

A Source for Creativity in the Family Business

Succession is one of the most, if not the most, important themes all family businesses must grapple with at some point. Many may be tired of hearing about it; however, it is a process that can be highly complex and intimate and worth exploring and discussing further. There are two options when choosing a successor. One can pick a professional manager either externally or by recruiting internally within the company. The other option is to choose a family member it could be a brother, sister, son, daughter, niece, nephew or even a competent in-law. There is of course no right or wrong answer and one option is not better than the other. However, for many families finding a successor within the family is the most preferable option. “The eye of the owner fattens the cattle” as they say in my home country.

There is a diverse amount of reasons why families prefer family as successors, such as maintaining the business under family control, have family members continue the family legacy, perpetuating the family values as part of the corporate culture, and wanting to secure the financial stability of future generations of family members, just to name a few. The challenge lies in understanding how family businesses can become a desirable career option that will attract competent next gens and also sustain a challenging and stimulating work environment that will retain and empower family members once they start working. Luckily, family businesses have an edge. Family members seem to have an innate attachment, sense of duty, commitment and responsibility to the family business. Several research studies have tried to understand this phenomenon that seems to unite a series of non-monetary benefits with the sense of purpose in working towards a common goal for the betterment of the family to create this bond between business and family. Attempts to understand this phenomenon have developed several constructs such as emotional ownership, socio-emotional wealth and emotional value amongst others. (Björnberg & Nicholson, 2012; Gómez-Mejía, Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; T. M. Zellweger & Astrachan, 2008) However, this phenomenon should not be taken for granted and family businesses should nevertheless strive to create an attractive and nurturing environment that will

encourage and motivate the most talented potential successors. A recent study by Thomas Zellweger and associates seems to indicate that the intention of next generation members to join the family business is quite low with 7% interested in joining after graduating from university and another 13% after 5 years gaining experience elsewhere. (T. Zellweger, Sieger, & Englisch, 2012) Even though there is still a limited research exploring the intentions of successors and the study mentioned doesn't explore how intention changes beyond 5 years, these findings are quite revealing. Therefore, what can a family business do in order to increase the possibility of enticing and retaining talented family members? There are many complex factors that determine what each individual next gen's needs are in order to make his or her decision. We can start by taking a look at how good a business is at stimulating creativity. Creativity is only limited by one's own imagination. One can be creative in all areas concerning family business, for example finance, marketing, production, product development etc. This leaves a broad range where the company can match an area of interest of the potential successor. As Albert Einstein once said "Creativity is intelligence having fun." Therefore, the more the company invests in creating an environment that promotes creative freedom, the higher the possibility that the potential successor will find a position that stimulates them intellectually and gives them a sense of purpose. Specially with the younger generations of today that seem to be less interested in financial benefits and material possessions and more interested in doing something that they consider meaningful work. I have had many conversations with next gen members that want to dedicate their time and energy to an activity, career or project that has social impact or supports environmental sustainability and seldom realize how the family business can already provide them with such an opportunity. The family business already has financial resources, a foundation of strong values, a direct and indirect impact on employees and their families, a natural desire for sustainability in order to leave a better planet for future generations. The potential of the family business to provide the next gen with a platform for impact and meaningful work seems to get lost somewhere for many families.

There are many interesting ways families can encourage creativity in the business. I know of several families who have brought together a team that includes both a family member and experienced employees to work together on exploring new ideas. The important thing is to carry out a professional process that will have a set budget and have a reasonable level of risk, which will not destabilize the company. Other families like my family for example, have set up an education fund that offers the opportunity for family members to educate themselves and learn the most innovative business practices. One family organized an Innovation Management workshop for it's next gen members in order to get their creative juices flowing. For me the most important step is to engage in an honest dialogue with your next gen members, ask them what their passions are, what role they see themselves having in the family business, and what initiatives the family business can explore in order to empower and motivate them. As Theodore Levitt said "Creativity is thinking new things. Innovation is doing new things." The long-term survival of a family business lies in its ability to continuously innovate and next gens are an infinite source of new and creative ideas. Why not tap into it?

Samuel Maldonado
Associate
Family Business Matters
Phone +49 1516 731 4874
Email: sam@fambizmatters.com
Website: www.familybusinessmatters.consulting

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