



Family Business Leaders as Dealers in Hope

INSEAD Wendel International Centre for Family Enterprise

The world needs hope, now more than ever. The coronavirus pandemic is unlike any crisis we have faced since World War Two. It has elements in common with the war, because it impacts every dimension of our lives. Indeed, it may prove to be a historical inflection point, creating challenges and opportunities that transform our world in ways we can't fully imagine or understand.

When I teach or advise on business planning, I help students and clients to appreciate the multi-dimensional nature of the external forces they face with a five-letter acronym, STEPP: Social, Technical, Economic, Political and Physical. The coronavirus is the first crisis I have experienced that encompasses all five.

Leadership as Personal Responsibility

Family businesses need to survive the crisis economically, but they also need to thrive in the aftermath because they create so much social and emotional value. Family firms are the bedrock of national, regional and local economies, providing the majority of the jobs, delivering needed products and services, supporting communities, and creating meaning in the lives of owning families and their employees and other stakeholders.

There can be little doubt that family businesses will endure, but what is required from family business leaders and owners right now? Many rely on non-family executives, chairs and directors, but leading in a crisis is the responsibility of the family whose name is on the building. The tasks of championing the family's values, forging a compelling vision, and driving performance rests with its own leaders.

Writing a New Script

So, where do they start? The analogy I suggest may help you think about the timing and actions needed in the real world. Think of the crisis as a three-act play: Act One-Setting the stage; Act Two-The conflict and struggle; Act Three-Resolution.

We have already lived through the first two acts. Act One opened with family businesses around world enjoying success. Act Two saw the virus shut down the global economy and family businesses begin to struggle. Act Three – the resolution – still needs to be written. This is where family leaders and owners have a role to play.

A global pandemic is a new drama, so we need to think carefully because there are no historical

precedents to guide us. There is, however, one certainty: the need for leadership that can take tough decisions, listen, communicate, and most importantly craft a plan with a new vision for the future.

So, my suggestion is to focus the script for Act Three on leadership actions and how family business leaders can inspire their families, employees, stakeholders and communities so that they do not just survive but thrive in the future. According to Peter Drucker "...planning does not deal with future decisions. It deals with the future of present decisions. Decisions only exist in the present."¹ The future success of each family firm depends on the decisions that family leaders, owners and directors make today. Their demonstrated commitment to lead will reverberate in throughout the company's performance into the recovery period and beyond.

Leading in a Crisis

Ultimately, success will come from effectively linking the family values and vision to its business strategy, investment and governance plans. If your plans are grounded in those values and vision, you will be able to leverage the efforts and talents of family and staff to build a new future together.

As a family business leader, you have an opportunity to deal with the coronavirus crisis using the same skills and behavior that make your business successful – blending professional planning and governance with personal leadership based on passion and caring. Successful family businesses demonstrate long-term thinking and commitment to all of the firm's stakeholders—in a word, stewardship. This implies a dual focus: on the social tasks of caring for and motivating people, and the technical tasks of entrepreneurship and strategy.

The five behaviors below can help write a positive ending for Act Three. I shared these with over 500 business family leaders across generations during two online sessions in April 2020 for **The Family Business Network (FBN)** entitled "Families as Leaders of Hope".

1. Listen and communicate. The basis for all human activities and relationships is communication. When you actively listen to another person, you not only receive new information but help the other person hear and motivate themselves. Many executives struggle with listening because they are too busy thinking about their ideas or response to lean back and consider new possibilities. When people experience being truly heard, they feel respected, and respect builds trust which is the basis for

personal commitment. The FBN chair Farhad Forbes, a second-generation family business leader, finds that a daily morning videoconference meeting with senior managers lifts his spirits when he sees how responsive his organization is to the challenges posed by the crisis: "We are all working to be ready for when we get back to the plant."

Communication is number one on my list because it's often the first thing to be lost when dealing with difficult challenges or a crisis - leaders instinctively resort to a command-and-control style.

2. Develop an entrepreneurial mindset. To me, entrepreneurs are a special kind of leader. As the holder of an endowed chair in entrepreneurial leadership, I study the relationship between the two. My research and teaching have convinced me that entrepreneurial thinking will be critical for rebuilding after the coronavirus crisis, typified by a willingness to address change, identify opportunities, and empower others. Entrepreneurs tend to behave in ways that create value. They think outside of the box, they are driven by a vision of what could be possible, they manage risk by taking small steps, and they build teams with diverse talents. Most importantly, they are not afraid—what scares an entrepreneur is not failure but failing to try. Farhad Forbes captures it clearly: "There is just something about family businesses... they will figure out new ways of working – and new businesses as well."

3. Be an authentic leader – a source of truth. Being a good leader entails a continual struggle between competing commitments. It requires you to be aware of your values and constantly reflect on how to act in accordance with them. When you hold true to your values, people believe in you. The values you espouse are expressed in your ability to craft a clear vision, take tough decisions, manage your ego, and show empathy. Empathy may seem out of place in a crisis, but authentic leaders want to hear others' views not simply in pursuit of new information but to build relationships by showing they care.

Another attendee, Elena Zambon, FBN vice chair and chair of family firm Zambon SpA, described how senior management that had formerly worked in listed companies "were a little surprised" when she, the Chairman, as a family member, called them to express closeness and appreciation. She insists on hosting one-to-one meetings with her collaborators by video so that "beyond professional issues, I can ask to see their children, while I share mine". Every fortnight, on Saturday morning, she sends a message to all the employees, with personal thoughts and considerations

1 Peter Drucker (1974), *Management: Tasks, Practices, Responsibilities*, p.125. New York: Harper and Row.

about the situation. There is a time for sharing more than just professional stuff. We must see our people first as persons rather than just professionals – and if you think of your people this way you are more open to listening.”

4. Take care of yourself. As a leader in a crisis, it is natural to focus your energy on taking care of others, especially family and colleagues. But leaders need to realize that their emotional energy and drive is what makes them effective. It is critical to take time to manage stress and find ways to relax. In this way you develop psychological resilience, be it by learning a new skill, exercising, reading, playing music, cooking or watching movies. Meditation is another option: it's simple, quick, and it works. Learn to share your fears and uncertainties with a coach, director, therapist, partner, colleague or spiritual guide. The underlying idea is to build a deep, trusting interpersonal relationship by showing your needs, rather than your strengths—something that is counter-intuitive for many leaders.

5. Be a leader of hope. The title for this article is a quotation from Napoléon: “Leaders are dealers in hope.” No matter what challenges may confront you, you must first inspire yourself, and the people you serve, to hope for something better. In developing a shared vision, you drive collective action. We admire people who plant the seeds of hope. We follow leaders who arouse in us a positive sense of expectation.

When leaders communicate, listen, plan thoughtfully, are authentic and take care of themselves, they demonstrate strength and give others hope. For Elena Zambon, leadership requires a positive outlook: “One side of decision-making is being rational,” she acknowledges, “while looking at the future requires a positive view, balanced by sound decisions.” In a context of uncertainty and panic in the world, it is only natural that our families and stakeholders look to us for leadership. We must not fail them.

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