more fully recognized (Katz, Brockhaus, & Hills, 1993). . . . Family business researchers are confronted with a definitional dilemma similar to that facing entrepreneurial researchers (Lansberg, Perrow, & Rogolsky, 1988) . . . it is unlikely that a definition will be agreed upon in the near future. Therefore it is very important that family business researchers fully describe the subset of family business that is being studied. (p. 28)

Sharma (2004) provided further nuance to this approach, pointing out that “a large majority of firms in most countries have a significant impact of ‘family’ in them” (pp. 3-4) and that “these firms are only rarely an either-or scenario” (p. 4). She further pointed out the progress made in three broad areas in terms of capturing the degree of “familiarity” (p. 4) in a particular business: operational definitions of family business, scales designed to capture the variety and types of family involvement, and typologies for use in classifying the family firm.

For example, Astrachan, Klein, and Smyrnios (2002) provided the Family Influence on Power, Experience, and Culture (F-PEC) scale as a way of describing the “extent and manner of family involvement in and influence on the enterprise” (p. 47). Subscale scores on dimensions



of power, experience, and culture are combined to place the family business on a continuum regarding degree of family influence. Holt, Rutherford, and Kuratko (2010) further tested and refined this scale.

Stafford, Duncan, Dane, and Winter (1999) described the Sustainable Family Business Research Model (SFB model). They pointed out its usefulness for research based on either the single system paradigm or the dual systems paradigm, as this debate was, and remains, unsettled, as discussed later in this chapter. Further, the model differs from previous models of the family business in that it includes “the family in the model at a comparable level of detail with the business” (Stafford et al., 1999, p. 204). In 2003, Olson et al. used the SFB model to simultaneously document effects of the family on the business and effects of the business on the family. They found that both the family system and the family system’s response to disruptions significantly affected both the owner’s perceived success and the gross revenues of the business.

In calling for further research at both the micro and macro levels of the family system, Heck et al. (2008) also appeared to support a flexible approach to defining the family business and its subsystems. They pointed to the need to expand the research in several ways, among them “comprehensively modeling all relevant subsystems relative to the family firm and recognizing the interrelationships and overlaps between and among all subsystems” (p. 325). To succeed in this task, they stressed the need to “reexamine the family firm with intense qualitative research including case studies and ethnographic case research” (p. 325). Depending on the concepts being studied and the vantage point being taken of the family business system, different definitions and criteria are likely to be appropriate.

For example, Sharma (2004) pointed out that family business research can be organized based on its level of analysis: individual, interpersonal/group, organizational, and societal. For

research focused on the individual level, a researcher might choose to use a definition of a family based on the owner being actively involved in the day-to-day operation of the business. A researcher focusing on intergenerational transition would likely choose an alternate definition, perhaps one involving multiple family members from different generations being actively involved in the business. Researchers focused on more macro-level issues, such as the economic impact of family-owned businesses in a particular region or country, might add additional criteria (such as number of employees or annual revenue) in defining the family firm in a way that is most relevant to the study.

Clearly, a major difficulty in studying the family business remains the inability to reach agreement regarding what constitutes a family business. Initial efforts to develop an agreed-upon standard definition appear to have been replaced by a view in which the definition in use is driven by the research need and focus. Further, the notion of the family business as an either/or situation has given way to an understanding that each family business exists somewhere along a continuum of “family business-ness.” Various scales, typologies, and models have been proposed in this regard, but none has achieved general acceptance.

***Other methodological issues.*** Lansberg (as cited in Gersick, 1994), identified several of the most obvious difficulties associated with studying family businesses:

[Family-owned] companies are very hard to study . . . business families are zealous guardians of their privacy. . . . Also, behaviors that were heavily influenced by family factors are edited and reported as having been primarily determined by managerial rationality—thus hiding the impact of family dynamics and hampering the researcher’s ability to measure and document the complex interplay of family and business forces. (p. 104)

McCollom (1990) echoed this concern over access to key information. Because of the multiple, overlapping roles inherent in a family business system:

Researchers may be denied access to key events and relationships within the family that have affected current roles. Historical events in families may be repressed, consciously

undiscussed, or overlooked in data collection, and the researcher's understanding of the organization may as a result be incomplete or incorrect. (p. 252)

In addition (though perhaps related) to these issues of access and self-editing on the part of the individuals reporting on events and behaviors, other methodological issues have been raised by family business researchers. Handler (1989), for example, raised four specific methodological concerns: the need for improved reporting on the part of researchers regarding the research methodology being used; the need for researchers to clearly identify the "backgrounds, roles, and assumptions guiding the research" (p. 258); the need to move beyond research which is essentially "piggy backing" (p. 258) on individual consulting efforts; and the need to broaden the range of research methods employed, as well as to combine methods to allow for richer analysis.

Additional authors have echoed these themes. McCollum (1990) stressed "research questions should determine the choice of research methods" (p. 245), and argued the field research technique known as clinical methods is particularly well-suited to the development of theory in family business studies. W. G. Dyer and Sanchez (1998) pointed out that, during the first decade of publication of *Family Business Review*, "only two articles out of the 186 we examined specifically introduced innovative and sophisticated methodologies for studying family firms and their complexities" (p. 290). The authors further asserted "family firm scholars will need to continually critique and develop new research methodologies to move the field forward" (W. G. Dyer & Sanchez, 1998, p. 290). Bird, Welsch, Astrachan, and Pistrui (2002) argued for "greater conceptual and empirical rigor" (p. 347), particularly regarding publication criteria for *Family Business Review*. They further called for the field to "decide whether and to what extent it can differentiate itself from the disciplines from which it borrows" (p. 348). Zahra and Sharma (2004) added their voices to the call for the choice of research methods to be "driven

by the research question of interest” (p. 336). They went further, however, pointing out that methodological choices should also consider the “level of development of the field” (p. 336) most pertinent to the topic of interest.

McCullom (1990), in identifying several key differences between family and non-family firms, pointed out several dilemmas related to research on the family firm. First, because of the structural interdependence of the family, business, and ownership subsystems, it may be impossible to truly isolate the business subsystem for research purposes. Events, behaviors, and results related to the business subsystem are perhaps more correctly understood as the result of the interaction of the subsystems, whether intentional or unintentional. This interaction creates considerable complexity for the researcher. McCullom also pointed out that the goals of the family subsystem and those of the business subsystem are often in conflict. In defining research outcomes stressing one subsystem over the other, the researcher can “unknowingly take sides” (p. 250), resulting in research which ignores or understates the inherent complexity of the family business system. Additionally, according to McCullom, researchers are “likely to get pulled in” (p. 252), due to the “emotional power of the family culture” (p. 252). While this danger exists in most research, McCullom argued that the emotional intensity inherent in the family business system creates an additional pull for researchers working in this area.

Finally, a significant methodological concern is the proportion of published studies containing no empirical data whatsoever. Debicki, Matherne, Kellermanns, and Chrisman (2009) analyzed family business-related research published between 2001 and 2007 in over 30 scholarly journals and found that “about half the papers were not empirical” (p. 162). Debicki et al. echoed the call for “greater methodological rigor and multilevel analyses” (p. 162).

To summarize, it is clear that the systemic complexity inherent in family businesses both magnifies and adds to the methodological challenges faced by the researcher in this area.

Researchers must take special care to avoid oversimplifying the system, and to at least attempt to understand and describe the multiple levels of interaction and effect with regard to the issue or phenomenon being studied. Further, researchers need to be both thoughtful and transparent in choosing and describing their methodological approach, their underlying assumptions, and the methods and procedures employed. A high degree of intentionality in these areas will help to develop a foundation of literature upon which theory and practice can be built and refined.

**Issues being studied.** Family business research has been fairly tightly focused on a handful of topics, leaving many areas virtually unexplored. W. G. Dyer and Sanchez (1998), in reviewing topics covered during the first decade of publication of *Family Business Review*, found that “interpersonal dynamics and succession” (p. 291) received the most coverage, “followed by managing business relationships and performance of family firms” (p. 291). Receiving only moderate coverage were “consulting, gender, ethnicity, estate planning, organizational change and development, and governance” (p. 291), while “philanthropy, unique approaches to studying family firms, wealth management, and the family firm in the international arena” were given the least attention (p. 291). Duffy and Solomon (2002) found a similar emphasis, categorizing the top areas studied across a broader range of family business-related writing as “succession and exit strategies, business strategy, financial management, and work and family roles and relationships” (p. 4). Zahra and Sharma (2004) found the issues of “succession, performance, and governance of family firms” (p. 335) dominated the discourse of the field for some 20 years, with only a “handful of articles . . . [covering a] potpourri of topics” (p. 335) beyond this set.

They stressed the need for more in-depth analysis and research on topics related to management of the family firm.

Carlock, Kets de Vries, and Florent-Treacy (2008) called specifically for more research in the area of governance, identifying it as an area in which “much work remains to be done” (p. 502). They stated that there are “undoubtedly family and business governance models that more completely address both the social and technical (business) issues in organizations” (p. 502).

This strong concentration of focus may be inhibiting both the clear establishment of the domain of the interest area and theory-building within this domain. For example, W. G. Dyer (2003) and W. G. Dyer and W. J. Dyer (2009) have issued repeated calls for researchers to recognize the importance of including the family as a variable in both organizational and family business research. To ignore this variable, they argue, is to seriously limit the generalizability or transferability of research results and inhibit development of theory-building in organizational and family business-related research.

As with the issue of definition of the family firm, establishing the domain of family business research and building strong theoretical and practical foundations for the topic areas within this domain continue as areas in need of further development. Additionally, greater diversity in both research topics and methodologies is needed, as is greater attention to clearly positioning the researcher, the epistemological framework, and the methodology utilized in a given study.

**Authorship and publication outlets.** In taking stock of family business research, several authors have noted the high degree of concentration of both authors and publication

outlets. While this has probably accelerated the rate of acceptance of the area as a legitimate field of study, it raises concerns regarding different lenses and alternate points of view.

*Authorship.* W. G. Dyer and Sanchez (1998) noted the “dominant role of academics, particularly those in business schools, in the development of the field of family business” (p. 293). They pointed out that this influence “may present biases toward topics of interest and methodologies employed to study these topics” (p. 293). While they found an increase over time in the number of articles written collaboratively, they noted that “most of this collaboration is between like-minded individuals who are in the same discipline and profession” (p. 294). They stressed the need for input from academics and practitioners in other areas to question assumptions and explore new approaches. In particular, they called for “exemplars that highlight what are considered ‘best practices’ in family firms as well as best practices in family business consulting” (p. 295).

Debicki et al. (2009) found “family business research is dominated by a relatively small number of scholars from a small number of schools” (p. 159). While this concentration has likely been useful in helping the interest area progress in becoming established as a true academic field, as discussed later in this chapter, it has also likely had some less beneficial effects. Zahra and Sharma (2004) pointed out the tendency for family business researchers to “talk to one another, rather than communicating and connecting with others in sister disciplines” (p. 336). Zahra and Sharma stressed the limits this tendency places on the ability of family business research to “impact public policy decisions, improve managerial practices, or even enrich the scholarly research” (p. 337).

Further, this strong concentration of authorship tends to reinforce acceptance of a single, dominant paradigm. W. G. Dyer and Sanchez (1998) stressed “new ideas stem from questioning

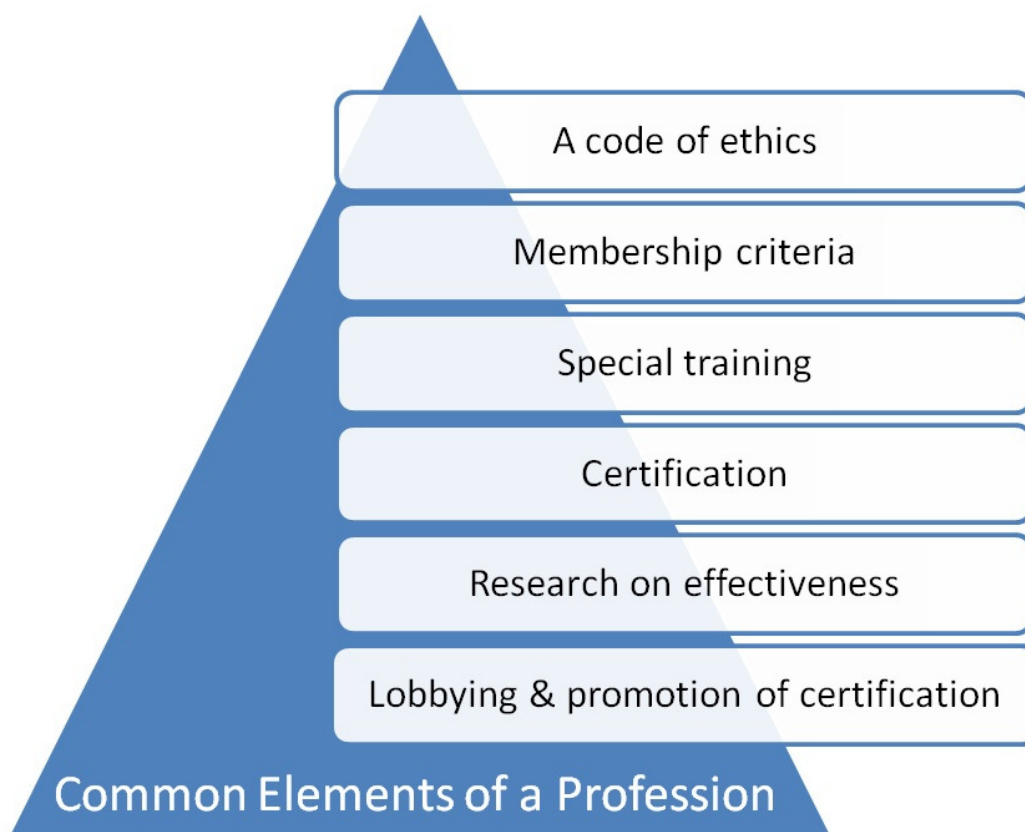
established assumptions and looking beyond the confines of a particular discipline” (p. 295). As the area of family business studies continues to develop, multiple viewpoints and approaches are called for.

**Publication outlets.** An issue related to the concentration of authorship in the area of family business research is the concentration of publication outlets for this research. As mentioned in chapter I, *Family Business Review* is the only major scholarly publication devoted exclusively to family business research (W. G. Dyer & Sanchez, 1998). Hence, its influence in establishing the direction of family business research has been, and continues to be, great. While this influence is likely helpful in helping to build a body of scholarly research quickly, it can have a negative impact on encouraging the kinds of multiple and divergent perspectives outlined above. Further, the majority of scholarly research not appearing in *Family Business Review* appears in entrepreneurship journals, such as *Entrepreneurship Theory and Practice* and *Journal of Business Venturing* (Chrisman, Chua, Kellermanns, Matherne, & Debicki, 2008). Hence, the vast majority of family business research appears in publications with a specialized focus. As such, these may not be publications with which a broader range of organizational scholars are familiar. This could be hampering, rather than encouraging, the addition of new perspectives, voices, and approaches to the family business research.

**Family business research as an academic field.** Each of the issues cited above is pertinent in evaluating the current status of family business as a stand-alone academic domain and discipline. Bird et al. (2002) elucidated several problems that existed early on: negative connotations associated with the label of “small business” (p. 338), the need for intellectual rigor dealing with issues beyond those of transferring assets and ownership, and the need for family business research to prove that it was not simply a subset of entrepreneurship and/or small



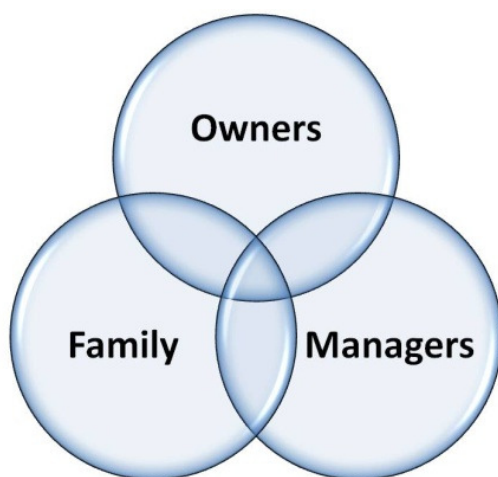
business research. Bird et al. identified several criteria that need to exist for a field to “be distinguishable” (p. 339): professional associations which clearly establish culture, a code of ethics, and communication norms; established career opportunities; and an “established body of theory” (p. 339) with associated “systematic theory” (p. 339). Based on these criteria, Bird et al. argued “family business is establishing itself as an intellectual field” (p. 348). See Figure 2.1 for an illustration of the common elements of a profession inspired by Bird et al.



*Figure 2.1.* Common elements of a profession (inspired by Bird et al., 2002).

Several authors have used Kuhn’s work (1970) to further trace the evolution of family business research. Casillas and Acedo (2007) argued “family business as a discipline is in a process of normal science” (p. 149). This period is characterized by emergence of, and general consensus around, a dominant paradigm. Moores (2009) concurred, identifying the accepted paradigm as that of the “three-circle framework that intersects family, managers, and owners”

(p. 177). This “three-circle Venn description of family business” (p. 170), as described by Tagiuri and Davis (1996), is shown in Figure 2.2.



*Figure 2.2.* The three-circle model (adapted from Tagiuri & Davis, 1996).

Moore (2009), therefore, agreed with Casillas and Acedo (2007) in their assertion that the family business discipline has evolved to the stage of “normal science” (p. 168) and thus is well into the process of firmly establishing itself as a discrete discipline or academic field. Moore cautioned, however, against confusing paradigmatic consensus with theory-building. He asserted the family business discipline has not yet achieved a strong foundation of theory, and this is the primary task ahead for the discipline to continue to develop along the path traced by Kuhn for establishment as a discrete social science discipline. “To evolve further requires a robust theory-building approach and the integration of accepted theories to better explain the phenomena [*sic*] that is consistent with the prevailing paradigm” (Moore, 2009, p. 170). Further, Moore reminded readers that the accepted paradigm (here, the three-circle model) necessarily “limits the boundaries of a discipline” (p. 170). Thus, to be considered a *legitimate* concern for the family business discipline, a problem or issue must, necessarily, involve the family entity:

The involvement of “family” is a necessary condition for the problem to be deemed a family business one. For example, an overlap between owners and managers may well pose worthy scientific problems but would be regarded as outside of the family business discipline, belonging instead to mainstream management or perhaps small business management. (Moore, 2009, p. 170)

This assertion echoes that of W. G. Dyer and W. J. Dyer (2009) that the family needs to be more intentionally included as a variable in family business research.

Vought et al. (2008) agreed that the current challenge in family business research relates to defining what constitutes a problem in the family business field, not whether such a field exists:

There appears to be too much time spent making arguments related to whether family business is a field. It is time to quit arguing, declare victory, and move on. Family business is a field or at least a major subfield that is appropriate to study. Researchers should spend their time, energy, and research arguing over the parameters of the field, not the existence of the field. (p. 1113)

**Summary and implications for research.** This review of the research currently available on the topic of family business research has a number of implications for the current study as well as for others in this area. This review suggested the following guidelines for family business research (as presented in Table 2.1).

Table 2.1

*Suggested Guidelines for Family Business Research*

Research Concern	Recommendations
Epistemology	Clearly and explicitly defined
Methodology	Clearly and explicitly defined Driven by the needs of the study
Methods	Broader range needed, including qualitative studies using methods other than single case study
Positioning	Researcher clearly positioned in relationship both to the study and to the system
Topics	Build body of research on less-studied topics, including consulting Must explicitly

	involve study of overlap between family subsystem and business subsystem to be legitimate area of research for family business studies
Data	More empirically-based research is needed
Definitions	Must be explicitly stated Driven by needs of the study
Voice	New voices and voices from other disciplines are needed

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To advance both knowledge and rigor through family business research, researchers should be encouraged to attend to the following criteria and areas of need:

- Researchers must clearly and explicitly identify their epistemological framework and methodology, and explain why this methodology is appropriate to the study. The choice of methodology should be driven by the research question and needs of the study, not the personal preferences of the researcher;
- Researchers must position themselves clearly, not only in relation to the study, but in relation to the system in order to help identify and clarify their assumptions, degree of emotional involvement, and agency in the study;
- Researchers should seek to expand the research methods that have been employed in studying this area. In qualitative research, in particular, methods other than individual case study from the point of view of the practitioner are needed;
- A stronger foundation of empirically-based studies is needed in order to facilitate theory-building over time;
- Researchers should also turn attention to the less-studied topics in this area. Consulting with family businesses is one of these areas;

- Researchers should clearly identify the definition of “family firm” or “family business” they are using for the study. This definition should be based on the needs of the study;
- New voices and voices from other disciplines should be encouraged to participate in family business research; and
- The overlap between the family subsystem and one or both of the other subsystems (ownership and management) should be an explicit part of the area of investigation in order for the problem to fall within the domain of family business studies.

### **Family Business Consulting Literature**

Relatively little of the published literature focuses directly on family business consulting. A portion of what does exist focuses on the difficulties and complexities associated with the practice area. Much of the remaining work concerns approaches and techniques for working with the family business. A small portion of the literature deals explicitly with the nature of family business consulting as a practice area.

**Special challenges.** In one of the early works on the topic, Levinson (1983) warned consultants to “be wary of consultation with family businesses” (p. 80). He advised consultants not to be “overoptimistic about . . . chances for success” (p. 80) or “disappointed if you fail” (p. 80). Levinson stated, “the most difficult problem in family business consultation is the fact that the key figure in the system does not have sufficient pain to want to change” (p. 76). This factor, combined with several others, leads to a situation in which, according to Levinson, “only rarely, perhaps in one incident of each 10 approaches, is a consultation process in a family business consummated” (p. 79).

Babicky (1987) offered a slightly more optimistic viewpoint, pointing out “there are numerous consulting opportunities in the family business” (p. 32). However, the author agreed with Levinson that consulting in the family business is complex and can be frustrating. She stressed that the surface, usually financial, problems in the business that motivate the family to engage a consultant represent symptoms, rather than root causes. Babicky averred that the underlying problems are almost universally based in family conflict, roles, and expectations, and, thus, the engagement must take place on two levels simultaneously. Babicky further pointed out that, not only may significant players in the underlying family narrative not be “on the board” (p. 26), they “may not even be alive” (p. 26). Consultants must, therefore, be highly skilled in conflict resolution and negotiation and, in general, be both competent and willing to address the underlying human problems rooted in the family system. Babicky further cautioned that if “the family acts as a team, they are almost unbeatable. If the family is self-destructive, no one can keep it together” (p. 26).

***Culture and ethnicity.*** Several authors have focused attention on the additional complexities posed by cultural backgrounds, norms, and expectations in the family business consulting situation.

Vago (1995) stressed the need for consultants to be aware of cultural variables affecting interpersonal relationships, work, and the workplace, and governing relationships between members of the culture and outsiders, such as the consultant. Vago, while primarily concerned with the action of these variables in cross-cultural family business consulting, also stressed that “the complexities of family culture must also be addressed” (p. 324). Vago recommended that these variables be explored “almost immediately” (p. 325) upon entering the consulting arrangement, and periodically throughout the life of the consulting engagement.

McGoldrick and Troast (1993) urged consultants to explicitly seek to understand the impact of a business family's ethnicity on values and behavioral norms and patterns. They suggested that the construction of a family genogram might prove helpful in this endeavor.

***Who is the client?*** Babicky's (1987) work introduced a key question for consultants working in the family business system: Who is the client? Babicky, while not addressing this question explicitly, stated that the consultant "must assume that what is best for the business is best for the family" (p. 32). Hence, Babicky appeared to be operating from a belief that, in family business consulting, the business is the primary client. Whether this viewpoint is prevalent among family business consultants, as well as whether it is associated with high quality consulting outcomes does not yet seem to have been explored in family business consulting research.

Slightly more than a decade later, Aronoff (1998) seemed to suggest a more personalized approach to answering this question. He stated that family business consultants seem increasingly "willing to discuss the goals of individuals and families, eschewing the assumption that if family businesses do not fit into stereotypical motivational and reasoning patterns, they need to change their nature" (p. 184). This appears to suggest that, at least for some practitioners, the specific, defined goals of the family system may serve as the primary client to be served in the consulting relationship.

***Dual systems or whole system approach?*** The contrasting points of view outlined above also point to a key unanswered question in family business research: Is a dual systems or a holistic approach more appropriate in understanding the family business system? That is, can the system best be understood as the interaction of the two primary subsystems (the business and the

family) or are they so inextricably intertwined that only an approach based on entering the whole system makes sense?

Swartz (1989) advocated a team approach to family business consulting. He argued, as do many family business consultants, that it is “impossible to intervene in the business without affecting the functioning of the family, and vice versa,” referring to this as the “dual systems approach” (p. 331). Swartz described an approach involving two family business consultants, plus the availability of the financial professional making the referral. Additionally, Swartz outlined advantages and challenges encountered in his experience using this approach.

Budge and Janoff (1981) also affirmed the dual systems approach, suggesting members of family business systems operate simultaneously using two voices—the family voice and the business voice. They argued that consultants can achieve greater understanding of the system by engaging in a “language-centered analysis of the dynamic operation of competing discourses within family businesses” (p. 367). They further argued that the consultant, upon entering the system, becomes a character in the family business story, and should, therefore be intentional and thoughtful about the way in which the consultant voice interacts with the family and business voices.

Flemons and Cole (1992) addressed more directly the question of whether, with regard to family businesses, one should “assume a dualistic or holistic perspective” (p. 259). They argued, “neither orientation is more or less correct, more or less ontologically true” (p. 259). Instead, they suggested practitioners use the twin tools of relationship and context to help the business family define the places of connectedness and separateness that are most meaningful and effective for its particular system.



Sundaramurthy and Kreiner (2008) further elucidated this view, arguing that the two primary subsystems—the family and the business—within the family business system represent two different identities. They utilized boundary theory to point out that these identities may be segmented or may overlap. They then introduced the concept of “differential permeability” (p. 416) to describe the continuum from one of these extremes to the other. Overall, they appear to have taken a holistic approach, arguing that each family business system needs to identify the degree and placement of permeability that best suits that particular system.

Carlock and Ward (2010) outlined the Parallel Planning Process (see Figure 2.3), combining useful elements of each approach in a comprehensive framework that is, overall, holistic in nature. The family and business management are guided through “aligned planning and decision-making processes” (Carlock & Ward, 2010, p. 29), “driven by the family’s values” (p. 5). In addition to values, the Parallel Planning Process explores “vision, strategy, investment, and governance” (p. 5) from the family perspective and from the business point of view. Carlock and Ward (2010) summarized the approach and its benefits by stating:

In simple terms, there are five actions for the family and five parallel actions for the business that, when completed with communication and shared thinking, create strong alignment of the two systems, focusing financial and human capital toward a shared and mutually supportive vision. (p. 6)

This approach places “new emphasis on the business family, rather than just the family business” (Carlock & Ward, 2001, p. xv). This emphasis is important in light of the growing recognition among family business researchers of the need to focus more attention on the family, particularly in terms of its effects on the business.

## Five Action Steps of the Parallel Planning Process

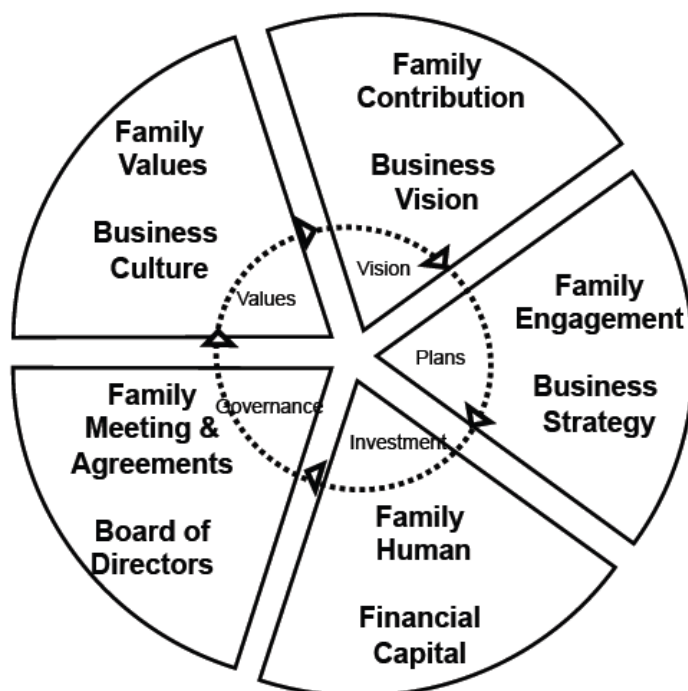


Figure 2.3. Parallel Planning Process (R. Carlock, personal communication, May 7, 2012).

**Consultant roles.** Hilbert-Davis and Senturia (1995) challenged traditional views of the consultant's role in the system. They pointed out that consulting theorists and authors frequently "describe consultation frameworks in ways that sharply differentiate process experts and content experts" (p. 190). They argued this represents a false dichotomy and that, especially in consulting with family businesses, consultants must be both willing and able to move easily between content expertise and capability in managing process. They concluded by providing several practice-based guidelines for guiding process effectively in the family business situation.

Vago (1998), exploring the tendency toward multiple and overlapping roles in relationships with family businesses, argued strongly against the existence of dual relationships,

stating, “managing client resistance to change is a cornerstone of effective consulting. The ability to confront effectively is another. The dual relationship is the enemy of both” (p. 265). She provided guidelines for family business forum directors, educators, consultants, and advisors in maintaining role clarity.

The authors’ recommendations in each instance appear to be aimed at providing guidelines to help family business consultants navigate the inherent complexities of the family business system. The difference lies in whether the author encouraged practitioners to learn to navigate the complexity of the system through flexibility in role adoption or to avoid dangerous complications resulting from the complexity through clear establishment of role boundaries.

Several authors have focused specifically on the *trust catalyst* role in family businesses, a role that can be assumed by the family business consultant. LaChapelle and Barnes (1998) defined the term as “people who take a role in creating and maintaining trust within and beyond the family” (p. 1). They asserted the role is based on the characteristics of predictability, caring, character, and competency. While this role is frequently filled by a family member, according to LaChapelle and Barnes, it can also be filled by an outside advisor, particularly during times of high stress, when no family member can adequately fill the role.

Kaye and Hamilton (2004) took the concept further, asserting that “managing trust is the *sine qua non* when working with all sizes of family firms” (p. 152), stating “if the family doesn’t have a trust catalyst already, we need to perform that role, and if they do, we need to be another one” (p. 153). Appropriate establishment of this role in multidisciplinary consulting teams often leads to a situation in which one person “maintains a long-term advisory relationship, facilitating the clients’ trust in a succession of other resources, as needed” (p. 159). Thus, the authors

reinforced the team approach to consulting with family businesses, while adding both theoretical and practical recommendations regarding how best to structure this approach.

In advocating for adoption of one or another role in the client system, practitioner-researchers seem to be implying certain consultant actions and approaches. Most of the literature, however, stops short of clearly identifying these actions and approaches. In other words, there is scant description of how one fulfills a certain role in the consulting relationship.

Clearly, there remains much work to be done in establishing a comprehensive literature base regarding family business consulting. Exploration is still in the beginning stages regarding such foundational issues as the very nature of family business consulting, the role of the consultant in the relationship, and the relative advantages and disadvantages of a dualistic versus a holistic orientation to the family system. Yet, little of the most recent family business research directly addresses the consulting relationship in any form. More research on all aspects of the consulting relationship is needed to help the practice area continue to develop and refine both theory and practice.

***Self-regulation in the consulting relationship.*** Several authors have explored the need for high degrees of self-awareness and self-reflection on the part of family business consultants.

Hubler (1998) offered a personal reflection on the “shadows” which can potentially have a “negative impact on our consulting of family-owned businesses” (pp. 188-189). Specifically, he offered an example of how the shadows of “functional atheism—the belief that the ultimate responsibility for everything rests with me” (p. 189) and “a deep insecurity about . . . identity and self-worth” (p. 189) combined in a particular consulting engagement, causing the author to originally resist a client request that, ultimately, led to a highly productive interaction among family members. Hubler suggested family business consultants develop a regular practice of

“dealing with . . . [their] own shadows” (p. 192) and that they form interdisciplinary study groups to share mistakes, learning, and resources. These recommendations are consistent with the focus on self-awareness and authenticity related to the use of self as a change agent in the consulting relationship, examined later in this chapter.

Brown (1998) recommended another form of accountability, suggesting at least two consultants be assigned to each family business engagement, even if only one is involved directly with the client. The two should “consult regularly on the progress of the case and the strategies for dealing with the case” (p. 203).

It is important to note all of the above-cited literature, as is true of the vast majority of the family business consulting literature, represents advice or recommendations informed by a practitioner’s own background and experience in consulting with family-owned business. Empirical evidence is scant, consisting primarily of case examples from the practitioner’s background used to illustrate a particular point or recommendation. Further, each contribution essentially stands alone, rather than being connected in meaningful ways to the rest of the family business consulting literature. While certainly valuable in helping to disseminate approaches, ideas, and resources among those consulting with family businesses, this approach does little to advance the theory-building mentioned by Moores (2009) or to help build cohesive frameworks for the practice of family business consulting.

**Approaches, tools, and techniques in family business consulting.** The preponderance of the family business consulting literature is focused on outlining approaches, tools, and techniques to assist the family business consultant.

***Contributions from other disciplines.*** Several authors have explicitly identified ways in which other disciplines can inform the work of family business consulting. Significant contributions have been identified from both the behavioral sciences and organization development (OD).

*Organization development (OD).* W. G. Dyer (1994), for example, outlined ways in which the equally ill-defined field of organizational studies can inform work with family businesses. Specifically, he outlined ways in which interventions derived from organization development can assist work with family businesses at the individual, interpersonal, group, and organization levels.

Lane (1989) provided “an approach to consultation with family businesses that has been refined and developed through practice over a number of years” (p. 5). Lane described this approach as being rooted in “organizational [*sic*] development (OD)” (p. 5) in three primary ways: it focuses on “planned, guided change” (p. 5); its primary objective is to “enhance a group’s problem-solving capacity” (p. 5); and “the consultant fosters the client’s independence and gradually works him or herself out of a job” (p. 5). Lane described the approach as being aimed directly at the overlap between the family system and the business system and borrowing from the fields of traditional business consulting and of therapy.

Poza, Johnson, and Alfred (1998), while not specifically referencing the field of organization development, reported on the first phase of the Discovery Research project. This project involved research on family businesses with between \$5 million and \$100 million in sales. An average of three family employees and five nonfamily managers completed a 40-item family firm questionnaire, while family members both in and out of the business completed a separate, 20-item family questionnaire. Seventy-three firms, each involved in the family

business program at either Case Western Reserve University or the University of St. Thomas, participated in the 10-year longitudinal study. The study employed the OD approach known as action research. This approach, originally named by social psychologist Kurt Lewin, involves “a spiral of interlocking cycles of planning, acting, observing, and reflecting” (Schwandt, 2001, p. 3). In this project, the “actions taken by a firm in response to the often-iterative survey feedback and action process are tracked in the 10-year study” (Poza et al., 1998, p. 312). Poza et al. reported clear improvement in an awareness and understanding of the need for change, as well as improvement in readiness for change. They reported mixed results regarding actual changes in the family system as a result of the action research feedback cycle. The article covers the first six years of the 10-year project. Published material outlining results at the end of the project could not be located.

Hilburt-Davis and Dyer (2003) outlined a consulting approach to family businesses that they described as a “modification of the *action research* method of assessment and change commonly used in organization development” (p. 32). This consulting process includes a “chemistry meeting” (p. 36) held before formally entering into an engagement. This meeting serves several purposes. Among these are identification of the client, clarification of consultant roles in the system, and assessment of client consultant fit and the overall level of client commitment.

Though not always identified as such, some variation on the action research approach appears with regularity in the family business consulting literature. Many practitioners also place a strong emphasis on process consulting with family businesses, an approach that also has strong roots in organization development. This is, perhaps, not surprising, given OD’s traditional emphasis on facilitating planned, systemic change in organizations.

*Psychology and the behavioral sciences.* Carlock et al. (2008) pointed out that the “academic field of family business” (p. 499) is a “derived discipline supported by constructs and theory from anthropology, economics, sociology, and psychology” (p. 499). They pointed out the special importance of psychology to the field, stating that “psychology provides the organizing concepts for the study of the interaction and interdependence of the family and business systems, and the emotional and social relationships they create” (p. 499).

McClendon and Kadis (1991) elucidated both some of the benefits and some of the challenges in viewing the family business through the lens of family therapy. They suggested much of the conflict that exists in family businesses is rooted in role and/or identity conflict, areas in which the family therapist can be particularly helpful. McClendon and Kadis stressed the need to recognize the “continual underlying process of loss and grieving” (p. 649) that exists in the family business. Perhaps most importantly, they outlined ways in which working with a family business is distinctly different from other therapeutic work. Key among these differences are: (a) the need to consider that the family business itself, rather than an individual or the family, might be the client, and (b) the need to consider context more thoroughly and intentionally, “because profitability doesn’t automatically accompany healthy family systems” (p. 650). Hence, the authors added their voices to the list of those outlining the difficulties in identifying the client in family business work and seemed to be advocating a primarily dual systems perspective in working with family businesses.

Kaslow (1993) outlined a life cycle approach to viewing the family business, illustrated with case vignettes. She proposed the work of family business consultation is an excellent fit for the mental health professional, drawing on skills in “assessment and diagnosis, . . . therapeutic



strategies for intervening with individuals and in small and large groups, . . . consultative skills with organizations, . . . and collaborative skills with those in other disciplines” (p. 15).

Brill (1995) provided a very different perspective, outlining the dangers and pitfalls of therapeutic work with members of family businesses. He offered a case study in which both psychiatrist and client were unaware of the complex and interrelated issues within the family business system driving strong criticism and a sense of “failure to perform” (p. 255) for the client. Working without this contextual understanding, an issue also raised by McClendon and Kadis (1991), the psychiatrist affirmed the client’s ultimate decision to leave the company, intensifying his own feelings of failure and the company’s turmoil. Brill argued “knowledge of work and work organizations” (p. 255) should be a necessary part of psychiatric training.

Finally, Kets de Vries and Carlock (2007) provided a very thorough practitioners’ guide, which combines psychodynamic and family systems theory. The authors suggested the combination of these approaches, with their respective emphases on how past events shape current functioning and on patterns and effectiveness of current behavior, can be extremely helpful in working with the family business to identify, surface, and resolve deeply-entrenched issues. An in-depth case study of a family business intervention, rooted in the action research model, was also provided, as well as suggestions for using tools such as the family genogram and the clinical rating scales (CRS).

***Individual case studies and specific interventions.*** A number of authors have provided specific examples of their work with family businesses and/or advocated a particular approach or intervention.

For example, Silverzweig and D’Agostino (1995) outlined a four-day workshop agenda including components of visioning, communication skills, strategic planning, team building,

culture, and human resources. Their study represents one of the few in the area outlining an attempt at long-term follow-up on results. “Informal follow-ups indicate that a number of these family businesses haven’t accomplished all of the objectives and strategies they committed to at the workshop” (p. 214).

Habbershon and Astrachan (1997), providing one of the few quantitative studies regarding family business consulting interventions, posited that “perceived agreement among family members can be measured” (p. 47) and that this perceived agreement, rather than actual agreement as proposed by previous researchers, forms the “basis for positive outcomes in a family business” (p. 37). They proposed that the family meeting can be used effectively as an iterative, rather than one-off, process for increasing the sense of perceived agreement among family members.

Vago (2004) provided a high-level overview of a proprietary intervention called Integrated Change Management©. This approach attempts to intentionally engage family business members at the emotional level in considering options for their future and that of the business. The approach helps family business members identify and express “needs . . . (what they must) *be* to be OK” (p. 75) and “greeds . . . (what they must) *show* to be OK” (p. 75). These responses can then be identified as compatible or divergent across family members, allowing appropriate choices to be identified and explored.

Kaslow (2004) provided a case study of a weekend retreat with a business family, from the perspective of a member of a “team of consultants, composed of business-oriented psychologists” (p. 239). As with most of the literature in this area, no follow-up data on long-term outcomes were presented.

Hubler (2005) also presented a proprietary intervention, the Family Forgiveness Ritual©. This intervention attempts to ritualize “the process of forgiveness, drawing on the family’s tradition of religious values and creating a ceremony that draws on the family’s fundamental values of love, generosity, and sense of abundance” (p. 96). A case study is provided but, again, no long-term follow-up results are available.

***Approaches to conflict resolution.*** Not surprisingly, a number of authors have devoted specific attention to conflict resolution strategies and tactics for use in family business situations. Liebowitz (1986) asserted family business consultants must “look beyond immediate business issues and accept the role of family dynamics in contributing to current business problems” (p. 205). Further, the author recommended an emphasis on future impact of current decisions, rather than a focus on the past.

Kaye (1991) provided a different perspective, rooted in family systems theory. He offered a method for identifying and analyzing repeating, or sustained, conflict cycles and proposed consultants use a “what would happen if” approach to put forth constructive suggestions. Kaye also pointed out family business consultants are often reticent to make appropriate referrals to mental health professionals, and suggested this reticence may be rooted in fear of “offending their clients” (p. 42). He suggested consultants consider the long-term loss involved in not steering their clients to needed and appropriate resources.

Harvey and Evans (1994) suggested a distinction be made among levels of conflict in a family business system and the approach for resolution of the conflict should differ according to the level of the conflict. Perhaps not surprisingly, they recommended more complex conflicts require more complex solutions, and such solutions are likely to require involvement from those

outside the family business system and require more time and follow-up to complete successfully.

Prince (1990) outlined mediation as one possible approach to conflict resolution in family businesses. Prince stressed that the mediator must function primarily as a facilitator, helping family members communicate and share information through the mediation stages of issue identification, negotiation, and formalization of the agreement.

Conflicting points of view on the use of mediation as an approach to resolving family business conflicts were expressed in an article by Haynes and Usdin (1997a) and the accompanying commentaries on this work. Haynes and Usdin provided a case study of mediation in a family business situation, stating that mediation “is often the optimum mechanism for resolving conflicts within family businesses, since these disputes are often laced with heightened emotionalism” (p. 121). Begler (1997) concurred, providing guidelines regarding when to refer to a mediator and how to pick a mediator. In choosing a mediator, Begler the author cautioned against using mediators who do not “keep clear boundaries” (p. 124) regarding role. For example, mediators trained in mental health should keep clear focus on the appropriate mediator role, rather than attempting to “serve in the dual role of mediator and therapist” (p. 125). Hence, Begler provided the same caution as Vago (1998) against family business consultants operating in dual roles, even if their training and background have provided them with expertise in both areas.

Kaye (1997), however, presented a markedly different point of view, stating that “the role and possible value of mediation in family business disputes is much narrower than the authors (Haynes and Usdin) seem to claim” (p. 127). Kaye argued directly against the cautions for engaging in dual roles, stating that consultants using mediation as a tool should be “clinically

trained and prepared to intervene in family dynamics and individual psychology” (p. 127).

Alternatively, he proposed that mediation be “coordinated with concurrent family therapy by a qualified professional” (p. 127). Kaye cautioned, “mediation techniques are appropriate, at most, for the settlement of material issues. Family breakdown requires family therapy” (p. 129).

Kaslow (1997) averred that the mediation approach outlined by Haynes and Usdin (1997a) was not, in fact, a new or different approach, but simply a use of the term *mediation* to describe what family business consultants do on a regular basis. “Old wine in new bottles may look enticing and different, but it may be almost identical. One must read beyond the large print of the label” (Kaslow, 1997, p. 132).

Finally, Haynes and Usdin (1997b) responded to the commentaries, restating their belief that:

It is not only possible, but desirable to resolve family business problems without resorting to therapy. We also believe that family businesses have the right to call in a mediator to help resolve the business problem, secure in the knowledge that the mediator will not engage in diagnosing and treating them for psychological disorders. (p. 133)

Haynes and Usdin (1997b) further described the disagreement as a “turf battle” (p. 134) among those describing themselves as mediators, consultants, and therapists. Haynes and Usdin argued for the “simple” (p. 134) approach of offering the client “pure, vintage mediation” (p. 134).

This disagreement can also be understood as being rooted in the dual systems versus holistic approaches to family business consulting described earlier in this chapter. If grounded in a dual systems approach, a practitioner is perhaps more likely to view a pure mediation approach as appropriate, engaging the business system to help “resolve the business problem” (Haynes & Usdin, 1997b, p. 133). If, however, a practitioner is operating from a holistic theoretical framework, viewing the family business system as an entity which cannot reasonably be

understood by engaging it at the subsystem level, the mediation approach is perhaps more likely to be seen as an overly simplistic one. This would suggest that considerable work remains to be done in understanding the very nature of the family business system before there can be an appreciable level of agreement regarding the appropriate theoretical framework for family business consulting.

Filbeck and Smith (1997) reported on use of the Myers-Briggs Type Indicator (MBTI) as the foundation for a workshop designed to improve communication and reduce conflict among family business members. Using a pre- and post-test survey approach, they demonstrated statistically significant improvement in “interpersonal relationships among the family management team” (p. 346) and in “understanding of how . . . fellow team members process information” (p. 346). It is important to note, however, that the families with the lowest pre-test scores were selected for the workshop intervention, suggesting some portion of the measured improvement may represent statistical regression toward the mean rather than the effect of the intervention itself. Again, longer-term follow-up results are not available.

Carlock and Van der Heyden (2008) averred it is frequently the complexity of the relationships between executives and family members that “creates conflicts, rather than the underlying issues themselves” (p. 58). They pointed out that these relationships can range “from excessively distant at times to unnecessarily close and intervening at others” (p. 58) and suggested a thoughtfully constructed and well-managed board of directors can assist in alleviating this problem.

**Family business consulting as a practice area.** Perhaps of greatest relevance to this study is the small body of work dealing holistically with the practice area or discipline of family business consulting, and the characteristics and skills associated with effectiveness in this

practice area. Tracing the early development of consulting to family businesses, Ward (1990) pointed out that, in 1960, “only Leon Danco served this important market full-time. Today, hundreds of us call ourselves family business consultants” (p. 263). Ward went on to describe the common elements of a profession: a code of ethics, membership criteria, special training, certification, research on effectiveness, and lobbying and promotion of certification. He further outlined both the pros and cons of establishing family business consulting as a stand-alone profession, summing up the issue as that of finding the balance between the need for “creative contributions from a variety of persons with different methodologies and the inherent need for quality control to protect a hungry market” (p. 265).

In 1993, Upton et al. averred that family business consulting had established itself as a profession: “FFI’s mission . . . implies two things: first, that we are a profession; second, that there is a well-developed body of knowledge expressed in a set of skills” (p. 301). The team also reported on the mistakes made most often by family business consultants, according to practitioner survey respondents. In rank order, these were “inability to understand family dynamics, . . . focusing on symptoms rather than problems [*sic*], being unaware of personal consulting limitations, and communicating inappropriately with family members” (p. 306).

These results are consistent with Goodman’s (1998) findings in attempting to “describe and define the new professional who provides business advice to members of family business groups” (p. 349). He elucidated what he believed to be the “characteristics that separate family business counselors from well-educated, experienced, and expert members of other professional peer groups” (p. 351). These included a “sensitivity [*sic*] and appreciation of separate business systems and family systems that have strong interrelationships within family business groups” (p. 351); experience with other family business clients; both the willingness and the competence

needed to engage in extended, open dialogue which values the contributions of all members of the family business, rather than placing an emphasis on quick solutions; the willingness to challenge assumptions rather than to automatically employ common planning tools (such as tactics commonly employed to avoid estate taxes due at the time of death of the first spouse); and “empathy for the client and the client’s problems” (p. 352).

In one of the most comprehensive empirical studies of family business consulting to date, Cross (2004) sought to “gain a consensus of opinion of the interventions and personal characteristics that expert family business consultants consider the most important to their success in working with family businesses” (p. 48). The survey used for this study also included items asking respondents to identify the characteristics distinguishing a family business consultant from a consultant who works with family businesses. Results from these items, identified as part of an adjunct study, are not included in the published results.

Interestingly, there was much higher agreement in the 2004 Cross study regarding the personal characteristics needed by consultants than there was regarding techniques or interventions. Cross suggested this emphasis on personal characteristics of the consultant may be indicative of similarity to findings in the common factors literature of marriage and family therapy. This literature suggests common factors of change, including relationship variables, cut across effective psychodynamic approaches.

This viewpoint has a parallel in the “use of self as an instrument of change” literature in organization development. Curran, Seashore, and Welp (1995) stated “the most powerful instrument we have in helping our clients navigate change is ourselves” (p. 1). Others, such as Block (2000), labeled this as *authenticity* in all types of consulting. The concept, rooted in psychotherapeutic literature and practice, has become increasingly important in OD consulting



(Hanson, 2000). It encourages consultants to “look inward to understand what personal resources they bring to their clients” (p. 95). Carlock (2007) summed up the importance of combining these personal resources with technical capabilities in working with family businesses, “advisers interested in working in this environment need to evaluate carefully their own personal readiness and professional capabilities, because a family business is not as forgiving as other types of organizational intervention” (p. 58). He stressed the two primary components in the coaching and consulting toolkit—*technical competencies* and *emotional capability*. Cross (2004) suggested “that family business consultants understand the critical role they play in the process of engagement with their clients” (p. 138). Additionally, Cross suggested the consultant’s “personal characteristics and virtues” (p. 138) may be a particularly important concept in working with family businesses. It is possible these interpersonal aspects of the engagement are as—or even more—critical to a successful outcome than a particular approach, background, or set of skills.

Similar findings have emerged in research and literature on psychotherapy. In a meta-analysis, Martin, Garske, and Davis (2000) found that the strength of the therapeutic alliance, “defined broadly as the collaborative and affective bond between therapist and patient” (p. 438), is “predictive of outcome” (p. 446) and that this “direct association between the alliance and outcome . . . is supportive of the hypothesis that the alliance may be therapeutic in and of itself” (p. 446). Much further exploration exploring these concepts as they relate to family business consulting is needed.

Additionally, there appears to be a fairly high degree of overlap between the “interventions” category and the “personal characteristics” category in the Cross (2004) study. For example, the personal characteristics survey item labeled “listening” “received the highest

overall rating of all items in the study” (Cross, 2004, p. 100). It can, however, be argued that “listening” represents both an attitude or orientation and a skill set or means of intervening in the system. Similar overlap occurs with other items listed in the “personal characteristics” portion of the survey.

The Cross (2004) study and the Upton and Vinton surveys referenced in Upton et al. (1993) together constitute the major empirical studies regarding effectiveness in family business consulting. Upton et al. combined the results of two surveys of FFI practitioners self-reporting as “family business consultants” (p. 302). Most respondents did not identify a theory or theorist guiding their work. They reported low levels of usage of team consulting and peer review as quality checks. The primary ways identified in which family business consulting differs from others types of consulting—the primacy of family dynamics, conflict, and high levels of emotion; the more personal level of the engagement; and the challenges of balancing family and business concerns (Upton et al., 1993)—suggest further investigation of the “use of self as an instrument of change” (Curran, Seashore, & Welp, 1995, p. 1) in this context would be valuable. The Cross study lends further credence to this view, as the results are clearer about who the consultant needs to be than about what the consultant needs to do. Each of these studies, however, is based on the viewpoint of consultants. Clearly, research seeking to understand family business consulting from the viewpoint of the family in business represents a valuable addition to this small body of literature.

**Summary and implications for research.** A review of the family business consulting research convincingly demonstrates that much work remains to be done in this area. Significant foundational issues, such as how best to view the system, the appropriate role of the consultant in the overall engagement and in particular situations, and, indeed, how best to define the “client”

have been identified, but not resolved. Standards of practice defining and ensuring appropriate boundaries have not been developed. A variety of tools and approaches have been borrowed and adapted from other disciplines, especially OD and the behavioral sciences. However, with a few notable exceptions, such as Carlock and Ward's (2001) PPP™, this adaptation has not resulted in the creation of tools specific to the family business system.

Agreement is much greater regarding who the consultant needs to be than it is for what the consultant needs to do. Where there does appear to be agreement regarding what to do in a family business consulting engagement, there is little clear-cut advice regarding how to accomplish the task at hand. While a number of practitioners have shared their insights and approaches, in effect detailing what they believe has worked for them, these reports appear as stand-alone items in the literature, disconnected from one another and from any sort of central, guiding theory.

It would be easy to become discouraged by this lack of agreement regarding what family business consulting is and how best to go about it. However, as several authors have pointed out, this is a young discipline. According to Donnellan (2009), "in the early development of most professions (e.g., psychoanalysis, medicine, dentistry), there is a lag between what practitioners actually do in their practices and what the supporting research and conceptual foundations offer" (p. 97).

Future research should more thoughtfully balance the roles of practitioner and researcher. Some suggestions for accomplishing this are:

- Practitioners should also clearly position themselves as thoughtful researchers, avoiding the "piggybacking" problem involved in relying solely on write-ups of individual consulting engagements;

- Practitioners should ground themselves in the existing literature, making careful connections and building upon previous studies;
- Likewise, researchers need to ensure that theorizing does not occur in a vacuum--clear suggestions for how theory can inform practice are needed;
- A variety of research approaches is needed, providing both in-depth analysis of particular systems, actions, and engagements and broad review of patterns, statistics, norms, and trends; and
- Ideally, authors will view themselves as practitioner-researchers, carefully balancing the realities of day-to-day consulting with the need to advance understanding in the content area.

## **Conclusion**

The study of family businesses is a young area of academic research. Strong theoretical foundations have yet to be established. The study of family business consulting has, to date, received little attention within the larger interest area.

This study contributes to the family business consulting literature in meaningful ways. First and foremost, it focuses on representing a viewpoint almost completely absent from the literature—the viewpoint of the family member within the family business system. Second, it adds to, and connects with, the small base of available empirical research on family business consulting, particularly the findings of Upton et al. (1993) and Cross (2004). Finally, it expands the methodology of available research in this area. While a number of authors have contributed case study reports from their own practice or offered snippets of case examples to support a point of view, the collective case study is currently missing from the literature. The advantage of using multiple cases is that it allows the researcher to search for patterns across the cases. The

identification of such patterns can lend strength to existing research or suggest alternative meanings to those that have previously been proposed. Either advances the understanding of family business consulting.

### Chapter III: Methodology

#### Rationale

The purpose of this study was to increase understanding of the relationship and interaction between family business consultants and the family business system, from the perspective of family members within the system. As discussed in the previous chapter, choice of method should be guided by the level of development of research in the field of inquiry in general, and by the nature of the research question in particular. Based on both these criteria, collective instrumental case study was deemed an appropriate method of inquiry for this study.

Yin (2009) has defined the scope of a case study, as “a case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (p. 18). In this instance, little is known about the specific functioning of the family business consultant in relationship to a family business system, and how this functioning differs or remains the same in differing contexts. Yin further explained “the case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points” (p. 18). Little is known about the factors leading to effective family business consulting and how these factors may vary or remain constant across individual consulting relationships and context. Therefore, the case study is a good fit. Further, Yin stated “the case study is preferred in examining contemporary events, but when the relevant behaviors cannot be manipulated” (p. 18). As the current study was exploratory in nature, seeking more to posit which behaviors may or may not be relevant, the case study was an appropriate method of choice.

Stake (2006) identified additional ways in which the case study approach is appropriate in exploratory research: “Examining [the case data], we will often revise our issues. New issues

emerge. Case study work is often said to be ‘progressively focused’; that is, the organizing concepts may change a little or a lot as the study moves along” (p. vi). This degree of flexibility is important in the proposed study, as it will allow promising issues to be more deeply explored as they emerge.

Stake (1995) made the distinction between the *intrinsic* and the *instrumental* case study. In the intrinsic case study, “we are interested in [the case], not because by studying it we learn about other cases or some other general problem, but because we need to learn about that particular case” (p. 3). In instrumental case study, we seek to “understand something else” (p. 3) and feel that we may “get insight into the question by studying a particular case” (p. 3). Stake further identified the type of instrumental case study in which the researcher chooses to study several cases, rather than just one, labeling this as a *collective case study*. It should be noted that, in his later work, Stake (2006), among others, used the terms *multiple case study* and *multicase research* to mean the same thing. As the term *collective case study* is used by most authors, I have used it here, except when referencing research in which the author has chosen another term. Hence, this study can best be understood as an instrumental collective case study, seeking to explore the phenomenon (or quintain) of the relationship between family business consultants and the family business system, from the perspective of family members.

Yin (2009) argued strongly for multiple-case designs in case study research:

Although all designs can lead to successful case studies, when you have the choice (and resources), multiple-case designs may be preferred over single-case designs. Single-case designs are vulnerable if only because you will have put “all your eggs in one basket.” More important, the analytic benefits from having two (or more) cases may be substantial. . . .

Analytic conclusions independently arising from two cases, as with two experiments, will be more powerful than those coming from a single case (or single experiment) alone. . . . Having more than two cases will produce an even stronger effect. (pp. 61-62)

## **Selection of Cases and Participants**

Stake (2006) stated “the benefits of multicase study will be limited if fewer than, say, four cases are chosen, or more than 10” (p. 22). Creswell (2007) was more specific, “for case study research, I would not include more than four or five case studies in a single study. This number should provide ample opportunity to identify themes of the cases as well as conduct cross-case theme analysis” (p. 128).

For this study, then, I initially sought four or five family businesses as cases. As Stake (1995) stated, “the first criterion [in case selection] should be to maximize what we can learn” (p. 4). Stake further elaborated specific criteria for case selection:

- Is the case relative to the quintain?
- Do the cases provide diversity across contexts?
- Do the cases provide good opportunities to learn about complexity and contexts? (p. 23)

He acknowledged “considerations of access and even of hospitality” (p. 27) may be important.

In this instance, access did indeed prove to be an issue. The study ultimately included three separate cases, with good diversity across contexts. Creswell (2007) stated a preference for selecting cases that “show different perspectives on the problem, process, or event I want to portray (called ‘purposeful maximal sampling’) (Creswell, 2005)” (p. 75), but stated he also may select “ordinary cases, accessible cases, or unusual cases” (p. 75).

Based both on issues of access and the desire for diversity in cases, the following criteria applied to case selection, as articulated in Table 3.1.



Table 3.1

*Case Selection Criteria*

Required Characteristics	Preferred Characteristics
Two or more family members are employed full-time in the business	Different industries from other cases in the study
Over time, more than one generation has been actively involved in the business	Different geographical location from other cases in the study
Fewer than 500 total employees	Location within 450 miles of Wichita, KS
Willingness of at least three family members to participate in the study, at least one of whom is in a senior leadership position	Family business consultant representing different home discipline (management/OD, behavioral science, finance, law) from those of other family business consultants represented in the study
Professional relationship with a self-described family business consultant that has spanned more than two years and has dealt with significant issues involving both the family and the business, as determined by the family members	
Most recent engagement with the family business consultant within the past year	
Different family business consultant than that used by other cases in the study	

The issue of access was important in this study. As noted earlier, various researchers have reported that gaining access to business families is difficult. Hence, access and willingness to participate were important selection criterion. As in-person interviews provide richer, more detailed information, I also preferred cases and participants within a one-day drive of my location in Wichita, Kansas. This provided a large geographic area from which to draw, as it included locations such as Dallas-Fort Worth, St. Louis, and Kansas City.

Some types of binding criteria were also necessary. As I wished to ensure that family member participants have had meaningful interaction with the family business consultants, I

restricted my sample to small and medium-sized businesses, meaning enterprises with fewer than 500 employees. Further, the business must have had (in the past or at the time of the study) a “significant and enduring” relationship with a family business consultant, which I defined as a business relationship spanning a period of more than two years and dealing with issues of significance for both the family and the business. As one of the desired outcomes of the study was to understand how family members defined success and value in this type of relationship, I deliberately left this guideline broad and open to individual interpretation. Further, I sought relationships in which the most recent engagement was no more than one year ago, to allow for richer and more accurate recall.

Several methods were used to identify potential cases for inclusion in the study. First, I contacted families in business and family business practitioners of my acquaintance and asked for recommendations and introductions. Through this snowballing technique, I was able to identify one case for the study. Second, I utilized the Vistage chairperson network for additional referrals and introductions. Vistage is “the world’s leading chief executive organization” (Vistage International), providing peer-to-peer coaching groups for the leaders of small and medium-sized businesses. My husband is a chairperson in our city, and through his network of contacts among other chairs, a large number of individuals across the country were made aware of the study and asked to identify contacts and possible referrals. These efforts, ultimately, identified the other two cases represented in the study. Additional efforts included posting requests in several appropriate online forums, such as the Family Business Network group on networking site LinkedIn.

Several interesting phenomena occurred during this screening process. First, a handful of family businesses came forward indicating eagerness to participate in the study. During our

initial screening call, however, it became clear that the businesses had never worked with a consultant of any type. Hence, they were ineligible for the study. This seemed to be disappointing to the contacts for these businesses, as they seemed quite eager to share their stories.

The second phenomenon was that most of the family business members I spoke with during the screening process did not seem to readily differentiate family business consultants from other types of consultants. Almost every family business contact I spoke with who indicated they had worked with consultants would make a comment similar to: “We’ve worked with consultants . . . I don’t know if you’d call them family business consultants or not.” This suggests that the term *family business consultant* may not currently be particularly meaningful among family businesses themselves.

Despite significant efforts over several months’ time, I was unable to identify additional cases for the study. However, the three cases in the study provided a good range of company sizes, industries, and ownership structures.

Across the three cases, three of the four primary home disciplines of family business consulting (management/OD, behavioral science, finance, and law) were represented by the consultants. Only law was not represented in the study. Further, the businesses represented a range of industries—construction, manufacturing, and agriculture. Additionally, the cases were diverse in terms of longevity and ownership structure.

Phone and e-mail were used to discuss participation with possible candidates. As is appropriate in any study involving human participants, care was taken to ensure informed consent on the part of participants. Each individual participant was spoken with to outline the purpose and objectives of the study, to outline his or her possible commitment, and to discuss

issues of potential risk, confidentiality, and rights of participants in the study. Following these one-on-one phone conversations, potential interviewees received a copy of an informed consent agreement reiterating the scope of the study, disclosure of possible risks, and clear intent to maintain confidentiality (see Appendix A).

## **Procedures**

Consistent procedures for preparation, data collection, data preparation, data analysis, and validation were utilized across cases and participants.

**Preparation.** To develop context and background prior to data collection, participants were asked to provide any company background materials, historical documents, marketing and sales collateral that would help to acclimate me to the company, its history, and its industry. I also conducted electronic searches for company and/or family history, media coverage, and industry information, though these efforts yielded little information beyond that contained in each company's website. One person from each family business was asked to complete a copy of the F-PEC Scale of Family Influence, as amended by Holt et al. (2010). This questionnaire (see Appendix B) helps to resolve the family business definition dilemma by revealing the degree to which "the family's involvement influences the business and its operations" (Holt et al., 2010, p. 76). The power subscale measures the extent and nature of a company's "ownership, governance, and management involvement" (Klein, Astrachan, & Smyrnios, 2005, p. 324). The experience subscale "relates to succession and the number of family members contributing to the business" (Klein et al., 2005, p. 325). The culture subscale "refers to values and commitment and employs the Family Business Commitment Questionnaire (Carlock & Ward, 2001)" (Klein et al., 2005, p. 323). By using this questionnaire, I was able to make some comparison across businesses of different sizes, structures, and industries.

**Data collection.** Creswell (2007) identified four broad categories of qualitative data: observations, interviews, documents, and audiovisual materials. In-person interviews were the primary form of data collection for this study, with direct observations, documents, and materials provided by participants, and public documents—when available—providing supplemental material about the cases.

A face-to-face interview was scheduled with each interviewee. The length of these interviews ranged from approximately 30 minutes to, in some cases, close to 2 hours. Most of these interviews were conducted at the business location. Holding the interviews at the place of business allowed me to enrich the study with direct observations of the workplace and work environment. In two instances, interviews were held elsewhere, for interviewee convenience. Each interview was recorded, using digital audio recording equipment. An interview protocol was used to ensure consistency and thoroughness across interviews (see Appendix C).

Areas for exploration were chosen so as to provide the greatest possibility of linking the results of this study to the existing literature in the area. The following topics were explored during each of the open-ended, unstructured interviews:

- Entry into the professional relationship: reasons and selection criteria
- Benefits and success criteria for the professional relationship
- Comparison with other professional relationships: similarities and differences
- Important skills, techniques, and actions
- Important personal characteristics

Field notes and analytic memos were prepared as soon as possible following each interview.

Near the end of each interview, participants were provided with a copy of a list of “Family Business Consultant Personal Characteristics” (see Appendix D) and asked to choose

the five characteristics they believed to be “most important in being an effective family business consultant.” Originally, participants were asked to choose only three. However, in the first interview, this was changed to five as the interviewee indicated that choosing only a few was difficult. These characteristics were adapted from question number 3 of Cross’s (2004) Delphi II questionnaire. In some cases, names of characteristics were shortened. Through a peer review process, items that seemed duplicative or did not seem to primarily identify personal characteristics, rather than skills or tools, were eliminated. In all cases, definitions were omitted to allow participants to bring their own interpretation to the items. Verbal explanations of individual items were provided only when requested.

**Data analysis.** Each interview recording was professionally transcribed verbatim, disguising individual and company identifying information. These transcripts were then loaded into QSR NVivo software for analysis. First cycle coding was in vivo coding, to ensure each participant’s voice was maintained and honored. Each case was coded by at least one other individual trained in qualitative research methods. Through peer and member checking, these in vivo codes were developed into thematic codes. Second cycle coding consisted of cross-case coding and refinement of themes, again using peer and member checking for verification. As a final analysis in linking this study to existing research, identified concepts and themes from this study were compared against the concepts and themes identified by Upton et al. (1993) (see Appendix E) and by Cross (2004) (see Appendix F).

**Validation criteria procedures.** As outlined in chapter I, qualitative research can best be evaluated by the criteria of credibility, transferability, dependability, and confirmability. Lincoln and Guba (1985) and Guba and Lincoln (1989) outlined a variety of techniques for

meeting these criteria. To ensure a high-quality and robust study, a number of these techniques were used in the study.

*Credibility.* Guba and Lincoln (1989) identified the credibility criterion in qualitative research as being analogous to the internal validity criterion in quantitative research. Credibility establishes “the match between the constructed realities of respondents (or stakeholders) and those realities as represented by the evaluator and attributed to various stakeholders” (Guba & Lincoln, 1989, p. 237).

*Peer debriefing.* Guba and Lincoln (1989) described peer debriefing as extended and extensive discussions of one’s findings, conclusions, tentative analyses, and, occasionally, field stresses, the purpose of which is both ‘testing out’ the findings with someone who has no contractual interest in the situation and also helping to make propositional that tacit and implicit information that the . . . [researcher] may possess.

For this study, peer debriefing was conducted with several members of my cohort in the Ph.D. program in Leadership and Change at Antioch University, as well as with several other professional colleagues. We tested, through a series of email, phone, and in-person conversations, coding, themes, analysis, and interpretations throughout the study.

*Member checks.* This, according to Guba and Lincoln (1989), is the “single most crucial technique for establishing credibility” (p. 239). It involves “testing hypotheses, data, preliminary categories, and interpretations with members of the stakeholding groups from whom the original constructions were collected” (pp. 238-239). For this study, I provided each participant with a copy of the appropriate verbatim interview transcript, inviting comments and clarifications regarding meaning. Follow-up conversations were held by phone to clarify and elaborate meaning.

**Transferability.** According to Guba and Lincoln (1989), “transferability may be thought of as parallel to external validity or generalizability” (p. 241). They further stressed that transferability is “always relative and depends entirely on the degree to which salient conditions overlap or match” (p. 241). In the constructivist paradigm, the “burden of proof for claimed transferability is on the *receiver*” (p. 241).

**Thick description.** This is, according to Guba and Lincoln (1989), the “major technique for establishing the degree of transferability” (p. 241). Schwandt (2001) stated:

To thickly describe social action is actually to begin to interpret it by recording the circumstances, meanings, intentions, strategies, motivations, and so on that characterize a particular episode. It is this interpretive characteristic of description rather than detail per se that makes it thick. (p. 255)

The unstructured interview format included in this study design provided ample opportunity to ask probing follow-up questions designed to elicit the types of information and perception needed for thick description. In addition, the use of the place of business, in almost all cases, allowed for direct observation and, therefore, thick description of the work environment, nonverbal behavior, and other aspects of the business and the individuals.

**Dependability.** Guba and Lincoln (1989) described dependability as “parallel to the conventional criteria of reliability, in that it is concerned with the stability of the data over time” (p. 242). They took care, however, to note “dependability specifically excludes changes that occur because of overt methodological decisions by the evaluator or because of maturing reconstructions” (p. 242). Rather, efforts to ensure dependability seek to avoid instability that can occur because “inquirers are bored, are exhausted, or are under considerable psychological stress from the intensity of the process” (p. 242).

**The audit.** The major technique for ensuring dependability is the creation and availability of a complete audit trail. Throughout the data collection period, I kept a reflective journal



detailing events that occurred throughout the period. Additionally, data were coded in such a way that the research team could follow the analysis process. These two procedures, taken together, provided that a clear trail of all actions and decisions made throughout the data collection and analysis period.

**Confirmability.** Guba and Lincoln (1989) described confirmability as being “parallel to the conventional criterion of objectivity” (p. 242). Confirmability seeks to ensure that “data, interpretations, and outcomes of inquiries are rooted in contexts and persons apart from the evaluator and are not simply figments of the evaluator’s imagination” (p. 243). Triangulation is the primary means for establishing confirmability.

Triangulation is a means of checking the integrity of the inferences one draws. It can involve the use of multiple data sources, multiple investigators, multiple theoretical perspectives, multiple methods, or all of these. The central point of the procedure is to examine a conclusion (assertion, claim, etc.) from more than one vantage point. (Schwandt, 2001, p. 257)

In this instance, triangulation occurred in two ways. First, both first cycle and second cycle coding were checked by a volunteer group of cohort peers, each of whom has been trained and is experienced in qualitative coding, as well as by Carol Baron, Ph.D., core faculty member at Antioch University and dissertation committee member. Second, final codes and categories were checked against existing research data, in the form of the Upton et al. (1993) and Cross (2004) results.

### **Ethical Issues**

In all research, especially with human subjects, the researcher must take care to adhere to the highest ethical standards. Ethical principles of “informed consent, avoidance of deception, avoidance of harm or risk, treating others always as ends and never as means, and no breaches of promise or confidence” (Schwandt, 2001, p. 74) must be firmly upheld. In this study, such issues were handled in the following ways.

**Institutional review.** Once the dissertation committee approved my research proposal, it was submitted to Antioch University's Institutional Review Board (IRB) for approval. Further, as part of my studies, I have completed Antioch's online course in ethical research, ensuring awareness and understanding of the expectations regarding appropriate research with human subjects.

**Informed consent.** In keeping with Antioch University's standards on informed consent (Kenny, 2008), participants in this study were fully informed, including:

- an explanation of the research project, including its purposes and potential uses
- expectations regarding participation
- a description of any foreseeable risks and benefits to the participant
- assurance that responses will be kept confidential and that participants do not have to answer any questions they would prefer not to answer
- identification of, and contact information for, the researcher
- identification of, and contact information for, the current Antioch University faculty IRB contact
- the participant's rights regarding withdrawal from the study, including a statement that "significant new findings developed during the course of the research, which may relate to the subject's willingness to continue participation, will be provided to the participant. (pp. 1-2)

To ensure proper documentation of this informed consent, each participant was asked to sign a consent form (see Appendix A) prior to participation in the project.

**Confidentiality.** All identifying information regarding company names, locations, and participant names and identifying characteristics were disguised in all output, including transcripts of interviews, involved in this study. All documents, notes, and other materials involved in the study were properly secured. All electronic files were stored in a password-protected file on a password-protected laptop used only by the researcher. All other notes, documents, recordings, and so on were secured under lock and key in a filing cabinet in my home office.

**Summary**

This project was designed in hopes of making a meaningful addition to the small body of literature directly researching family business consulting. The collective case study format permitted both exploration of each case's rich context and cross-case comparison. A variety of techniques widely recognized as means to ensure research quality were built into the study. Finally, appropriate steps and procedures were undertaken to ensure ethical treatment and fully informed participation of study participants.

## Chapter IV: Results

The purpose of this collective case study was to explore the relationship and interaction between a family business consultant and a family business from the point of view of family members within the system. In so doing, the study sought to extend the body of existing research on family business consulting by offering a perspective other than that of the family business consultant.

A total of nine individuals participated in the study, distributed across three cases. In all but two instances, the face-to-face interviews were conducted at the company offices. In one case, I was invited into the family home for an interview. In the final instance, the interview was conducted over breakfast at a restaurant near the interviewee's office.

As planned, a verbatim transcript of each interview was prepared and shared with the interviewee, allowing for clarification and elaboration of interview themes. Additional conversations were held with participants throughout the study as a means of member checking concepts, themes, and impressions.

Each case was independently coded by at least one other person trained in qualitative research coding methods. Peer debriefing with these individuals compared and clarified identified codes and themes. As needed, coding interpretation, themes, and subthemes were discussed and clarified with study participants.

The cases, with names of family members, their companies, and their consultants disguised throughout for reasons of confidentiality, included:

- Martin Construction Co.: A second-generation construction company that has recently transitioned company leadership from the company founder to his son;

- Thompson Cattle Co.: A fourth-generation ranch and farming company, currently employing three sons, headed by the father, and beginning to plan for succession and leadership transition; and
- Midwest Enterprises: A second-generation business headed by the daughter of the company founder and employing one of the male siblings. Planning for the third generation in this enterprise has not yet begun in a meaningful way.

Prior to the interviews, the primary contact for each organization (the President or CEO in the cases of Martin Construction and Midwest Enterprises, one of the brothers in the case of Thompson Cattle) completed the F-PEC Survey, with the following results summarized in Tables 3.2 and 3.3 (see Appendix G for complete results with additional information).

Table 3.2

*Company Characteristics From F-PEC Survey*

	Martin	Thompson	Midwest
<b>Power</b>			
Percentage of family share ownership?	80	100	65
Does the business have a governance board?	Yes	No	Yes
Does the business have a management board?	Yes	No	No
<b>Experience</b>			
Which generation owns the company?	1st & 2nd	4th	2nd
Which generation(s) manage(s) the company?	2nd	4th & 5th	2nd
How many family members participate actively in the business?	2	4	3
How many family members do not participate actively in the business but are interested?	0	6	0

Table 3.3

*Company Culture Characteristics From F-PEC Survey*

	Martin	Thompson	Midwest
Your family has influence on your business.	4	5	3
Your family members share similar values.	5	3	5
Your family and business share similar values.	4	3	5
Family members support the family business in discussions with friends, employees, and other family members.	4	3	4
Family members feel loyalty to the family business.	4	4	4
Family members are proud to tell others that we are part of a family business.	5	5	5
There is so much to be gained by participating with the family business on a long-term basis.	5	5	5
Family members agree with the family business goals, plans, and policies.	4	3	3
Family members really care about the fate of the family business.	5	4	4
Deciding to be involved with the family business has a positive influence on my life.	5	3	5
I understand and support my family's decisions regarding the future of the family business.	5	2	4
Family members are willing to put in a great deal of effort beyond that normally expected to help the family business be successful.	5	5	3

*Note.* 1 = strongly disagree; 5 = strongly agree.

As the F-PEC Survey results indicate, the cases exhibit significant variation in terms of governance structures, longevity, and current involvement in inter-generational transition issues. Survey items related to culture show much less variation, with almost all items scored at or above midpoint across the three cases. The single exception is the item “I understand and

support my family’s decisions regarding the future of the family business,” which Daniel Thompson scored below midpoint. This may be related to the fact that the Thompson family business system is the only one of the three cases currently engaged in leadership transition planning.

Throughout the case narratives, the following naming conventions were used:

- Family members are referred to by their first names, in recognition of the personal nature of their stories and information; and
- Consultants are referred to more formally (title and surname) in the case narrative, but by first name when being spoken of by family members, as is consistent with the way in which family members actually spoke of the individuals involved.

### **Martin Construction Co.**

I was introduced to Tom Martin, founder and CEO of Martin Construction Co., through a Vistage member. He agreed to participate in the study, as did his son, David, who had recently taken over as company president, and his wife, Susan, who has no official role in the operation of the business.

A perusal of the company’s website identified a variety of current and past projects, emphasizing the diverse range of industries served by the company as well as a collaborative approach to design, remodeling, and construction. Written in a conversational tone, the website included links to leadership blogs and Twitter feeds, as well as leadership profiles emphasizing the importance of family and faith. Head shots of the company leaders (seven male, one female) showed smiling faces taken in a variety of settings rather than formal studio photographs. Community involvement, communication, and teamwork were recurring themes throughout the website’s pages.

I interviewed Tom at the company offices in an industrial/commercial area of a mid-sized Midwestern city. The one-story building, occupying a corner lot, immediately struck me as more attractive than most of the surrounding structures. The lot was nicely landscaped, presenting an inviting entry.

Upon entering the building, I was greeted cordially by a smiling receptionist, who invited me to take a seat while waiting for Tom. Framed pictures of the company's management team were on one wall. The comfortable seating area contained several couches and a coffee table with copies of the internal company newsletter. The publication recognized employee birthdays and anniversaries, current and upcoming projects, and contained restaurant reviews, articles on various employee activities and service projects, as well as notes from both Tom and David. On the sill of the large window in this area were a variety of awards, recognizing the company both for its excellence in design and construction and its commitment and contribution to various community charitable projects.

In just a few minutes, the door leading from the reception area to the company offices opened. Tom, wearing a turtleneck and dress slacks, greeted me with a smile and a handshake and invited me into the conference room located on the left side of the hallway through the connecting door.

We settled in, and the next 90 minutes went by very quickly. Tom appeared very open, sharing both the history and the background of the company and his experience with several family business consultants with little prompting. As we were wrapping up our time together, Tom verified contact information for his son, David, and his wife, Susan.

Several weeks later, I returned to the company to spend some time with David. As before, I was greeted cordially and waited very briefly before being ushered into the conference



room. Though somewhat quieter than Tom, my impression of David was that he was also being very open and honest in his responses.

I contacted Susan by phone and, though preparing for an extended family vacation, she invited me to her home for our time together. When we met, she welcomed me with a smile into the living room of their upscale, prairie-style suburban home. Large windows and earth tones blended the inside and outside environments, and well-lit arrangements of modern paintings and glasswork provided bold energy and splashes of color.

Susan seemed more reflective than either Tom or David, taking more time to form her responses to my questions. However, she also seemed very open, with the tendency toward easy laughter and humor that I had observed in both Tom and David. Susan tended to be somewhat self-effacing, responding to my prompt that her husband and son had identified her involvement as critical in helping the system be successful with: “Oh, well, I don’t know [laugh] about that one.”

Once the interview transcripts were prepared and made available to each of the interviewees, I spoke with the members of the Martin family again. As before, I found them easy to contact and generous with their time. We clarified and expanded on some minor points. None of them had any major clarifications, elaborations, or concerns with the interview transcripts or the thoughts and ideas they contained.

**Company background.** Tom Martin worked for the ABC Construction Company for about 15 years before being asked to begin a subsidiary, non-union company focused on smaller projects. Tom built that company to a “very respectable local market presence.” When the parent company subsequently moved to non-union status, it decided to absorb the subsidiary back into the larger company. As the parent company had traditionally focused on larger

“industrial, heavy highway” projects, it devoted scant attention to the smaller projects that had been the focus of the subsidiary. Tom, who felt he had built some name recognition for the subsidiary and “helped to create a market” for the smaller projects, thought: “if I’m ever going to do anything . . . I need to do it now.”

Commuting back and forth to supervise a project in another state, and writing a business plan at night, Tom laid the groundwork for Martin Construction, which “started having construction” in 1992 with “absolutely nothing.” Though advised to save on expenses by beginning from a home office, Tom thought: “You know what? If I’m going to be in business, I’m going to be in business. I’m going to have a shingle; I’m going to have an office.” He purchased a desk and a chair for his “hole in the wall” office from a surplus company.

From the beginning, he focused on creating a consistent image: “I’m not going to have guys driving every truck, you know, that looks like crap out there . . . we’re going to brand this company.” Tom received a loan from his father, cashed out his own retirement accounts, and received an SBA loan to fund the company’s start-up.

Tom characterized the 19 intervening years as having happened “in a blink.” Though there were tough times and “80-hour weeks” were the norm when “building this place up,” he stated he was “never once . . . scared that we’d fail.” Like many entrepreneurs, Tom spoke of the “burden” he continues to feel on behalf of his employees: “every small business man you talk to . . . will tell you . . . the responsibility of . . . how it trickles all the way through and affects families.”

From the beginning, Tom focused on being “faithful to customer service and not—I honest to goodness have never really worried about making a profit.” He spoke often of trust and the importance of partnerships, identifying employees and subcontractors as “business

partners.” He stressed the importance of performance in maintaining good partnerships, stating: “I hope and I think that subcontractors and suppliers in this town would say that . . . they trust us to be a good business partner.”

He credited his wife, Susan, with having raised their two boys, David and Daniel, during this period. David, from an early age, was “always kind of there, tagging along . . . whenever I was doing something around the house or building.” Daniel, his younger brother, would generally “rather do something else” when offered the chance to earn money doing small jobs in the business.

Tom stated that it “probably really became apparent that David wanted this to be his career (when he was) about a junior in high school.” At that point, father and son started having some “serious discussions” about the challenges and future of the industry.

David majored in engineering, completing his degree in four years. When David entered college, they began to seriously plan for “the family succession.”

It was through this succession planning process that Martin Construction began working with family business consultants.

**Different understandings of “family business consultant” in the system.** My interviews across the Martin family surfaced interesting points of both agreement and divergence. One interesting anomaly that occurred in my conversations with the Martin family was confusion over which person each family member considered to be the family business consultant in the system.

In my initial conversations with Tom, we identified Lodestar, a wealth advisory firm, and two of its principals, Mr. Michael Knightley and Timothy Morgan, Ph.D., as family business consultants for Martin Construction. During the course of my interview with Tom, he also

mentioned work with Ms. Pamela Stewart. I had crossed paths with Ms. Stewart several times at various FFI events and knew her to be a family business consultant, employed as VP of Organizational Development and Family Business Services for a regional accounting firm. Upon exploration, it became clear that Ms. Stewart's work with Martin Construction predated Lodestar's involvement by several years. Tom referred to her as the company's "corporate mom" and "sounding board." In fact, he stated: "when David first came in my office and sat down and says 'I think I'm ready to be president,' my first phone call [chuckle] was to pick up the phone and call Pamela." Yet, Tom thinks of her as a "facilitator" and "company . . . resource" rather than as a family business consultant.

Further discussion identified a fourth family business consultant involved with the system. Initially, both Lodestar and Ms. Stewart were introduced to Martin Construction by Mr. James Wilson, who works in the family business consulting practice of the same regional accounting practice as Ms. Stewart. Yet, in Tom's eyes, neither Mr. Wilson nor Ms. Stewart functioned a family business consultant in this system. Tom, speaking of Mr. Wilson, stated: "I can't say that he was involved with any of the family transition issues, you know . . . other than just maybe a sounding board, but no—none of it in a formal way."

When I met with David, however, and asked him about "getting involved with a family business consultant," he talked about the first time he recalled "meeting Pamela . . . who is who we've really used for . . . a lot of family business consulting things." When asked if he considered Ms. Stewart's role with the company to still be that of a family business consultant, he replied:

I would still consider Pamela (to be a) . . . quasi family business consultant just because . . . when Pamela and I talk or when Pamela and my dad talk there is still a family component to that as to what's going on with you and your dad's relationship and are there any issues there.

David also considered the Lodestar principals, particularly Dr. Morgan, to have functioned as family business consultants.

Susan also first mentioned the Lodestar group as the system's family business consultants. On being asked about Ms. Stewart's role in the system, she spoke of Ms. Stewart's ongoing involvement with the business, as well as of participating in a family meeting under Ms. Stewart's leadership that pre-dated Lodestar's involvement with the family by several years. Yet, like her husband, Susan considered Ms. Stewart more a resource for the company than a family business consultant.

As a differentiator, Tom seemed to be factoring in whether the issue the group or individual was helping with centered more on the family or the business. In indicating why he considered Ms. Stewart to be a business consultant in their system, rather than a family business consultant, Tom stated: "we didn't involve Pamela in the family aspect, we involved her in the business deal." David, however, had greater difficulty separating the two, stating: "I think it'd be hard for me to separate the strategic planning piece of what we do from the family business piece of what Pamela's done with us."

**Presenting issue/entry into the system.** As the Martin family began to prepare for David's entry into the company, Tom began to prepare by reading books and talking to existing advisors. Over a period of three years, he and David established a clear plan and parameters. David would need to get an M.B.A., as well as work a minimum of three years at another company. This apprenticeship was not easy to arrange. As Tom said: "when you have the last name of Martin that's associated with a construction company, it's hard to get hired by another one." Eventually, they were able to arrange an apprenticeship with an acquaintance in a

neighboring state, with the understanding that Martin Construction would return the favor for the acquaintance's son when the time came.

Following this apprenticeship, David completed his M.B.A. One day, he expressed to his dad that he was ready to move into the president's role. This caught Tom somewhat by surprise: "I said, 'Well I'm going to have to digest this because I was frankly thinking it was a couple of years out yet.'" As Tom evaluated the idea, he came to agree with David:

As we kind of walked through all the issues and looked at . . . the pros and cons of it . . . it really did boil down to . . . we could spend the next two years of (David) looking over my shoulder . . . or I could spend the next five to seven looking over his, and why not look over his?

***Leadership transition/preparing for succession.*** They then began to develop a detailed plan for implementing the transition, making sure to include employee communication and preparation of the organization. As Tom reported it, he told David:

You know, (David), it's not so much . . . when you're ready . . . to be president of this company, it's when this company's ready for you to be president . . . how we disseminate the message, how this all occurs is really going to speak volumes to the company, to people . . . within this organization about what we think of them, too.

It was at this point that the family became actively interested in engaging a family business consultant to help them prepare for succession. They did not, however, initially go looking for this assistance. Tom stated: "when the word gets out that you're looking at doing this, holy smoke! . . . people come out of the woodwork." Rather, Tom was willing to speak to people and groups that contacted him: "I said 'Okay, you know I'll just start listening to these guys . . . I'll give you an hour [laugh] and you tell me . . . why you're my guy.'"

**Selection criteria.** Tom identified several factors that were important in his selection of a family business consultant. His primary concern was that the individual or group chosen be a good fit with both the family and the business.

*Focus on and expertise in family aspects of succession—the “touchy feely stuff.”* In talking with various potential family business consultants, Tom screened out most of them at once on the basis of their emphasis on the financial aspects of succession. As Tom put it, “98% of them want to talk about money.”

However, based on both the advice of Mr. Wilson and the reading material on succession he had found, Tom wanted to zero in on “the touchy feely part of . . . the personalities and . . . the family component of the succession plan.” When Tom finally met with Mr. Knightley from Lodestar, he was impressed that “in the hour I gave him, we talked about family succession for 45 minutes.” Tom liked “their process that they put in front of me . . . we deal with the family stuff first and then we start moving into the financial end of it.”

This separation was extremely important to Tom:

I just felt like, if you try to blend those two together you are asking for big trouble . . . I’m sitting there listening to people that are talking about how when he becomes president he . . . gets this much stock and . . . that just didn’t make sense to me, so we separated the two.

Because of this desired emphasis, the presence of a clinical psychologist on Lodestar’s team, Dr. Timothy Morgan, was a strong plus for the family. As Tom stated: “I tried to hire Tim. I just said, ‘Mike, I . . . want to hire Tim’ . . . And Tim said . . . ‘I’m with Mike. [Laugh]. I’m with Mike.’” David affirmed this, saying: “I think actually going forward we felt like . . . if we could have hired Tim separate from the team I think we would have.”

Susan echoed this clean separation between the issues, stating the need for different types of backgrounds for each type of issue: “the touchy feely side should be more like the family

psychologist . . . the other side would need to be someone with a lot of financial background or just business background.”

***Industry experience.*** In selecting Lodestar, Tom also valued the company’s experience with other construction companies, stating “he had done a number of fairly large construction companies.” Tom indicated that this industry experience “weighed in pretty heavily, for me, primarily because I didn’t want to spend the time educating him on it.”

***Trust versus other factors.*** The advice of trusted others was also an influence in selecting Lodestar. Tom stated: “I trust James Wilson, James trusts Michael.” This referral process was important not only in selecting Lodestar, but also in building trust between the Martin family and the Lodestar principals. Tom specifically referred to this imputed trust based on the level of trust with the referral source as a “trust build.” However, trust alone did not outweigh the ability to focus on and effectively deal with the family aspects of succession. Tom also stated that “James probably wanted that job . . . that Michael did . . . James wanted to talk about money . . . He was focused on wealth management, and that isn’t what I was looking for.”

***Interpersonal fit.*** In selecting Lodestar, there appeared to be almost a “courtship,” in which the family got to know Mr. Knightley and Dr. Morgan and had a chance to assess interpersonal fit and compatibility. Susan recalled:

We met with the two and just kind of got to know them over dinner and talking . . . about their past businesses, their families, what they were all involved in . . . Kind of got to know them first before we ever decided to go on and sign on with them.

David went so far as to describe this interpersonal compatibility as a potential deal breaker in this type of relationship:

Now if I talk to a business consultant that had a history of really turning businesses around . . . and I didn’t like him, I . . . might be able to get over that if I thought he’d bring value in the company, but for the . . . family business side . . . that would eliminate them for me.



***Independence from products or solutions.*** An important point for Tom in selecting the consultants with whom he wished to work was that they had no commercial interest in the products or solutions that might be considered during the course of the consultation. As he put it:

The insurance guys . . . Well, they sell life insurance, you know? . . . And Mike didn't sell anything . . . the independence factor . . . was pretty important to me, because I had a whole litany of people that weren't.

***Cost not a primary factor.*** Tom did not report cost as being a primary driver in his selection of Lodestar: “the money I spent with him I was more than happy to spend . . . everybody kept saying . . . ‘you can do this a lot cheaper,’ and I said ‘I’m not looking for cheap.’” This factor was also related to the independence factor. Tom reported that those he screened who did have a commercial interest in certain products and services “were the ones saying, ‘I can do this a lot cheaper.’”

***Techniques and activities.*** Members of the Martin family identified several techniques and activities that they believed were part of the family business consultation, as well as a number of items on which family members disagreed as to whether they did or did not fall within the definition of family business consulting.

***Items on which family members were in agreement.***

***Family meetings.*** Members of the Martin family recalled several family meetings early in the relationship with Lodestar. Interestingly, Ms. Stewart had facilitated at least one family meeting several years prior to this, around the time that David was a junior in college. As Susan remembered it:

It was way back before our youngest son was even married . . . it was a family meeting just to kind of you know, bring everyone on board. David wasn't sure he wanted in yet. Daniel wasn't sure. David thought he did. Just to make sure everyone was on the same page as this may happen and it may go to David and not you, Daniel, and are you okay with that? Or do you want some, are you interested? It was family expectations.

Yet, despite this direct involvement in the family-business subsystem interface, neither Tom nor Susan viewed Ms. Stewart as having served in the role of family business consultant.

*Family member interviews and writing the family history.* Early in the relationship, Lodestar also met with subgroups of the family and conducted one-on-one interviews with family members. For Tom, it was particularly important that he trust the individual handling these interviews:

I had a real peace about Tim sitting down with my kids and their spouses. That that would be productive, and that it wouldn't . . . I mean, I just had a real confidence that Tim would handle that really well.

Family members perceived these interviews as a way of understanding various perspectives and points of view, without guiding family members toward preconceived solutions or outcomes. As Tom said, Tim “knew what he wanted to hear . . . but he doesn't ask questions that lead you to the conclusion he thinks you ought to have. I mean, he was just very good at ‘how do you feel?’” Susan viewed this as an opportunity to understand “how everyone perceives each other and what's fair and what's not and all the emotional sides of it.”

From Tom and Susan's interviews, as well as from extensive questionnaires Tom and Susan completed, Lodestar wrote and published a family history. This process seemed to have value in clarifying the family's values and legacy for future generations. Tom said:

It included our values and what . . . made us who we are . . . It was put in a book and given to the kids . . . It was hard work . . . I'm an engineer . . . and then you want me to start digging into that other side of the brain and it gets emotional, it's hard to do . . . at the end of the day, it was gratifying to have it done. You know, this is a document that our grandkids are going to read someday. . . . It just helped (Susan and me) coagulate [chuckle] everything we were feeling . . . and help us kind of get to the root of . . . what do we want people to remember and know about us? What is really important?

Susan further elaborated on how the process helped clarify the family's values and priorities:

It . . . started way back with my grandparents . . . my folks . . . questions about how we were raised. What was important to them. On down to . . . our own children and what we expect of them based on what we came from . . . I thought it was important once I got it back and read it.

*Providing case studies/experiences of other family businesses.* Another specific activity the family reported as having value in the consultation was the preparation, analysis, and discussion of case studies from other family businesses. As Tom recalled:

Michael . . . shared case studies with us of other construction companies, some that he had done, some that he hadn't . . . he could tell us this company—I worked with this company that kind of went down this path, and here's how that worked.

*Serving as family “translator.”* An important part of the work Lodestar did with the Martin family centered on helping them develop deeper understanding of one another’s perspectives and personalities, and use this deeper understanding in planning for the system. Tom, speaking of Dr. Morgan’s work with him, said: “he would have good insight into . . . this is David’s personality, and if you go in this direction, these are some of the pitfalls. These could be some of the challenges that you would face.” David affirmed the value of this approach, saying: “Tim brings a lot of perspective . . . on how different family members perceived things throughout the process.” Susan further described the importance of the consultant’s role in understanding “how everyone perceives each other and what’s fair and what’s not and all the emotional sides of it.”

*Items on which family members were not in agreement.* Other specific tools and techniques mentioned by family members were mentioned in the context of the family’s work with Ms. Stewart. As family members were not in agreement as to whether they considered Ms. Stewart to be functioning as a family business consultant in this context, these items do not clearly fall within the family’s definition of family business consulting activities. Interestingly, the techniques themselves overlap significantly with activities performed by Lodestar, whose

role as family business consultants the family was in clear agreement regarding. This suggests that, at least for this family, the classification of “family business consultant” was based on something other than the activities performed and techniques and approaches employed.

*Individual coaching.* Both Tom and David reported working with Ms. Stewart in a one-on-one coaching relationship in preparation for leadership succession. Tom said:

She started doing some one on one coaching with (David), and . . . as part of that she'd come back and they'd set some goals and then she worked with me and I set some goals, you know that I needed to achieve and helped her help (David) set some goals, and then they kind of worked them off.

David reported that Ms. Stewart also provided executive coaching for some “key members” of the management team.

*Facilitating strategic planning and other management meetings.* While family members agree that strategic planning and other meeting facilitation is something that Ms. Stewart has done and continues to do for the system, they are divided as to whether they consider this part of family business work. Ms. Stewart’s first entry into the system was in the role of strategic planning facilitator. Tom, however, viewed this as part of an overall “consulting sounding board” relationship with Ms. Stewart, while David stated that “it would be hard for me to separate the strategic planning piece of what we do from the family business piece of what Pamela’s done for us.”

*Developing the management team.* In addition to facilitating strategic planning, Ms. Stewart has also been involved in developing Martin Construction’s management team. This included bringing someone in to do a personality styles assessment and debrief, which Tom described as “probably the most valuable half-day session I’ve ever spent with this team.” As with the other activities in which Ms. Stewart has been involved, Tom sees this as purely a management consulting activity.

**Role of the family business consultant.** Much of what the family members spoke about had to do with the roles the various family business consultants played in the system.

*Subject matter expert vs. facilitator.* Much of the time, family members spoke of the family business consultant performing his or her role in a facilitative manner. For example, it was important that the consultant be able to appropriately guide family discussions, but not lead them to predetermined answers. Tom described Dr. Morgan's skill in engaging family members in a discussion "without having that conversation run off in a direction that's counterproductive to the discussion." Susan found this type of facilitated discussion helpful in clarifying family member expectations, or, as she put it, making sure "everyone was on the same page."

Susan praised Ms. Stewart's effective use of questions in the family meeting, saying "she thought of questions I never would have thought to ask." Further, Susan placed value both on Ms. Stewart's neutrality in asking questions and on her ability to create a safe environment, both recognized facilitation skills:

Everyone was free to answer in the way they wanted rather than being emotional or judgmental. She would ask . . . how I feel . . . and we all went into it open-minded because we didn't know, necessarily, and we all had questions.

However, family members also clearly identified that they expected and valued the ability of the family business consultant to go beyond facilitation and add subject matter expertise and guidance to the conversations. David emphasized the importance of this ability, saying: "That's probably the most important thing, because anybody can ask questions about how things are going, but . . . it's hard to say, 'Well, you're doing it wrong' [laugh], you know?" Tom also expressed an appreciation for the ability to bring perspectives and ideas to the table: "Tim brought a broader knowledge of all that . . . we sat down and debriefed . . . and he would just kind of give us more direction based on that." However, Tom was also very clear that he

expected industry and subject matter expertise to be thoughtfully tailored to the specific needs, values, and priorities of Martin Construction:

When Michael brought me the four . . . (approaches to financial succession) . . . there were two of them that were what I'd call canned . . . kind of the hot thing in the industry. . . . But there were a couple in there that I felt he had done a fairly decent job of tailoring to the information he knew about our company.

Susan also expressed her expectation that the family business consultant take on the role of guiding the family through the complexities of the system:

Someone who can take a look at everybody and everything involved and all the different layers of the business and come up with different strategies . . . there's so many different variables, they need to be able to think of all that. And that's, to me, their job—is to help you think of all this before you pass it on.

Co-existing with this expectation of broad-based understanding and expertise regarding the system as a whole was the perhaps paradoxical intentional use of each family business consultant in his or her specific area of functional expertise. Tom stated: “from a business philosophy, I put people where they perform . . . I mean . . . everybody can't be everything.” Hence, the family seemed to have an expectation of the consultant that he or she would have a generalist's awareness of and insight into the system, but an intention to have each consultant working in more of a specialist capacity in his or her area of expertise.

**Feedback provider.** Family members also spoke of the importance of receiving honest, even challenging, feedback from the family business consultant. Tom valued receiving “straight talk” from the Lodestar principals:

I told Michael that I wanted . . . a strategy . . . that didn't put a financial burden on David when we started talking about financial succession. And my thought process there was that I didn't want to put David in a position like I was in when I was running this company and worrying about . . . cash flow and money . . . and, I remember it vividly, Michael said . . . ‘Well, why would you want to rob him of that opportunity?’ . . . That was a perspective that I really appreciated . . . and Tim was sitting there at the same time and he said, ‘Yeah, you're going to do him a disservice if you don't give him the opportunity to learn what you've learned’ . . . and I said, ‘Yeah, well, okay, maybe it is.’”

Tom also spoke of reaching out to Ms. Stewart, whom he did not regard as a family business consultant, for a straightforward opinion regarding the leadership succession:

When David came in my office and sat down and says ‘I think I’m ready to be president,’ my first phone call was to pick up the phone [chuckle] and call Pamela. . . . I always felt like I got honest, straight feedback from her.

***Friend as well as consultant.*** Family members spoke of both the need for and the realization of a relationship with the family business consultants going beyond a business relationship to what they thought of as a friendship. David spoke of the need for selecting consultants in the same way one does a friend: “it’s almost like personal fit, almost a friendship type thing.” Tom affirmed this, stating: “I think . . . to be effective, they’ve got to be more than just . . . a consultant. I mean, I consider Tim Morgan to be a friend.”

***“A higher level of trust.”*** This elevation of the relationship to friendship status appeared to be related to the high degree of trust involved in the relationship. Family members were very aware of the involvement of family business consultants in family matters, and took care to ensure that the consultants they worked with could be trusted with those closest to them. Tom stated that he had a “real peace” about Dr. Morgan sitting down with his sons and their spouses. He identified this trust level as a distinguishing factor between family business consultants and other consultants, stating “that trust level is higher than you have with a consultant.” David clearly articulated the distinction:

I think there’s a higher level of trust that you have to have there, . . . because . . . it’s one thing for me to share with somebody the performance of my business; it’s another thing to say ‘we’ve got this problem in our family,’ I mean, it just seems more personalized to me.

Though family members clearly have high levels of trust in other advisors connected to the system, referring, for example, to Mr. Wilson as a “sounding board” and using him as a trusted referral source multiple times, they clearly viewed the relationship with Dr. Morgan as being in a separate, though not clearly defined, category.

Interestingly, Tom also spoke of Ms. Stewart in this way, saying that he “consider(s) (Pamela) a friend.”

*Necessary to effectiveness.* The higher degree of interpersonal knowledge and connectedness in the relationship also appeared to be necessary in order for the family business consultant to be effective in tailoring suggestions and providing feedback. As Tom stated: “that’s a healthy dialogue, to do a good job of listening and . . . communicating . . . back to you. And I think you’ve got to know somebody before you can do that.”

*Recommendations given more weight.* This investment in building a strong and more personal relationship appeared to lead to a situation in which recommendations or advice from the trusted family business consultants were given more weight than those from other advisors or consultants. As David stated: “there’s . . . just a higher level of confidence you have to have in that person . . . I think you probably might put more weight in their recommendations.”

**Important issues in the consultation.** Family members spoke of several important issues and considerations throughout the consultation.

*Dual-system approach and family focus.* The Martin family was quite intentional in separating the family subsystem from the business subsystem as much as possible in their work with family business consultants. The willingness and ability to focus first on the primary family-based aspects of the succession (the “touchy-feely” issues first, then the financial aspects of succession) were primary selection criteria for this engagement. As Tom stated: “In that phase, we didn’t involve anybody in the company with any interviews or anything like that . . . It was all about family.” David underscored both the separateness and the ambiguity of dealing with the family issues, saying things are “very easy to calculate and define in the business side of things, but then there’s the whole human component. It’s just a lot different.” Yet, somewhat



paradoxically, he seemed to appreciate the opportunity to explore the boundary between the family and the business subsystems:

That was the first we'd really talked about the business in a more formal way as a family. . . . It was interesting. . . . We talked a lot about some family things and a lot about the overlap between business and family.

***Concern over disparity in the next generation.*** A major issue of concern for both Tom and Susan was the likely future disparity between David, who had chosen to be involved in the business, and Daniel, who had not. This was the primary “touchy feely” issue, in Tom’s eyes:

The conversation would go like . . . (to Daniel), my youngest son, ‘You realize that David’s going to be in this company and eventually he’s going to have ownership of it, which means his income is going to be about ten times what yours is. How do you feel about that?’ [Laugh] . . . that’s the kind of stuff that . . . people don’t get out on the table and make a huge mistake because . . . that’s going to kill it right there. And . . . that issue right there . . . will continue to be in Susan’s and my eyes, the biggest challenge until we die.

***Role of spouses.*** Related to the issue of disparity was the role of spouses in the family business system. Though never directly involved in the business, Susan played a key role in taking over primary parenting duties while Tom was building the business. She was also instrumental in altering the plan Tom and David had agreed to regarding Tom’s full-time entry into the business. David’s internship was ultimately shorter than the agreed-to three years. Tom reported that, when David and Jennifer found they were expecting a child, Susan told him to “bring that girl home.” Tom described her perspective as important in the process, saying that she knew both him and their sons better than he did and brought “some compassion and some patience . . . to the table.” When I met with her, Susan initially demurred, but ultimately acknowledged her unique role, stating “being the mom in the situation . . . I can see all sides and all concerns, or think about them more than I think the men do.”

Tom ascribed great importance to dealing with expectations and concerns of the next generation’s spouses, calling these issues “where the rubber meets the road.” He elaborated,

saying: “They don’t know anything about the business, they don’t know anything about . . . our family dynamics and how we got here.” Tom stated that:

A lot of the times the issues that come out in family discussions and conflicts, if you really look at them, a lot of the root causes are the spouses telling the . . . family member ‘this isn’t right’ . . . so I wanted to attack that right up front.

Susan also stressed the importance of involving spouses in the consultation process, stating, “we’re not actually in the business day to day, but it’s our business.” David affirmed the value of the process for the spouses, as well as for his brother who is not involved in the business day-to-day. He viewed the consultation as an educational opportunity for them, saying: “It was probably eye opening for my wife . . . and my brother . . . it was a good way to communicate some of that baseline stuff (about business operations and finance).”

This attentiveness to the non-business spouses was of such importance to the Martin family that Tom mentioned it when I asked about the specific things about the consultation that he perceived as valuable, saying that Mr. Knightley and Dr. Morgan “spent about as much time with Susan as they did with me.”

**“Slow-burning fuses.”** Tom also described the consultation process as lighting “slow-burning fuses” for the family. David was presented with at least one “what if” scenario involving him being offered a significant amount of money for the company down the road, and asked what he would do. Did he feel it was more important to preserve the family legacy or to maximize financial return? Tom stressed the importance of moving beyond the easy answer:

When I say slow-burning fuses, those are real easy to . . . answer . . . without really thinking about it that . . .”Well, that’s an easy one, Dad, I want to keep this company . . . you’ve worked hard, I want to keep it . . . what do you think?” And I’m saying “I’m thinking you ought to take the \$15 million dollars.” [Laugh]

Facing into the reality that there may be hard choices to make in the future, and that succeeding generations may have different visions for the company or differing definitions of success was perceived as a valuable part of the consultation.

**Outcomes and defining success.** In identifying important outcomes of the consultation process, members of the Martin family cited increased awareness and understanding of one another's perspectives, rather than more concrete outcomes for the business or the family. Tom spoke of the value writing the family history had for him and for Susan: "it just helped us coagulate [chuckle] everything we were feeling . . . What do we want people to remember and know about us?" The process helped the couple clarify and set forth their guiding values and hoped-for legacy. He felt this primarily benefitted he and Susan at the time, but stated his hopes that "in the long term . . . it's a . . . center point . . . a benchmark for our kids that . . . they can fall back on if they need it."

David also spoke of the primary outcome in terms of enhanced understanding, saying: "It's helped me . . . understand better some of my parents' point of view on things . . . especially in terms of their estate planning and wealth transfer thoughts."

When asked how he would define success in a family business consultation, Tom replied: "The simple answer is that everybody's talking to each other at the end of the day. [Laugh] . . . You've put all the hard stuff out on the table and you still get together at Christmas."

Susan expressed a similar viewpoint:

Their job is to help you think of all this before you pass it on so when you are in the process of doing it . . . you know you've thought of this . . . and everyone's agreed, or at least you have an endpoint in how to get there with all these obstacles in the way.

David expressed a somewhat more pragmatic view, identifying the primary value added by a family business consultant as their "third party view of things." He indicated that he would expect his family business consultant to add value by being able to "add a new thought" or

“being able to ask the right questions.” Interestingly, beyond enhanced understanding and intact family relationships, no family member was able to identify a specific impact or outcome in terms of improved operation of the business, personal change or growth, family meeting action items, or new methods of operating or communicating within the family itself.

### **Background, skills, and personal characteristics needed by family business**

**consultants.** Family members were asked multiple times, in various ways, to identify the skills, background, and characteristics they valued in the consultants they had worked with, as well as those they felt were important for family business consultants in general.

Each member of the Martin family specifically mentioned Dr. Morgan’s psychology background as having particular value to them, particularly in combination with a general level of financial and business understanding. This background appeared to provide a significant level of confidence in Dr. Morgan’s ability to both have insight to the various family members and their interactions and deal with these family members and interactions appropriately. Despite significant history with, and trust in, Ms. Stewart, her lack of formal background in this area was noted by family members. David stated: “Pamela sees some of that (how different family members perceive things), but that’s not really her formal training.”

In addition to industry experience and psychology training, broad and varied first-hand experience with family business systems and individuals was recommended. As David put it:

Having experience with lots of different families and different businesses I think is probably the best thing, just so . . . you can say, “Well, I’ve seen something similar to this before. Here’s how it played out with similar personality types” or something . . . That’s probably the biggest thing . . . maybe some of that you can get through . . . formal education and case studies and that, but I think seeing it first-hand probably holds a lot more value.

**Skills and characteristics.** Family members identified a number of skills and personal characteristics they believed to be important for family business consultants. There was no clear

differentiation between skills and personal characteristics, or, in fact between these and family business consultant roles or the techniques and tools employed.

*Shared values/worldview.* Both Tom and Susan spontaneously identified shared values as important in both selecting and building trust with their chosen family business consultants. Indeed, Tom went beyond this, pointing to a shared overall world view as an important consideration: “They were all Christians . . . That was . . . important because that . . . sets a value baseline, I think, and that was important.”

David agreed with the importance of values, but did not feel that it was necessary that the consultant share the family’s values as much as understand them. He indicated that a family business consultant should “probably have similar values or . . . can understand them. . . . Either one. I mean, they don’t have to agree, but they have to be able to keep in mind how your family operates.”

*Trustworthiness/keeps confidences.* David spoke of an additional aspect of trust—the ability to maintain confidentiality. He spoke of the need for the family business consultant to be “tight-lipped,” and equated this with the consultant’s overall “trustworthiness.” This is a concept distinct from the other uses of trust mentioned by the family—the influence of advisors, the importance of shared values, and confidence in ability to interact appropriately with cherished family members and their relationships. Susan also spoke of this aspect of trustworthiness, stating that “there’s a lot of family information laid out there, and you need to be able to trust them with that.” She connected this with knowing “their background” and “their morals and ethics and where they come from,” as well as getting to know them “as people” before “you ever start divulging anything,” suggesting that this may be linked to shared values and the importance of some degree of friendship in the relationship.”

*“Tells you what you don’t want to hear.”* David also mentioned the need for the consultant to be willing to “piss you off and tell you what you don’t want to hear,” calling this quality “probably the most important thing.”

*Ease of manner/likability.* Though unable to provide concrete definitions, both Tom and David mentioned a certain ease of manner or likability factor as important. This factor seemed separate from the notion of shared values. Tom described Dr. Morgan as “just easy” and spoke of Mr. Knightley as someone that you “get comfortable with pretty early” and who could “make friends with a rattlesnake.” David spoke of needing to “like the guy” in order to be open to the degree needed in this relationship, regardless of the individual’s level of expertise.

*Good listening skills and “a lot of patience.”* Susan spoke of both the time and skill needed to develop the relationship to the point where family members are truly being candid, saying the family business consultant needs:

A lot of patience [laugh] . . . Because it takes a while for some family to come around to what they want to say or do or . . . feel like it’s the right answer and it doesn’t have to be the right answer—it’s what they want to say. [laugh]. A lot of patience . . . just a lot of . . . listening skills.

*A strategic mind.* Susan defined this as:

Someone who can take a look at everybody and everything involved and all the different layers of the business and come up with different strategies of what if, do you want this, and what if that happens, what do you want to happen here as you pass things along? And there’s so many different variables, they need to be able to think of all that.

*The ability to work with systems as well as individuals.* Susan spoke clearly of the family business consultant’s need to be able to see “how the whole thing’s working,” while simultaneously working with the “people involved and . . . changes . . . that need to be made.”

*Ability to understand the leader’s perspective and translate that to others.* Susan underscored the importance of this skill:

The others need to know where the leader is coming from, and . . . they all need to understand each other and whoever . . . is helping cause all this to happen . . . they need to understand . . . so they can help convey that to the others, and just to make sure it's all thoroughly understood.

*The top five.* Near the end of the interview, each family member completed a forced choice exercise, selecting the five characteristics “most important in being an effective family business consultant” (see Appendix D for a copy of the exercise) (see Table 4.1 for the Martin family’s responses).

Table 4.1

*Martin Family Top 5 Characteristics for FBCs*

Characteristic	Tom	David	Susan
Systems thinking			
A strategic mind			X
Sense of fair play	X		
Listening	X		
Capacity for empathy		X	
Empathy for the business			
Hope and optimism			
Humility			
Values/ethics	X		X
Family values		X	
Ability to adjust			
Imagination			
Rapport			
Trustworthiness	X	X	X
Practitioner is “one of us”			
Risk taking			
Appreciation for client’s courage			
Enjoys people and business			
Ability to challenge what clients are saying	X	X	
Toughness and compassion			
Ability to work with systems as well as individuals in systems			X

Ability to stay in touch with all parts of the system

High tolerance for conflict and chaos

Practitioner is committed to his/her own  
development

Ability to understand the business from the leader's  
perspective, and translate that to/for others

X

X

**Transitioning relationships.** Tom Martin provided insight into two transition points in the family business consultation.

The first occurred after the family had completed the “touchy-feely” portion of the consultation and moved on to a discussion of financial succession. Rather than continuing to deal directly with Mr. Knightley, whom the family knew and trusted, Tom was asked to work with someone who worked for Mr. Knightley to put together a complete financial picture of the system. Tom referred to this as being “handed off” and stated several times that he “didn’t like it.” The new party was unknown to him, and these contacts were not face-to-face, which seemed to be a concern: “I got handed off to a wonderful gal I never met. [Laugh] . . . we’d have these two-hour conference calls.” He became further frustrated by inaccuracies in the work product: “I’d get this information back that was kind of just . . . wrong . . . And I finally basically just kind of, frankly, gave up on this gal getting it all right.” At that point, the family decided to take one of the overall financial strategies presented by Lodestar and implement it on their own, rather than contract with Lodestar for this next step.

The second transition point occurred as Lodestar was exiting the family business system. Family members do not necessarily think of the consultation as “over.” Rather, they seemed to view Lodestar’s exit as a transition point in an open-ended relationship. As Tom put it: “I wouldn’t say that Susan and I are done with Tim . . . I think we’ll be sitting down with Tim and talking some more about this whole balance issue.” Tom spoke of having done some additional



reading and research, leading to some new thoughts and ideas about long-term wealth distribution balance that he will, at some point, want to discuss both with family members and with Dr. Morgan.

**Advice from the Martin family.** Members of the Martin family offered their thoughts and opinions for both family business consultants and family businesses engaging, or thinking about engaging, them.

*Advice for family businesses.* Asked what advice they would give family businesses thinking of engaging family business consultants, both Susan and David stated they saw the value of the process during “times of change” or “transition.” David stressed the need to have a strong interpersonal fit with the chosen consultant, both in terms of likability and respect for the family’s values.

*Advice for family business consultants.* David, in particular, had thoughts for those considering becoming family business consultants: “Are you sure? . . . looking at it from their side, it’s got to be a lot of brain damage.” He explained:

Not only are you dealing with complex business things, you’ve got a family component that is irrational and unpredictable that comes into play. And so it has just got to be a difficult thing. And I think . . . successful people really take hold of and buy in to what they’re doing . . . And success and failure really affects them. And so, I mean, if you have a failure there, which is easy . . . that would—I think it could be depressing very [laugh], very easily . . . And so I mean, I think . . . it could be a super rewarding or super depressing job.

**Summary.** The Martin family entered into a family business consulting arrangement in preparation for leadership transition of the business from father to son. This work involved discussion and clarification of a number of inter-generational issues, such as values, expectations, sibling equity, and the influence of non-business spouses.

The choice of consultant was driven by Tom Martin, CEO of the business at the time. Referrals from trusted others were an important means of identification of potential consultants.

Key selection criteria were the intent of the family business consultant to initially focus on family, rather than business, issues, industry expertise, trust in the consultant's values, and interpersonal fit with Tom Martin.

Several consultants have been involved with the system over time. There was not clear agreement among family members as to which of them were family business, rather than other types of consultants. Important outcomes of the consultation were enhanced understanding of and appreciation for values across generations. Success was defined as a transition that maintained good relationships among family members.

### **Thompson Cattle Co.**

In response to an e-mail I sent out seeking candidates for this study, I was contacted by a participant in a leadership development workshop I had conducted for one of the 100 largest accounting and consulting firms in the U. S. He offered to connect me with Bryan Hudson, Ph.D., a family business consultant employed by the firm.

I contacted Dr. Hudson by phone, and he indicated that he had a current client that he thought would be a good candidate for the study. After obtaining permission from the family, Dr. Hudson provided me with the contact information for Daniel Thompson of the Thompson Cattle Company.

Daniel, the middle of three sons working in the company headed by their father, had recently completed his M.B.A. While working toward this degree, he had taken several classes in the area of family enterprise. Working with the professor in this area had introduced Daniel to the arena of family business consulting, and he had become the champion for bringing this expertise to bear on the Thompson family business system. He was enthusiastic about

participating in the study, and we made plans for me to interview family members at the company offices.

I visited the company website to obtain some background. The home page indicated they were still working on the website, including the text “Isn’t everyone?” Many of the tabs and links led to pages that had not yet been completed. However, the “Mission and Values” page stated that these items had been developed by the “Thompson Family Council” over the course of a “series of workshops,” and that they were intended to guide both the business and the family.

Thompson Cattle Co. is located in an agricultural area about 30 miles from the largest city of a Midwestern state. I followed the website directions to the company’s headquarters, located about a mile down a gravel county road. A large sign at the road marked the turnoff, and I drove just past a frame house to the one-story, functional company offices.

The door opened into a spacious reception area. I introduced myself at the sliding glass window. Through a half-glass wall, I could see a series of cubicles, with offices along one wall. Reprints of newspaper and periodical articles on the walls in the reception area highlighted company achievements and awards.

In response to a page, Daniel came through the door leading to the offices, greeted me with a smile and a handshake, and invited me into his office for our interview.

During his M.B.A. studies, Daniel had participated in a “peer group” within the family business program. This opportunity, combined with the fact that he was not at the time working in the family business, provided him with a “unique perspective,” allowing him to comment on the business and the family business consultation from “both sides of the fence”—as someone “embedded in the business” as well as from the point of view of a consultant, his work before

returning to the family business. He expressed interest in possibly working as a family business consultant in the future. As I had been during my time with members of the Martin family, I was somewhat surprised at how quickly our time together went by. Daniel seemed thoughtful and forthcoming, as well as keenly interested in both contributing to and learning from both experience and research in family business consulting.

When our time was up, Daniel walked me to the large corner office next to his and introduced me to his father, Joe Sr., current head of the company, for our interview. Several striking pieces of artwork testified to the company's history raising Percheron horses. Joe Sr. spoke easily about the company's heritage, as well as his perceptions regarding the family's experience with Dr. Hudson. The company offices seemed active, with people coming and going frequently.

Joe Jr.'s office, back down the hall past Daniel's office, contained many items relating to his active lifestyle and history as an athlete for his alma mater. The oldest of the three brothers, he has been involved with the company most of his life, stating that he "started part-time when he was 10." Gesturing to the frame house I had passed on my way in, visible through his office window, he stated that he had lived in that house "all but 6 years" of his life. He described himself as a generalist, saying that until Daniel "came home" and started working for the company, he himself had done "anything and everything." Our time together was interrupted several times by phone calls, and Joe Jr. stopped to update his computer at regular intervals, as the company was involved in active cattle trading on the day we met.

My final interview was with Mike, the youngest of the three brothers. His office was the last along the internal corridor, just past Joe Jr.'s. Mike, who runs the company's alfalfa dehydration business, came into the company full time after completing college in 2003. During

college, he worked for an internet company and stated that he enjoyed “the entrepreneurial aspect” of that business, but not “sitting in front of a computer all day.” He smiled as he added, “which is kind of ironic, because that’s mostly what I do now.”

Family members interacted frequently and informally throughout my visit there, stopping by one another’s offices to coordinate plans and exchange information.

**Company background.** The Thompson Cattle Co., in continuous operation since 1872, started out raising and selling Percheron horses throughout the central United States. Joe Sr. represents the 4th family generation to head the company. The company’s business activities have changed to adapt to the times over the years, but, as Joe Sr. described it, the core business has “always been animal agriculture” in one form or another.

With the widespread adoption of the tractor in the early 1900s, the horse business declined and the family “went into dairy . . . and hogs.” Though the 1930s were difficult, the family managed to keep the company going. Joe Sr. described his own father as “really an entrepreneur” who “did a lot of different things,” moving the company into new areas starting in the 1940s.

The company raised hybrid seed corn during this period and then got into the alfalfa dehydration business. Joe Sr.’s father started that business with a partner, whom he bought out in 1952. Joe Sr.’s father sold some of the operations in 1964 due to declining health, concentrating the company’s operations in their home location. They fed cattle and sheep during this time. When the nearby sheep packing plant moved to another location, the company “converted everything over to feeding cattle and then expanded the cattle feeding business.”

Joe Sr. described the current range of company operations as “all farm related . . . alfalfa and the cattle and the farming, and a partnership with a guy and our truck.” Growing up, he

always knew he would one day run the family business, describing himself as “a farm kid” who loves “the cattle . . . to farm . . . to grow things.”

The three sons, representing the 5th generation in the business, entered the business at different times. Joe Jr. had followed in his father’s footsteps, working in the business part-time and then full-time after college. Mike came into the company full-time after completing college in 2003. Daniel had been with the company for the shortest time, approximately 1 year at the time of our interview. His exposure to family business studies at Kellogg had been the catalyst for the family’s interest in working with a family business consultant.

**Presenting issue/entry into the system.** Family members provided their perspectives on a number of issues related to the family business consultation with Dr. Hudson. The Thompson family first became aware of family business consulting through Daniel’s M.B.A. studies.

*Awareness through educational environment or event: “Planting the seeds.”* While Daniel was completing his program of studies toward his M.B.A., Joe Sr. had the opportunity to audit some family enterprise classes, which introduced him to the concept of family business consulting. Joe Sr. described himself as “fascinated (by) a subject I had never really considered or never knew that somebody would specialize in something like that. I was just fascinated with what (the professor) did.” Daniel stated that this exposure “really planted the seeds” for their future family business consultation, by presenting the notion that “there’s something unique about family business” and that the family business consultant “understands . . . the unique characteristics.”

*Interactions with others in family businesses: “Family business anonymous.”* Perhaps more compelling to family members than understanding the uniqueness of family business compared to non-family business was the understanding of the commonalities among family

businesses themselves. Mike spoke of being “amazed” by how “not different we are from any other family business.” Joe Sr. stated: “I thought my problems were unique. They’re not, and they’re the same . . . the world over. I don’t care what size of businesses they have . . . they’ve got the same problems we have.”

Daniel spoke of this awareness that we’re not “sailing the ship by ourselves” as a “breakthrough.” He greatly valued the opportunity to share experiences with other family business students in a peer study group: “We got together, and . . . we would meet every few weeks and each of us would kind of give the case study of our business. I called it ‘family business anonymous’ [laugh].”

***Presenting issue: “Not always a business issue.”*** As Joe Sr. learned more about family business consulting, he began to consider its value for the Thompson company, stating that he had:

Two sons (in the company), and I had to figure out how to get them to work better together. . . . You have three fairly strong personalities, and I guess sometimes it can get to be a little bit of a problem.

Daniel described the relationship between his dad and his brothers during this period as “oil and water . . . (they) did not get along.” Joe Jr. concurred, stating that he “was probably a little bit of the cause of (the consultation), because Dad and I don’t always get along real well.” Daniel further stated that these “heavy conflicts” were “limiting the success of the business.” He believed that a family business consultant had the perspective to understand that “the business issues are not always the most important issues that . . . a family business is facing.” He went on to stress the importance of diagnosing issues correctly, saying: “what the family business consultant’s got to work on is what are the core issues that are facing you—and they’re not always going to be business related.”

In their case, while business issues were present, family members were united in describing the need to work first on interpersonal and family issues. As Daniel put it:

There's definitely some business issue we've got to work through, but we've had to work through a lot more issues around . . . the people side . . . and the family business member side . . . that has been far more critical to what we've got to do.

He strongly believed that being willing to dig into the interpersonal and family issues was key: "If we hadn't got to the root cause of some of that kind of stuff, . . . we never would have gotten down the path of getting to where we need to get."

Mike agreed that interpersonal issues were the primary reason for initiating the consultation, stressing the frequency of these issues in family businesses of all sorts, stating: ". . . there's all sorts of conflict in our family among different members in some way, shape, or form . . . it just amazes me . . . how not different we are from any other family business."

*Professionalizing the business.* Perhaps somewhat counter intuitively, family members spoke of focusing on the interpersonal issues as the key to developing a more professional approach to managing the business. Mike described it as "being able to communicate better and to take down the drama and . . . just be more like a cohesive management team."

*Leadership transition/preparing for succession.* While the initial focus of the consultation was on improving working relationships and communication among the three family members in the business at the time (Joe Sr., Joe Jr., and Mike), Joe Jr. spoke of the consultation becoming "that much more important" as Daniel began to consider coming back into the company. Daniel pointed out that, despite the company's longevity, there had never been a truly successful transition from one generation to the next:

One thing that has stayed pretty consistent until very recently is . . . that . . . we've been unsuccessful in transitioning the business over time [laugh]. . . . Normally when you get to a fifth generation business . . . you just grab 18 or 100 cousins. Well, no, because



they've always divorced as they've gone down, all the brothers, they've all split. Everything is all . . . divided down to one path.

The current iteration of the business is the first time siblings have managed to work in the business successfully together. Working through the current and future succession issues successfully has become a major focus of the consultation. As Daniel explained:

This is the first time that we've made, I think, a really concerted effort to try to . . . keep the business going (with multiple siblings involved) . . . we're struggling through that transition, that succession planning, and we're working through it . . . It's a work in progress.

Mike concurred with the need to ultimately deal with the succession issues, but stressed the importance of having dealt with the interpersonal issues first, saying:

We've been at this for a while, but we've only kind of grazed the surface of the issues to get us to where we are . . . where we work together . . . we have lots of big issues around succession and things like that that have to be dealt with.

**Selection criteria.** Various considerations were involved in the family's ultimate selection of Dr. Hudson as their family business consultant.

***Interpersonal fit with leader.*** Though both Daniel and Joe Sr. had been impressed by Daniel's family enterprise professor and his work, this was not the individual they chose to work with their company. Daniel speaks of becoming aware, over time, that it was vital that there be a strong relational fit between the consultant and his dad:

It took me a while to realize that (my professor) wasn't the one . . . I had to find somebody that could connect with my dad. There's definitely a relationship component, and the main person that it would have taken for this to be successful here is my dad's buy-in, and he had to have a personal connection that he would relate to.

Perhaps for this reason, Joe Sr. was the ultimate decision-maker in the selection of Dr. Hudson. As Mike put it: "the urging was more done by us and the picking was more done by our boss, I guess you would say." The need for Joe Sr., as the ultimate decision-maker, to be

completely comfortable with the person ultimately chosen was so important that Daniel initially understood it as reluctance to engage in a family business consulting relationship.

Going back, looking at it from this side, I can see that Dad bought into (it) more than I thought he did. He just wasn't acting on it because he needed to find somebody that he could work with, that he felt comfortable with.

***“One-stop shopping.”*** Joe Sr. spoke of initially being impressed by the full-service concept the accounting and consulting firm offered:

It was the concept of the company. It's a little bit different take, I think. The concept of the company is “Hey . . . we will work with you as a family. We will work with you as a business, and, you know, one-stop shopping type of thing.” That intrigued me. When you have . . . some place that you can go and for a fee have . . . access to their intellectual properties. Well, that was my initial thinking, and that's kind of when we signed on with Bryan.

Daniel also mentioned the value of being able to meet several business needs through one firm, saying “we figured out that, hey, we want to do this family business stuff, we want to do this management accounting stuff, these guys do this . . . and so . . . a relationship was formed.”

***Value of the firm brand.*** Daniel also spoke of Dr. Hudson's relationship with the accounting firm as having perceived value in the selection process, but for a different reason. He spoke of being aware of the firm and its reputation, and thinking “if he's good enough to work with them, that's a lot of buy-in to get in the door.”

***Industry experience.*** It was important to the family that their consultant understands the unique issues of an agriculture company. Daniel spoke of this industry experience not only playing a role in their selection of Dr. Hudson, but also being part of the “divide” between his father and his professor:

Even within the realm of family business, agriculture's a unique subset . . . And while Dad was enthusiastic about what (my professor) was doing, there was a certain aspect that it was a little too . . . oriented around larger businesses and businesses that deal with manufacturing. . . . And so when we made the connection with (the accounting firm), that

was really exciting to be able to deal with somebody that had the family business experience, but also a seat in agriculture.

***“Made a leap of faith.”*** Family members were not able to define what about Dr. Hudson or his interactions with them ultimately convinced them that he was the right consultant for them. Joe Sr. described it as “a kind of leap of faith . . . I liked the guy.” Other family members also spoke of an undefined relational quality as being important. Mike stressed the importance of “find(ing) someone you can relate to . . . that you have respect for.”

However, family members could not state what there was about the early interactions with Dr. Hudson that led them to the conclusion that he was the right fit for their company and family. In fact, they humorously expressed some surprise at this outcome, as they did not feel the fit was immediately apparent, based on differences in background, training, and demographics. Daniel described the question of how you know someone is the right fit for your situation as:

A hard one, because . . . in a completely candid way . . . if you would have told me that a . . . preacher . . . and a psychologist . . . would be our family business consultant that makes the connection (with my dad), that drives things here [laugh] . . . never would have thought that would work. . . . It’s kind of mysterious.

**Techniques and activities.** Family members described a variety of techniques and activities that have been part of the consultation over time.

***Family meetings/family council.*** Dr. Hudson first began working with the family in a series of family meetings, forming what they now refer to as the Thompson Family Council. Initially, the meetings were facilitated by Dr. Hudson and other members of his firm. Over time, the family has taken over the facilitation role and now runs these meetings unaided. These early meetings resulted in several specific outcomes.

***Mission statement and identification of core values.*** Early meetings focused on developing a mission statement and reaching agreement on core values for the family business.

The family took a holistic, rather than dual-system, approach to the development of these statements, as indicated by Daniel's statement that they were "for the business and for the family. For the family business, I would say." These statements are published on the company website, where they are jointly described as "a compass, guiding us in all facets of business and family life."

*Structuring the family council.* Early meetings were also devoted to establishing a clear structure and operating norms for the family council, paving the way for the eventual transfer of leadership of the meetings to the family. Daniel described the composition and operation of the council as "management teams and spouses, which basically represents ownership, and we meet monthly."

*Personality styles assessment and debrief.* Another outcome of the early meetings was enhanced understanding of family member personality and communication styles, through use of a styles assessment and group debrief.

*"It's a marathon, not a sprint."* Daniel indicated that the transition to family members facilitating their own family meetings was not immediately successful:

That didn't work very well the first year. You know . . . it's a process. It's a marathon, not a sprint. You've got a plan in mind. And . . . after a period of time they came back and mediated a few sessions, kind of helped get . . . restarted, you know, after we fell off the wagon . . . and then it's just kind of continued to build.

*Facilitating family retreats.* In addition to facilitating early meetings of the Thompson Family Council, Dr. Hudson has also facilitated and co-facilitated a number of family retreats. Daniel described this co-facilitation role in an upcoming retreat as being one of helping the family "manage through some of the . . . conflict."

*Educating family members/providing information.* Joe Sr. spoke of a "tremendous amount of . . . information" provided in a great deal of "depth" by Dr. Hudson in four or five

meetings during the first year, calling it a “lot of stuff to digest.” For various topics and retreats, Dr. Hudson also makes available the subject matter expertise of other members of his firm.

**Coaching.** At the time the interviews were held, Thompson family members had just begun to receive one-on-one coaching with Dr. Hudson. Joe Sr. described the process:

He’s doing . . . individual coaching . . . once a month . . . a lot of . . . the way I’ve operated over the years, I just do things, and so we’ve got to back away from that and we’ve . . . got to go a little different direction, and we’ve got to get more of a corporate professionalism . . . into meetings, into reports, into deadlines, and how we handle people.

Joe Jr. also mentioned coaching, stating that he was scheduled to begin this process soon with Dr. Hudson. He expressed his goal for this process as “self-improvement.”

**Consultant roles.** In addition to roles inherent in the activities and techniques they identified, such as that of coach and facilitator, family members identified several roles that Dr. Hudson has embodied over the course of their relationship.

**Confidant.** Mike, in particular, viewed the confidant role of the family business consultant as necessary to achieving good outcomes in the consultation, a point of view underscoring yet again the importance of trust in the relationship. As he put it: “You’ve got to be willing to tell that person things that you would never tell anybody else.”

**Mediator.** Family members seemed to particularly value Dr. Hudson’s ability to mediate their conflicts and help them reach agreement on a course of action. As Joe Sr. described it:

He mediates. He’s done a tremendous job of mediating . . . our personalities and trying to get us to blend it together and go down the same way. . . . And he has done that . . . different ways.

**Limit-setter.** Part of Dr. Hudson’s work with the family has also involved, at times, establishing the boundaries of acceptable behavior for family members working in the business.

As Daniel described it:

Very specifically, Bryan has said: ‘That (open, ugly conflict) will not happen any more . . . Over time and (with) a little more nuance, but . . . when push comes to shove, he said ‘That will not happen or you will not be a part of this business.’

**Motivator.** Daniel also spoke of how Dr. Hudson, apparently with intent, has taken on the role of motivator: “Bryan asked . . . how can I . . . give you some motivation when you’re . . . feeling down. And I said, ‘Just remind us how far we’ve come.’” [Laugh]

**Sounding board.** Joe Jr. valued the ability to “bounce ideas . . . or thoughts” off Dr. Hudson and receive feedback on these ideas. He described Dr. Hudson’s role in this context as making sure that Joe Jr. “was on base . . . on certain issues.”

**Similarity to/difference from work with other consultants.** Family members pointed to similarities with and differences between the content and the process of their work with Dr. Hudson and the content and process of their work with other consultants.

Joe Jr. spoke of the importance for all consultants to “bring ideas to the table.” He felt it was important that any consultant “bring up new ways to do things . . . and . . . figure out how to deal with problems to an extent.” He also expressed the belief that, no matter what the field, the best consultants “are not black and white. They bring all those gray areas up and know how to navigate them.”

In comparing Dr. Hudson’s work with that of other consultants the family has dealt with, family members cited several differences.

***Harder to define success and measure outcomes.*** Joe Jr. acknowledged that it is much more difficult to define success and measure performance when working with a family business consultant:

[sigh] When you're dealing with people, everything's different . . . it's not as black and white as some . . . you can measure nutritional performance or veterinary performance. How do you measure the success for (family business consulting)? What is success?

***Requires higher level of trust and greater degree of openness.*** Mike spoke of the high degree of trust and openness required in working effectively with a family business consultant, saying "you've got to be more open and candid . . . you've got to be willing to tell that person things that you would never tell anybody else."

***Consultant understands and works within the constraints imposed by the reality that decisions are not always based on logic.*** Daniel emphasized that the relationship required that the family business consultant not only "understand the interconnectedness" of the business and the family, but also be able to deal effectively with "the emotionality and . . . the irrationality" of working within the blended context. He stated that "there's things that on the surface to an outsider just don't make sense, and a family business consultant understands that." He stressed the need for the family business consultant to understand that, in the family business system, decisions are not always "grounded in logic." Rather, they're "grounded in emotional ties."

Daniel identified the ability to deal with this factor as essential in a successful relationship with a family business consultant. He drew a sharp contrast between this approach and that of a business consultant:

Being a professional business consultant . . . you can come in and sit down and discuss all the facts and lay it out . . . and this is what we're going to do. You try . . . that approach in a family business and it's [chuckle] . . . "There's the door."

He went on to cite several examples of such constraints in the Thompson family business, such as Joe Sr.'s lack of formal leadership training and his strong beliefs about acceptable capital

structures. He described the need for the family business consultant to walk a line between encouraging family members to consider various standard business approaches and options, and accepting and working creatively within the constraints imposed by family-based variables, saying:

As a family business consultant, at some point you can educate, but at some point you've got to accept . . . the reality that you're in . . . you can't just come on in and hit somebody up side the head and say "This is what you should do, go do it."

**Important issues in the consultation.** Thompson family members identified several issues of particular significance over the course of their work with Dr. Hudson.

*Family first.* Like the Martins, the Thompsons strongly expressed the importance of dealing with family issues first.

*Blending personalities and communication styles.* The Thompson family's early work with Dr. Hudson focused on improving relationships and communication among family members. Through this process, family members seem to have developed a better understanding of their varied personalities and styles and how best to communicate with each one. Joe Sr. expressed it this way:

We're strong personalities, and we have to blend that together. . . . You've got to be able to talk the right talk to me and you've got to talk a little bit different language to Daniel and a little bit different to Joe Jr. and a little different approach to Mike.

Joe Jr. also spoke of the importance of understanding the varied personalities and styles among family members and learning how to adapt to these style preferences to improve relationships and outcomes. He spoke of using the results of "personality tests" to understand how each family member "work(s)," and becoming more accepting of these variations, saying he'd "become a lot more rounded," accepting that he "can't really change it" but has started "understanding some of it."



Daniel felt strongly that this work was a necessary precursor to moving into business issues, stating that “if we hadn’t got to the root cause of some of that kind of stuff, and we never would have (on our own)—we never would have gotten down the path of getting to where we need to get.”

*Single system orientation.* In dealing with the interpersonal and family issues, the Thompson family worked from an orientation of the family and the business belonging to a single system. When asked if the mission and values statements developed during the early family meetings were for the business or for the family, Daniel responded they were for “the business and the family. For the family business . . . the interconnected entity.” The company website supports this view, stating that the mission and values statements are intended to act as “a compass,” guiding “all facets of business and family life.”

*Succession and roles.* Several issues related to leadership succession and integration of new family members have been important to the consultation.

*“Carving the pie.”* Daniel pointed out that, though the business is in its fourth generation, there has never been a successful transition from one generation to another that included more than a single individual in the succeeding generation. That is, among multiple siblings who could, potentially, have been involved in a leadership succession, the family has never before been able to navigate this successfully and has, instead, resolved the issue by having only one sibling be actively involved in the primary business. The consultation with Dr. Hudson marks the first time the family has “made a concerted effort” to work through the complexity of multi-sibling succession. At the time of the interviews, that work was ongoing. While Daniel reported the process as being “a rocky road,” he also was pleased at the progress

made to date, reporting that the family has made some “deliberate decisions” by sitting “in a room together and carving up the pie of who’s going to do what.”

Family members were clear, however, that a great deal of work remains to be done in this area. According to Mike, the family has thus far only “grazed the surface” and still has “lot of big issues around succession . . . that have to be dealt with.”

*Transitioning individual family member roles.* Inherent in the move toward a successful transition has been the need for individual family members to alter their roles within the family business. This is especially true for Joe Sr. who, in Daniel’s view, has been “going through a very difficult transition . . . where he’s trying to transfer responsibility and be a leader of managers.” He pointed out that even thinking of a “management team” has been a big shift, as the family had always before thought of it as “Dad and the boys.” Joe Sr. concurred with the importance of his individual role transition to the overall future success of the business, stating:

That’s on me . . . if it’s going to be successful in the future it’s the ability to leave those other three to work together to make it go forward. So it’s . . . now it’s my turn to step aside and get them working together.

Mike described this individual role definition as an iterative and ongoing process, stating that the family needed to revisit and redefine the individual family member roles established two years previously.

*Professionalizing management.* Related to the succession and role issues was the need to professionalize management for the company. Mike spoke of it in terms of becoming a “cohesive management team.” Joe Sr. was clear about the need to professionalize all aspects of the business, speaking about putting more “corporate professionalism” into “meetings, into reports, into deadlines, and how we handle people.” Interestingly, the work done within the family on communicating and handling conflict more clearly and constructively appeared to be

strongly connected with the progress made in this area. Daniel, for example, spoke of “open, ugly conflict” in the past, contrasting it with conditions at the time of our interview:

It’s not to say that we don’t have our disagreements and we don’t have our arguments, but the level of professionalism that exists in this business today is radically different than it was five years ago . . . it’s just completely transformed.

Daniel credited Dr. Hudson with taking a very firm stand in this area and stating clearly that certain types of behavior “will not happen anymore . . . or you will not be a part of this business.”

***Role of spouses.*** Thoughtful inclusion of the non-business spouses was an important theme in this consultation. Daniel described the importance of this inclusion, saying:

My mother is not involved in the business whatsoever . . . (however) she’s very involved in that (consultation) process because as an owner and as a family member that’s important to her, and she needs to have a voice . . . because . . . she’s part of the family business even though she’s not part of the business.

Family members described the family council as the primary mechanism for keeping the non-business spouses connected with the business. Having this opportunity to develop a high-level understanding of the business represented a significant shift, as the business had formerly been, as Daniel described it, a “black box to the spouses.” Level-setting for this group, and defining the appropriate level of involvement for the spouses, took some time. Daniel described early meetings of the council as too long and “mind numbing,” as they were focused on tactical and operational details such as “where we were going to spread manure this week.” Over time, the family initiated weekly management meetings for these operational discussions, saving family council time for “big picture discussions.” Spousal roles began to mature at the same time. For example, when one family member raised the issue of donating money to a particular cause, the spouses were charged with developing a philanthropy policy for council review.

Mike, in particular, felt strongly about including the spouses more deliberately in the family business system, stating that he “pressed pretty hard for that.” As the youngest son, his point of view may reflect a generational shift in roles and expectations, as reflected by his statement that “if we’re going to be part of this, (the spouses) need to know what’s going on and what we’re doing.”

***Need for long-term view.*** Several family members spoke of the length of time it took to see tangible results from the consultation. From the time the family first began to think about engaging a family business consultant, it took approximately two years to find the right person, according to Daniel. For the next two years, the engagement involved a very hands-on approach. As Daniel put it, it was two years of active engagement “before we were able to do things without the consultant sitting in the room and telling us what to do.” This long-term focus and patience began to pay off after those first two engagement years, as the process “started to gain traction on its own.” He underscored both the progress the family has made thus far and the continuing need by saying: “We have come leaps and bounds. . . . We still bang our heads against the wall every day, but . . . that’s more because we’ve got a ways to go. It’s not because we haven’t made any progress.” Mike affirmed this need to take a long-term view, saying “we’ve been at this for a while, but we’ve only kind of grazed the surface . . . I’ll let you know in five years if it works.”

**Outcomes and defining success.** Thompson family members were able to point to several clear outcomes from the consultation thus far. The primary item, mentioned by all four of the interviewees, was the reduction of conflict and improved communication among them. This improved interpersonal functioning seemed to go hand-in-hand with the professionalization of company management. Being able to engage with one another in ways that had not

previously been the family pattern of communication appeared to enable the mental shift from “Dad and the boys” to a “management team.”

In addition, family members were able to describe several individual shifts in both perspective and behavior, for themselves and for other family members. Daniel, in particular, viewed Joe Sr.’s willingness to change long-standing patterns of behavior and leadership as both laudable and critical to the success of the consultation:

He’s like a little pistachio nut [laugh] . . . there’s this . . . crack where he allowed this to open up and come in . . . and (he’s become) a supporter of it and then an encourager of it and then a driver of it.

Daniel went on to describe the impact of this new openness:

We can have an open conversation with my father about the business, about the finances, about estate planning, about goals and where we want to go and what we want to do and that . . . did not exist five years ago. . . . That’s been transformative for our family and for our business. It’s—it’s been amazing. Truly amazing.

Other family members also spoke of new patterns of communication, as well as of new approaches to dealing with conflict. Mike spoke of having personally developed more constructive ways of dealing with conflict, as well as “more communication, less confusion” in general among family members. He also spoke of having personally come to understand that “you can’t change other people. . . . All you can do is try and work together better and communicate better.” Joe Sr. spoke of Mike becoming more “self-assertive” through the consultation process. Joe Jr. believed he had personally learned “not to overreact” to the thoughts and ideas of one of his brothers, as he now understands that this brother is often just “thinking out loud” and the particular idea may not represent “a finished thought.” He went on to describe a personal definition of success in the consultation which does not pre-suppose each individual’s role in the business, saying:

I think a successful outcome is . . . not just working with a group of people, it's knowing whether or not you're going to fit in . . . Maybe success is realizing you've got to do your own thing.

When asked how, overall, to define success in a family business consulting relationship, Joe Sr. responded immediately with “They’re still here. [laugh] . . . My sons are still here.” He elaborated by saying he did not see a specific endpoint at which success is reached: “I don’t know if you can say success. It’s an ongoing project. It’s an educational project that I see—I see my sons growing into their roles.”

### **Background, skills, and characteristics needed by family business consultants.**

Throughout our conversations, members of the Thompson family referred to specific qualities or skills they valued in Dr. Hudson or believed to be important in general for a family business consultant to possess.

Chief among these, however, was the ill-defined sense that the consultant was someone you could “trust” or “relate to”—someone for whom you “have respect.” As in the Martin case, family members were unable to define precisely how this sense of trust was developed, or on what it was based. Mike responded to the query with “that’s a good question,” while Daniel described the process of trust-building and determining fit as “kind of mysterious.” Unlike in the Martin case, the Thompson family’s trust in Dr. Hudson was not based on similarities in background, but rather seemed to be based on Dr. Hudson’s general personality and manner.

Family members were in clear agreement about the value of Dr. Hudson’s psychology background and insight into people. As Daniel put it:

I think that all family businesses . . . have different sorts of issues. . . . You need to be able to diagnose and . . . get to the root . . . cause of some of that kind of stuff. . . . Bryan . . . has been able to reach out and connect and identify and diagnose and address issues that I can’t think of anybody else that . . . could really get to the bottom of those.

Joe Sr. affirmed the value and importance of a psychology background, as well as of a strong business background:

You've got to have a good knowledge of human nature, and you have to have a good knowledge of business practices, and you've got to be practical, and you have to be able to blend all of that stuff together and get people going down the same direction.

***Skills and characteristics.*** Beyond his specific training, family members described various skills and characteristics they valued in Dr. Hudson and believed important for a family business consultant to possess.

*Personality: "That it factor."* Mike stated the need for a family business consultant to have a certain personality, describing it as "something you've got or you don't." He expressed the belief that "you can't just take anybody . . . that person . . . has to be able to be the outgoing communicative type person that can connect and reach people."

*"Unafraid to get in your face."* Several family members spoke of the importance of Dr. Hudson's willingness to confront family members when needed. Daniel contrasted this valued trait with the behavior of other consultants, saying: "He's not a consultant that's just going to sit in the back and just kind of . . . listen. . . . He is not afraid to just confront and call it out very, very intensely at times."

*Holds people accountable.* Perhaps related to the willingness to confront is the willingness to hold individual family members, and the group as a whole, accountable for sticking to their agreements. Daniel described this accountability as "a big part of" Dr. Hudson's value to the family, elaborating by saying: "When we say the solution to this problem is we're going to have meetings, . . . the consultant needs to not be afraid to hold people accountable for (doing what they say) they're going to do."

*Other items.* Several other items were mentioned as important skills: patience, the ability to listen, commands respect, and integrity.

*The top five.* Each family member completed the forced choice exercise near the end of the interview, identifying the top five characteristics for a family business consultant to possess (see Table 4.2 for the Thompson family's responses).

Table 4.2

*Thompson Family Top 5 Characteristics for FBCs*

Characteristic	Daniel	Joe Sr.*	Joe Jr.	Mike
Systems thinking				
A strategic mind				
Sense of fair play			X	
Listening				
Capacity for empathy	X			
Empathy for the business				
Hope and optimism				X
Humility				
Values/ethics		1	X	
Family values				
Ability to adjust				
Imagination		4		
Rapport	X			X
Trustworthiness	X	3	X	X
Practitioner is "one of us"				
Risk taking				
Appreciation for client's courage				X
Enjoys people and business				
Ability to challenge what clients are saying		5	X	X
Toughness and compassion	X	2		
Ability to work with systems as well as individuals in systems		X	X	
Ability to stay in touch with all parts of the system				
High tolerance for conflict and chaos	X	2		
Practitioner is committed to his/her own development				



Ability to understand the business from the leader's perspective, and translate that to/for others

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*Note.* \*Joe Sr. indicated that he felt the items fell into natural "groups." The specific items he listed in each group are indicated by the numbers 1-5.

**Advice from the Thompson Family.** Thompson family members had advice for both family businesses and current or prospective family business consultants.

**Advice for family businesses.** As with the Martin family, the Thompson family felt strongly about considering fit, based on trust, when considering using a family business consultant. As Mike put it, "You've got to find someone that you can relate to . . . that you have respect for (and) that you can have open and honest and candid conversations with. I mean, it's the trust." He went on to suggest that, once the consultant has been chosen, families should give "free range to do what they think they need to do."

**Advice for family business consultants.** In terms of advice for family business consultants or those considering becoming family business consultants, Thompson family members spoke of the need for "a good coat of armor." Mike mentioned that there is a "great need" for what family business consultants do, but that people "don't realize it." He urged those considering the field to "look at what type of person you are, to be able to think that you can reach people and do that type of work."

**Summary.** The Thompson family became interested in working with a family business consultant through middle son Daniel's exposure to the area while in graduate school. Finding the right consultant took some time, with father and business leader Joe Sr.'s comfort and interpersonal fit with the candidate being the deciding factor.

The consultation focused on inter-generational issues such as conflict and role definition among the two generations and four family members active in the business. This work was

viewed as a necessary precursor to specific planning for an eventual leadership succession. The work began with mission and values clarification for the family business system. Issues dealt with during the consultation included the role of non-business spouses and communication and conflict resolution among family members.

### **Midwest Enterprises**

I met Janet Dixon Sullivan, CEO of Midwest Enterprises, through a Vistage chair. One of three siblings and the daughter of the company's founder, she agreed to participate in the study. After several unsuccessful attempts to schedule, we arranged to meet for breakfast at a restaurant on the way to her office. We exchanged small talk until after our orders were placed. Janet impressed me as energetic, with a direct gaze and straightforward manner. She shared with me the story of the company her father founded, as well as her experience with several family business consultants.

Approximately two weeks, later, I met with her brother, Bob Dixon, at the Midwest manufacturing offices, where he is Director of Sales. The office building is one of several that form the Enterprise Business Park, also owned and under development by Midwest Enterprises. The development is conveniently located just off the intersection of two state highways in a mid-size Midwestern city. Most of the buildings, including that occupied by Midwest Manufacturing, are fairly simple in form and design, as is common in this type of business park. The building housing parent company Midwest Enterprises is the exception. It is an attractive, multi-story structure—the first visible as you enter the business park.

Upon entering Midwest Manufacturing, I approached a large, semi-circular reception desk and gave my name. I was invited to sit in a comfortable reception area in a nearby alcove. Within a few minutes, Bob Dixon appeared, greeted me with a smile and ushered me past several

individual offices along the outside wall to his own, which sits on the same outside wall just off a larger area housing a small staff working in cubicles.

He impressed me as energetic, with a fairly rapid rate of speech and free use of gestures. We confirmed the amount of time needed for the interview, and he let me know he needed to keep to our time frame, as he had to leave for an appointment with his doctor.

Bob's particular situation and perspective are somewhat unique. As Director of Sales for Midwest Manufacturing, Bob works for that company's president, who is not a family member. However, as an owner, Bob also sits on the board of parent company Midwest Enterprises, which oversees all the subsidiary companies. We spoke for approximately 45 minutes.

As with the other cases, I followed up with both Janet and Bob after they received their interview transcripts. Also as in the other cases, there were no major clarifications, additions, or changes made through this member checking process.

**Company background.** Janet's father, Frank Dixon, appears to have been the classic entrepreneur. An engineer, he was laid off from his aircraft industry job with a wife and three young children to support. Knowing that the company was having difficulty sourcing a particular part, he created a prototype and succeeded in getting the contract for its manufacture, marking the beginning of Midwest's first company, Aviation Pneumatics.

A short time later, the aircraft industry entered one of its cyclical slumps. Mr. Dixon noted that agricultural demand remained strong, and set about finding another need to fill. He succeeded, developing a method for cooling the cabs of large farm machinery during the stiflingly hot summer months. He took his creation to a regional farm show, and returned with orders that marked the beginning of a second Midwest company, Midwest Manufacturing.

A short time later, additional partners—Frank’s former colleagues and fellow engineers—joined the firm, adding production and marketing expertise. Eventually the two companies were joined by a third, Thermo Coatings, also created in response to an identified need. The three companies continue to operate as subsidiaries of Midwest Enterprises, which provides shared services support.

Frank Dixon is now deceased. In addition to Bob, Janet has another brother, Scott, who does not actively participate in the operation of the businesses. Two members of the third generation, a son of Janet’s and a son of Bob’s, are also currently employed with the firm. Janet’s son is a purchasing agent for Midwest Manufacturing and Bob’s son works at Thermo Coatings. Neither participated in the study.

The Dixon family has retained a strong majority ownership in the firm, which is overseen by a board of directors that includes both inside and outside representation.

**No real distinction between “consultant” and “family business consultant.”** As was true with Martin Construction, Midwest Enterprises has worked with a number of consultants over the years. Between them, Janet and Bob spontaneously mentioned seven by name. Four of these seven identify themselves specifically as “family business consultants.” The first of these, the consultant initially identified in my screening conversations with Janet Sullivan, was the same Pamela Stewart who also worked with Martin Construction (though this overlap was not known to me at the time of case selection or the Martin family interviews). At the time she started working with Midwest Enterprises, Ms. Stewart worked for Heritage Consulting, described in the company website as a “multidisciplinary team of consultants” focused on helping family businesses successfully integrate the “dynamics of business and family.” Janet

mentioned Ms. Stewart, as well as Ms. Stewart's boss at that time, the founder of Heritage Consulting.

Also mentioned were two consultants within the family business practice of the same regional accounting firm used by the Thompson family. The remaining three consultants mentioned by name were all faculty at the local state university.

Neither Janet nor Bob made a clear distinction between consulting work they felt was family business consulting versus that of general management consulting. When asked directly, Janet stated clearly that she did not "think there's any difference." Janet went on to say that Dixon family members do not consider themselves a family business, stating that, as far as she was concerned, "those 60 plus shareholders are every bit as important as our family members." This frame of reference underlies all decision-making on behalf of the firm:

I have to be a really good steward of their investment, so I try not to act like it's a family business and I try very hard to use my board and not make a decision that's just based on us.

**Presenting issue/entry into the system.** Though Midwest has worked with a number of consultants, it has had the longest relationship, and the one most clearly identified as a family business consulting relationship, with Ms. Stewart.

*Awareness through educational environment or event.* Frank Dixon first became exposed to family business consulting through a family business group formed at the local state university. He joined the group and began attending various educational events and networking opportunities that it sponsored. As Janet described it, her father and Ms. Stewart "hit it off" and he began to use her expertise, initially through the group events at which she spoke and, eventually, as a consultant to Midwest Enterprises.

**Selection criteria.** In this case, Ms. Stewart's eventual direct involvement with the company evolved from her being viewed by Mr. Dixon as a subject matter expert and someone whose opinion he trusted, based on his exposure to her lectures and classes through the family business forum, rather than from the identification of a clear need for help and direction within the family business system.

**Interpersonal fit with leader.** Janet spoke of Ms. Stewart and her dad "hitting it off" as the precursor to Ms. Stewart's eventual consulting relationship with Midwest. Janet said that she thinks her dad appreciated that Ms. Stewart "didn't kiss up to him or anything."

**Subject matter expertise.** Since Frank Dixon initially met Ms. Stewart through educational events, he also had time to determine that he believed she knew what she was talking about. Janet described it as her father liking Ms. Stewart's "message when she'd give talks." Janet talked about how sometimes a presentation "strikes a chord" and leading to the belief that "we really need that expertise in house," saying "that's how we ended up using Pamela."

**Tools, techniques, and activities.** Though they did not always think of their work with Ms. Stewart specifically as family business consulting, Janet and Bob were able to identify specific activities and approaches that Ms. Stewart has used in her work with the Midwest Enterprises family business system.

**Family meetings.** Janet specifically mentioned that Ms. Stewart had facilitated a family meeting approximately three years before our interview, and stated that the family "probably need(ed) to have another one." She identified the primary value of such meetings as that of bringing her "to the awareness that . . . (her) brothers view the business differently and that's okay."

**Board member recruitment.** Both Janet and Bob spoke of Ms. Stewart's work in helping to identify and recruit new members to the firm's board. Janet felt that this effort really helped to "build the company," moving beyond her father's practice of filling the board with his "buddies." Ms. Stewart conducted interviews with both Janet and Bob, helping them to identify the skill sets needed on the Board, then found candidates for the family members to interview. Janet spoke of the process as being akin to that of a "headhunter" to fill the vacant board seats.

**Strong process orientation.** In speaking of specific techniques and approaches used by Ms. Stewart, Janet clearly identified Ms. Stewart's process-based approach, stating that "there's a very definite process to how she wants to work through things . . . she leads you through and doesn't let you deviate."

**Team-building.** Janet also mentioned that Ms. Stewart had conducted "little team building exercises" with the family from time to time.

**Education and training.** From Bob's point of view, the family has used its family business consultants more as educators and trainers. Even though they've been brought into the company, rather than the family members going to seminars and other educational events, Bob viewed most of those activities as being "more like a classroom" coming into the company setting.

**Consultant roles.** Though the Dixon family appeared to have used its family business consultants in a more ad hoc manner than either the Martin family or the Thompson family, and therefore did not speak of the same type of deep and enduring relationship, Janet and Bob did identify several roles taken on by Ms. Stewart and, occasionally, the other family business consultants with whom they had interacted.

***Subject matter expert and facilitator.*** The family, specifically Frank Dixon, originally selected Ms. Stewart based on his attendance at her educational presentations, in which Ms. Stewart would have been functioning as a subject matter expert. Bob also alluded to this role in his statement that the consultants were used in more of a “classroom” kind of way. Yet, the process approach identified by Janet describes a more facilitative role, in which Ms. Stewart identified and guided the family members through appropriate areas for exploration and discovery, rather than providing them with the “right” answers. Thus, the family described Ms. Stewart’s role as being, at various times, that of both subject matter expert and facilitator, rather than that of strictly one or the other throughout the consulting relationship.

**Similarity to/difference from work with other consultants.** Both Janet and Bob expressed several times that they saw little difference between working with a family business consultant and working with other types of consultants. Bob, in fact, stated that he did not think of Ms. Stewart specifically as a family business consultant, but rather as a “small business consultant.”

Janet identified several ways in which her expectations for a family business consultant matched those she would have for any consultant.

I think, for me, any type of consultant we bring in, it’s just somebody who’s going to bring a whole different perspective . . . what you’re looking for is somebody to kind of throw a pebble into your pond and make some waves.

Janet also stated that consultants needed to have a good fit with the culture of the business, and, in the case of the family business consultant, with the family as well. She pointed out that: “Families have cultures and personalities and the business will and certain consultants will work well with some and not with others . . . it’s just who can deal with the cultures—who fits your culture best.”



Finally, when asked about important characteristics, Janet identified several she considered “universal” for consultants—the need to be “well organized” and that they “communicate frequently in writing” throughout the consultation to track activities, progress, and the overall process.

Bob also expressed the belief that working with a family business consultant is more similar than dissimilar to working with other types of business consultants, stating that “implementation and then follow through to get it (done) and implement it for any consultant is key.” As with other consultants, his primary concern was that the consultant not just give advice and walk away, but “be the facilitator of what those things are that need to be done.” He felt that the process and relationship would be pretty much the same for any type of consultant—only the subject matter of the consultation would change.

**Important issues in the family business consultation.** Interestingly, when asked what issues were of importance in working with a family business consultant, both Janet and Bob began to speak hypothetically, stating either that there were things that probably happen in many family businesses that were not true in their case or that there were issues that probably should be addressed but had not been dealt with yet.

*A “strategy for the future:” “The next generation.”* Janet spoke of finding a “strategy for the future” with which both she and her brothers can be “comfortable,” describing the issue as “the elephant in the room.” She went on to say that the Dixons “don’t have a problem communicating . . . don’t have lots of conflict,” and can “discuss differences without being contentious.”

When asked what issues he felt were appropriate and important for a family business consultation, Bob also began talking about the future of Midwest Enterprises, expressing concern

over how the company would transition to the next generation. He identified both level of interest and capability as concerns, stating:

You know, none of our kids are interested . . . none of us were interested either. I mean . . . it is a new generation. There's a certain amount of entitlement out there and I think our children tend to have that, so both my sister and I and then especially my brother, who has no kids, probably kind of question whether we've got anybody capable.

Bob expressed concern that the family has nothing set up to prepare the next generation for company leadership. He felt that a family business consultant could help with this, saying: "We haven't thrown the gauntlet out there that says, 'Okay . . . the five of you . . . we're looking for successors and if you want to be a successor, here's what you have to do.'" Bob stated:

I think our struggle will be how do we . . . keep our company a small family-owned business and run it when we don't necessarily have family to run it . . . because I'm not going to be around forever . . . what's going to happen if I die and I leave all my ownership to my kids and my sister leaves it to her kids and none of them are good enough to be CEOs.

Bob identified a specific way in which a family business consultant could assist with this concern:

I think helping to identify what a family member should do . . . you know, their expertise and what they should do in the business in order to carry on or take over or be involved . . . helping you to identify that.

***"Dealing with the fairness."*** Bob identified an issue that he believed plagued a lot of family businesses, though he stated that it was not a problem in Midwest's current generation:

I think there's always going to be an issue dealing with the fairness . . . Janet's working over there. She's got a cushy job and she's making a lot of money and . . . I'm working mowing lawns and . . . not making much money. I think there's always going to be that issue . . . but luckily I don't think we have that. And we may have it with the next generation . . . I don't know.

Bob went on to state that he believed the third generation succession is the most difficult.

Bob credited the lack of open conflict or animosity among he and his siblings to the strong norms and values passed on by his father, but worried that those same norms and values had not

been passed along to the third generation, saying “I think most family businesses go under in the third generation because the first generation . . . passed those values on. . . . My kids don’t work as hard as I do.”

Though Midwest Enterprises has been involved with several family business consultants over a period of several years, the family has not yet begun to develop a clear plan for the next generation succession.

**Outcomes and defining success.** With regard to the work that Ms. Stewart has done with Midwest Enterprises, Janet and Bob pointed to the acquisition of new board members with the desired experience and skill sets as a successful outcome.

Janet identified some additional achievements that she also believed were due, at least in part, to the consultation. She stated that she has personally become more “process driven,” because the value of having and following a process has been “proven” to her. She also suggested that the family has had some conversations that they otherwise “might not have thought of,” adding “I’m sure we don’t do it as often as we should.”

Bob reiterated that family business consultants “all should focus on” the third generation succession, adding that, while he and his siblings have “had some conversations” about it, that work remains largely ahead of Midwest Enterprises.

**Background, skills, and characteristics needed by family business consultants.** As in the prior cases, Janet and Bob identified several things they believed to be important for family business consultants. In this instance, however, they felt that these skills and characteristics largely hold true for business consultants of any type. Specific items they mentioned included:

- “a whole different perspective”
- “someone who . . . fits with your culture”

- “well organized”
- “communicate(s) frequently in writing”
- facilitates implementation

***The top five.*** Each family member completed the forced choice exercise near the end of the interview, identifying the top five characteristics for a family business consultant to possess (see Table 4.3 for Midwest Enterprises’ responses).

Table 4.3

*Midwest Enterprises Top 5 Characteristics for FBCs*

Characteristic	Janet *	Bob
Systems thinking	4	
A strategic mind	4	
Sense of fair play		
Listening	1	X
Capacity for empathy		
Empathy for the business		
Hope and optimism		
Humility		
Values/ethics	2	X
Family values	2	
Ability to adjust		
Imagination		
Rapport		
Trustworthiness		X
Practitioner is “one of us”		
Risk taking		
Appreciation for client’s courage		
Enjoys people and business		
Ability to challenge what clients are saying		X
Toughness and compassion	5	
Ability to work with systems as well as individuals in systems		

Ability to stay in touch with all parts of the system		X
High tolerance for conflict and chaos		
Practitioner is committed to his/her own development		
Ability to understand the business from the leader's perspective, and translate that to/for others	3	X

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*Note.* \*As did Joe Thompson, Sr., Janet saw several items as being essentially the same, grouping them together. These groupings are indicated by the numbers 1-5.

**Final thoughts.** Janet provided a few final thoughts on how family businesses and family business consultants can work together effectively.

She pointed out that it's "not cheap to use a consultant" and that this probably deters many family businesses, "especially that first generation who's very conservative." She therefore felt there was great value in university-based groups such as the one where her father first met Ms. Stewart, as this provides opportunities to "bring multitudes of people from your company for this annual fee." Even though this does not provide the individual focus of a one-on-one consulting relationship, Janet felt that cost "may be a real important driver in why or why not people will use it."

Janet further pointed out that she felt her family was perhaps able to get more value from these types of arrangements than most, stating that she felt they were "unusual, in that we kind of share our warts and stuff with people, and . . . that's uncomfortable."

**Summary.** Midwest Enterprises is a second-generation enterprise comprising several business partially structured into a holding company. The company founder, Frank Dixon, now deceased, originally began working with a family business consultant based on exposure through a university-based family business forum.

That relationship has continued over time, though neither of the two study participants viewed the consultant primarily as a family business consultant. The consultant's most recent

work with the family has focused on the governance issue of identifying and securing new board members.

Planning for the next generation in the business had not yet been undertaken in a significant way at the time of our interviews, though both participants were aware it would need to happen. Both participants verbalized ways in which they felt a family business consultant could be helpful in this type of planning.

### Cross-Case Themes

Across the three cases, there was high correlation for a number of themes and sub-themes (see Table 4.4).

Table 4.4

#### *Cross-Case Themes*

Theme	Martin	Thompson	Midwest
To be clearly thought of as an FBC, the consultant must enter the system through the family “portal,” using this as the primary entry point for moving into the family-business overlap.	X	X	X
<ul style="list-style-type: none"> <li>• Psychology background and/or training is therefore viewed as important by the family</li> </ul>	X	X	
Work of the true FBC is focused on inter-generational issues	X	X	X
<ul style="list-style-type: none"> <li>• Succession of the business is the primary issue <ul style="list-style-type: none"> <li>○ Perceived “fairness” among siblings is a key concern for the entire family</li> <li>○ Leadership transition from one generation to the next requires significant behavior change on the part of the departing leader</li> <li>○ Clarification of sibling roles in the business involves issues of interest, skills, and perceived fairness</li> <li>○ Family and/or family-business values must be clarified and understood as an early part of the succession process</li> </ul> </li> </ul>	X	X	X
Non-business spouses have significant influence and importance in the family business system	X	X	
Families consider trust, in numerous ways and at all stages of the family-consultant relationship, to be an essential element of a successful family business consultation relationship	X	X	X

• Initially, imputed trust is granted by referral or introduction from a trusted individual or institution	X	X	X
• Values are important in building trust, both in terms of the consultant's values and ethics and his or her understanding of and respect for the family's values	X	X	X
• An important part of the trust relationship is the consultant's willingness to confront and challenge family members	X	X	X
• Building trust with the family business leader is especially important	X	X	X
○ A key component of this is interpersonal "fit" with the leader, but this can be hard to predict and is difficult to define	X	X	X
○ The consultant's ability to understand and interpret the leader's point of view to the rest of the family is viewed as important to success	X		X
• Relationship moves beyond traditional consultant role to that of "confidant" or "friend"	X	X	
Intact family member relationships are an important measure of success	X	X	X
The relationship is viewed by the family as iterative—no clear ending	X	X	X
While a variety of tools and techniques are employed, the family meeting or family council is an important mechanism and touchpoint for working on the family system	X	X	X

**To be clearly thought of as an FBC, the consultant must enter the system through the family "portal," using this as the primary entry point for moving into the family-business overlap.** Both across cases and within individual cases, there was a surprising lack of agreement over who was and who was not a family business consultant. This confusion appeared before the study began, as a number of potential candidates indicated they had relationships with consultants, but did not know if "you'd call them" family business consultants.

This lack of clarity surfaced again within the selected cases. In both the Martin case and the Midwest Enterprises case, at least one participant indicated that he or she did not think of Ms. Stewart primarily as a family business consultant, but thought of her by some other designation. Tom Martin described Ms. Stewart as the "corporate mom" and "a sounding board" who interfaces primarily with the business and therefore not functioning as a family business

consultant. Bob Dixon stated that he thought of Ms. Stewart primarily as a “small business consultant.” In each case, the differentiator seemed to be whether the primary work was with the family or with the business. Janet Sullivan focused primarily on Ms. Stewart’s work identifying and securing Board members, a governance concern. David Martin lent support to this argument when he stated that he considered Ms. Stewart to be a “quasi family business consultant,” because, even when she was working directly with the business, there was a “family component” to her history and work with the system.

In both the Martin and Thompson cases, those clearly recognized by the family as family business consultants initially focused their work on the family. Tom Martin, in fact, used this willingness to engage initially with the “touchy feely” family issues as a prime selection criterion.

Regardless of background or title, then, the participants in this study based their definition of “family business consultant” on whether the individual in question used the family as the primary means of entry, or portal, into the family business system. “Primary,” as used here, seems to be a function of both timing (initial efforts must be focused here) and degree (as the work continues, the family lens remains predominate).

This argument is supported in the negative by the Midwest Enterprises case. Janet, in explaining why she perceived no difference between family business consultants and other consultants, pointed out that she and other family members “don’t consider themselves a family business,” and that she tries very hard to “not make a decision that’s just based on us.” Both Bob and Janet, in speaking about the work of a family business consultant, shifted into the hypothetical, talking about what such a person “would” and “should” do. Bob, in particular, went on to describe at some length his concerns over planning for “the next generation,”



indicating that this work has yet to be done within the Midwest Enterprises system. Taken together, these viewpoints suggest that neither Janet nor Bob believes the work Ms. Stewart has done with Midwest to date represents “true” family business consulting as they understand it.

***Psychology background and/or training is therefore viewed as important by the family.***

Given their emphasis on involvement with the family system, it is not surprising that both the Martins and the Thompsons stressed the importance of a strong psychology background for family business consultants. Each member of the Martin family mentioned Dr. Morgan’s psychology training as being both important and valuable. Daniel Thompson spoke of Dr. Hudson’s ability to “diagnose,” while Joe Sr. spoke of the need for a “good knowledge of human nature.”

**Work of the true FBC is focused on inter-generational issues.** In all three cases, inter-generational issues were viewed as the areas in which family business consultants were most needed. This was true even in the Midwest Enterprises case, where this work has not yet been undertaken, as Janet spoke of the need to develop a “strategy for the future” and Bob spoke of needing to figure out what to do in terms of “the next generation” and the business.

***Succession of the business is the primary issue.*** In each of the cases, the primary named issue of concern was the succession of the business from one generation to another. This issue had several common sub-themes, several of which spoke to inter-generational issues beyond the business succession.

***Importance of perceived “fairness” among siblings is a key concern for the entire family.*** In terms of this succession, the notion of perceived fairness was a significant concern in both the Martin and the Midwest Enterprises case. The Martin family, particularly parents Tom and Susan, were concerned that there might someday be resentment between David, who had chosen

to work in the business, and brother Daniel, who had not, over disparities in income and attendant lifestyles. Bob Dixon indicated how the perception that Janet's "got a cushy job" and a sibling might be "mowing lawns" and "not making much money" could be an issue, in terms of "dealing with the fairness." He indicated that, in his and Janet's generation, they "luckily" did not have a big issue in this regard, but realized that they "may have it with the next generation." This issue, while certainly related to the business succession, has larger inter- and intra-generational undertones related to assumptions, beliefs, and values around inheritance, relationships, and parental and sibling roles and expectations.

*Leadership transition from one generation to the next requires significant behavior change on the part of the departing leader.* Both the Martins and the Thompsons identified the transitioning of company leadership as an important part of the business succession issue. Tom Martin spoke of making the difficult decision to "look over David's shoulder" during the transition period, rather than the reverse. Joe Thompson, Sr., spoke of needing to "step aside" in order for the next leadership generation, his sons, to begin "working together." Daniel described this as a "very difficult transition . . . trying to transfer responsibility and be a leader of managers."

*Clarification of sibling roles in the business involves issues of interest, skills, and perceived fairness.* The Thompson and the Dixon families identified the overall clarification of roles and responsibilities as an important part of the inter-generational work done around succession. That this issue was not specifically raised in the Martin case may be due more to the relative simplicity of the leadership transition—from one father to one son—than to a lack of concern over role clarification.

In the Thompson case, Daniel spoke of the need to “carve up the pie of who’s going to do what,” emphasizing that the family had not thus far been able to do this in previous successions, resorting instead to passing the business to a single sibling. This process seemed to have gone far beyond a simple assignation of functional areas. Joe Jr. spoke of “knowing whether or not you’re going to fit in” as an important consideration in this process, a question he was personally still working through. Bob Dixon spoke of his desire to have a family business consultant help with the identification of “what a family member (can) do . . . their expertise and what they should do in the business in order to carry on or take over or be involved.”

*Family and or family-business values must be clarified and understood as an early part of the succession planning process.* Clarification and shared understanding of values, both individually and as a family, was described as an important part of the inter-generational work needed to successful plan for business succession.

For Tom and Susan Martin, writing the family history was an important tool in values clarification—both those that had shaped them and those they hoped to pass on to future generations. Tom spoke of the history including what “made us who we are.” Susan echoed this, stating that the history outlined “what was important” to their parents in how they were raised, moving “on down to our own children and what we expect of them based on what we came from.”

In the Thompson case, one of the early activities of the family council was the development of core values for, as Daniel put it, “the business and for the family. For the family business.” These values, according to the company website are intended to serve as “a compass,” guiding the family “in all facets of business and family life.”

In the case of Midwest Enterprises, the importance of clarification of family and/or business values at times of succession was underscored by Bob's concern that it has not happened yet in terms of the third generation. He credited the lack of open conflict between he and his siblings to the fact that his father had passed along very clear norms and values in this regard. He further stated that he believes the failure to clarify values as clearly for the third generation is a major cause of family business failure, saying "I think most family businesses go under in the third generation because the first generation . . . passed those values on. . . . My kids don't work as hard as I do."

**Non-business spouses have significant influence and importance in the family business system.** Related to the inter-generational theme is the importance of the non-business spouses in the family business system. In the Martin case, Susan's intervention shortened the apprenticeship David and Tom had agreed to. Tom reported that, when David and his wife were expecting their first child, Susan let Tom know it was time to "bring that girl home." Tom also valued the fact that Dr. Morgan spent "about as much time" with Susan as with Tom during the consultation, stating that Susan "knows me better than I do . . . she knows David and Daniel better than I do, and so . . . she brings that perspective."

Tom further described the importance of understanding and dealing with the influence of the non-business spouses in the succeeding generation as plans for succession are being made. He described a situation in which the spouses do not have deep knowledge of the business, but also do not understand "the family dynamics and how we got here." Yet, he stated, they have a great deal of influence and need to be fully brought into the inter-generational discussions and planning process. Susan summed it up by saying: "We're not actually in the business day to day, but it's our business."

Similar themes emerged in the Thompson case. Here, several brothers identified a strong generational difference in expectations regarding the non-business spouses' level of information, understanding, and input to decision-making for the family business. This was not specifically related to succession, but needed to be dealt with in planning for the next phase for the family business system.

**Families consider trust, in numerous ways and at all stages of the family-consultant relationship, to be an essential element of a successful family business consultation relationship.** This theme not only correlated across cases, but was identified and stressed in multiple ways by each participant within each case. For example, “trustworthiness” was identified by eight of the nine participants as one of the “top five” essential characteristics for a family business consultant. No other characteristic was named as often. David Martin spoke directly about the need for “a higher level of trust” with the family business consultant, adding: “It’s one thing for me to share with somebody the performance of my business; it’s another thing to say ‘we’ve got this problem in our family.’” Tom Martin stated clearly that the “trust level is higher than you have with another type of consultant.”

***Initially, imputed trust is granted by referral or introduction from a trusted individual or institution.*** Families in the study found their FBCs in different ways—sometimes through referral or introduction by an individual, sometimes by exposure to an educational event. What these sources have in common, however, is that, in each case, the source was trusted by the family. Tom Martin described this process as a “trust build,” stating that trust begins with “where you get their name from.” In the Thompson case, Dr. Hudson’s firm had a good reputation, leading Joe Sr. to the belief that “if he’s good enough to work with them, that’s a lot of buy-in to get in the door.” Finally, at Midwest Enterprises, Frank Dixon had an opportunity to

meet and develop a relationship with Ms. Stewart through the family business forum of which he was a member and which he viewed as a valuable and trusted source of information and expertise.

***Values are important in building trust, both in terms of the consultant's values and ethics and his or her understanding of and respect for the family's values.*** In discussing the importance of trust in the consultant relationship and how they came to develop this trust, several family members spoke of trusting the values of the family business consultant. For example, in the Martin case, both Tom and Susan spoke of getting to know the Lodestar consultants in a social setting first. Understanding that they shared a value system as Christians was important in developing the trust in these relationships. Tom described this shared worldview as “setting a values baseline.” David, however, felt that it was less important that the family business consultant share the family's value system than that he or she understand and honor it, saying, “they don't have to agree, but they have to keep in mind how your family operates.”

***Trust is related to the consultant's willingness and ability to challenge and confront family members.*** This ability and willingness to challenge and confront was one of only three items selected across all three cases as being among the top five most important characteristics for family business consultants, the other two being “trustworthiness” and “values/ethics.” In each case, when participants were asked about the trust between family members and the family business consultant, the willingness to speak out clearly and directly in confronting family members was mentioned.

Tom Hutton, for example, spoke of “appreciating” Dr. Morgan's challenge to his original intent to essentially gift the company to David. David echoed the importance of having someone who “is not shy . . . who is not afraid to . . . tell you what you don't want to hear.”

***Building trust with the family business leader is especially important.*** In all three cases, the need to find a family business consultant with whom the family business leader could connect and develop a trusting relationship was emphasized.

*A key component of this is interpersonal “fit” with the leader, but this can be hard to predict and is difficult to define.* The families all mentioned the need for the consultant and the family business leader to have a certain rapport, but all struggled with defining exactly how this is determined and developed. This determination of fit was described in terms such as “chemistry,” “the it factor,” and “mysterious.” Yet, all agreed that this interpersonal fit is essential in building a trusting relationship with the leader.

*The consultant’s ability to understand and interpret the leader’s point of view to the rest of the family is viewed as important to success.* Trust built upon this interpersonal fit seemed related to an important success factor—the ability of the consultant to serve as “translator” in representing the leader’s point of view accurately to the rest of the family. This ability was named as one of the top five in both the Martin and the Midwest Enterprises cases, further underscoring the special importance of the rapport, trust, and understanding between the consultant and the leader of the family business.

***Relationship moves beyond traditional consultant role to that of “confidant” or “friend.”*** Members of both the Martin and the Thompson families were clear that their relationship with the consultant had evolved to the point that they considered the FBC a “confidant” or “friend.” This role designation appeared to be based not on the nature of the interaction—there appeared to be minimal purely social interaction with the consultant on an ongoing basis—but on the level of openness, trust, and honesty in the relationship.

Tom Martin stated clearly that he thought of Dr. Morgan “as a good friend.” Yet, none of the families identified significant levels of ongoing interaction with their family business consultant in a purely social setting. Mike Thompson reiterated the confidant role, stating “You’ve got to be willing to tell that person things that you would never tell anybody else.”

**Intact family member relationships are an important measure of the consultation’s success.** In both the Thompson and the Martin cases, when asked how they would define success in a family business consultation, the preservation of relationships among family members was the first measure mentioned. Joe Thompson, Sr. answered the question immediately, saying “They’re still here . . . The kids are still . . . okay (laugh).” Tom Martin expressed a very similar viewpoint, stating that “the simple answer is that everybody’s talking to each other at the end of the day (laugh) . . . You’ve put all the hard stuff out on the table and you still get together at Christmas.”

**The family views the relationship as iterative, with no clear ending.** All three families expressed the sense that they were in some way “not through” with the consultation—that the time would come when they would need to continue, expand, or renew the relationship with the consultant. Tom Martin stated simply that he “wouldn’t say that Susan and I are done with Tim.” Mike Thompson called the consultation “a kind of iterative process,” while Joe Sr. called the process “an ongoing project.” Bob Dixon spoke of a family meeting held with Ms. Stewart to clarify interests and expectations, adding “I don’t know that we’ve really finished that.”

**While a variety of tools and techniques are employed, the family meeting or family council is an important mechanism and touchpoint.** Across the cases, a number of tools and techniques were mentioned, some of them, such as strategic planning, common to other types of



consulting. In each family business consultation, however, the family meeting, or establishment of a family council, was utilized as a way to guide and structure family discussions on important topics. In all cases, the first of these meetings was held early in the consultation.

**Primary findings.** Primary findings from the cross-case analysis are summarized in Figure 4.1.

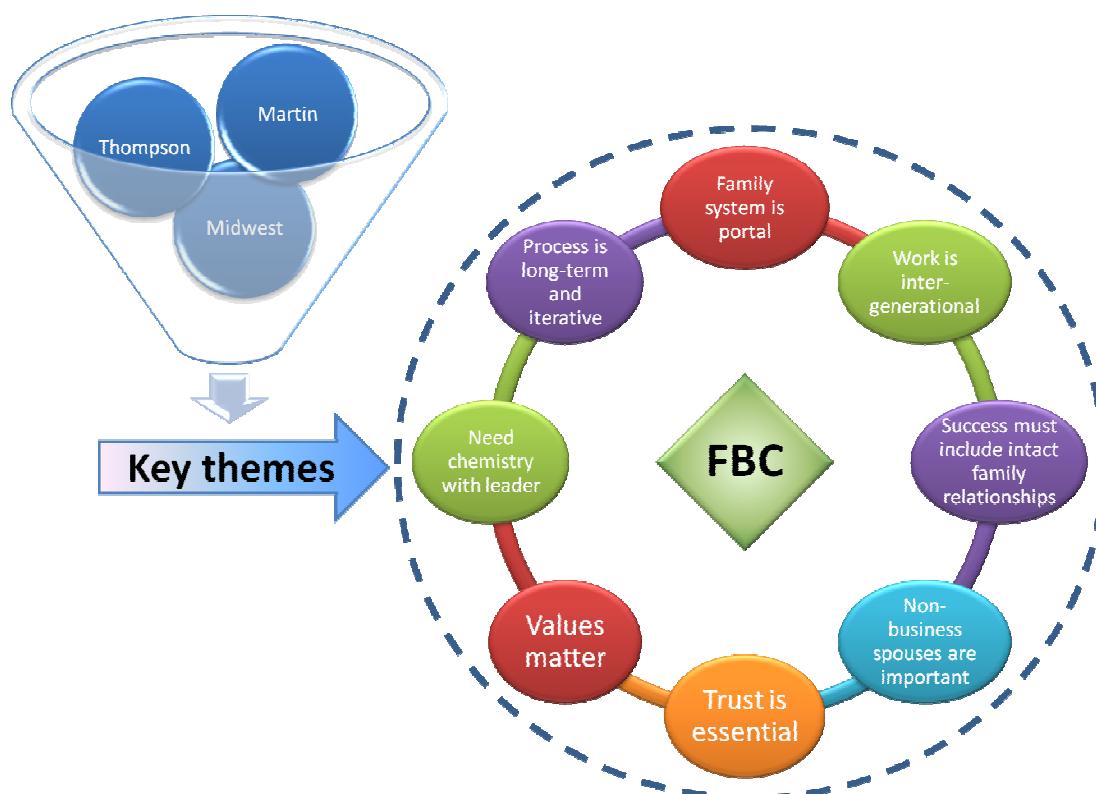


Figure 4.1. Primary findings.

**Family system is portal.** In all three cases, only individuals whose initial work and focus were with the family part of the system were unanimously viewed as family business consultants. Though other consultants sometimes worked with the family system, often using the same tools and approaches, their focus on governance or business issues resulted in their being viewed as some other type of consultant by at least some members of the family.

I am using the word *portal* to highlight the significance of the family system as the point of entry. For the cases involved in this study, a focus on the family system was not enough for the consultant to be clearly identified as a family business consultant by all family members. For this identification to occur, it was also necessary that the family system be the point of entry, or portal, into the family business system.

***Work is inter-generational.*** In all three cases, work viewed as being true family business consulting involved inter-generational issues. Though an imminent or anticipated leadership transition was the stated presenting inter-generational issue, the inter-generational work extended beyond this direct issue to issues such as family values, definitions of fairness, and non-business role expectations.

***Need chemistry with leader.*** While a variety of selection criteria were identified, an overriding consideration in selecting a family business consultant was the interpersonal fit between the consultant and the leader. The importance of this fit was identified across the cases, but its exact nature was described as “mysterious” and having to do with “chemistry.”

***Trust is essential.*** As shown in Figure 4.2, when presented with a list and asked to select their top five, participants viewed trustworthiness as the single most important characteristic for a family business consultant to possess. Several items were mentioned as being part of this trustworthiness, including the consultant’s willingness and ability to challenge and confront family members, which was also rated highly by participants.

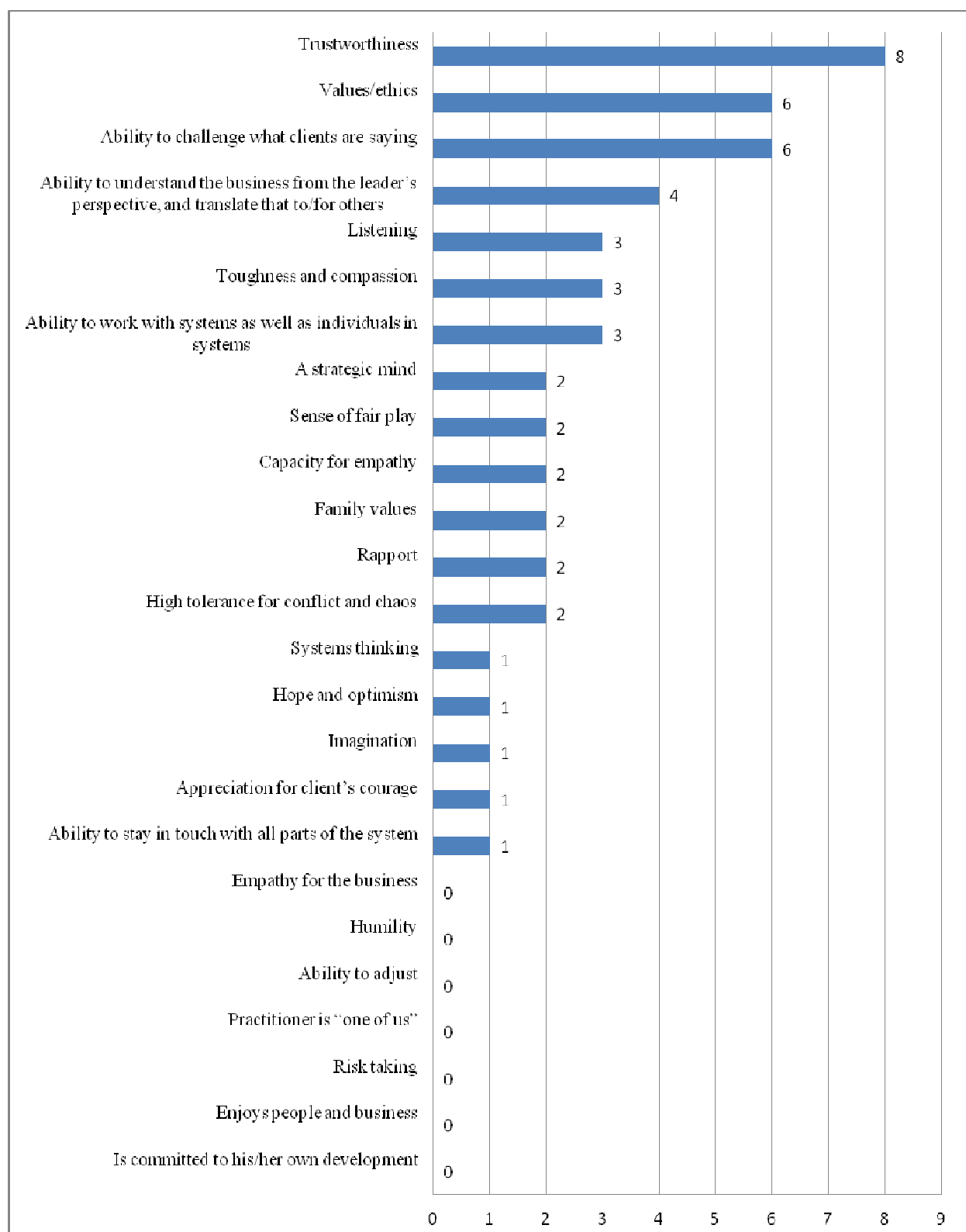


Figure 4.2. Combined results: Top 5 Characteristics for FBCs.

***Values matter.*** A theme that recurred across the cases was the importance of values. Family members believed it important for a family business consultant to understand and honor, if not necessarily share, the values and priorities of the family. Values clarification was viewed as an important part of true family business consulting. Finally, the consultant's own values and ethics were identified by two-thirds of the participants as being among the top five characteristics needed by a family business consultant.

***Non-business spouses are important.*** In the two cases where leadership transition has been or is currently being dealt with as part of a family business consultation, non-business spouses were identified as important. This importance involved issues of both influence and role.

***Process is long-term and iterative.*** Family members view their relationship with family business consultants as ongoing, regardless of whether the consultant is currently active in the system. Family members speak not only of additional work to be done with the consultant in the future, but also of revisiting work previously done as relationships and circumstances shift.

***Success must include intact family member relationships.*** Family members did not have clearly defined goals and metrics for the family business consultation. Rather, they viewed success as working through the issues that needed to be addressed for the business without damaging relationships among family members.

**Summary.** A thematic analysis of the cases in this study identified important themes related to the nature of the family business consulting relationship from the point of view of family members. As this point of view has received scant attention in the literature to date, comparison of these themes with those identified through research from the point of view of

family business consultants has the potential to improve both the understanding and the practice of family business consulting.

## Chapter V: Discussion and Implications

The purpose of this study was to explore the relationship between family business members and family business consultants from the family business members' perspectives. Despite the well-documented importance of family businesses to economies around the world and the burgeoning growth of family business consulting as a practice area, a review of the existing literature uncovered no systematic attempt to understand the family business consulting relationship primarily from the vantage point of the family business member. As an OD consultant believing strongly in partnering with members of the system for maximum effectiveness and mutual growth, I was disturbed by this missing voice. The generosity and openness on the part of members of the Martin, Thompson, and Dixon families provided rich emergent data for adding this voice to the research stream.

The overriding question, of course, for any study is: How does it advance the studied discipline, or, in this case, the twin disciplines of leadership and change? Change must, by definition, be the desired outcome of any consulting relationship. Therefore, implications of this study that in any way add to the family business consultant's toolkit advance change praxis. While leadership can be understood in a variety of ways, Bass (1990) offered one definition useful in understanding "a wide variety of research findings" (p. 20). This definition:

Delineates effective leadership as the interaction among members of a group that initiates and maintains improved expectations and the competence of the group to help solve problems or attain goals. (Bass, 1990, p. 20)

Intentionally adding the voice of the family member, then, to the existing body of research on family business consulting provides a small but significant platform for increased interaction in jointly understanding and improving family business consulting relationships, processes, and outcomes, thereby making a contribution to the leadership discipline overall.

With this as my frame of reference, in this chapter, I explore the emergent data from this study,

connect it with the existing literature, and identify implications for family business consulting practice and future research.

### **Practitioner Definition: Who is a Family Business Consultant?**

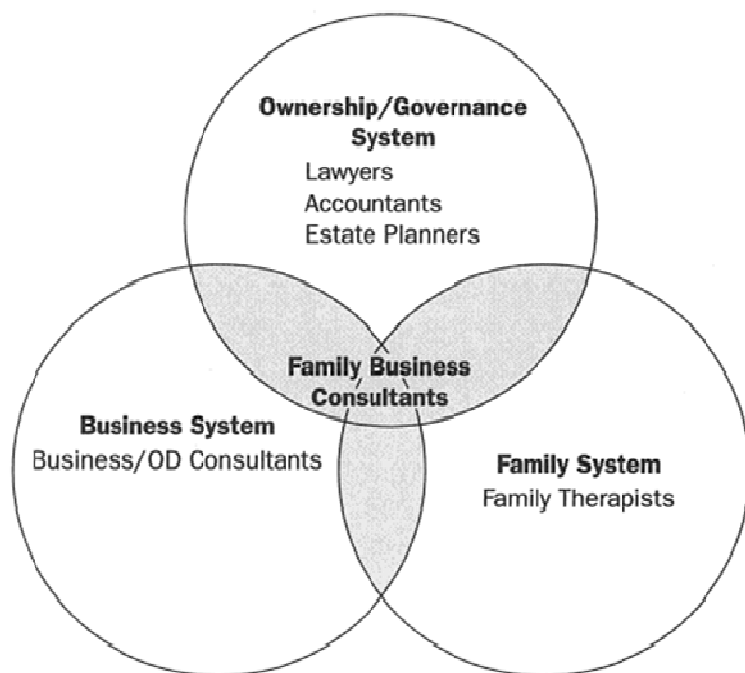
In reviewing the family business research, I found a lack of agreement on how to determine what is and what is not a family business. As Gersick (1994) and others have pointed out, this lack of agreement complicates the study of family businesses.

In conducting this study, I found similar difficulties related to the definition of family business consulting or, more specifically, the family business consultant. From the outset, I found that my screening conversations with the majority of potential candidates would involve some variation of the comment: “We work with consultants. I don’t know whether you’d consider them family business consultants or not.” This suggests that the designation is not particularly meaningful to one of the two significant partner groups in the family business consulting relationship. Whether this is due to the relative youth of the practice area, lack of exposure on the part of those with whom I spoke, or an intrinsic lack of meaning or differentiation in the designation itself is not clear, and well worth further study.

Though I had initially hoped to avoid specifying the meaning of the term to allow the study to be as emergent as possible, I quickly found some clarification was necessary to identify viable research participants. When asked, I would suggest that family business consultants were those who worked primarily on the overlap between the family and the business, rather than in a purely business function advisory capacity. This distinction is consonant with that offered by Hilburt-Davis and Dyer (2003) and seemed to help in narrowing the potential pool of research participants, as most of them quickly determined they had not worked with a consultant in that capacity.

Over the course of this study, however, I came to believe that a more stringent definition may be needed. Davidow and Narva (1990) posited that a distinction should be made between the family business consultant and an “adviser to families and businesses” (p. 267). This study lends support to this position. I would suggest, however, that the distinction may go beyond that put forth by Davidow and Narva.

Davidow and Narva (1990) defined a family business consultant as one who “separates himself or herself from an original profession as a clinician or a traditional business adviser and applies the expertise of that professional discipline to family-owned businesses” (p. 267). This definition is supported by Hilburt-Davis and Dyer (2003), who stated that the distinction between family business consultants and other consultants is that “family business consultants work at the boundaries where there are overlaps between these systems” (p. 15). This definition is illustrated in Figure 5.1.

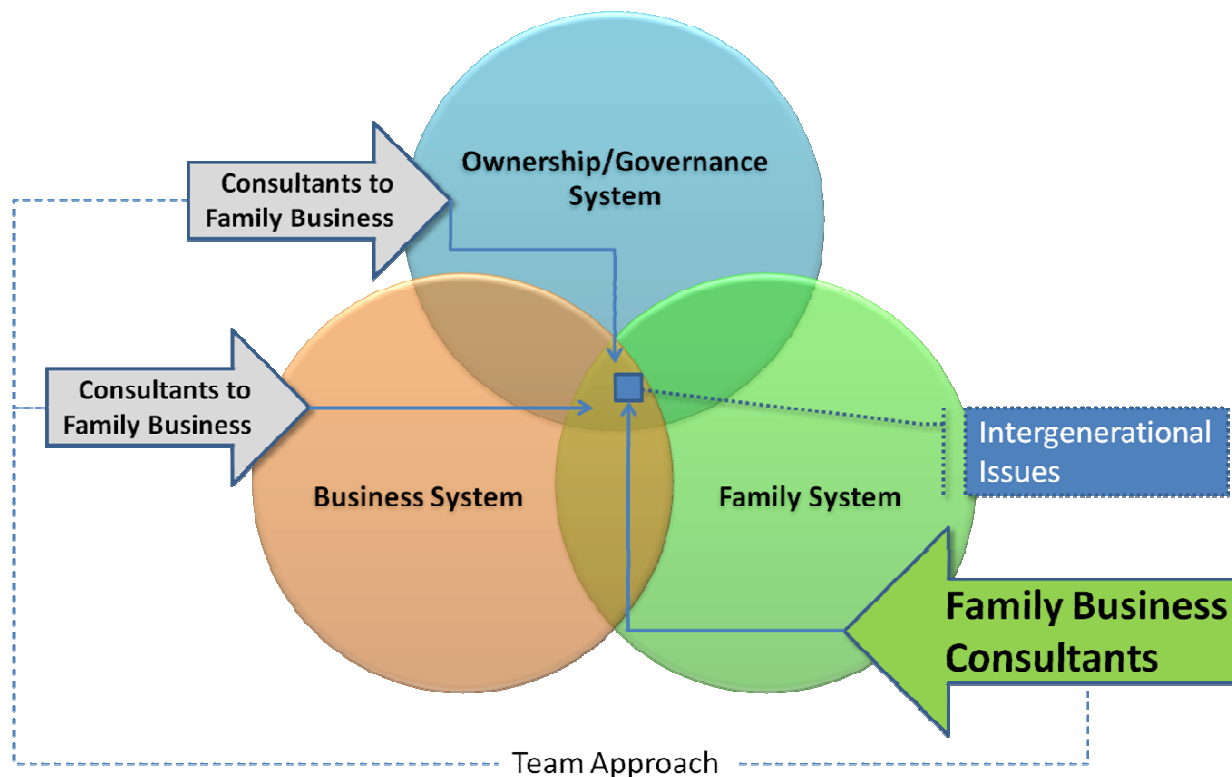


*Figure 5.1.* Role of the family business consultant (Hilburt-Davis & Dyer, 2003).



This study suggested, however, that family business members themselves might intuitively be using a far more stringent definition. In all three cases, in order for family members to agree that an individual was, in fact, a family business consultant, the initial and primary focus of the family business consultant's work needed to have been the family part of the system as it affected the overall system. While clearly requiring much additional study, this distinction, if valid, has several interesting implications.

First, besides being understood as parts or subsets of the overall family business system, it strongly suggests the three component systems can also be understood as portals, or means of entry, into the area of system overlap. Second, it suggests that, for true differentiation of the practice area, the designation of *family business consultant* should be reserved for those who enter the area of system overlap through the family portal. Other professionals, though they may work in the area of system overlap, are better understood as *consultants (or advisors) to family businesses*, or as *consultants (or advisors) specializing in family businesses*. This distinction is illustrated in Figure 5.2.



*Figure 5.2.* Suggested model for family business consulting.

This emphasis on the importance of the family in the overall system is consistent with Moores (2009), who argued “the involvement of ‘family’ is a necessary condition for the problem to be deemed a family business one” (p. 170). It is also consistent with W. G. Dyer and W. J. Dyer (2009), who argued that those conducting family business research need to be more intentional about including the family as an important variable in the research.

Adoption of this convention would vastly reduce the ranks of those identifying themselves as family business consultants, and greatly increase the ranks of those identifying themselves as consultants to family businesses. Further, it would have significant implications for the preparation and credentialing of family business consultants, as it would require that those seeking the family business consultant designation have significant training and/or background in psychology or a closely related discipline (i.e., in the behavioral sciences). Ms.

Stewart, for example, first worked with the Martin family system and is regarded by all family members as a trusted advisor and valued sounding board with significant insight into the system. Yet David Martin, in highlighting the value of Dr. Morgan's perspective and insight into family member interactions stated "Pamela sees some of that, but that's not really her formal training."

This emphasis on knowledge and skill in the behavioral sciences is consistent with Kets de Vries and Carlock's (2007) assertion that family business consultants need "a strong psychological foundation upon which to anchor their work" (p. 60), as well as the assertion by Carlock et al. (2008) that "psychology provides the organizing concepts for the study of the interaction and interdependence of the family and business systems, and the emotional and social relationships they create" (p. 499). It is also consistent with the importance of trust and values identified in this study. The behavioral sciences have long acknowledged the need for establishment and oversight of an appropriate trusting relationship and strong values and ethics for practitioners. Norms and safeguards developed in the behavioral sciences may serve as useful models for appropriate credentialing and oversight of family business consultants.

Curiously, the issue of developing a clear delineation of who is and who is not a family business consultant has been largely ignored in the empirical research to date. This may be due to the fact that most of this research has been conducted by those identifying themselves as family business consultants. If the practice area is to advance, and especially if it seeks to establish itself over time as a profession, clarity regarding the meaning and use of the designation must be achieved. One recommendation for future research is to engage a broader range of participants, encompassing both family business members and practitioners, in developing this clarity regarding the various terms currently used to describe those who engage in some way with the family business system.

If, then, family business consultants are those who enter the system through the family portal and use skills developed through some level of formal behavioral science training to work in the system boundary area through the family portal lens, it stands to reason that these consultants will need to be supported in this work by professionals with significant expertise in the other portal areas. This would include individuals with expertise in various areas of business and management, as well as wealth, tax, and legal specialists. Each of these supporting professionals will, in turn, need to have an understanding of and experience in navigating the complexities of the system overlap areas.

As the primary relationship with the family is with the family business consultant, it is important that this individual remain the gatekeeper between the family and consultants or advisors with specialized expertise. As demonstrated in the Martin case, families, having built significant trust with the family business consultant, do not like being “handed off” to others with whom they do not have a similar relationship. This suggests a multidisciplinary team approach to family business consulting, with the family business consultant serving as team lead. The multidisciplinary consulting team approach has been advocated by several researchers to date including Swartz (1989) and Kaye and Hamilton (2004). While a foundation in all three areas of the family system (family, business, and ownership/governance) is necessary for all members of the team, only the family business consultant, as the team lead, would need to possess an in-depth behavioral science foundation. The behavioral science based family business consultant, serving as the team lead and gatekeeper to the family, could introduce specialists into the family system as needed. This process, advocated by Kaye and Hamilton (2004), could take advantage of the “trust build” mentioned in the Martin case, whereby the referral of a trusted other (in this case, the family business consultant) imparts a degree of

referred trust to the new entry into the system, reducing the time and effort needed for individual relationship-building with each individual.

Successful implementation of this family business consulting model would require high-level teaming skills on the part of all the specialists involved, as well as strong team leadership from the family business consultant. To achieve this, it would be important that all team members truly understand and are committed to a team—rather than a work group—approach. Katzenbach and Smith (1993) provided clear differentiation between the two, with work groups being focused on individual performance. In this case, this would translate to a focus on achieving specific outcomes in one's area of expertise while sharing insights, views, and information with other members of the work group. Conversely, a true team, as defined by Katzenbach and Smith is “a small number of people with complementary skills who are committed to a common purpose, set of performance goals, and approach for which they hold themselves mutually accountable” (p. 112). Thus, team members must be committed to outcomes that are best for the system overall rather than optimal within their area of expertise. An example of this distinction in advising family businesses is advising that ownership shares with associated voting rights be evenly divided among a large group of siblings or cousins in order to minimize taxes. Such advice, while optimal from a tax avoidance point of view, may not be best overall, as the voting structure may inhibit the group's ability to make quality decisions regarding the business in a timely manner. High-level teaming in this multidisciplinary approach to family business consulting requires a strong commitment to the overall good of the system, the ability to effectively surface and resolve conflict among team members, transparency in working processes and outcomes, and disciplined habits of reviewing and learning from both process and outcomes at the team and individual levels. This emphasis on teaming, in turn, has

implications for the preparation process of those seeking to work with family businesses and suggests that research into best practices and lessons learned from practicing family business consultants who utilize a team-based approach would be valuable in advancing praxis.

One final implication of creating this narrow definition of the family business consultant is that, in practice if not in theory, it makes largely irrelevant the debate over whether the family business system is best understood as a single system or multiple interacting systems. By clarifying that family business consultants work in the area of system overlap, but involve family issues affecting this overlap from the beginning, both primary areas (the family and the business) will be kept in the forefront from the start of the consultation. Thus, meaningful progress is likely to occur whether the family business consultant works from a single system orientation (as in the Thompson case) or a dual system orientation (as in the Martin case). If, as suggested, a multidisciplinary team is involved in the work, different members of the team can, in essence, “advocate” for various parts of the system(s), ensuring that family members neither kill the golden goose in their quest for family harmony, nor slavishly adopt a corporate or financial “best practice” that does not, in fact, represent the best solution for their particular system. As long as there is shared understanding that the main elements of the system (the family, the business, and ownership of the business) overlap, that this overlap is the primary work of the consultation, and that this work begins by understanding and clarifying various elements of the family’s influence on this overlap, neither system element should be overemphasized at the expense of the other.

An additional potential advantage to using a team-based approach is in the area of self-regulation and self-awareness on the part of the family business consultant. As Hubler (1998) and others have stated, family business consultants need high degrees of self-awareness and self-reflection to ensure they do not become inappropriately enmeshed in the family system. He

suggested the use of interdisciplinary study groups as a method of continuous learning. A highly-developed multidisciplinary team could function in this capacity, incorporating mechanisms for regular review and feedback into team norms and operating guidelines.

### **Defining the Work: What Do Family Business Consultants Do?**

This study suggests defining the family business consultant as a practitioner with a strong behavioral science background who enters the family business system through the family portal and consults “at the boundaries” (Hilburt-Davis & Dyer, 2003, p. 15) of this system. Working from this definition, the next core issue is that of delineating the work done in this boundary consultation.

This represents, again, an underserved area in the existing research, which focuses more on questions of how the work is done than of what constitutes the basic nature of the work. This is a significant question, as how one frames a problem or issue has much to do with the nature of the solutions or actions undertaken. The results of this study, combined with the consulting situations described in the existing literature, suggest that family business consultants engage in helping family business systems navigate inter-generational issues affecting the family business system. While this may appear self-evident, it provides a broader understanding of the work than does a statement that family business consultants help systems with leadership or ownership succession or incorporating a family member into the business. A broader understanding of the work as incorporating any inter-generational issues affecting the family business system will allow for both additional research and more deliberate focus in practice on issues such as the role and influence of non-business spouses. This influence, one of the primary themes identified in this study, is, again, largely unexplored in the existing literature.

### **Defining Success and the Importance of Trust, Values, and Chemistry**

Having posited both a definition of the family business consultant and of the work in which she or he engages, it is important to next define success. That is, from the family business member's perspective, what does a good job of family business consulting look like?

In both cases in this study where the family business consultant was clearly engaged in inter-generational issues, family members described success as reaching the decisions that needed to be made for the business while ensuring intact family relationships. Tom Martin described this as having “put all the hard stuff out on the table and you still get together at Christmas.” This strongly suggests that family business consultants must spend considerable time and effort developing options and solutions geared toward the specific values and priorities of the family. That is, neither the family relationships nor the business outcomes can or should be optimized at the expense of the other in such a consultation. Daniel Thompson described the difference by saying:

Being a professional business consultant . . . you can come in and sit down and discuss all the facts and . . . lay out a business plan and this is what we're going to do. You try to do that approach in a family business and it's (laugh), you know, there's the door.

Rather, families in family business systems can best be understood as seeking a *satisficing* solution, defined as a solution that “will permit satisfaction at some level of all of its needs” (Simon, 1956, p. 136). Such an understanding further argues for both a narrow understanding of the family business consultant and a team approach to family business consulting to ensure both that the family variable is given proper weight in identifying and weighing satisficing solutions and that the long-term economic interests of the family as vested in the business are properly understood and evaluated.



This requires a high degree of trust, openness, and values clarification, as indicated in the study. Families must feel that the consultant understands and appreciates the values of the family system, and, in turn, has values and ethics that can be trusted. Not surprisingly, then, trust was an important theme in this study. This is consonant with existing research, particularly Kaye and Hamilton (2004) who advocated for both the family business consultant as “trust catalyst” and “multidisciplinary consulting teams” in which one person “maintains a long-term advisory relationship, facilitating the clients’ trust in a succession of other resources as needed” (p. 159).

Also not surprisingly, this trust is particularly important with the family member leading the business at the time of the consultation. This study identified the importance of behavior change on the part of the business leader as a success factor in a family business consultation. For this to occur, this leader must have confidence and trust in the individual guiding the change. While all three families identified the consultant’s willingness to challenge and confront members as an important ongoing part of this trust, they were less clear on how this trust develops from the outset of the relationship, defining it in terms such as “likability” and “chemistry.” This is a valuable area for future research.

Given the high level of trust involved in the consulting relationship, it is not surprising that family members viewed the consultation process as long-term and iterative, with no clearly defined end point. Having invested sufficiently in the relationship to develop trust as “an important form of capital” (Carlock & Ward, 2001, p. 11) both with the family business consultant and among family members, family members would understandably be reluctant to completely close the door to further interaction and involvement.

### **Connection to Existing Research**

One goal of this study was to connect it with existing research, particularly the work done by Upton et al. (1993) and Cross (2004) in understanding family business consulting from the point of view of practitioners. The current study supports several key findings from each of these studies.

Upton et al. (1993) found “the major internal issue or topic is leadership succession, and the major external issue or topic is estate, financial, and legal planning” (p. 304). While these findings are consistent with this study, I suggest they represent too narrow an understanding of the primary work of the family business consultant. The emphasis on the business domain may predispose practitioners to avoid, neglect, or underestimate the importance of intergenerational issues originating in the family domain (such as differing expectations about the role of spouses) that can have significant impact on the overall system.

Upton et al. (1993) also identified three primary ways in which family business consulting differs from other types of consulting. These were “family dynamics, emotions, and conflict resolution; . . . that family firm consulting is more personal than other consulting; [and] . . . the balance between family and business concerns” (pp. 305-306). These findings, consistent with the current study, further underscore the importance of a strong behavioral science foundation for family business consultants.

This study is also consonant with several findings in the Cross (2004) study. First, a number of the personal characteristics identified in the Cross study as important for family business consultants to possess, such as trustworthiness, values/ethics, and the ability to challenge or confront family members, were also deemed highly important in this study.

Further, there was a higher degree of agreement around these personal characteristics than around specific techniques or interventions (other than the family meeting), as Cross also found.

Cross (2004) offered an explanation for this finding based on the common factors literature:

This literature has emphasized the importance of the personal characteristics of the therapist as well as the client-therapist relationship on the change process. It is possible that panelists in this study may have learned that these relationship factors are far more important to their ability to work effectively with clients than the specific technique which they use. (p. 141)

The parallel of this concept to both the “authenticity” (Block, 2000, p. 37) concept in consulting and the “use of self as an instrument of change” (Curran et al., 1995, p. 1) concept in OD consulting has already been mentioned. This study seems to strongly suggest that the concept of the use of self may be highly important in family business consulting. Carlock (2007) identified this importance in stating that the two primary components of the coaching and consulting toolkit are “technical competencies” and “emotional capability” (p. 59). Carlock further identified the importance of building a competency model for family business practitioners that fully addresses the emotional capability aspects, not just the technical competencies. In light of this study, I believe this is an important recommendation and suggest that any and all groups dealing with the professional development and preparation of family business consultants (e.g., professional associations, study groups, and academic programs) should devote equal attention to preparation and evaluation in the emotional capability areas of the professional toolkit. In addition, much further research is needed to explore the concept of the use of self within the context of family business consulting.

Finally, as in Cross (2004), this study found a great deal of overlap among personal characteristics, skills, and techniques. This finding further underscores the importance of the use of self in family business consulting.

## Conclusion

The purpose of this study was to provide family members' perspectives on family business consulting. To date, the small body of existing empirical research on family business consulting has examined the consulting process primarily from the practitioner's point of view. Through the generosity and openness of the three families in this exploratory study, we now have an additional lens through which to view the consulting relationship.

The study identified that there is not a clear, generally-understood definition of the term *family business consultant* and suggested that, to family business members, it may connote behavioral science trained practitioners who enter the system through the family portal, effect change in the subsystem areas of overlap primarily from this vantage point, and work on inter-generational issues affecting the system. This study further suggested that success in a family business consulting relationship is defined by family members as achieving resolution of the business issues under consideration while maintaining intact family member relationships.

Additional findings both supported and extended previous findings regarding family business consulting. These included the importance of non-business spouses, the need for strong interpersonal fit with the family business leader, and the importance of trust in the consulting relationship.

There are numerous opportunities for additional research to both broaden and deepen development of family business consulting theory and practice. Particularly valuable would be studies including the viewpoints of both practitioners and family members.

As an organization development consultant, my work is with both family and non-family organizational systems. This study has reinforced the importance of the use of self as an agent of change in these systems. Who we are is as important as what we do. We must enter systems

with true humility and a learner's mindset, while continually increasing our professional expertise and knowledge. The trust we are granted must never be taken lightly. To do this trust service, we need to ensure that our definition of professional development is holistic—encompassing personal and interpersonal dimensions of wholeness as well as technical competence and knowledge.

**APPENDIX**

### **Appendix A: Participant Consent**

You have been asked to participate in a research study conducted by Cynthia Waisner, a doctoral candidate in the Leadership and Change program at Antioch University, Yellow Springs, Ohio. This research involves the study of your experience as a member of a family business which has worked with a family business consultant.

The study involves, at a minimum, one conversational interview which will be arranged at your convenience and which is expected to last approximately one hour. The interview will be taped. A transcription of the interview, disguising all identifying information, will be prepared, and you will receive a copy of this transcript for your review. A second conversation will be scheduled, following the same procedure, to gather your clarifying thoughts and further comments. The total time involved in conversational interviews and follow-up should be no more than two to three hours.

Additionally, completion of a brief survey may be required. This survey, asking for information regarding ownership structure of the business, nature of and family involvement in ownership structure and management of the business, and perceptions regarding overlap between the family and the business, provides a means of identifying the degree of interdependence between the family and the business.

Your name, and the name of your company, will be kept confidential, unless and only if you give express approval for these items to be used in the research report. You will also have the opportunity to remove any quotations from the transcribed interview. All tapes, notes, and related research material will be securely kept under lock and key. The research results will be used as part of my doctoral dissertation and may be used for additional publication at a later date.

I hope that participation in this research study will provide you with new insights and perspectives regarding the relationships your family and your business have with your professional advisors. The risks to you of participating in this research are considered minimal. Although unlikely, there is the possibility that the telling of your experiences may cause you some discomfort. If you have any questions regarding your rights as a research participant, or about any aspect of this study or your involvement, please contact

Carolyn Kenny, Ph.D.

Chair, Institutional Review Board

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There is no financial remuneration for participation in this study.



## Appendix B: The F-PEC Scale of Family Influence (Klein et al., 2005)

(Note: Permission to include this instrument was obtained from the Copyright Clearance Center)

- *Family* is defined as a group of persons including those who are either offspring of a couple (no matter what generation) and [*sic*] their in-laws as well as their legally adopted children.
- *Ownership* means ownership of stock or company capital. When the percentage of voting rights differs from percentage of ownership, please indicate voting rights.
- *Management Board* refers to the company Board that manages or runs the entity(ies).
- Persons named through family members represent the ideas, goals, and values of the family.

### Part 1: The Power Subscale

1. Please indicate the proportion of share ownership held by family and nonfamily members:

(a) Family \_\_\_\_\_%

(b) Nonfamily \_\_\_\_\_%

2. Are shares held in a holding company or similar entity (e.g., trust)?

1. \_\_\_ Yes    2. \_\_\_ No

If YES, please indicate the proportion of ownership:

(a) Main company owned by:

(i) direct family ownership: \_\_\_\_\_%

(ii) direct nonfamily ownership: \_\_\_\_\_% ownership: \_\_\_\_\_% [*sic*]

(iii) holding company: \_\_\_\_\_ %

(b) Holding company owned by:

(i) family ownership: \_\_\_\_\_ %

(ii) nonfamily ownership: \_\_\_\_\_ %

(iii) 2<sup>nd</sup> holding company: \_\_\_\_\_ %

(c) 2<sup>nd</sup> holding company owned by:

(i) family ownership \_\_\_\_\_ %

3. Does the business have a governance board? 1. \_\_\_\_\_ Yes 2. \_\_\_\_\_ No

If YES:

(a) How many Board members does it comprise? \_\_\_\_\_ *members*

(b) How many Board members is [*sic*] family? \_\_\_\_\_ *members*

(c) How many nonfamily (external) members nominated by the family are on the Board?

\_\_\_\_\_ *nonfamily members*

4. Does the business have a management Board? 1. \_\_\_\_\_ Yes 2. \_\_\_\_\_ No

If YES:

(a) How many persons does it comprise? \_\_\_\_\_ *members*

(b) How many management Board members is [*sic*] family? \_\_\_\_\_ *family members*

(c) How many nonfamily Board members are chosen through them? \_\_\_\_\_

*nonfamily member [sic]*

### Definitions

- The founding generation is viewed as the first generation.

- Active family members involve [*sic*] those individual [*sic*] who contribute substantially to the business. These family members might hold official positions in the business as shareholders, Board members, or employees.

### Part 2: The Experience Subscale

1. Which generation owns the company? \_\_\_\_\_ generation
2. Which generation(s) manage(s) the company? \_\_\_\_\_ generation
3. Which generation is active on the governance Board? \_\_\_\_\_ generation
4. How many family members participate actively in the business? \_\_\_\_\_ members
5. How many family members do not participate actively in the business but are interested?  
\_\_\_\_\_ members
6. How many family members are not (yet) interested at all? \_\_\_\_\_ members

### Part 3: The Culture Subscale

<i>Please rate the extent to which:</i>					
Your family has influence on your business.	<i>Not at all</i>		<i>To a large extent</i>		
	1	2	3	4	5
Your family members share similar values.	<i>Not at all</i>		<i>To a large extent</i>		
	1	2	3	4	5
Your family and business share similar values.	<i>Not at all</i>		<i>To a large extent</i>		
	1	2	3	4	5
Family members support the family business in discussions with friends, employees, and other family members.	<i>Strongly disagree</i>			<i>Strongly Agree</i>	
	1	2	3	4	5
	<i>Strongly disagree</i>			<i>Strongly Agree</i>	

Family members feel loyalty to the family business.	1	2	3	4	5
Family members are proud to tell others that we are part of the family business.	<i>Strongly disagree</i>			<i>Strongly Agree</i>	
	1	2	3	4	5
There is so much to be gained by participating with the family business on a long-term basis.	<i>Strongly disagree</i>			<i>Strongly Agree</i>	
	1	2	3	4	5
Family members agree with the family business goals, plans, and policies.	<i>Strongly disagree</i>			<i>Strongly Agree</i>	
	1	2	3	4	5
Family members really care about the fate of the family business.	<i>Strongly disagree</i>			<i>Strongly Agree</i>	
	1	2	3	4	5
Deciding to be involved with the family business has a positive influence on my life.	<i>Strongly disagree</i>			<i>Strongly Agree</i>	
	1	2	3	4	5
I understand and support my family's decisions regarding the future of the family business.	<i>Strongly disagree</i>			<i>Strongly Agree</i>	
	1	2	3	4	5
Family members are willing to put in a great deal of effort beyond that normally expected to help the family business be successful.	<i>Strongly disagree</i>			<i>Strongly Agree</i>	
	1	2	3	4	5

## Appendix C: Interview Protocol

### Checklist

- Check recording equipment (including backup equipment and extra batteries)
- Check that consent form has been signed

### Opening Statement

I will begin the interview by paraphrasing the following statement:

The purpose of this interview is to gather your perspective and point of view on the relationship your company has had with a family business consultant. As we discussed, the interview will last approximately 60 minutes and will be recorded. A verbatim transcription of the interview, disguising all identifying information, will be prepared and analyzed for research purposes. The research will be used for my dissertation and may be used for later publication. You have received and signed an informed consent form and are participating in this research voluntarily. Is that correct?

### Basic Background Information

Can you tell me a bit about the history of your family business? Your role?

### Areas of Research Interest

- **Entry:** How and why did your family business enter into a relationship with a family business consultant? How did you choose a family business consultant?
- **Benefits and Success Criteria:** How has this relationship been helpful to you? The family? The business? How do you define “success” in the relationship with a family business consultant? Why has this business relationship endured?

- **Comparison from other Professional Relationships:** How is this relationship different from the relationships you have with other professionals involved with the family business? How is it the same?
- **Skills and Techniques:** Other researchers have suggested that there may be specific techniques and approaches used by family business consultants that are important to an effective outcome. What are the specific actions, techniques, and skills used by your family business consultant that you feel have been particularly effective?
- **Personal Characteristics:** Other researchers have suggested that there may be personal characteristics of the family business consultant that are important to an effective outcome. Do you agree or disagree? If you agree, what are the personal characteristics that are most important to an effective family business engagement?

### **Closing Statement**

I will conclude the interview by paraphrasing the following statement:

Thank you for your time today. Your insights are very valuable and important to this project. As we've discussed, once the transcript of this interview is available, I will send you a copy for review. I'll follow up a few days later to see if there are any clarifications or further thoughts you would like to add. Meanwhile, please feel free to contact me at any time and thanks again for your participation.

## **Appendix D: Family Business Consultant Personal Characteristics Exercise**

**Instructions: From the following list, please choose the five that you believe are most important in being an effective family business consultant:**

- Systems thinking
- Ability to work with systems as well as individuals in systems
- Ability to stay in touch with all parts of the system
- Work in both emotional/psychological and business planning modes
- High tolerance for conflict and chaos
- A strategic mind
- Sense of fair play
- Committed to his/her own personal development
- Self-knowledge and self-management
- Listening
- Capacity for empathy
- Empathy for the business
- Empathy and objectivity
- Hope and optimism
- Belief that people will choose health over sickness
- Appreciation for client's courage in engaging with a consultant
- Compassion and humility
- Humility
- Values/ethics

- Family values
- Ability to adjust
- Imagination
- Ability to stay at 10,000 feet
- Rapport
- Intellect
- Ability to challenge what clients are saying
- Transparency, honesty, and forthrightness
- Toughness and compassion
- Intuitive sense of what is going on in system
- Experience
- Knowing how to help in anxious systems
- Owning solutions
- Ability to gather data and generate good theory
- Trustworthiness
- Consultant is “one of us”
- Ability to understand the business from the leader’s perspective, and translate that to/for others
- Risk taking
- Enjoy people and business
- Being able to create a timely solution that can be implemented



**Appendix E: Data Analysis Themes for Final Coding (Upton et al., 1993)****Issues In Which Family Business Consultants are Involved:**

- Leadership succession/succession planning
- Interface of family and business
- Interpersonal conflict
- Management effectiveness
- Family/business goal conflict
- Enhancing survival, regeneration, and growth
- Transfer of ownership
- Strategic planning
- Delegation
- Roles and role transition
- Tax planning
- Entry of new family members into business
- Cash flow
- Diagnosis and change efforts
- Undercapitalization
- Financial, trust, and estate planning
- Lack of customer demand

**Ways in Which Family's Relationship with Family Business Consultants Differs from Those with Other Professionals:**

- Family dynamics, emotions, and conflict resolution
- More personal than other consulting, including:
  - Transference, or client reacting to the consultant as a surrogate family member; and
  - Countertransference, or consultant seeing his or her own family history in the client situation and thus overidentifying with the client.
- Balance between family and business concerns, including:
  - Presence of family members in operating positions for which they are not qualified;
  - Influence of family members who are not in operating or ownership positions;
  - Intergenerational goal ambiguity; and
  - Conflicting roles

## **Appendix F: Data Analysis Themes for Final Coding Taken from Cross (2004)**

### **Interventions and Techniques for Working with Family Businesses:**

- Process consulting: prioritizing work to be done and tools for approaching the work
- Comprehensive, confidential needs assessment
- Creating a shared vision
- Adjust pace to suit both the group and individuals
- Ground rules
- Bringing the entire system into dialogue
- Regular meetings
- Feedback session on themes from individual interviews
- Role negotiation and clarification
- Creating structures
- Balance between process and tasks in engagement

### **Personal Characteristics Necessary to Work Effectively as Family Business Consultant:**

- System thinking
- Ability to stay in touch with all parts of system
- Work comfortably and simultaneously in business and emotional/psychological realms

- High tolerance for conflict and chaos
- Committed to own personal development
- Self-knowledge and management (emotional intelligence)
- Listening
- Capacity for empathy
- Empathy for the business
- Objectivity and empathy
- Appreciation for client's courage in taking action
- Values/ethics
- Toughness and compassion

## Appendix G: Company Characteristics From F-PEC Survey—Full Results

### *F-PEC Survey results*

	Martin	M Thompson	Thompson	Middlewest
<b>Power</b>				
Percentage of family share ownership	80	8	100	65
Are shares held in a holding company or similar entity?	No	N	No	Some
If yes, proportion of ownership in main company:				
Direct family ownership percentage	NA	N	NA	10
Direct nonfamily ownership percentage	NA	N	NA	35
Holding company ownership percentage	NA	N	NA	55
Proportion of ownership in holding company:				
Direct family ownership percentage	NA	N	NA	0
Direct nonfamily ownership percentage	NA	N	NA	NA
Holding company ownership percentage	NA	N	NA	NA
Does the business have a governance board?	Yes	Y	No	Yes
How many Board members does it comprise?	7	7	NA	7
How many Board members are family?	2	2	NA	2
How many nonfamily (external) members nominated by the family are on the Board?	0	0	NA	5
Does the business have a management Board?	Yes	Y	No	No
How many persons does it comprise?	10	1	NA	NA
How many management Board members are family?	2	2	NA	NA
How many nonfamily Board members are chosen through them?	8	8	NA	NA
<b>Experience</b>				
Which generation owns the company?	1 <sup>st</sup> & 2 <sup>nd</sup>	1	4 <sup>th</sup>	2 <sup>nd</sup>
Which generation(s) manage(s) the company?	2 <sup>nd</sup>	2	4 <sup>th</sup> & 5 <sup>th</sup>	2 <sup>nd</sup>
Which generation is active on the governance Board?	1 <sup>st</sup> & 2 <sup>nd</sup>	1	NA	2 <sup>nd</sup>
How many family members participate actively in the business?	2	2	4	3
How many family members do not participate actively in the business but are interested?	0	0	6	0
How many family members are not (yet) interested at all?	1	1	0	5
<b>Culture</b>				
(1 = Not at all    5 = To a large extent)				
Your family has influence on your business.	4	4	5	3
Your family members share similar values.	5	5	3	5

Your family and business share similar values. (1 = Strongly disagree    5 = Strongly agree)	4	3	5
Family members support the family business in discussions with friends, employees, and other family members.	4	3	4
Family members feel loyalty to the family business.	4	4	4
Family members are proud to tell others that we are part of a family business.	5	5	5
There is so much to be gained by participating with the family business on a long-term basis.	5	5	5
Family members agree with the family business goals, plans, and policies.	4	3	3
Family members really care about the fate of the family business.	5	4	4
Deciding to be involved with the family business has a positive influence on my life.	5	3	5
I understand and support my family's decisions regarding the future of the family business.	5	2	4
Family members are willing to put in a great deal of effort beyond that normally expected to help the family business be successful.	5	5	3

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