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2012

Family in business or business in family

METHODOLOGY FOR THE SUPPORT
OF FAMILY BUSINESSES



KAPITAŁ LUDZKI
CZŁOWIEK – NAJLEPSZA INWESTYCJA



ifr
INICJATYWA
FIRM RODZINNYCH

UNIA EUROPEJSKA
EUROPEJSKI
FUNDUSZ SPOŁECZNY



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Foreword

BOŻENA LUBLIŃSKA-KASPRZAK, PRESIDENT OF PARP
ANDRZEJ J. BLIKLE, PRESIDENT OF IFR



Ladies and Gentlemen,

We would like to present to you a study which is the result of experience gained throughout the “Family Businesses” pilot project implemented jointly by the Polish Agency for Enterprise Development (PARP) and the Family Business Initiative (IFR, Pol. *Inicjatywa Firm Rodzinnych*). The main objective of the project was to prepare a methodology for providing educational support to family businesses in their development by showing them ways to tackle the challenges that follow from the family character of those enterprises and to make them aware of the potential that lies precisely in that feature of the enterprise.

At the beginning of project implementation, we asked ourselves the question whether family businesses differed in any significant way from other entities in the micro-, small and medium-sized enterprises sector (MSME) and therefore, whether they needed additional support. In order to answer it, the initial stage of project implementation involved a country-wide study of family businesses conducted on commission from the PARP. The conclusions of the study confirmed our conviction that apart from problems typical of the MSME sector, family businesses faced specific challenges. They also had a huge potential, which, when used adequately, could become a source of their competitive advantage in the market.

In Poland, the topic of family entrepreneurship has been definitely underestimated. Family businesses as a specific group have not been noticed, and the training and consulting market lacks offers that would help them meet the challenges typical of them. These, when not realised in time, may lead to the slowdown in a company’s growth and even to its collapse. How to carry out succession, i.e., how to hand over the power in the enterprise into the hands of the next generation? How to reconcile the business development strategy with the needs and expectations of family members? How to combine work at the company with family life so that private conflicts do not destroy professional relationships and vice versa? And which is more important: the benefit of the family or the economic efficiency of the enterprise? How do you build a specific model of leadership shaped by several family members? These are only the most fundamental issues worth paying much attention to for anyone involved in a family business. We suggest to owners of such enterprises that they answer one more fundamental question already at the very beginning: are we a family that owns a business, or a business managed by a family?

Polish family businesses in general do not emphasise their family character and often even hide it, thinking that it may be associated with a somewhat unprofessional manner of operation. However, family enterprises, which include both large corporations and a vast number of small business entities, play a very important role in all countries worldwide. In Japan, the United States and in

Foreword countries of Western Europe they contribute to a significant percentage of the domestic product; also their role in the emerging economies of India, China, Mexico, or in African countries is not to be overestimated. The situation is similar in our country. The results of the above-mentioned study indicate that family businesses with at least one employee constitute 36% of all MSMEs and contribute significantly to the domestic product. Adding self-employment, which does not employ personnel and has not been included in the study, but which has been subsumed under family businesses in many studies conducted in other countries, the percentage of family enterprises in the MSME sector would increase to 78%. Adding also agricultural companies, which too, ensure employment to their owners – the percentage would be even higher. This is a great power worth keeping in mind.

The “Family Businesses” project is the first initiative where the family character of enterprises is the superior value that determines measures taken within it. Educational events organised within the framework of the project attracted 300 people from over 100 enterprises. These included both seniors-founders of companies, and their family members, potential successors, as well as key employees not belonging to the family. The support they could receive included personal development workshops, broadly conceived management training, advice in putting into practice the knowledge gained during training, and meetings and discussion with family entrepreneurs who run successful and efficient family businesses and wanted to share their experience.

We started out with a number of fears. We realised it was a pioneering undertaking where no proven solutions could be adopted, as those simply did not exist. We relied on our own experience (many expert staff members of the project run family businesses), on intuition, we browsed through publications on family businesses, and held lengthy discussions.

From a time perspective, we can say that the project was successful, as demonstrated by the opinions of its participants. They highly evaluated the usefulness of the offered support for running such a specific entity as the family business. We were greatly satisfied by the fact that project participants became proud of belonging to the family business community and realised the way they had come while building their enterprises from scratch and running them, often in times that were very difficult for private enterprise.

This study – the fruit of the project – is addressed to Business Environment Institutions, including training companies, especially those that see family businesses as their potential client with specific training needs. We hope that the “Methodology for the Support of Family Businesses” will be an inspiration for creating educational proposals for family businesses, and will attract the interest of entrepreneurs and employees who understand the need for constant learning and development.

An important supplement to this study is the publication *My History, My Company – Portraits of Polish Family Entrepreneurs*, which is a collection of stories on the founding and development of selected enterprises – beneficiaries of the project, told by their founders and their family members, and recorded by project trainers.

We wish you pleasant reading.



Andrzej Jacek Blikle

The “Family Businesses” project – origin, structure, future

MAŁGORZATA MACZYŃSKA

Origin

The “Family Businesses” project was the first partnership project of the Polish Agency for Enterprise Development (PARP) implemented in cooperation with a non-governmental organisation. The PARP contributed its experience in the implementation of undertakings co-financed from the European Social Fund (ESF), and high operating standards. The Family Business Initiative (IFR) – a small young association – offered its practical and theoretical knowledge of issues related to family businesses, its great enthusiasm and commitment. Such a combination, and the ability to hold a partner-like dialogue and tackle sometimes very difficult situations together, played a decisive role in taking the success of the project beyond our expectations.

Who are the partners in the “Family Businesses” project and how was this unprecedented partnership created?

For over 10 years, **the Polish Agency for Enterprise Development** has been implementing training and consulting projects for Polish entrepreneurs – mainly from micro-, small and medium-sized enterprises – financed by the European Social Fund. Some projects are selected on a competition basis – entrepreneurs or training companies lodge at PARP applications for the co-financing of training and consulting activities they offer. These projects usually address the well-examined training needs of entrepreneurs that the latter are aware of. Apart from competition projects, the PARP also implements system projects, mostly pilot ones, for beneficiaries who so far have not received support suited to their specific needs. The basis for the success of such projects is the correct identification of beneficiaries and diagnosis of their needs. For this purpose, the PARP uses available studies, analyses the training market and invites experts from various fields to cooperate.

In 2006, the PARP noticed family businesses as an important group of enterprises worth looking at from the point of view of their specific needs. The results of a study carried out in 2009 on commission from the PARP confirmed the hypothesis that those enterprises needed support designed especially for them. As the authors of the study wrote in recommendations:

“The training and consulting services should be targeted at micro-, small and medium-sized family enterprises, regardless of the sector, region and type of economic activity. Family MSMEs where succession will occur within the next 5-7 years are a particularly important target group. Such services should be addressed to managers of those businesses. One of the challenges for the training and consulting service provider is the fact that family businesses are unaware of their problems and training needs. Even if family entrepreneurs are aware of their needs, they are often unable to prioritise them.”

It was therefore clear that the project was needed. It also became evident that family businesses needed the assistance of trainers and experts who would understand the specific nature of their problems and know the challenges they face. Only where to look for such specialists, if the project planned by the PARP was the first initiative on a broader scale where family businesses were to be treated not like any micro-, small or medium-sized enterprise but as a separate group? Although business entities of this kind had been an object of interest for the scientific community already since the mid-’90s, conclusions from research have not been translated into practical training and consulting support.

It became evident, however, that the significance of family businesses for the economy had been noticed not only by the scientific community and the PARP. In May 2008 a group of entrepreneurs registered an association called the **Family Business Initiative (Inicjatywa Firm Rodzinnych, IFR)**.

**The “Family
Businesses” project
– origin, structure,
future**

It was founded mainly by owners of such enterprises and their family members, for whom the family character of the enterprise had always been a value in itself. As stated in the IFR Manifesto:

“Values built by numbers of managers and consultants in modern business are grounded in a natural way in family businesses. Family relationships may be a source of ethical actions, sensitivity to the needs of other people, the team working ability, conscious leadership, and above all, a sense of community and loyalty. In the modern knowledge civilization, this forms a basis for building a mature organisational culture that is the condition for effective operation.”

By chance, the representatives of the PARP and the IFR met at the end of 2008 at a conference devoted to training and consulting projects co-financed by the ESF, and thus their cooperation began that was to last over three years. In October 2009, the principles for cooperation were refined and a partnership agreement was signed.

Structure

The most important decisions concerning the project were taken at the meetings of the Steering Committee, which comprised the representatives of both project partners. The Steering Committee supervised the implementation of the undertaking, approved the individual stages of implementation and controlled the performance of employees.

The Project Manager was responsible for the entire undertaking. This role was performed by a PARP representative – the head of the Human Resources Development Department that implemented the project.

The “Family Businesses” project was difficult in terms of the subject-matter and complicated in terms of logistics due to the comprehensive nature of the support provided and its constant adaptations to the real needs of participants. It was therefore necessary to create a competent team and to specify the role of each of its members.

The works of the team within the project were directed by two closely cooperating coordinators from the PARP and the IFR. In line with the rules in force for partnership projects financed from the Human Capital operational programme, one of the partners is the leader of the partnership and at the same time party to the agreement on project co-financing from European Union funds; in the case of the “Family Businesses” project, the PARP was the partnership leader. The team comprised promotion, recruitment, monitoring, organisation of training sessions, and IT specialists, a network coordinator and those responsible for the financial aspect of the project (a settlement specialist and an accountant). The work of the team of trainers, consultants and advisors and the development of the concept of training and consulting activities was supervised by the head of the expert team, an IFR representative.

The training and consulting activities started in May 2010 and ended in the fourth quarter of 2011. For over a year and a half, 300 project beneficiaries had the opportunity to work with top-class specialists, developing their management competences and personal skills. Despite the fact that every day brought new challenges and created new situations that required immediate reaction, the implementation of the project went smoothly, and participants' comments gave those who implemented it a feeling that they were participating in an important and valuable undertaking.

“After each meeting I reflect on what I could change at the company”, “During the meetings so much positive energy is generated as can hardly be found anywhere else. This fantastically motivates me for further action”, “We are eagerly looking forward to the next meetings” – these are only some of participants' opinions.

The “Family Businesses” project – origin, structure, future

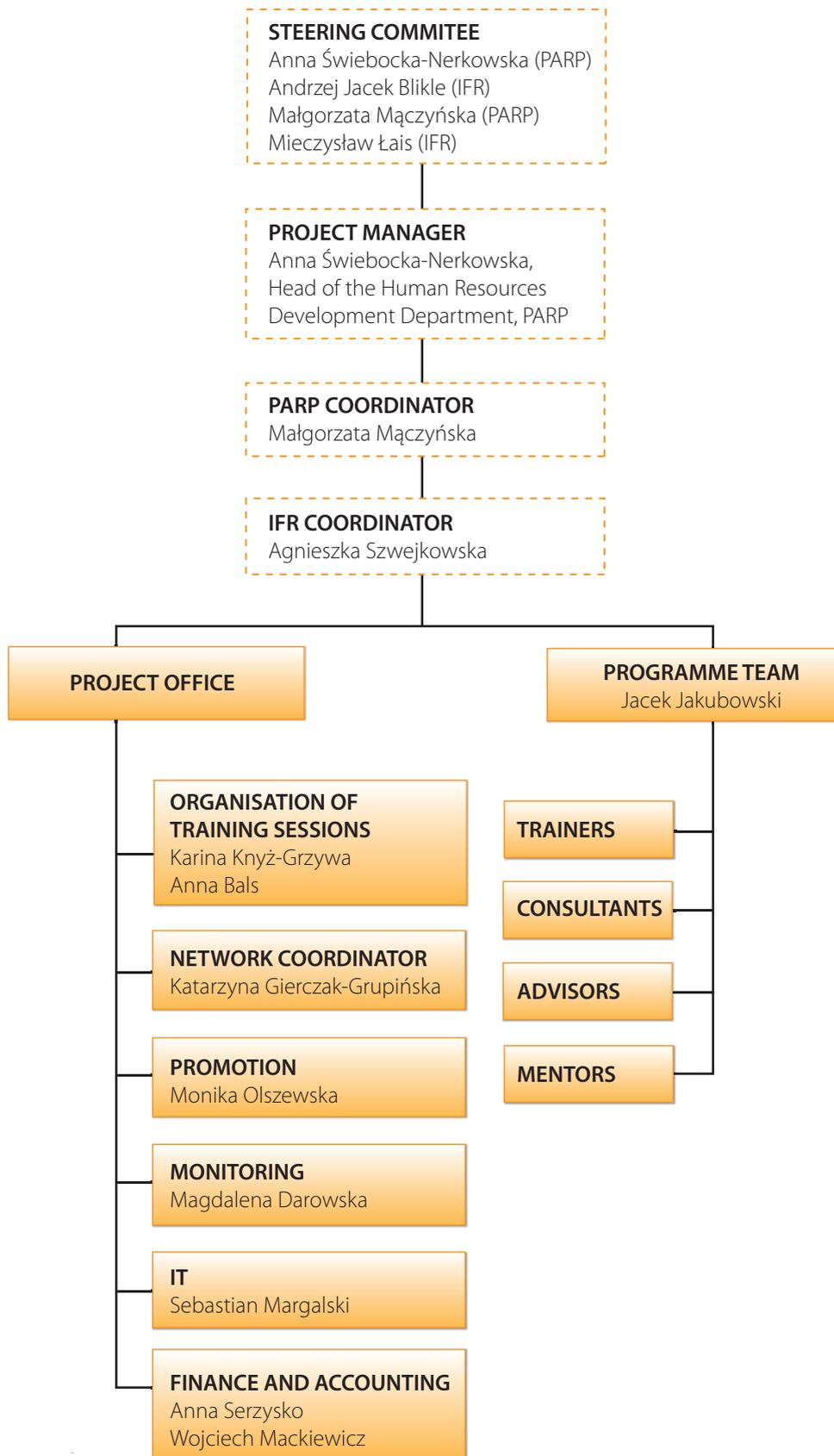


Figure 1. Project structure outline

**The “Family
Businesses” project
– origin, structure,
future**

The future

The completion of activities financed from public funds is a good moment to ask: what next?

Family enterprises have a great potential. The “Family Businesses” project has helped activate it, boosted the participants’ self-esteem and made them feel that “together they can do more”. Many project beneficiaries are socially sensitive enterprises involved in actions for the benefit of their regions. These are potential leaders that can “infect” other family businesses with values derived from the project. This is in line with the IFR mission (defined in the strategy for the years 2011-2015¹), which is to build a mutual support environment for family businesses.

A family business is a value in itself. This has already been noticed by many owners of this type of enterprise and their family members. Project participants underlined it time and again that they had become proud of the fact that they were a family business, they started to emphasise that family character and to treat it as an asset. To put it in a slightly humorous way, they “disclosed themselves”, they “came out of the closet”. Now they want to build the “family business” brand and to convince customers that “family business” is a mark of quality and reliability.

In order to achieve that goal it is necessary to seek ways to reach the public opinion with information about family businesses, their significance and potential. There is a need to create systems for the exchange of experience, to win over opinion leaders to the idea of supporting family businesses, to gain a significant position in the public debate.

Interest in family businesses has been growing. This is understandable, considering that they constitute a significant potential for the development of the economy and civil society. New organisations have been emerging to support the development of family businesses, such as the Family Business Foundation, (Fundacja Firmy Rodzinne) in Poznań, or the Family Business Institute (Instytut Biznesu Rodzinnego) at the Poznań School of Banking. Entrepreneurs’ Club in Cieszyn has actively joined the activities to support family businesses. The European Congress of Women featured a panel on “Women roles in family businesses”; and the European Congress of Small and Medium-Size Enterprises devoted as many as two panels to the issues of family businesses. Between June and December 2011, the “Newsweek Polska” weekly celebrated dinners in all voivodeships during which the best family businesses in a given region were selected as Family Business Ambassadors (we are satisfied to find that in several voivodeships this title was won by companies who “enhanced” their family character within our project). When the official activities co-financed from public funds ended, project participants started to organise meetings and training sessions where they discuss issues important for them. For several years the IFR association has organised “U-rodziny” (the Polish name is a pun meaning “birthday party” and “at the family’s” at the same time) – an annual convention for family businesses and everyone interested in the issues related to family entrepreneurship.

In sum, it can be stated that more and more family businesses are noticing their individuality and potential. After years of concealing the family character of the company, as it could be associated with a somewhat unprofessional manner of operation, that very family character is becoming their strength and asset. Good times have come for family businesses and it is worth making the best use of that.

The Polish Agency for Enterprise Development regrets the project has come to an end. We are convinced that it has fulfilled its task – it gave enterprises an impulse for further action, contributed to their increased awareness of the fact that they are a separate, important group of entrepreneurs, and inspired the creation of new initiatives.

The PARP will continue to serve family businesses with kind-hearted advice and help, to support valuable emerging initiatives created by the “family folk” themselves.

Thus, dear “family folk”, thank you for the time we have spent together, and we wish you a lot of success.

Introduction

JACEK JAKUBOWSKI

In a country where each government declares itself family-oriented, the theme of family entrepreneurship is definitely underestimated. Family businesses are treated as all other enterprises in the micro-, small and medium-sized enterprises sector (MSME). This is a mistake, as the models of organisation development, concepts of values or patterns of structural organisation which function in that sector do not prove correct in the context of a family business. Family enterprises develop in parallel with the family and are cemented by values and bonds incomparably stronger than companies or corporations where employees are only bound by business relationships. Therefore, attempts to “repair” a family enterprise so as to make it more “professional” and fitted to the known economic models most often end either in the effects of training or consulting being negated by company members, or in launching a cycle of not very effective transformations.

When working with family businesses it is essential to understand that the dynamics of development of such a company is different than in an “ordinary” enterprise. In every enterprise quarrels break out, crises continue, diverse working styles and views on development clash, but where family relationships strongly influence the situation in the enterprise, all that may have other causes and consequences, not predicted in the traditional business development models. Being man and wife is not the same as being an associate. The divorce of a couple who manage an enterprise established together may prove much more painful for its employees than the division of a non-family company. Managers of family businesses may wait 20-30 years for a successor to grow up and forgo investors for years so as not to take away the opportunities for their own children. The goals of a family business may therefore be different and more complex, which means that their development is governed by mechanisms different than in non-family enterprises.

When implementing the “Family Businesses” project we wanted, above all, to help its participants to discover their own potential and to tackle problems that obstruct their development. The management, marketing, psychology, sociology and law specialists involved in project implementation, together with the representatives of a several dozen family businesses (project beneficiaries), undertook two parallel tasks:

1. The first one was an attempt to use the strengths that lie in the values and the atmosphere of the organisation where the life style of the family and the company’s organisational culture permeate one another. Such a skill forms the basis for strong modern leadership essential in any kind of activity. It is also a source for building interpersonal relations effectively (with the customer, the employee), which plays a key role in today’s business.
2. The other one was the development of a methodology for supporting family businesses in tackling challenges they usually face. The point was to develop procedures for the constructive solving of conflicts permeated by family relationships with all their complexity and sometimes dramatic situations. This is an extremely important and difficult aspect of the methodology for the support of family entrepreneurship. Natural family crises disorganise the company management process, and problems characteristic of economic activity easily destroy relationships between siblings, children and parents or between husband and wife.

The project, which lasted 2 years, attracted 300 people from over 100 micro-, small and medium-sized enterprises, interested in learning, improving their skills and developing long-term growth programmes. They participated in diverse educational events – workshops, training conferences, thematic meetings, and took advantage of consulting and meetings with mentors.²

² Actions implemented within the “Family Businesses” project are described in detail in Chapter 3.5 – Educational events within the project.

Introduction

This study, "A Methodology for the Support of Family Businesses", is a result of experience gained during the implementation of this pioneering project. The methodology was created thanks to the cooperation and commitment of a team of authors, consultants and trainers. Before we started to work with the participants of our undertaking, we had made assumptions concerning the programme and the objectives we wanted to reach. However, throughout the educational sessions we remained open to suggestions both from those who implemented the project and also – or perhaps in the first place – from participants themselves. Every family business and its every representative were partners for us, and often even co-authors of subsequent concepts and assumptions. This kind of cooperation contributed to the success of the project, as demonstrated by the reflections of participants presented in a separate part of this publication.³

The basic aim of this study is to present the concept on the basis of which the programme for the support of family businesses was created. The whole is meant to serve the reader as a suggestion on how to construct analogous training programmes addressed to family businesses. At the same time we are aware of the fact this is already the beginning of a path towards the development of training in this area.

"The Methodology for the Support of Family Businesses" is comprised of three parts:

1. **Part I analyses the specific character of family businesses.** We show here how the general issues fundamental for the development of any business activity work in family businesses, i.e. we discuss the specific character of family-business management, marketing, systems approach, communication etc.
2. **Part II presents the 6S concept, developed for the purposes of the project and subsequently updated throughout its course.** It is based on six areas fundamental to family businesses, which are: *Samorozwój* (self-development), *System rodzinno-firmowy* (the family-and-business system), *Strategia* (strategy), *Sukcesja* (succession), *Spoleczność* (community) and *Synteza* (synthesis). 6S is an abbreviated name for the concept.
3. **Part III describes the training and consulting actions carried out.** This part discusses the techniques and tools used in the programme. In most general terms, it describes the entire training programme.
4. **Part IV – the most practical one – includes detailed scenarios for training sessions** carried out within the project along with examples of exercises, case studies, and tests applied. For trainers, this part may serve as a model for training family businesses.

Due to the complexity and multi-aspectual character of the "Methodology", we suggest that the Reader navigate the study using brief information on the contents of each chapter presented below.

Part I

The family business in times of permanent change (Chapter 1.1)

Continuous change is a constant element of modern economy and thus concerns all organisations. Knowledge civilization and the new challenges that constantly emerge within it make it no longer possible to stand still. In order to find feet in new circumstances and take full advantage of the opportunities that arise, it is necessary to follow and even predict changes. Otherwise competitors will immediately take advantage of our weakness. This chapter discusses the threats and opportunities that the family business faces in modern economy. It describes the general context which accompanies all organisations, as well as the elements of reality that are specific to family businesses only.

The specific character of family businesses in Poland (Chapter 1.2)

Time and again we have encountered the opinion that family businesses are small unprofessional businesses operating at the periphery of modern economy. This is a very dangerous and harmful stereotype. Chapter 1.2 provides information on what family businesses are and how important their role in the economy is.

The specific character of management in family businesses (Chapter 1.3)

Managing any enterprise may be compared to navigating a ship in a rough sea. In family businesses there is the additional need to navigate the family-ship, which is usually done in an intuitive – not to say amateur – way. On the basis of his twenty years of experience in managing his own family business and observing other family enterprises, the author points out the reefs that the captain of the family-business ship has to avoid in order for the enterprise to last for generations, ensuring a satisfactory job for employees and the essentials of life for the family.

Values as a management instrument in family businesses – i.e. from the superior to the leader (Chapter 1.4)

Modern business is experiencing a revolution in management. The organisation based on domination and exploitation of employees is replaced by one where they are treated as the most important asset. Most management theorists and practitioners claim that in a situation of continuous change and the need for constant learning, the only way to ensure business success is the deep internal motivation on the part of employees, achievable only when the company boss, instead of being the supervisor, becomes the leader. This name can only apply to a manager who perceives and respects the employees' need for personal dignity and is able to use the values that permeate the company's organisational culture. In the family business these values have a strong natural source. The authors of Chapter 1.4 discuss two main management styles: people-oriented and task-oriented management, proving that management by the "carrot and stick" method is pointless in a modern enterprise.

Remuneration in a family business (Chapter 1.5)

The value system applied entails another important issue, i.e. remuneration. The way we treat family members (those employed in the enterprise, but also those who observe its activity from aside) and employees is reflected in the remuneration system we adopt. The issue of remuneration is not an easy topic in any enterprise, but in a family business it becomes particularly difficult. How to remunerate family members, and how – employees from outside of the family? Should the family earn more, or will it be more politically correct if its members are paid less than non-family employees? There are many questions and related doubts. Some of them are answered by the author. Apart from making a reference to the specific character of family businesses, the chapter on remuneration also discusses the general tendencies in remuneration systems in use together with their consequences for the operation of the company.

The family business brand (Chapter 1.6)

Building long-term trust-based relationships with customers is one of the most important challenges of modern economy. Therefore, the art of building the image and brand is fundamental for any company. We live in a world flooded by advertising, various forms of visualisation, in a sense in a pictorial reality. In order to be noticed among thousands of entrepreneurs, the family business must be able to become recognisable also in this sphere, so important for public perception. How

Introduction to stand out in a market flooded by an infinite number of images and information? How to prove one's individuality and uniqueness? Should we emphasise the fact that we are a family business? How to do that? The author of Chapter 1.6 answers these questions.

A system approach to the problems of the family business (Chapter 1.7)

In the chapters reviewed so far we have been concerned with how the family enterprise may tackle the basic business challenges. All the topics mentioned are strictly interrelated. One follows from another and so they influence one another. Introducing changes in any area is automatically reflected in others. The belief that it is possible to transform management without for example influencing the values is as naive as the belief that a good and honest company does not need to advertise. The amount and strength of those dependencies have led us to the conviction that in order to understand processes operating in a family business it is necessary to find a new descriptive language. The author of the chapter proposed to rely on a systems approach, deeply rooted in various academic and practical trends. The point is to develop a manner of understanding the system comprised of two distinct subsystems – the family and the business – which have different dynamics, structure and often goals as well.

Emotions in the family business (Chapter 1.8)

Building a synergy between the two different systems of the family and the enterprise creates a specific emotional melting pot. Even between the most loving spouses, apart from the wish to do good for the other person and the feeling of love, also strong tensions arise. Equally strong tensions appear in relationships between parents and children when the feelings related to the children's entry into adulthood mix with emotional conditions necessary to concentrate on management tasks in the enterprise, building relationships with co-workers, or with emotional commitment to gaining customers. In Chapter 1.8 the author questions the slogan so willingly used in corporations: "business is business, there is no room for sentiment", and reminds that emotions are ubiquitous, and the most so in the family. This is where the first models for expressing emotions are developed, which are later used in private and professional adult life. Any attempts to downgrade the role of emotions, to cut off from emotions one may experience, usually end up badly, if not tragically, for those who do that.

Intergenerational dialogue (Chapter 1.9)

Particular emotions are generated by intergenerational dialogue. Differences between generations and the ensuing misunderstandings, difficulties in communication, distinct worldviews and ideas for life – this is everyday life in any organisation. Chapter 1.9 shows the importance of intergenerational dialogue in family businesses by discussing the mechanisms of conflicts around such business management issues as using state-of-the-art technologies versus proven procedures, intuition and experience versus modern management theories, the wish to expand versus steady sustainable development. All this is difficult and emotion-inspiring in itself, yet in family businesses conflicts around these issues are augmented by love, revolt and the child's desire to become independent, as well as the mutual lack of respect which can often be found in families. On the other hand, nothing can replace the exchange of experience, and therefore the ability to use dialogue between generations in a wise, conscious manner is one of the greatest assets of the family business.

Resistance to change in family businesses (Chapter 1.10)

Every person and also every organisation have a natural need for stability and sense of security. The latter is generally associated with what is known, accepted and liked. Any novelty introduced into

an ordered system generates confusion, inspiring general dislike and mistrust. The initial feeling of discomfort, sometimes outrage, accompanies most newly adopted changes. It is particularly easy to see that in a family business. The family is a collection of strong individualities. Each of them sets his or her own boundaries of what is known and what is unknown, but at the same time all of them together create a separate unit (the family) where the need for balance is rooted equally deep. Chapter 1.10 discusses resistance to change in the family business and how it may be tackled.

Conflict and its specific character in the family business (Chapter 1.11)

Management styles, remuneration, interpretation of values, permeation of subsystems, building intergenerational cooperation – all this generates strong conflicts. Within the family-and-business system the conflict takes on a specific character, as the existence of many mutually overlapping spheres and roles may give rise to doubt. This is a perfect situation for conflict. Apart from a theoretical discussion of the types of conflict, along with ways to solve it, the author makes direct reference to the context of the family business. He characterises conflicts that may follow from two interdependent systems when home and work often have the same address.

Communication in the family business (Chapter 1.12)

This chapter in a way summarises Part I. Communication is an element which appears in all of the above-mentioned areas. If it does not meet certain standards, i.e. is not based on empathy, active listening, genuine interest in the interlocutor/recipient – then it loses its qualities. One cannot just listen to one's interlocutor. One needs to react to them in a lively way, provide feedback which should not be superficial but well-considered and constructed according to the principles of effective communication. In general, we communicate with many people every day. We talk to children, parents, friends, superiors, co-workers, customers, officials. It is impossible to think about management, public relations, intergenerational dialogue, sales or any other aspects of functioning in business without taking into account the need for effective communication in each of these areas. It is a basis for the functioning of both the enterprise and the family, and constitutes a starting point for other forms of activity.

Part II

Philosophical foundations of the 6S methodology (Chapter 2.1)

In the second part of the study the reader is guided through the concept created especially for the purposes of the programme, abbreviated as 6S owing to its six basic assumptions. On the basis of our experience we may state that in order to support the family business in an effective and active way, it is necessary to undertake measures in five thematic areas: self-development, the family-and-business system, strategy, succession and community. However, this is not enough. In each training or consulting project, all these areas should be built into one process so that they can form a synergistic unity rather than a collection of actions independent from one another. One of the basic assumptions of the 6S methodology says: "you cannot effectively support a family business in development by working with one of its aspects only." Thus, the sixth "S" stands for synthesis and therefore the synergy of the previous five.

Training and consulting programmes need to have their own methodology, i.e. structure, tools and methods. Each educational event should also have its own objectives, scenarios, duration etc. Within the 6S approach we underline that on the one hand, a workshop, conference or meeting each have their own separate specific character, which makes them closed wholes, but on the other, all these events should be constructed in such a way so as to enable each participant to use

Introduction them for development in any area. The issues which need to be taken into account while working on the particular elements of the 6S methodology are presented below.

The family-and-business system (Chapter 2.2)

Those who implemented the “Family Businesses” project decided to rely on the systems thinking paradigm (presented in Chapter 1.7). They were convinced that this approach was one of the few that had the language to describe the dynamics of change and development of groups and communities. Furthermore, it has a substantial record in respect of methods for working with the family. The categories of systems thinking are quite well suited for launching processes initiated within the programme for the support of the family business.

Self-development (Chapter 2.3)

This involves work on the development of personal competences related to the specific character of leadership in the family business. That specific character implies the need to combine family roles with roles in the enterprise, and requires the development of profound personal competences (self-awareness, emotional maturity, empathy) as the foundation for managing business. While working on self-development, it is important both to train particular skills (e.g. conflict solving, understanding interdependencies, effective communication and assertiveness) and to extend the knowledge of processes within the family, of modern management, marketing based on values. The constant development of professional knowledge related to the object of activity carried out remains an obvious part of this process.

Strategy for enterprise development (Chapter 2.4)

Even the best-functioning system and high personal competence do not suffice to ensure success for the enterprise. A direction for activity is needed. In order to set it in an appropriate way, it is essential to develop an ability to think strategically in such a way as to equally take into account the specific values, objectives and style of a given family, as well as the actual demands of the market. Such competences allow for creating a competitive advantage based on the internal potential at the disposal of the family business.

Succession (Chapter 2.5)

The art of launching and running the process of succession for years is a lens where the systems approach, self-development and the ability to build strategy in the family business are brought together. The process begins with the first hopes related to the second generation, through introducing it into the enterprise, to building the position of manager and owner. It is very important here to be able to reconcile with the fact the children go their own way, and to determine in what way one’s life’s work – in the form of the company – will be further developed, who will manage it, and how and when ownership will be transferred.

Community (Chapter 2.6)

Within the family business not only management, but also functioning as such is cognitively complex and emotionally difficult. Therefore, especially in the case of family enterprises, the art of using social support networks is very important – forming associations, building networks of relationships that allow for the exchange of experience, services and information, active involvement in organising reasonable meetings (conferences, workshops, integration trips) which build up social capital.

Building the business and social network is also an essential survival strategy in the era of globalisation. The authors of the article describe changes, challenges, circumstances and ways for building social and business support networks in today's world.

Synergy (Chapter 2.7)

All support methods described above must operate simultaneously. The programme for an educational event whose objectives concern one of those areas must account in its structure for the fact that, to a greater or lesser extent, it affects all others. For example, a workshop meant to enhance individual competences should be so constructed that at the same time participants learn to think strategically about succession and simultaneously start e.g. to plan communication processes in the enterprise and the family. A training conference aimed to develop new solutions in the enterprise will entail both individual learning and creating relationship networks. The above-mentioned thematic areas are a topic map that should provide a basis for designing specific actions. At the same time, those involved in educational activities (trainers, consultants, experts) should be cognitively and emotionally prepared for this type of work.

Part III

Introduction (Chapter 3.1)

The third part is a case study which describes a best practice ready to be copied and/or inspiring for the construction of similar programmes addressed to family businesses. Organisers inform in it about the training sessions carried out, the tools and techniques applied. The entire third part, therefore, describes what was done within the project, and presents the applied methods of work. The introduction informs the reader about the outline of project structure.

About the project (Chapter 3.2)

This is an introductory chapter which provides basic information about the project, its assumptions, actions, course and results. Information provided in it serves as an introduction, but it is also meant to help understand the meaning of concepts and terms related to the project and used by the authors of the subsequent parts of the study to describe the individual actions implemented within the project.

Promotion and recruitment (Chapter 3.3)

Both promotion and recruitment were an important part of activities prior to the commencement of training. It was essential that the right group of people, as large as possible, is reached with information about the planned project, encouraged to take part in it, and that the recruitment process is carried out correctly. The chapter describes promotion activities, the recruitment process, and the related problems and difficulties.

Expert staff (Chapter 3.4)

In the "Family Businesses" project it was extremely important to choose trainers, experts and consultants who had adequate preparation. Not only did they need to understand the specific character of family enterprises, but it was also required that they demonstrate an open and partner-like attitude towards participants. The chapter describes how the project team was selected and how their work progressed.

Introduction Educational events within the project (Chapter 3.5)

When building project structure, significant attention was paid to offering diverse educational forms to participants. This stemmed from the conviction that such activities would, on the one hand, meet the beneficiaries' individual needs, and on the other, allow them to learn via multiple channels and techniques at the same time. The main course of meetings comprised three conferences (including a specific opening conference) and a series of three two-day workshops. Thematic and mentoring meetings were optional. Every company could also take advantage of individual coaching, i.e. consultation on any topic with an expert of their choice. The so-called *Narratives*, i.e. stories of enterprises written on their own or with the support of a trainer, were a separate form of individual work with family businesses.

In the course of project implementation it became evident that there was an immense need for a conference that would bring together the participants of all editions of the project and provide an opportunity for reflection on the changes initiated in enterprises as a result of the project. A three-day closing conference was held in September 2011 and ended with creating a bank of initiatives aimed to expand and reinforce the community of family businesses.

Authors of articles in Chapter 3.5 discuss each of the above-mentioned methods of work with participants in detail.

Risk and difficult situations within the project (Chapter 3.6)

The learning process within the project also abounded in difficult situations and carried with it the risk of changes not necessarily desired by participants. Chapter 3.6 is devoted to those particularly complicated moments that occurred during workshops, conferences or coaching hours.

Reflections of participants (Chapter 3.7)

Throughout the duration of the project the needs, problems and reflections of its beneficiaries were constantly studied by organisers, mainly with the help of "Journey logs", i.e. participants' personal records. Chapter 3.7 is a collection of contributions from "Journey logs" where they describe what they gained from participation in the project and how it influenced each of the six thematic areas.

The whole study is complemented by recommendations from those who implemented the project; this chapter contains final theses, reflections and conclusions from the two years of work with family businesses. Even though this chapter comes as last, it is very important – if not one of those most important – in the whole study. We recommend it also for its practical advice for those who in the future will carry out projects aimed to support the development of family businesses.

PART I

**The family business
in modern economy**

1.1 The family business in times of permanent change

JACEK JAKUBOWSKI

"Thirty years ago most people thought that change would mean more of the same, only better. They expected and welcomed this incremental change. Today we know that in many areas of life we cannot guarantee more of the same, be it work or money, peace or freedom, health or happiness, and cannot even predict with confidence what will be happening in our own lives. Change is now more chancy, but also more exciting, if we want to see it that way."

Charles Handy, *"The Age of Unreason"*.

For thousands of years, the changing reality has motivated mankind to act and reflect, and inspired it to assign meaning to current affairs. Since, as Heraclitus of Ephesus put it, "everything flows", we do not know how much time and space there is left for each of us to fulfil our plans, dreams, ourselves... Heraclitus was probably not the first man to perceive the change taking place in his environment. The word "environment" should be understood here in a very broad sense, as it concerns not only nature but also man's artefacts, thoughts, views and customs. The most obvious changes that humanity has had to deal with since the dawn of history are the times of the day, times of the year, growth of plants, and maturation of one's own body. However, all this happens according to a certain internal clock, and cyclically occurring changes become easy to predict. The cognitive analysis of these transformations – their predictability – gives the impression of control over the situation. This in turn increases the sense of security.

Despite the fact that time is passing just as it was thousands of years ago, modern times are characterised by changes that occur much more rapidly. Epochs follow one another in ever shorter spans of time, mental and social differences between people grow at a dizzy speed. Nearly thirty years ago, Alvin Toffler wrote in his *"Third Wave"* that most people needed help to adapt to a world that was changing ever faster. He prophesied that if a special support system was not created, there would be more and more disoriented, frustrated and helpless people.¹ The inability to cope in the constantly changing environment, the lack of adequate knowledge, skills, and tools, will translate into bad, irrational choices in personal life, investment and politics, taken under pressure.

Today no one has any doubt that every day we adapt to the world where the technological, social, economic and moral reality is changing like in a kaleidoscope. Growth no longer means achieving pre-defined stages known from tradition. We do not know what circumstances and new situations we will encounter in a moment. Metaphorically speaking, one may say that up until recently man's life consisted in having one's feet firmly on the ground. Excluding disasters and wars, everyone knew more or less what their life would be in ten years – what they might achieve, who they might be. Today's life is "walking on quicksand," and only motion, activity may save man from drowning.

In this new world you can toss around in a chaotic way, but you can also consciously steer your own activity, setting your goals and structuring elements of reality according to your own preferences. In such a world, creativity and creative freedom on the one hand, and planning and refining goals and procedures on the other are no longer elite skills. The modern politician, teacher, small enterprise owner, chief executive officer at a corporation, and the scientist, must develop programmes, study the needs, build missions and objectives, select efficient methods. And if we do not have our own strategy, we become part of somebody else's – we begin to only react to external circumstances.

In the Western culture of today, we already know that the fast change of the modern world poses a threat to the continuity of our culture, understood as living according to its traditional values. However, we are left with no other choice than to find our feet in this situation. For this reason, it is

¹ See A. Toffler, *Trzecia fala [The Third Wave]*, PIW, Warsaw 1985.

The family business in modern economy

essential that effective support is granted by the older generation to the younger one, less experienced, still looking for its path, testing the reality. That support includes, *inter alia*, help in finding answers to the most important questions, in finding one's own place, confirming one's identity, reaching what constitutes the individual strength of any young person.

People nowadays are in a similar situation as communities torn out from their environment and thrown into another culture. Metaphorically speaking, one might say that today we live like in a diaspora, in exile. We are refugees, even though physically we do not change our place of residence. Therefore, questions arise: Where is home and how to find our way to it? How to help others in the search, when "old" maps, ways to get to the destination, are no longer valid? How to find a way to survive without going to extremes? Those extremes are, on the one hand, non-reflexive submission to what mass culture offers, and on the other, an escape e.g. into sects, hermetic communities that offer a certain illusion of happiness in exchange for the strict implementation of a certain proposed scenario for life.

In such a volatile situation, very different assessments of reality appear together with strategies to adapt to it. Some adopt catastrophic visions in which the human being, deprived of all certainties, signposts and traditions, will get lost, destroying itself and the entire planet. Others think that even such scenarios can be adapted to. There are also others who see the threats as a great chance for better humankind, when individuals "forced" by that particular evolution will foster such skills as communication, openness to others, creativity.

Therefore, how to survive in our "brand new world", where everyday life is dominated by the incessant experience of accelerating change? Providing an answer to that question is one of the fundamental challenges of the twenty-first century, already branded the civilisation of change. The surrounding reality of new technological and moral opportunities, access to information, the confluence of cultures, leads to a situation in which we observe an inevitably widening gap between generations.² Children live in a different epoch than their parents. Until now, the older generation naturally taught how to live, showed the way, served with advice and experience. Parents' strategies were proven, and guaranteed success in that environment. No-one demanded revealing techniques or innovative solutions, because there was no need for them. Nowadays, when we continually experience instability as a consequence of the occurring changes, the many ways of action, procedures and rhythms of life that have been proven so far, turn out to be insufficient, sometimes even harmful. Using a metaphor again, one might say that in recent years man has come down from the tree for the second time. This is because we have departed from a world in which the son lived in the same reality as the father. Once, when the father taught the son how to produce shoes, for many years they were produced that way. The son had the time of an entire generation to develop an improvement (or not) and then to pass on everything to his offspring. When a special shoe-producing machine was constructed, something changed. The son no longer needed the father for production, nor did the father – the son. Indeed, the change had been accumulating since the dawn of history – man has always come up with something to make things easier, faster, more efficient, only the transformations took entire ages. Nowadays, landmark discoveries hit us every several years.

Regardless of the pessimistic or optimistic view of the future, one appears to be certain: **in the present times and in those to come, an active attitude, i.e. the ability to react to the changing reality in a subjective and adequate manner, is a condition for enterprises and social organisations not only to function effectively, but also to develop.** Moreover, it is becoming a condition for the preservation of mental health and even for physical survival.

24 ² See Chapter 1.9 – Intergenerational dialogue.

What is it like in family businesses?

1.1 The family business in times of permanent change

Constant change in business affects all enterprises, so family businesses, which constitute the foundation of economy worldwide, are an enormous field for its operation. Enterprises where the reality of the family is deeply intertwined with the reality of the enterprise have a great potential on the one hand – the commitment and values that stem from the most profound personal relationships – but on the other, they must cope with reconciling two completely different ways of functioning. *Society, community and family are conservative institutions which, in order to retain stability, strive to protect themselves against change or at least to slow it down, whereas the organisation in the post-capitalist society is a destabilising entity which still rapidly evolves. Since the function of an organisation is to use knowledge to create tools, stimulate processes and develop products, it must be prepared to operate in conditions of permanent change. As an Austrian and American economist Joseph Schumpeter (1883 – 1950) put it, the modern organisation must be **organised for innovation, which is „creative destruction.“** “At the essence of knowledge are the fast changes and the fact that what is obvious today becomes a bygone absurdity,” Schumpeter taught. Therefore, an organisation should be able to reject systematically what is established, what we have got used to, what is familiar and convenient. Irrespective of whether this concerns products and services or processes and relations, or organisations themselves.³ Why, therefore, in spite of the conflict between the instinct of self-preservation of the family, which protects itself against change, and the nature of the organisation, which changes in order to survive, many family businesses function so well? Perhaps the family changes likewise? From an enclave of peace and a refuge from the world it becomes, similarly to the organisation, a place of challenge and change? Building partner-like relationships between men and women, founding relationships between generations on dialogue rather than domination, accepting those from outside the family to close, friendly relationships – all this is related by way of synergy with the changes in the work style at a company and fits in with the outsourced entrepreneurial activity carried out at home via the Internet. It also fits in with social meetings where ideas and sometimes even concrete business solutions are conceived. After all, deepening our knowledge, creative solutions to situations, and innovations do not always come upon us during the eight hours of work. They may appear during sleep or in the midst of a fierce discussion with the loved ones. Certainly, in order to function well in the civilisation of change, the family business must discern and understand its strong areas and define its problems. Both those general and those more specific, characteristic of that actual company and family only. Its great advantage is that when working on ways to stand out in the vastness of the global economy – it may build on the fact that it is naturally different and unique. As unique as every family.*

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³ P. F. Drucker, *Spółeczeństwo pokapitalistyczne [The Post-Capitalist Society]*, Wydawnictwo Naukowe PWN, Warsaw 1999, p. 52

1.2 The specific character of family businesses

ANDRZEJ MARJAŃSKI

What does “family business” mean?

The discussion of the definition of the notion of the family business has continued from the moment when it became an object of study of specialists from various academic fields. This was a result of considering the economic and social significance of such companies and looking for ways to support their growth. The issues related to family businesses became a separate theme in the '80s of the 20th century, mainly in the USA. In Poland, the first publications on this subject appeared after 2000. Research carried out worldwide and in our country revealed that within the market economy, small and medium-sized enterprises were one of the foundations of global economy and constituted a significant group of its enterprises. Their establishment, growth and functioning across generations is extremely important for the development of domestic and foreign markets.

When solving operational and strategic issues related to management, family businesses worldwide need to cope with a number of questions that stem from their family character. At the same time, they need to strive to be managed as well as the best of their manager-managed competitors. Then, by using their specific family-related properties, they may achieve significant competitive advantage. For instance, the long-term perspective for the business to be run by next generations adds to the strength of family-owned entities and from the start gives them a well-defined identity in the increasingly anonymous world of business.⁴

The specific character of family businesses has been aptly defined by I. Lansberg, who stated that the owning family shapes the enterprise in a way inaccessible to family members working in enterprises not owned by a family.⁵ It is precisely this specific nature of the involvement of the family in running the enterprise that makes the family business different from other enterprises and necessitates scientific research in this respect.⁶ Another researcher, T. Petzinger, indicates that: “*Family business has become a model for all business. The reason is that business, today more than at any time in a century or longer, is built on relationships – the very stuff of which families too are made*”.

Łukasz Sułkowski notes that the influence of the family is a common point which has diverse consequences but remains common to all family businesses, whose form and development will also depend on the sector where they operate and on the size of the enterprise.⁸ J.L. Ward and C.E. Aronoff point to the difficulties in attempts made at creating a definition of family business that would be acceptable for all researchers.

Certainly, the definition of the family business should not be based exclusively on objective criteria such as type of ownership, size, and management style, but should also take into account subjective factors such as the values and attitudes of the owner and his or her family, the financial responsibility for the company, family involvement in running the business, strategic orientation for long-term enterprise management, and concern for planning the succession.

⁴ A. Cadbury, *Family Firm and their Governance: Creating Tomorrow's Company from Today's*, Egon Zehnder International, 2000, p. 1-3.

⁵ I. Lansberg, *Managing Human Resources in Family Firms: The Problem of Institutional Overlap*, [in:] *Organizational Dynamics*, vol. 12, no 1, 1983, pp. 39-49, [as quoted in:] E. Niedbała, *Firmy rodzinne – obiekt badawczy [Family Businesses – an Object of Research]*, MBA no 5, 2002, p. 44.

⁶ E. Miller, A.K. Rice, *Systems of Organizations*, Tavistock, London 1967, [as quoted in:] E. Niedbała, *Firmy rodzinne – obiekt badawczy*, op. cit., p. 44.

⁷ T. Petzinger, *At Home in the Economy. The New Pioneers: The Men and Women who are Transforming the Workplace and Marketplace*, Simon & Schuster, New York 1999, p. 218, [as quoted in:] E. Niedbała, *Firmy rodzinne – obiekt badawczy*, op. cit., p. 44.

⁸ L. Sułkowski, *Organizacja a rodzina. Więzy familijne w życiu gospodarczym [Organisation and Family. Family Relationships in Economic Life]*, TNOiK, Toruń 2004, p. 99.

Defining family enterprises proves to be as difficult as determining their contribution to economy. The notion of the family business functions in everyday language and has many synonyms, but tends to have different meanings in different circumstances. Difficulties in defining it follow from at least two reasons:

1. The family business is not just a “single dimension” entity; rather, it is fairly diversified. Formal criteria for distinguishing it are lacking, as a result of which enterprises with diverse legal and ownership status, size and different management methods are included in this group.
2. It combines two groups of terms (notions) of different descent, history and social perception – i.e. the family and the enterprise, which are “equivalents” of two different institutions that have entirely different goals. The first of those two is a social institution aimed at procreation, running a household, organising the life of family members and securing one’s internal needs. However, the aims of an enterprise include the satisfaction of the needs of strangers, risk-taking and economic independence.⁹ Table 1 illustrates different systems of standards used in the family and in the enterprise.

Family standards	Enterprise standards
Creating the right conditions for meeting the needs of family members and own children in particular	Employing fully-qualified individuals only
Ensuring that relevant support is provided as the needs arise	Ensuring that remuneration is provided and that it is dependent on an employee's contribution and market conditions
The lack of differences between siblings, perception of each person as an individual, not as an average	Perception of each person as an average rather than an individual through differentiation and identifying top talent
Ensuring that each person has an opportunity to learn depending on their needs	Ensuring that each person has an opportunity to learn depending on the needs of the organisation

Table 1. Comparison of family and enterprise standards

Source: T. Siefert, *Du kommst später mal in die Firma! Psychosoziale Dynamik von Familienunternehmen*, Heidelberg 1996, p. 63.

The wide range of aspects in defining family businesses also results from the fact that many scientific disciplines are involved in studying them – not only management but also anthropology, economy, finance, sociology, political science, history, law, accounting, psychology, organisational behaviour, even physics and biology. Such a great diversity makes the field of study vast and amorphous, which makes it difficult to find unequivocal and universal definitions. Literature in the field provides us with various attempts at definitions of the family business, aimed at clarifying its special social and economic aspects. It is worth quoting a few examples:

- If at least two generations of the same family have had an important impact on the aims and policy of a business, then we may speak of a family business.¹⁰
- The family business is a business entity where a majority of ownership structure and the management function for the entire entity remain in the hands of a single family.¹¹

⁹ K. Safin, *Przedsiębiorstwo rodzinne – istota i zachowania strategiczne [The Family Business – essence and strategic behaviour]*, Wrocław University of Economics, Wrocław 2007, p. 17-18.

¹⁰ R.G. Donnelley, *The Family Business*, [in:] C.E. Aronoff, J.H. Astrachan, J.L. Ward, *Family Business Sourcebook*, op. cit., p. 4.

¹¹ Ł. Sułkowski, *Organizacja a rodzina. Więzy rodzinne w życiu gospodarczym*, op.cit., p. 99.

The family business in modern economy

- A family business may have any legal status; its capital may partially or fully belong to the family and at least one family member has a decisive impact on management or is a manager themselves and intends to ensure that the business will be owned permanently by the family.¹²
- The family business is an enterprise which covers ownership, management and responsibility of the family for the business.¹³
- We may speak of the family business when it has two or more family members working in the business, who have financial and managerial control, and/or an intergenerational transfer has taken place or is planned.¹⁴
- The family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families.¹⁵

The existing definitions describe the essence of the family business using three different criteria: ownership, ownership and management, and succession, i.e. the intergenerational transfer of power and ownership.

These definitions do not always precisely account for the essence of family businesses. Ownership criteria do not precisely describe the essence of family businesses. The arbitrarily established level of ownership may not be the only significant criterion, as the question remains as to what volume of shares in the company satisfies the criterion for its family character. The lack of involvement of family members in managing the company may mean that it is a passive investment in business rather than a family business. According to many researchers, the ownership and management criteria are the most suitable form of classifying family businesses. They point out that the basic condition is such behaviour of the family that demonstrates its will and competences to control and direct the growth of the enterprise.

In the third group of definitions, succession is the determinant of the family character of the business. Here, the intention to transfer the company to the next generation, or the fact of having transferred it, is deemed the key property of the family character of a business.¹⁶ One of the adherents of such an approach is J.L. Ward, who has defined the family business as an enterprise where management and control (ownership) will be transferred to the next generation.¹⁷

Many expressions are used to refer to the same kind of business entity: family enterprise, family business, and family firm. However, none of them is precise but merely indicates the essence of the issue of combining activity in the economic sphere with the family sphere. One might point out the various possibilities for distinguishing family businesses, such as at least: the family-oriented ownership structure of the entity, strategic control exercised by the family, family participation in management, and the involvement of more than one generation of the family in the functioning of the company.¹⁸

M.C. Shanker and J.H. Astrachan point out that expressions used to refer to the *family business* form a continuum, and that it is impossible to reach a consensus in selecting first-rank criteria that would allow for identifying family businesses. Among the significant criteria they list participation in ownership, control, impact on strategy, participation of two generations, as well as active management

¹² P.A. Frishkoff, *Understanding Family Business*, Austin Family Business Program, 15 April 1995.

¹³ A. Cadbury, *Family Firm and their Governance ...*, op. cit., p. 5.

¹⁴ K. Ashley-Cotleur, *Family Business and Relationship Marketing: The Impact of Relationship Marketing in Second Generation Family Business*, Frostburg State University, www.usabe.org

¹⁵ J.H. Chua, J.J. Chrisman, P. Sharma, *Defining the Family Business by Behavior*, [in:] *Entrepreneurship Theory and Practice*, vol. 32, no. 4, 1999, pp. 19-39, [as quoted in:] E. Niedbała, *Firmy rodzinne – obiekt badawczy*, op. cit., p. 46.

¹⁶ E. Niedbała, *Firmy rodzinne – obiekt badawczy [Family Businesses – an Object of Research]*, op. cit., p. 44-45.

¹⁷ J.L. Ward, *Keeping the Family Business Healthy. How to Plan for Continuing Growth, Profitability, and Family Leadership*, Family Enterprise Publishers, Marietta 1997, p.

¹⁸ W.C. Handler, *Methodological Issues and Considerations in Studying Family Businesses*, [in:] *Family Business Review*, no 2, September 1989, pp. 257-276.

of the company on the part of family members. Based on that, they identify broader, intermediate and restricted definitions of family businesses.

The broadest definitions assume a not entirely precise specification of the relations between the enterprise and the family in the form of actual strategic control and the intention to maintain family control over the entity. The intermediate definition assumes that the founder or his or her successors run the enterprise that remains under their ownership control. The restricted definitions require continuity across generations and the participation of more than one person from the family in management.¹⁹ The choice of definition significantly differentiates the group of entities and plays a crucial role in the assessment of their importance. However, even the adoption of the restricted definition shows that they have a significant contribution to economy.²⁰ Table 2 presents the criteria that influence the definition of the family business in three groups.

1.2 The specific character of family businesses

Criterion	Broad definitions	Intermediate definitions	Restricted definitions
Ownership structure	Significant family shares	Controlling family shares	Majority family shares
Strategic and management control	Strategic control at a minimum	Strategic control and participation in management	Strategic control and full management
Intergenerational structure	Not required	Expected family succession	A multi-generational entity
Involvement of family members	Low	Moderate	High

Table 2. Family business definitions in terms of the degree of family involvement

Source: own analysis on the basis of: M.C. Shanker, J.H. Astrachan, *Myths and Realities: Family Businesses' Contribution to the US Economy – A Framework for Assessing Family Business Statistics*, "Family Business Review", vol. 9, no. 2, 1996, pp. 107-119

Among the many criteria used for recognising an enterprise as a family enterprise, three factors are often indicated: ownership and management, family involvement in running the company, and succession. There have also been attempts to apply multi-criterion definitions that combine the above-mentioned factors. Depending on the definition adopted, family businesses have a different contribution to the GDP, new jobs and employment. However, irrespective of which criteria are adopted for defining family businesses, the latter always constitute a significant part of the economy and play an important role.

Attempts at describing the specific character of the family business using a theoretical model were undertaken already in the '60s and '70s of the 20th century. Those early studies concentrated on the typical problems that appeared to hamper the functioning of family businesses. These included nepotism, succession, competition between siblings and the lack of professional leadership. The model assumed the existence of two overlapping subsystems: the family and the enterprise. This was described in detail by R. Tagiuri and J. Davis at the beginning of the '80s of the 20th century. They pointed out to the need to differentiate between the relationships in ownership and management already then. As a result, an enterprise model was created which described the family busi-

¹⁹ M.C. Shanker, J.H. Astrachan, *Myths and Realities: Family Businesses' Contribution to the US Economy – A Framework for Assessing Family Business Statistics*, [in:] "Family Business Review", vol. 9, no. 2, 1996, pp. 107-119.

²⁰ Ł. Sułkowski, K. Safin, *Problematyka przedsiębiorstw rodzinnych [Issues Related to Family Businesses]*, [in:] Ł. Sułkowski (ed.) *Determinanty rozwoju przedsiębiorstw rodzinnych w Polsce [Determinants of Growth of Family Businesses in Poland]*, TNOiK, Toruń 2005, p. 90.

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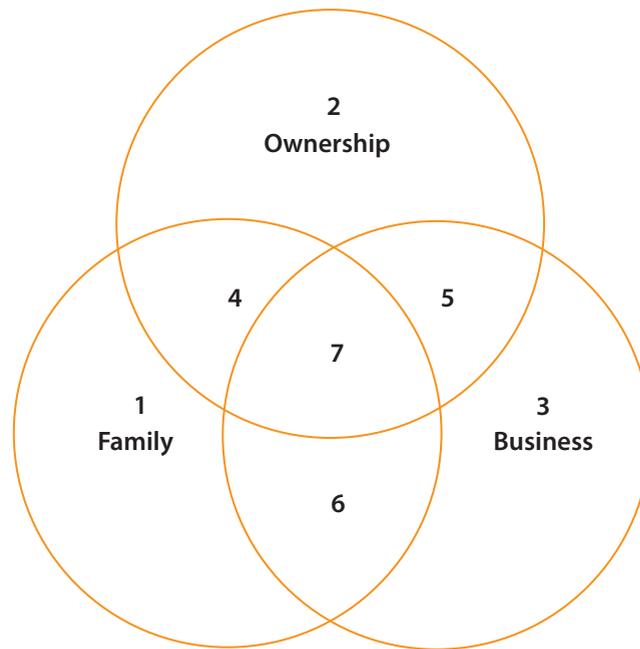


Figure 2. A model of the family business system

Source: K.E. Gersick, M. McCollom Hampton, I. Lansberg, *Generation to Generation Life Cycles of the Family Business*, Harvard Business School Press, Boston 1997, p. 6.

ness as three overlapping independent subsystems: that of the business (the economic subsystem), of ownership, and of the family.

Each family member and person working in the enterprise must be situated in one of the seven sectors created as a result of the overlapping of three subsystems, which include:

Section 1 – a family member who is neither an owner nor employee of the enterprise;

Section 2 – a shareholder who is neither a family member nor enterprise employee;

Section 3 – an employee who is neither a family member nor a shareholder;

Section 4 – a family member who is a shareholder and is not employed in the enterprise;

Section 5 – a shareholder who is not a family member and is employed in the enterprise;

Section 6 – a family member who is a not shareholder and is employed in the enterprise;

Section 7 – a shareholder who is a family member and is employed in the enterprise;

The above model has been widely accepted, as it provides a perspective that accounts for the various points of reference of persons depending on the position they hold in the organisation. By defining various roles and subsystems it makes it easier to understand the interactions occurring inside a family business.²¹ The three subsystems of the family business appear to have an impact on the shaping and development of entrepreneurship in family businesses: the approach to creating material resources of the enterprise, obtaining human resources, and enterprise management.

The analysis of literature in the field reveals that definitions of the family business are based on the criteria of ownership and management, and less so on the concept of a performed intergenerational transfer of ownership and power (succession). J.L. Ward and C.E. Astrachan note that none of the definitions of the family business will be widely acceptable. They suggest that the important criterion will be the intention to hand over the business to next generations, and control exercised by two or more family members.²² In terms of the definitions quoted above it appears necessary to

²¹ K.E. Gersick, M. McCollom Hampton, I. Lansberg, *Generation to Generation Life Cycles of the Family Business*, Harvard Business School Press, Boston 1997, pp. 4-8.

²² Ward J.L., Aronoff C.E.: *Just What Is a Family Business?*, [in:] C.E. Aronoff, J.H. Astrachan, J.L. Ward (eds.), *Family Business Sourcebook*, op. cit., pp. 2-3.

make a reference to Polish reality. Research carried out so far by Polish scientists shows that a majority of Polish family businesses are run by the first generation of owners, and the issue of succession is only emerging on the planning horizon. In terms of ownership – formally most businesses are owned by one person.

It appears useful to adopt the broad definition of the family business as a “business entity where ownership control and possibly management remain in the hands of family representatives.” This means that at least two family members must be involved in the family business, and that this may take various forms, not necessarily formalised in legal terms.²³

In a study carried out in 2009 for the Polish Agency for Enterprise Development, the broad definition of this type of MSME business entities in Poland was adopted that combines the management and ownership criteria. According to this definition, **a family business is “any business from the MSME sector, regardless of its legal status, registered and operating in Poland, where:**

- 1. at least two family members work together in the enterprise,**
- 2. at least one family member has a considerable impact on managing the enterprise,**
- 3. family members have a significant or majority share in the enterprise.²⁴”**

This way of thinking about family business in Poland takes into account the social and historical determinants in our economy and allows for making attempts at creating a model of the family business and its functioning. It is possible to describe the family business using such measurable criteria as ownership and management, and the intention to keep the company for the next generation. However, it is also necessary to make reference to issues related to the specific character that stems from organisational culture, human resources management and leadership style. It also becomes of key importance to try to determine what factors that stem from the limited size of the enterprise determine its specific character, and how they influence management and strategy design of such a company.

The group of family businesses may also include business entities that remain under the ownership and management control of one person from the family, but which demonstrate an awareness of their family character and opt for family succession.

Using the definitions of the family business and the available research and literature in the field, one may establish several properties that are characteristic of a majority of family businesses.

1. Interdependence between the owner’s family and the family business,
2. Family participation in the ownership of the enterprise,
3. Family participation in managing the enterprise,
4. Family participation in employment and a familial system of human resources management,
5. Awareness of the family character of the enterprise,
6. Aiming at the family-based transfer of ownership and/or power in the business entity,
7. Familial organisational culture,
8. Family and business goals intertwined in the business strategy implemented.

Depending on the business entity, the above-mentioned properties are present in a varied degree, and are not always found in family businesses jointly. Thus they form a certain continuum, starting from businesses with a high degree of the “family character” (where many properties are present at a high level) to businesses which have only weak “family” properties.

²³ Ł. Sułkowski, K. Safin, *Problematyka przedsiębiorstw rodzinnych [Issues Related to Family Businesses]*, [in:] Ł. Sułkowski (ed.) *Determinanty rozwoju przedsiębiorstw rodzinnych w Polsce [Determinants of Growth of Family Businesses in Poland]*, op. cit., pp. 92-93.

²⁴ *Firmy rodzinne w polskiej gospodarce – szanse i wyzwania [Family Businesses and the Polish Economy – Opportunities and Challenges]*, PARP, Warsaw 2009, p. 30.

Description of small and medium-sized family enterprises in Poland

In accordance with the definition adopted for the purposes of the study carried out on commission from the PARP²⁵, the contribution of family enterprises to Polish economy may be estimated at 36% of the entire sector of micro-, small and medium-sized enterprises, which accounts for ca. 219 thousand entities. It must be emphasised that the study excluded entities that represent agriculture, hunting, public administration, households that employ personnel, and extraterritorial organizations and bodies. Furthermore, entities conducting business activity as natural persons and not employing anyone else (even if informally supported by family members' work) were excluded from the survey. Taking into account the enterprises of natural persons who do not formally employ personnel, which are included in the family business group in many countries, would allow for stating that 78% of MSMEs in Poland are family businesses.

The contribution of family entities to creating the GDP may be estimated at the level of 10% of the Polish GDP (over PLN 121 billion). Employment amounts to 1,300 thousand workers, which accounts for ca. 21% of those employed in the MSME sector.²⁶

Research results show that the contribution of family entities decreases with the growing size of enterprises. Micro-sized family enterprises constitute 38%, small family businesses – 28%, and medium-sized family businesses constitute 14%.

A high level of awareness (ca. 90%) of the family character of the business was found in the surveyed enterprises. The fact of being a family business is not strongly emphasised in business relations, but the family character is perceived as a positive value, and those surveyed have a very good image of family businesses. Furthermore, a majority of them deem the family character as a factor which is favourable for running the business. 27% of companies admitted that they frequently emphasised the fact of being a family business. A similar number (26%) declared they did so from time to time, while 14% claimed it rare. Nearly one third (32%) of surveyed enterprises did not emphasise that they were a family enterprise.

A representative quantitative survey carried out on a sample of micro-, small and medium-sized enterprises revealed that there were no significant differences between family businesses and other entities in the MSME sector in terms of structural properties such as entity size, number of people employed, area of activity, revenue volume, investments under way and growth plans. The perception of key barriers that exist in Polish entrepreneurship and the expectations in respect of the improved opportunities for conducting business activity were also similar.

The analyses carried out suggest that the differences are related more to the size of conducted activity and the number of employees rather than with the family character of the business. This appears to be related to the period in which Polish enterprises function, as they are at a stage of development where the specific problems of family entrepreneurship characteristic of the later stages do not occur, such as the entry of the next generation into business, succession plans or introducing non-family-related managers into the management of the company.

The differences between family and non-family entities were identified primarily in the spheres of values and organisational culture. They were perceived both as positive and negative. There are enterprises which expressly emphasise the family character of the business in their image, but there are also those whose managers think that they should not emphasise the family aspect for fear of it being perceived as pejorative.

Among the issues related to employing family members, greater trust towards these persons was indicated. The family relationship, sharing common values, and common responsibility for the name

²⁵ *Firmy rodzinne w polskiej gospodarce – szanse i wyzwania*, op. cit.

²⁶ The calculations are based on data from the Report on the Condition of Small and Medium Enterprises in Poland in 2007-2008, PARP, Warsaw 2009. According to the said report, the whole MSME sector produces 47.4% of the Polish GDP (of which micro-enterprises produce 30.1%, small enterprises – 7.3%, and medium-sized enterprises – 10%).

and brand of the enterprise were identified as factors that allowed managers to have a greater certainty that they would not be cheated by family members they employed. This is one of the reasons why family members occupy key positions and are responsible for taking the most important decisions. One can also indicate the fact that more commitment and dedication for the sake of the family business are expected of family members than of employees from outside the family.

Family businesses tend to have a specific system of communication, developed over the years, which uses the same linguistic code. Furthermore, the fact that family members are constantly together makes decision-making faster and easier. Close relationships between family members are an important element in the communication process, which makes it easier to express opinions, including those that are not positive. An important factor in managing the family business is the specific organisational culture, manifested in creating a positive atmosphere at work that encompasses all employees. This property, often listed in foreign studies as one of the specific properties of the family business, has been confirmed also on Polish ground. The surveyed companies included those whose owners who managed the company described bad experiences from working for large non-family enterprises, and claimed that one of the reasons for starting the business was the wish to create a workplace for themselves where they would want to come.

A significant property of human resources management in family businesses is the much greater personalisation of relationships with employees than is the case in non-family enterprises. The extent of contacts often goes beyond business relations and includes private life. The direct contact of owners with employees allows for a better discernment of their capabilities and employing them at an optimal position, which translates into the efficiency of their work.

In the area of consumer relations, one can notice high flexibility in meeting their needs, regardless of the size of the enterprise. This has an impact both on adjusting operation hours to market needs, and on functioning in market niches where consumers' special orders, often very far from the standard, are executed. Family businesses that have introduced such an operating strategy are perceived by customers as capable of meeting their particular needs.

Flexibility and the ability to adapt quickly to the changing economic circumstances make family businesses more resilient to the emerging crises and the lack of opportunities in the market. They are able to adjust quickly to the circumstances during crisis by cutting expenditure, reducing operating costs, as well as decreasing the remuneration of family members working in the business or even suspending it for some time.

A majority of family businesses operate in local or regional markets and are straightforwardly associated with their owners. This property is manifested in the greater sense of responsibility both for the family, for employees, and for the local community. This has an impact on how business managers make decisions. When making a decision, managers know that its consequences will affect the family, employees, their families, and the environment in which they function. One can observe the commitment of family businesses to developing and supporting the local community.

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1.3 The specific character of management in family businesses

ANDRZEJ BLIKLE

Threats, challenges, and opportunities

Managing any business may be compared to navigating a ship in an unknown, stormy sea, among rocky islets and underwater reefs. In addition, these islets and reefs emerge and disappear unexpectedly as a result of the activity of underwater volcanoes not marked on the map. To navigate a business, therefore, you need, apart from handbook sailing skills, also intuition, imagination, courage and determination. And as not every captain and not every crew of the business-ship have these talents, out of the businesses that are established today across the world as much as ninety per cent will collapse within the next ten years.

Navigating the family-ship is not easy too, as shown by the very high and, alas, constantly increasing divorce rate²⁷. It is also worth noting that while business-ship captains usually have some vocational training, family-ships are most often navigated in a largely intuitive, not to say amateur, manner. After all, you do not need any formal patent to start a family.

Obviously, managing the family business is more difficult than both managing a non-family business, and “managing” a family not related to any company. It also turns out that – as I will try to demonstrate below – **the degree of difficulty of managing the family business is not a simple sum of the degrees of difficulty of managing a business and a family, but something much larger, as every failure in the company is immediately transferred to the family, and every crisis in the family affects the company**. For example, parting with an employee in a non-family business is basically a formal and legal procedure, but if that employee is a member of the boss’s family, then the problem is much more complex and may threaten the unity of the family.

Fortunately, the family character of the business carries with it not only threats but also opportunities, when the family and the business support one another. A well-managed business founded on a united and loving family is likely to survive for many generations. It is not for no reason that the oldest business entities in the world are precisely family businesses. E.g. Viens Corporation, a Japanese company owned by the Takanashi family, is over 30 generations old, and the family business of Hōshi, which runs traditional Japanese inns, has been operating for 46 generations (it was founded in 718)²⁸.

The family business is also the most reliable form of pension insurance from among those known today. Specialists are unanimous that, worldwide, we are experiencing the end of the era of Bismarck-style solidarity between generations²⁹. Therefore, children running the family business are becoming the most reliable form of pension insurance. This is a very important reason why the significance of family businesses in today’s world, and thus also in Poland, will grow rapidly.

²⁷ The divorce rate has been growing systematically over the last dozen years or so, and its rapid increase was noted between 2004 and 2006, up to 72 thousand in 2006 (between 1995 and 2002 ca. 40-45 thousand couples a year were granted a divorce). In 2007, for each 1000 existing married couples, 8 were dissolved in court, while at the beginning of the ‘90s – less than 5. In urban areas the divorce rate is almost three times as high as in rural areas. Source: Polish Wikipedia according to the Central Statistical Office (CSO).

²⁸ Family Business Network News, Issue 16, February 2011.

²⁹ Otto Eduard Leopold von Bismarck (1815-1898) was the first to introduce pensions financed by contributions from those who worked. However, retirement age was set at a level several years higher than the average life expectancy, and thus those who paid contributions outnumbered those who received the pension a number of times. Therefore, contributions amounted to several per cent of remuneration. Nowadays, this proportion has been rapidly changing, which makes pensions insufficient even with the contributions being many times higher (in percentage terms) than in the times of Bismarck. Within a short time, therefore, financing pensions from pension contributions will cease to be feasible at all.

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Due to the opportunities and challenges inherent in the family business, many phenomena related to managing such an enterprise are different than in a non-family business. I will discuss them briefly below, with the reservation that my conclusions are not based on research but on my own observations of family businesses and on my own twenty years of practice in managing such a company.

People and relationships between them

In any company – be it a family or a non-family business – people are the most important substance. More and more companies are becoming aware of this fact, not only in developed countries. They are also increasingly aware of the fact that the most important element of teamwork is the ability on the part of team members to communicate with one another. The English term of *human resources* is increasingly often replaced by *human relations*. And this is not about communicating about technical issues, e.g. what to do and in what order, but about all those emotionally laden messages that concern the assessment of situations, actions and people.

The level of emotions and manner in which people related to the company react to the messages exchanged between one another depend to a large extent on which group of stakeholders they belong to. From this point of view, a typical non-family business has two types of stakeholders: employees and owners³⁰. Sometimes, especially in smaller companies, these sets intersect, as presented in a schematic way in Figure 3.

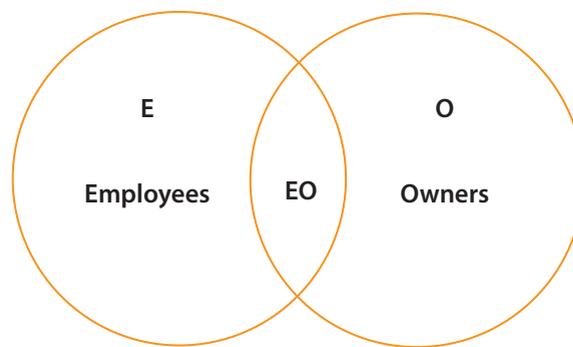


Figure 3. Groups of interest in a non-family business

Thus, the two groups of stakeholders determine three *groups of interest*:

1. E – employees who are not owners,
2. EO – employees who are owners,
3. O – owners who are not employees.

Stakeholders in each of these three groups may communicate either within their own group, e.g. 1 ↔ 1, or with stakeholders from a different group, e.g. 1 ↔ 2 or 1 ↔ 3. In sum, then, in a non-family enterprise we have six possible *directions of communication*, presented in Table 3.

1 ↔ 1	1 ↔ 2	1 ↔ 3
	2 ↔ 2	2 ↔ 3
		3 ↔ 3

Table 3. Directions of communication in a non-family business

³⁰ Obviously, there are more stakeholders in a non-family business, yet from the point of view of emotional problems with communication, one may limit the discussion to two.

1.3 The specific character of management in family businesses

The more the interests of one group diverge from those of another, the more difficult the conversations on decisions important for each party will be, the more deeply they will be infused with negative emotions. For example, in a company managed using the “carrot and stick” method³¹, employees who are not owners (1) may want to obtain salaries as high as possible at the minimum contribution of work, and owners who are not employees (2) may want the highest profits while paying wages as low as possible. In such a company, directions of communication between the groups of interest, instead of being areas for cooperation, become battlefronts. Battlefronts may also appear within one group, as one way to make the opponent weaker, known for years, is to incite divisions in their camp³².

However, if this already complex situation is now transferred to the ground of the family enterprise, then the degree of complexity will obviously increase, as a new group of stakeholders is added – family members. This will immediately increase the number of the groups of interest from three to seven (Figure 4).

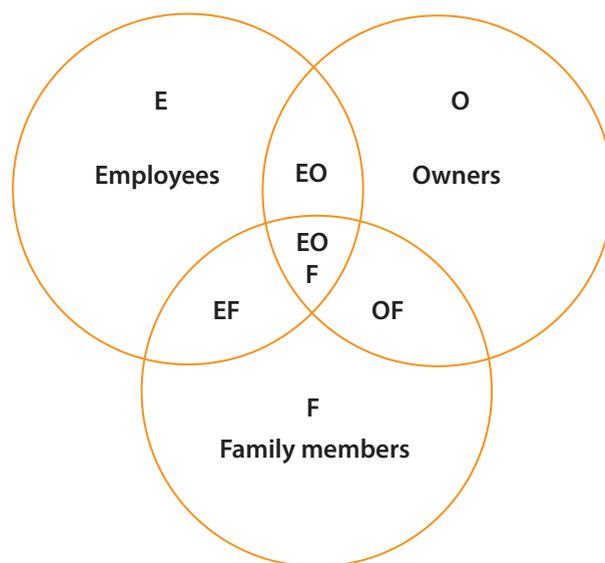


Figure 4. Groups of interest in a family business

The seven groups of interest are the following³³:

1. E – employees who are neither owners nor family members,
2. EO – employees who are owners but are not family members,
3. O – owners who are neither employees nor family members,
4. EOF – employees who are both owners and family members,
5. EF – employees who are family members but are not owners,
6. OF – owners who are family members but are not employees,
7. F – family members who are neither employees nor owners.

These seven groups of interest give rise to 28 *directions of communication* between stakeholders.

³¹ The stick-and-carrot method of management is discussed in Chapter 1.4.

³² At the beginning of the '90s, in one of the global companies operating in Poland where employees were treated in a particularly unfriendly manner, those employees set up a trade union for the protection of their interests. The management decided then to provoke the establishment of another union that would include employees loyal to the management. Thus, the number of war fronts increased from one – the union versus management – to three: the first union versus management, the second union versus management, and the first union versus the second union.

³³ This way of looking at the family business has been known for years; cf. K.E. Gersick, M. McCollom Hampton, I. Lansberg, *Generation to Generation Life Cycles of the Family Business*, Harvard Business School Press, Boston 1997, p.6.

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1 ↔ 1	1 ↔ 2	1 ↔ 3	1 ↔ 4	1 ↔ 5	1 ↔ 6	1 ↔ 7
	2 ↔ 2	2 ↔ 3	2 ↔ 4	2 ↔ 5	2 ↔ 6	2 ↔ 7
		3 ↔ 3	3 ↔ 4	3 ↔ 5	3 ↔ 6	3 ↔ 7
			4 ↔ 4	4 ↔ 5	4 ↔ 6	4 ↔ 7
				5 ↔ 5	5 ↔ 6	5 ↔ 7
					6 ↔ 6	6 ↔ 7
						7 ↔ 7

Table 4. Directions of communication in a family business

Each of these directions may be an area of cooperation or a battlefield. If, in addition, two generations are involved in a given company, i.e. if family members include two generations involved in the company, then the number of all groups of interest will increase by four (the equivalents of groups 4 to 7 for the second generation), totalling 11, and the number of directions of communication will reach 71³⁴, i.e. nearly 12 times more than in a non-family enterprise!

A paradox, is it not? Who would put two and two together in all this? Well, many do not, and thus 250 000 businesses from the MSME sector collapse in Poland every year, a vast majority of which are family businesses.³⁵

Certainly, it would be a gross overstatement to claim that all family businesses collapse due to wars waged on 71 fronts, yet I am convinced that on some of those fronts open or guerrilla wars are fought in many companies. Wars that cannot be won by anyone, although all may lose them. Lose, when the company collapses and the family disintegrates.

Fortunately, this complexity of family businesses may also be perceived from a positive point of view. **Each direction of communication between the various groups of interest means diversity, and each instance of diversity is a potential source of synergy. The reason is that cooperating diversities take advantage of what they differ in to complement their opportunities and talents rather than fight one another.** For example, company employees and owners may cooperate profitably by positively using the fact that each of those groups has a different perspective on the company: employees – especially those in the low ranks – can see much more details from the everyday life of the company, and owners – especially those who do not work at the company – may sometimes better assess the company against the entire industry. A positive combination of these two perspectives will certainly give a greater growth opportunity than each of them separately.

Similarly, the older generation (parents) most often have more experience in running the business than children, which translates into a greater predictability of the company's future (a lower risk of failure), but may also be overly attached to their own "proven" methods of management or branch-specific technology, which slows down its growth. And again, the combination of both positions in a positive dialogue may multiply their opportunities and speed up the development of the company.

³⁴ Directions of communication will take the upper half of the table measuring 11 by 11 together with its diagonal, which gives the number of cells equal to $11 \times 11 - 10 \times 5 = 71$.

³⁵ *Mikroprzedsiębiorczość w Polsce. Analiza barier rozwoju i dostępu do finansowania. [Micro-entrepreneurship in Poland. Analysis of growth barriers and access to financing.]* Research carried out by Pentor Research International on commission from the Kronenberg Foundation at the Citi Handlowy, in expert cooperation with Microfinance

Succession

From a formal and legal point of view succession in a family business means the older generation transferring management or management and ownership to the younger generation.

Usually, such a transformation also covers the conditions on which the older generation will draw remuneration from the company (the retirement pension). Three options are the most common here:

1. taking paid positions in the board of supervisors,
2. taking advisory positions, e.g. those of advisors to the management board,
3. drawing dividend by reason of holding shares.

Obviously, there are also mixed situations, e.g. remuneration for advisory plus dividend. Special cases of succession involve situations where the younger generation does not take over management but only shares in the company, and also where the younger generation simply does not exist but owners do not want to run the business any longer. In both these cases an external manager is employed and conditions of cooperation are established with him or her. However, I will not discuss such cases.

Apart from the formal and legal aspect of succession, there is also the much more difficult emotional aspect. More difficult because the family business is not only a market value, it is also a carrier of family traditions, ambitions and hopes for the future. It is a place where the retiring generation have spent several most fruitful decades in their lives. The parting of this generation with the company is therefore a very difficult decision, in terms of both preparing, taking and implementing it. Family entrepreneurs often ask me how to prepare children for succession and when to start those preparations. I answer that, as a matter of fact, it is necessary to start at their birth, and to prepare them by showing first and foremost the positive sides of the family business as a place where you not only earn your living but also – and perhaps in the first place – fulfil life's ambitions, build a sense of dignity and self-esteem. However, in order to transmit such an image of the company, one needs to see it as such themselves. It is impossible to cheat anyone in this respect. If parents focus conversations about the company mainly on problems and failures, if they do not have time for themselves and for the family, if they do not go on holidays regularly, then children may fail to long for such a model of life for themselves. And this is what often happens.

When preparing children for succession, especially at the managerial plane (the transfer of management), it is also necessary to remember about two groups of interest:

1. employees from outside the family, and
2. family members not employed at the company.

The first group especially requires considerate preparation lest it should later form an opposition to the new management board and to the personnel employed by the new management. I am convinced that the best form of such preparation is to observe how the future successor goes through the subsequent levels of career in the company. And these may not be fake promotions, they have to be real, i.e. based on knowledge and competence. If employees conclude that the owner's child has an easier promotion path as compared to non-family employees, then they will not respect the new boss, who in such a case may have a very difficult problem to solve. Some family entrepreneurs, in order to entirely eliminate the risk of an easier career path, require that future successors start and run their own business for some time. Only when they pass the test in such an entirely objective battlefield are they admitted to the management board of the family business. This was exactly the course taken by the founder of Bracia Jabłkowscy (the Jabłkowscy Brothers, the largest department store in Poland before the 2nd World War).

It should be also borne in mind that if a successor or successors, or some of them, are not fit for running a company, then they should not be nominated for the management board. The future owner does not necessarily have to be the future manager, and also, does not necessarily have to work at the company at all. Obviously, taking decisions in this respect is a very delicate and difficult issue. This exactly is one of the underwater reefs against which both the business and the family may crash.

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The problem of preparing the young generation for taking over the company is just one side of the coin. The other one is, obviously, preparing the older generation to hand over the company. Because it may well be – and in fact these are not rare cases – that the younger generation already feel ready to take the helm, only the older one have a different opinion in this respect. They may think that either the young are not fit for running the company at all, or – and this is more often the case – that they are fit, only not yet. This is yet another underwater reef, since obviously the older generation may be not right, but they can also be right. The rising generation, if they work at the company or are involved in it in another way, often have a different vision of it than parents. This is natural, but it is very difficult for the older generation to part with their vision. After all, they have been implementing it for twenty or thirty years, and now everything is to be different?

Thus, succession in a family business requires preliminary negotiations as to what will be preserved in the company and what may change. It also requires that very detailed arrangements be made concerning the future participation of the senior generation in managing the business. Is it to be only the level of ownership (shareholders' meeting), supervision (board of supervisors), or advice (advisor to the management board), or perhaps an operating level. It is necessary to specify the division of powers in as much detail as possible, as it may entail tragic consequences both for the family and for the enterprise if power is only seemingly transferred and an informal impact on the company and its employees is retained. The boss who is stepping down must remember that for the employees of his or her generation and tenure he or she may remain an authority, and informal suggestions or opinions concerning the activity of the new management board may both support that board and destroy its efforts. And this is yet another underwater reef, very dangerous for the business and for the family.

The management perspective

Most often the management board in a non-family business, similarly to the government in a parliamentary democracy, has a short-term perspective on strategic planning. In many companies these bodies are nominated for one year (from one statement of balance to another), in others – for two to five years. Such a perspective forces management boards to concentrate on short-term projects, and quite often just on maximizing profit. However, profit, which is always a condition of survival for the company, does not have to be its main objective at all. Profit is for the company what food is for the body. In order to live you need to eat, but life is shorter for those whose main goal in life is eating. The same goes for businesses. Unfortunately, in many corporations, especially in stock-market listed companies, shareholders do not care for the image of the company, or even for its survival. They are only interested in profit or share price, which in addition should grow constantly, preferably from quarter to quarter. This is what happened in Enron, where the management board, in order to meet shareholders' expectations, made recourse to accounting frauds later branded euphemistically as "creative accounting". Also the worldwide financial crisis at the turn of the first and second decades of the 21st century resulted from concentrating only on maximizing profit and disregarding the code of ethics.

The family business has a chance to be different. It has a chance of being a hereditary monarchy where each subsequent king has the perspective of strategic planning for the time of one generation. With such a perspective much can be done and much can be destroyed. It should be remembered, therefore, that the hereditary monarchy is good only when the king is wise and responsible and when he can choose advisors that are like him. Preferably these advisors would stay throughout the king's entire reign. I definitely do not share the opinion that employees should be exchanged every ten years, because after that time they "burn out". The phenomenon of burnout is indeed present, but only in those companies where employees cannot have their dignity-related needs satisfied.

In a family enterprise, which aims to have a multi-generational character, and thus to ensure jobs and retirement pensions for many generations, the main objective of the management board

should be the endurance of the company with such growth as does not carry an excessively high risk of it being eliminated from the market. That this is not an unambitious goal is evidenced by the fact that nowadays the average life span of a business amounts to ca. 30 years worldwide.

Finance

Managing family business finance is closely related to the principles described in the previous section. Since the family business is meant to last and sustain subsequent generations of owners, financial management must first and foremost be safe and responsible. This means respect for money, maintaining necessary financial liquidity, abstaining from excessive risk (although in any economic activity this is hard to avoid), and in difficult times keeping to the principle that owners are only paid when all other creditors have been satisfied. In this case, we must count on the forbearance of non-family owners, whose perspective may sometimes be closer to that of stock market shareholders. Remember about them in good times and they will be patient enough when sacrifice is necessary.

Positions and remuneration

From the point of view of the division of positions – and therefore also remuneration – between family and non-family employees, one may distinguish two basically different models of the family business.

The first one, which I will arbitrarily refer to as *Latin American*, is a model which assumes that the family has started the business so that its members have jobs. Obviously, there is nothing wrong or dishonest in such an assumption. After all, if it were not for us, the business would not exist at all, so it is us who have the greatest right to benefit from its existence. Employing all children with their spouses, as well as their parents, cousins and more distant relatives at the company is not an instance of nepotism but a clearly defined strategy. It also does not constitute a breach of law. The problem is that for companies where all most important positions are reserved for the family, where family members as a rule earn more than non-family members, it will be difficult to find good employees. It will be difficult to find ambitious, innovative and creatively thinking people. What appears to be an inalienable right of the family may threaten the interests of business owners and the entire business itself.

The opposite model, which I will refer to – equally arbitrarily as to the previous one – as the *Scandinavian* one, assumes that family members, including company owners, may be employed in it only on competence-based principles identical for all candidates. In order to work at a given position, you must demonstrate specific knowledge and skills, and your family and ownership status are of no significance. Some companies go even further by assuming that the company may not employ more than e.g. five family members. This model, even though it may appear unfair, most often better serves the growth of the company and thus also its owners. However, it serves them only in the material sphere, whereas human life is not just the material existence but also ambitions, realising dreams, self-esteem and a sense of development.

Thus, there are no simple answers to the question of which model is better. When choosing one of them, or a mixture of these, one needs to realise the advantages and costs brought by each of the models described above.

Image

From the dawn of history, the image of a company has been one of its most important assets. This is particularly well-understood by companies that have gone through the fire of war or the bondage of Communism. When the material substance of the company is annihilated, what helps rebuild it is exactly its image. The most important piece of advice given to me by my father was: never sacrifice

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the renown of the company (today we would say – the “image”) for the sake of profit. It is thanks to this principle that I was able to reconstruct the enterprise after the 2nd World War, when our only property was two barrels of gingerbread dough and two barrels of marmalade.

It also must be borne in mind that the image of the company is not only its image in the eyes of customers, but also in the eyes of employees, contractors, and the broadly conceived society. The image of the company is the level of trust with which all related groups of stakeholders place in it. This, as expressed by Prof. Janusz Czapiński, translates into lower transaction costs in the operations of the company on the one hand³⁶, and on the other – to the very important chance for the employees to satisfy their dignity-related needs.

In the family business, the image is additionally related to the honour of the family, and the honour of the family becomes a guarantee for that image. This is particularly clear when the name of the company includes the owners’ family name. Customers of such a company have more certainty that they are not facing an impersonal organisation but a group of concrete people who guarantee the reliability of the company’s activity with their own honour.

Values

More and more companies in Poland and worldwide, including also stock market-listed corporations, are beginning to understand that the most effective motivation is that related to human dignity, and thus reference to commonly respected values. Therefore, “lists of our values” and “codes of ethics” are created and placed over the CEO’s desk and in employees’ canteen. Unfortunately, very often they are created without the participation of personnel but rather brought in the CEO’s briefcase, who has not written them themselves but ordered them from a consulting company.

If values and codes declared by the company are established in this way, then they will certainly not make any positive difference for the company. They may even make a highly negative difference if employees have the feeling that the nice slogans hanging on the walls are not reflected in the everyday life of the company.

However, if these values have been contributed to the company by the subsequent generations of its owners in a natural, historical way, then they are incomparably more authentic. They do not need to be hung anywhere, they do not need to be put down in writing, and people related to the company will know and respect them anyway. It may be as in a good, loving family, where love is little talked about but much shown on an everyday basis.

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³⁶ Contractors’ trust means that in their eyes the level of risk in transactions with us is lower, which directly translates to prices, willingness to grant credit, forbearance when we enter a difficult period. The same is true for employees and customers, who become more resistant to our failures and the success of competitors.

1.4 From the superior to the leader – values as a management instrument in family businesses

ANDRZEJ J. BLIKLE, MAREK KOSEWSKI

(The majority of the material presented in this chapter has been published previously in a book by Marek Kosewski and Andrzej Blikle.³⁷)

People-oriented and task-oriented management

The most important question we will try to answer in this chapter is: what to do for the people in the company to work not like mercenaries but like volunteers who perform their tasks because they want to, not counting the time they spend on that and not expecting external rewards, because they are guided by internal motives? In other words: how, through skilful management, should work at the company be related with the need for personal dignity and the meaning of life? This is not an unimportant question, as we spend 70% – 80% of our time and energy at work, i.e. a greater part of our life.

Company owners and their family members employed in family businesses very often work like volunteers themselves – not counting the time devoted to the business. Obviously, similarly to employed workers, they draw financial profits from their work, as the business usually brings income that is at their disposal. However, they differ from those employed in terms of motivation, which often stems not from the search for profit but from a sense of duty and the full identification with the company. They sometimes refer to it as “their child”, and identify its good future with their own. It is worth emphasising that a management style based on such “internal” motivation for work is nowadays considered the most appropriate. Only how to appreciate, strengthen and sustain it? This is tackled by the *theory of value-driven motivation* discussed below.

In the culture of our mother country, inherited from real socialism, work has been separated from values by excuses. This separation is the key symptom of a syndrome referred to as *anomia sovietica*.³⁸ The bad and primitive “carrot and stick” model of management taken over from that system is an addition to the philosophy of management still dominant in Poland – and up until recently in the whole world – whose ideas remain rooted back in the beginnings of the 20th century, in Taylorism and behaviourism. This gave rise to the model of “being the superior” who manages employees like exchangeable elements in the work process, making reference to the philosophy of “human resources” and punishing and rewarding them through material means.

On the basis of the theory of value-driven motivation³⁹ one can build a description of two paradigms in managing personnel teams and the corresponding types of motivation in employees:

1. **task-oriented management** – assumes that every employee seeks only personal gains; it is characteristic of those in the role of the superior;
2. **people-oriented management** – is characteristic of those in the role of team leader, who encourages motivation for work that stems from the employees’ need for personal dignity.

The superior differs from the leader in many ways. Superiors think they manage “exchangeable human resources”, while leaders know that they manage persons who are independent subjects and have undertaken to work under their direction. Therefore, this is a difference at the level of awareness, which entails differences in social skills. Team leaders are specialists in people first, and

³⁷ See M. Kosewski, *Wartości, godność i władza* [Values, Dignity, and Power], Wizja Press&IT, Warsaw 2008 and A. Blikle, *Doktryna jakości* [The doctrine of quality], available under the Creative Commons license, downloadable at www.firmyrodzinne.pl.

³⁸ Cf. M. Kosewski, op. cit.

³⁹ Cf. *ibid.*

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only then specialists in what those people do at work. Superiors are amateurs in terms of the treatment of people, but they are often specialists in their profession.

Those directed at work by the superior do not satisfy their need for personal dignity and are not proud of the fact that they work at that particular company, even though they spend a greater part of their lives there. Such employees are unhappy, prone to pathology, of whom it is difficult to demand good work, self-control, responsibility and reliability. It is superiors, not leaders, that make professionally burnt out people prone to addictions, for whom work is only a purely technical activity subordinate to making money and separated from values and the motive of personal dignity.

Within the theory of people-oriented management developed here, **the leader is a manager capable of relating work in the company he or she manages with the employees' need for personal dignity.** This is the key skill of the leader – this is what helps us recognise him and what distinguishes him from the superior. If the company boss is a leader, then he or she can found managing the team on value-driven motives and commonly respected moral values. Work managed in such a way gives employees internal satisfaction and satisfies the need for self-esteem, fundamental to every human being. When working under the direction of the leader, employees know that what they do as part of their professional duties is closely related to responsibility, reliability, care for the other person and other values they respect personally. They know that their work has a moral and dignity-related significance. Thus leaders create employee ethos in the team, satisfying employees' needs for personal dignity. This style of management defines the most important property of a company's organisational culture and distinguishes it from other companies where employee ethos is different (if existent at all!). It must be borne in mind that we are not talking here about some high pro-social ethos of work spelled with capital "W", about a respectable way of life, but about a strictly defined phenomenon characteristic of the way in which, within the work process, a particular company allows its employees to satisfy their need to respect what they spend their time on, and thus – to respect themselves. It is worth emphasising that employees naturally invest in the dignity of their work and thus of where they are employed, and if owners and management do not disturb them – employee ethos will arise spontaneously. Leaders know how to further support this process.

The superior and the leader have one thing in common – they both exert influence on people they manage. Let us have a closer look at how they do that.

The philosophy of the superior – punishment and reward, or the carrot and stick

Superiors are deeply convinced that in order to work well, people need to be skilfully rewarded and punished. This follows from the conviction that people are naturally lazy and dishonest. The more enlightened managers of this type sometimes say that the carrot suffices. So the carrot comes into play, and the stick joins in as imperceptibly as invariably.

In order to analyse both these "motivation tools" we need to first present their definitions. Even though they may sound somewhat humorous, they are extremely important for the subsequent discussion.

The carrot refers to any *pleasant* activity announced in advance which concerns the granting of personal gains and is undertaken by someone who has power over us in order to change our behaviour. The essence of the carrot is that the ruler holds it in his hand and may give it to us or not.

The stick refers to any *unpleasant* activity announced in advance which concerns the withdrawal of personal gains and is undertaken by someone who has power over us in order to change our behaviour. The essence of the stick is that the ruler has it in his hand and may beat us with it or not.

Power is effective control exercised over the access to the goods we desire. The manager has power over the material goods we are entitled to, guaranteed by our contract and the rules and regulations of work. Please note the similarity of the stick and the carrot. In principle, they only differ in one

detail. The carrot is pleasant, the stick is unpleasant. The rest is the same. Both tools serve to enforce particular behaviour. Here are some typical examples of carrots and sticks:

Carrots	Sticks
the payment of a bonus	cancelling the bonus
allocation of material privileges and bonuses	cancelling privileges and bonuses
release from compulsory work	ordering compulsory work
allocation of an easier task	cancelling such an allocation
...	...

Table 5. Examples of typical carrots and sticks

As can be seen from the above, every reward-carrot is related to a punishment-stick in the form of taking away the carrot, and every stick is related to a carrot in the form of avoiding the stick. Furthermore, material reward quickly becomes something that is “obviously due” and exhausts its motivating capacity, while the stick always hurts, which is why we always try to avoid it. This results in rewards quickly becoming punishments, and carrots – sticks. For example, in many schools the reward for Teacher’s Day works exclusively as a stick, because by principle everybody gets it, so those who do not feel publically stigmatized.

This and other examples allow for formulating the following theorem⁴⁰:

The Great Law of the Carrot:
The purpose of every carrot is to turn it into a stick.

The proof for this theorem is extremely simple. The whole essence and power of the carrot in the hands of the superior is precisely the fact that it may be not granted. A carrot which could not be not given, i.e. which would have to be given always and therefore regardless of the superior’s opinion whether the employee deserves it, would no longer be a carrot. It would be, for example, a bonus on top of the salary, guaranteed by the contract, but not a tool for wielding power!

Since the carrot and the stick are basically one and the same thing, only referred to each time with a different name, from now on we will sometimes use the notion of *stickarrot* (Polish: *marchewkij*) to refer to both its forms.

The stickarrot constitutes a typical motivation tool used by many companies, institutions, and also – alas – in the family. You can sometimes hear an opinion that using punishments and rewards (i.e. the “stickarrot”) in a skilful way is a key for motivating people effectively to work. Nothing more mistaken. As an American social psychologist Alfie Kohn put it⁴¹:

In any situation both penalties and material rewards
constitute a factor that strongly de-motivates to take action.

It is not true that, when used in moderation, in some circumstances, towards certain people, etc. the stickarrot may play a useful role. It is not true that if it does not help, then it will certainly not harm, and it is not true that using the carrot exclusively, without the stick (as if it were possible at all!), may be effective. Let us quote Alfie Kohn again⁴²:

⁴⁰ Cf. A. Blikle, op.cit.

⁴¹ See A. Kohn, *Punished by Rewards*, Houghton Mifflin Company 23, Boston 1993.

⁴² Cf. *ibid.*

Penalties and material rewards have a destructive impact on one always and in all circumstances, because they deprive them of their natural motivation for positive action.

Material rewards suggest that the task is not worth performing on one's own free will. Working for the carrot we restrict our activity exclusively to what may have impact on receiving it. The ultimate goal appears to be the carrot rather than success in accomplishing the task: rewards only motivate to strive for the reward.

I won't tear my knees off

Our audience often ask whether, if we reward someone for doing something that they like anyway, they will stop liking it. It seems that such a statement would be absurd. And yet...

In the 1980s, Andrzej Blikle witnessed the following conversation between teenagers in Zakopane.

– On Sunday there's a youth slalom on Nosal. Are you going?

– Are you kidding? I won't tear my knees off. The first prize is a TV set again. I've already got two. Meanwhile their peers jumper out of bed at 5 am in order to at 6 am join the queue in Kuźnice for a ticket to the aerial tramway to Kasprowy Wierch, or – those more ambitious – walked up to the chairlift in Hala Goryczkowa.

The stickcarrot brings about results opposite to those expected, first and foremost because it destroys the bilateral, symmetric partner-like relationships based on trust. The carrot is a reward that we dangle in front of someone dependent on us while sending out the following *carrot message*:

"See, here's the carrot. I've got it and I could give it to you in advance, but then you will not do your job as well as you can. And why you will not do it and you will not keep your word, even though you pledged to do so in the employment contract? Because you are lazy and dishonest – you will take the prize and work as usual. So I will give you the carrot when I check how you've done what you promised."

There is no way to avoid such a message if you are using material rewards. It is inherent in them. It manifests an attitude towards employees that could hardly be called friendly and full of trust. The carrot message of the bonus for good work shatters positive relationships based on trust creating negative ones, geared to fight the superior and outwit him. From the point of view of management and shaping human relationships in the company, the stickcarrot has no advantages, and to its drawbacks mentioned so far one should add the following:

1. it destroys value-driven motivation, as it stresses the asymmetrical power relationship between the parties and destroys cooperation,
2. it is perceived as an autonomy-restricting control and supervision mechanism (and in fact it functions as such), as a result of which subordinates do not ask supervisors for help and advice,
3. it is accompanied by the feeling that receiving the carrot or avoiding the stick depends mainly on non-merit-related factors: it fosters sycophancy, encourages obedience instead of independence, etc.,
4. it leads to ignoring the causes and to irrational behaviour on the part of the superior. Instead of solving problems by investigating their causes, superiors act according to the principle: when something goes wrong, I will use the stick and I have dealt with the problem,
5. it discourages from making effort and taking risk – those who think they have no chance for the carrot or that their chances are little, will give up all efforts, as making mistakes may destroy that effort.

If the stick and the carrot are so destructive, then why are they used so often? The answer to this question is simple. Using the stickcarrot is easy, it does not require any knowledge and frees one of the necessity to analyse the causes. It also allows for achieving simple operational goals quickly, in line with the principle that with rewards and penalties nearly anyone can be forced to do nearly anything. Unfortunately, one cannot force anyone to do what is the most important in the leader's work with the team – to like their job and perform it out of their internal need, so that it becomes not only a source of the material gains offered by the employer but also a source of the sense of personal dignity.

By using the stickcarrot you can force nearly anyone to do nearly anything except for one – that they like anything, their work included.

Anomie at work – why employees know and value what is good and yet follow what is evil?

Within the stickcarrot culture, relationships between the superior and subordinates are characterised by *warfare games* waged by them. The presence of the warfare game is an inherent consequence of giving up on trust and partnership. Its most common form is when employees steal from the company. Here is some media information concerning the issue.

"Gazeta Prawna" („Legal Daily Newspaper")

"(...) All across Poland employees steal from their companies, and the economic crisis has additionally increased the number of such crimes. According to a report prepared by the Euler Hermes consulting company, as much as 92% of surveyed entrepreneurs acknowledge such losses, while in a similar study carried out in autumn last year, only half of the companies had incurred losses."⁴³

Gazeta Prawna („Legal Daily Newspaper"), 14 October 2010

"90% of Polish companies acknowledge that they have caught their employees on stealing, cheating, or dealing with private matters during working hours, says a report from the Euler Hermes company. Stealing is the most common type of abuse on the part of Polish employees. Within the last two years, 45% of our entrepreneurs have caught such a thief red-handed. Both supermarket employees and bankers steal. Though, in comparison with other countries, we have fewer cases of multi-million thefts done by the white collars. However, there are more instances of petty crime. Last month policemen from the poviát police headquarters in Świdnica detained a supermarket saleswoman who for several days, when going home, packed food, cosmetics and alcohol in her bag. She lifted goods worth PLN 3 000. At the same time in Szczecin, an ATM administrator at PKO BP was brought to court. Within a year he stole *more than* PLN 470 000."⁴⁴

Every sixth company suffers from fraud, and one in ten bosses has to tackle the abuse of counterfeiters, computer fraud or personal data theft. Companies rarely report such crimes. They sometimes

⁴³ *Długopisy, benzyna, bazy danych – jak pracownicy okradają firmy* [Pens, petrol, databases – how employees steal on companies], *Dziennik Gazeta Prawna* [Legal Daily Newspaper], 2 November 2009, www.praca.gazetaprawna.pl.

⁴⁴ *Prawie połowa polskich pracowników okrada pracodawcę* [Nearly half of Polish employees steal from the employer], *Dziennik Gazeta Prawna* [Legal Daily Newspaper], 14 October 2010, www.praca.gazetaprawna.pl

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make public only the instances of the stealing of goods, and they keep financial losses secret, as those could disturb the shareholders.

Stealing is not the only offence of Polish employees. Transgressions consisting in “taking advantage of the opportunity” are much more common. Employees are habitually late for work, they use company telephone, fax or paper for private purposes, or carry out additional commissions during working hours to supplement their wages.

The issue needs to be clarified more extensively so that a key to the understanding of these and similar phenomena can be found. So far, we have discussed the situation at work as if no situations existed which involve a conflict between the pursuit of personal gains and an aspiration for personal dignity. Unfortunately, such a conflict occurs often, and such situations are referred to as *situations of temptation*. Often – and unjustifiably – we refer to them as a conflict of interests (our own and somebody else’s), whereas in fact it is a conflict between our own interest (personal gain) and a moral value: solidarity, justice, or ordinary honesty.

This is discussed in more detail in a separate study.⁴⁵ For the purposes of the present article let us say that:

a temptation differs from other situations in that the personal gain obtained in it breaches the fundamental, commonly respected moral values.

In a situation of temptation, given appropriate excuses, the morally reprehensible surrender to temptation is willingly confused with the ordinary *taking advantage of an opportunity*. Let us establish from the start that:

an opportunity is a situation that may be taken advantage of, since in the opinion of the individual who does so it neither constitutes a breach of values, nor does it defy the dignity of that individual.

And there are such moments in life, and especially at work, when you can say that **“only a fool does not take advantage of the opportunity”**. And a fool, colloquially, is someone who has less personal dignity than others, who is stupid and clumsy. It is therefore enough to call a given temptation an opportunity, establish that with “other serious and decent people”, e.g. colleagues or family, and then the opportunity that has arisen in this way can be taken advantage of without any remorse. This phenomenon is the above-mentioned *anomie at work*. (Enhanced in our country by the post-Soviet legacy of disrespect for work, for oneself, and for the resources and objects of production).

Anomie at work concerns such situations that arise in a group of people with values that they cease to act according to those values, even though in their own perception they are still guided by them.

In a situation of anomie, employees still perceive themselves through the perspective of values and price them very much – but in particular situations do not respect them, since they have reliable excuses for that.

Every temptation for which we have a reliable excuse becomes an opportunity.

Entering a new situation of temptation unknown so far, one has the moral awareness that drawing personal gains constitutes a breach of values in this particular situation, but under the influence of arrangements made within a group they lose this awareness. They say: “I thought you should not do that, but since those who have worked here for years say that this is nothing wrong, then they are probably right. And besides they profit a lot... I won’t be a fool and I’ll take advantage together with them.” Thus, they establish group arrangements with others of the following kind: “Everybody does it...”, “Those up there are much worse...”, “Business is not playing in the sandpit...”, “If not me, someone else will take advantage of that...”, “Blood is thicker than water...”, etc.

We respect justice but do not treat “outsiders” in the family business just like any working family member, we value solidarity, but it is obvious that it only concerns “our folk”, we earn little, so we need to take advantage of the opportunity and copy a book for our child at work, etc. If in a situation of temptation an entire group – of colleagues or family – appears, then such agreements on excuses are reached quickly and become very credible for its members. Others from outside the group are surprised that such arguments may be treated seriously. This is the magical impact exerted by a group subject to a temptation on one of its members. Under the influence of the group, his or her awareness is falsified – “taking advantage of a justified opportunity” becomes consistent with his or her values, though it obviously is not.

In family businesses it is easier to relate work to moral values and to obtain the ensuing employee ethos, but it is also easier to agree on excuses. After all, it is not the dregs of society we agree on the excuses with, but people with values who not only respect them like we do, but also most often express that on various occasions.

Dignified behaviour in situations of temptation is regulated by the *conscience and shame* as commonly conceived. They appear when we infringe on the values we respect. **Shame arises when what we do does not agree with what we are:** we are full of commonly respected values and yet we steal from the company that trusts us; we value reliability, but in order to avoid losses we do not keep our word. Our resistance to temptation is only based on that: shame and conscience. There are no other factors that decide our dignity-driven self-control, our keeping to the rules and values in such circumstances. **Resistance to temptations consists in exercising self-control based on the motive of personal dignity.** Anomie destroys that resistance, piercing it with excuses agreed upon socially. The more agreed excuses for situations of temptation encountered at work there are, the more the personally respected values are becoming empty declarations and lose impact on conduct where it is most needed.

Anomie at work is the major obstacle for the company to change to people-oriented management, i.e. management which draws on the motive of personal dignity. When dignity-driven self-control of conduct disappears due to intensified anomie, a question arises: what to do? The bad answer is: “recourse to the stick and carrot, if values-driven motivation does not work, and there is no third possibility. You only need to refine the stick and carrot suitably.” The good answer is, of course: “eliminate anomie”. It is necessary to invalidate the excuses present in the company's culture, deprive them of their capacity to calm down the conscience of employees that this is an opportunity rather than temptation.

If excuses have become deeply rooted in the company, they should be removed by external specialists. After simple training, a moderately skilled manager is able to tackle anomie re-emerging in his team on an everyday basis. It is impossible to eliminate it completely. However, it can be limited to such an extent that it will no longer form a systemic obstacle to relating work at the company with moral values and to developing employee ethos. **Employee ethos is the best limit to anomie at the company, as it automatically gives rise to employee self-control both in individuals and in teams.** However, it will not arise of its own accord, which is where we return to the issue of the competences of the new generation of managers, their people- and dignity-oriented management skills, their ability to become leaders and to lead teams and companies.

Values as an instrument of managing the family business.

If we start to discuss values without putting concepts in order and using them in accordance with their meaning, we will not come to an understanding. Therefore, at the beginning let us make more detailed our definition of the notion of values and of the subject of our discussion, i.e. dignity-related values, and put them in a box to emphasise their importance.

Values are the most general patterns of conduct respected by everyone. **Dignity-related values** are a criterion of the general assessment of individuals as dignified or non-dignified persons, which constitute a certain category of social values.

Thus, patriotism rather than the mother country will be a value, as the latter is not a pattern of behaviour. Material success, professional career or promotion will be excluded from the notion of values. Within the meaning presented here, they are a gain rather than value. Within our civilisation and culture, values are the most general and most commonly accepted patterns of dignified behaviour, most commonly referred to as moral values. Determining the value of an individual as a person and ascribing them personal dignity or denying it relies precisely on the universals of moral values such as loyalty, responsibility, courage, etc. For behaviour to be deemed dignified, it must be driven by values – I am not honest if I do so for fear of being caught; I am not tolerant if I do so counting on some personal gains.

By nature, it is easy to introduce values to family businesses and make them an active ingredient of their organisational culture, thus creating employee ethos. From the point of view of conditions, family businesses should be in the lead of dignity-oriented management, which nowadays has been gaining a foothold among theoreticians and practitioners. It is worth bearing in mind that:

Dignity-oriented management is management by mission, vision and commonly respected values. This is only possible when work is morally significant, i.e. when it constitutes an expression of values respected by the employee.

In family businesses it is easier than in big, anonymous corporations to create a culture where employees are not just a “human resource” but rather individual persons, emotionally attached to the company and the owners’ family. They are then motivated to work by the sense of personal dignity, the need for which is satisfied when they perceive the harmony between moral values and actions which constitute the working process they participate in. This harmony is fairly easily maintained, as the family business is the owners’ “child” with which they identify very strongly, which makes them care for the morale of their company’s activity. As we will later see – this is only a possibility which requires much effort to be realised and will not arise of its own accord.

Satisfying the need for personal dignity always requires the employer to provide fair remuneration⁴⁶, and for the leaders of employee teams to have new management skills that first and foremost will not disturb employees in creating the ethos of work. At a company managed in the new way, superiors become leaders and motivate employees by referring to their self-esteem and dignity, thereby replacing the stick and carrot, and they are able to replace control with workers’ self-control. The leader of such a team is required to be assertive rather than dominant, able to build trust relationships, bilateral and symmetric communication instead of giving orders, etc.

Why is this worth learning, and why is relating work and moral values essential for the sense of dignity so extremely important both for the family business and for its employees? The reason is that relating work to the commonly respected moral values is the only way to relate work to the satisfaction of the need for dignity and to activate motivation for work driven by the employee’s personal dignity. This is the easiest way to care for the quality of the company’s products, as it is essential for generating self-control on the part of employees, without which quality management is impossible. Through the patterns of worthy employee behaviour, employee ethos automatically generates self-control in the company. This is easily recognizable from the comments of employees to newly hired colleagues: “We do not do this here...”, “We do not work here like that...”, “We have the following principles here...”, etc.

⁴⁶ We adopt a working definition of “fair remuneration” here – it refers to a slightly competitive salary, e.g. 10% higher than the market level.

Typical family businesses are small and medium-sized enterprises which cannot afford costly complex quality management programmes – instead, it is much easier for them to introduce dignity-oriented management methods, treating their employees humanely, i.e. as persons. This is no news to a large number of family enterprises, where, calling dignity-oriented management principles with their own names and drawing on intuition, owners and managers have long ago hung the carrot and the stick on the wall, achieving success thanks to that. Reflections of participants of workshops organised during the “Family Businesses” project also reveal that for many, the dignity-oriented management model was a significant discovery which allowed them for managing the company in a more efficient way. Others underlined that this model had functioned at their companies from the very start as something natural and obvious, only they had not realised it had already become a defined model of management taught in training courses.

“When I compare our company with other workplaces, our atmosphere is very positive. That openness, some kind of good chemistry, this is a result of a lot of things, but the character of our mum is a great influence here, as she treats everyone like family members. You can talk to her about anything, and people turn to her with everything. Our father is more exacting and strict, and there is a nice balance, but one cannot say he is menacing or authoritarian.

With us it is not like that someone up there makes a decision and everything has to be carried out according to instructions. It is always the employees that have the chance to put forward their own initiative first. If it is not made use of, then the actual decision comes from the bosses, but nothing is imposed without prior consultation. And later on you can also always come and talk.”

“Initially I was a bit sceptical about dignity-based management. From the perspective of time I am more and more interested in it. We have used bonuses for employees, so they had expectations. After Professor Blikle’s lecture I thought that this might really function differently, and I was more convinced that you could come to terms with someone and it did not have to be about money only. This discovery, or maybe rather reassurance, was very important for me.”

Potential barriers to implementation

Introducing a partnership model is never easy. First, like any change, it carries an element of uncertainty (will I make it?) and threat (will I keep my position?). Second, it requires the mastery of the not easy skills related to partner-like communication. Third, it requires a change in thinking and renunciation of certain stereotypes, such as even the one that people are lazy and dishonest by nature. In family businesses all this may additionally take place within the context of two paradigms:

An autocratic family – *For generations relationships within the family have been autocratic, e.g. patriarchal, which is automatically carried over to the business. The head of the family is at the same time the head of the company, they have been the head for several decades, the family and the business are doing well (at least in the “head’s” opinion), so they are not going to change anything, in accordance with the head’s motto, which says: “No-one will tell me how to bring up my children and run the business that I have built up from scratch.”*

Egocentric family – *There are partnership rules in the family, but the business is something else, as partnership is for the loved ones and not for “outsiders”. Here the owners’ thoughts take the following course: “We have built the business for ourselves, not for them. We need to hold on together, be a monolith, because the world is a jungle where you always have to fight a life and death battle. We have built a palisade around our hearth, surrounded it with a moat, and we raise the drawbridge for the night.”*

What should be done in such cases? The answer to this question comprises the entire methodology for supporting the growth of family enterprises, the development of which was the object of the “Family Businesses” project. The basic tools in that methodology are the workshops on com-

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munication and the organisation of management, best held in a group of several or over a dozen family businesses that can exchange experience. This type of workshops has proved excellent in our project.

When discussing family businesses, it must be emphasised that not all of them are autocratic or egocentric. Many companies that have taken part in the project had no difficulties in accepting the partnership model, and recognised it as a very important tool on their path to development. Here are several quotations from their contributions:

“We started to talk together as owners how we could motivate people to work, what to do so that they want to identify with the company, look at it with our eyes, water the flowers, wipe table-tops sparkling-clean... We introduced the celebration of employees’ name-days and birthdays, it is so family-like: flowers, coffee, a tiny present. Now we praise employees consciously, aware of the value of praise.”

“Issues related to dignity-oriented management were especially important for our family. Especially our daughter, who officially took over the role of the manager after the training, took to heart this new way of thinking about employees. Many younger people work with us, she is the boss, so normally she would probably talk to them rarely, now she pays a lot of attention to making contact with everyone.”

Summary

Let us finally summarize the differences between people-oriented and task-oriented management:

Task-oriented management	People-oriented management
People are worth what they earn for the company; human resources	People are values in themselves; partners
Opponents in the fight for supremacy	Partners co-operating in a team that executes common goals
Give employees as little as possible in advance; penalties and rewards; always something for something; people are lazy and dishonest	I give in advance to employees what is due to them as remuneration, I also give them a certain credit of confidence, I expect them to work honestly
With our attitude towards employees we sustain the credibility of their excuses	With my attitude towards employees I deprive them of arguments to agree socially on excuses and I provide them with reasons to feel proud of belonging to my team
Anomie at work grows and takes root	Employee ethos grows and takes root

Table 6. Task-oriented and people-oriented management

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1.4
From the superior
to the leader

1.5 Remuneration in family businesses

MARIA ADAMSKA

Appropriate remuneration setting is difficult in every enterprise since it requires finding the golden mean between the salary expectations of employees and the financial potential of the company, as well as between the necessary diversification of remuneration and maintaining the fair pay rule.

The problem with remuneration is much more complicated in family than in non-family businesses. It is enough to mention that a family business is composed of the family, economic and ownership subsystems, each of them having its different logic. Since the subsystems are interlinked and interpenetrating, the rules and expectations regarding the approach under each subsystem remain conflicted.⁴⁷ Family subsystem may form salaries on the basis of the needs of family members, business subsystem is usually based on work performance, while ownership subsystem, where the objective is the long-term increase in goodwill, on the competences having impact on business development. Moreover, remuneration in a family business may be used as a method of solving emotional problems, mitigating the effects of failures in life of respective family members or influencing the life choices of the grown-up children of company owners.

Owners of family businesses must face the problems resulting from the family's participation in employment, which, as it has been proved by many studies, affects specific features of the human resources function⁴⁸, including the applied remuneration rules. Thus the rules of salary setting in family businesses do not only result from the economic calculation, but mainly from the value system adopted by the owner, such as their sense of social mission or their approach towards family members and non-family employees. They form the company's organisational culture at a given stage of its development, as well as its strategy.

Consciously or not, each family business applies a certain remuneration management philosophy. This philosophy takes into account many external and internal conditions and manifests itself in the form of a set of decisions relating to the quantity and type of salary components, choice of the form of remuneration, pay bands between respective positions or adoption of a specific basis for salary diversification.

Important payroll issues faced by family businesses include:

1. which approach to apply with regard to family members compared to non-family employees – a consolidated one or a diversified one?
2. what should the remuneration depend on, what should be the basis for diversification of salaries?
3. how to reconcile the motivational function of remuneration with the willingness and need to support family members?
4. should one disclose the rules of determination and the amount of remuneration or rather should they be unknown to non-family employees?
5. should the amount of remuneration be determined by the owner as they see fit or in a formalised, non-discretionary way?

The main question one should answer when running family business is: how to determine remuneration of family members compared to non-family employees? Three approaches to remunerating family members in family businesses can be observed. The first one consists in preferential treatment of the family, according to the respondents, due to family membership, need

⁴⁷ This had been pointed out e.g. in J. Jeżak, W. Popczyk, A. Winnicka-Popczyk, *Przedsiębiorstwo rodzinne*, Difin, Warszawa 2004, p. 21-22.

⁴⁸ See e.g. Ł. Sułkowski, *Kapitał ludzki w przedsiębiorstwie rodzinnym*, [in]: D. Kopycińska (ed.), *Kapitał ludzki jako czynnik rozwoju społeczno-gospodarczego*, Wydawnictwo Katedry Mikroekonomii Uniwersytetu Szczecińskiego, Szczecin 2006, p. 74-76, K. Safin, *Przedsiębiorstwa rodzinne – istota i zachowania strategiczne*, Wydawnictwo Akademii Ekonomicznej im. Oskara Langego we Wrocławiu, Wrocław 2007, p. 283-285.

for support, greater involvement and loyalty of family members, more prone to sacrifice when the business is facing troubles. The second approach is quite the reverse: it assumes a generally lower remuneration of family members. Here the argumentation is based on the fact that the family participates in the business ownership and benefits from it, or on the educational aspect in the case of children. In both these approaches emotions and family relationships prevail over the business interests. The third approach to remunerating family members is based on the assumption that they form part of the crew and that the same criteria should apply to them as those that apply to other employees. This approach is mainly determined by business interests, which as a result implies that a family member is evaluated as an employee regardless of their degree of kinship or of their personal issues.

During the seminar discussing the issues of remuneration, participants of the "Family businesses" project identified their approach towards remunerating family members. Most often the discussion concerned the question whether family members should be treated in the manner identical as other employees. However, another interesting issue was indirect reversal of that question: should employees be treated as family members? Business owners had to consider whether they had the right to condition the amount of salaries of their employees on the situation of their business when an employee does not fulfil their obligations and the financial results on which they have no impact whatsoever forced the owners to cut the bonuses. One family business owner asked a very important question: should employees participate in the financing of company investments? What she meant was, during the implementation of a project that absorbed large financial outlays and that had not yet generated the expected profits, it was typical for a family to limit salary payments in the name of future benefits. Question remained whether the same philosophy could be applied towards the employees, and whether one could assume identical treatment of non-family employees? One of the sons of a business owner presented this problem in another light, stating that family relationships hampered salary negotiations (*I ask my father for a rise and he doesn't treat me as his employee*). A daughter of another business owner pointed out the problem of unequal treatment of the two daughters, compared to a daughter and a son-in-law, in terms of remuneration.

During the meetings with family business owners the approach towards the employed family members was never unequivocally agreed upon. This is not at all surprising considering the fact that enterprises in terms of size, development stage or the number of employed family members. As a rule, larger enterprises that have operated on the market for a longer time and more formalised ones, have regulations governing remuneration that cover all employees regardless of their family membership. Younger enterprises with a few employees are more prone to remunerate the employed family members on a preferential basis.

Another issue concerning remuneration in family businesses is selection of the basis for diversification of salaries of employees being family members. According to my study conducted in several enterprises, the main criterion during determination of salary was the position in the company, qualifications and tenure. These are reasonable criteria, unrelated to family membership and often applied in non-family businesses. However, in some enterprises remuneration depended on the position in the family. Certain companies face the problem of diversifying salaries of the employed family members. The often applied solutions consist in ensuring equal salaries for everyone, which is supposed to create positive work climate, while in fact may provoke deeply rooted conflicts. During the remuneration seminar one of the participants, who is a co-owner of a company, pointed out how inappropriate equal salaries for family members in her enterprise were. In her situation four owners of a family business were members of the management board while their involvement, results and achievements were definitely different. This led to stress and frustration of persons who considered their contribution higher than that of the others.

An important and difficult problem in family businesses is how to reconcile the motivational role of salaries with the willingness to support family members. There is nothing wrong in employing a family member due to the fact they are in a difficult situation; however, in order to be entitled to receive specific salary, such person should perform the work that is worth the money

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they receive and that corresponds to their qualifications. If the needs of a family member are visibly higher than the available remuneration, it is better for the company to support such person directly instead of offering an excessively high salary which would complicate the relations between employees. Remunerating a family member in the amount that exceeds their contribution, or vesting in them duties that surpass their potential, is a breach of the principle of fairness and is regarded as very inappropriate by the employees, triggers dissatisfaction and frustration and consequently weakens the motivational role of remuneration.

A reasonable solution is to create a transparent and uniform system of remuneration for all employees regardless of their family membership status. In such case the amount of remuneration would depend on the diversifying criteria, such as qualifications, performance of market value of work. Determination of the value of work and conditioning remuneration to that value is a very important feature of a good payroll management. However, if the company development strategy so requires, the remuneration system in a family business may assume separate rules for determining the amount of remuneration for family members. Family members often show more involvement than other employees. In the context of logic of the payroll policy, it is possible to determine salaries of family members in a different way, e.g. depending on the increase in company goodwill or its development. However, in such case those separate rules must be transparent. Lack of transparency gives rise to many unnecessary speculations, creates distrust, hinders the correct impact of remuneration and weakens the loyalty of non-family employees. It also disrupts family relationships.

Further problems relating to remuneration in family businesses concern the degree of freedom in determining salaries, i.e. the choice between the discretionary and the formalised approach to determining salaries of family and non-family employees. In most family businesses the remuneration systems are simplified and non-formalised, which on the one hand can be justified by small size and young age of those enterprises, but on the other hand results from the negative approach of the owners to formalisation as such.⁴⁹ According to research results, many family businesses are managed on a paternalistic basis, which in turn creates "familiar" interpersonal relations understood as identification of family relationships with employee relationships.⁵⁰ This type of social relationships somehow excludes or at least limits formalisation of operating rules in family businesses.

Owners of family businesses argue that the applied remuneration systems are simple and flexible. The remuneration systems, if they are applied at all, are often very general and enable the owner to determine the salaries on a discretionary basis. Many consider formalisation of the rules of remuneration as an unnecessary tightening of the payroll policy, as well as potential threat of excessive salary claims if economic results deteriorate. The fear of excessive payments that would surpass financial potential of the enterprise lead to evading parameterisation and detailed description of the bonus system, as a result of which the bonuses are considered "discretionary".

Such a subjective approach of the owners to the determination of salaries of their employees, both family and non-family, is characteristic for small family businesses where formalisation of the remuneration system is rare, in particular such system components as pay tables or tariffs of qualifications.⁵¹ The degree of formalisation should be adjusted to the stage of development of the company and in particular to the number of employees and to the degree of complexity of tasks for respective positions. One-person, 'manual' steering of salaries may be effective in the case of a small number of employees, when the owner is capable of assessing the contribution of each employee, comprehends the effort required to perform each type of work and notice the successes and shortcomings of all employees on the basis of everyday interaction.

⁴⁹ This was proved e.g. by research conducted under the "Family businesses" project, *Firmy rodzinne – szanse i wyzwania*, Anna Kowalewska (ed.), PARP, Warszawa 2009, p. 58-59.

⁵⁰ K. Safin, *op. cit.* p. 300-301.

⁵¹ J. Strużyna, *Doskonalenie jakości zarządzania zasobami ludzkimi w małych firmach*, Wydawnictwo Uczelniane Akademii Ekonomicznej im. Karola Adameckiego w Katowicach, Katowice 2002, p. 275.

However, one should fully appreciate the negative aspects of lack of clear, formalised rules of remuneration. First of all, it results in lack of comprehension of the reasons for determining a specific amount of salary and thus lack of acceptance of salaries by the employees, as well as the sense of unfairness. Lack of formalisation may become a great discomfort for the owners themselves, since their payroll decisions may be criticised and undermined by family members. Arbitrary determination of salaries may cause irritation and resentment among family members employed in the company, as well as pressure exerted by the family on the owner to treat the employed relatives on a preferential basis. Full freedom and subjective approach to determining salaries in a family business may lead to irrational structure of remuneration and to the weakening of its motivational role. Depending on their positions in the company, participants of the "Family businesses" project pointed out various inconveniences resulting from unclear rules of remuneration. Non-family employees mentioned the problem of unclear differences in remuneration for identical positions, lack of comprehensible determination and indexation of salaries and of clear prospects of salary rise. Owners faced the problem of e.g. assessing their own involvement and determination of their own salary, choice of the salary diversification basis or the method of determining employee bonuses. Children of the owners pointed out that the rules of remuneration were unclear and the bonuses were granted in a non-transparent manner. Apparently family businesses face greater problems with setting out the rules of granting bonuses than with the determination of the baseline salaries.

A truth that is often underestimated in particular in family businesses is that determining remuneration is the art of motivation through money. How to remunerate employees who are at the same time the people we are close to and the people whom we love? How to differentiate remuneration without conflicts? How to support the family without any harm to the company? How to appreciate non-family employees in the context of the employed family members? How to evaluate qualifications and how to assess the involvement and dedication? These are just a few, but important and critical (as are all money-related issues) problems faced by owners of family businesses. They can be solved by development of a comprehensive remuneration system adjusted to the strategy and organisational culture of a family business.

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1.6 Family business brand

ANNA NALAZEK

The basis of existence of a family business is its business operations, which means such business is subject to the same market and marketing rules as other enterprises. However, the fact that the family business should ensure employment and maintenance to family members is as important, if not crucial. When considering the family business brand, ignoring this fact would be unreasonable. Here objective market rules and subjective family rules and goals converge and they should be consciously synchronised during the family business brand building process.

The family nature of the business may be a valuable asset in the process of building the brand and its market position, but it also can be a great obstacle if the family members fail to perform this task in a strategic and aware manner. The 6S strategy proposed in this methodology may materially help to professionalise the activities relating to the building and promotion of a family brand on the market, and thus to the increase in its competitiveness.

Polish family businesses, which mostly belong to the sector of micro, small and medium enterprises (MSME), often have to face the well-established, large brands, both Western and Polish. They are competitors who operate according to the established marketing rules, offer high-quality products and services and competitive prices and have current knowledge about their consumers. The conduct analyses and research operate according to the long-term strategic development plans and standards applicable to the building of a highly valuable brand.

A string brand is a great asset of each company and one of the most important parts of business capital: it improves goodwill and translates into measurable profits, supports the main business strategy and enhances efficiency of the company's operations, permits the company to achieve competitive advantage over its competitors through influencing preferences of their customers.

A brand that is managed in a consistent manner reads the needs of the environment and responds to market challenges and changes. Aware brand building on the basis of strategic planning, long-term development vision, coherent communication with the environment and creating the desired image has become of particular importance for micro, small and medium enterprises, including family businesses.

The nature of a brand is its recognition in areas where the company operates, its uniqueness, constantly good reputation, development of a set of specific, positive associations among the recipients and creation of competitive attributes and benefits. The brand also entails the values that are important not only for the family, but also for the customers and all stakeholders of a given brand.

A brand is a clear definition of our development vision, of who we plan to become in the future, of the mission we have to accomplish, of for what and for whom we exist. It is also the answer to the question who we are, what we promise, what makes our company and its offer unique and exceptional compared to many others. A well-construed brand should give the consumers a specific and material reason to choose our products or services and thus create relationships with company customers and with its market environment.

However, the results of a study drawn up for the Polish Agency for Enterprise Development (*Polska Agencja Rozwoju Przedsiębiorczości, PARP*) by Pentor⁵² show that the main current objectives of the companies from the MSME sector, to which obviously most of Polish family businesses belong, are current goals, mainly maximisation of turnover, attracting customers and maximisation of profits.

⁵² See W. Orłowski, R. Pasternak, K. Flath, D. Szubert, *Procesy inwestycyjne i strategię przedsiębiorstw w czasach kryzysu*, PARP, Warszawa 2010, www.parp.gov.pl.

Such goals as the long-term development, introducing new products or services to the market, building relationships with customers are less likely to be mentioned in the first place.

Most of the analysed companies point out that they have a development strategy but only in 12% it is in the form of a document. In over 40% of cases the strategy covers a relatively short time horizon, i.e. up to 2 years. In the case of microenterprises, 7% of companies declare to have a development strategy, compared to 21% and 34% in small and medium enterprises, respectively.⁵³

Polish micro, small and medium enterprises often face problems with strategic thinking and are too conservative: they just keep the *status quo*, are not inclined to introduce any changes and have no development plans. They are usually convinced their business is successful and planning changes in the context of uncertain future seems to them an excessive and often irrational risk-taking. They do not see the need for developing strategic plans or a long-term development vision, or for improving their competitiveness, which involves having a distinguishable and high-quality, strong brand whose concept should form part of the comprehensive strategy of the company.

My remarks resulting from my cooperation and advisory meetings with family businesses mostly confirm and correspond to the PARP study. Although the notion of a brand has been known in Poland for many years now, the understanding of what a brand is and how to build it so as to enhance the company's position on the market is not yet sufficient. Enterprises definitely too seldom think and act in terms of brand, perceiving a brand product mainly in the simplest context of the logo, advertising slogan, website, or being convinced that any advertised product is already a brand.

This has been confirmed both by research and by my several years' long cooperation with MSMEs. Moreover, experience resulting from individual advisory meetings with family businesses under the "Family businesses" project shows that some of them have only a very rudimentary knowledge about markets on which they are operating and about the needs of their customers (although in many cases they represent their local communities). Lack of knowledge and awareness of the needs of customers results from failure to actively research the market and from lack of analyses improving their understanding of who their customers are and what lies at the core of their specific decisions resulting in their purchase of respective products from this very company. However, learning and understanding market needs is the basis of marketing and strategic planning.

Many Polish family businesses, for many reasons, often due to the relatively short period of operations on the market and thus to lack of adequate examples and marketing methods developed over the years, do not fully use their business potential. They put great effort, involvement and determination in their work, often showing talent or even ingenious intuition, and yet they usually do not fully use their potential, fail to improve their competitiveness or even lose their market position with regard to other companies.

Such observations correspond to the conclusions from the "Family businesses" project:

1. businesses do not sufficiently use the importance, strength and value of their name as a family product or apply it in a manner that is inadequate to their competences, whereas the name, in the case of a family business, is the main element of its identity;
2. companies need to define the main elements of strategic brand building: development vision, mission, values (which are only natural in a family business), and the concept of brand positioning on the basis of competitive advantages which make them distinguishable on the market, build their position and professional image and set the direction of business management;
3. companies need a professionally created image, visual identity, visual identification system (brand books, i.e. logo, graphic signs, colour codes etc.), which is a starting point for brand communication;

⁵³ According to the research conducted by PSDB/GfK for PARP between April and June 2008 on a nationwide sample of 802 Polish small and medium-sized enterprises, www.archiwum.parp.gov.pl.

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4. promotion and communication, necessary for the building of the company brand or brand of products or services offered by the company, are often random or intuitive, lacking a clear strategy or a market communication plan.

The key issues for family businesses with regard to the family brand that had been mentioned during advisory meetings have been presented below in the form of questions (issues) asked by company owners:

1. How to develop your brand in a professional way?
2. How to make your brand distinguishable on the market in the context of the growing competition?
3. How to build your image, create your services offer and improve your competences?
4. How to establish relationships with customers and trading partners and make them loyal to our company (brand)?
5. How to effectively communicate with others (website, other forms and promotional materials)?
6. Where to seek knowledge about the market?

Family businesses participating in the "Family businesses" project and using the brand building advisory services have proved very open to new knowledge, willing to change and ready for further development and for the creation of new values according to professional marketing rules. Therefore they have declared the actual willingness to leave the intuitive stage towards a professional management of their business as a brand, its products or services.

Building and having a brand in the case of a family business is more important and more difficult than in the case of any other business entity. It is an emotionally complex situation since a brand involves the "reputation" that is not only relating to the business but also to the family. Reputation and thus any and all associations with the company and the value of its offer automatically affect the image of the family itself. They are decisive in terms of how the family is perceived by others, which is particularly important in the case of companies operating within local communities, which is the case for most family businesses.

Family businesses are often named by their owners who, by providing their own names, become ambassadors of their own brand. On the one hand this permits to build the unique identity of the brand and thus enables the company to become recognisable, in particular in a smaller, local community; establishing trust becomes an element of heritage and history. On the other hand, however, this may sometimes become a barrier for growth, hampering the introduction of new products or a change of the company's operating profile. A company name including a surname of the owner is not always a marketing booster; in such case a new consumer brand may need to be created.

The key role in the building of a family business brand (more than in the case of any other company) is performed by values that are stable and universal, which need to be cherished and on which a company may be built in the long-term perspective, through generations. The values should be the result of all that is important for all family members who represent the company. Respect for values is the greatest power of a family business which forms its competitive advantage.

In terms of the brand building process, the values employed during the creation of a brand of a family business (or at least some of those values) should be acceptable for target recipients of the brand, i.e. customers and other stakeholders, so that they could identify themselves with them. Therefore when building and managing a brand it is worth to know a broader context of social and cultural changes and consumer trends so as to know which family values are material and adequate for the company customers.

The advantages of family businesses having a high-quality brand include:

1. Greater recognisability among other companies of similar profiles,
2. Gaining a competitive advantage on the market, achieving a better position,
3. Consumers' readiness to accept a higher price for the preferred brand, which generates higher profits,

4. Easier "licence" for extending the brand onto other categories than the one where the company has been operating to date,
5. Possibility of an easier and more profitable disposal of the company, if need be,
6. Greater resistance to economic crises and disturbances.

Moreover, a family business may obtain particular profits from a brand:

- A. **A stronger brand is an easier succession:** family members would be more willing to take over a company which would make them proud: which is perceived as a brand, which is recognisable, having high reputation and attractive image and a base of loyal customers,
- B. **An attractive brand attracts competent staff:** highly qualified and valuable employees would be more willing to work in a company with a renowned brand, contributing their knowledge and experience and having a more fresh approach and energy and less emotional attitude towards the company than the employed family members, which might make their decisions more reasonable,
- C. **A brand permits for a more effective management:** a frequent problem in family businesses is lack of identification with the company in the case of non-family employees, which results in lack of integration within the team. A brand makes building better relations in the company easier: the whole team is focused on a single idea, the same vision, among the same values that are understood and shared. Brand building is making the whole team united among the common values, goals and strategic assumptions.

In order to build a high quality brand in a professional and strategic manner, family businesses should adopt an "external" point of view. **Therefore, brand building should not only take family interests into account, but also, or even mainly, the needs and expectations of customers, consumers, trading partners, opinion-makers and the entire marketing environment.** This gives us a broader perspective, permitting us to think of a family business as a brand. Family management, skilful and adequate to the needs of customers and company environment, may become an important value added.

It is crucial to convince family businesses to think strategically in terms of a brand. This is a mission for consultants and experts supporting Polish family businesses in terms of brand building. The challenge they are facing is great: they need to assist the companies in the long term with both their knowledge and their practical experiences to enable the companies to better understand and apply the rules, methods and tools of building and creating a brand, taking the specific nature of a family business and its products and services into account. Such assistance is particularly important since it contributes to the development of a company and enhances its competitive position on the market and thus improves its value both for the current family business owners and for their successors.

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1.7 A systems approach to family businesses

DOROTA SZCZEPAN-JAKUBOWSKA

Family and business as an interpenetrating system

Persons who run family businesses encounter many specific events and face many dilemmas which are practically non-existent in “non-family” businesses. One of such problems is e.g. succession. Another one is a strong emotional involvement relating to relationships, and decision-making based on communication habits developed within a family. If, for instance, an organisation faces the need to reform, the family defensive mechanisms activated by a stressful situation may result in incapacity to agree on anything and in a prolonged stalemate. Another example of a problem that is specific for family businesses might be involving employees in relationship conflicts between family members during their joint performance of company tasks.

Management concepts and family businesses

When persons running family businesses seek support from management advisers, they often learn that the main problem for carrying out their operations is their family nature and that the best solution would be to draw a distinct line between the private and the business areas. If such a solution proves impossible or not economically viable (which usually is the case), the family business goes back to the starting point, yet “enriched” with lack of confidence towards the advisers.

The problem consists in the fact that **most management concepts relate to non-family corporations and assume a considerable “autonomy” of the company system with regard to the persons running it.** The objective is for the organisation to be stabilised by its structures, systems and procedures instead of by people. Any exceptions to the rule (for instance in the case of family members) is perceived as a threat to corporate governance. Hence the fear that solutions based on family relationships “are not suitable for business”. Employing a brother-in-law might be treated as nepotism instead of ensuring support from a loyal and devoted team. Preparing your own child for succession is often regarded as imposing your way of life on them and at the same time as unfair treatment of other employees. And even though from the family perspective such behaviour is quite understandable, from the point of view of the predominant management concepts it is considered wrong.

However, the point of existence of a family is for its members to treat each other in an exceptional way. A family is also a system and has its own self-regulation mechanisms; they are, however, much more context-based, relative and dependent on the current situation. The objective of a family is to support each other in the context of everyday life, which assumes flexibility and availability. **Therefore, if the aim of a business is the family maintenance or even, as some entrepreneurs point out, it is their new baby, it must be more flexible and context-based than a typical non-family corporation.** This is why many predominant management concepts, albeit well-developed and promoted by many renowned persons, are not suitable for family businesses.

Company thread in family relationships

When the conflicted and disappointed by their mutual cooperation family members working in the same company seek support from therapists, they learn they should start with taking care of their relationships, emotions, communication style and go through a long, e.g. one year long, therapy, and only then can they pass to translating its effects onto the company. There is only one “but”: whether the stress of those participating in the therapy due to the fact that the foundations of their family are shattering permits them to actively participate in the healing process if the therapist avoids discussing company matters, explaining that this falls beyond their area of expertise?

In the present situation on the market family businesses are largely doomed to solve their problems alone. They seek examples but such examples are not easy to find considering experts lacking preparation to work with such organisations and lack of a family businesses environment enabling them to exchange knowledge about managing this type of organisations. In addition, of the company-family problem is described as a family issue, it is accompanied by shame due to disclosure of rather personal matters. Consequently family entrepreneurs are often confronted with difficult or incomprehensible situations where they have no one to ask for help or explanation. Thus they face helplessness which might lead them to a sombre conclusion that “the family looks best in the family pictures”.

The result is the return to the problem **“Are we a company or are we a family?” and “Should we fight for the family or for the company in times of trouble?”** The way entrepreneurs and their employees see it, those two types of social community somehow exclude each other. They attempt to divide the company and the family through e.g. employing third party managers, excluding certain family members from managing the company or establishing fixed limits. However, those “manoeuvres” seldom bring any long-term effect. Third parties fail, fixed contracts are breached (and by all parties at that), a family member who has been excluded from the company expresses their dislike privately, which leads to a personal crisis. Such attempts are too often made on a regular basis despite the past experiences that confirm that both areas of life cannot be mechanically divided. Entrepreneurs facing such difficulties often seem not to appreciate the fact that their companies are stable and sufficiently economically and socially viable for family purposes.

At the core of some of the abovementioned processes there are mechanisms which, although emotionally costly, actually contribute to business stability. Therefore the strength of family businesses that is reflected in their contribution to the GDP is their stability. It results from the fact that linking family and company community is a standard rather than an exception. We should also note that **very often the “hidden” aim of a family business is its durability and stability instead of maximisation of profits.**

Many mechanisms of a company-family system, of some of which entrepreneurs being aware and of some being unaware, “calm down” the striving to a too rapid a development which might both disrupt family stability and expose the company to a risk of aggressive resistance from the business environment. If there are persons who dream of fast development and expansion in the family who runs the business, and if such persons make attempts to exert pressure on the “conservative” part of the family, they often have to face disappointment following the failure of their original plans. In such case they tend to blame themselves or another family member for incompetence. As a result, persons who run family businesses often feel split in a way, knowing that they are flexible and function well within both systems (company and family one), yet they are accompanied by a sense of inconsistency or even amateurism.

A system approach and interdependence of business and family

Therefore it is necessary to apply a paradigm of thinking and acting to the benefit of family businesses that would cope with the dichotomy of objectives, operating styles and values and that would focus on their perception as an integral whole (a family and business organisation). Under the “Family businesses” project, in particular during the workshops, decision was made to apply a systems thinking approach which not only permitted a cognitive comprehension of the company and family processes but also focused on a practical identification of mechanisms that allow a specific family business to learn, to change and to develop.

The strength of the 2nd generation systems approach, proposed as a theoretical basis for the training workshops, is the fact that such an approach permits to develop a notional apparatus and a language that is useful for describing interdependence of the company and family subsystems.

A system as an organism

Since machines are being constructed and organisms grow, a clock works on the basis of its original structure while the structure of a biological organism is determined by the processes taking place inside it. Therefore a company understood as an organismic system cannot be constructed similarly to a clock, ignoring its internal dynamics.

Machines are made of a specific number of components while organisms show a high degree of internal plasticity. Even though an organism as a whole shows certain internal rhythm and specific regular sequences of events, at the same time respective parts of the organism may behave in an unpredictable and irregular manner which prevents adjustment to the new conditions. **At present there is a common opinion that without a certain degree of chaos (entropy) in a company, it is little plastic and creative, poor at adjusting and thus such business is at risk.** It should be also pointed out that this is in line with the definition of family businesses where “family” relationships obviously ensure a certain degree of volatility and chaos.

Clocks work according to a linear chain of reasons while living organisms function as a result of a so-called feedback. In such case one cannot determine which is the original reason and which is the cause. If anything breaks, the damage to the organism is usually caused by a number of factors that are reinforced by the interdependent feedback loops. If we translate this rule as a metaphor of a family, we can say that determination of the culprit in the case of conflicts is pointless. The important aspect is that if many factors were not mutually reinforced on the basis of feedback, the issue would not have occurred but have rather dissolved in a natural way. Paul Watzlawick, one of the authors of a family systemic therapy, expressed this as follows: “You do not dance the tango all alone”, i.e. in order to dance and to make it carry you away, you need to have partners who are either aware or unaware of their role in that dance. If the husband’s provocation had not been reinforced by the wife and if the husband had failed to respond with behaviour that had emphasised the problem even more, they would have forgotten about everything long ago.

Impact of the environment on the system and impact of the system on the environment

Let us go back to the comparison of the clock and the living organism. We encounter the main feature of the living systems: their self-organising capacity. A clock works the way it has been planned at the time of its creation. It does not exchange anything with its environment. A living organism is a self-organising system, which means that it shows a certain degree of autonomy with regard to self-recuperation and exchange with its environment, keeping the integrity of its general structure and identity intact. Such a capacity and the need for a multidirectional exchange imply that the living organisms are open systems.

A relative autonomy of the self-organising systems is vital for family businesses: if they are open and self-organising systems and they are relatively autonomous at the same time, the achievement of a desired change simply through “shifting” some mechanism “from the outside” will be easy to develop and difficult to implement. We thus evoke a crisis of a self-organising system, threatening to the company’s identity and efficiency, or the system would “activate” itself in order to neutralise this disturbance. Either way chances are that any change that might occur would be different from the change that was planned. **Therefore working with systems should be much more subject-related and consist in the reinforcement of specific processes already existing in the company ‘organism’ by persons involved in that system.**

Dynamic balance in the system

In the context of the application of the systems theory to social behaviour, solid foundations had been laid with regard to sociology and anthropology. They include the functionalism based on the

concept of Emile Durkheim, renowned sociologist, founder of the so-called French school of sociology (1858-1917). A theory established in the 1920s, functionalism claimed every society to be a system, i.e. a whole composed of interdependent parts. In general, members of a given society might be considered system components. However, under the functionalistic approach, the emphasis was put on the system as a whole culture of a given society composed of the interdependent social facts (a notion defined by Emile Durkheim.) Such facts are always related to other facts under a synchronically functioning social system. Even the smallest cultural event has certain important function to perform in the social system. **Society is treated as an organism composed of the parts, each of which contributes to the work of the entire organism to ensure its best adaptation.**

With regard to family businesses, a social fact might be e.g. the actual procedure for decision-making in a company managed by a married couple. Imagine that the following surprising regularity has been observed: difficult decisions are made immediately, without any consultations and *ad hoc* by the husband, while easy decisions are being postponed by the wife and are long discussed by the spouses. It seems that despite certain tension, this situation is maintained by both parties. This is related to the schedule of work of the married couple, since the wife arrives around 10:00 a.m. and the husband at 7:00 a.m. Between 7:00 a.m. and 10:00 a.m. the husband issues instructions while the wife awaits the nanny who is supposed to take care of the children. The wife has remorse because of leaving the children so she accepts that the nanny arrived so late. Then she long discusses upbringing-related matters with the nanny and stays for a while to make sure everything is in order with regard to lunch and housekeeping issues. It should be pointed out that the wife does not appreciate the style in which her husband manages their human resources. She considers it too "inhumane". Thus, as a deputy CEO, for the rest of the day she listens to the "complaints" of her employees relating to the decisions made by her husband, she makes immaterial decisions with him and she delegates the tasks relating to the business area she is in charge of to competent employees. All these facts are interlinked and each of them performs certain function. The employees put off steam and know they have someone to talk to, which makes them work better. Difficult decisions are being made. The wife has her share in managing the company but she does not contribute any competitive ideas. The balance in the family is maintained. Sometimes the husband is being "mitigated". Children are cherished. The husband is protecting his family... This will keep on functioning until the children grow up, demanding trade unions are established, the wife decides to develop her career and seeks greater influence in the company, the husband cheats on his wife or *vice versa*. In a word, according to the functionalistic approach, each of these social facts builds the corporate culture and somehow jointly maintains its adaptation functions. Any change of these rituals would be the result of an external or an internal change.

Researcher-system, system-researcher feedback

Werner Heisenberg, German theoretical physicist, philosopher of science and author of quantum mechanics (1901–1976), when understanding the limited possibility to decide on the state of two related components by the third observer, eventually formulated a beautiful definition of the method of learning the truth: **the truth about the world is born in a dialogue.**

This thought is close to the sociological and anthropological trends which promote the subjective nature of cognition and its social character. They are interpretivism (symbolic anthropology) and social constructionism. The main assumption of the interpretivists is that in order to comprehend the rules governing a given society or culture, one needs to penetrate the social reality of the people who live in that reality every day. Unlike the functionalists, an interpretivist researcher would not apply the previously prepared theoretical model, but they would apply a so-called thick description, i.e. description of culture as perceived by its participant. The aim of the research is to understand what is important for the members of a given culture. A researcher should not arbitrarily attribute functional meaning but rather trust that the subjects understand their world better than the researcher does. On the other hand, the basic assumption of social constructivism is that the

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world is always perceived in a subjective manner and **social reality is created in the process of constant interpretation that requires a dialogue.** Researchers from this school are particularly interested in discovering the social constructs that regulate human behaviour with regard to each other and which are obvious to the extent that they are unseen.

Dialogue as a tool of work and change

However, the aim of the “Family businesses” project was not only research but also training. Is it possible to apply, and effectively at that, an approach that renders meta-thinking and refers to the systems methodology of linking events in circular structures, and instead of causality, seeks models and processes, and at the same time such approach fully accepts the fact that the only expert in the reality of the trained companies is their employees, bosses and owners?

An approach that links systems thinking with recognition of the unique nature of a company-family system and its culture has been developed on the grounds of a family systemic therapy and it is called the systems approach of the 2nd generation. Due to the active role of the therapist (here: coach and consultant), it is often referred to as the systemic therapy in a dialogue. The 2nd generation approach implies a non-dogmatic manner of treatment of each family business, considering it a unique phenomenon which has developed its own regulating mechanisms, language and culture.

It should be noted that the proposed systems approach may appear both in the methodology of research of this reality and in the methodology of influencing this reality. However, here the impact and the research get close to each other since, according to Heisenberg’s theory, each research of the system changes that system. **The reality of family businesses has been constructed (and still is constructed) in the process of mutual interactions and dialogue and only thus can it be changed.** It is vital to emphasise that the training workshops, most conferences, consultations, mentoring, thematic meetings and presenting company and family history are implemented under the “Family businesses’ project on the basis of a dialogue with the speakers and, what is more important, with other participants. The process of learning in a company and family business mainly takes place through participants presenting themselves, their companies and families and through their listening to other representatives of family businesses. Thus, through attempting to name the processes occurring in the company by persons from the outside of the system and through observing similarities and differences between various companies, the process of self-identification of a corporate culture is being launched. Also the understanding of what regulates the company’s operations is improved and events that, even if they are overt, often are unseen due to their obviousness are revealed. It should be added that **the aim of group meetings under the “Family businesses” project was not only teaching the participants to gain specific skills but rather providing them with a methodology of effective development of a company-family experiences in such a way so as the participants saw mutual impact of many events in their own company-family systems.** When analysing case studies, their own situations and stories of other persons from the group, participants could apply the methodology of drawing a feedback loop which often results in a change of the manner of perceiving reality. This is expressed by shifting focus from seeking the doers of various events to the processes which link persons from the company-family. Such work also raises the awareness of participants relating to their own active participation in the described events and their awareness of the impact that is exerted. However, raising awareness does not suffice. The aim is to launch the process of dialogue at the company and family level. This is supported by exercises relating to “refreshing” conversations with persons with whom the bond consists in a considerable number of almost automatic reactions (e.g. the exercise relating to concluding a contract and the I-message). Therefore during training sessions participants see themselves in another, yet to certain extent similar to their own, environment. Functioning in that environment helps them to become more self-detached. Then the participants name the discussed company and family events in the systems categories and learn how to communicate them

to family members so as not to follow the usual patterns. Another important fact is that participants become successful in using their new abilities, which might encourage them to have important conversations with their families. This is the methodology of learning on the basis of experience and dialogue; according to the project managers, such methodology is definitely the closest to the practices of family businesses.

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1.8 Emotions in a family business

JACEK JAKUBOWSKI

There is a widespread opinion that emotions are outbursts of uncontrolled anger, feelings which distort the view of the world, or uncontrolled impulses which make people act irrationally. The often repeated phrase: "Don't be so emotional" is supposed to put a spell on reality and stems from a naive belief that emotions can be switched off. However, our nervous system has developed in such a manner that first we feel and only afterwards we think, and no incantation can reverse that. Emotions inhabit the oldest parts of the brain, in terms of its evolution – the limbic system and amygdalae. Only after these are activated, the brain areas responsible for logical processes are triggered. What is interesting, this actually is for our benefit since **emotions are among the main tools which enable us to survive when facing a dangerous situation, by means of swift, instinctive assessment of the situation.** They provide us with a deep-rooted, primeval manner of reacting to reality thanks to which we may perform many activities automatically, routinely and spontaneously. Emotions are also the ground from which feelings spring and they make our characters unique. Without emotions we would not be able to build relationships with other persons, create a community, pursue goals, strive or develop a deep spirituality in the search of the sense of life.

Neurophysiologists specialising in the brain structure and activity have long ago discovered the significant and constructive role of emotions. However, only recently particular attention has been paid to the specific group of emotions called empathy. Empathy is our genetically programmed ability to experience the feelings of other persons. It forms the basis for our understanding, attention, cooperation, and love. Unfortunately, in its immature form, empathy may be also the cause of "becoming infected" with others' anger and can make us vulnerable to external influences. Moreover, it often becomes the origin of hatred or self-protective isolation from what is happening around us, and this in turn is one of the main causes for a highly harmful and dangerous phenomenon of social callousness.

Joachim Bauer in his book: "Why I Feel What You Feel: Intuition and the Mystery of the Mirror Neuron"⁵⁴ reviewed the latest research in this field and came to not only physiological, but also philosophical conclusions: **we have been created for honesty, since it uses up much less of our energy than lying, and for cooperation, since our brains have been equipped with mirror neurons which enable us to feel what others feel.** Our genes have prepared us for reflecting, reacting and for an inter-human flow of emotions and thoughts.

Daniel Goleman, author of the term „emotional intelligence“ and one of the leading specialists in the theory of emotions, initially approached this subject in relation to individuals, in his book "Emotional Intelligence". While analysing the importance of emotional intelligence in life of an individual, he also realised that emotions have an immense influence also on the entire environment in which we live. A few years later he wrote another important book: "Social Intelligence" in which he described the role of emphatic reactions in our relations with other people and their impact. *"Research has shown that during an argument between spouses the body of one spouse mirrors the disturbed functioning of the other spouse's organism. As the conflict develops, they mutually evoke in themselves more anger, hurt and sadness"*, writes the author of "Social Intelligence". Even more interesting were the conclusions from the experiment conducted by Goleman. As part of experiment, arguing couples were recorded on video cassettes and then strangers were asked to watch the recordings and guess the emotions experienced by each spouse during the quarrel. When the volunteers performed this task, the physiological processes in their bodies reflected the condition of the persons they were watching, although they had never seen them before. **The more the viewer's body mirrored**

⁵⁴ See J. Bauer, *Empatia – co potrafisz lustrzane neurony [Why I Feel What You Feel: Intuition and the Mystery of the Mirror Neuron]*, Wydawnictwo Naukowe PWN, Warsaw 2009.

behaviour of the person they were watching, the more precisely they felt what this particular person felt, and this effect was more intense in the case of negative emotions, such as anger. This research has demonstrated that empathy – experiencing emotions of another person – seems to be of both physiological and psychological nature, and that it builds on the experience of the same feelings which the other person experiences. *“This biological dance is activated when somebody starts to empathise with another person. The person who is empathising with another person imperceptibly enters into a physiological condition of the person whom they tune into.”*⁵⁵

Being aware of existence of such mirror neurons, we completely differently interpret the emotions to which we are exposed at work. And what if the work place is not a company managed by people related by business connections but with blood ties? A marital argument is usually a private matter of two persons. Its main (extramarital) side effects will have impact on the family. It is widely known how intensely these types of incidents are experienced by the family members, children in particular. Under the systemic approach to family, there is a theory on emotions circulating around the entire family system, resulting in various effects in different areas of such family system. The already complicated situation is getting more and more complex when family conflicts cease to be an internal, private matter. This may happen in a family business, where such conflicts determine the atmosphere and contribute to the organisational culture affecting many persons. In order to better understand such mechanism, we will examine in detail certain processes taking place in an ordinary, that is non-family, business.

We know that **focus on the boss is a natural reaction of an employee.** Employees pay attention to their boss’s mood as well as the tone of voice when he or she asks questions or gives instructions. Each employee perfectly reads the signals sent by their superior, which reveal the latter’s mood. It is a simple manner to learn about the atmosphere at work on a particular day and whether the boss will concentrate on positive or negative aspects. We generally know our employer well enough to know when and what we may suggest and when it is better to avoid any contact. Let us imagine now the same process but taking place in a family business, where a married couple managing the company fell out on their way to the office. They are both irritated and hurt. They feel wounded and blame each other for the situation. After arrival to the office, they try not to show it, observing the rule: “these are our private matters”. They put much effort into masking their real feelings, calming themselves down and controlling their body language. In order to make the process of hiding their true feelings easier, they try to avoid each other, work in separate rooms and when they pass each other by in the hall, they fake a smile, which usually looks rather grotesque. As I already mentioned, employees know their employers well. **In a family business, the emphatic sensors are even more sensitive than in “ordinary” companies.** After all, the way in which the superiors manage their emotions determines the decisions that may affect work efficiency, which in turn translates into position, income and satisfaction from work.

Let us return to the two sentences from the experiment by Goleman presented above: *“When volunteers performed their task, the physiological processes in their bodies reflected the conditions of the persons they were watching. The more the viewer’s body mirrored behaviour of the person they were watching, the more precisely they felt what this person felt and this effect was more intense in the case of negative emotions, such as anger.”*⁵⁶

Let us compare the emotional involvement of volunteers in the experiment and of employees in a family business. The latter are in the place which provides them with income, defines their social position and constitutes one of the pillars of satisfaction and the feeling of purpose. **Employees in a family business absorb emotions of their employers, both physiologically and psychologically.** As a consequence, they also have to manage anger, sadness, and tension which they sense with their mirror neurons from the recently conflicted couple. Moreover, this may prove difficult for them, as the owners put so much effort into hiding the emotions raging in them.

⁵⁵ Ibidem, p. 37.

⁵⁶ Ibidem, p. 28.

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Let us also put it into an even broader context. A company is the place of work. It operates under the condition of uncertainty due to the ever changing market. Each day employees have to motivate themselves to solve thousands of minor problems, build relations with clients and prepare considerable amounts of data. In many matters the role of the leader (CEO, manager, owner) is of key importance. The leader's mood and manner of dealing with emotions have direct impact on the series of operations laboriously performed by employees. In other words: **the superiors' emotions have direct influence on the atmosphere in the team, triggering complicated group processes.** A conflict between the bosses (e.g. between the spouses) causes emotional coalitions ("he is mad and a psycho" or "she wants to have her say in everything but she knows nothing"). When employees reach a common conclusion based on the judgments concerning the conflict: "What kind of family is that? They cannot even reach an agreement!" – this may activate a dangerous process of employees uniting and joining against those in charge. Over time, this may result in emotional isolation of employees, their feeling of having no influence on anything, decreased work involvement or even passive resistance ("I'll do my thing and the rest is not my business").

The above description presents a variety of damages a marital argument may bring. And what if we deal with a series of quarrels, conflicts and interpersonal games? A similar situation may occur in the case of conflict between parents and children. Each such dispute is most often a consequence (or a sign) of various alarming processes taking place inside a family, and employees involuntarily become part of this biological, family "dance". They fear for the company's future (a divorce may often mean also breakdown of joint business projects), they are alarmed at the lack of attention, disturbed by decisions made "in spite" against a spouse or a parent.

This is the "grim" side of a family business. Let us now analyse an contrary situation. What happens when spouses love and support each other, show mutual respect in their conversations and appreciate different ideas? **Good relations between family members, just as the bad ones, also affect the company.** Love manifested through mutual respect, support, curiosity (and in the case of unavoidable conflicts – in forgiving) forms the grounds for building a friendly organisational culture in the company. When working in a warm atmosphere characterised by reliability and justice, employees will be more willing to get involved in work and foster their personal relations with co-workers and clients.

This rule should not be underestimated. During the convention of family businesses, one of its participants, having listened to a lecture and discussions on modern – that is based on values – management, stated in astonishment:

"We, the family businesses, are closer to the ideal of modern management than an ordinary company since values are the natural basis of our operation and life."

The above-mentioned opinion points to a very important element: **family businesses have an inherent, priceless capital in the form of love which may be translated into values.** Large corporations have to incur considerable outlays for the formulation of values which will provide the ground for the specific style and shape of their organisational culture. Family businesses have these by nature and, what is more, theirs are authentic as opposed to those developed for the purpose of marketing. Family businesses have to realize this and (which is much more difficult) operationalise this asset, that is in a conscious manner ensure the strengthening and development of their values in the appropriate direction. How to "grow" values in a day-to-day business? First of all, through development of own emotional maturity. Its principles are in fact fairly simple but extremely difficult to implement in real life.

Principles of developing own emotional maturity

1. paying attention to others in a friendly manner and requiring the same from our partners,
2. clearly expressing expectations but also adopting a tolerant approach to the expectations put forward by others,
3. assertive communication – with respect for the circumstances and the needs of all parties.

To sum up, it is worth underlining that:

1. Family love may be the source of energy, warmth, reliability and... business efficiency.
2. When setting up a company, the family everyday invites its employees to the biological and psychological (and spiritual at times) "dance", as described by Goleman. Employees may draw from such "dance" satisfaction, inspiration and calm, but also have to contribute to it with their positive feelings, involvement and creativity.
3. Family conflicts "poison" company processes. They trigger stress-inducing physiological processes, invoke anger, tension, sadness and produce toxic attitudes as well as cynical interpretations of events.
4. The entire process of interaction between the family system and the corporate system is undoubtedly a challenge, but it also offers a great opportunity for all its participants – the chance to acquire and master the art of dispute resolution. It requires understanding, as well as practical and conscious application, of the basic values in both personal and professional life.
5. Developing the art of resolving conflicts is based on the process of self-improvement, gaining a better insight into ourselves and on communication skills.
6. All this will give the family a chance to strengthen its ties and will allow for better efficiency of the company.

In the "Family Businesses" project the issue of emotions appears nearly during each meeting. Conversations on management, remuneration or strategies were all tinged with the language of emotions and feelings. The place where all participants particularly acutely realized what role emotions play and that they may be controlled, were workshops. During the workshops the participants could, on the one hand, convey their perspective on many issues, and on the other hand, observe the reactions of other persons to particular problems, and the latter proved to be much insightful.

"I like the fact that the emphasis was on underlining the positive aspects, both personal and corporate. At the beginning, I thought: "This company has only problems, so what's the point of looking for positive elements? And I can't say anything good about myself either, because there's not one thing I can do well." However, this new type of thinking channelled my thoughts on new routes and has inspired me. We were supposed to write something on those cards and I really started thinking about the company as a whole, for the first time. I wondered what I could do in it instead of focusing on separate specific tasks. Now, I see that my thinking is coupled with my vision."

"I think I've learnt a lot meaning that I have more common sense when looking at myself as an element of this business. During the workshops I realized what roles specific persons have in the company, why they are necessary and important for its functioning and for setting its goals and strategies. I also realized that although my co-workers sometimes irritate me, their contribution to the business is beyond price. The project has helped me in setting my priorities and in discovering that I was lacking balance and tended to act like a workaholic. Sometimes the picture is much more clear when looked at at a distance and one can find out that not all is what it seems..."

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1.9 Intergenerational dialogue

LUCYNA WERONICZAK

Dialogue is a flow of meanings between us and persons taking part in the conversation, and involves a possibility of creating, as its result, a new understanding of a matter⁵⁷. With such definition of dialogue, the analysis of the intergenerational dialogue is a fascinating challenge of our times. The development of new technologies, being a landmark of the information era in which we live, generates entirely new problems related to the intergenerational exchange. A generation of children is growing up having constant contact with the computer and their brains are digitally focused since the early childhood. However, this comes at the cost of the neural network responsible for controlling social interactions. Representatives of the older generation, not used to the omnipresent, highly advanced technology, also have to cope with its requirements – otherwise they are in danger of exclusion at the social, political and economic level.⁵⁸ At the same time, they are the last generation who when meeting friends knocked at their doors in person, without previous e-mail, phone or contact via Skype, which contributed to the development of interpersonal skills. This specific discrepancy between the generations invokes many controversies and breeds more discussions than dialogue, while the latter offers us a marvellous possibility of drawing upon the wisdom of both generations.

Intergenerational conflict or a clash of cultures?

The situation we have defined as an intergenerational conflict – an abyss between the system of values and habits cherished by the young and the system of values of the old, is now becoming a deep division, resulting in the creation of two separate cultures. This has occurred within the span of one generation and no one has yet experience in constructive solutions for such type of problems.⁵⁹ Scientists currently examine the impact of the digital revolution on the brains of the young generation. It turns out that as a result of the high-tech revolution **young people are in the constant state of “partial distraction of attention”. This state is characterised by being constantly busy with something – noticing everything but not concentrating on anything particular.** The young enjoy frequent on-line contact with their friends, however, as intimate as it may appear, it involves the risk of having no personal contacts based on real friendships and relationships. Artificial relations with numerous persons replace real contact which becomes possible only through a device, due to the young persons' inability to stay focused on one person.⁶⁰ This generates the already mentioned difficulties with relationships in the real life, as well as in their relations with their peers and persons from the older generation. The latter, on the other hand, find it difficult to understand the world of the young. Both sides agree that inter-human relations are valuable, but each generation manages them in another manner. These two generations differ a lot but at the same time need each other in order to be successful. This is particularly visible in a family where parents try to instil their attitudes into their offspring and the children refuse to use their clues. Intergenerational exchanges, described and analysed by developmental psychology, are part of the process of living in a family. **In each home the period of the children's adolescence is a very decisive stage, often perceived as a crisis by both sides.** This developmental task, carried out

⁵⁷ D. Bohm, *On Dialogue*. David Seminars, Ojai, California 1990.

⁵⁸ G. Small, G. Vorgan, *iMózg. Jak przetrwać technologiczną przemianę współczesnej umysłowości [iBrain. Surviving the Technological Alteration of the Mind]*, Vesper, Poznań 2011, p.16.

⁵⁹ Ibidem, p.16.

⁶⁰ Ibidem, p.17.

by both parents and children, is necessary for the children to take responsibility for their lives in the future and to enter into adulthood. Parental attitudes as well as the manner of communicating and solving crisis situations determine how parents and children come out of such period – they may feel as winners or as losers, satisfied or disappointed. This is how it has been for generations. **However, this already fairly hard task gained new aspects, turning from “important development process” into the confrontation of two completely different worlds.** This is particularly apparent as regards the manners of communication – or rather the inability of finding common meanings – between the old and the young generation. It may be described as a kind of parallel functioning. Having new technologies, young people live and communicate easily with many persons (they establish contacts with people from all over the world through Facebook and other social media) but they experience a problem when communicating with others in the real life. Meanwhile, the old generation builds cooperation on relations with a particular group of people and is intimidated when forced to use the Internet and communicate without a real person next to them (they are surprised to hear that if they do not have their profiles on Facebook, they do not exist). These two worlds have difficulties with understanding each other, and in family businesses family discussions and dialogue are additionally transferred to the corporate organisation. Many participants in the project “Family Businesses” have experienced difficulties related with such intergenerational situations, however, those with such experience also notice that the merging of the two worlds may yield new effects. There are situations where family members are incessantly quarrelling and challenging each other, and there are situations where they are able to change their typical behaviour and create a new value through dialogue. As one of the participants observed:

“You learn all your life and no one has an exclusive right to knowledge, so all these meetings are an interesting experience for me. I particularly enjoy talking to young persons. It is interesting to listen to what they have to say and learn how they see this world. Seeing them interested in what I can offer with my experience is very pleasant for me.”

Intergenerational exchange in a family business

One of the main topics discussed under the project “Family Businesses” was succession. We wanted to demonstrate how the process of the young generation succeeding the old generation takes place in a family business and how it leads to the intergenerational exchange. Several ways of introducing children into the company may be observed. There are businesses where teenage children start work at the lowest level in the hierarchy – in this manner they enter the company gradually and are able to take a closer look at many aspects of its functioning. In many companies owners’ children are “trained” for their future management roles by being pressurised to complete studies related to the company’s operations. In other companies parents leave the choice of career entirely to their children. During the discussions on this subject there were numerous examples of parents deciding for their children. However, other methods of introducing children into the company were also presented as inefficient. At times children working in a company from a very early age take over the steering wheel in a smooth manner and sometimes they are fed up with the business and search for their own career path. There are also examples when young persons, though earlier pushed to study at a faculty chosen by their parents, in event are happy with this situation.

“When I was 19 I didn’t know what I wanted to do in life. Was it not for my father, who recognised my abilities, I would probably spend a lot of time on looking for the proper path...”

Nevertheless, it is more common that the children who felt compelled to fulfil their parents’ wishes do not finish studies at all or do not work in the family business after graduation. At times, when children hear from parents that they may study whatever they please and not look back at the company’s needs, they interpret it as a message: “I do not see you in my company.” In such situations,

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children follow their interests and may at a later stage return to the company and supplement the necessary qualifications.

"...I graduated in Polish literature, but then I also completed accounting courses as it was necessary for managing the company."

In a family business children may sometimes accompany their parents in their struggle with business problems throughout their entire childhood. They observe the efforts of their parents to develop the company and solve its problems. The children who start working in a company at the early stage of their adulthood very often have an impression that the time has stopped – the previously healed wounds, disputes and conflict situations from the adolescence period revive. The problems which were abandoned unresolved and long forgotten return. What is more, now these conflicts are present not only at home but also in the company, which is underlined by both parents and children.

Parents declare that they really want to see their son or daughter in their company, however, later they do not listen to them, ignore them or disregard their opinions, ideas and initiatives. Young people, often with high qualifications, have the so-called fresh knowledge and are apt at computer technologies. Therefore, they try to introduce changes in the enterprise, which meets with reserve, and – more frequently – resistance and conflict from their parents. Both parties care about the same (success and development of the company) but they rarely engage in an efficient dialogue. The attitudes and behaviours "practised" for years in family situations start to emerge. The project "Family Businesses" enabled to show to both sides their attitudes and the manner of communicating. While listening to each other, participants discovered that their needs and intentions are not always clear for the second party. They saw that talking about them – though difficult and not always pleasant – may breed constructive results. They practised listening to others and talking about complex issues.

From what young persons said one may conclude that theirs is a generation of people who are unwilling to obey the governing rules, they talk straightforwardly about their high financial expectations and take up inadequate risks, as well as treat any criticism as an attack, taking it very personally. They do not understand why they have to sacrifice so much for the company and they are often less loyal. They state that in their lives there is so much more than just the company. They frequently require much attention and stimulation as they are easily bored and discouraged. They are convinced about their vast abilities but they are unable to develop direct inter-human relations. This is the effect of the partial distraction of attention described above – a sign of our times and the result of upbringing among new technologies.

During the workshops both the young and the old were able – as in a mirror – to have a look at their assets and limitations. One session under each edition was dedicated to "what is in between". This means what is between the styles of management resulting from gender, age, family and corporate systems. Those meetings provided space for emphatic understanding of the differences which do not have to necessarily provoke conflicts. It always turned out that it was an important moment when many participants in the project realised that any differences – including the intergenerational ones – may become the company's strength and asset.

Another problem faced by family businesses is that the owners' children, when working at the company, often feel as if in a trap. Working with their parents constitutes at times their only professional experience, they have no comparison with requirements in other organisations, which undermines their confidence about their own qualifications. On the one hand, they would like to try something new, but they also are afraid of leaving the company for fear of failure somewhere else. In the "real world" employers would not allow for their mistakes for which – though they are still pointed out by the parent – the children in fact are not punished. They also do not want to trade the managerial positions held at their family company (and having an effective impact on the company management) for work in an organisation where they will have lesser or none influence on the business operation.

"After I graduated, my father offered me a position in his company but I would not listen to him. I was fed up with him always trying to decide for me. I got a job in a company with a similar profile. I was full of ideas and energy but no one cared. After two fruitless years I asked my father to employ me and here the situation looks quite different. I have influence on what is happening in the company, though my father still keeps an eye on me. I think he is afraid that I will change my mind once again."

Parents also have great dilemmas when they see that the company is not a suitable place for their child due to his or her lack of competence, experience or wrong their attitudes and values.

"I worry about what will happen when my younger son finishes his studies. He thinks that he will work in our company and in my opinion it is impossible due to his careless approach to work. I am afraid of being ashamed in front of my employees because of his failure to fulfil his duties. I fear what my wife will say about this because she is too forgiving for him and does not demand anything."

During the workshops the participants voiced their concerns and had an opportunity to listen to each other as well as learn about the opinion of the other generation. They also approached these statements in a less emotional manner as they were listening to persons not related with them. The idea behind the workshop groups was to mix the participants so that no two persons from one company are in the same group. Very often, only after having listened to "someone else's son or parent who had thoughts similar to their own", they began to understand the behaviour of their loved ones. Some of them already during the workshops started to plan to talk about difficult matters with their family.

Succession – how to hand over and take over power with dignity

Another very important issue connected with family businesses – and directly related to intergenerational dialogue – is succession, that is handing over the company to another generation.⁶¹

Problems resulting from confusion around succession leave their mark on the entire family and business system

The vision of handing over the company to the children may motivate the parents to take care of the company's development while in the case of children – it may be an incentive to get involved in the family business. However, in reality it often looks quite different. During the workshops we could observe that parents found it difficult to admit that the moment for discussing succession with the children has come. The reasons for that are various, but the recurring ones include the following: the parents do not feel old yet, they are not convinced that their children will manage, the child's vision of the business differs from their vision, they do not know which child should take their position or they believe that they are irreplaceable. On the other hand, children are not sure whether taking over the family business is a good life choice for them, they do not feel that they have impact on it, they fear that their parents will have the decisive say even after the succession or their vision of the company differs much from the way the parents perceive their businesses. During the programme, the participants – while becoming more skilled in the difficult art of communication – started to talk openly about these complicated issues. During the conversations on how we contribute to the company depending on our age, many family-related problems were mentioned as well as difficulties following from different perception of these problems by both generations.

It turns out that **in many families succession is a taboo subject and conversations about it are interpreted by parents as an attack and a sign of greed**. The young, on the other hand, want to plan their lives alone and do not want to be dependent on the changing moods of their fathers or mothers. They expect unambiguous declarations and long-term solutions. They have difficulties with understanding and accepting the fact that the old generation may prefer them to obey and

⁶¹ See chapter. 2.5 – Succession in a family business.

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may not hurry with revealing their succession plans. During the workshops the young discovered that their parents need time to fully trust them and be convinced that their propositions will be beneficial for the company, though they may be hard to follow for them.

"I saw my son thoroughly researching the market of secondary raw materials and looking for the ways of their application. I didn't suppose that this could be such a profitable business. I think this is the future of our company."

There are also families where the subject of succession is not present since the parents play another important role there – they keep the family together.

"Now the situation in the company is balanced – every brother has its own area of management. However, the mother supervises it all and takes the most vital decisions. I don't know how we will manage without her. Thanks to this programme the communication between us is getting better. Maybe we will try to talk about it as well."

The project has put spotlight on various problems connected with succession. It turns out that when parents hand over the business they do not want to lose influence on the most important matters. Moreover, they are not comfortable with the new situation, they cannot find a place for themselves and they search for a role which would make them still handy for the company, although without interfering in the management. The problems arise also when one of the spouses is ready to step down while the other is not.

"For almost half a year I have been limiting my involvement in the company to consultancy, while leaving management to our son. I spend in the company two or three hours a day and help the executive personnel with problem situations. My wife initially also promised to curb her involvement, however, she still spends there eight to ten hours daily. I imagined it differently."

There are also persons for whom a different role is beyond imagination since this is the only one they know. However, the majority of participants in the workshops admitted that such changes are unavoidable and that they would have to find another place for themselves in the company.⁶²

A dialogue which developed during the workshops demonstrated that a conscious succession is the only way to find solutions as regards the intergenerational exchange, and that such changes have to involve both parties.

"I now see that my dad will not hand over the company to me if he does not find a new role for himself. I also understand that I haven't really helped him so far with this, as I have only quarrelled with him. I wanted to show him that his old methods are damaging to the company. Nevertheless, his knowledge of the market and people has saved us more than once. I am glad we take part in this programme and I think it will be easier for us to talk about it seriously."

"While listening to you I realised that my children may feel very insecure in the company not knowing how the situation will develop. They already have their families and probably want to know what their situation is and who will be in charge in the future. I hear this is a long process. We have to start talking about it."

The children often see that their ageing parents start to be less apt at coping with the difficult market situation and they know that their presence in the company is a guarantee of surviving for the company. For the parents succession is not only about the company management but also about their personal problems. During the workshops the business owners repeatedly stated that: "the company is my whole life", "I devoted myself to it – it was not only my «child» but also a guarantee for the entire system", "what I am supposed to do with myself after stepping down?", "so far I have had no life apart from the company. I have no interests or hobbies, what will I do with all this free

time?" This situation is particularly tough since the company's problems become the problems of the family and vice versa.

"My father stopped working in the company a few years ago. I can see he is bored. He will use any pretext to talk about the business. He visits the production plant and points to various irregularities. We argue about this because the employees are confused who to listen to. I hope that these workshops will make it easier for me to discuss it with him. I know that he cares and has good intentions. Maybe together we will figure out some role for him which will not cause any conflicts."

Such problems lead to various dilemmas. If children decide to leave the company, it is be a problem not only for the enterprise but also for the family. Will I disappoint my parents, will I let them down? How are we supposed to spend holidays together when parents think I have betrayed them? During the workshops many persons mentioned problems stemming from mutual, often inadequate, expectations. Due to the fact that the roles are interconnected it is difficult to separate the family and the business system.

"I thought that my mother would understand that I had to combine studies and work and that she would assign me fewer tasks at the company but she said that I was not the only employee there."

In companies led by a husband and a wife, owners often copy their relations with children.

"My wife would never forgive me if I didn't hire my son as an executive, however, I have more doubts. I am afraid of the reaction of more experienced employees to that."

This is also not easy for parents. They are aware of the generational continuance, but their business is often a binding element for their marriage, family and a financial guarantee. They feel responsible for both the company and the family and if they have not let their children take own risks and responsibility for their decisions, they are now in a trap of their own distrust. How one is supposed to share competence and delegate tasks when he or she trusts only themselves? How to hand over the company to a child if he or she is not ready to get entirely involved in its management? How to go through a change to which one is not convinced or even sees it as a sure decline of the business? What to do with a child (or another family member) who has no sufficient competence, ignores problems and cares only for themselves? How his or her dismissal will influence their further contacts, relations with the husband or wife and the entire family?

The heart of the problem is often the fact that each party is engaged in a dialogue, but an internal one, not knowing how to openly speak about such issues. One of the benefits of the programme underlined by the participants was the possibility to learn how to engage in a dialogue with the use of communication tools.

"I have learned the most during the workshops on communication. This is something new to me. I had always thought that I could well understand the other person, empathise with their needs and establish contact without any problems. Now I have seen something different. With conflict situations involving strangers I deal well, however, in my family, when talking to my sons and grandsons, I fail. I have good will and intentions, just as the other party, but we still fall out."

"During the workshops I discovered that I didn't know how to use the "I" communication at all, and that is why some persons see me as domineering and dictating my own solutions, which is not my intent. Earlier, I met with my sons during the meetings of the supervisory board but we stopped due to the intensifying conflicts. As part of additional classes with experts we have invited a coach to our meetings to help us to communicate."

"Thanks to this programme we resumed our meetings. We use all the things we have learned during the workshops, e.g. using the "I" communication, and thus we avoid unnecessary clashes and can focus on the heart of the matters as well as on finding good solutions. This project has changed my entire perception of communication in our family."

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The intermingling of the two systems in family businesses is also one of the bonding elements but it may also prove to be too difficult for the involved parties. The programme has demonstrated that in many companies a dialogue which breeds new, shared perception of certain matters leads to synergy, more quality contacts and company development.

"I talk about the company development with my father all the time. He is sometimes amused with the new solutions available. However, he shows me that introduction of new technologies is not always profitable. He told me that when he had bought a new machine, he had had to convince his customers to new products and this had not brought major profits. Such approach is important for me as I didn't think about novelties in this way before."

Intergenerational dialogue – a clash of cultures

Building an intergenerational dialogue is similar to the process of building an intercultural dialogue. The changes connected with the use of new technologies described above cause the need for appropriate preparation and tools to create the space for information flow. This, in turn, requires a series of psychological and social skills.

Psychological and social skills necessary to create the space which will foster intergenerational dialogue:

1. communication skills,
2. empathy,
3. ability to solve conflicts through cooperation,
4. understanding of change processes,
5. seeing value in diversity,
6. perception of the business and family as two intertwining systems.

With these skills it is possible to shape a dialogue based on mutual deference and respect for diversity. It is also possible to tell what is an asset and what a threat. **The intergenerational dialogue is a great opportunity for innovation and development and enables an optimal use of the business potential stemming from the company's family nature.** The project supporting family businesses through development of precisely such skills was aimed at instilling a conscious dialogue in enterprises.

"Already on our way home we started to talk about the future of the company. Not only did we not fight for the first time in a while but we also came up with a solution for a difficult situation."

The participants, while improving their skills, knew well how to use them in their family businesses because they have a good knowledge of their professional environment. Moreover, some persons taking part in the programme already had experience with such training so they were familiar with some subjects. Moreover, the classes were conducted with participation of coaches who professionally teach managerial competence. However, even the participants familiar with the subjects discussed stated that the programme taught them how to use their knowledge and skills for the benefit of dialogue. They emphasised that the understanding of the intermingling of the family and corporate systems allows for good use of social skills.

"Family Businesses" not only offered tools for dialogue but also shaped the dialogue. During the classes the participants examined the problems from different angles, searching for the best way of using their potential. They frequently underlined that the atmosphere during the discussions was inspiring and gave them insight into various perspectives. They also mentioned that if several persons from their company took part in such exchange of thoughts, it was easier to initiate dialogue in the family and organisation. The dialogue initiated by the project beneficiaries in their companies will enable them to take the best out of each generation. This will allow for surpassing the old barriers between the generations and facilitate optimal development of both persons and the organisations which they create.

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**1.9
Intergenerational
dialogue**

1.10 Resistance to change in family businesses

JOLANTA MAJERSKA

Change

Change as a shift into a different condition, regardless of its reasons, may mean events and processes, both planned and unplanned, desired and unwanted. In the system approach, change is when in an entity (system) new components appear or old components disappear.

Change is a continuous and unavoidable process It is the sign of the functioning of a state, business, family and everyone of us. We live in an environment which is constantly changing and we cannot ignore the evolving areas of our activity.⁶³ In the modern world adjustability to changes has become a necessary element of survival. At the level of organisation it is necessary to make changes in all areas and at all levels, both as regards technology, production techniques, information systems, distribution, services for customers as well as strategic needs. A family is also in permanent evolution, adjusting to the conditions in which it lives. Industrialisation processes and the nature of work performed by its members force the family to cyclical transformations. Constant introduction of changes at all levels and stages of life and activity is a condition of an efficient functioning of family members.

A change invokes many fears and concerns but it is also connected with hope. Fear of the unknown is an inherent element of human nature. Both positive events as well as each disturbance to the *status quo* require a new point of view against which we can relate to the new situation. If the change proves to be valuable and beneficial, there is a chance it will be accepted and people will adapt to the new, despite the previous rebellion and resistance. **Therefore, resistance to change is a sign of natural self-preservation instinct.** It enables a halt and cautious analysis of the situation and in result teaches us how to control the events occurring in our lives.

According to psychoanalytical theory, people resist to changes since changes breed fear and disturb the balance. Under this theory, resistance is described as defensive mechanism which is to a large extent based on ignoring the reality and refusal to acknowledge unwanted facts. Under the theory of needs developed by Abraham Maslow, the need for security is second only to physiological needs. Thus, security is vital to every person. When the need of security is not satisfied, various defensive mechanisms are triggered. Some of them are related to attitudes based on waiting which help us to survive in uncertain conditions, others are aimed at reinstating the well-known *status quo*. The more uncertain we feel as a result of the new situation, the greater and more intensified these mechanisms are. Regardless of the manner in which people react to changes, they always want to have a certain and clear situation which gives them a sense of security and stabilisation. According to Maslow, **each person has a deep hidden tendency to develop and at the same time an inherent resistance to change** caused by the fact that each transformation brings about many doubts and uncertainties. The difficulties connected with introduction of changes into the company may be presented with the example of the story told by one of the participants.

"Working in a team, I gained courage to fulfil my own plans. A friend from another company is involved in his own project and I got infected with his passion. We had long-term strategic plans but we kept postponing their implementation. We were afraid that such a small company like ours may be destroyed by even a small disturbance, so implementation of our plans was uncertain, we even feared to mention them aloud. The confidence which I gained during this project is slowly spreading also to my husband and partner, who was always the more courageous one, since he is younger and has no family. We had a certain idea which we wanted to carry out with a foreign investor but now they even want to handle it on their own. I am glad because I thought that we would not develop anymore while this new idea is

⁶³ See chapter 1.1 – The family business in times of permanent change; Jacek Jakubowski.

based on a different type of activity and a service network which we plan to organise in the entire country. We have already gathered the necessary cash: we are selling the house and some of our real property, and taking a loan."

1.10 Resistance to change in family businesses

The above quote also confirms that: **resistance to change can be observed at three levels – individual, group and social.** Hence, this concerns all organisations in a comprehensive manner, including also companies, especially those which are owned by one family. Due to the family nature of a business – which induces a deep sense of belonging and a much stronger identification with the company than in the case of other employees – persons managing their family businesses are more prone to show support and assistance in understanding the idea behind the transformation. On the other hand, the omnipresent **resistance to change in family businesses is conditioned not only by the natural desire for stability but also by the fear of personal problems and a family breakdown.**

A family is a psycho-social system characterised by homeostatic tendency to maintain internal balance and stable structure. Internal forces in this system ensure its survival against changes. Family members will in all possible manners and with great determination try to retain the balance and stability of their relations, particularly when the system is threatened with destabilisation. If a family has managed to work out a structure and ensuing roles with which all family members are satisfied, to develop constructive manners of communication and intimate ways of expressing tenderness and support for each other – then such a family will want to maintain its *status quo* and will have difficulties with reacting to natural transformations of the family system.

The same conflicts, when transferred to the company, often turn out to be very destructive.⁶⁴ When in conflict, spouses co-managing the company will often not hesitate to use their workplace to make their points, assuming that all families go through difficult times from time to time and there is no use to hide it. Each of them has their own proven ways to cope with such problems and sees no point in altering them. A family where constructive processes mingle with internal struggle for power, where unresolved conflicts and grudges revive and which has toiled to build a stable, though not that satisfactory system, will be afraid of any change. By avoiding events which could destroy the established internal order and by confining themselves to the well-known routine, the family satisfies its need for security and at the same time strengthens inertia and resistance to the new, thus preserving the *status quo*. This has been repeatedly mentioned by the participants.

"We completely could not get along. Our visions were entirely different. I had my vision and I wanted us both to implement it, after all, we do it together for ourselves and our children.

From the very beginning, I believed that if I took the risk and the idea was approved by the environment – and I heard no criticism towards it – I could assume that the idea was good and that we would carry it out together. And this is where we fell out since I am willing to take a higher risk than my wife. I felt personally hurt by her resistance and I didn't listen to her reasoning. I didn't even try to listen to her, her arguments didn't convince me – I heard them but I didn't give them a second thought.

Only when I met people who also run family businesses and experience their family conflicts, it allowed me to look at the situations from a different perspective. My wife also changed her point of view and she starts to see the value in working for ourselves, she notices the advantages of carrying out ideas in a family business."

"My husband likes to impose his opinion. He wants to have his way in everything. We argued about it, he was angry with my lack of involvement with the company, so I decided to take part in this programme to see if it can convince me. And now, as I made a decisive step by quitting a full-time job, we are thinking how to do it in the best possible manner. We talk with each other, he listens to my opinions and does not insist to leave all behind and start to do something else but always asks me for a judgment."

⁶⁴ See chapter 1.11 – Conflict and its specific character in the family business.

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In each organisation development and any transformations connected with it entail various forms of protest or disapproval. The reasons lie most often in structural, bureaucratic, economic or financial barriers experienced by the enterprise. On the one hand, transformations give the opportunity of positive development, on the other, however, they constitute a threat for the security and freedom of a person. They may raise doubts regarding, for instance, future remuneration and utility of qualifications, as well as the scope and type of performed duties. They entail fears connected with the position, blocked possibilities of promotion, social prestige, human relations, satisfaction from work, etc.

Family enterprises are often managed in an authoritarian manner. Owners of small companies are not willing to expand the structure of professional interdependencies or to divide the duties among a larger group of employees. The idea of sharing power with others invokes a sense of uncertainty in them. For those in charge each change which disturbs this state of affairs is threatening and its introduction impinges on the sense of control. The reluctance to employ persons from outside the family for key positions in the company also seems to be natural. Family ties are a guarantee of a greater loyalty, stability and similar values shared by co-workers, while the resulting care for the common interests constitutes a potent staying power. The organisational structure and culture of a family business delineates a clear framework for the functioning of the employees, as a response to the internal need for stabilisation and security. It offers a world which may be more complicated in terms of relations and professional contacts, but it is a world which is known, predictable and where it is easy to define one's position in relation to others. We may form the following thesis:

Family businesses where the central, leading role is performed by several closely interdependent persons, and where the hired employees are in need of guaranteed employment, income and stable relations, will feature intensified defensive mechanisms and the resistance to change will be especially strong there.

In family businesses, the control over the company may be also in the form of strict following of the family succession procedure.⁶⁵ Peter M. Senge believes that „the more you insist, the greater resistance the system demonstrates.“ A compensatory feedback is not limited to complicated, large systems and there is vast evidence that it functions also in more personal areas. When people are tangled up in processes which are present in both the family and the company, they become even more dependent, which is reflected in all aspects of their lives. In the succession process the adult children of the business owners – when faced with the choice concerning their career – are frequently forced to become involved in the family business matters. Sometimes they might be unwilling to do so at the beginning but they do not protest for fear of losing the financial support, the established privileges or the natural need for joint activity. Under the constant pressure and practically deprived of the possibility to make own choices, they decide to tie their life with their parents' company, though without particular conviction. As a consequence, they have to confront with the lack of understanding and acceptance for their own concepts concerning the company development. The different ideas which the two generations have for the vision and strategy of the company and its management cause confrontation of the new, streamlining ideas put forward by the adult children, with the conservative attitude of their parents who hold the executive posts in the enterprise. The seniors, trying to retain control, are unwilling to introduce innovations as this might lead to the loss of control and the feeling of being outside the main current of events. Hence, their willingness to hand over their property and accept the new order will vary.

Jack Brehm based his theory of resistance on the knowledge of the manner in which people react to being deprived of control over the course of events. According to his concept, in the case of the young generation limited choices will cause even greater resistance, fuelled mainly by emo-

Jack Brehm based his theory of resistance on the knowledge of the manner in which people react to being deprived of control over the course of events. According to his concept, in the case of the young generation limited choices will cause even greater resistance, fuelled mainly by emo-

tions and spite. On the other hand, Karol K. Oyster indicates that **the phenomenon of resistance seems to have its source in the need to maintain individual freedom.**⁶⁶ Almost all people tend to adopt a position contrary to the one expressed by the majority. When an individual feels that his or her independence is at risk, by acting in a manner opposite to the one which the others expect they try to prove that no one has control over him or her.

Similarly, employees in family businesses, due to their family relations with the employers, are often forced to excessive obedience or particular responsibility for what is happening in the company. Building business relations through dependence provides the owner with a greater sense of control over the situation. However, the same constitutes a threat for the security and freedom of the employees, it is also the cause of the feeling of uncertainty and, in consequence, fear of losing one's job, promotion prospects or salary. The employees may try to cope with this by making own decisions and implement own initiatives in order to make individual gains, e.g. by acting to the detriment of the entity they represent or by forming an opposition in the name of own interests. **In family businesses, where the typical model of relations is not hierarchical but a radiant one (the majority of decisions is taken by the owner) the greatest source of resistance is in the social subsystem of the enterprise. At the same time, this system has typically the greatest influence on what is happening in the company.**

The contemporary labour market is incessantly changing and thus there is a continuous necessity of introducing innovations and implementing state-of-the-art technologies. The world of business has to continually adjust to the trends, novelties and innovations. For many family businesses such catching up constitutes a difficult challenge since such enterprises are often based on the owner's idea and not on his particular skills or knowledge. Management functions performed by a person without theoretical preparation raises many doubts as to its efficiency. Constant development of the company and adjustment to the market requirements mean not only more duties but also the need to raise one's qualifications. The majority of entrepreneurs everyday have to face new dilemmas and real fears of a difficult situation which they may encounter while they do not have tools to solve it yet. Continuous changes require getting used to the lack of order, to imperfection and uncertainty, and therefore they are poorly tolerated by those who do not trust their own powers and for whom stability and security are the main priority. The analysis of the statements made by our participants has shown that for many of them it was important that the training enabled them to become aware of the importance of changes (both changes they directly control and those which remain entirely beyond their control). The majority of them realised that there is nothing one can do to stop changes from happening. However, they can prepare themselves for transformations and learn how to cope with them. Such approach minimises the negative emotions which build up in connection with changes.

"Now, I know in which direction we should develop and in which fields we should train. I see my own faults and I can say that I know which things I don't know yet – I can define those shortages. They concern mainly strategic management, necessary to properly run the company. In the present situation another type of knowledge is required, professional expertise. I have been an entrepreneur for many years now and I am experienced but I also have my habits. My knowledge was sufficient in the times when the client was waiting at the door of the shop and begged to sell him anything. However, now we have to woo the client to sell him something. We have to adapt to these new conditions."

"For me this project is a comprehensive preparation to running own business. I am already familiar with many things but I was not able to name them, for instance, for me, as the future successor, building the brand is extremely important. Now, I am aware of this and I can think what to do about it. I have no business education so the lectures on these subjects were very helpful for me. I also realised that others have to cope with the same problems – earlier I thought it's only me who have them."

⁶⁶ See C. K. Oyster, *Grupy [Groups]*, Wydawnictwo Zysk i S-ka, Poznań 2000.

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To sum up, it is worth to underline that all changes which take place in enterprises are connected with both risk and resistance. In the case of family businesses such mechanism is augmented since it is conditional not only on systemic company linkages but also – which makes it particularly difficult – on family relations. Where many generations of one family work together one can find both support and strong envy between the relatives, which may significantly limit implementation of the new plans.

The business and family system – due to its strong internal linkages and natural need to preserve the status quo – is not prone to introduce changes. Resistance towards the new is in family businesses considerably stronger than in non-family business entities.

When analysing the process of introducing the changes in family businesses, it should be first of all considered that resistance to such changes is an entirely natural phenomenon. Therefore, it should not be suppressed but skilfully overcome by following the tested and scientific principles. Mediation or negotiations can prove to be helpful. Certainly, it is worth to thoroughly analyse these processes and to try to approach them in a constructive manner, by accepting them and building the sense of security and trust based on such acceptance of the inevitability of changes. This is particularly important in those family and business system where positive introduction of changes requires cooperation and personal involvement not only from the company employees but also from the entire family.

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1.11 Conflict and its specific character in the family business

KRZYSZTOF STAŃCZYK

In family businesses conflicts are particularly visible in such processes as management, communication, intergenerational dialogue and intermingling of the family and business system. But are there any conflicts which are specific only for family businesses? And does the nature of the functioning of such companies determine the nature of the conflicts present in it? In order to answer this question we should examine certain important components of the functioning of a family business, which make it different from a non-family enterprise. In my opinion, there are three main components of the functioning of a family business, which may determine the nature of the conflicts present in it. (This thesis is based on my own experience gathered during cooperation with family businesses, on the research performed with the sample of twenty five companies – participants of the project “Family Businesses”, as well as on professional literature.)

The first specific component of the family company's functioning was named by me as “**closed space**”. A considerable part of population in the business world consists of managers and hired employees. These, unlike the workers in family businesses, live in “divided worlds”. In the morning they leave for work (one world) and in the afternoon they return home (the second world). However, employees from a family business, symbolically, never leave for work or return home. They remain all the time in the same space. Sometimes, it is a closed social space (the same people at work and at home). Sometimes, it is also a closed physical space, since a considerable part of small family businesses conduct their activity from the place where the family also lives. The quote below, from the already mentioned research, describes this type of situation:

“My company consists of a husband and a wife. Thus, it is impossible to keep business matters separate from the family ones. Moreover, our company is based at our home. We are 24 hours a day at the company and at home at the same time, and, naturally, the border between these two areas is blurred. We have no good rules which would separate the two spheres of life. When we work our family conflicts or home matters recur. At home business matters prevail, for the entire day. Very often in the late evening some important current business matters have to be dealt with, which in effect reduces the amount of our quality sleep. Since the company is based at our home, our company (that is their owners) is open for almost entire 24 hours. Any attempts to divide the company matters from the family life have not been successful so far (the company has been operating for over 15 years now).”

Another component of the specific nature of a family business is the **emotional intensity of interactions** between the family members. It is more intense than in the case of relations between people who do not belong to the same family. This is caused by the intensity of emotions evoked and the strong ties.

The third specific component of the family business operation is the fact that the **family shapes certain models of functioning, characteristic only for the particular family**. These models are expressed by a set of standards and roles which form the *status quo* of a family system and make it prone to stability, inertia and resistance to change. When the young generation joins the family business and wants to “bring some fresh air”, trying to change the *status quo*, the conflict is unavoidable.⁶⁷

Hence, we have three important components of the specific functioning of a family business:

- family members functioning in a closed social, and at times physical, space,
- a considerable intensity of frequently experienced emotions in interpersonal interactions,

⁶⁷ See chapter 0 – Intergenerational dialogue.

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- the company functions in the sphere on which many forces have impact and where the family model clashes with the tendency to change, which is naturally brought to the company by the young generation.

Can those components contribute to the specific nature of conflicts in family businesses and if yes – how? This will be examined below.

What is a conflict?

The word stems from the Latin word *conflictu*, which means a clash. For many persons this connotation is of negative meaning and this may be the cause of the fear of conflicts. However, when we cast off the stereotypes and examine this phenomenon in detail, then it turns out that **a conflict is a natural situation and means simply a difference in opinions, motivations or visions**. These differences are revealed at the moment of discussion and their negative or positive effects depend largely on the way in which we approach such differences. **What is important for solving a conflict situation is not the sole fact that there is difference in opinions but the way and extent of our effective dealing with the conflict.**

In psychology generally two types of conflicts are described: internal and external. Internal conflicts concern phenomena which take place inside a person's mind and are called intra-psychic or intrapersonal. On the other hand, conflicts between the persons are called interpersonal conflicts. We may assume that when examining conflicts in a family business we should look closely at only interpersonal conflicts, that is conflicts between family members. However, oftentimes the interpersonal conflict is a result of an internal conflict. If a family member goes through an intensive internal conflict which exceeds his or her adaptive skills, frequently such a conflict may be reflected in interpersonal relations.

Nevertheless, considering the limited size of this article, further analysis will be limited only to interpersonal conflicts occurring in the company and in the family. These result from various needs of family members, differences in ideas for technical or procedural solutions and individual visions of the future, or from various manners of understanding the values.

Strategies in conflict situation in a family business – consequences and causes

We may distinguish five model situations which occur in a family and a family business during a conflict. What should be discussed is the origin of those conflicts, in terms of a two-dimensional model: psychologically well functioning families (one dimension) and the strategies adopted by a family and business system in the conflict situation (the second dimension).

1. A family which can solve the conflicts in a constructive manner grows in strength in terms of its internal structure.

The example presented below comes from the already mentioned research with the participants in the programme "Family Businesses". Below is the statement made by one of the respondents:

"I will describe a conflict which was bound to happen was it not for my father's – he is the founder of our group of firms – wise behaviour. This problem concerned succession. My brother is 8 years older than me, and thus has more experience than I do in terms of running the business (he has done it for 15 years and I have been in the company for 5). At a certain moment, we had to consider what would happen to the company in few years' time when our father would want to withdraw from the current business activity. Initially, we had an idea that each of us should own half of the shares in each company. However, we then concluded that this might be the source of conflicts. Additionally, there were many other aspects, such as various industry sectors, and, most importantly, vast differences in company management and work

with employees. Therefore, our father came to a conclusion that each of us should manage his own sector and would run a separate company. He wanted a fair division and I think that this is the best solution. Obviously, it is difficult to measure, but, considering other ideas, this one seems to be the most reasonable. I have described a conflict which was suppressed already at its beginning and I have no experience of an unresolved conflict. I have just realised that this is something to be glad about."

In the example presented above a family was able to effectively solve a budding conflict. It seems that the factors which determined the family's success included open and effective communication and adoption of a "win-win" strategy. Effective use of appropriate techniques and strategies equips the family with an internal ability to successfully face the challenges it may encounter.

2. A company which can effectively manage conflicts, for instance by means of mediation procedures, increases its efficiency.

Below there is another example described by a participant in the "Family businesses" programme:

"After 13 years of managing the company I handed over the management functions to my older brother, since there were many clashes and unnecessary conflicts between us. This project helped me in making this decision. I understood that it would not hurt me and that I could more objectively assess the pros and cons of this situation. Obviously, this was preceded by intensive discussions and many meetings, initiated during the workshops on communication and conflict management. We asked for additional classes on communication and conflict solving. Thanks to such extra meetings with the coach and his intervention, we have managed to develop mechanisms which so far have functioned well and it seems that we finally have the opportunity to really move forward. We are also aware that we still have much work to do in terms of our communication."

In this manner the company has considerably increased its efficiency by opening itself to new ways of conflict management and by increasing its competence in terms of open and effective communication. What influenced this improvement was participation of the company representatives in the project "Family Businesses" conducted by a coach, and a special mediation and workshop session on communication rules between family members working together in a company management board (a mother and three sons).

3. A family which cannot cope with its internal conflicts features toxic processes and is susceptible to crisis as well as decreases the quality of life of its members.

An example illustrating this phenomenon also comes from the research conducted by the author of this article:

"The recurring circumstances concern the repeated critical remarks from my mother concerning my various behaviour (and in front of third persons). This might sound silly but all the time I hear "why didn't you put your hat on", "you shouldn't smoke" (4 times a day) and I am treated in a patronising manner and given orders. Plus, there were constant (even intrusive, in my opinion) remarks that running a business in Tarnów is so great, while in Cracow it is so difficult. My mother wants me to work close to her in Tarnów. When I express my disapproval of such situations, we quarrel and my mother starts to be patronising towards me, not like an employer, but as a parent. This is very frustrating. I often try not to show my discontent and then I am fed up with it and burst out and my reaction is probably inadequate to the situation then. I give up as far as a substantial discussion is concerned. I have a feeling that this conflict is an irresolvable one – my mother will not change since she sees nothing improper in behaviour which is irritating for me. We differ a lot and I think she would like to force me to be more like her, not understanding that this is not possible. I think that our relations will improve if I meet her less often. Less frequent contacts will bring more healthy relations, so I hope."

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It seems that one party to the conflict (the parent) has been fixed upon her family and caretaking role. She lacks flexibility which would allow her to see her daughter as an adult person responsible for her condition (clothing properly to weather conditions, smoking or abstinence from nicotine). Such behaviour in the family system – being entrenched in the caretaking role – contributes to making it more difficult for the adult child to feel comfortable with their adulthood. Moreover, this to a large extent contributes to a situation where an adult child adopts a strategy based on submission, with cyclical rebellions and a conflict between the mother and the daughter. As a consequence, the parties to the relation (mother and daughter) demonstrate periodical, uncontrolled bursts of excessive emotions, a sense of helplessness and a recurring longing to isolate from each other.

4. A company which cannot cope with its internal conflicts will not be able to effectively meet the challenges posed by the market.

An opinion of a respondent from the above-mentioned research:

“Four months ago my husband joined our company. With his arrival, a conflict started to build up between my husband and my brother. The source of the conflict lies in the different experiences they have. My husband knows how to repair cars as he worked as a mechanic before. My brother, on the other hand, has a very limited knowledge on this subject, mainly based on observations. In general, my husband knows a lot about cars and this is the scope of his duties in the company, while my brother has much more duties, and also his own company. Additionally, they experience communication problems, e.g. they are not able to arrange a meeting. (...) Their cooperation and contacts are still far from normal. It is evident that they are not particularly fond of each other. An additional element disrupting their relations is my brother’s wife and her bad relations with my husband. I am afraid that they might not have enough strength and willingness to cooperate and my husband will be forced to leave the company. It would be disadvantageous for the business. The quality of services performed by us will be lower in terms of car repairs. With the competition on the market being more and more powerful, this might be dangerous for us.”

Here, we have an example of a family business where as a result of a conflict the company’s efficiency may be reduced, and, what follows, its ability to meet the market demands. What is then of decisive importance in solving a conflict already present in an enterprise? Under the proposed models, it seems that the parties to the conflict (husband and brother of the respondent) cannot in an effective manner use the win-win strategy. They adopted an evasion strategy (“they are not able to arrange a meeting”). This is correlated with the limited openness for communication (“they experience communication problems”) and the lack of acceptance of the new person in the family (husband of the respondent).

5. Positive or negative feedback in a business and in a family, that is efficiency in solving conflicts or in strengthening destructive family and business processes.

A family business is a system composed of two combined subsystems: the family one and the business one. This system features two loops of feedback which condition the dynamics of processes taking place in these two subsystems. The nature of these feedbacks may be positive or negative. A positive feedback means that positive processes initiated in a family, for example as regards conflict solving, are transferred on the company ground and result in an increased economic efficiency. An example demonstrating this phenomenon has been taken from a press article on family businesses.

Gazeta Prawna (“Legal Paper Daily”)

“After the legendary creator of cars (Porsche make), Ferdinand Porsche, died, their heirs almost wasted the entire automotive fortune. All this was done by his ambitious grandson, Ferdinand Piech, who not only introduced his business ideas without any consultations, but also stole the wife of one of his cousins (only to leave her soon afterwards). In the 70s the family was in such a deep conflict that they decided to undergo a group therapy (which may be interpreted as a certain form of mediation – note by the author of the article). . . . With the increased harmony, over the years Ferdinand Porsche’s successors became a true business dynasty, which has been confirmed by the recent takeover of the Volkswagen concern, one of the biggest in the automotive sector.”⁶⁸

Mutually intermingling feedback loops in the family and business system may also have negative effect. This would mean the interpenetration of destructive processes occurring in the family and in the business. An example of such destructive dynamics was also taken from a press article. This example describes the story of Suhrkamp – a legendary German publishing house.

Gazeta Prawna (“Legal Paper Daily”)

“Siegfried Unseld who managed the company for decades with an iron hand initially prepared his son, Joachim, to be the successor, granting him a minority share package. Already after his sixtieth birthday, Unseld decided to divorce his first wife and marry Ulla Berkowitz, an actress and dancer 20 years younger. The spouses managed to make an agreement: the wife agreed to the divorce in return for a guarantee that after Siegfried’s death the company will remain under their son’s control. However, to the astonishment of Unseld junior, after his father died in 2002 the company was taken over by Ulla Berkowitz. As a protest to this manoeuvre, many famous authors published by Suhrkamp left the publishing house, which significantly weakened its financial position.”⁶⁹

To sum up the phenomenon of conflict and its specific character in the family business, it may be stated that:

1. A family business is in a certain manner more susceptible to interpersonal conflicts.
2. This vulnerability results from strong ties with which family members are bound, intense emotions which they experience during interactions, and from the density of social interactions connected with shared work.
3. According to family members, the majority of conflicts are connected with unclear division of duties. A less formal manner of communication among family members in a family business and less formal determination of the roles probably cause the blurring of lines dividing competence and responsibilities. As a consequence, there are areas for which no one is responsible and areas where duties are not defined clearly enough, which may generate conflicts.
4. Due to the system nature of a family business (family and a company are two combined subsystems), conflicts from one subsystem will seep into the other subsystem. As a result, two mutually fuelling, vicious circles may be created. Conflicts in a family are transferred to the company, which deteriorates the situation in the firm and in turn translates into worse relations among family members, and so on.
5. A family business described as an area of particularly intensive interactions which increase its vulnerability to destructive dynamics of a conflict, paradoxically has a tremendous potential to transform a conflict into a source of innovations. This paradox stems out of the fact that the fam-

⁶⁸ R. Woś *Firmy rodzinne, czyli interes prawie idealny* [Family companies – an almost ideal business], Dziennik Gazeta Prawna – Magazyn [Daily Legal Paper, Magazine], 22–25 April 2011, p. 6.

⁶⁹ Ibidem, p. 6-7.

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ily assets in the form of intense emotions triggered during interactions and strong ties between family members, giving them a deep-rooted sense of common interest, may be both a source of destruction and a source of unique energy enabling real changes.

Finally, when discussing conflicts in a family business one may not forget about the power of psychological models functioning in the family. Such models to a large extent determine whether the family relations will be negative factors destroying the company from the inside or strong foundations and a source of positive energy brining the enterprise together. Summing up:

The manner in which family resources are used depends on the psychological models of behaviour in such a family.

The more positive is the mutual perception of family members, the more willing they are to communicate openly.

The more openly family members communicate, the more often a conflict situation will be a source of innovation.

The more family members support each other, the more power the family has to face new challenges.

The more family members are open to the surrounding world (simultaneously paying attention to the ties binding them), the easier it will be for them to use external support when solving a particular problem (an interpersonal conflict, different visions of the company development, technological problems or a crisis situation on markets) which turns out to be beyond the family's abilities.

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1.12 Communication in a family business

DOROTA JURZYSTA

Communication can be examined as a basic process present in each family and in each company. At the same time, it may be treated as a basic tool for making developmental changes – both in a family and in an enterprise. Communication processes show the bases of the functioning of a family and business system, that is: effective management based on values, marketing operations and financial solutions following from such management, art of systemic thinking which takes into account emotions and resistance to change. In this context, the **meta-goal of all programmes supporting family businesses is to build space for a dialogue based on partnership, which will enable finding the best growth strategies**. It should be underlined that not only strategies for the company development are needed, but also career paths for particular family members. A dialogue based on partnership is at the same time a practical fulfilment of the basic values (it builds relations centred around respect for dignity) and a basic tool for modern management. **Without dialogue between employees long-term development of a company is not possible.**

With years, each family works out own system of communication – including its own habits and proven methods. A private organisational culture is created, with diversity of its forms, subtexts and informal agreements regulating everyday life. Over the time, such culture begins to have a life of its own – sometimes certain matters are not even mentioned since they are “obvious” for all those concerned. The problem lies in the fact that if such matters have not been discussed for a long time, they might start to mean something else for each family member. At the same time, since the family and the business system intertwine, family businesses include various potential grounds for interpersonal conflicts (succession, employment, pace of development) and the manner of their expression. Moreover, such firms feature also natural differences in approach to the needs, connected with the different gender, age and vision of family members. In a family business the amount and diversity of the potential grounds of conflict are augmented by a danger of mixing particular interpretations of symbols and habits in a given family, and thus the chance of a conflict is greater. In order to settle such disputes, it is often necessary to verify the meanings which are taken for granted.

Everyday life is regulated by a variety of contracts between persons – these are informal contracts which we do not enter into everyday anew. They get established on the basis of particular events and then are used without a deeper analysis. They are passed on from fathers to sons and from mothers to daughters. They become a part of the organisational culture. In non-family businesses such habits and standards are verified together with arrival of each new person. When new employees learn how the company works, they receive a message about the rules in force in a given organisation. These rules concern also communication – a particular credo about what is permitted and what is not. These rules are also verified by questions from a new employee. In a family business such rules are much more difficult to be verified since a naive question from a newly employed person may be read as an attempt to undermine the foundations of not only the enterprise but also the entire family. In a family business the following question: “why do we do it this way?” may be easily turned into the following doubt: “why do we do it this way in our family?”

The company’s organisational culture, its habits and communication ways (secret, family code) resulting from deeper family ties are a considerable asset of family businesses but may also constitute a limitation for them. Separating what is about the company from what is about the family is particularly difficult when emotions govern our decisions.

The family communication code, created not only in a company but also outside it, is a precious asset of each family enterprise. Thanks to such code, the family members can communicate without words: “I always know what he thinks”, “I start the sentence and he finishes it”. This type of family telepathy is at the same time a limitation, though, since it gives a false impression that we *always* think the same and want the same, which in reality is impossible. During the workshops participants

The family business in modern economy

mentioned that with time the company becomes a subject, as if it were another family member. And this new family member is the most persistent in demanding fulfilment of its needs. The others adjust to this demanding member of the family community and stop talking about their own needs. In such a situation communication – understood as a dialogue based on partnership – is supposed to contribute to conveying, specifying and detailing the needs of particular stakeholders.

Support for a family business has to teach how to talk about own needs, not only without disrespect for other persons but also with care for the ties binding the family. The art of talking about own needs without the fear that such needs will cause conflicts is expressed in solving conflicts by means of a cooperation strategy.

In interpersonal relations, both in a company and in a family, we may experience communication on different levels. Each such level brings specific interpersonal consequences. This matter is discussed by Stephen Covey in his (classic in its category) book "7 Habits of Highly Effective People". Covey distinguishes three basic levels of communication:

„1. *“The lowest level of communication **coming out of low-trust situations would be characterised by defensiveness**, protectiveness, and often legalistic language, which covers all the bases and spells out qualifiers and the escape clauses in the event things go sour. Such communication produces only Win/Lose or Lose/Lose.*

2. *The middle position is **respectful communication. This is for a level where fairly mature people interact**. They have respect for each other, but they want to avoid the possibility of ugly confrontations, so they communicate politely but not emphatically. They might understand each other intellectually, but they really don't deeply look at the paradigms and assumptions underlying their own positions and become open to new possibilities. Respectful communication works in independent situations and even in interdependent situations, but the creative possibilities are not opened up. In interdependent situations compromise is the position usually taken. Compromise means 1+1=1,5. Both give and take. The communication isn't defensive or protective or angry or manipulative; it is honest and genuine and respectful. But it isn't creative or synergetic.*

3. *The **synergistic position of high trust** produces solutions better than any originally proposed, and all parties know it. Furthermore, they genuinely enjoy the creative enterprise. Synergy means that 1 + 1 may equal 8, 16, or even 1600.”*

A dialogue based on partnership includes verification of these assumptions, particularly, when it concerns such matters of vital importance to the family business as its continuance and succession. The methods which function well in the family system and are then transferred to the company system may not be adequate to the business situation and challenges. What is more, even methods which are long-practiced in a given family may cease to be applicable due to the changes of which we have not been aware. Therefore, the interpenetration of both systems requires a substantial degree of maturity and courage.

In his work *Organizacja a rodzina, więzi rodzinne w życiu gospodarczym (Organisation versus The Family. Family relationships in Economic Life)* Łukasz Sułkowski writes that **the development of a family business is connected with ensuring career paths for the family members.**⁷⁰ Those companies which have a vision and pursue a specific strategy take such career paths into account to some extent. Optimal management, covering recruitment, motivation and development policies, should aim at guaranteeing balance between the goals of the enterprise and of the family. Without a dialogue based on partnership, which enables clear, open and honest communication of the needs, goals and values of family members, such management is not viable. Management has to be based on communication which supports development of an enterprise as well as the processes taking place in it, and has to be always centred on the assumption that the family is its basis and cornerstone.

⁷⁰ See Ł. Sułkowski, *Organizacja a rodzina. Więzy rodzinne w życiu gospodarczym [Organisation versus the Family. Family Relationships in Economic Life]*, TNOiK, Toruń 2004.

The company may grow or not, may be sold, may be transformed, may go through various stages, but a family will always remain a family. In this context, support for the family in creating or managing a business means indicating such cooperation methods which will allow for "peaceful" voicing of different opinions.

"I realised that I can have a different vision of the company development, which doesn't mean that I don't love you, mother."

On the basis of the programme "Family Businesses" and the stories presented by the programme participants, it may be stated that:

Regardless of the stage of the family company development, its success depends of the following tools:

1. active listening (listening to others without presuppositions, focusing on the speaker and making an assumption that we have a common goal and shared values),
2. using the "I" communication,
3. communication without violence,
4. coaching style of asking questions,
5. open communication based on values, common understanding of the world, but also on respect for differences and on mutual esteem.

It should be also stated that several beneficiaries of the "Family Businesses" programme underlined the importance of properly and consciously applied communication tools.

"I managed to introduce some changes in the company in a satisfactory manner, e.g. to dismiss my uncle from the position of the head of production, without aggravating the family relations. This project has had a very beneficial effect on my relations with my brother-in-law. We took part in the project together and it broadened our horizons. We started to talk, share our observations, explain how each of us sees the given problem and by means of these conversations we managed to work out good solutions. Earlier, we didn't have such talks (...). With these conversations we were able to decide to share our work, while before I did a lot of things on my own, and now my brother-in-law handles some things from the beginning until the end. I trust him, I can see that he is responsible and involved, and this is possible mainly thanks to our conversations.

I have gained a broader perspective, and thus I have time for more important things, such as strategies or development, while my brother-in-law handles operational, current affairs. (...) Our relations improved, as well as the division of work, we have a broader view of the company, better division of responsibilities among particular employees and now they do not come to me with every little problem and I don't have to engage in overcoming all "catastrophes". The source of these changes was our conversation and the fact that we started talking at all. Sometimes our opinions differ, but we are able to talk about it. Previously, we didn't talk at all."

"My approach to the employees changed. I always had problems with drawing a line. That is, I drew mine, but I wasn't aware of stepping into others' spheres. I made horrible mistakes which worsened the atmosphere at work. I was short-tempered and I couldn't state what I required, and once I even made a girl cry. As a result, people remained aloof, or isolated, while I felt that nobody understands or appreciates me. My partner told me that I should not have reacted in this manner, but I didn't listen. Only during the workshops I saw all my mistakes.

Afterwards, we improved our communication system in the company."

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PART II

**A Methodology for the Support
of Family Businesses**

2.1 Assumptions behind the 6S Methodology

JACEK JAKUBOWSKI

A fundamental principle in the field of management today is the need for constant growth and therefore for learning. Expanding one's knowledge and learning new skills are the most effective response to constant change with all its consequences: new technologies, new management style, the need to be ever more flexible in action. Wishing to survive in the market, any company must ask themselves a few fundamental questions:

- What challenges, opportunities and threats is our organisation facing?
- What problems are we struggling with now, and what can we see on the horizon? – What competences will our employees need to have in two, three, four years' time?

Answering these questions is necessary for creating such strategies for action that would lead to real effects.

Learning in the world of business

In the modern world it is becoming necessary for the employee to actively participate in the knowledge process. Within this process (of learning, recollecting, combining known and new elements in an innovative way) you can "actively be" or ossify, be flexible or get into thinking patterns, develop or resist change. Those who choose the first, progressive model of participating in the reality increase their chance of professional success but must be ready to constantly pose questions, engage in a dialogue with the environment, and to question what they meet. **They should also be able to work in teams so as to make discoveries in synergy with others.** The reason is that today no-one is able any longer to grasp on one's own the vastness of the knowledge process that "is happening". And this does not concern the entire knowledge available for gaining, as this has long been unfeasible; it is about knowledge necessary for the performance of a given task or work, as well as for the normal functioning of social entities such as organisations or companies.

Learning understood as a process that requires constant active participation on the part of the individual, is not easy. This is mentioned by Peter M. Senge in a book titled "*The Fifth Discipline. The Art and Practice of the Learning Organization*":

*"It is no accident that most organizations learn poorly. The way they are designed and managed, the way people's jobs are defined, and, most importantly, the way we have all been taught to think and interact (not only in organizations but more broadly) create fundamental learning disabilities. These disabilities operate despite the best efforts of bright, committed people. Often the harder they try to solve problems, the worse the results. What learning does occur takes place despite these learning disabilities – for they pervade all organizations to some degree."*¹

The process of developing knowledge may not be based only on training, studies and other organised educational forms. It should become part of everyday life, supported from time to time by special educational and developmental forms such as workshops, seminars or conferences, which constitute ways of supplementing and reinforcing the everyday cognitive activity.

Learning is often strenuous, arduous and exhausting, but it may be joyful and fascinating, it may bring a sense of deep fulfilment and satisfaction. In order for this to come true, all process participants should demonstrate an attitude of openness, curiosity, internal honesty in searching for truth, and relationships between them should be characterised by kindness and respect for the other person, thus allowing for authentic dialogue and cooperation. The learning process should

¹ P. M. Senge, *Piąta dyscyplina. Teoria i praktyka organizacji uczących się* [*The Fifth Discipline. The Art and Practice of the Learning Organization*], Dom Wydawniczy ABC, Warsaw 1998, p. 31.

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be strategically planned, and at the same time should take place “in leaps”, not regularly, surprising the “learning entity”.

Many training courses consist exclusively in presenting information to participants, most often in the form of lengthy lectures garnished by computer slide shows. Courses carried out in this way rarely bring results in the everyday functioning of employees, and prove to be an unprofitable expenditure. Thus, many owners of small enterprises quickly draw conclusions from this type of experience, taking a straightforward decision not to take part in similar undertakings in the future. However, courses worth their value, i.e. **those that bring about a real change, must be based on active methods that create opportunities for participants to reflect, share their reflections, and practice new skills.** Furthermore, participants themselves (rather than trainers) should formulate goals for themselves and take responsibility for their own development. Professionally prepared trainers should create room for this process to arise; they should build and stimulate dialogue thanks to which participants can learn. Training courses carried out by trainers with adequate preparation, organised in logical sequences, based on diverse types of activity and immersed in a friendly, supportive culture, give such measurable results that doubts concerning the funds spent on them quickly disappear, as this way of increasing the level of competence of company owners and employees simply pays off. Sensible, well-prepared lectures are of course a very important part of the entire learning process, but they cannot be its only element.

The question that remains is how to introduce such a system for training professionals into business. As Peter M. Senge adequately put it in his cult book mentioned at the beginning, *“The Fifth Discipline. The Art and Practice of the Learning Organization”*:

“People enter business as bright, well-educated, high-energy people, full of energy and desire to make a difference. By the time they are 30, a few are on the fast track and the rest ‘put in their time’ to do what matters to them on the weekend. They lose the commitment, the sense of mission, and the excitement with which they started their careers. We get damn little of their energy and almost none of their spirit.”²

Small and medium-sized enterprises have a different problem – they do not organize virtually any training processes. This does not mean they do not learn. They rely on the natural everyday process of analysing, observing, reading, and experimenting. This has invaluable advantages and one disadvantage – solitude. And learning in solitude is an arduous path full of traps and defeats. Participants of the “Family Businesses” project have repeatedly emphasised how important was the opportunity for a deep exchange of experience based on trust, for confronting thinking models offered by specialists with one’s own experience and that of others.

The educational paradigm, or what do the 6S stand for?

In times when permanent change brings with it a sense of discomfort and danger, and forces constant effort, the foundations for moving around in uncertainty in everyday life should be provided by genuinely human relationships that give support and allow for continuous learning and development. Taking this into account, **those who implemented the project decided on an approach to the process of knowledge that stems from the humanistic philosophy of dialogue.** This approach is reflected in the **6S Methodology**, the main assumption of which is undertaking action in five areas that concern *Samorozwój* (Self-development), *System rodzinno-firmowy* (the family-and-business System), *Strategia* (Strategy), *Sukcesja* (Succession), and *Spółeczność* (Community). The sixth S stands for *Synergia* (Synergy), i.e. the art of combining support processes into one whole so that they supplement and reinforce one another.

The fundamental assumption common to all those who implemented the project was the conviction that **any training activity should be based on developing communication, self-awareness, systems thinking and modern management.**

The educational paradigm within which those responsible for implementing the project moved may be expressed in the following statements, which formed the basis for designing programmes and carrying out activities within the project:

1. Participants are considered partners who are personally responsible for their own development and learning process.
2. Educators (trainers and consultants) create educational situations in which participants (not listeners) “learn” and undertake development-oriented activities as persons.
3. Values (dignity, kindness, dialogue, freedom of choice) form a basis for the designed workshop procedures, educational and consulting programmes.
4. Sessions are carried out using active methods (experience-based learning), and the necessary knowledge is provided during interactive lectures combined with discussing information presented during lectures in smaller workshop groups.
5. The programme is built on the basis of a preliminary recognition of needs but is subject to constant modification as a result of observation and evaluation of the activities implemented and results obtained, which continues throughout the entire period of training project implementation. Changes concerning the concept and scenarios of sessions may both result from the reflections of those responsible for implementation, and be a response to the needs revealed by programme beneficiaries during the group process.

The subsequent chapters of Part II of the Methodology describe each of the six areas included in the 6S Methodology. Part III is entirely devoted to educational events and those responsible for their implementation, and illustrates the practical approach to the philosophy on the part of those who implemented the “Family Businesses” project, while Part IV provides the actual tools and methods adopted within the project.

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2.2 The family-and-business system

DOROTA SZCZEPAN-JAKUBOWSKA

What do we recognize as a system?

The systems approach concerns both natural and a vast number of other phenomena, including sociological, psychological, economic ones, and those related to literature, arts, IT, mathematics and automation. It must be emphasised first of all that **a second generation systems approach applied to social phenomena is a methodology of thinking about relationships between observable facts.** The system is not treated here as some objectively existent entity separated from the rest of the world by an invisible barrier. The system is nothing that would exist in objective terms. It is a construct created in the mind of the researcher and/or in the course of the social dialogue. A certain group of elements (e.g. people or phenomena) comes to be recognized as a system because one may identify feedback relations between them. The elements of these systems do not have to be individual people; they may be departments of a company, or interdependent sectors of the economy. On the other hand, creative associations for instance, where individual artists do not contact one another either directly or indirectly, are not systems. Also, a grandfather living in America, known only from stories, will not be part of the family system, even though he does belong to the family. Thus, not every set of individuals is a system.

The system should be understood as an arbitrarily established set of elements, related to one another, which constitute a certain whole. In social systems such as the enterprise and the family, the “nervous system” or binder of the system is communication. In the case of family businesses it is also particularly noticeable that the system may also be seen as several interweaving systems that influence one another (the family and the enterprise).

From the perspective of individuals, every human being may feel part of a great number of systems. Their psyche can also be described as a system. However, some “wholes” are more important for them than others. For the purposes of the proposed methodology, the criterion of *intensive interactions* is important. Systems, therefore, will be those collections of elements where frequent interactions occur and where each element has the possibility to communicate with a majority of other elements directly or indirectly. Each element of the system influences every other element, although not always directly. One might say that **systems thinking describes the way in which elements begin to operate as a whole.** An essential property of that whole is that it is not a simple sum of its parts.

“Now I finally see that the phenomenon of the family business is broader, as it is not only about the fact that I employ my mother, grandmother, son for a while, but that such a company is a separate entity which consists in a combination of what is family-related and what is business-related, and on communicating exemplars, values, working styles to our offspring.”

“In our family, everyone works at the company, us, daughters, sons-in-law – and that communication is not easy. It is difficult to be the mother, the boss, and the grandmother at the same time. It is not even certain how I should be addressed: mum? boss? I used to think that mum was at home and the boss – at work. But it does not work like that, because I am one person. Now I am mum at work too. Of course, when there is something to be done, there are no privileges. Regardless of whether it is an “ordinary” employee or my own child.”

The category of wholes rather than the category of elements is of prime importance to the systems approach. Note that in the case of the family there this natural property of systems is consistent with the needs of family members. One of the reasons for starting a family is the need for the sense of being a whole. The feeling of belonging, of being influenced by other family members and influencing them, is an important existential experience. Very often the fact that we are together

and we form some kind of organism is a value in itself. When the situation changes (for example due to divorce), many people from inside and outside the family feel as if something has died. When a family-and-business system is established, this is often accompanied by the need to extend that family identity to the company and employees. Founders treat the business as an extended family whole, now bigger and working to create some market value. This is why family-and-business systems are often very durable. One of the properties of the family business is the conscious emphasis on cohesion and continuity in time. This creates a different organisational culture than that in non-family businesses, which are not so aware of this “holistic” character being a value that may form their foundations.

When deciding on the practice of systems thinking one needs to bear in mind that the ultimate result of the interactions between the individual elements of the system is as difficult to predict as even the positioning of particular websites in search engines, which requires a complex computer programme which, however, only *increases the likelihood* of a given site appearing on top of the list and does not guarantee success. Obviously, without that programme attempts at “manual” positioning give entirely unpredictable, short-term results. The same is true for exerting influence on the family-and-business system or any other social system. One may launch a certain process, but it is difficult to unambiguously predict all the effects of that action.

Exerting effective influence on the family-and-business system consists in launching processes rather than implementing a concrete algorithm.

The reason is that systems are characterised by *equifinality* and *equipotentiality*. **Equifinality as a general property of systems means that diverse actions may lead to the same results.** This in turn means that there is no single best way to organize activity in order to obtain particular results, but that there are many of them. **Equipotentiality means that the same activities in a system may lead to different results.** Therefore, if the goal of the project is to increase the opportunities for family businesses in the economy, then there may not be an algorithm for that. There is no question of reasoning of the type: if we do X, then as a result we will obtain Y, and: Y arises as a result of applying X. Rather, we reflect on what activities increase the likelihood of the most efficient operation of the company and at the same time prepare it for unexpected turns in modern economy. In the case of the family-and-business system, these mainly include general activities that make the system more efficient and consist in improving communication, increasing the awareness of systemic dependencies, or in enhancing the general erudition. One such activity also includes increasing the readiness of system members to experience something new in contrast with the past routine. Family-and-business systems probably also benefit from another, non-economic exchange with the environment, which building the milieu of family businesses certainly is. It may also be assumed that through the broad offer and freedom to choose the style of taking advantage of the programme, family businesses will receive an impulse that will have an activating effect, but with which customers will do what they deem correct. Since family businesses usually have a lot of experience in caring for the balance and cohesion of their system, it may be trusted, and one can assume that choices made by programme participants will be the best possible.

How does change occur in the family-and-business system?

The system has its own internal flexibility and can modify itself depending on internal changes in its elements (in the case of the family this may be the growing-up of children, or a parent's illness) or changes in its environment (as breakdown of the economy or withdrawal of credit for the family). That flexibility has its limits and is defined as *homeostasis* (dynamic balance) A change in any element affects the whole. Obviously, that impact does not have to lead to radical change. **In order for a relatively lasting change in the way how the system functions to take place, it must “develop” a new mechanism for maintaining balance.** This implies an entire sequence of events

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mutually related on a feedback basis. A change in the system will only be lasting when a spiral of reinforcing feedback similar to an avalanche occurs.

Let us imagine that in a market niche occupied so far by a family business X suddenly several significant competitors have appeared. The husband and the wife who manage X sense a serious threat and decide to develop a new action strategy. The peace that has reigned between them so far was related to a strict division of roles in the company. Now it turns out that they are unable to take decisions together. Instead of dealing with saving the company they try to push through those ideas that the partner rejected the other day ("I told you long ago that we needed to..."). Employees propose to intensify activity, but in the direction pursued so far. This, in turn, is not acceptable for the managers, because they do not believe such actions stand a chance of success. Employees cease to demonstrate initiative and get into learned helplessness. The wife renounces the comfortable position of the outsider and tries to mobilise employees. These, however, treat her with scepticism, which makes her feel helpless likewise. The husband claims that he is on his own in all difficult situations. As a protest, he sacks several key employees and orders authoritatively specified actions. Then the wife demands that the husband straightforwardly declare he is not interested in her opinion. Having received the confirmation that indeed it is so, she proposes that the business be divided into areas of influence again. This is an attempt to go back to the *status quo* of the past. This, unfortunately, is no longer possible, as in the meantime the company has lost liquidity and there is nothing left to divide. In such a situation the spouses, despite mutual grudge, decide to be more open and are surprised to discover that the former style of communication has disappeared and taking joint decisions has become easier. They come up with a solution together and are very satisfied with each other. The situation, despite financial problems, brings about significant revival in their relationship. This does not mean that they will not return to the old ways of communicating, but they have developed a new way to do so which is much more attractive. Owing to this, one might say that in all likelihood their company will not be the same as before.

What follows from the example above is that a qualitative change is related to establishing new rules, roles, excluding elements from the system or adding new ones. When children leave home – the mother takes a dog. When a father and a daughter who manage a family business together are not able to come to terms as to the direction of development of the enterprise, they hire a managing director whose presence modifies the system. Radical changes, such as the departure or arrival of key figures, change of management systems, transformations within the strategy or culture of the company (and especially of the norms in force within it), throw the system out of balance and force it to find a new homeostasis. However, it does also happen that despite a semblance of novelty everything goes back to the starting point.

It is precisely this **cyclicity that is characteristic of systems thinking and illustrates its fundamental law which says that no growth may continue endlessly** (if we are moving all the time within one style of action). For example, a manager of a certain service company assumed a sales growth of 30% a year for 5 years. He proved that the market needed the services offered by the company exactly in that amount. However, he did not take into account the fact that spectacular success would attract many competitors. They were cheaper because they did not have to design the entire know-how. They just "copied" his solutions. And so the initial success turned against the forerunner, and the sales growth rate stabilised at the level of 5% a year. Factors that limit the apparently unstoppable growth of profit may be treated as a manifestation of resistance on the part of the market (which, after all, also constitutes a certain system). Owing to those factors, **in the history of every company one may identify the so-called limits to growth**, i.e. such a level of business efficiency that is achievable within a given internal (company structure and culture) and external (the market) reality. **Reaching the growth limit is usually accompanied by a crisis, which – in order to be overcome – requires that a new way of functioning of the company be introduced.**

If psychological goods (such as the ability to establish close relationships) are treated as capital, then accumulating them, too, has its limits to growth. Love too experiences crises, after which qualitative

changes follow. In family businesses both these processes (the business one and the emotional one) are coupled in such a way that they reinforce one another, thus reaching the limit to growth.

2.2 The family-and- business system

What categories may be used to describe the system?

Each system may be described in terms of:

1. Dynamics and growth phases: constant transformations that follow from the interaction between the individual elements.
2. Structure: the number of elements and a description of how they are related.
3. Differentiation: creating subsystems within the system.
4. Organisation: functions performed by elements within the system.
5. Ability to maintain cohesion and stability: ability on the part of individual elements to adapt to one another and to operate in the same way while retaining the same elements and their significance.
6. Growth capacity: the ability of the system to adapt rules governing the interdependencies to changes in the environment, as well as to mature internally.

All these categories may be very useful in describing phenomena that take place in family businesses. However, it is easier to understand them using any biological metaphor. Let us take the forest as an example of a system. The *dynamics of the forest* is manifested in the relationship between the growth of the population of one species and changes in the size and physical condition of other populations and in the condition of plants. For example: an oversize population of wild boar destroys the undergrowth. This affects smaller animals in the forest as well as other plants, which need a particular type of soil for growth. Since the forest is an ecosystem capable of "healing itself" in a way, note that after some time the population of wild boar will decrease. This may be related for instance to the fact that the plants wild boar like to feed on cannot grow in plant litter destroyed to such an extent, so the wild boar go hungry and breed less intensively. We have assumed that the forest is a closed system which includes plants and animals, but we can also include in it the huntsmen who come to the forest to shoot the surplus of wild boar in exchange for currency. On that occasion, also hares will fall prey to them, for instance. If huntsmen are treated as an element of the ecosystem, then they likewise participate in the dynamic process of changes that take place within it.

The presented interdependent changes in forest undergrowth and the population of wild boar as well as other animals and huntsmen are precisely a manifestation of the ability to maintain *cohesion and stability*. What the forest "is concerned about" is that none of its elements predominate excessively over other elements.

However, trees in the forest grow, animals grow older, large trees need more water, and they cast more shadow, which forces changes in undergrowth. Different species grow in dryer and more shadowy areas, and different ones – in sunny and damp places. Small animals that feed on undergrowth tolerate the change in their diet for some time, but are then ousted by other animals. Flexible species that are not very demanding as regards food are in the best situation. This type of change is an instance of *the growth capacity*. If we observe an evolution towards the dry coniferous forest, then we can guess that at a certain point a qualitative change must occur in the rules that govern the existence of the forest. For instance, some insects that have pollinated plants so far disappear in critical amounts. Therefore, **system development is characterised by a longer period of evolutionary changes that are subtle and difficult to perceive, and by critical moments when changes take place often in the rules related to crisis**, e.g. the extinction of certain populations.

How do the categories of system description apply to the family-and-business system?

Similarly to the metaphor of the forest, let us now analyse the history of a family business and relate it to the concepts mentioned above. It illustrates the business life cycle in which periods of prosperity are separated by crises that enforce a change of the manner of operations.

At the beginning of the '90s, a young boy who wanted to prove his entrepreneurship to his fiancée started to travel to Germany, bringing back in his boot "almost good" Volkswagen parts obtained in car scrap yards there. Since in his town the second-hand Volkswagen was a very popular car, demand for inexpensive parts was basically guaranteed. After a while, eleven young unemployed men joined him (obviously within the grey economy) and went to Germany twice a week to comb through scrap yards there. When the train of cars carrying used German VW Passat and Mercedes cars grew to a disastrous length on the border, demand for spare parts became nearly unlimited. However, the speed and easiness of transactions in the spare parts grey market sparked a growth in the number of trading frauds, and the young entrepreneur no longer felt safe. He was close to changing the industry, and despite enormous revenues felt that his "business" was in crisis. At last he started to consider making it legal. Not without significance was the fact that he decided to marry and become a respected citizen. Here another problem appeared, though. The future wife made a condition that he would not go to Germany so often (an *interaction of the enterprise system with the family system* occurred). At the same time, his collaborators who functioned as couriers protested against levying tax on their income, which constituted an indispensable condition to making the business legal. (A *structure* of the enterprise appears, i.e. a subgroup of couriers and their boss).

In order to meet fiancée's expectations, the young entrepreneur agreed with his brother that the latter would take over his function, and he would engage in contacting car service stations. However, in the contractors' opinion, the brother turned out to lack the charm that our hero possessed and finally decided to quit. Many owners of German scrap yards lost sympathy for the young entrepreneur's company, and service stations became disheartened for cooperation with the company as it did not provide the contracted parts on time. (Introducing the brother caused *the system's resistance to change*, and thus *efforts to maintain stability and cohesion* in respect of the style of building relationships and work ethos.)

Increased business awareness and the need for stabilisation in life are signs of personal growth that is the driving force behind the growth of the company, but also a source of crises. Taking into account the above-mentioned categories of system description, one could say that its structure changed: new elements appeared – the fiancée and the brother, and several couriers left. Polish and German contractors changed as well. The rules governing the system were transformed, i.e. *norms and values*, as the entrepreneur started to follow the expectations of the future wife rather than profit only. In the crisis that followed, the ability to maintain cohesion and stability broke down for a while (e.g. due to the loss of contractors and financial liquidity). The danger of conflict with the future wife also appeared. This type of crisis may not be resolved constructively by simply going back to the previous arrangement. The entrepreneur faced a dilemma: to return to travel and rebuild relationships with contractors, or to change the business concept. Unfortunately, the first option was practically unfeasible due to the danger of breakup with the fiancée, and besides it seemed tedious and exhausting to our entrepreneur. A time of trial began in our hero's relationship (note that **a crisis in the enterprise system brings about growth in the family system**, which happens very often).

In order to overcome the crisis a new deal was needed, i.e. the introduction of a qualitative change into the company. The fiancée proposed to leave the office she worked at and take care of accounting, administration and liaison with service stations if the entrepreneur found competent people to obtain merchandise and got a loan to help them regain the lost financial liquidity. The unquestionable advantage of such a solution was that the fiancée ceased to treat our hero's work as competition to the time spent with her (*subsystems integration*). Thus, *in response to the crisis a family-and-business*

system was created. Everyone had a sense of balance restored, i.e. the ability to maintain balance and cohesion of the system returned.

Some time elapsed, and the former fiancée, now the wife, started to think about a baby and about building a house. In this context, she was worried by the unstable character of the company. Economy grew, new opportunities appeared for official, international cooperation, and together they decided to create a company that would import new and used spare parts to Poland and distribute them via a network of stores (*maturation of the family-and-business system*). For this purpose, they managed to gain an investor's trust (*new element in the system*). The child was born and the wife temporarily left the business. The entrepreneur suffered due to the lack of a trusted person who could take part of his burden. He hired a manager, taken over from the competition for a higher pay and thus an expert, who was not very loyal, though. The new accountant who replaced the wife was very principled and did not understand the expectations of our hero (another growth-related crisis, new elements, change of structure). The entrepreneur thought about the brother again. He decided that a past failure in cooperation did not rule out chances for the future. However, remembering his brother's blunders and the manager's disloyalty, he decided to describe all procedures and operations, and to enhance control over employees. He hired consultants who changed his "flower power bus" into a fairly orderly and bureaucratic "transporter", which led the company into a new *growth phase* – the stage of bureaucracy. This is at least what it looked like on paper, as in reality employees cared little about the book of procedures. And when they finally got used to it, the company's efficiency started to fall, as the decision-taking time was too long (the crisis after the phase of bureaucracy). A mutiny on the part of employees, who had not received raises or bonuses for a long time, was luckily prevented by the wife, who in the meantime placed her son in a kindergarten and went back to work, criticising her husband quite strongly for what he was doing. Her criticism won her the support of her brother-in-law (the owner's brother mentioned before), who had been trying to push through with his ideas for a long time and finally started to attack openly the direction leading towards the formalization of company relationships. The wife and her brother-in-law set up a coalition, which was joined by some of the key employees. As a result of the interference of the family system and a re-integration of both sub-systems based on conflict, two subgroups were created, thus causing a *differentiation of the system*. In the meantime the enterprise paid off the investor and new prospects of investing in network development and infrastructure opened up. However, taking a decision was quite difficult at the moment due to internal conflicts. If the enterprise survives this crisis, then the rules will certainly differ than those that governed the company before the crisis. The same goes for the rules governing the family.

There is no need to describe the continuation of this story in detail. It follows clearly from what has been said so far that **the solution to every crisis is to find settlements "from a different shelf" than before** and that **each subsequent phase of company growth effects a change in all actors in the story** (also in personal terms). Systems thinking describes sequences of events that follow from the interaction of various factors and which, although they may appear to be scourges and accidents, become ordered into a sort of a story that is comprehensible for all, in which we can intuitively grasp an internal logic and are able to predict the future. If we asked readers what would happen next, many of the predictions could be similar.

Therefore, an important goal in working with family businesses is to help them perceive the complexity of mechanisms that govern the family-and-business system and in becoming aware of one's own competence in this respect. The point is for the solutions that entrepreneurs reach for to form a springboard into new areas of growth. In order for this to come true, those solutions must come from a different level than the one at which a given company currently remains.

"I must learn to solve conflicts between people who try to achieve the same goal, want to have similar results, and yet they cannot come to terms. I have learned not to criticise them, not to concentrate on the harm that is being done, but rather on showing the opportunities that would result from their agreement.

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"The fact that I participated in the "Family Businesses" project together with my brother-in-law has transformed our relationship. We started to talk, share our observations, and work out a common path. Thanks to this we could share the work. I used to do a lot myself, now my brother-in-law deals with some of the things from the beginning to end, which gives me time to think about strategy."

How do system categories explain phenomena characteristic of family businesses?

Within family-and-business systems one can very often perceive a phenomenon called *triangulation*. It consists in two people from the family, unable to solve their internal problems, including a third party in the "contest". Of course, this is not conscious manipulation but an attempt to decrease the tension or to look for allies. The third party may be children or hired managers, but sometimes it is the business as such. Thus, **a property characteristic of family-and-business systems is creating subsystems based on the principle of triangulation.** This tends to be dangerous. If, for instance, the third party is the manager, then for the fighting parties it is basically unimportant what his opinions are. Such a situation launches many psychological mechanisms, the first being anger and a sense of helplessness. For this reason, one of the important elements of training family businesses should be developing the ability to notice such processes immediately.

The ability to maintain stability and cohesion within a family business consists in developing the capacity for dialogue while retaining internal diversity.

Let us imagine a utopian situation of a business that is internally a monolith and to some extent constitutes an extension of the ego of a certain entrepreneur, entirely subordinated to him. In addition, his family agree with him and with other people in the company on every issue. Then the only thing that the entrepreneur would need to take the right decisions would be his personal insight. Is it not a dream of many bosses: to have obedient people who would do whatever the leader's vision says, without getting into discussions? However, this is often a dangerous, even self-destructive, strategy. For the sake of illustration let us consider such a "monolithic" vision in relation to different business strategies (and cultures). Let us pose a question: What should the boss's vision pertain to? Fighting the market, surrendering and adapting to it, or to blazing new trails?

If the entrepreneur chooses the fighting strategy, he will need strong commitment and aggressive support from the entire company. However, it is difficult to ensure the commitment of the family and the identification of employees with the business in the long run, if the enterprise constitutes such a monolith. Employees at different levels look for new challenges or new areas for development, and here they always only execute the tasks they are assigned. If the company does not employ only average people with very little development needs, then those who are on board must either leave or rebel. And what solutions are there for the son, the wife, the son-in-law and other people from the business—the family, who know one model of functioning in the enterprise only, that is obedience, and besides they cannot leave? As a result, they often get into *learned helplessness*. Then it turns out that for instance there is no one willing for the role of the successor. Who will support the charismatic leader when he stumbles and fails to understand the challenges of modern economy? **The danger of dramatic loneliness for the overly charismatic leader in a family business that is internally not diverse enough is really very big.** And he is fighting all the time. The collapse of a strong, brave authority will cause an eruption of internal diversity, and the organisation itself will become a battlefield. When the leader no longer has enough strength for the fight, the company will start to snowball into collapse. Its life cycle will come to an end.

If it is the strategy of the company to adapt to the market, then its overly charismatic leader will need to demonstrate great flexibility and sensitivity, as this is what adaptation requires by nature. The economic reality is subject to enormous changes, and following them is like surfing the waves. If the leader knows how to do that, the company will grow for some time. Unfortunately, along

with the number of employees and the complexity of procedures, also its inertness will grow. The personnel and the family, "brought up" in a culture of monolithic unity, have not developed the ability to assess reality in a critical way and to use the differences constructively for generating creative solutions. System participants have not had many opportunities to learn to live in change, conflict and diversity. They will then either avoid revealing differences, throwing out the best innovative solutions "with the bath water", or will emphasise those differences and make them more acute, letting off the steam of disappointment. In other words – the inertness of a social system that is extremely non-differentiated internally is much greater than that of a system where people have learned to listen to one another and to take into account diverse points of view when undertaking action. And the inertness of the system does not facilitate its flexibility. Only a freelancer in front of a mirror can be unanimous and efficient. That one, however, has definitely too little potential to actively influence the economic environment, whereas the enterprise, just like the family, is established in order to increase the power of influence.

If the strategy of the company consists in generating new solutions and taking up creative dialogue with the economic environment, then the enterprise becomes a field where everyone can develop these competences. However, it is difficult to imagine a system which is creative towards the economic environment and customers while being entirely imitative within.

Summing up: **a company that means to grow must accept a certain (optimal at a given moment) level of internal differentiation and even a lack of discipline and intellectual and emotional availability.** This way when neither the business nor the family are monolithic, then before an entrepreneur's idea comes into force, it will be "subject to treatment" within the company and processed by the family. During this process, it may happen many a time that the entrepreneur ceases to understand what he or she was getting at and is no longer able to divide what is his or her idea and what comes from other people. To put it jokingly, the family-and-business system "cures" the entrepreneur from the fatherly affections he may have towards his ideas. It often also protects him or her against serious losses related to the overly egocentric view of reality. The process also reminds him or her of the resources they have "at hand". As a result of such a course of action, much greater forces than those of an individual stand behind a given concept, though it is rarely the original concept of that individual. The entrepreneur thus "adapts" his or her thinking and actions to the rest of the family-and-business system in order to form a unity harmonious enough to be able to draw energy (e.g. money) from the environment.

Taking all this into account, it is worth stressing once again at the end that consultants and trainers willing to support family-and-business systems should encourage customers to hold continuous dialogue with their environment and thus to work towards an increased tolerance of the people within the system to its internal diversity.

"Each of us has thought this over and we saw that it suits us to be in the system of the kind: me-the manager, him – advisory role, and it worked, even though before it's always been the tug-of-war. During the workshops we were advised to ask the team how they saw us, this opened our eyes."

"Often during the workshops I thought: what a pity we have not had this earlier, I would not have toiled for such a long time. Because I treated the company like the family, I could not cope with sacking people, I sat in one hat all the time. Putting on various hats helped me to see what impact particular persons had on co-workers, customers. This in turn made a lot of decisions easier for me."

2.3 Self-development

WIESŁAWA MACHALICA

Self-development, i.e. an individual's own systematic work on the development of personal competences, is an essential element in the strategy for the support of family businesses, as it ensures a qualitative change at the level of attitudes. When developing a programme to support family businesses one needs to bear in mind that **conscious self-development consists in working constantly on three levels of the functioning of an individual**, which are:

1. **The level of self-awareness, i.e. the development of one's own inner world**, which requires work on the ability to recognise one's strong points, motivation, needs, as well as limitations.
2. **The interpersonal, i.e. psychosocial level**, which requires work on the individual's relationships with the outside world, with people around, with whom he or she enters into relations in diverse areas of life. The second level of self-development usually develops in parallel to the first one. For owners and managers of family businesses, work on improving their interpersonal competences that translate into building satisfactory relationships is an extremely important element of self-development. During the project participants repeatedly emphasised how important the workshops on communication were for them.
3. **The level of knowledge and competences**, which is related to improving the competences and gaining knowledge within the areas of management, strategic planning, marketing and other areas strictly related to running the family business efficiently. In this area it is extremely important to consciously transfer the obtained knowledge and competences into everyday life and the reality in which the family business operates.

It is essential that work on the above-mentioned levels of self-development be carried out in a consistent and balanced manner, as each of these areas is important when considered in terms of the satisfaction and success on the part of programme beneficiaries. Therefore, any programme of support for family businesses should offer training and workshop-like forms for developing competences, which would address skills at the three levels described above.

Competences mean knowledge, skills and values manifested in attitudes. One of the challenges faced by a family business owner and manager is the constant development of psychosocial competences. The most important ones include a positive approach to people, i.e. consolidating one's attitude of respect for others, tolerance, openness to points of view other than one's own, optimism and cheerfulness, and empathy.

"Working on myself gave me a greater openness to people. I doubted if at my age I could learn anything more, and here it turns out that I was able to absorb so many things that are important both for me and for people around me."

"I have always thought that I "feel" others, I empathise with their needs and have no problems in establishing contact. And here I saw that others perceive me in exactly the opposite way."

"It is in my nature not to look inside but to push aside – I close my eyes and it's OK. Taking part in the workshops mobilised me to open my eyes and start to look at the problems I have been pushing aside for years."

"Now I know for instance that when I have any comments or complaints to an employee, I should not scold them in front of all others but rather talk to them face to face."

A positive approach towards people is an attitude that translates into the approach of others towards ourselves, and very often conditions their reactions, because the phenomenon of feedback occurs.

"The principle that stuck in my head particularly during the workshops is the one concerning human relationships: we know that humans are made up of virtues in 80%, and only in 20% of vices. And if I am able to accept your vices, then this means that we can be together. And work, too. I introduced this principle also at home. I explained to my children recently that when you meet someone you would like to be with, you need to reflect whether you accept their vices or not.

Self-improvement is best started with getting to know and diagnosing one's attitude towards oneself and others. This is also an introduction to working on assertiveness and openness in communication. It is worth bearing in mind that work on self-development with owners of family businesses initially involves a communicative "ABC", and this fact should not be downplayed. During workshops participants learn first and foremost to:

- listen actively,
- express their opinions assertively,
- provide constructive feedback, i.e. the so-called constructive criticism.

During the first workshop participants were acquainted with the fundamental principle of communication – using the "**I-message**". Introducing it in their everyday lives sometimes sparked revolutionary changes in their interpersonal relations. Mastering these simple communicative strategies quite often proves the most difficult, as in everyday stress and entanglement many resort to aggressive solutions that consist in attempting to enforce one's opinion.

"I have learned to react to situations immediately, though of course with respect to others, rather than to sweep things under the carpet. To approach it openly when someone says something insulting. For instance, when someone says "You're ugly", then I do not run away, I do not pretend that I have not heard, but I reply aloud boldly: "I do not think about myself this way." It helps a lot. I have also learned to make it possible for others to behave that way."

A competence that should be emphasised when working on self-development is the ability to talk and to maintain dialogue³, where the ability to listen actively and express one's opinions assertively is indispensable. The final result of a conversation and its course are a resultant of the intentions of all interlocutors. In order for the conversation process to run constructively and without disruptions, a certain arrangement must appear between the manager and the personnel and family members, a kind of bond. A truly open flow of ideas must arise, and true contact, where what is essential is empathy rather than the mere transmission of information necessary for carrying out tasks. In the case of business owners, often very practical and task-oriented in their approach to life, the element of empathy in workshops within the project proved to be a new factor extremely favourable for development.

It is also important to introduce elements of self-presentation in the context of making impressions and exerting impact on others, as these are often skills to which managers of family businesses do not pay practically any attention. Usually significant emphasis is put on the reliability of the company owner and manager, but they often do not realise that this reliability arises when we communicate openly and send consistent signals. More importantly, all this may not arise unless an attitude of respect for oneself and others has been developed, which is very strongly related to the dignity-oriented approach to business management.⁴ Thus, during workshops also elements related to values prove to be very important.

Constructive criticism usually turns out to be an exceptionally valuable growth-fostering element, as mastery of the art of providing feedback allows one to avoid many conflicts in the enterprise and in the family. When designing workshop systems for this group it is worth concentrating on exercises in feedback, as for many owners and managers it is immensely revealing to realise how

³ See Chapter 1.12 – Communication in the family business.

⁴ See Chapter 1.4 – Values as a management instrument in family businesses – i.e. from the superior to the leader.

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they are perceived by others. It is often the best introduction to working on self-development, on relationships and on improving one's own communication. Thanks to feedback, having realised how very destructive the results of relationships built by "taking short cuts" may be, project participants were eager to improve their psychosocial competences. When the sometimes very ambitious entrepreneurs open to feedback, this is an important step on the way to the self-awareness that is so often neglected by them.

True, sincere, open communication is based on empathy and values rather than manipulation. This truth does not always seem obvious to company managers. It must be stressed here that a cynical and manipulative approach to managing people excludes self-development as it is proposed by organisers of the "Family Businesses" project within the 6S strategy.

Working on the ability to solve problems and conflicts, to transform conflicts into cooperation, and on the ability to negotiate and undertake mediation, is another extremely important element of self-development. Treated in a constructive way, a conflict within a family business may yield a creative solution to the problem and bring people closer. When working with family business managers it is worth paying attention to such issues as:

- the thorough analysis of the conflict and finding its real sources,
- care for maintaining good communication between the parties and building an atmosphere of trust,
- creating common solutions and solving the conflict by way of negotiations.

During training aimed to support members of family businesses in self-development, **it is also worth emphasising self-motivation and motivation for action, as well as factors that help build that motivation and maintain it at a level that allows for daily work and the implementation of the company's strategy and goals.** The need to motivate employees is in general already obvious in large companies and corporations, yet in family businesses this issue is often disregarded. However, in any company a conscious approach to motivating factors – the appropriate management of people, working with them, formulating goals together, building the strategy together – is an indispensable element in the management process.

Self-development in respect of the management style is already third-level development.

Here the knowledge of management and economics comes into play. For many family business owners, this area constitutes a challenge and provokes self-development. In this context, it is essential to work on one's own flexibility and to realise which of the management styles should be used in working with particular teams. This is a very difficult developmental task, as it requires having previous knowledge of oneself and having developed one's own interpersonal competences. Nevertheless, showing diverse management styles during workshops, along with the ways to adapt them to concrete situations and the specific character of the team, is always inspiring for participants and indicates to them yet another area for their development.

The style of management is related to the ability to delegate tasks and powers and to set priorities. This set of competences proved particularly desirable for family business owners, and at the same time it caused the greatest amount of problems, as it is difficult to hand over to others the power over something one has been building for years. Here it is worth emphasising the practical advantages of mastering these competences, and showing the growth prospects for the enterprise thanks to efficient management. The competent design of workshops aimed to stimulate the growth of participants on three levels stimulated their work on self-development and on relationships within the company and within the family.

"I have been working to change in such a way that my help to others does not turn against myself and that I make sure that others do not do things at my cost. On the one hand, I take care to be able to make constructive refusals, and on the other – I learn to use help constructively, to delegate tasks, say what I expect, set boundaries. I do not always succeed, but practice makes perfect."

“Several days ago we had a situation that we did something for the company with my brother, and our father said it was unnecessary. I burst into tears straight away, which of course would not happen in an ordinary company, because when the boss says “no”, the subordinates drop their head and go away. And I made a scene I can afford to make within the family. Usually the atmosphere would be poisoned for some time, but now, wise after the workshops, already on the next day we came to understand what it was all about – that we, children, together, without consulting the father, did something behind his back. He felt bad as the founding father. After all, ordinary employees would not do that without consulting their boss, and we bypassed him because he is our dad and we knew that he wanted the best for us anyway. Such things have happened many times and they have cost us a lot of stress, but this time the three of us talked it over calmly and this single conversation broke the spell for us. We finally made those mechanisms clear to each other...”

2.3 Self-development

2.4 The strategy of the family business

ADRIANNA LEWANDOWSKA

"Vision without action is a dream. Action without vision is simply passing the time. Action with vision is making a positive difference."

Barker, 1990

In order to function in their environment in an integrated way, family business owners must increasingly often pay attention to strictly strategic issues, apart from engaging in activities that oscillate around current operational activity that guarantees particular financial efficiency. **In the constantly and quickly changing circumstances it is important that the enterprise is managed in such a way as to allow for its long-term growth, and as a result – for economic success understood as the ability of the company to grow in the long time perspective.** Since the essence of the activity of a majority of family businesses is their long-term existence, owners within this group of enterprises are more inclined to re-invest. Their motivation to act in this way follows both from the need to sustain their families, which after all depend on the prosperity of the enterprise, and from the willingness to sustain, consolidate and augment the fortune for future generations. For this reason, the strategies of such enterprises are primarily set on the increase in the value of the enterprise, and are fairly resistant to the pressure of realising short-term profits. However, how to increase the value of the company when the market is becoming more and more competitive? And how to build a development strategy when we operate in times of turbulence and the environment is changing in an extremely fast and dynamic way?

Literature in the field of management defines strategy as an abstract category that is difficult to be characterised with precision and yet remains an indispensable element in the existence of any enterprise in the market. It comes down to a skilful adaptation of the existing potential of the company (both material and non-material) to the needs and demands of the market in such a way as to create a long-term individualised competitive advantage. The essence of an effective business strategy is that it makes the enterprise unique and allows both its personnel and all stakeholders (customers, suppliers, business partners) to clearly distinguish it from among all competitors. One might say that **the essence of an effective strategy is the clear specification of enterprise identity irrespective of the sector, industry, or market where the enterprise operates.** In the long-term perspective, a well-developed strategy is a factor that determines the success or failure of the enterprise. In order to cope with new economic trends – the consolidation of industries, increased international competition, the general decrease in margins, and recently even stagnation – companies must tackle new challenges due to the necessity to redirect the strategy of their organisations. Through appropriately implemented strategies of growth and value increase, enterprises can continue to develop, strengthen their strategic positions, and guarantee the payment of surplus funds to owners.

The starting point for strategic management is the identification of internal and external relations of the company. A family enterprise functions in a specific model of internal (at the level of the family and the business) and external relations, as presented in the figure below.

When defining the growth strategy for the family business, an adequate "reconnaissance" is extremely important. Each journey into the future needs to begin with a diagnosis of the current position that specifies the following:

- opportunities,
- possibilities,
- strengths and weaknesses of the enterprise

and gathers material to undertake strategic reasoning.

2.4 The strategy of the family business

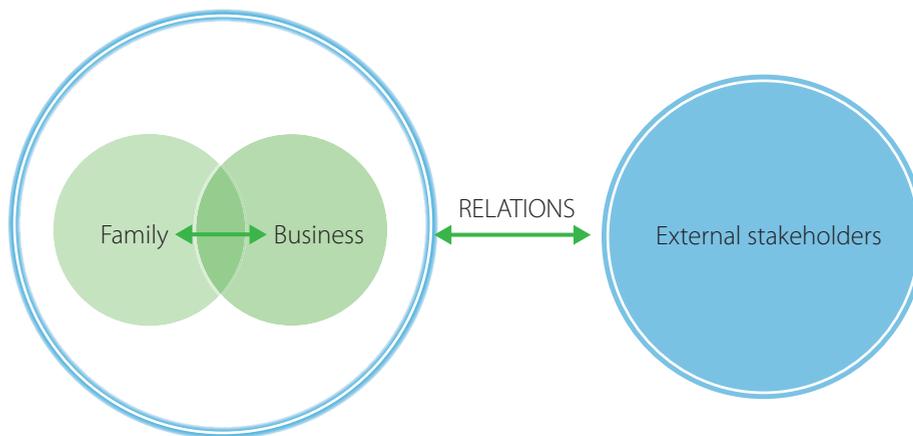


Figure 5. The scope of relations of the family business

Only after such a diagnosis has been carried out can the proper process of designing the strategy begin.

"We started to reflect, and we realised that we did not want to be just a shop, we want to promote sports. We want to reach out to people, encourage them to change the way they live, to do some jogging, yoga, tai-chi, we decided to become initiators of healthy life styles."

"So far I have assumed that this is just my little family business and there is no point to do anything more. And here I realised that such tiny businesses could also develop into giants with huge financial and intellectual potential that are also carriers of precious values."

"I already know that I do not want to expand the company any more. I have already had more employees and this has not given me a much larger income, only more problems instead. And I want to ensure a comfortable existence to my family, but also peace for myself."

Defining the strategy starts with determining the mission of the company. Mission is often described as the *raison d'être* behind the organisation's existence and development. It specifies the principal values for the sake of which the organisation was established or which it implements via its operations. It is sometimes referred to as the "credo" or "statement of business principles". By defining its mission, the company has the opportunity to present its beliefs to its employees, customers, suppliers, shareholders, and to emphasise the values respected by the family and thus by the business they run. Therefore, having a clearly defined mission is almost a condition for employees to understand coherently the significance of company activity. This task gains fundamental importance when the continuation of operations of a family business under different leadership is being discussed. The consistency of values, which is of key importance for succession, must be reflected in the mission of the company.

Defining the mission of the organisation is complemented by setting its vision. Companies with a vision are those that have a crystal-clear vision of their future position in the market and industry where they operate, and thus a clear notion of their:

- future customers,
- future products,
- future employees,
- future structure of the organisation and its management,
- future determinants of success.

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Vision is often referred to as a projection of dreams, which are inspired in order to create an image of the future and then to define the path to their fulfilment. Building the vision is a process of outlining common ambitions and referring to the creative imagination of owners, which ends with setting the direction for the common march of all the employees of the enterprise. However, it is necessary to retain flexibility, which should be made use of when significant changes in the environment take place. The vision constitutes defined ambitions of the enterprise and at the same time allows for setting the right direction to all activities, as it specifies their area and scope. The more detailed the description of that ideal desired future condition of the organisation, the fewer the misunderstandings in its interpretation and verification of the results achieved. It is also important that the formulated visionary goal be ambitious and yet also real. Only establishing the potential of employees correctly can have a positive influence on the stimulation of the risk undertaken, which has the result of freeing the motivation of employees.

In order to efficiently implement the vision, it is then necessary to define the domains of business activity and determine goals that the company wants to implement in the period to come. Derivative objectives are results that should be obtained within the company's key operating areas. Defining operational targets is making the strategy measurable so that it specifies guidelines and principles in the context of the company's environment, market and financial circumstances, and internal processes. They should be defined according to the SMART principle, which says they should be:

S – specific

M – measurable

A – acceptable

R – reachable

T – time-bound

Literature in the field of strategic management extensively discusses the stage of defining targets, as it is one of the most important elements of formulating an efficient strategy. The process of defining goals is compared to a sort of procurement procedure – a political game between diverse social groups, first of all the family and owners, the management board, employees and external groups of interest, which have diverse priorities. If the aspirations of one of these groups are overemphasised in the defined goals, then this may limit the level of targets of others. Therefore, in the field of strategic management it is increasingly common to postulate that the strategic context be considered from the point of view of not only the enterprise itself, but also of the broadly conceived system in which it operates. This is based on the assumption that the enterprise exists in a broader social context as a member of society rather than its autonomous and independent part. The durability and stability of relations within that system exert an influence on its efficient operation. This leads to managing relations between the business and its stakeholders with a view to achieving common economic and social goals.

The fundamental values of each enterprise include respect for the interests and dignity of stakeholders.⁵ Stakeholders are important internal or external groups with which the enterprise remains in specific relations and which are directly or indirectly concerned in the activity of the enterprise, or which can or want to exert influence on that activity while incurring risks of various kinds and extent. As a consequence, when understood in this way, the family business constitutes a mechanism for multiplying the funds invested by one group of stakeholders which, being a multidimensional entity, is much more difficult to manage.⁶ It is a complex community whose members invest in its functioning. The contribution is what a given stakeholder inputs in the organisation. It is an investment in the activity of the enterprise which stimulates certain expectations, be they material or non-material.

⁵ Young S., *Etyczny kapitalizm. Jak na powrót połączyć prywatny interes z dobrem publicznym [Moral Capitalism. Reconciling Private Interest with the Public Good]*, METAmorfoza, Wrocław 2005

⁶ See Chapter 1.3 – The specific character of management in family businesses

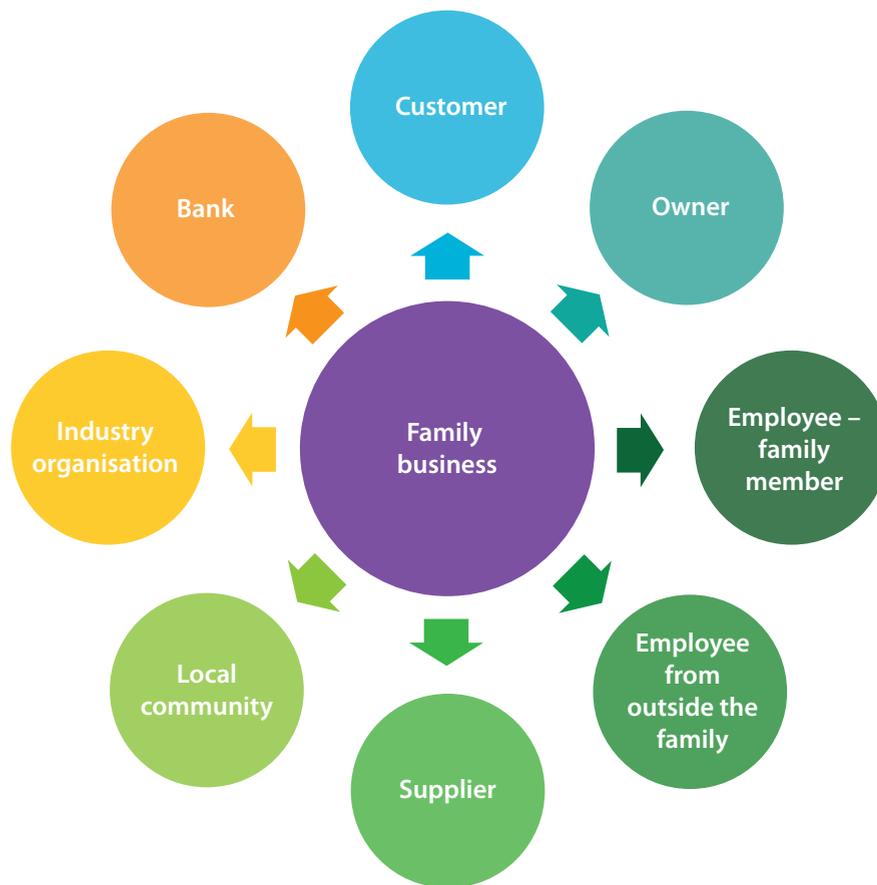


Figure 6. Examples of stakeholder groups of the family business

Internal stakeholders of the family business are all members of the organisation, i.e.:

1. owners,
2. employees who are family members and
3. family members who do not work at the company, as well as
4. its other employees.

The group of external stakeholders includes persons and/or entities that are in the closer or broader environment of the company:

1. its customers,
2. suppliers,
3. creditors, financial institutions (including banks),
4. potential investors,
5. society,
6. government and local government authorities,
7. economic policy makers,
8. regulators and legislators of the capital and credit market.

Within such dimensions, **strategic management becomes a competence that shapes the community of the enterprise within its new boundaries, extended by all groups related to its activity.** This is favourable for achieving sustainable development of the economic organisation, understood as a state in which internal goals (of the family and employees) as well as the activity of the organisation are harmonised in economic and social terms. Dialogue with its groups of stakeholders allows the enterprise to probe into the current or future requirements of the particular groups with different priority for the enterprise. Only then can the key expectations of the most important stakeholder groups be integrated into the strategy for the enterprise. Acting in accord-

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ance with their expectations is one of the fundamental elements of the idea of corporate social responsibility. Engaging partners in decision-making processes, the organisation subjects itself to natural social verification already at the early stage of planning operations rather than when their results are already visible. Such an attitude earns it trust and support. This complex approach to corporate social responsibility is a considerable challenge both for the businesses themselves and for their partners, as it requires maturity and willingness to engage in a constructive exchange of views as well as to understand the needs and possibilities of the other party.

One must carefully consider with which of representatives to engage in dialogue in order to enhance one's position in the market. It is an unquestionable fact that **enterprises are not able to meet all the expectations of all groups of stakeholders to the same extent at the same time**. Therefore, it is important for the enterprise to answer the question: Whose needs and to what extent will we take into account in the first place? The decision on what wishes and needs of stakeholders are to be treated as a priority and taken account of in the strategy of the company remains in the hands of the enterprise itself. Therefore, **each company should first specify the significance of each group of stakeholders in order to be aware of which of them is relevant for its success**.

The expectations of individual groups of stakeholders may vary greatly. Their examples are presented in the table below.

Family business stakeholder	Potential expectation
Customer	High quality products / services
Owner	Increased value of the enterprise
Employee – family member	Secured future, self-fulfilment
Employee – from outside the family	Employment security, income
Supplier	Security of receipt, payment morality
Local community	Social support, involvement in the gmina
Industry organisation	Exchange of experience
Bank / Investor	Reliability and solvency

Table 7. Family business stakeholders and their expectations

When considering the possibility to include social partners in the internal processes under way within the company, it is worth bearing in mind that this is a complex task which consists of several essential stages:

1. Defining the individual internal and external stakeholders who have a certain "stake in the game", i.e. in the development of the company
2. Defining the goals of stakeholder involvement and specifying clearly what advantages it may bring to the company along with the challenges it creates for the enterprise
3. Specifying the goals, initiatives and measures to verify the efficiency of the activities undertaken

Following the stages listed above will facilitate the correct design of a model for the integration of stakeholders' expectations with the strategic goals of the enterprise.

Defining the goals and expected advantages from partners' involvement, but also the resulting potential challenges to the organisation, plays a key role in preparing the enterprise for active strategic cooperation with internal and external partners. Both the family business owner and those directly responsible for management should be aware of the internal expectations in respect of the strategic management process and the related duties towards the environment. **Being aware of the diversity of the groups that surround the company is a very important element of defining the broader business strategy**. The process of formulating the strategy should therefore take

into account not only the standard diagnostic elements; the analysis of personal values and of the expectations of internal and external stakeholders is also gaining importance. Managing stakeholders has an impact on the efficiency of the activity of the enterprise, and skilled reactions to their expectations become immensely important in creating the strategy and shaping the development of economic organisations. The process of responding to the expectations of enterprise stakeholders, which leads to creating the value expected by them, constitutes the matter of corporate social responsibility and at the same time is a circumstance that supports the development of the family business. Based on that, the further part of the process of growth strategy design involve defining contexts related to concrete initiatives, which translate the defined goals into action. A defined **growth strategy must comprise not only general guidelines concerning the direction of action, but also concrete, measurable ideas to implement them.**

Next the business model is defined, through which those responsible for the company decide on the choice of the suitable market, scope of activity, segmentation, and products.

Then the following questions are answered:

- What is the key determinant of success in our industry, in the markets we have chosen?
- What should distinguish us from our competition?
- What are we better at than other market players?

By providing answers to these questions, managers create strategic foundations on which the further activity of the company will be based.

Presented in this way, **the strategy, with a defined mission, vision, goals, with the expectations of major stakeholders taken account of, and the aspirations of the owner, family members specified along with all its further elements related to the domain of activity, business model, segmentation, products, etc.,** allows employees, customers, and contractors to understand the direction of growth, inspires motivation and commitment, thus increasing the chance of economic efficiency.

The programme for the support of family business growth should include measures to facilitate the realisation of the importance of developing the strategy, as well as educational measures that would support its professional development.

"During the lecture I heard that a company involved in three things at a time would not really accomplish any of them. I slowed down, concentrated on one and thanks to this we are opening the restaurant half a year earlier."

"So far I have done everything intuitively, but it no longer suits me. I want to enter the market professionally, to implement plans, and get the support of people who have the right knowledge."

"Our strategy has been a bit lame; we need to spend time on current affairs. But here we realised we did not know anything about our competition. We were also made aware of the fact that we needed to select the customer, direction, a specific segment, that we needed to focus on specialization. "

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2.5 Succession in a family business

ADRIANNA LEWANDOWSKA, JAROSŁAW GRESER, JACEK JAKUBOWSKI

Succession in a family business is a complex long-term process. It begins with parents' dreams and concerns about their little children's future. Growing children "soak" with family business – they are proud of their mom and dad's work, they complain that their parents are so busy to run a business they have no time for their children, they gain actual profits from the enterprise income (whether they can or cannot appreciate it). They are happy to see good family relations, and scared when there are conflicts and crises. This creates strong emotional relations between parents and their children determining decisions taken by them.

Inevitably, these children become young adults. Until recently, taking over parents' business was a kind of "life bonus" – descendants of a farmer, a craftsman, a prince or a factory owner were automatically the privileged class. The possibility to take over the wealth or a company used to "create" a young man and defined the course of their life. Nowadays, families running businesses are in a completely different position. The world is wide open for young people – they can study everywhere, at any university in any country. Their future depends on their passion, involvement, and predispositions. These are not always predispositions to run an enterprise, especially as each company becomes more and more specialised and complex organisation nowadays. Modern management is art in itself. It requires high quality competences in such fields as: marketing, sales, finances, modern technologies, as well as soft skills related to: communication, motivation, building relations. Moreover, one has to expand their expertise of the area of the company's operations, as well as – if they want the company to run in a long-term perspective – one has to think not only about the "here and now" but also about "the future without us in the company".

The process of passing the company to the next generation is of high significance since any mistakes may lead to the downfall of the family business. The most common reasons for the short-term viability of family businesses are:

- poor planning of inheritance proceedings, and – as a result – the following generation's inability to pay inheritance tax,
- not passing the company to the younger generation at the right time,
- incapacity to select the successor (many families have more than one child; this poses a question of inheritance and of which child to pass the company to).

Another reason for the downfall of a family business may be the lack of interest of the potential successor in the family business or a conflict between siblings and the lack of understanding in terms of taking over the company.

"My father wanted me to come to the construction site and to try to take over the company but I definitely decided I had no such experience and I didn't see myself in that role. This industry is not in my blood. I'd rather think about my brother, but I'm still not sure".

"We will give our daughters a free hand in management but we will always watch them. This company is our kid too. We would not be able to leave it all".

"For our parents succession means the end of the world. They are the company, and the company is them. I cannot even start to talk to them about it. They live because they »have to« come to work".

The process of succession planning started too late (if ever) is a problem of many Polish family businesses. Owners of Polish family businesses seem not to see the significance of the problem and, thereby, they unknowingly prevent their company from maintaining its family character. They usually say: "I have so much time to take care of this"; "I do not have to think about it right now, my children just begin their professional lives and I have so many things to do"; "I will wait. Maybe the problem will get solved on its own and I will not have to make difficult decisions"; "You cannot plan

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the future, it will be different anyway"; "Time will tell"; or "Smith did this and that, he had a good adviser – we will do the same".

One may venture to say that **the significant problem is not the succession itself but the willingness to talk about it**. Yet, the problem will not get solved on its own and it is impossible to find the best individual solution for the company without discussing it openly with family members.

Before analysing reasons for the succession being such a difficult process, it is worth understanding the standpoints and fears of all the stakeholders.⁷

The generation of seniors

The generation of seniors plays a neuralgic role in the process of succession. **Appropriate succession planning reduces the likelihood of succession obstacles and minimises the risk of the situation of the enterprise deteriorating as a result of changes in management staff.** Unfortunately, due to their internal resistance, most of family business owners postpone the process of succession planning. It may be related to the lack of time but in many cases the older generation simply do not know how to plan succession properly. They are unwilling to use help of external advisers since they think it is tantamount to having no competences to manage their own company.⁸ The generation of seniors postpone the thought of handing over the company to successors also because they feel extremely uncomfortable about giving away to somebody else (even to their own children) something they have worked on so long for, that has become a part of them and that defines their identity.⁹

Handing over the company means giving away direct control over it. In order not to lose that control, parents do not give their children the appropriate power or authorisation to make decisions in their positions. Thereby, they preclude their children from preparing to run the company, and make very real the pessimistic scenario of the downfall of the family business after the change of generation.

Seniors postpone succession planning also because succession makes them aware of the prospect of death and shows that they have to openly admit the fact that their life is coming to an end. Any actions related to succession planning remind them of retirement, old age and death, resulting in fear and negative emotions difficult to deal with. Additionally, they are afraid that succession may be the reason of a number of family conflicts. Decisions concerning the division of assets or the choice of successor may inevitably lead to frictions within the family. Therefore, the older generations postpone succession planning only to maintain harmonious relations between the members of the family.

"They will all take over the company but we are thinking about hiring a managing director from outside the family. Our children have very different values. I am not sure whether they would be able to develop a common strategy".

"I started to think about preparing the second and the third generation to run the family business in a responsible and careful manner. I am trying to convince them that the basic rule is "united we stand, divided we fall", and it does not matter whether one earns more than the other, because thanks to the cooperation we will all gain more. If they do not understand it, they will ruin my company".

⁷ A. Lewandowska, A. Kiewel, *Wybrane aspekty skutecznej sukcesji w kontekście procesu zarządzania* [Selected aspects of effective succession within the context of the management process], *Przedsiębiorczość i Zarządzanie*, SWSPiZ Łódź 2010, p. 35

⁸ Q. J. Fleming, *Tajniki przetrwania firmy rodzinnej: jak uniknąć siedmiu grzechów głównych niszczących firmy* [Keep the Family Baggage Out of the Family Business: Avoiding the Seven Deadly Sins That Destroy Family Business], Helion, Gliwice 2006, p. 108

⁹ A.B. Ibrahim, W.H. Ellis, *Family Business Management. Concepts and Practice*, Kendall/Hunt Publishing Company, Dubuque, Iowa 1994, pp. 211-212.

Any family member may be entitled to succession, regardless of whether they work in the family business or not, what their qualifications are and how involved they are in their work. This poses a very serious threat to the process of succession, since incompetent management on the part of the new generation with no experience of the enterprise may lead to bankruptcy. Succession may cause the destabilisation or even downfall of the enterprise if too many relatives co-own the enterprise and there is no one with a majority stake able to control the company.¹⁰

Selecting the right successor is one of the most difficult decisions for the generation of seniors. The key question – who should I pass the family business to – is often a serious dilemma. One may adopt a business approach and select a person thanks to whom the company will prosper. One may also, due to emotional relations, want to hand over the company to the closest person, e.g. the younger son, at all costs. Additional circumstances should also be considered: competition for power and recognition between children, or quite the contrary – their lack of interest in the company and pressure on them to take over the family business.

The generation of successors

The other group of stakeholders, i.e. the generation of children taking over the company, perceive the question of succession rather differently. Juniors may have – and they often do – other ambitions and ideas for life than their parents. Therefore, they may be unwilling to take over the family business. **For that reason, it is crucial to answer the following question: does the child want to work in the family business and does he or she want to be responsible for it in the future?** Even if the child decides to take over the family business, a number of problems may occur. The young person often has to be incredibly patient to wait for the answer: when will it finally happen?! Seniors, postponing succession, unwillingly build the successors' sense of suspense and continuous waiting. Children aged forty or more are still waiting. Every year they have a stronger feeling that the time flies and they are waiting. What is worse, they are waiting for their parent to be gone.

When succession finally becomes a fact and the successor takes over the company, **the serious challenge is to equal the respect of the previous manager (the parent) and build their own business identity.** Children taking over the company ask themselves a question: "can I do this?" Considering the fact that they take the position of the previous leader, the challenge is emotionally very difficult, it requires the support from the senior, who should skilfully act as mentor, guide and wise friend.

The next challenge is to tackle the attitude of suspicious employees towards the new owners. Employees may deny actual talents or skills of successors and perceive the run of good luck as the result of actions taken by the previous owner, underestimating the work of the new owner.¹¹ What is more, they may attribute all company's failures to the new owner and judge them much more severely than the previous owner, since the new manager destroys the good condition of the company. If these negative relations are not improved in time, one cannot be surprised that employees are unfriendly to the successor. What is more, the new owner is usually compared to their parents all the time, and all the negative features are ascribed to him or her. Such a situation badly affects the new manager of the company, as does the awareness of the burden of responsibility for running the prosperous company created by their parent.

Another problem occurs when, upon taking over the power, the successor wants to make sudden and drastic changes in the company. These may be negatively perceived by the parents, convinced that they have developed the best possible methods of managing the business, as well as by the company's employees from outside the family – the third group of stakeholders in the process of succession. The only thing the junior can do in such a situation is to try to maintain

¹⁰ Ł. Sułkowski, *Organizacja a rodzina. Więzi rodzinne w życiu gospodarczym [Organisation and the Family. Family Bonds in Economic Life.]*, TNOiK Dom Organizatora, Toruń 2004, p. 167.

¹¹ Q. J. Fleming, op.cit., p. 125.

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the continuity of the company by respecting tradition and creating an atmosphere that would be favourable for changes. Then employees will not feel lost in the new situation, and it will be easier for them to accept the fact of changes in the management. Therefore, it is important for the successor that, while considering any organisational issues, they remember about maintaining the continuity of the company's tradition and keep its future in mind.

Employees from outside the family

Employees with the longest work experience in the company are particularly reluctant towards changes introduced by successors. Managers and experts committed to the development of the company are often close with the present owners, and therefore afraid to lose their positions in case of changes in ownership or in management. They are usually not very enthusiastic about the fact that the company would be taken over by a younger, less experienced member of the family rather than them – despite their long-term work.

Furthermore, employees from outside the family are forced to tolerate conflicts around succession between relatives involved in the family business. If family members are not able to separate their private lives from their professional lives, all family conflicts regarding the company will be involuntarily transferred to the workplace and will have a negative influence on the atmosphere in the company.

All these aspects that destroy the harmony make employees reluctant towards changes that result from succession, associated with family conflict and a sense of embarrassment caused by being involved in private problems of the family that at the same time acts as employer.

Harmonisation of expectations

In most of cases, the above-mentioned problems related to succession in family businesses may be solved if appropriate action is taken. For the business development efforts of the previous generations not to go to waste, succession should be planned carefully and in advance, which will reduce the risk of downfall of the business afterwards.

The entrepreneur looking for an appropriate solution for their company and agreement between the three above-mentioned groups of stakeholders will soon notice that while trying to reconcile diverse expectations, he or she is facing a number of alternative solutions:

- passing the company on to a good manager with passion, or the fair and equal distribution of responsibility for the company among siblings
- high donation tax incurred by one person who later directly manages the company, or distributing the tax burden between several children (transfer of equal shares)
- leaving management in the family or employing a professional external manager
- securing assets and selling shares, or continuing to operate.

The process of succession planning is extremely difficult since it gives rise to “a deadly combination” – it results in conflicts related to power, responsibility, money, love, justice, and loyalty.

With such strong feelings and emotions as well as the necessity to make decisions with far-reaching consequences, one may not take the liberty of applying accidental and unconsidered solutions – especially when both the company and the family are valuable to the owner. Therefore, it is necessary to realise the most important issues that condition the correct and effective management of the company in this difficult time.



Figure 7. Harmonisation of the key objectives in the process of succession

The above figure presents the most important objectives that need to be achieved in the process of succession. Balancing them as well as developing the correct solutions is crucial for the success of the process. This is not easy and requires specific decisions concerning many questions that so far have not been touched upon at all. Moreover, it is difficult to work out clear solutions since these objectives intermingle, they are dynamic and their significance changes. This is because the same objectives are perceived from different points of view: that of the founder, of the successor – who may see the same issues in a completely different way, that of family members not employed in the company, and that of its employees.

Since the entire process of succession bears a strong emotional burden, it is important for the senior, who manages all of the objectives, to listen to themselves carefully and define their own values, ambitions, hopes and fears. This often involves the support of an experienced coach, whose properly asked questions help to find the right answers.

Succession planning

Succession may not happen overnight just with the transfer of power. The reason is that due to its multidimensional character, time horizon and influence on the future operations of the company, it should be treated as a continuous process.¹² The elements that should be considered in the plan of succession are presented in the following figure.

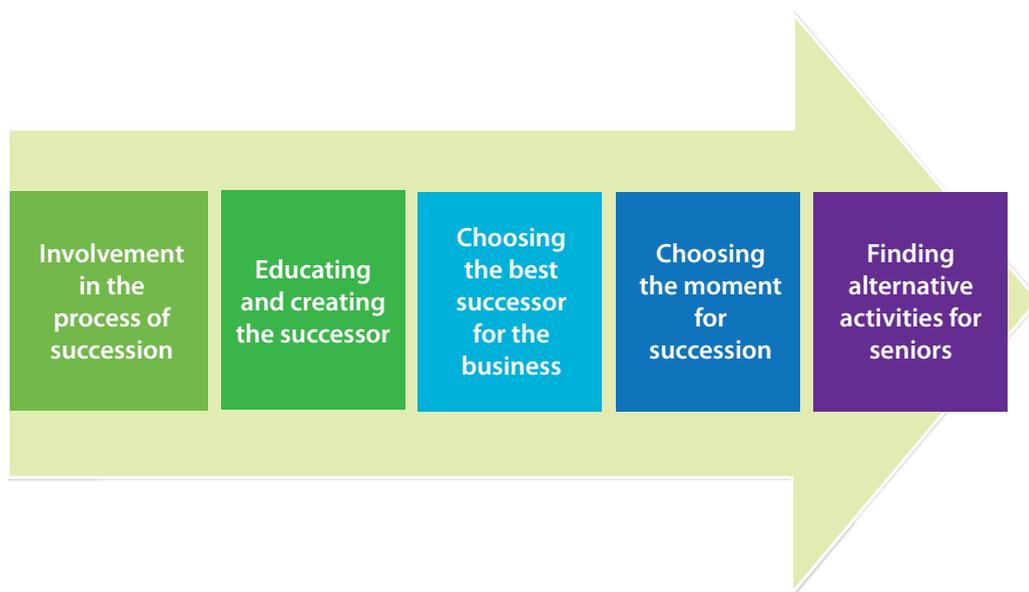


Figure 8. Factors that improve the effectiveness of succession

The first element of successful succession is *involvement in the process*. Although it cannot be considered as part of succession planning itself, it is necessary for its correct implementation. Involvement applies to all family members working in the company – both the generation passing the power and the one taking it over. Usually seniors are too little involved in succession to provide the expected results, since they falsely assume that the presence of the successor is the only factor necessary for succession to be efficient.¹³ Yet, parents have to raise their children in the right way, prepare them to take over their positions, prepare the employees of the company for changes, provide their children with all necessary information about the company, as well as with their own practical experience. The young generation must do their best to educate themselves, gain the necessary skills and abilities, and take an interest in the company. Cooperation between the two generations is significant for the wisdom and experience of the senior and the energy and strength of the junior to ensure effective transfer of ownership and power.¹⁴

The second element of effective succession is *educating and creating the successor*. Each person is part of society – a specific structure where they meet other individuals responsible for their adaptation to life in accordance with established norms. The family plays the most important role in this structure. Parents should prepare their children from the youngest age for taking over the fam-

¹² J. Jeżak, W. Popczyk, A. Winnicka-Popczyk, *Przedsiębiorstwo rodzinne. Funkcjonowanie i rozwój* [Family Business. Operation and Development.], Difin, Warsaw 2004, p. 94.

¹³ P. Sharma, J.J. Chrisman, J.H. Chua, *Succession planning as planned behavior: some empirical results*, Family Business Review, Vol. 16, Number 1, March 2003, pp. 1-15.

¹⁴ J.C. Casillas, C. Díaz, A. Vázquez, *Le gestión de la empresa familiar. Conceptos, casos y soluciones*, Thomson, Madrid 2005, pp. 203-205.

ily business.¹⁵ A stable and long-term development of the company may be ensured only by successors who know the family business very well, know its clients and employees, and are properly educated.¹⁶ Entrepreneurial education of the young generation requires:

- awaking the features of the leader in a child,
- teaching responsibility for decisions taken,
- providing conditions for a child to improve their skills and develop their interests,
- teaching polite behaviour and respect for others.

The third element of succession planning concerns selection criteria for the choice of successor. The development of necessary skills and abilities is closely related to the education of the generation of successors, yet it is also good to verify the qualities of the potential successor, to assess their weaknesses and strengths, and then to prepare formal training aimed at strengthening acquired skills and gaining new ones that are lacking.¹⁷

The fourth key element is the choice of the moment for succession. A family business may not be taken over in one day, since this could lead to its downfall. In order to avoid the negative effects of succession, the process has to be continuous – both in terms of planning and operations. The choice of the moment for succession is not an easy task since it is mostly based on the subjective opinions of family members – seniors' readiness to pass the company on and juniors' readiness to take it over. There are no specific criteria for the clear assessment of the above-mentioned readiness. It is recommended that the company be taken over when successors enter the period of the highest efficiency and seniors show clear symptoms of being tired with running the business. The problem is when these two conditions are not synchronised. The climax of the conflict is when the second generation notice that the skills of the present owner of the company decrease, while their own skills are considerable and still improving. One can avoid a conflict if succession is ensured in the appropriate moment, when the skills of the generation of juniors are equal to the skills of the generation of seniors. Unfortunately, also in this case there is no criterion for objective assessment. As regards the readiness of employees to introduce the changes about to appear in the company, one should consider the fact that employees also need time to adjust to the new situation. Finding oneself in the new environment requires adjustment to the new norms and style of management.

The fifth element of effective succession is finding alternative activities for seniors who leave the company. These should be both private and professional life roles. Managing spare time will help eliminate continuous thinking about mortality and the change of social status. Seniors may start to realise their passions and dreams they had no time for earlier. They may also find themselves in the role of grandparents spending time with grandchildren, or participate in meetings of leisure groups, or take classes at the University of the Third Age. Successors should carefully observe changes in their parents' behaviour, and – if necessary – motivate them or suggest ideas for new activities. Thus, they may contribute to avoiding a situation in which parents, due to the excess of thoughts during inactivity, subconsciously though wrongly start to blame their own children for the present situation as those who have taken their main activity – work.

After leaving the company, seniors should also have their livelihood secured. One of the elements of effective succession may be an individual life insurance policy.¹⁸ On the one hand, it provides financial means for the pensioner, thereby removing one of the reasons for postponing the decision about succession and, on the other, it is a security that enables successors to pay inheritance tax in case of the senior's death. Optionally, seniors may also maintain the right to a share in profits. In terms of new professional roles, it is worth noting that maintaining seniors' contact with the business may decrease their feeling of loss related to passing the results of their long-term work to

¹⁵ See Chapter 1.3 The specific character of management in family businesses (Succession)

¹⁶ A.B. Ibrahim, W.H. Ellis, *Family Business Management. Concepts and Practice*, Kendall/Hunt Publishing Company, Dubuque, Iowa 1994, p. 224.

¹⁷ Grant Thornton, *Biznes rodzinny [Family Business]*, Helion, Gliwice 2004, p. 46.

¹⁸ Ł. Sułkowski, A. Marjański, *Firmy rodzinne: jak osiągnąć sukces w sztafecie pokoleń [Family Businesses: How to Succeed in a Relay of Generations]*, Poltext, Warsaw 2009, p. 49.

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their children. A retired patriarch of the family may act as adviser (e.g. for the management board), consultant, or may provide technical support. His long-term experience may be used for providing opinions about strategic decisions of the management board or current help in case of problems. However, this has to be performed in moderation. A retired owner of the family business should only take consulting rather than managing roles in order to enable the younger generation to execute their powers.

Succession – a legal commentary

Apart from psychological and organisational issues, also the legal aspect of taking over the company by the next generation has to be prepared.

From the legal point of view, succession means the transfer of rights and obligations from one entity to another. **Succession may be universal – when all rights are transferred, or singular – when only some of the rights are transferred.** Succession may be initiated during the senior's lifetime or may be so prepared as to become effective only after their death. Then, succession combines with inheritance.

Methods of succession in family businesses depend on the legal status of the enterprise.

1. It is the easiest **in the case of share-holding companies** (limited liability companies and joint-stock companies). In this case succession consists in transferring the title to shares in the company. The advantage of such a solution is the possibility to divide shares between several family members.

2. **In the case of partnerships** (general partnership, partnership, limited partnership and limited joint-stock partnership), all rights and obligations of a partner may be transferred to another person only if the deed of partnership stipulates so (Article 10(1) of the Code of Commercial Partnerships and Companies). It also requires the written consent of all other partners, unless stipulated otherwise in the deed of partnership (Article 10(2) of the Code of Commercial Partnerships and Companies). It must be noted that in the case of partnerships, shares may not be transferred.

A partnership may be transformed into a share-holding company. This is a fairly simple form of legal preparation for succession.

3. The situation is more difficult **when the family business is an enterprise managed by a natural person conducting economic activity in their own name.** It is possible to donate the enterprise to another person – in this case the entire enterprise becomes part of the other person's assets, and the donor is deprived of the opportunity to control it. It is very difficult to cancel the donation. Another problem is the inheritance of the enterprise. On 23 October 2011, Polish legislation will introduce the specific bequest, i.e. the possibility to bequeath something, e.g. an enterprise, to another person, who becomes the owner of the enterprise upon the death of the bequeather. An enterprise conducted as individual economic activity may be transformed into a share-holding company. This is a fairly simple form of legal preparation for succession.

Summing up, awareness of the legal conditions and the choice of the solution that is the most appropriate for the company's strategy and the owners' family situation, made by the family and the successor(s), are very important for succession.

Diagnosing the correct process of succession

How can one be sure that the process of handing over responsibility for the company has been taking the correct course? The following points will help the entrepreneur diagnose the correctness of

the process of succession. The following statements come from family businesses supported by the author of the article in the process of succession, also within the "Family Businesses" project.

1. Relations between the two generations not only remain as they were before but are even improving.

"It was very important for us to talk about values. We identified what was important for our children and for us as well. Now we understand each other better".

"My father is still my authority. Although I am responsible for the company now, I always ask him for advice in key issues. I appreciate it that when we have different opinions, he gives me a free hand and does not criticise my decisions".

2. Stakeholders have their financial status secured.

"We are doing well; our parents took care of us. It is obvious that, having already left the company, they have to be financially secured for the future. We are proud and happy to pay their dividends".

3. All stakeholders feel that the process was fair.

"During the entire process of succession we felt that our father wanted to pay attention to everybody. »But to him that soweth righteousness shall be a sure reward.« That is what Solomon said and my dad says that too. I know that justice was a true value for him. He showed that to us".

4. Tax optimisation was achieved.

"I believe that succession is conducted properly if the company pays minimum taxes. The important thing is not to cause financial problems in the company by handing it over. On the contrary, I'm giving it away for its best!"

5. The successor has specified their objectives and is able to achieve them. They are independent in their actions, and they know how to use their resources.

"It was very important for me that my daughter wanted to fulfil herself in our company. I did not make any decisions until she came to me with that. Now I do not worry because I see that not only does she want to continue our business but she also has her own ideas and ambitions. This is the best solution for us. If she had not wanted to take over the company, I would have decided to hire an external manager. It is extremely important for the company to have a manager with passion!"

6. The best legal solution for the situation has been established.

"Since my parents have three children, they decided to divide shares between us. Before making this decision they consulted lawyers about all the possible solutions in order to avoid any troubles resulting from the ignorance of law".

7. Both parties are open to the exchange of key information.

"I was shocked when it turned out what the financial condition of my father's company was. I have never thought that when I take it over I would have to cope with such a financial crisis. I was not ready for this and, to be honest, those months were extremely stressful. However, I think that even my dad had no idea that the situation was so bad. When I pass the company to my children, I will take care of the transparency of its financial results so that they know the condition of the company before they decide to run it".

8. Clients accept changes in the management board.

"One of the basic mistakes in the process of succession is the sudden change of guard. Not preparing the environment is inappropriate and may lead to the situation when clients do not trust the successor

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a priori. Therefore, it was significant for us to act as the management board together for three years. Only when our key accounts met my son and, what is more, trusted him, did I know I could take care of different things. What did I do? I established a brand new company in a completely new industry. That is the way I am!" "

9. Key employees accept changes, stay in the company and create a positive culture of cooperation.

"A lot of our workers have worked with us for several years. They are very attached to the company. At the beginning, when dad announced that he was giving the company to me, I was very afraid of their reactions. I thought that it would be extremely difficult to follow his lead and gain the team's favour. So I went to the foreman who had stayed the longest in the company and asked him what I should do to earn their respect. He told me: be conscientious, hard-working, and love this job more than anything! Then, you can count on us! I keep these words in my heart as a special treasure!"

10. The common vision of the development of the company has been established.

"It was very elevating to sit by the table with our children, sons-in-law and – though not without discussions or different points of view – to establish our common vision of the development of the company that we all agreed to. This was a very inspiring experience, thanks to which we know that the company will develop its potential and achieve the goals specified together without our participation".

Finally, it is worth noting that all the above-mentioned fields of the methodology converge in the process of supporting succession. One has to know how to work according to the systems approach, to develop personal competences of both family members and co-workers, to build a strategy that would take into account the property, market and personal passions. All this can develop the family and strengthen family bonds, give a new spirit to the company, as well as lead to serious conflicts and crises. Undoubtedly, succession is a difficult process that causes a number of problems, which many entrepreneurs try to avoid by postponing succession planning. However, it is much easier and more efficient to accept the challenge and start the planning process as early as possible. This will help avoid unwanted situations, and guarantee enough time to get accustomed to handing over the company and preparing for succession everyone involved in the process – parents, children and employees of the family business.

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2.5
Succession in
a family business

2.6 Community

MAŁGORZATA ZAWADKA, MIECZYŚLAW ŁAIS

"Connections are the biggest capital of this project. I order a wardrobe at the director of a furniture company I met here, and he asks me to organise his family party. We have also provided catering for his friends several times. A waiters' manager in our new restaurant will come from one of the new family businesses we are on friendly terms with. We talk about our businesses and consult one another on how to place an order to have it realised at the lowest expense."

"A great advantage of all we have been doing here was networking, i.e. meeting other entrepreneurs, exchanging experiences. My management board is an example of how it works – they finally started to appreciate the opportunities to meet, make contacts and give advice to other people."

Networking is a communicational aspect of building the community. It has always existed but it has never been treated in such a conscious way as it is now in the changing world.

Since the significance of this process is increasing every year, the following chapter will present this aspect of community building.

In business, networking means units and companies coming together, which through relations based on trust and joint efforts aimed at maintaining the relationship becomes mutual advertising, support and source of contacts and information. These relations are based on:

- honesty and authenticity,
- offering favourable conditions and good products in business transactions,
- clear communication of objectives and abilities,
- good will,
- awareness of the fact that in order to use the network, one has to actively participate in building it.

Networking also means active participation in the network. This is not only about taking from others but also about giving something to them. It is also worth remembering that networking is a process. Therefore, if we do something today, it may bring results sometimes only much later.

A radical change in perceiving the significance of the networking process is the result of globalisation and the Internet, which surprises us every now and then with brand new forms of communication, such as social portals, discussion fora, Facebook, Twitter and anything that will be invented and that we are not able to imagine yet. As a consequence, **increasingly available global markets offer us more and more new clients and competitors, unavailable so far, and more ways to reach them.** We have not yet got used to the fact that we are in the Schengen zone, where thanks to the Internet and the "buy" button an entrepreneur from Asia supplies us with a product that we used to buy in our local "Humus" organic food shop. Despite the long-term friendship with the owner of "Humus", from the moment we found the Asian on eBay we buy our favourite green tea from him. The previous community of our family, best friends and the most satisfied clients is not enough anymore to run our business if someone else – not only in our neighbourhood but in the whole world – offers better terms.

Often thanks to the new forms of communication, what took months to obtain in negotiations with business partners, who were difficult to find, is now available in a few minutes regardless of geographical borders or connections. We only have to know how to enter the correct words in the search engine and how to use the results. These are surprising changes for the generation of people aged 50- or 60-years, who have to remind themselves about them; yet for the generation of 20-, 30-year-olds these are natural and obvious processes. **The younger generation already operates according to the new social relations paradigm of unlimited access to knowledge and immediate communication.** For their children, the new type of global communication is the only reality they know. Contacts are shorter but frequent, aimed at dealing with particular issues, the number

of addressees is unlimited, bonds are weak and disobliging because everyone works on expanding their own network all the time.

The combination of the ability to build and maintain strong long-term relationships, characteristic of the generation of today's grandmothers and grandfathers, with their grandchildren's natural skill of moving in the new reality yields an advantage over those who persistently stick to the old schemes or those who only believe in the new ones. In the case of family businesses, which bring together various generations to a greater extent than corporations do, understanding that truth is incomparably more natural.

One of the important features of the new paradigm is a decline of loyalty, or maybe a different way of perceiving it. Those not ready for changes in relations, for joining in new groups aimed at specific actions, for immediate modifications of plans, will lose. Someone else can be found within a second if the better offer is not used. On the other hand, the power of the group has never been so important, if clicking the Facebook "like" button may make our product a worldwide hit in one day. The popularity of business ethics is likewise increasing, and the lack of it in business relations may earn us immediate negative comments about our activity on the portals we were present on in order to gain the respect of network participants.

Another characteristic of the paradigm is the natural tendency to share knowledge. In accordance with traditional business thinking, one should not share their ideas with other people but rather build informational barriers and use information possessed on their own. According to the new way of thinking, if you are consistent in speaking on a given subject and other people come to recognise it and share it with their friends, there will always be some people willing to do business with you. Usually, every idea that comes to mind has already been implemented somewhere by someone. Today, thanks to the Internet, it is also widely available. Therefore, if there is no chance to implement the idea, there is no point in keeping it secret if it probably has already been published somewhere. The more we want to share our knowledge, becoming experts in the field at the same time, the more eager other people are to provide us with answers when we need them.

The decline of political and economic barriers in the contemporary world, and – through the Internet – the disappearance of geographical and time barriers, means that **without participation in the global Internet network businesses have less and less opportunities to exist. At the same time, participation in the virtual reality without the network of real social and business connections also decreases the chance of surviving.** Things that count in today's virtual networks as they never did before are references, consumers' positive opinions, and the number of Internauts visiting our websites. Furthermore, when we can choose a partner offering the same product for the same price and on the same conditions, we will always choose someone we know unless they have failed us, someone recommended by people we trust or someone we like, e.g. because of having the same values.

Contemporary networking consists in building and maintaining the broadest possible network of virtual and personal contacts, with possibly the most efficient individualisation, i.e. active presentation of our best features and distinguishing ourselves from other "friends and colleagues". For that purpose, one should use traditional face-to-face meetings on any business, personal or just random occasion, as well as the Internet. It is also worth presenting oneself in such a way that the greatest number of potential business partners could treat us as "one of them", which, although politically incorrect, is always very important for making decisions about developing relations. This is because we'd rather do business with people like us. A Peruvian selling a commodity we are looking for, whose website shows a photograph with the same picture from IKEA in the background as the one we have got in our office, will seem to be friendlier than a Peruvian we have nothing in common with. Unless we read on the latter's website that they run a family business, the community of which we have belonged to since we participated in the "Family Businesses" project. "Thanks to increasing my self-esteem, I have now much more courage to arrange meetings with large companies I wanted to cooperate with before and kept waiting for our company to develop, improve our advertising and I do not even know what more. Since we entered the programme, I

have stopped waiting and I just make a call. I know we are somebody. We are a family business that has lasted for three generations, and not many can make it, so we are reliable. Therefore, we plan to place a Family Business logo on our products”.

How to create an environment favourable to networking?

As regards networking, two ideas have to be distinguished: building the network and network activity, because in order to act you first have to initiate it. Developing the family businesses network and promoting active participation in it were one of the basic tasks specified by project promoters. The objective of the network was that the representatives of the companies:

- maintain contacts with each other after the programme’s closure,
- remember about themselves,
- support one another through exchanging information, establishing cooperation, recommending companies to other companies,
- be ready to share their experience and expertise in their field,
- be able to provide mutual spiritual support everybody needs sometimes.

An invaluable aspect of the established network is the development of the family businesses community that is not only a business network but also a social network, i.e. a group providing family entrepreneurs with a sense of identity, belonging, and in the future maybe even a certain political power.

It is important that during conferences, workshops and meetings trainers focused on encouraging and mobilising participants to make long-term personal relationships, to participate in the activity of the IFR, and to cooperate.

Those who implemented the “Family Businesses” project started the networking process from the most basic issue of the old networking paradigm – a personal meeting that is no longer necessary in the new Internet reality but which still brings about the most sustainable results. **When several people experience something together, not even necessarily positive yet remarkable, then, even years later their contact will be incomparably stronger than contact with someone they had not met personally.**

It seems obvious that workshop groups would integrate the fastest. **Each workshop during which participants share their personal experiences is a very favourable opportunity to begin the networking process, since people get closer to each other when listening to others’ stories and sharing their own experiences.** When you know the problems of the other person it is much easier to remember them, and also much easier to ask them for advice, recommendation or just a talk.

In the atmosphere of community and closeness created by trainers, making close relations is also spontaneous during any other form of programme meetings. In the project, the positive atmosphere of community was intensified by the discovery (during the first conferences inaugurating successive editions) that participants belonged to the group of millions of family businesses in Poland and in the world, that such businesses were over 70 % of most economies, that their family character meant not just drawbacks but also great advantages such as the atmosphere of closeness and community. Participants often emphasised that for them the greatest value of the programme was to realise that they were not alone but they belonged to the specific group of entrepreneurs, i.e. the large community of family businesses. It was also nice to discover that they were similar to such market giants as IKEA, Ford, the New York Times or Walmart, which too are family businesses. This gave the beneficiaries a feeling of power, self-belief, and the will to maintain connections made during the programme.

Almost everyone declared that they would recommend companies met in the project with pleasure, and present the “Family Businesses” logo. The joy of the newly discovered identity of the family entrepreneur made conference participants more eager than it is usually the case to talk during breaks between lectures or during meals, and to organise private meetings outside the programme.

"These are casual talks, sometimes after training sessions, at dinner someone suggests something, gives an example and I suddenly become open for a new way of thinking. These talks sort of open new doors."

"I was surprised that all family businesses have the same problems although they have different histories and industries. I learned a lot from other people's experiences. Now, there is a chance I will not make their mistakes. I cannot repay them for it because I am only 21, but I could tell them what certain things looked like from the young person's point of view. I would like this programme to last longer and that something could come out of it – if not business cooperation, then at least these friendly connections. I would like it to keep us together."

The participants of the first editions of the programme communicated to promoters very soon that since meetings with other companies, exchange of experiences and making friends turned out to be one of the greatest values of the programme, they wanted to use the opportunities to integrate with others as much as possible. Therefore, starting with the second edition of the programme bonding sessions were introduced during conferences, aimed at integrating all participants, not only those within individual workshop groups. In addition, during the conferences closing each edition, the so-called poster sessions were organised: each company was asked to present themselves using posters about their activity in order to make other participants remember their offer as well as their needs. This opened the way for contacts for those who could be interested in cooperation, using the offer of assistance or doing a favour.

Other opportunities for making closer relations with people from different workshop groups included mentoring and thematic meetings, which turned out to be a hit also because entrepreneurs interested in the same subjects gathered there, which gave them the opportunity for more in-depth talks after the lectures.

Another networking method was creating company stories, which enabled over forty companies to tell and write down detailed histories of their businesses, and often of their whole lives. Other participants, reading the stories published on the programme website, felt that they got to know those companies well and that they could learn a lot from their experiences. The success of the stories encouraged us to publish the twenty best ones. This is how we made a comprehensive publication with pictures of the companies called *My History, My Company – Portraits of Polish Family Entrepreneurs* which, together with the "Methodology for the Support of Family Businesses", is a real and sustainable element that supports the process of maintaining the vivacity of the community.

At the beginning of December 2010, i.e. more or less in the middle of the programme, participants had the first opportunity to meet those from other editions. The traditional meeting of family businesses was organised, for the third time already – the so-called "u-Rodziny". The three-day cycle of lectures on business ethics, panels on entrepreneurship, bonding sessions and entertainment revived the family spirit, and many participants even called it the feast.

In spring 2011, Newsweek and its sponsors joined the action of creating the family business brand in Poland by organising competitions for the best family business in the voivodeship that lasted for months. Prizes were awarded during galas organised every month in the capital cities of voivodeships. The Newsweek galas, visited by other family entrepreneurs, were yet another occasion for making connections, i.e. for the development of the network of contacts, as were the articles published on this occasion that raised the awareness of the existence of such a community in our country.

"During the Newsweek gala organised in Kielce I met many new family businessmen with passion. One of the participants even came with a guitar. These people want to talk, to share what matters to them, they need to be with people who are like them."

The atmosphere of the "families' feast" was revived again during the final conference closing all editions of the programme. It was visited by a record-breaking number of representatives from over 100 companies that participated in all editions of the programme. It was a unique occasion for the exchange of impressions, contacts and making new relations. Apart from discussion panels,

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lectures and bonding sessions, each company had their chance to present themselves – this time to a group several times larger – using posters prepared earlier. During the conference, the companies received catalogues presenting all enterprises, with descriptions and photographs of what they offer. Apart from being a souvenir, the catalogues are also a significant tool maintaining the network.

How to ensure the further development of the network?

A strong emotional relation during the first meeting – based not only on business – is one of the roots from which the network of virtual business contacts may develop. However, the opposite may happen: virtual networking may take place first. Then, the community decides that in order to gain a new quality of contacts they have to meet in the real world.

Throughout programme implementation participants often asked what would happen with such a great potential discovered here, how to maintain the network of contacts? The next stage of network development was to create a family businesses Internet portal that, on the one hand, would be a bank of addresses and information about the companies, and, on the other, would function as a social portal where programme participants could share their knowledge, make new contacts, and plan future meetings.

Family businessmen participating in the programme met and liked each other, and discovered that they had common values such as devotion to their families, a business bent, independence, responsibility, and passion for work. They have similar dreams (e.g. stability, state recognition of the value of their activities'), similar troubles (how to reconcile the business with the family? how to fight with the constant lack of financial resources? how to secure their future in the times of permanent change? where to take faith in their activities from?). They know that they can cooperate with one another, that they may call one another to ask questions to a friend who runs a business in a particular industry and is experienced in the field. They decided that they would support others wherever they could. Thanks to the mailing list they subscribed to, sent regularly by the IFR, they know their addresses and phone numbers. They belong to the virtual network of family businesses at the growing portal. Many of them contact on Facebook every day, they look into publications with their pictures and stories, and when driving through a town where their programme friends run a café, a shop or workshop, they visit them eagerly. Several companies have already started to cooperate, some of them permanently, at least for now. Several companies made friends, some of them joined the IFR hoping for further training courses, meetings, conferences, and finally for building a real political power that could fight for the rights of entrepreneurs.

How to maintain the network and contacts now?

There are plans to continue the “families’ feast”, i.e. to organise annual meetings of family businesses as it has been done so far in Kędzierzyn Koźle. The Family Business Foundation was established to continue the organisation of mentoring and thematic meetings, periodic conferences and administration of the Family Businesses portal. If network participants benefit from participation, the network will grow and develop.

“I also hope that we will establish the network for communication and references. Clients often ask me to recommend construction companies or companies manufacturing paper or seals. Everybody needs trusted experts. Lately, the management of a large corporation asked me for a business contact. They were not interested in another corporation but in a small company to have direct contact with the director, because then you know who is responsible, and who they should meet. I recommended a family business I knew. A director of a company from Sucha Beskidzka asked me to provide an opinion on the insurance policy in a case for compensation. I believe that it is extremely significant that they contacted me and that I can help them. This is only the beginning of what may result from the IFR initiative.”

2.6 Community

"We have made important contacts. We met a great family business with which we decided to organise a run to promote healthy living and our businesses. Falenica is a very green place, running is extremely popular here. There are forests, hills, and the Vistula River here. We want to encourage other companies to run with us for the family. We will found a prize, and spend some healthy time together. It is just the first of our ideas for maintaining the network".

"We have a potential, we have made friends. In many cases networking translates into specific benefits. I hope this is just the beginning".

2.7 Synergy, i.e. how to make the actions of the promoters of the Family Business development programme provide those enterprises with the most efficient support

DOROTA SZCZEPAN-JAKUBOWSKA, JACEK JAKUBOWSKI

The 6S model points out the areas that should be kept in mind during programme implementation. Family businesses are particularly sensitive for the mistake of ignoring any of the following issues. As it was stated above, the model includes the following fields:

1. the family-and-business system,
2. self-development,
3. strategy,
4. succession,
5. community.

The sixth "S" means synergy or synthesis.

Why is it so important to take all "S" into consideration, especially in the case of family businesses?

Usually, individual family businesses are ownership organisations. The idea that accompanied the building of the company continues to shape its form for many years. It is the source of its strength but also of many weaknesses. The greatest of those is the strong family-rooted resistance to changes, or actually sticking to the emotional and cognitive habits typical of the family. Strong concentration on a certain area from the 6S model to the exclusion of others may be one of the habits. This happens for example when owners lose their energy on reaching agreements between themselves (concentration on the field of the family-and-business system) while neglecting strategy at the same time. On the contrary, they may also concentrate for a long time on succession and strategy, neglecting self-development. In each of the above-mentioned cases the company cannot develop.

Support for development must activate the internal energy for changes. Neglecting some of the fields included in the 6S model considerably limits this process and determines the persistence of the unfavourable status-quo.

How to relate work within the five fields mentioned above?

Work on communication is basic for the *family-and-business system* in development programmes. During workshops participants experience new ways of using communication for building relations. Then they apply their workshop experiences in the real life of their families and businesses. This is a very intensive process especially when several persons from one family/company participate in various workshops at the same time. A lot happens then at the level of feelings, mutual openness, readiness to listen, and acceptance. The system becomes more ready for change, and thereby for development. At the same time, more efficient communication within the complex family-and-business system enables one to identify objectives consciously, make operational and strategic decisions, solve conflicts, and operate efficiently.

Self-development, i.e. the process of intensive work on oneself, often provides the best motivation for sharing its results concerning the family and the business, the most important aspects of life for the participants of the programme. Metaphorically speaking, self-development is for participants what fuel is for the car. One of its important aspects is the ability to com-

municate better. However, self-development also concerns other interpersonal skills such as the ability to identify and control emotions, systems thinking, increasing one's knowledge in the field of management, courage to realise personal passions and values that give meaning to the "system" and enable one to develop a unique style.

Even an effective system based on high competences may fail under market pressure if there is no appropriate strategic development objective. Since family businesses are usually imbued with their founders' personalities and culture, the strategy should take into consideration not only the outer reality but also the property, style and passions of the family that creates the company. Succession, i.e. the art of introducing the second generation to the company and the reconciliation of management reality with the education of the future owners, is the next extremely important "S" in the "Methodology for the Support of Family Businesses". **Thinking in terms of succession makes owners define what their company is, what they want to give to the new generation, what should be maintained and what should be changed.** Therefore, it requires self-development of the representatives of both generations, establishing the strategy anew, and changing family relations.

All these processes need to be supported within the broad *social context*. **It is necessary to engage in networking, understood as the ability to enhance company growth by using the support of the social capital**, the chance to ask for advice, to share experiences, to analyse family-business processes together, as well as to develop business relations.

The objective of any programme for family business development should be the implementation or improvement of the development process in each of the above-mentioned fields. This does not mean, however, that each of the fields should be developed "one by one". A programme of the support for the family business is not a sum of actions focused each on one of the above elements. **The methodology of work with its beneficiaries should be constructed in such a way that many of the objectives of the 6S model are achieved at the same time, under the same action.** This reflects the natural process of experience-based learning. In life we learn many things at one time and we do not expect everything to be arranged and finished. The strategy of reflecting in the structure of the training programme the natural processes of gaining life and professional experience is the best when the main objective of the programme is to initiate and increase development rather than just to provide knowledge.

Note that connections between the various aspects of family business operations are neither simple nor very predictable. If we observe the phenomena from the point of view of the enterprise, we know, for example, what internal processes may occur during the preparation and implementation of the company's strategy. We can outline communication processes in the family-and-business system. There are other models that describe relations between the enterprise and the market. We can refer to the models of global development, and psychology offers various explanations of the process of personal competence development. However, we often do not know how to combine those models. Explanations focused on certain levels of description, albeit convincing, do not overlap and do not explain relations between the levels. Therefore:

Any specific support programme will be a unique concept of actions, all the described elements of which are synergically combined and implemented at the same time.

We assume here the multidimensional mutual influence of changes in the above-mentioned fields. By initiating the mechanism of individual development of individual participants we create processes that change the functioning of the family-and-business system, we provide basis for work on the business strategy and prepare the process of succession. Changing the business strategy, or even thinking about such a change, however, influences the process of individual development of the company's owners or its key employees, and initiates changes in the family-and-business system. Work on building the community of family businesses may enrich the methods of defining the family business strategy, as well as increase particular competences of individuals.

A Methodology for the Support of Family Businesses

To better illustrate this problem, let us imagine various answers to the following question: why is the light on? Because someone has switched it on. Because someone has paid the electricity bill. Because the night has come. Because someone has produced the bulb. Because the power plant has to make money. Because the cables have been installed. All these answers are true, but it is very difficult to find connections between them. To continue the metaphor, if we assume that a lighted bulb is a positive result of the operations of a family business, the following explanations apply: at the individual level – the light is on because someone has decided so and switched it on. At the family level – the light is on because dad has paid the electricity bill. At the company level – the light is on because the company makes money to pay bills and buy bulbs. At the environmental level – it is the result of an efficient electricity network and a well-functioning power plant.

Individual elements of the 6S model come from different levels and as such are described in different languages. Psychology provides an efficient language for describing phenomena of the individual's learning and development, management theories – for describing strategy, sociology – for describing the community. There is no well-grounded knowledge, however, that would provide categories and models to relate all these fields. We often have to rely on faith, beliefs, common sense and intuition. We may also refer to fragmentary knowledge, and experiment.

In accordance with the above assumptions, **the most important element of the support programme for family businesses will be the continued design of concepts for subsequent educational events. They should all be based on the specific methodology called *experience-based learning or confluent education*.** This term was invented by a psychologist G.I. Brown, inspired by the works of a psychologist and therapist Fredrick S. Perls¹⁹ and of an anthropologist Gregory Bateson²⁰. *Confluent education* focuses on combining (in the mind of the developing person) knowledge gained through various channels of cognition. This means integrating the channels of intellectual and intuitive cognition, as well as emotional and reflexive processes. It is done by creating situations when a learner takes various actions in laboratory or natural conditions, and then analyses them in a dialogue with other people (during training workshops, working meetings, while “gossiping” in a smoking room or discussing company business by the family table). **The dialogue, its quality in fact, is crucial.** If it is appropriately open, the final knowledge is a result of the clash of visions of many people and, generally, it is a new quality as compared to the primary opinions of the debaters. Within this approach, learning not only integrates the learner's internal processes, but it is also a social process that has an impact on the learning community. Not only does the above methodology of learning reflect fairly well the natural processes of gaining life experiences in playing roles in a family and in a company, but it also strengthens the natural systems thinking capacity.

How does it happen? The entrepreneur faces various situations that require quick reaction and decisions as well as communicating with other people. Every day he or she receives a specific “response” from the company they run or from their own family. While sometimes these reactions are predictable and expected, now and then something surprising happens. Metaphorically speaking, **the company, or a family-and-business system, acts as a living organism with its own personality and secrets.** The entrepreneur, receiving a “response” of the system towards his or her actions, learns more about it, and learns how to co-exist, i.e. cooperate, with it. Such cooperation inspires a lot of emotions that with time become a fairly good tool to see how the wind blows. Thus, the entrepreneur begins to function on the basis of more or less conscious correlations within the family-and-business system. One may say they begin to hold “a patent for management”. At the same time, it is a “patent for relations” with family members involved in running the enterprise. Sometimes, the entrepreneur is aware of it and can verbalise it, but they often act automatically, though effectively. Nonetheless, it is difficult for them to say what they are guided by while choosing a specific way of exerting influence. **Reflection on their own actions comes when some external changes**

¹⁹ See F. Perls, *Wokół śmietnika [In and Out the Garbage]*, Wydawnictwo Zysk i S-ka, Poznań 2002.

²⁰ See G. Bateson, *Umysł i przyroda [Mind and Nature]*, PIW, Warsaw 1996.

occur, when they talk to a stranger or, for example, employ a new person and describe their company. This is the history of learning the system in a family business.

The process described above would sound like a tale of the birth of a great magician, if the entrepreneur was not part of the entire system. Their decisions are not autonomous the way we tend to think of a sage describing the world from the Ivory Tower. Note that the actions of the entrepreneur are aimed at directing their company and family towards a *more suitable response* to the market. It is significant, however, that this is not about running any company but this specific company and this particular family, as well as using their strength to begin their dialogue with the economic environment.

The concepts of educational events have to create room for development for such an entrepreneur. Formally, we can meet at the workshop on the development of individual competences. We achieve the above-mentioned objective, and, at the same time, we provide laboratory experience of the group process, including system phenomena, we provide opportunities for building relations that form basis for social capital, and by enabling dialogue we support the process of building the strategy and preparing for succession. It is similar in the case of the conference. Its core purpose is to provide participants with knowledge on management, marketing and remuneration that is crucial for the development of the company. At the same time, through dialogue we improve our competences, and by inviting tens of people to one place we enhance the networking process. Even individual consulting, seemingly aimed at increasing the awareness of one person, when combined with the awareness of the synergy of all elements may result in actions that build the community or activate communication in the family business.

"I became kinder towards my wife; I see that she is irreplaceable. We have realised how many things we have achieved, how many problems we had solved. I am not sure whether it would have been possible but for the presentation during the conference when we became so open".

"I have no higher education, I was never really interested in it, but if I knew where to find such lecturers as those in the programme, I would be eager to study in my old age. It is fantastic when somebody speaks to you in such a clear way".

"Thanks to these training courses we know now what we should improve, and this is the most important for me. There are so many things more: solving problems, improving work organisation, delegating tasks, coping with difficult situations. As managers of our companies, we have to know such things".

Module 3 of this publication may be treated as an example of the synergistic approach. We present how we built workshops, conferences and meetings in order to make them a synergistic base for the development of the family-and-business system, personal competences, learning to think in terms of strategy and succession, and to provide opportunities for networking and creating a community favourable to the development of family businesses.

Bibliography

- [1] Perls Frederick S., *Wokół śmietnika [In and Out the Garbage]*, Wydawnictwo Zysk i S-ka, Poznań 2002
- [2] Bateson Gregory, *Umysł i przyroda [Mind and Nature]*, PIW, Warsaw 1996

PART III

**Description of the implemented
programme of support for family
businesses**

3.1 Introduction

The first part of this study describes the assumptions made by organisers of the “Family Businesses” training and consulting project. The second part presents the methodology developed, which can form the basis for other programmes of support for family businesses. The third part describes the implemented project – its structure, course, as well as results.

The programme was implemented between 2009 and 2011, and training sessions as such continued from May 2010 until September 2011, i.e. for nearly a year and a half. These more than a dozen months were a time of continuous adventure, experiments, research, learning and fun at the same time. Not only for participants, who decided to take part in the project exactly for the sake of experiencing something new, gaining knowledge and skills, but also for organisers. Training sessions held within that period gave those responsible for project implementation, trainers, experts and the entire team, a vast amount of experience necessary in the work with family businesses. It is exactly that experience that those involved in project implementation want to share with the readers of the “Methodology for the Support of Family Businesses”. The chapters below outline the general assumptions behind the project, issues related to promotion and recruitment, the preparation of trainers and consultants, and particularly the course of the educational process. The chapter on training events may prove particularly important, as it describes the individual forms of education within the project. Since the structure is fairly complex, below the reader will also find an organisational outline of the project which can serve as a point of reference throughout the subsequent chapters.

The entire third part is addressed to those who would like to embed the general discussion presented in the previous chapters in concrete practice, structures and educational processes. As in the case of the previous ones, its purpose is not to instruct, but to inspire the reader to search on their own and to build original projects for the support of family businesses.

Description of the implemented programme of support for family businesses



3.2 About the project

MAGDALENA DAROWSKA

This chapter presents basic information about the project: its assumptions, actions, course, and results. Information provided here serves as an introduction, but it is also meant to help understand the meaning of concepts and terms related to the project and used by authors of the subsequent parts of the study to describe in detail the individual actions implemented within it.

The object of the project

This was a pilot project aimed to develop and verify in practice a range of methods meant to support family businesses in Poland. It consisted of three stages. During the first one, carried out by the PARP, a study of family businesses in Poland was carried out with the aim to verify the training needs of those enterprises. The second stage involved the joint work of a consortium of the PARP and the IFR, which included two groups of parallel actions, i.e. the development of a methodology for the support of family enterprises, and its practical implementation – meetings that verified the assumptions and helped to refine the methodology. These included training sessions (workshops, conferences, and thematic meetings), mentoring meetings, consulting and narrative-writing, which are presented in one of the subsequent chapters.¹ At the same time, other actions to build the family business community were taken, such as mailing a regular newsletter to participants, updating the website and developing and maintaining contact between enterprises, i.e. the so-called networking. The chapters below present the particular actions and conclusions from their implementation in detail. The third stage –

The organisers assumed that no less than 50 enterprises would take part in the project, and that no less than 300 people – owners and employees of those companies – would complete it. The completion of the project was conditional on each participant from a given company taking part in at least 6 training days. The basic training course consisted of 5 days of conferences and 6 days of workshops, but everyone could also choose from a pool of “non-obligatory” thematic and mentoring meetings. All training sessions, apart from thematic and mentoring meetings, were intended for a specific group of people (edition) who started the project together. A participant of one edition could not participate in a workshop or conference meant for another edition. Thematic and mentoring meetings and the final conference were held jointly for all participants of the project from all editions. Therefore, each participant had the opportunity to participate in 11 days of basic training (conferences and workshops) and in any number of thematic (one- or two-day long) and mentoring meetings. Apart from that, each enterprise could take advantage of specialised consulting services that facilitated the translation of knowledge gained throughout the project into the context of one’s own business. All this overlapped with accompanying activities: constructing company narratives, writing journey logs, getting acquainted with other participants and exchanging experience. The project was meant to present the knowledge and develop skills, as well as to motivate participants to solve problems that appear in family enterprises and to support the creation of the community of family businesses.

¹ See Chapter 3.5 – Educational events within the project.

Description of the implemented programme of support for family businesses

Participants (beneficiaries)

Enterprises

The enterprises that wanted to benefit from the project were required to meet the following conditions:

1. **The enterprise should be a family business**, in accordance with the definition adopted, presented in the chapter on the *Promotion and recruitment in the Family Businesses project*,
2. **The enterprise should be a micro-, small or medium-sized enterprise.** Out of the 110 businesses that took part in the project, more than a half (63%) were micro-enterprises, 24% were small enterprises, and only 13 % – medium-sized ones. The prevalent legal form of activity is self-employment. This pertains to over 58% of the total number of businesses, mostly in the group of micro-enterprises (74%). Altogether, economic activity regulated by the provisions of the civil code is conducted by 72% of enterprises, commercial partnerships constitute 11% of all enterprises, and limited liability companies – 17%. The chart below presents the participation of various types of enterprises depending on their size, in percentage terms.

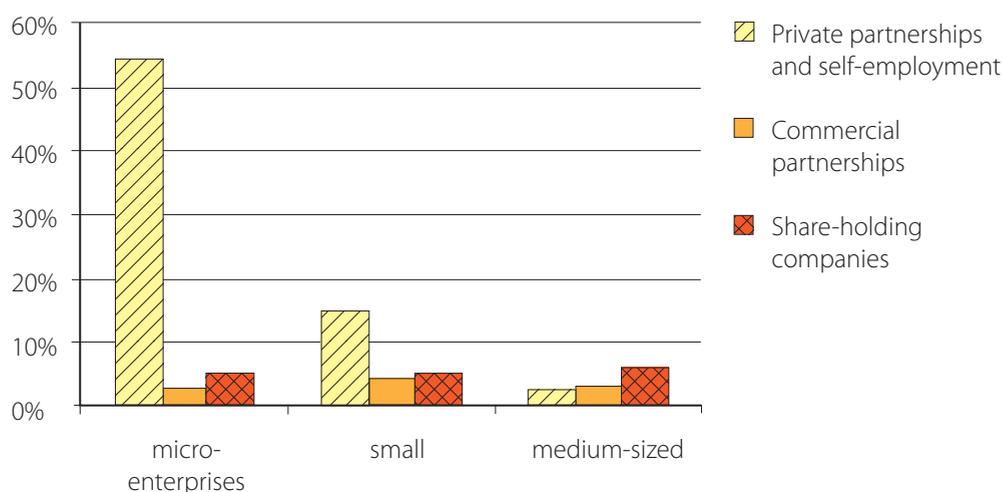


Chart 1. Project participants by enterprise type and size

3. **It should declare the participation of at least 2 people** for at least 6 training days per person. Over 60% of businesses registered only 2 people for participation in the project. These were obviously mainly micro-enterprises, many of which registered all their employees. The greatest number of employees – 7 – was only reported by 2 enterprises.

There were no restrictions in terms of location. As a result, the project attracted businesses from all voivodeships, yet due to the recruitment method and the fact that training sessions took place in 3 cities – Cieszyn, Poznań and Warsaw, a majority of businesses were from the Mazowieckie, Poznańskie and Śląskie Voivodeships.

There were also no restrictions as to the type of activity (except for agriculture). Consequently, businesses from a wide range of industries participated in the project.

Participants (people)

A family business could enter any employee for participation in the project. Out of the 302 people who completed the full course of the project, only 52 were employees not related to the family of any of the owners.

From the “family” point of view, participants can be divided into 3 groups based on the information provided in beneficiary questionnaires:

1. Owners/co-owners: those who own or co-own the business.
2. Family-employees: members of the broadly conceived family (close family, relatives, affinity) employed or cooperating with the business.
3. Non-family employees: employees who are not family members of any of the owners.

The chart below shows the contribution of these groups among all project participants in percentage terms.

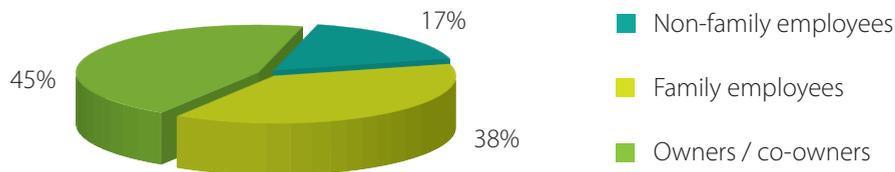


Chart 2. Project participants – situation in the enterprise

Out of 302 project participants, 140 were women and 162 were men. The breakdown by the categories of family relationship defined above within the groups of men and women is shown below:

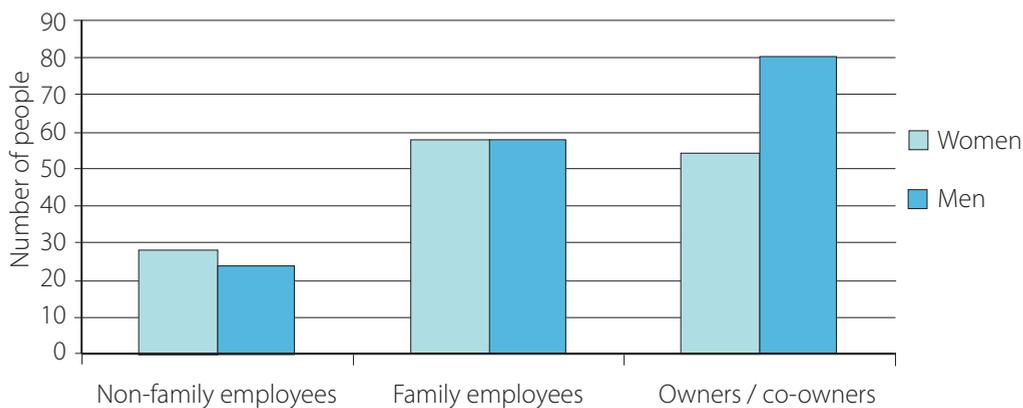


Chart 3. Project participants – situation in the enterprise in terms of gender

Project participants differed in age, but more than half of them (52%) were under 35. It is interesting to note the age distribution of project participants in relation to the situation of a given participant in the enterprise.

Description of the implemented programme of support for family businesses

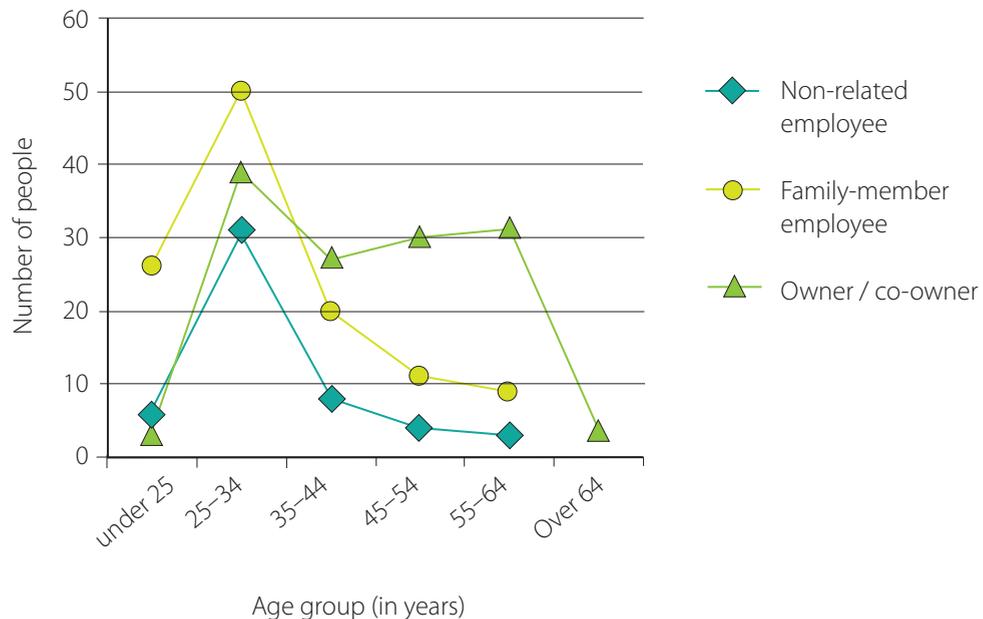


Chart 4. Project participants – situation in the enterprise in terms of age

As can be seen from the chart above, most owners and co-owners are aged more than 44, and they have delegated the second generation for the project.

Editions

The project was divided into 5 editions, each of which followed the same programme. Initially, each edition was to meet in Warsaw, and organisers did not plan any regional editions. However, due to a great interest on the part of potential beneficiaries from the vicinity of Cieszyn and from Wielkopolska, those responsible for project implementation decided to organise special editions exactly in those regions. Enterprises there were highly motivated but afraid of spending time on travel, especially in winter. Therefore, training sessions were organised for them in Cieszyn and Poznań. Thus, these two editions were restricted in terms of location – their participants came from a given region, while the three Warsaw-based editions attracted participants from various parts of Poland. The greatest number of participants came from Wielkopolska. This was mainly due to the fact that businesses in the region recommended the project to other enterprises they were on good terms with.

Organisers endeavoured to ensure that all training sessions of a given edition take place in the same location. After several attempts, they managed to find centres which met the requirements and matched the financial resources of the project. Thematic and mentoring meetings, on the other hand, took place in various locations, also – several times – in the offices of the enterprises of project participants, which was an additional integrating factor.

Withdrawals

Within the year and a half of intensive project activity, 8 enterprises and their 18 employees withdrew from the project. The main reason they provided was the lack of time or a training schedule inconvenient for people from a given enterprise. Furthermore, 8 persons from enterprises which continued to participate in the project cancelled their participation in training. Those were mostly non-family member employees who changed their jobs during the project.

The course of the project

Organisational and subject-matter related preparations lasted until the end of April 2010. Training sessions began in May 2010. Recruitment lasted from autumn 2009 until the beginning of 2011, which is unusually long.² During the project, 5 training cycles (5 editions) were held for different participants. Feedback obtained after individual training sessions allowed for introducing appropriate modifications to classes in the subsequent editions. The basic training courses ended in June 2011 and thematic meetings in August. An additional training session – a closing conference- was held in September 2011. This last meeting was meant to summarise the entire learning process and to integrate all project participants, as it was attended by beneficiaries from all five editions.

The basic sequence of training sessions started with a one-day opening conference (OC), followed by workshops (W1, W2, and W3 – always in the same sequence), separated by the first training conference (C1). The entire cycle concluded with a second training conference (C2). Conferences and workshops followed a certain pattern:



Figure 10. The basic training cycle

Workshops and training conferences always lasted two days. At the same time, since October 2010, one- or two-day long thematic meetings were held and advice was offered for enterprises, and mentoring sessions were available since December 2010. Thematic and mentoring meetings were not separated into editions – they provided an opportunity for businesses from different editions to meet. Consulting services were available until the end of 2011. The project involved a total of 15 conferences, 72 workshops and 25 thematic meetings including the final conference.

Project results and evaluation of participants

Out of the required 6 training days and over a dozen offered, participants took part in 13.5 training days on average³. For the mainstream training cycle (excluding thematic meetings), the average number of days per participant was nearly 9, which means that, given the 11 days of those training sessions, they were used in nearly 80%. Considering that the main training cycle lasted half a year, this should be regarded as a good result. On the other hand, the degree of participation in training offered in the form of thematic meetings varied greatly. Some participants attended many meetings, others appeared sporadically. 63 persons – i.e. less than 21% of participants – attended more than half of the total number of hours for those sessions, and nearly 16% did not come to any thematic meeting at all.

After each conference, workshop and meeting, its participants received questionnaires where they were asked to evaluate the organisation and applicability of a given event. Based on those, organisers were able to introduce the necessary changes in the subsequent editions and to modify the project so as to best suit the needs of participants. During the second training conference participants were also asked to evaluate the usefulness of the project for themselves, for their enterprise, and for the growth of the family business community. The average score in these categories is

² The reasons for such a long recruitment process are discussed in the chapter on “Promotion and recruitment in the “Family Businesses” project”, see Chapter 3.5.

³ Employees who withdrew from the project were excluded from the calculations.

Description of the implemented programme of support for family businesses

approximately 4.5 (in a scale of 1-5, where 5 is the highest mark), with usefulness for family business community growth ranking the highest. This trend persisted throughout all editions.

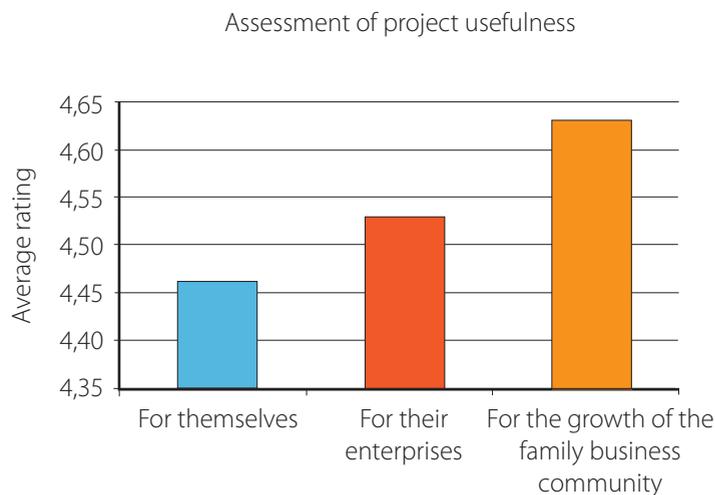


Chart 5. Assessment of project usefulness

Participants were also asked to indicate 3 most important advantages they had drawn from participation in the project. Based on the analysis of the answers provided, they were divided into the following groups – thematic areas:

1. Interpersonal relations
2. Enterprise growth
3. Personal development
4. The community of family businesses
5. Knowledge

Given this breakdown, organisers obtained the following distribution of answers:

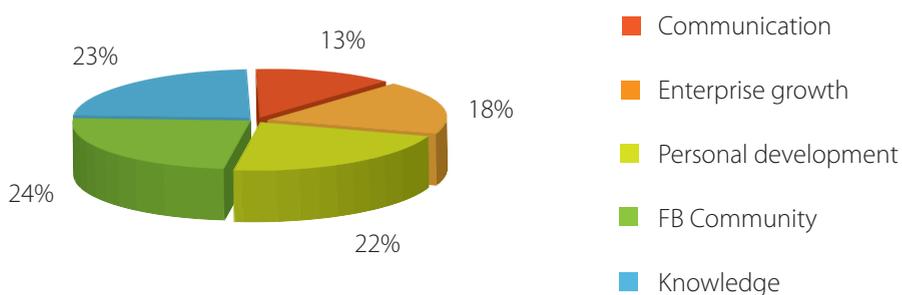


Chart 6. Advantages from participation in the project

The chart above shows that the category of the “Family business community” received the greatest number of indications, similarly to the question on project usefulness. This result is very important, as it means that the project involved the building up of social capital. This is corroborated by the way in which participants presented those advantages. For instance: acquaintance and exchange of experience with other family businesses, support received from similar enterprises, willingness to contribute to building the power of the family business community, awareness of the opportunity

to cooperate, a sense of not being alone with one's problems, contact with practitioners who have succeeded in one's industry.

It is very interesting to note that answers to the same question vary between particular editions.

3.2 About the project

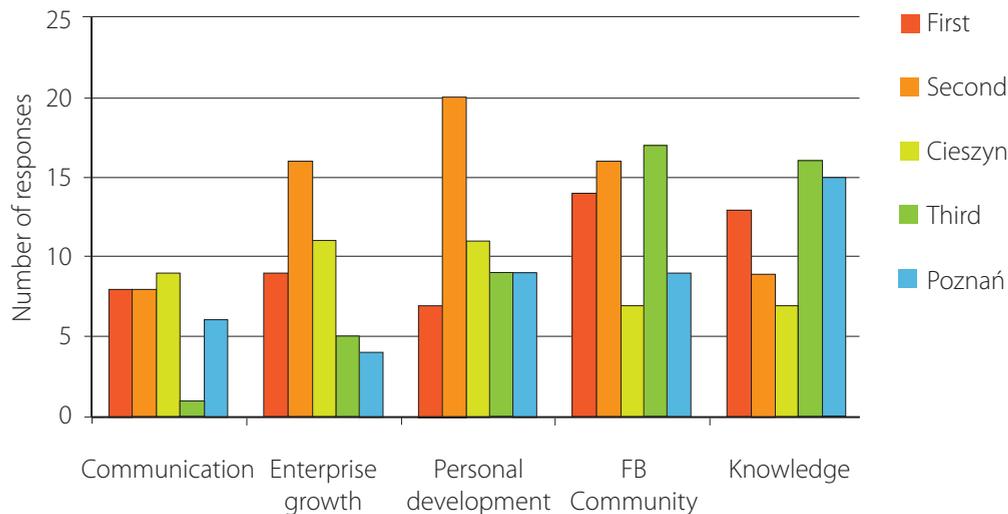


Chart 7. Benefits from the project in individual editions

All editions followed the same programme that assumed active participation. Most sessions were carried out using the workshop method, in small groups. Therefore, while the main framework remained the same, each workshop took a slightly different course, dependent on the trainer and on the group of participants. Training conferences provided an opportunity for an exchange of opinions between the participants of a given edition. One may therefore conclude that participants of each edition had an impact on what benefits they wanted to draw from the project.

The way in which answers were provided in questionnaires was satisfactory for organisers. Questionnaires included both closed-ended and open-ended questions, and the latter too were answered by a majority of participants. A great number of their statements expressed positive emotions ("a very motivating project", "wind in the sails of the company", "positive emotions in the company"), which showed that participation in the project had an inspiring effect on participants, and educational events had positive consequences for the functioning of their enterprises. The subsequent chapters of the "Methodology for the Support of Family Businesses" describe the organisation and characteristic features of those events.

3.3 Promotion and recruitment

MONIKA OLSZEWSKA

The “Family Businesses” project is the first training programme in Poland addressed at family businesses from the sector of micro-, small and medium-sized enterprises. This group is at the stage of development and thus needs more knowledge on management than other groups. They often lack that knowledge, since – as follows from studies carried out by Pentor on commission from the Polish Agency for Enterprise Development – small enterprises are reluctant to take part in training.⁴ This reluctance stems from underestimating the significance of training, bad experiences in this area and, perhaps even in the first place, from the lack of awareness of the great need for such training. Furthermore, owners of small, and especially of micro-enterprises, often have neither time nor money for training. Therefore, reaching them and then convincing that the project offer was useful proved very difficult.

The promotion strategy relied on public relations activity, organising information conferences across Poland, building positive relations with journalists and business environment institutions, and first of all with family businesses themselves, as the aim was not just to present the offer of the project, but to introduce the concept of the “family business” in the media and the business milieu. It was crucial that family businesses become associated not just with the saying that “only in photographs would your kin look nice”, but rather with their – after all huge – economic potential, and with the deep values they are built on, such as love, trust or the wish to secure long-term independence for their loved ones. Furthermore, it is worth underlining that family businesses are characterised (to a significant extent thanks to those values) by great vitality, flexibility and ability to survive in difficult circumstances.

From the very start, organisers assumed that the project would not be advertised in the media on a commercial basis. Instead, the promotion specialist and other team members established a wide range of contacts that later on proved very helpful in building the community of family enterprises in Poland, since – as it became evident later on – promotion carried out precisely via building such a community proved the most effective.

Recruitment promotion

The first stage of the promotion campaign was the so-called recruitment promotion, aimed to spread information about the planned programme among potential beneficiaries. This was a difficult and time-consuming phase: recruiting 300 people for the project lasted from March 2010 until January 2011, which is exceptionally long considering the number of family businesses in Poland. In order to encourage a greater number of people, those responsible for project implementation decided to organise regional editions in Cieszyn and Poznań. The idea proved effective, as entrepreneurs were much more willing to take part in training near where they lived.

Before the recruitment process began, a website was launched for the programme where all information about training sessions and recruitment documents were provided. They could be downloaded or filled in on-line. In case of questions or problems, entrepreneurs interested in participating in the project were encouraged to contact the recruitment specialist at the telephone number established especially for this purpose.

Recruitment for the project was preceded by a promotional campaign which included the preparation of a special supplement to the “*Rzeczpospolita*” daily newspaper devoted to family businesses, and organisation of several promotion conferences in various voivodeships. The insert included

⁴ See *Firmy rodzinne w polskiej gospodarce – szanse i wyzwania* [Family Businesses and the Polish Economy – Opportunities and Challenges], Anna Kowalewska (Ed.), Warsaw 2009, p.79.

experts' articles on the issues related to family businesses and short interviews with representatives of famous enterprises from that sector. No concrete data that would measure the effectiveness of that publication are available, yet we have received opinions that those articles were favourable for brand building and making the public aware of the concept of "family businesses". **Along with information in the local media, the publication was meant to attract those interested to regional promotion conferences.** Held in various cities across Poland, these meetings informed about the opportunity to enrol in the project and about the benefits that followed from it. The speakers included organisers and local businessmen and activists. Along with conference materials, participants received the so-called "Declaration of interest"; filling in this document gave them the status of official candidates for participation in the project.

Promotion conferences were not as successful as the organisers had hoped – mainly due to insufficient attendance. It became evident that reaching family businesses with information about the conferences only through the media was not enough. As follows from the later statements of project participants, when average family business owners read in the press about the planned Poland-wide training programme for family businesses, they would not relate that information to themselves or to their small, local businesses, and so would not be interested in coming to the conference where they would have the chance to learn more about the programme. This resulted mainly from the lack of awareness of the need for training for themselves and employees, mentioned above. Regional promotion conferences proved to be not only the least effective, but also the most time-consuming way of reaching the interested audience. Perhaps they ought to have been organised in a different way, and at least their promotion certainly should have involved more ways of reaching family entrepreneurs. A good idea here seems to be to find a well-known leader respected in the region – a family business that would support such a meeting in a given area and encourage other enterprises they know to participate in the promotion conference. A stronger cooperation with local business environment institutions in publicising and organising such conferences could also prove helpful.

What did work, then? Experience with the promotion of and recruitment for the project suggests that **direct contacts** – i.e. contacting a given enterprise directly via e-mail or telephone – **are the most important in liaison with family businesses.** This does not mean telemarketing or mailing – as these forms did not stand to the test as well – but rather making use of personal acquaintance. **Absolutely the most efficient promotion tool proved to be the so-called word-of-mouth marketing, i.e. recommendation of the project to those who have not known about it, provided by those with whom direct contact was established.** The analysis of the "Beneficiary Questionnaire" filled in by enterprises which participated in recruitment reveals that approximately half of them were informed about the project by another person, an enterprise or institution they knew. Most often those surveyed stated that they had learned about the project from enterprises of their acquaintance which had already participated in training and recommended it. Participants also recommended the project to others via their own websites by placing a programme link and logo there. **The second most efficient way of reaching beneficiaries with the offer were journalists' contributions published in the media,** mainly in the press and on the radio (participants most often listed Channel 3 of the Polish Radio), **and the third one was the Internet** (press releases regularly published on business portals, a well-positioned project website).

The recruitment promotion also made use of Facebook, where a profile set up for the project provided current information about its key events and the recruitment under way. In order for the offer to also reach the second generation of family entrepreneurs, i.e. the growing-up and grown-up children of enterprise owners, posters promoting the project were hung in several higher education institutions, mainly in Warsaw and Poznań. It was also recommended during the "*u-Rodziny 2010*" (Pol. "birthday party" and "at the family's"), i.e. a conference of family businesses organised by the *Inicjatywa Firm Rodzinnych* (Family Businesses Initiative) in Kędzierzyn Koźle. This was an opportunity to present the offer to new enterprises, as well as to build relationships with beneficiaries, who came to the conference in great numbers.

Recruitment for the project

Those interested in participating in the project, i.e. those that filled in the “declaration of interest” mentioned above, were invited to fill in the documentation indispensable for formal verification. Thanks to these documents, project organisers received a lot of information concerning its potential beneficiaries, and had the opportunity to verify the basic condition for participation, i.e. the family character of a given company. In line with the definition adopted, **the project could be acceded by “any business entity from the sector of micro-, small and medium-sized enterprises, regardless of its legal status, registered in Poland, where:**

1. at least two members of the family work together,
2. at least one family member has a considerable impact on managing the enterprise,
3. family members have a significant share in the business.”

Enterprises were also investigated in terms of their development and the attitude of owners towards running the business: questionnaires included questions concerning their social activity, employee-oriented attitude, innovative organisational culture and motivation for growth.

Filling in the documents proved to be yet another difficulty: business owners were reluctant to engage in formalities, they did not have time for that, postponed deadlines for submitting documents, or filled them in carelessly. In such cases, the support of the recruitment specialist and (again) the direct phone contact with potential participants proved invaluable. It also proved necessary to remind them via email or by phone of the necessity to complete the formalities, to answer any questions, to talk about the project and the benefits that would follow from participation in training. An individual approach to each business played a significant role.

The next recruitment stage was the verification of documents and of the motivation of the enterprise, done by the recruitment committee comprised of the recruitment specialist, project coordinator, and methodology director. They evaluated each enterprise separately on the basis of questionnaires and personal conversations with potential beneficiaries. It was precisely those conversations that played a key role in the assessment of the motivation and commitment of the enterprise. Having verified the documents, the committee decided to admit a given business to the project. The last stage of recruitment was the moment when the owner of an enterprise qualified for the project signed a contract in which he or she made a commitment to participate in the project and to follow the rules thereof.

Post-recruitment promotional activities

Recruitment promotion also continued throughout the first and second editions of training, mainly through press releases on the Internet and word-of-mouth marketing. At that time also public relations activities were carried out in order to build relations with the media and with project participants and partners.

Among the more important PR activities were those aimed to inspire the interest of journalists in the topic of family businesses. Cooperation with journalists resulted in several more broadcasts and press articles, which allowed for avoiding the necessity to buy broadcasting time or publish sponsored articles which, apart from generating obvious financial costs, are also less reliable and seen in a worse light. Thanks to journalists favourably disposed towards the project, organisers had the opportunity to popularise the positive image of family enterprises in Poland and to show that such a form of entrepreneurship may imply stability, reliability, the power of tradition, a friendly work atmosphere, care for quality, and that the fundamental characteristics of a successful family business are responsibility, flexibility and innovation. Enhancing such an image was also very favourable for building the community of family businesses.

Yet another measure was to update the website on a regular basis, where not only information related to the functioning of the project and recruitment was provided, but also accounts of training events, photographs, quotations from participants’ statements, press articles. **The home**

page worked like a blog – a record of project life, written in a friendly language which alluded to the informal relationships that hold in family enterprises. Information and articles about the project and family businesses were also posted on the IFR profile on Facebook, which became increasingly popular during the project.

After recruitment was completed, project PR focused on building friendly relationships with participants. This was especially important due to the fact that the basic training course for each edition lasted half a year. With such a long period of time there was a very real danger that enterprises would withdraw from the programme for diverse reasons, most often due to the lack of time, and especially because free-of-charge training is usually most easily given up when other professional duties come into play, irrespective of how valuable the training is. Thanks to maintaining regular contact with participants, noticing, realising and emphasising the benefits of participation in training, and thanks to the friendly atmosphere that was soon created, very few businesses withdrew. It must be emphasised that **without regular personal contact with participants, the benefits alone and an encouraging atmosphere would not suffice to sustain high attendance at training sessions.**

A weekly newsletter was the main communication tool, which not only informed about the coming events or formal changes, but also described what was happening within the project and in the lives of family businesses. The readers of the newsletter could therefore count on reliable information presented in a simple, friendly language. This measure also contributed to building the community of family businesses, as participants decided to create their own mailing list, which facilitated and activated their mutual contacts.

From the onset of the project, relationships with participants were based on the principle of partnership. It was assumed that project beneficiaries would also be its co-authors, i.e. they were supposed not only to receive messages but also to provide feedback, especially when it concerned their needs, reactions, problems, opinions about the undertaking. Communication with both training participants and other project partners (journalists, institutions) consisted therefore in the permeation of the formal and the informal: it was based on formal tools such as press releases, the newsletter, and questionnaires on the one hand, and on the other, it involved the invaluable direct contacts, personal conversations, and informal language. Owing to this, it was possible to create an atmosphere around the project that was similar to that present in family businesses.

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3.3 Promotion and recruitment

3.4 The expert staff of the project

LUCYNA WERONICZAK

The educational events of the “Family Businesses” project were meant to develop knowledge and skills and to provide support to family entrepreneurs and managers in those enterprises. Thus, there was a need both for the workshop-and-training type of work, based on developing emotional intelligence and self-awareness, and for seminars that would provide high quality knowledge on management and the family. Intent on delivering that in an optimum way, the project team decided to rely on systemic concepts. Looking at the functioning of the family business from the point of view of the systems approach allows for experiencing the mutual influences of family and business processes. This made room for observation of communication patterns in the enterprise and in the family, and then of reaction to change and the ensuing conflicts. Learning to communicate, to manage change and to solve conflicts, at the same time beneficiaries observed what impact the newly acquired skills and information had on the family-and-business system. These processes were initiated with special intensity during workshops and then formed a basis for learning during conferences and meetings with consultants.

The choice of experts

One of the challenges faced by those responsible for project implementation was the considerable heterogeneity of participants. These included both mature and young persons, owners of very small, two-person businesses as well as of large enterprises with over 200 employees. There were those who had just started their business adventure and seniors pondering retirement, there were parents and their children, employers and their employees; those well-educated, with a habit of learning, participated in the same classes as those with little education, for whom this was their first training ever. Many participants were also used to knowledge-oriented training sessions rather than ones based on experience-based learning.

In order to implement the goals of the project it was necessary to build a team composed of two groups of specialists: on the one hand, experienced trainers were needed with preparation based on the methodology recommended by the Polish Psychological Society (a long period of personality- and knowledge-related preparations), and on the other – there was a need for consultants who, apart from reliable knowledge, had a partner-like and dialogue-oriented approach. An additional condition was the readiness of all responsible for project implementation to learn constantly throughout the project, to develop their working styles, to combine seminar and workshop and even training methods of work.

Thus, the goal was not just to build a team with knowledge that would be adequate to the environment of family businesses, but also – and perhaps most importantly – to find people who demonstrated a specific attitude and were characterised by an open, mature approach to creating an educational situation based on the mutual exchange of views and ideas, and who treated the participant’s subjectivity as something obvious, even as a priority. **Such an attitude on the part of expert staff members was to be consistent with the people- and dignity-oriented model of enterprise management advocated within the project.** What is important is that this attitude was to be demonstrated always, irrespective of the educational form provided by a given staff member, which contributed to the coherence of actions and a sense of security and trust towards those implementing the project. This **allowed the participants to be convinced that they were taking part in an event that in spite of the diverse educational forms remained a well-considered whole designed to serve their development and the success of their businesses.**

Trainers

One of the basic educational forms that inspired changes in the attitudes and behaviour of project participants were workshops, carried out as independent events within cycles, thematic meetings, and as parts of conferences. Since these forms rely on work that engages the emotional and cognitive spheres, particular attention was needed in the selection of trainers. Nine of them worked within the project. Each held a degree in socio-psychological and/or management studies, had completed a school for trainers and a range of training-technique development courses. They had had over ten years of experience in training. They had all both worked for business and engaged in academic matters (six of them were lecturers in higher education institutions) and social projects (they had devised and implemented social projects for diverse communities). A majority of them had had experience in providing both training and therapy to families. All of them had participated in the certification process of the Polish Psychological Society (PTP), and most of them also in the certification process of TROP. Those who conducted workshops formed a mature team who talked to senior participants like partners but also knew and understood the world of the youth. The age, maturity and experience inspired trust on the part of project participants.

Most trainers had also had experience in management, often thanks to their own family businesses, which was highly appreciated by participants. Owing to their own experience of private entrepreneurship they knew the reality of the business world, the specific character of work with people from those environments, and were able to teach efficiently in such a context. They were also capable of translating the language of training into the reality of the enterprise. **Participants were very anxious for the trainer to understand their problems and to be able to show how the training would translate into a specific solution adapted individually to the needs of their business.**

Workshops were prepared and modified based on the study of the needs and expectations of participants. Trainers cared about the diversity and adequacy of the working methods and techniques. Creating alternative proposals to be applied depending on the situation in the group was an important element here. Instructors were capable of diversifying the classes using computer technologies, arranging the rooms efficiently and creating conditions suitable for workshop techniques. During training they moderated the exchange of feedback. Workshop techniques were based on group dynamics. Trainers formed the group and followed its development. During meetings they cared for coherence and security, walked participants through crises, and accompanied them in development and the fulfilment of their needs. In difficult situations during workshops and afterwards they were able to provide professional psychological support, to help participants in solving family problems (related to, for instance, mourning, conflicts, or problems with alcohol).

Consultants

The role of consultants was entrusted to top class experts personally involved in the development of the family business movement in Poland. They all treated it as a sort of adventure, ready to modify their approach and intersperse their lectures with workshops. The most important factor was the authentic interest in dialogue, in building relationships, and in creating the social capital together. Well-established as academics and practitioners, consultants were able to talk in an accessible manner about complex phenomena in the field of management by values, finance, marketing, strategy design, or networking. They were also able to relate those general topics to the specific character of the family business. The fact that the project was rooted in an NGO (the Initiative for Family Businesses) created a natural plane of partnership, of being part of a wider movement for the sake of an important idea.

All consultants built personal relationships with project participants and became involved in further actions for the benefit of family businesses.

3.4 The expert staff of the project

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Work of the expert team

The expert team was composed of trainers. During the first meetings, common concepts and working methods were elaborated, knowledge was shared, and the team of trainers became integrated, which is of prime importance for this type of project. The trainers themselves decided also to take part in training on the systems approach in order to develop a unified way of thinking about running the workshops. Furthermore, during the course of the project they participated in training on management by values.

During the regular monthly supervisory meetings the team further elaborated the subject matter and methodology for individual workshops. Detailed scenarios were prepared by the team leader together with one of the trainers, based on the work of the entire team, and then each trainer modified that scenario to adjust it to the expectations and abilities of his or her groups. Supervisory meetings also involved the exchange of trainers' experiences from workshops and the analysis of on-going evaluation results. Those were meticulously considered and formed the basis for changes in subsequent project editions.

Supervisory support was an important element. The opportunity to discuss a difficult area of work and to search for solutions was favourable for both trainers and participants. It created a sense of security and supported communication within trainer pairs.

During the first edition, trainers worked in pairs. This allowed for elaborating methodological details together, increased the sense of security and ensured support in difficult situations. This was also a form of exchange of experience and mutual learning, which made the team consistent in the implementation of goals. The matching into pairs was meant to join trainers with business knowledge and experience with trainers more experienced in the group and training process. This enhanced the quality of educational processes inspired within groups.

In the subsequent editions, trainers run the workshops on their own, but usually several groups worked in parallel, so mutual support was still available. It is worth mentioning that within the project trainers also acted as individual advisors to enterprises, which was very popular among participants once they had become acquainted with the workshops of individual trainers.

The programme also included several methodological seminars attended by coordinators, trainers, consultants, promotion, organisation and administration specialists, as well invited guests (e.g. academics working in a given area). Those seminars were very important in creating the foundations of the methodology presented here.

Summary

Looking at such a heterogeneous recipient, to be guided through a project that is difficult both in cognitive and in emotional terms, one may state that the team was well-matched and prepared, and has met the expectations.

It is therefore worth underlining once again what contributed to such positive results:

1. The fact that work within the project was offered to trainers and consultants who were true experts in their fields, well-prepared in terms of both personality and expertise, who worked within the modern experience-based learning paradigm.
2. Business experience of trainers in respect of both training for business and personal experience as managers.
3. Experience of trainers in the therapy and development of the family.
4. Excellent level of expertise in the preparation of consultants, combined with many years of experience in business and training.
5. Programming and supervisory work in the team of trainers, building a community of trainers and consultants involved in developing an innovative methodology.

It is also worth mentioning that what constituted the great strength of the team also generated problems and difficulties from time to time, as everyone had a slightly different background. Some

came more from a business background, others – from psychological corrective activity. Some felt better in skills development, others in problem solving, delivering knowledge, or creating a support network. There were trainers with significant experience in management, and others that had had less of it. There were consultants with a more academic and training approach, and others who delivered lectures in a partner-like manner. All this had an impact on participants, who obviously compared those styles and evaluated expertise. However, the integrating measures supportive of sharing allowed for minimizing the obvious difficulties and to use the diversity of the project team's experiences in a creative way.

One may risk a statement that **the choice of staff for the expert team is the key factor behind the success of the project.** It is also one of the main conditions for change in the attitudes and behaviours of participants to occur.

3.4 The expert staff of the project

3.5 Educational events within the project – Introduction

When building the structure of the project “Family businesses”, great importance was attached to offering the participants diverse educational forms. This followed from the conviction that such activities will, on the one hand, meet the recipients’ individual needs, and on the other hand, make it possible for them to learn via multiple channels and techniques at the same time. The main part of meetings comprised three conferences (including a particular opening conference) and a series of three two-day workshops. Thematic and mentoring meetings were optional. In addition, every company could also take advantage of counselling, i.e. consultation on any topic with an expert chosen by them. The stories, i.e. history of enterprises written on one’s own or with the support of a coach, were a separate form of work with family businesses. Each of these work methods is discussed in the subsequent chapters.

As regards the didactic contents, the programme functioned on the terms of a cafeteria. Diverse subjects addressed during workshops, conferences, thematic meetings and during individual counselling were supposed to provide the beneficiaries with the broadest possible perspective and specialist background that could be used by anyone in a way that suits them best. The implementers assumed that in case when the 6S model elements were actually interrelated, the participants would learn the skills from each field in the order that would be most convenient for them anyway.

It should be pointed out that the project was open; after all classes, the participants were surveyed, could submit their comments on the organisational and substantive aspects of the educational events. The participants’ opinions and needs were analysed in detail by the training personnel in order to introduce the necessary changes in the next editions. Therefore, the project organisers learned along with its participants and constantly made efforts to enhance the training quality.

3.5.1 Opening conference

AGNIESZKA SZWEJKOWSKA

The training cycle of each project edition commenced with a one-day opening conference. It was the first gathering of participants from a given edition, a meeting with the project team and the launch of the process of conscious learning at the same time. It was an opportunity for the beneficiaries to establish the first relations with other owners and employees of family businesses. A space was generated to make comparisons, references, considerations, to find similarities, kindred spirits and to notice clear disparities in the approach towards the operation of a family business. For many participants, it was also a beginning of identification with a family enterprise and conscious building of its good name. During the first conference, the participants were getting acquainted with and accustomed to various workshop work methods such as: discussion, work in pairs, work in trios, delivering a presentation in a group, case study, devising a contract, that is creation of rules and norms applicable in work group.

The opening conference was an intrinsic visiting card of the project by presenting in a compact form what the participants were to take part in within the entire project duration.

Beside content-related events connected with the group process, the participants received a package of organisational and logistics information that made it possible to get organised and efficiently participate in the project, as set out in the formal requirements. During the first meeting the attendants could decide what rules to follow when taking part in the programme. Apart from the traditional participation path, which assumed participation in all forms of activities (conferences, workshops, thematic meetings, counselling), one could also choose the “alternative path”, which entailed resignation from the participation in the workshops. The alternative path was intended for those who did not have enough time to take part in the training for two days once a month.

The opening conference was also aimed at introducing the persons implementing the project to the participants and demonstrating their role in it. Hence, for the organisers it was a time to dispel any doubts of beneficiaries and to answer the questions about participation in the project and its consequences.

Substantive concept of the opening conference

Since it was the first day of project participation for the beneficiaries, the organisers assumed that they come with high hopes, but also with deep concerns about what will happen in the undertaking. As indicated by the subsequent utterances of participants, many of them were sceptical and wary of the project, and even reluctant and anxious that the activities would be a waste of time.

“I joined the project deeply sceptical; in other training sessions co-financed by the EU it was only the catering that was good.”

“At the beginning there was anxiety because you have to close the company for two days, we will not work, and there are so many contracts to handle.”

“I thought it would be a waste of time, some workshops or other, or conferences, what would I need them for, I do not have time for that, I have to work.”

Therefore, the opening conference had to be prepared in such a way that already at the first day **the beneficiaries had an opportunity to get accustomed to the project, get to like it and integrate with the staff and other participants. The possibility of in-depth understanding by them of the essence of the project and the benefits arising from participation in the training was just as important.** Due to the pursued objectives, it was decided that the subject of the opening conference would pertain to two types of matters connected with the skills and self-awareness

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of participants. The first one is the diagnosis and “settling” within the strengths of their enterprises. At this point, an important tool was represented by the beginning of the process of creating a story⁵ about the development of one’s own family business. The second matter concerned the preliminary diagnosis of the main problems resulting from the fact that an enterprise and family are intermingled while setting the focus on the enterprise.

In order to carry out the above-mentioned goals, the organisers assumed that the participants should feel that they are empowered and treated as partners. They should also have a sense of being able to exert influence on the project – hence the decision to choose a workshop nature of both conference parts. Work in small groups was a foretaste of workshops, it acquainted the participants with the tools used in such educational events, but first of all it provided them with an opportunity to prove their inventiveness and to put forward their own ideas on project implementation. It was important for the organisers to break the stereotype of “a boring conference”. Thus, it was all about making the participants able not only to “sit and listen to the experts”, but also to work on the basis of their own experience and actively participate in what was happening.

Participants’ arrival and registration

It was an important moment for the beneficiaries that was related to the initial contact with the organisers, making the first impression, establishing mutual relations. The focal point during the registration turned out to be the information that the families would take part in separate workshops, and so the family business members would have to be divided already at the beginning of the conference. It was a surprising information and for some persons hard to accept, and it all depended on the way in which to present and substantiate it. A sort of excitement emerged in the participants, they started to understand that they did not attend a “regular” conference where they would be passive listeners.

Part one – work in groups

The first session lasted two hours and took place in workshop groups. Its goals were as follows:

- introduction,
- integration,
- presentation of one’s concerns and expectations,
- diagnosis of individual training needs in the context of a family business,
- specification of an individual development path,
- learning the rules of group and workshop-based work.

An important role during that session was played by the coaches, who were tasked with participants’ integration, making them accustomed with project objectives, getting acquainted with the concerns and expectations and responding to them, as well as entering into a group contract. During this part, a sense of security of the participants was being established, as well as confidence in the project organisers. First of all, this part provided an opportunity to closer learn the persons who were assigned to the same workshop group, to introduce oneself in the group and to get acquainted with the atmosphere and workshop work methods to be expected in the future by the participants. It was important to give everyone a chance to derive pleasure and excitement from the participation in the group. This part provided each attendant with an opportunity to express themselves and present their point of view, which generated a feeling of personal involvement in the creation of common rules. **Each participant had a feeling that they were a partner in the project and co-created it.**

Already at the beginning of this part, following the introduction and welcoming by the coach, the participants were assigned the task to put down their expectations and concerns connected with

participation in the project on a piece of paper. These are the examples of what the project participants have written:

Educational events within the project

Concerns:

"You will expect my company to carry out quick changes."

"This training will not be for me."

"It will be necessary to touch upon private issues in public."

"I am afraid that our debates will turn out into psychoanalytical consideration."

"Selfish comparisons will be made."

"I will not receive important answers."

"I will have to change."

"I will not be able to open myself to others."

"I will not be able to take advantage of the advice in my company."

Expectations:

I will learn how family business functions and how to develop it."

"I will learn the problems faced by other family enterprises."

I will learn the ways to solve conflicts within a family business."

"I will learn the people whose knowledge, resources and opinions might be helpful for me in the future."

"Family businesses will be integrated."

"I will find solutions for succession in the company and for financial security of my parents."

"I will develop interpersonal capabilities that are useful in management."

"I will be able to more effectively motivate myself to work."

"I will learn to take decisions fast and efficiently."

"I will be able to divide the work in a just way."

Part two – plenary session

This part was aimed at making the participants interested in the innovative approach to the subject of management and inspiring them to actively and creatively participate in the project. The session comprised speeches of experienced leaders of family businesses. The subjects chosen in the lecture part pertained to management without rewards and punishments and to the role of emotions in a family business. The presentation covered the latest knowledge on the motivation of employees, encouraging people to carry out difficult tasks and the impact of emotions on the functioning and management of an enterprise.

The plenary session was also an ideal opportunity for the team implementing the project to welcome participants and to introduce the key project representatives, namely: the PARP coordinator, the IFR coordinator, the President of the Family Business Initiative, office staff, training personnel, the persons dealing with promotion and recruitment, the networking specialist, the story work coaches.

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In addition, the formal conditions for participation and project completion were presented. The plenary session lasted an hour and a half.

Part three – corporate session

During this two-hour session, the participants from a given company already worked together and met with the representatives of other enterprises in groups of a dozen of people. It was the time for further integration, but first of all for preliminary diagnosis of the problems arising from the fact that families and companies are intermingled and for the start of the process of planning the development of one's own enterprise.

Each family/company had a task to prepare a presentation and present it in a group. It was a contribution to considerations about the family-business system and the roles played in it by individual family members.

In the course of the corporate session, the participants also made a preliminary SWOT analysis⁶ of their enterprises. The SWOT analysis was a contribution to development planning and a critical view on various aspects of business operation. It turned out that many participants had never before come across such a method of diagnosing the company's condition. Most of them carried out the SWOT analysis for the first time.

The last element of the corporate part was constituted by generation of a map of objectives for a business and its key employees. At this point, it was important to combine and synchronise the personal development with the development of the enterprise.

Part four – closing session

This part was devoted to presenting the project structure and individual events in which the beneficiaries would take part, in particular the thematic meetings and counselling. The last session was also a summary of the conference. Hence, during it there was also time for questions posed by the participants and answers by the persons conducting the events: coaches, experts and organisers. Having conveyed all the necessary information, the organisers bid the participants farewell and officially closed the conference.

It should be pointed out that the conference was a permanent element of each project edition. Its nature and assumptions were always the same, however the specifics of the conferences slightly differed. It depended on the location, the number of persons taking part in the events and the needs of the participants. The organisers, dwelling on the past experience, introduced minor changes to the course of subsequent conferences, resigning from certain methods or strengthening the elements that proved useful in practice. It entailed a flexible approach to the needs and areas of interest of participants. However, the core and main concept of the opening conference remained unchanged.

The opening conference was always an intense event, it gave the participants a lot of diverse information on the formal matters (the type, dates and subjects of future activities, the project qualification rules involving attendance during activities, introduction of the persons implementing the projects and the methods of communication with them), as well as a lot of emotions connected with the establishment of a group, anxiety of the unknown, low sense of security, curiosity. During this event, it was the role of the project office staff that was important – it was them who were first to get in touch with the participants during registration, to provide information, to make the first impression. Therefore, it was essential to prepare the employees so that they would be able to consciously eliminate the sense of lost orientation and insecurity among the participants.

⁶ SWOT – Strengths, Weaknesses, Opportunities, Threats – one of the most popular heuristic analytical methods used to structure information. It is used in all fields of strategic planning as a universal tool of the first stage of strategic analysis.

3.5.2 Workshop cycle

DOROTA SZCZEPAN-JAKUBOWSKA

Logic of the workshop cycle

Approximately a month after the opening conference, the participants met during the first workshops in groups consisting of a dozen people or so. The members of a same company/family could not be in the same group.

The main role of the workshops was to work on the individual development of participants.

In the course of meetings, they had an opportunity to deliberate over their own role in the enterprise and further personal development and to share their experience with the members of other family businesses.

Building of an educational situation is the most essential aspect of the workshop work.

The essence of the workshop part was to provide the participants with space in which learning takes place through activity, work on the basis of one's own personal experience and by means of exchange of knowledge with the others. According to the above description, **the key notion constituting many activities in this programme was represented by the category of educational situation**. This means that it is the learner's the role to co-create such situations in which people "learn" instead of "being taught". And it is precisely ***the learning through activity and dialogue in an educational situation that is the method that merges the simultaneous development of all 6S***.

Given the forerunner nature of the project, it should be made clear that there was no other way out anyway. In principle, there has been so far no comprehensive collection of effective and tested "regulations" on how to increase effectiveness of functioning in the business-family system. Hence, it was assumed that the participants alone could be a source of inspiration for each other. Thus, **the style of the proposed training features a lot of forms of sessions of knowledge sharing, experience sharing and common in-depth analysis of specific events from the beneficiaries' companies**. Although enough knowledge has been obtained in the course of project implementation to create useful models that could be presented a more lecture- or announcement-based form, the original education formula has been preserved until the end. It turned out that it brought huge, simply invaluable benefit – it caused that:

- the participants stronger and stronger believed in their competences,
- their self-esteem increased,
- they more openly approached the matters that initially seemed overwhelming for them,
- they treated their own failures at an increased distance.

To put it short, the participants confirmed their conviction that they can be experts in their own learning and in the development of their companies, and their knowledge is useful for others. They also appreciated the value of listening and dialogue. It had tremendous impact on their learning processes and openness to learning in the enterprises alone. **It is because the project assumed the activation of the change process**, which occurred within the enterprises and the families primarily between the meetings.

At first glance, the assumed objectives sound a bit exaggerated. It is hard to believe that after that short programme an adult participant who has been successful so far will enter a new process leading to a change at multiple levels. What strengthens the impact of this project? Certainly, **one of the main factors that constitute an intrinsic accelerator of development is represented by the possibility of experiencing oneself in a new style of operation and experiencing the success Here and Now**. The programme focuses on building an atmosphere of security that facilitates

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unrestricted experiments with various types of behaviour. The foundation of such a climate was formed by a lot of attention paid to the methods of communication and incentive to introduce expressions reflecting interest, respect, constructive criticism to one's own language. Furthermore, **it was building the sense of security that contributed to the conclusion of the so-called contract, meaning the mutual agreement by group participants on how to efficiently cooperate by establishing a learning community.**

What does the Here-and-Now method consist in with reference to the development of skills in cooperation with others? As a default, the activities described above (development of the contract and learning the rules of effective communication) were to serve good cooperation in the course of workshops and conferences. Their result went beyond the training room. It happened because **the participants experienced the success in building a learning community** and had an absolute right to say: "we made it alone, we managed to do it, and we are proud of it". Such an experience is not frequent so it is natural that in many cases the participants started to wish to repeat it. **The need to repeat it was accompanied by the sense of causativeness and sufficient competence to build a learning community within their own enterprises and families**, often with the use of the same methods as during the workshop.

"The workshop helped me realise certain things and taught me how we should behave in such situations to have a chance of getting on with each other. Thanks to additional meetings with the coach and his intervention we have managed to develop mechanisms which so far have functioned well, and it seems that we finally have the opportunity to move forward."

Workshop cycle

A complete workshop cycle consisted of three two-day meetings. The order of topics was as follows:

1. "Me in a family business: autonomy and interdependence."
2. "Me in a family business: what's in between. Dialogue between generations, genders and management levels."
3. "Me in a family business: manager as a promoter of change."

It should be pointed out that **the main assumption of workshops was to commence the development process and not to "squeeze" a closed knowledge system to the heads of participants.** It was obvious that three workshop meetings can only encourage the persons who participated in them to test the acquired skills in their own enterprises. Therefore, major importance was attached to exercising the acquired competences already during the workshops in accordance with the conviction that a person who experienced success in action by means of a new skill will be more willing to do it again. As it turned out, such an assumption brought in many cases the expected result. During subsequent meetings, the participants eagerly expressed themselves about the changes that they started to jointly introduce in their companies. These included both the information on the change in the communication style that translated into a better knowledge about the scope of duties of individual persons and about the definition of a new strategy. This indicates that the actual field in which the change occurs was constituted by family businesses. The participants – inspired by new ideas, with new energy and increased awareness of what they do – came back to their homes and started to carry certain ideas into effect there. Therefore, the programme can be perceived as an effective inspiration that encouraged the participants to act in real life, and this activity was carried out mainly between the meetings – at their own company and in their own family. Thus, simultaneous participation of several persons from a same enterprise/family was an important aspect of the project. Owing to it, the inspired participants were not alone "on the battlefield" and had allies. On the other hand these allies had their own hopes and ideas, and consequently a dialogue between them was necessary, which itself often turned out to be a new quality for the company and the family.

The order of topics at individual workshops is not accidental. It results from the following assumption: learning should be started with oneself, and then other perspectives can be looked after (for instance: how a given phenomenon is perceived by others), and at the very end, one can investigate one's own opportunities of teaching others (in this case – being the leader of change).

The first workshop “Me in a family business: autonomy and interdependence” was thus aimed at introducing the participants into the characteristics of systemic reasoning with reference to family businesses. The participants got acquainted with the 6S model, analysed their own areas of impact in the enterprises and filled in a personal questionnaire of competences of a family business manager. In the course of the workshop, they also began the work on the elaboration of Individual Development Plans, which entailed intense reflection about one's own work and communication style and about one's own potentials. **The first workshop was aimed both at making the participants aware of the complex interdependences between various persons and events in the enterprise and family and also at building a sense of responsibility in them for their own learning.** Secondary objectives of the workshop included: integration of participants and introduction of rules for correct communication and contract. It turned out that the matter of communication and psychological contract conclusion were an extremely important experience for the participant, and they defined it as very useful in their every-day corporate and family life.

The second workshop: “Me in a family business: what's in between. Dialogue between generations, genders and management levels” covered first of all the matter of disparities between the persons and work or management styles and presentation of benefits arising from such diversity. The assumptions of systemic reasoning and the 6S model were reminded, and the communication aspect within the area of conflict resolution was extended. The matter of disparities and benefits arising from them was closely connected with such topics as succession and division of business-family responsibilities (for example between the marriage or children and parents). **The second workshop was aimed at providing the participants with an opportunity of examining various conflict-generating situations from the point of view of other employees/family members. The notion of *communication habit* as a frequent cause of misunderstandings was introduced.** In addition, the participants had an opportunity to analyse their own communication habits and to exercise their change. Furthermore, the development of Individual Development Plans was continued, and they were extended with the aspect of succession and one's own role in the enterprise in the future. (In the subsequent editions, the subject of Individual Development Plans was touched upon solely at the first workshop.)

The third workshop “Me in a family business: manager as a promoter of change.” was devoted primarily to all the mechanisms accompanying the change in a family business and the role of the leader of change. The participants were analysing the impact of their own development on their enterprise and family. The notion of corporate culture was introduced, and the phenomenon of cultural change was examined with reference to the enterprises of participants. Given that the goal of the entire project was to launch the development process, focus was on making the participants complete the workshop cycle with a feeling that they have appropriate competences to introduce a change and to be its constructive participant. Therefore, the **following topics were addressed during the third workshop: reluctance to undergo change, emotions accompanying the process of change and the conflicts accompanying a change.** At the end of the cycle, each participant could individually analyse their competences and plan next steps.

Workshop work tools

With a view to implementing the workshop assumptions, various workshop work forms were introduced. The most important ones include:

Contract conclusion – the contract is aimed at building an atmosphere that promotes work and in which the participants have the relevant level of security and are also aware of the rules prevailing

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during the workshop. It is extremely important when concluding the contract that the participants, noticing its effectiveness, are more willing to build the psychological contract with their employees and the family.

Work on the basis of case studies – in the course of building the workshop cycle, it was assumed that the workshops will be embedded in the reality of family businesses. It was not only an intuitive choice of project authors, but also an obvious expectation of the participants themselves, who often pointed out that the uniqueness of a family business is not appreciated by most training providers.

Knowledge sharing sessions – in the course of workshops, the participants had an opportunity to quote the examples from their own life and to analyse on that basis complex phenomena of systemic interdependences. In addition, there were opportunities to have talks in pairs during which the participants were able to discuss their own experience, successes and difficulties.

Exercise of communication skills – the participants had an opportunity of getting acquainted with effective communication, “I-message” and the technique of active listening and self-expression. The communication competences were exercised during talks in pairs and in talks in public (for instance: overcoming a communication habit – exercises in pairs).

Tests – the participants worked individually on the completion of questionnaires and tests. They were an incentive to generate a space for personal reflection over one’s own role in the enterprise and family and to analyse one’s own habits and styles of management. The project implementers also hoped that the proposed tests would extend the participants’ awareness of the areas of work and further development and would in consequence encourage them to take further measures aimed at extending various competences.

Furthermore, the implementers pointed out that the internal differentiation of workshop groups had positive impact on their work. In our opinion, it resulted from the fact that knowledge sharing sessions, which were extremely important in this activity, were more useful for the participants if they had diverse life experience and performed other functions in companies.

Workshop as an opportunity for value-based development

The project implementers hoped that owing to the proposal of diverse workshop forms, the participants will be able to acquire the knowledge and skills in the fields they find interesting. Thus, it is pleasing that some persons individually define the benefits and use specific examples from their own life to illustrate the usefulness of new skills. And it is good that there are personal descriptions since they are the experts in their own companies and know best which knowledge and skills to use. It was assumed that the “Family Enterprises” programme was to provide comprehensive knowledge in many fields that the participants could freely develop, extend and use. However, what cemented all the proposed measures was the value-based development (such as dialogue, respect, cooperation, community or confidence) and it was precisely the values that were most often named by the participants as the aspect of advantageous change in their enterprises.

“My husband saw that I build relations with the employees and I know a lot about them and that it is important. He knew nothing about them and thought it is the same with me. He started to notice what I do in the enterprise. It is now easier for us to talk because we can know it better and refer to what we have learned during the workshops.

After the workshops, we always talked about what we have learned about us and the company, we shared that, and afterwards there were long, heated and much needed debates.”

“I am now aware that we have to respect each other to a greater extent and to respect our time, that we are not a company anymore in which the owners should do everything alone and see to everything on our own, yet still each of us has such inclinations. We have to work on the delegation of tasks and on its constant enforcement. We asked for additional classes in communication and conflict solving.”

"I felt appreciated and saw my new role in the company. So far, my husband dominated, and I was a sort of silent co-owner; this is how I felt it previously. After that edition, we work on equal basis. One of participants helped me in that by saying that I should consciously specify my place in the company, precisely define what I want to do in it as I am not able to do everything. He told me: do what you feel suits you best. I thought, dammit, he is right. Realising that helped me very much to choose a suitable position in the company."

Recommendations on the workshop implementation

There is nothing that can replace practice. No attempts to find golden advice for the implementers of the above-mentioned programme will spare them the surprise due to collision with the specifics of work with family businesses. Where does this surprise come from?

First of all from the fact that the strength of individual and systemic habits in family businesses is much greater. The persons participating in the training frequently were open to new behaviours and ways of thinking and felt inspired and afterwards were back on the "old track", often behaving even more conservatively than before the training.

It is natural that each development process is accompanied by longing for previous habits and the need to go back to the known ground. The strength of this process in family business is much greater, and the emotions accompanying it are stronger. It is precisely these cases of going back that are astonishing for the implementers. They expressed themselves in the interchangeably expressed negations and approvals for the programme, returning to the same, already discussed topics, "hiccups" of the former behaviours that were found unconstructive. Understanding of such dynamics helped the implementers to cope with their own frustration and uncertainty. However, ultimately these processes were closed at the correct moment and in a correct manner.

The participants had a feeling of development, and there were relevant changes going on in the beneficiaries' enterprises. What is more, owing to such dynamics, the participants felt that it is them who is the author of changes and that the changes match their realities.

Participation of persons from a same company in the same workshop group represented an obstacle in the programme implementation. It hindered the openness or caused too dramatic responses. It should be assured that each programme participant is able to work freely on the change of their habits without the necessity to be careful because of the presence of another person from the company.

This postulate additionally involves one more thing. The most important processes occur between the workshops – within the natural ground of the enterprise and family. It has to be discussed during the workshops since it makes the participants see that their difficulties are typical and the successes extraordinary. However, it should be assured that the wave of enthusiasm does not go beyond the limits of intimacy or professional secrecy, which might be afterwards regretted.

3.5.3 Training conferences

ELŻBIETA NAŁĘCZ, MONIKA OLSZEWSKA

Training conferences were another form of work with family businesses under the programme. The implementers planned two conferences: one between the second and third workshop and one after completion of the workshop cycle (the closing conference). Each lasted two days. The overall objective of the conference was to strengthen the knowledge in the participants on the management of a family business and their personal managerial competences.

During the workshops preceding the first conference, the participants have already got accustomed to the active workshop works and got to like it to such an extent that the “regular” conference lectures seemed not as interesting to them. In order to assure the success of these events, the implementers had to develop a formula that would deviate from the standard representations that prevail in Poland about the conferences. The last part of this sub-chapter will describe the conference work methods that can be treated as recommendations concerning the organisation of such events for family businesses.

The idea of training conferences

A conference is an educational tool that in principle creates a completely different educational space in comparison to small-group workshops: they favour the establishment of broad business contacts and exchange of opinions in a large group of participants. They offer an opportunity for meeting of numerous authorities at the same time and for professional discussion in public. They usually have a more official nature, which symbolically causes that they give a high rank to the project events and the persons that take part in it. It is a fact of major importance for the environment of family business owners, which is under consolidation in Poland.

The project implementers decided that it would be most effective that other, more intimate project activities should be intertwined with precisely such ceremonial events gathering the environment. Because of that, the first training conference was held at a moment when clearly most beneficiaries had already completed the workshops on the development of personal competences, and hence represented a specific level of motivation, knowledge and self-awareness connected with building the relations in an enterprise. **The first training conference was a supplement of the learning process in the field of self-development.** The topics addressed during it were to exert influence on strengthening the curiosity and motivation of beneficiaries to work on personal development of professionalisation of operations in an enterprise. The addressed issues also had impact on the conviction that the participation in the project was a correct decision – such an argument for the busy entrepreneurs is as a matter of fact essential.

The second training conference was planned as an event closing the entire workshop meeting cycle and was to reinforce the attitude of openness to lifelong learning in the participants. In the opinion of project implementers, such an attitude can assure constant development for a family business and its owners.

In this case, it was important that during the workshops, the beneficiaries were divided on purpose so as to avoid assigning persons from one company to work in single training groups. This principle obviously did not prevail during conferences, and therefore they have become a dimension for meeting of all the participants. The organisers assumed that the conferences were to become an opportunity:

- for common experience,
- to inspire each other,
- to shape the awareness,
- to agree upon the values,

- to debate with the participants from other enterprises,
- to develop ideas for new solutions,
- to build the foundation of development strategies,
- to increase the motivation for changes,
- to share the experience with other programme participants.

At the conference, the participants were able to apply the communication tools learned and developed during the workshops in practice in an official situation.

It was the organisers' ambition to have each "family business representation" use the specialist offer prepared in the scope corresponding to its needs. Therefore, the conference agendas contained a wide range of topics and substantive issues that were essential from the point of view of development of every family business. Owing to that, the conferences could be a solid base and inspiration for further development. They also had significant impact on the generation of interest of participants in the thematic meetings and counselling since most topics were not exhausted during the two-week lecture delivered by an expert. The participants interested in a given subject could immediately initiate the organisation of a thematic meeting that would deepen their knowledge in a given field, like for instance in the area of strategies, success, negotiations with the customers, building the good name, finance or motivation of employees.

First training conference

This conference was aimed primarily at integration of participants of the given edition. It was the time to exchange the visiting cards and establish a network of business contacts, but also a time for experience and impressions after the first workshops. The organisers were anxious to generate a space for dialogue and communication based on trust. Hence, during the first conference, **the session of establishing relations and contacts in the environment of family businesses was an essential element.** Programme beneficiaries, divided into small groups, had an opportunity to debate and share their successes and problems or difficulties in their companies, and what is important, **they could develop a bank of ideas for the establishment of trust-based relations.** The participants had also an opportunity to talk to coaches, experts and office employees who offered different forms of education.

The first conference is also the time for acquisition of detailed and hard knowledge in various fields of family business management. The meeting was very diverse in terms of addressed topics. Some problems were only signalled since there was no possibility of exhaustive discussion about them during a two-hour lecture.

The two-day conference consisted of five thematic sessions. **The first thematic session covered strategic management in a family business.** During the lecture combined with workshop exercises, the participants acquired knowledge on building a long-term strategy for company's development and became aware of the threats connected with absence of such a strategy in a company (which applied to most beneficiaries). At the same time, it was an opportunity to get acquainted with the experience, convictions, knowledge and opinions about the matters covered by the conference's subjects. The participants – the family-business teams – were also offered a task to draw their enterprise in 10 years. It was a contribution to form the foundation for the vision and mission of their enterprises and a space to examine the extent to which the visions of each team are consistent. This session enjoyed high popularity, however, it also left the participants craving for more. Hence, following each conference, the participants in high numbers subscribed the thematic meetings on strategy.

The second session pertained to succession in various aspects: managerial, psychological and legal. The participants first of all learned that the succession plan is an element of the company's strategy, and it has to be prepared beforehand. During this session, it was of importance to create a space for the participants to develop a space for their own considerations and opinions on the matter of succession from the point of view of successors. The organisers attempted to create

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a space for presentation of opportunities and options, as well as the concerns and threats connected with the succession process.

The third session pertained to remuneration systems in a family business. The participants had an opportunity to learn how to build an efficient employee remuneration system. They also learned the consequences of adopting specific solutions and existing salary-related dilemmas in family businesses. **The fourth session was aimed at conveying the knowledge on the possibility of building a community of family businesses in the Internet.** It was important to demonstrate the opportunities and threats connected with a strong presence of enterprises in the virtual reality. **The last part was devoted to the issue of manager in a family business.** In this case, it was an important element to discuss the soundness of employing a manager in a family business and their role in such an enterprise. The considerations also covered what the features of “an attractive work place in a family business” are.

Second training conference

This meeting was organised in a special manner. At first glance, it consisted of five completely different thematic sessions that did not have anything in common. However, it was not an accident that the organisers combined precisely these issues.

The main subject covered marketing and building the company’s good name – it was covered by the first session. Apart from the expert’s contribution in this field, the participants also took part in a “placard session”. Each company prepared its presentation in the form of a placard or exhibition. The session was taking place with the involvement of a publicity expert who examined the presentations of each beneficiary and provided necessary advice concerning the visual aspect of their brand. Therefore, the session was an opportunity for confrontation with the expert’s opinion, but also with the assessments of other participants who exchanged comments and experience.

Marketing, publicity and good name creation in family businesses is connected in a special manner with the subject of **the second session, which was aimed at management via values.** It is precisely in family businesses that what becomes the brand is the name of the owner, which is associated with honesty, ethical conduct and value-based attitude. This session was oriented towards clarification of personal and family-business hierarchy of values. The lecture of an expert was combined with workshop work, during which the participants elaborated conclusions on the impact of values on the operation of a business. The participants learned how to make a transition from thinking about the values towards the motivation of employees, meaning how to change the values into the enterprise’s success.

The reflection on the values translated into **the third conference part, which pertain to the balance to be kept between the professional and family life** since this balance in family businesses can be achieved solely on the basis of the a developed value system. During this session, the participants had an opportunity to ask themselves a question how to set the limits between the corporate and private life, how to avoid occupational burnout. The beneficiaries realised the loss arising from negligence of mental hygiene and abuse of professional life.

The subject of the fourth session covered the future of Polish family businesses. This subject resulted also from the considerations from the previous sessions. The lecture was delivered by Professor Andrzej Blikle, who is a brand of its own, and his company can be named as an example of publicity precisely on the basis of invariable values. The session pertained to the opportunities for cooperation of family businesses and was a motivation to act and create a new reality on the basis of values common for all family businesses.

The conference was concluded with a workshop on the changes that occurred in the enterprises under the influence of participation in the project. The participants had time and space to contemplate over the changes initiated in their company and in their family, what they realised and which competences they developed. With reference to the previous session, the question “what now?” emerged.

As can be seen, all the topics of the second training conference were closely related to each other, one resulted from the other, although not in an obvious manner. Thus, the meeting was an opportunity for the participants to stop and contemplate. It was an opportunity first of all for considerations about the values on which a company is based and about which values have impact on the operation of business and how business operation influences the company's values.

Recommendations on the preparation of the training conference

As mentioned at the beginning of this chapter, the project participants were a group of very active and innovative entrepreneurs (we can even venture saying that they were the elite in the country). Hence, they got acquainted with the methods of workshop work very rapidly, and purely theoretical lecture quickly bored them. A conference's agenda had to avoid consecutive speeches of experts conveying the knowledge since the listeners were experts in their domains and in the area of entrepreneurship as well. Hence, the organisers adopted methodological assumptions whose inclusion might facilitate the preparation and implementation of similar undertakings.

Individual thematic sessions were conducted and moderated by high-rank experts with many-years' experience in the operation of or counselling for family businesses, which improved their credibility. Furthermore, their lectures supported by means of multimedia presentations were limited to the necessary minimum so as to **devote as much time as possible to group work and moderated debates in public.**

Therefore, after an expert's lecture, people were often divided into groups the work of which was moderated by additional coaches. During such work, the participants had an opportunity to enhance their competences in the area of effective communication and a debate leading to opinion sharing in an atmosphere of dialogue. The beneficiaries inspired by the knowledge presented by the expert during the lecture had an opportunity to confront it with themselves and their realities by working in groups. Often, they immediately generated detailed conclusions, proposals, solutions and changes for themselves and their companies. This way, **a purely theoretical lecture was supported with practical use of fresh knowledge,** which was essential for the entrepreneurs.

Throughout the experts' lectures, **the participants were invited to the debates.** They also had an opportunity to present in public the solutions or ideas developed by themselves. It could be seen that it was the only or the first opportunity for many persons to take the floor in public, and it often aroused great emotions.

Owing to active forms of work introduced during the conference, the participants proved high involvement and interest in the proposed subjects since they were *the co-creators of the event* to some extent. Finally, it should be pointed out that such **interactive conferences assuming partner-based relations between all the interested persons effectively enhance the personal competences, including the managerial ones, and contribute to experience sharing and development of the family business environment.**

3.5.4 Thematic and mentoring meetings

KATARZYNA GIERCZAK-GRUPIŃSKA, MONIKA OLSZEWSKA

Apart from the training events described above and provided for in the obligatory training cycle, the participants were also offered a pool of thematic and mentoring meetings, which were optional. Although participation therein was not obligatory to officially pass the programme, they enjoyed very high popularity and turned out to be an essential educational tool.

Thematic meetings

The implementers assumed that these meetings could represent a supplement of workshops and conferences and could become a tool to deepen the matters that are of importance for project participants.

According to the original assumption, thematic meetings were to be organised to a great extent by the participants themselves. The implementers assumed that under the influence of the knowledge acquired during the workshops and conferences, the participants would realise the training needs and would put forward the topics that they would like to explore during the thematic meetings. A company that reported a given subject, lent their name in a way to the meeting to be prepared: it could affect the appointment of the chairperson, the meeting would be held in the company's seat or in its vicinity, the substantive part the company would be followed by visiting by the training participants or another activity put forward by the organisers would be organised. With such an assumption, **the thematic meetings were to prepare the participants to independent organisation of educational events in the future.**

The above concept was implemented only partially. During training conferences and other educational events, the participants reported their ideas and needs as a result of which meeting subjects emerged spontaneously, and the initial list of persons interested in a given event was drafted. Usually, a company that wanted to organise a meeting at their seat expressed such willingness, however, when specific measures had to be taken, it would turn out that there is no leader to lend his name to a meeting, and the entire process of organising the meeting would fall to the project's administrative team. Despite the initial declarations of participants, it were the office employees that ultimately had to find a chairperson, to put forward a meeting date, to collect the applications and to find a place for the meeting. All in all, only four thematic meetings (and there were several dozen of them) were held at the seat of a company participating in the project, and such companies had significant impact on the organisation and course of a meeting.

The project participants turned out to be unprepared to play the leader role whereas the project staff was not prepared to undertake the intense work with the potential leaders. Such a work would require motivation of volunteers, constant monitoring of the way they carry out the undertaking whose organisation they undertook and support to them in interpersonal contacts. In the cost- and time-related aspect, the project was not prepared for the implementation of such measures since it was not covered by the preliminary assumptions or the objective. Although such a form of work was not implemented in the project, the organisers recommend that training events should be organised on the basis of leaders, yet with sufficient, previous planning of such cooperation.

Despite eventual lack of organisational involvement of participants, the thematic meetings organised by project implementers enjoyed huge popularity. Many beneficiaries rated them higher than the workshops since they provided specific knowledge and skills in the field that was defined by the participants as particularly important for the development of their company. **Thematic meetings professionally supplemented the knowledge and were an actual response to the needs reported on a regular basis by the project participants.**

Throughout nearly a year, participants of the “Family Businesses” project took part in specialist meetings in the following subjects (put forward by them):

1. Building strategies of family enterprises
2. Legal aspects of succession
3. Life balance and time management
4. Building the teams
5. Marketing in family businesses
6. Introduction of a new product onto the market
7. Building relations with the media
8. Quality management
9. Remuneration systems
10. Mediations in a family business
11. Building the good name of a family business
12. Etiquette in business and professional image
13. Negotiations
14. Marketing
15. Motivation – motivating – manipulation
16. Customer service and building lasting relations

The greatest interest was enjoyed by the classes in strategy development, good name building, marketing, negotiations and motivation, and these were the ones to be ranked highest by the participants. Therefore, the participants appreciated hard knowledge on management and marketing. Many entrepreneurs participating in the project had an opportunity for the first time to get acquainted with the elements of strategic management. It was often a crucial experience for them making them to decide to introduce significant changes in their enterprises. The best proof of the fact that it is precisely the strategy that turned out to be one of the subjects that enjoyed highest popularity is that during the training lasting a year and a half there were as many as six two-day meetings “Building a strategy in a family business”. The success of the workshops can be also illustrated by the utterances made by participants:

“We have our own strategy, we know what we want to achieve and to whom address our offer. The advantage consisted in that we have expressed everything in drawings and detailed descriptions. Instead of a vision only in our head, I have written it with my wife in black and white.”

“I have noticed that a strategy is a foundation for a company, that objectives need to be defined.”

We understood that if there is no person in a company who is responsible for the strategy, we should get in touch with a consultant, be able to ask question as we will not be able handle it on our own. We have had three meetings about the strategy, but we wanted more.”

Thematic meetings turned out to be extremely useful in building a network of family businesses in Poland. Project beneficiaries came to visit these workshops not only to acquire new knowledge, but also to meet with known enterprises already after completing the primary training cycle. The meeting participants were eager to exchange the new experience, to share reflections and to meet with each other, hence learning not only from an expert, but also from each other. After completion of implementation of all training events, it turned out that project graduates started to prepare further meetings on their own. Therefore, finally, the absence of previous involvement in the organisation of meetings did not become an obstacle to further activities.

Mentoring meetings

Mentoring meetings entail meetings with the representatives of Polish enterprises of known brands who are also family businesses, which is often not kept in mind. The meetings were being implemented until the end of 2011, i.e. also after completion of all the other training events. According to

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the assumptions, it was not training – they were supposed to be a tool for inspiration and motivation for the beneficiaries. And so it was – **the stories of living legends of the Polish business have stimulated the imagination of the participants.**

The owners of brands such as Solaris, Blikle, Roleski, Konspol, Herbewo International, Dom Towarowy Bracia Jabłkowski, Curtis Group, FA Krosno acted as mentors. Some meetings were held at the seat of an enterprise operated by one of the mentors. Then it happened that a mentor guided the participants round the company, which made the meeting a study visit and enhanced the educational value of a meeting. In case when a visit in a company was not possible, the meeting was held at a different venue chosen by the project office. The first part of the meeting was a lecture – a mentor told the history of a company, the turning points, management methods, successes, but also about the failures and hard moments connected with the operation of family business. This part usually took about an hour. The next two hours of the meeting were earmarked for participants' questions and comments.

Because the meetings were rather small (each was attended by approximately 20 persons), the mentors were speaking openly, did not have a prepared lecture, they simply told their story, often revealing even intimate or controversial details. This gave the mentoring meetings an extraordinary atmosphere, which decided their success. **The participants had a feeling that they received priceless advice arising from personal experience of a person who often not only was successful, but also suffered defeats after which it was hard to rise again.** The second part of the meeting, the guests posed question to the mentor, owing to which the lecture could turn into a partner-based dialogue. A good example of such a dialogue was a situation when one of the mentors asked the participants about opinions on a new investment. Contrary to the name of these meetings, the mentors were not treated as omniscient persons and the participants as pupils – there was an exchange of opinions, knowledge and experience. The participants left fascinated by the mentors' charisma and were under the impression of their stories. The meetings with mentors also often became an incentive useful in taking an important decision:

"The changes were colossal and essential – that's what I would call them. I took a very important life decision, in which I was assisted in particular by mentoring meetings. Apart from my business, I also work as a teacher. School was the only constant thing in our life, not to mention that it was a constant income – so it is a great change. I was very emotional about that decision, I was very afraid of it, when I hesitated so much we went to a conference where Professor Blikle told a story about himself, and it turned out that he also took a dramatic decision. He was a professor and worked with students until he was 50 years old, he clearly liked to teach and decided to take a dramatic decision: «I give up what I know for the company». A few days later we went to a mentoring meeting at Solaris, Mrs Solange-Olszewska also told us her story. It turned out that she also worked with children, she loved that job, but they started up a business so she decided to give it up for the company. In fact, none of them would be where they are now if at one moment they had not taken such a dramatic decision. This gave me a boost, I knew it's high time."

The meetings with mentors inspired the participants and motivated them to more intense work on themselves. It was happening owing to intimate atmosphere, which had nothing to do with strict lectures, and proper selection of mentors, meaning the entrepreneurs from family businesses who often experienced the problems similar to the participants' problems, and in many cases they have overcome them. The success of these meetings would have not been possible if not for the openness of the mentor and the participants.

3.5.5 Closing training conference

MONIKA OLSZEWSKA

The training events described above were being implemented from May 2010 to June 2011. As one can learn from the text “About the project”, slightly over 300 persons were trained within this time in 5 editions. The participants of each edition had an opportunity to get acquainted with the participants of another edition only during thematic and mentoring meetings, provided that they took part in them. The organisers have decided to organise an additional closing training in which all project beneficiaries would take part. The meeting was held and prepared spontaneously within a relatively short time **since it was a response to the needs of participants who needed a summary and closure of the project, and first of all it was increased integration and acquaintance with the participants of other editions.**

According to the organisers’ assumptions, one of the meeting goals was to have a ceremonial project summary and closure – during the second day, the members of the Management Board of the Family Business Initiative gave project completion diplomas to the participants. However, the main goal of the training was to plan the future and develop new initiatives connected with the development of the family business environment. Hence the training title: “Family business – new development paths”. It also involved the third goal of the meeting, that is networking. The organisers wanted to make the participants who have not got acquainted with each other begin recognising each other and the other ones potentially decide to establish cooperation. Therefore, each meeting participant received a previously prepared “Guide on family businesses”, that is a sort of advertisement brochure, in which the beneficiaries could present their companies. In addition, during the three days of the meeting, a mini-fair was held: each company received a small space where it could exhibit its products, promotional materials, etc.

The closing training was held in September 2011 and lasted 3 days. Each day was completely different and was aimed at a different goal. Each day will be described below.

The process of training

The first day of the meeting was the most ceremonial: it was a conference, it consisted of speeches of project organisers, lectures and discussion panels. The plenary session began with a welcoming of the participants by the president of the Family Business Initiative and the vice-president of the Polish Agency for Enterprise Development. Afterwards, the participants could briefly get acquainted with the course and results of the entire project. This presentation was to show the project to the beneficiaries from outside, from a holistic perspective and give them a feeling that **they participated in something important and exceptional, in an experimental project on whose success they also had influence themselves.** In the further part, the results of research on family business were presented, and the subject of innovativeness in the sector of small and medium-sized enterprises was discussed with particular focus on family businesses. In the second part of the day, the participants could choose from among three discussion panels, each of which concerned the subject of enterprise’s values in a different manner. The first panel touched upon the finance of a family business, control and remuneration, the second one the brand and public relations whereas the third the employees as a value of an enterprise.

The second day was a workshop day. According to the organisers’ assumptions, **the primary objective of this day was to consolidate the attitudes of lifelong learning.** This objective was achieved by mean of recalling the numerous thread addressed within the project (on the basis of the 6S method), the synthesis thereof, demonstration of knowledge and skills acquired by the participants and their practical use: elaboration of an individual development plan and collection of development initiatives for the community of family businesses. The classes on that day were inno-

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vative, interactive workshops. They were conducted so as to make it possible for the participants to learn on the basis of their own experience and the conclusions drawn from it. Exercises based on the situations emerging in participants' everyday work were an important element of the training. Owing to that, the participants could easily implement the acquired skills in the everyday life. The third day was entirely conducted by the IFR association, and it was devoted to the plans for the future: development and listing of initiatives concerning the common activity for the development of the family business environment. For the first two days of the conference, in the plenary room there were boards on which the participants could write their ideas on the activities or events in which they would like to take part or organise. On the third day, these initiatives were put down in a list and grouped, and hence a plan was created for the development of the network that was formed during the two years of programme's duration.

Summary

The three-day closing training was held spontaneously, as a result of impulse – it was a response to the needs of participants. Organisation of such a large undertaking in a short time was quite a challenge and required large workload on the side of the project's administrative team. However, from the perspective of time, we are able to conclude that such a meeting was necessary. What was not done during thematic meetings, that is arousing initiative in the participants, was fully realised at this point. The participants themselves reported the willingness to participate in a network of family businesses and felt the need to act for this environment. They left the training with a sense of mission and energy to act. **Therefore the closing meeting launched the process of leader selection – the persons who in the future might contribute to building the social capital of family businesses in Poland.**

3.5.6 Consulting

AGNIESZKA SZWEJKOWSKA

Consulting was devised as an additional form of education for the enterprises participating in the "Family Businesses" project. It was provided to some extent beside the particular training events, individually in each company. As the organisers wrote in the application for co-financing: *The experience of PARP and IFR indicates that the entrepreneurs have difficulties with practical application of the knowledge acquired during the training. Therefore, they will receive counselling connected with the training, which will help them translate the knowledge acquired during the training into the language of practice.* Hence, counselling was primarily aimed at providing assistance in the use of the knowledge acquired during the training, at functioning as support to the enterprises in the development after implementing the training cycle, i.e. the conferences and workshops, and as support in the implementation of the change in the management method that was initiated during the training.

For most enterprises, participation in the project was the first training experience of that type, after which the need to improve the operation of an enterprise emerged. However, the beneficiaries often were not able on their own to handle the newly acquired skills and implementation of the new knowledge. Because counselling was available, they could spend several hours with an expert chosen by them to develop in cooperation a solution suitable for them. **Thus, counselling was an individual process oriented towards a given enterprise for its specific demand.**

The selection of counsellors in the project was an important moment. This function could be played by an expert, who, apart from the knowledge from a given field, also knew the project's substantive assumptions, understood the meaning of systemic reasoning in the enterprise's development, understood the complexity of management of a family business and was connected with the project, for example by participating in the seminars on the project or by participating in training conferences as an expert.

Experience from the introduction of counselling – problems and solutions

At the beginning of the project, each enterprise was awarded ten hours of consulting to be used by them. The companies were informed about such a possibility in relevant entries in the contract during the opening conference and in writing by means of newsletters used for internal communication with the companies within the project. The enterprises were to individually choose their counsellor and the topic to work on.

To project implementers' surprise, the initial interest in such support was very small. Although the representatives of companies in private talks with the coaches and participants often stressed the need for individual support, they did not have any spontaneous appointments with the experts. Motivating the participants to use this service required large workload on the side of the project team.

Why did the enterprises not use counselling individually and immediately? These are the hypotheses with answers to this question:

- no time to plan the counselling process;
- absence of information on what counselling might pertain to;
- absence of information about the benefits the company can derive from the use of counselling;
- absence of a habit of taking advantage of assistance in the matters related to the management of a company;
- lack of knowledge about the experts.

On the basis of the talks with the companies, project implementers have defined the potential topics within which an enterprise could use counselling. These were the following:

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- strategic management of a family enterprise,
 - conflict resolution,
 - trade negotiations,
 - building the good name of a family business,
 - legal aspects of succession,
 - management of a family enterprise,
 - motivation of employees and not only the employees,
 - assignment of tasks,
 - personal development path,
 - recruitment of employees.

In addition, a presentation was created by means of which the participants could get acquainted with the profiles of experts providing consulting within the project. Also the coaches conducting the workshops were included in the process of motivating the enterprises to use counselling. Their task was to initiate the discussion about counselling and the benefits potentially derived by the enterprises thanks to the use of such assistance.

The expected response could be noticed only after the introduction of these measures: the companies started to plan counselling. Then, it turned out that there are many companies that need much more time in the meetings than the ten hours offered within the project. Hence, the organisers decided to maximally increase this amount within the available limits of the project's budget.

In consequence, counselling was used by most enterprises, and additionally several dozen from among them used more time than provided for. The participants most often used the services of the expert in building family business strategy and good name building and the services of the coaches with whom they worked on the improvements in communication.

3.5.7 Stories

Educational events
within the project

MAŁGORZATA ZAWADKA

"Our Corporate Story is a very powerful, very tangible fact after participation in the programme. From time to time, we come back to it, think what we will add to it, develop this narration of ours." The story is another, the last form of education within the project. It was the most unusual tool for the development of enterprises participating in the programme, and hence it raised most doubts at the beginning. However, as it later turned out, the process of creating and subsequently reading one's own corporate story was an important and fruitful event for the project beneficiaries that took part in it.

Why did the organisers decide to work with a story? What is the importance of narration in the contemporary world? And what is a corporate story? A few words of explanation can be found below.

A story has always been an unusual method of learning and experiencing oneself and the world. The myths and legends conveyed from one generation to another have been a source of instinctive knowledge, intuition and preferences encoded in our subconsciousness. The collections of narration included in the holy books of most religions were the main tool of priests and prophets who wanted to save the humans or manipulate them. The same stories are one of the most important sources of knowledge for the scientists who want to understand the human beings, their culture and the systems functioning within it.

The notion of *personal narration*, which means a subjective perception of the reality, meaning the personal story of the person who experiences it, is nowadays in its renaissance. **In particular in humanities and in the media. The causes of increased interest in narration can be sought after in the intrusion into the social reality by live television and live shows, whose popularity made people aware that the spectators are interested in real human stories, and afterwards in the intrusion of internet, which demonstrated how much willingness to tell stories there is in millions of individuals around the world and what is the impact of some of these stories. Those who create their narrations personally on various blogs, Facebook or Nasza Klasa accounts are quickly convinced that such a story, usually writing, not only builds social and trade contacts, but can also assure relief, increase self-confidence, encourage self-reflection and begin important changes.**

The delight with which masses response to a well-told story, but mainly a true story of a concrete person, proved that **proper narration is also a great way to build good name.** Business, PR and marketing are other fields that have recently appreciated the power that lies in the uniqueness of personal experience of an individual and broader sharing of such experience with others. Hence the new form of marketing activities, referred to as *narrative marketing*. *In the time of surfeit of information, masterpiece narrations will prevail in publicity. (...) The consumers that always rush ahead and never have enough time for anything can now be affected only by one thing: a story, a narration, a tale (...) It is able to fascinate us with a human being, a company, a product.*" – writes one of the experts in such a form of marketing in Poland, Eryk Mistewicz.⁷

The power of story is appreciated not only by media, marketing or social science, but also by psychology, in particular its branch known as narrative therapy. Bogdan de Barbaro, psychiatrist and head of the Family Therapy Institute at the Jagiellonian University in Krakow, points out that each of us thinks using a story. **We are a part of our own autobiography**, each day we write a new additional fragment in it, and when we think about ourselves, then – without knowing that – we reach for it like for a book with a title, chapters, its own style and characters. We think this way not only about ourselves. It is the same with our close ones. Anecdotes, past adventures, small snapshots are arranged to form a whole building a story, which organises our reasoning about ourselves and

⁷ E. Mistewicz, *Czym jest marketing narracyjny*, www.marketingnarracyjny.pl

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the surrounding. We depend on these linguistic descriptions. They form a framework via which the reality comes to us. De Barbarro points out that this linguistic framework used by us often narrows down our perception of the world and might cause problems due to deformation or even perversion of the reality. Therefore, **realising one's own narration and afterwards learning it from other perspectives (like listening to stories about the same event told by different persons participating in it) makes it possible to go beyond the framework of one's own limitations.**

Work with a story in the Family Business project

In the most general terms, **the work with a story within the project consisted in that each family member should write a story of the enterprise from their own point of view.** That they should write everything important to them in the context of how they reached the place where they are at the moment when they start to write. About everything they associate with the motto: "my corporate story" and about everything that comes to their mind when creating the story so that it has a beginning, unfolding and ending.

Why were the participants given such a task? Because **writing down a given story makes it real.** It means giving it a specific form that can be comprehensible and read, worked on, viewed from various perspectives, supplemented with new threads, shown to others, compared with a story written by a brother, mother or father. Created in an honest way, it can be a perfect material for publication or marketing purposes (e.g. narrative marketing), and it is a ready-made source of understanding of one's own authentic values, and hence a foundation for the development of a vision, strategy, brand building. It is also a big step towards better self-understanding and understanding of the close ones, as well as (maybe primarily) a souvenir for oneself and the future generation.

At the beginning of the programme, four primary functions of the process of creating corporate stories were defined. Within the programme duration and the process of working on a story, it became apparent that there is also the fifth function, which will be discussed at the end of this chapter as added value.

Tool for self-development

It has changed a lot in me. I think that it opened me. I stopped being ashamed of what I think and who I am. I started feeling well in my own skin."

Conscious prediction of one's own story embeds us in the reality. It reminds us who we are and how we reached the given point of our lives. It can make us aware of how much we have in common with each other and how much we already can. On the other hand, it often allows us to realise the limitations of our own perception of the reality. Then, enriching it with new perspectives – reading the story by other enterprise and family members can help us better understand ourselves and our close ones. The analysis of one's own stories is an opportunity for a moment of enlightenment, mind opening to something that we did not realise so far and what was often an obstacle to the feeling of happiness, further self-development, development of the enterprise, a thorn in relation with others.

Tool for dialogue

"All three of us actually were speaking of the same, yet from different perspectives. This was a confirmation that we should work together."

Thank to this story, my husband understood a lot; afterwards we were talking for hours; I think that together we now see what should be improved."

Written down corporate story activates and deepens the dialogue within a family. Through the utterances of two or more persons from the family, one can see other points of view and look at the same facts in a different way. A dialogue based on the analysis of successes and achievements can be a good basis for talks about difficulties and conflicts, which are always in abundance. A story that has been written down and read jointly is also an extraordinarily strong element in building the family ethos and hence the corporate one.

Tool for development of the corporate organisational culture

"What I admire in parents is probably mainly their perseverance. My dad cements these people, the entire company, if not for him, it would not exist. And mom takes everybody under her wings. It is owing to her that there is such a cool atmosphere in the company. Everyone addresses her «Mrs A.» or «Boss», but in such a nice way, without being artificial."

"When the designers have left, we had only two weeks left until the opening, J. set a crazy pace, and we have succeeded. The memory of how much we were able to mobilise still elevates me. Each of us had a different perspective, everyone has put a small particle of themselves in it, and our cafe came to existence."

"A thought came across my mind that if people come, they will sit at the counter and confide themselves. However, there are no chairs at the counter, but it often happened to me and my daughter and my husband too that we got in contact with the customers. I think it runs in the blood, and in fact people need to talk. So we sat down and talked. It often started with a book, and later it would turn out that we have common acquaintances or similar interests, and people who claim they received support here come back to our bar. However, the psychotherapeutic centre was just round the corner, and it was operated by our friends. I like these stories about support since it works both ways."

The culture is based on "myths", stories. A family that feels well in its mythology can "infect" others with it more easily. The employees involved in the ongoing business often do not realise why there are such customs, norms or even sources of specific procedures adopted in the everyday business. The message illustrating the long path towards the success often builds the attitude of respect and trust, and makes it possible to get committed to the company.

Tool for marketing

"The response was shocking. People read and afterwards came to us, to our pub and said things like: «It's so cool to get to know you, we know so much about you, we have an impression that we know you well. This story made us think, it helped us, thank you.» The girl with whom we sometimes did some things together, but did not get on quite well, said she did not like us, but after reading our story, she changed her mind."

It is a very concrete and useful function that there is a possibility of using the entire or part of the story in marketing and social communication. A well devised evidence-based story, yet presenting the company in a subjective manner, personal for its owners, can build a positive image, trust of customers, contractors, the local community or the local authorities.

Writing a story

According to the assumptions, the stories were to be written by the participants themselves. However, a year after the launch of training, no independently written story was created, although several persons expressed willingness to write their story, and the coaches repeatedly informed about the benefits arising from such an activity. Writing a family-business story is so time-absorbing, requiring

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attention and commitments that this task turned out to be unfeasible for the entrepreneurs, who usually do not like to write and do not have time for it.

Therefore, the organisers decided to write these stories together with the enterprises. To that end, the female coaches in the area of work with the story conducted approximately 80 interviews with programme participants, and 40 stories were created on that basis.

The process of story creation was as follows: each female coach directly approached a participant and asked whether they wanted to create a corporate story and explained that it would be a recorded conversation about the family's history. The fact that the stories were recorded and written down by the coach had additional, very positive effects: first, people felt distinguished because someone devoted time to them and wanted to listen to them. Second, the participants had an opportunity to see how they look like in the opinion of others since by writing down their stories and by asking precisely such questions as opposed to other, the female coaches inevitably committed themselves to this process and responded to what participants said. The stories written down by the female coaches were published in the internet, obviously upon consent of the characters of a given story. It was the third and last stage of story creation, which was aimed at creating a collection of family stories on the official programme website, which gave the enterprises an opportunity to advertise themselves, to better get acquainted with each other and to network. The female coaches emphasised that this stage is completely voluntary, that family businesses taking part in the process of story-writing, having read them, are absolutely free to decide whether they want it to be released or not. If so, they have the right to revise and supplement it, to delete the fragments they find too personal or unnecessary. The goal was to assure the story-tellers maximum comfort of sincerity during the interview.

Depending on the duration of a story, an interview with a single participant lasted from 45 minutes to 2-3 hours. The interview began as simple as possible: with a request to introduce themselves and answer the question "Who am I?" The second question usually read: "How did it all begin?"

"My name is ..., I run a company called ... in Ruda Śląska. I launched my business at the moment when after a year of work in the West I came back to Poland and bought a plot of land. There was a small garage on it, which I decided to use as a car garage.

"My name is I am engineer in chemistry, I run a chemical and cosmetics production plant where cosmetics for infants and children are produced. When building the company, I thought that it would be inherited by my son and daughter. The time of the previous economic system meant life day by day. Nothing was for sure, only the permanent makeshift forced by the system."

"For over half a year we were waiting for a permit from the Ministry of Culture and Arts to start up our business, and then we began to work in the afternoons. The safety signs were produced on the surface of a sheet metal or PVC plates. And this was a problem as you could not get it anywhere."

"The profession of a broker in Poland did not exist. I started tests at home, like on rats, experimenting to what degree anyone would need my services. The risk in the construction sector is enormous. So I told each client that I would explore it, find the cure, and they would buy the insurance recommended by me if they wanted."

"My company came from life: two children, information noise, willingness to give the children what is best. Several hours a day spent by a seven-year-old at school does not exhaust the topic, so the considerations began: Classes in English? Ballet? Swimming pool? There was no information about such activities in the vicinity. Hence, I decided to collect them and make available to others."

This way, family-business narrations started to be created. When listening, the female coaches tried to follow the story and if something broke, they asked additional questions. Some answered eagerly, it was hard to stop them. Others needed many auxiliary questions, especially at the beginning, to "unwind". Others did their best to answer the asked questions in as much detail as possible.

What was told

A very prominent trend was that men focused specifically on the business, dates of creation, subsequent stages, work, management, and for women business was often the story of the relationship, or it quickly turned out that instead of the business they preferred to talk about the relationships between family members. Businesses with long experience were clearly dominated by the division – man is the boss, woman is the “eminence grise” mostly dealing with finances, younger companies had not this division, often the woman established the business, the man began to help her, and then was gradually involved in the joint business. But still, regardless of generation, the dominant model is when women have more executive functions, perform more laborious work, and men manage.

“He would not have patience for that, besides he has so many ideas at once, that he has no time for everything else.”

A common thread in many stories was the fact that running one’s own business was good for children because the parents were always at hand.

“I didn’t feel the absence of father or mother when I grew up, because the head office was moved from our yard when I was already in college. Throughout my childhood, they were always there. When I wanted something from my dad I ran to his office, just as with my mother. There was always a sense of closeness, someone near, dinner at home. And if they needed help, we helped. I didn’t feel that I lose anything. A lot of things we did together.”

Almost all the stories repeated the issue of complexes: participants have always thought they were worse than big companies, they felt ashamed they run family companies. Everyone said that participation in the program opened their eyes to the fact that they can be proud of themselves because family businesses create big companies, and work with the family after tackling the difficulties has many unique advantages.

“I did export to Vietnam, I bought an additional apartment in Ochota, and to the question “what’s your husband doing?” the answer was: “He’s a craftsman of sort, mixing things, varnishes, simple engineer”. I have lived like that all the time: on the one hand I was even proud of myself, thinking that others are losers, on the other I was always embarrassed, ashamed of my own work and afraid that soon I will have to finish it.”

“I got a feeling that what we do, this is serious, that being a private entrepreneur can support a family, can make a living from this. We know that it depends on ideas, you can’t settle on your laurels, you have to give a lot, but we have a foundation that the family business is something which one can rely on.”

In addition to the company’s history, or family relationships, trainers also sought information about the character. Here are sample questions they asked:

1. What is important to you?
2. Why did you choose this particular line of business?
3. What mechanisms have led to the fact that you created this kind of company?
4. How do you manage employees?
5. Where do you get strength to act?
6. What do you consider your greatest achievement?
7. How did you handle the greatest difficulties?
8. Who did you want to become in the past?
9. What values did you learn at home?
10. What functions do you perform in the company?
11. What functions does your husband/children/wife perform?
12. What do you want for the future?

13. What are you afraid of?
14. What would you change?

Reactions to the their own stories, benefits and difficulties

Trainers talked with each person separately, recording the conversation, then transcribed these stories, edited them, so they were easy to read, but cared about individual style and language of each story, and then sent the stories to each person, asking them for authorization. Reactions to the stories varied. From emotions, admiration and pride, to shame, saying “what’s that for?”, “who would want to read this?”, sometimes indifference, lack of time to read, and irritation or aversion. Adverse reactions were associated with the belief that language used by persons should not be written exactly, or that the company has not been placed in the best light, because members talked unnecessarily about personal things, their words were unnecessarily written so thoroughly. In a company run by a married couple, the wife said that their story is not at all like this, it is best to “destroy the documents and forget about it.” This was all the more surprising because the story did not include major controversies, with the exception of a slight conflict in the approach to management between the man and the woman. But generally very positive attitude prevailed, and some opinions about how important it was for the characters to read their own stories, exceeded the expectations of project implementers.

They thanked trainers for the interest, that they visited, listened to them, that they already have something in their records, which will pass to future generations.

“I would never gather it all, heck, how much it was, thanks to that, my wife and I, we realized how much we have gone, endured, it was very powerful.” “Many times I thought I would write it, but there was never time, and probably I would not find time, and this way we have it in our documents, for the children.”

The main character of one of the most interesting, most complex stories had not answered for a long time, after he was sent the text of his story, and after several attempts to contact him, he wrote:

“I hoped you’d let go, I had no strength to face it a the beginning. Because it suddenly became real. I told sons it was hard, but they never set store by it. And when it was written, the fact that you came to us, that someone wanted to take the time, someone listened, it became real. And the sons began to look different at me. Written word has a value. One of the sons helped me to make small changes in this story, my grandson played near, the son looked at us and said: – You know, Dad, now that you’re already a real Granddad (that’s what grandchildren call me). We’re proud of you”

Without a doubt, it was an important experience for participants, because the stories reflected their real lives. Gratitude, satisfaction, and shame were often accompanied by a surprise that “it is fun to read.”

“To be honest, I shed a tear as I read it all :) It’s a nice thing. I don’t know how many people emotionally blend with such texts, but on my part, I must say that sincere text and words give a lot. I feel great satisfaction, to put it simply, about all that has been achieved so far by my parents. I think this story might be very motivating for other family members who hesitate to get involved in the company. Generally, it can be ‘therapeutic’ in general, in a positive sense of course”.

For many, especially people from the generation of sixty, seventy year olds, it was often difficult to read, almost always it was deeply moving. On the one hand they felt proud of their past, on the other they felt embarrassed, because “what’s to be proud about, others have done all right.”

Hazards that may result from such an exercise, and which, with the right approach, or over time can turn into a benefit, is among others, not always positively perceived confrontation with the image of oneself, with what I am saying what I think of myself, how I express. Some were disappointed that the trainer/author of the text has not sufficiently smoothed what they said:

"I speak like that? It seems to me that such things should be corrected."

"If I knew it's gonna be written like that, I'd be more careful."

There were situations where the confrontation with what was told, at the beginning, was the source of discontent, but after the second, third reading the character began to accept even like himself.

"At first I was against recording it. Then, as I got my story and read it, I thought to myself: – Oh no, it can't be shown to anyone. Why I said all these things? I put it down angry with himself, but the next day I read it again, calm, and I thought that this is me – that's what I think, and I wouldn't change anything here, because I won't lie. If I am to be successful in life, I must have the courage to say who I am. I can't be embarrassed about it. So I thought that I wish this story was shown without corrections, as it is. More interestingly, my partner responded similarly."

Many claimed that reading the story was a source of thrills for the whole family.

"We sat in the evening by the fireplace, I read it, and when I finished, everyone had tears in their eyes."

As one can see the reactions after reading the stories were different. It was noted that companies with the tradition and those who are determined to survive and either do not survive the strong conflicts within the family, or already have it behind them, were happy with their stories, made few amendments and wanted to publish the story on the website. Companies, in which between two owners (for example, between husband and wife) there was a clear difference of opinion on approach to business, or generally to life, had much more problems with authorisation: most often they did not want to correct anything, but just forget about it, although sometimes it was enough to cut a few pieces to get consent to publish the story. If the stories of two participants from the same company disagreed with each other, these persons after exercise often realised the other person's point of view, which several times helped them to accept the perspective of a spouse or parent. Some married couples thanked the trainers for work with the story, because although at first the reading of partner's story was a source of much stress, even an argument, after a while it turned out that this confrontation helped both parties.

In many cases, **work with the story contributed to improving communication, changes in the approach to each other and changes in expectations for the partner.** It happened that the wife understood why her husband cannot get more involved in the business, and they developed together further steps for both of them. In another company the husband realized that his wife is afraid to take another business challenge which was ideal according to him, because from her perspective, it was him who usually gets the ideas, and her who finally takes the least interesting aspects of their implementation. In another case, he was confident that the company is securing their future, she saw it as the greatest risk. In all these cases, the comparison of their stories helped them to find the cause of confusion, decide to search for a compromise.

"First of all I had to verbalize our story by telling it to you, and it made me realize the way I went and still want to go. Besides, after a few weeks I could read what I said – and in turn it was both interesting how you see it (because even when you wrote the story you embellished it with your perception) and the fact that so many details came out of the shadows to the foreground. Overall, the story cited a lot of reflections and made me think about the continuation, it changed my perspective, helped to stand back and watch. Thank you very much."

The added value or the fifth function of the work with the story

"At first I was afraid that the story is intimate, it seemed to me that is so long that no one would be interested, "God, who will want to read it?" I thought and I was mistaken. Again and again I am pleasantly surprised, because it turns out that many people read it. On one of the thematic meetings I had a hilarious situation, because the host, Helmut Gläser, asked me what I do, I answered that I run a coffee shop, a small one, not a typical one, and after a while someone shouts from the back: «Is it C. M.?» A person I

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saw for the first time, but I answer, «yes, C.M.» «How cool! We must meet and talk.» It turns out that the couple, who is now in the last edition read our story, they said it gives them energy and strength, because they also dream of opening a cafe and read our story and it gives them confidence. It's amazing, I think. I felt very happy."

The author of this quote was not the only one with such an experience. After the first few stories were written and read by third parties, it turned out that the stories have surprisingly large impact. **Stories of the project participants have become an inspiration for others, especially those who go through similar problems, or those who also want to go down the path of an independent entrepreneur.** They are also a real repository of knowledge about Polish families, and small and medium enterprises. So every story can provide support for a person who reads it, just as many of heard and written stories is often a source of personal inspiration for us. Hence the decision to publish 20 most interesting stories in a separate book under the title "My story, my company, family portraits of Polish entrepreneurs." We hope that the stories contained in it will become another tool for integration of the family businesses, support for other businesses, and will positively affect the image of family businesses in Poland. We are also confident that they are a valuable complement to "Methodology for the Support of Family Businesses."

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3.6 Risk and difficult situations within the project

LUCYNA WERONICZAK

Previous chapters described in detail the educational events implemented under the project “Family Businesses”. Previously developed concept of these events proved to be correct during the project, because it carried the necessary assistance and responded to real needs of beneficiaries. Participants willingly shared thoughts about what things and how changed in them, their families and their businesses, what results were brought by participation in the project. Despite questions about the difficulties and the negative impact of the program which were asked in evaluation surveys and by trainers during workshops, there were very few signals about this type of problems. Surely, **the convention of work based on the TROP method, which is based on learning through resource and positive, to a lesser degree focused participants’ attention on possible disadvantages of the project.** However, systemic thinking which shows the complexity of processes and their mutual relationships allowed to see both the strengths and weaknesses of all things that happened in the project. The process of learning by using the above training events also abounded in difficult situations and carried the risk of change, not necessarily desired by the participants. These difficult situations will be the focus of this chapter.

During the workshops participants devoted much time to contemplate how things they learn change their consciousness, and how their new skills affect the family business system and themselves. They learned through the exchange of experiences, looking at the responses to the changes. They supported each other in difficult struggles and offered advice in finding solutions. The group was supportive and uncompromising mirror that reflected the changes or lack thereof. Participants were able to appreciate the new skills, or other actions, but very alertly reacted to what was only a declaration. During the workshops, there were different situations. One of the trainers experienced the very real support of the group for a hard and painful decision of the participant. The situation which took place after the workshop was difficult and embarrassing. It exposed the problem of her family and business. Through understanding and support of the group and help of trainers the participant took constructive action. It remedied the situation, however, it required great courage and determination. This effort ended positively.

It is good to separate the effort of development and introducing changes from the possible negative final effects. Let us look at both issues.

Development effort

When observing the process of changes in participants of each of workshop group, one should say that this is a very diverse matter. In addition to very specific situations arising from professional, life and cognition situations, an important element was the time for personal development. At a glance one could see what was the problem and difficulties in different phases of life. When the trainers worked on communication, for young people it was a tool to make contact, for more mature persons it was a way to express oneself and for the older a method of passing their wisdom. In matters relating to conflict, young people often tried to find themselves as winners/losers, middle-aged people were interested in achieving optimum gain, while the elders discussed how to resolve conflict and improve the relationship. Also **working on the process of change showed that the development moment means focus and response to what each participant considers difficult.** It is a moment that reveals that “I have not yet done what I should, and that is what blocks me and impedes personal and professional functioning”. Understanding of this truth often results in feelings about the negative effects of training. Such development moment can be an impulse for self-development and constructive struggle with difficulties, but also for escape.

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During the project, the organizers saw different attitudes. Some fought, others take offense or blame. To quote Stanislaw Jerzy Lec:

"It's hard to tell oneself the truth when one knows it."

Another development problem is learning new skills. Here too there were people who were in more difficult situation, who struggled with it with different results. Disclosure of other perspectives, understanding, inability and impossibility, for a certain group of people was a negative effect of the project. They wrote that the project has too much or not enough: knowledge, practice, exercise or other competence. This kind of voices contribute to the refinement of the program, when they result from development needs (thanks to them for example it was possible to choose thematic or mentoring meetings) but are not constructive, if they result from personal deficits and difficulties in meeting these challenges (such as a reluctance for demanding workshop exercises that can expose this and that). Realizing that one missed something, did not try hard enough, gave up – is a difficult experience. **Development hurts and this is also sometimes a problem.** The problem could also be that it devaluates other benefits from the program. Trainers, while listening to this kind of criticism, must be able to distinguish the constructive and the negative criticism.

Risks associated with disclosing the truth about oneself, relationships, business

The workshop revealed the roles which participants performed, but not everyone liked what they saw. How do I allow myself to be treated as a wife/husband, son/daughter, father/mother, child/parent? How do I fulfil this role? Does this affect relationships within the company? There was a feeling of frustration and helplessness. If this translated into changes later, or into acceptance of this condition, it was development. **However, there were situations where people realised they are victims of violence, that they are used, or that partner is an alcoholic.** This was not easy to deal with. Trainers, during and after the workshops, provided support in finding constructive solutions. They pointed out further possibilities and risks, referred to places where a person could get professional help, and intervened, if it was necessary.

Trainers tried to take care of explicit situations, but many of them took place outside the project. **Marriage and family conflicts were created or escalated.** Some of them were resolved, some not. There were families who in order to solve these problems, turned to consulting in the project, who sought negotiators were seeking, sometimes aided by therapists. Some of the disclosed problems were named, but there were cases in which the sides of the conflict, blaming each other, did not attempt to solve them. Unfortunately there was also a situation that ended in a divorce application. Will divorce be the end of this business? Is the fact that the application was made in the long term something negative or positive? We will see. And what was really the cause of this application? Was it the participation in the project? It seems that the project revealed what had happened. But from the perspective of a person who was found in such a crisis situation, the assessment can (and has the right to) be different.

The project also helped in revealing company problems. Errors in staffing, in management, lack of strategy and the like, created difficult feelings. Of course, in most cases it was a stimulus for change, because during training the participant gained the necessary tools to solve these situations. However, **there were persons who realised they are trapped in situations beyond their reach and capabilities.** They came to the conclusion that it is better to close the company, than to struggle with it in that shape.

Systemic problems and possibilities of handling them

Further problems arose from the merging of the systems. Often the functioning of the family affects the management of the company. The family tolerates it, but for employees it is difficult and confusing. Roles in the family business are sometimes underdetermined. Family members working on

specific jobs have more or less influence unlike non-family employees. Realising that and seeking solutions aroused much controversy. Often, the participants experienced feelings of helplessness, that what they do will always be against them.

Difficult emotions, triggered by a sense of underestimation, being ignored, and even harmed, caused conflict. Sometimes these problems were solved quickly (while returning from training to home), sometimes it took a long time to openly talk about them. There were times that family members made decisions that they want to stop working in the family business, that they want to start their own and do what they couldn't do here. There was a situation in the project that the family took the decision with relief, because the effectiveness of the person was negligible. However, sometimes the separation was painful, burdened with difficult emotions and unresolved conflicts.

Through the prism of the company one can also see family members from another perspective. We are proud when someone close turns out to be a competent professional. However, if the person falls short of expectations, the reactions may vary. From sympathy and support to shame and rejection. The problem is that family members do not participate in other trainings and one does not have to worry about their opinions and reactions. Here, family members met at conferences, but sometimes also at workshops. Even being in parallel groups favoured comparisons.

When I see the imperfections of my family (wife/husband), I begin to wonder about our relationship. Next, when I do not get along with spouse, children, what should I save? Relationship or a business that often is based on this relationship? **The project revealed difficult dilemmas, revealed, supported the search for help, but could not protect against results.**

An interesting issue was the participation of company employees in the project. For many this was the way to better understand the family business. But there were people who spoke directly about errors in management, ambiguity of the strategy, inadequate staffing, or even about nepotism. There were people who decided to reveal these feelings, and those that departed from the company after the project.

Increased awareness as the cause of changes

The project with so spectacular results in the liberation of positive energy for change, exploring resources, learning and creating an environment has also its difficulties. What the participants learned allowed them to increase awareness, to look at the mutual influence and extend knowledge and skills useful in managing the family business. However, it also taught to discover the shortcomings and difficulties. It revealed that with which the participants came to the project, and thus exposed the weaknesses. To quote Gabriel Laub: *"It is hard work to avoid problems."*

Is abusive relationship, dedication, suffering better than parting?

Will turning a blind eye to bad management, lack of strategy and not thinking about the future keep you in the company?

Will not solving the family problems allow the company to operate?

These were the questions that participants asked themselves. Often, they knew the answer, but not always liked it. Sometimes they said that the decision to proceed with the project was vital and there was no exaggeration. They had to ask themselves important questions and answer them. Make a decision and find the strength and wisdom to find a solution. The project helped them with that, it was so designed that it did not leave people without help and support, but could not do anything for them. It did not give ready-made prescriptions, did not show the road. It created an opportunity to seek solutions that will allow dignified and interesting life, but the work, often difficult and even painful and risky, participants had to complete themselves.

3.7 Reflections of participants

URSZULA HOFFMANN

This chapter is a collection of comments from participants of the project, describing the impact and benefits from participation in the program. The organizers assumed that it would be best if participants themselves talked about the effects of the project. These quotes may be used by trainers and owners of training companies as a contribution to reflection on organizing further training for family businesses. Statements are mainly from Travel Diaries produced as a result of interviews with participants conducted by trainers with the story during and after project completion. First recorded, then literally transcribed, interviews focused on changes during the program.

When starting to collect these opinions, the organizers assumed that the statements of participants will be very different from each other, mainly for because participating businesses were different from one another in every respect. They were both very large companies and small ones, employing only two people. Multigenerational company with a long tradition and companies that were founded just a few months earlier. The organizers therefore hypothesized that their expectations and therefore opinions about the program can be extremely different. To the surprise of the implementers, it turned out that the famous saying “with two Poles, there are three different opinions” does not quite fit into this situation, because participants spoke almost as one voice.

Feedback on the project, included in the so called Travel Diaries were collected from among the participants of four rounds, both during their implementation and after the final conference. Participants were asked about their thoughts on the program, about actions taken, changes in family relationships and business. The obtained statements show that with the majority of beneficiaries there has been a significant development both in emotional terms as well as in professional competence, i.e. in management. They gained a new perspective in each of the areas: self-development, family business system, strategies, succession and networking, although of course the depth of these processes and the area in which they mainly occurred was different in different people.

Self-development – obtaining a sense of satisfaction from being the owner or co-worker of family business

Many people expressed satisfaction with participation in the project aimed specifically for family businesses. It was emphasized that, despite the huge market for delivery of training, it would be vain to look for training specific to these companies and that the program for support of family businesses filled the existing gap in the market. They said they are satisfied, that this problem was noticed and a program was created specifically aimed at this group of entrepreneurs. This way the people felt they were noticed and important. As one person put it briefly:

“The biggest advantage of this project is that it was implemented. So far in Poland, there was nothing for family businesses, I’ve tried to find something for a long time, but to no avail.”

Other people shared similar opinions:

“I liked the approach to the subject the most – it was kind, showing that family businesses are companies based on certain values. Then I thought that this program is something good, something which was needed in Poland, that this is innovative, pilot, very important for family businesses, where the private and business relationships are combined.”

“As anyone, I felt stronger. Because you know, the more the merrier. Because others also have problems, it’s normal, because every family has these problems and even if they argue and it’s difficult for them to reach an agreement, it’s a family after all, it’s a warm, durable, brings support. I felt stronger, that someone has done the work to systematize it, and that means it’s worth it.”

"The immediate effect, even during the program was a sense that we are much stronger, that we are not alone, we have support."

"Taking part in the program directed specifically to family businesses, in many cases resulted in increased satisfaction and pride that we are owners or members of such company. So far, this wasn't often exposed, because stereotypes involving the concept of FB weren't favourable (non-professional activities, small, involved in a lot of different problems)."

After the program, people felt appreciated and finally proud of what they do. It seems particularly important for the younger generation, which with more energy and optimism wants to develop their businesses now having a sense of deep meaning of such activities, because, as one participant said:

"Project Family Businesses allowed me to discover that family business is a big treasure. "

A few other statements on this subject:

"First of all, it gave us a lot of good energy. It's a great antidote to the entrepreneur complex as a man of inferior category – a small company, we're making cosmetics, plant at home, it's all up to us. This conference opened my eyes to people who do similar things and I got the information that we are a very positive value."

"The first impression is that this is an amazing place, because the companies met. And that you can that. Because as a child I was ashamed of the fact that my parents' company was named after our name. Or I talked with friends, I said that there was something wrong at work and heard – what do you care, give up and find a new one. No understanding. And here I see people who have similar problems. Everyone knows what it means to run a family business."

"The program confirmed that it has not only the material value, to survive, but that my company is building a community, that it's important, in the civic sense. I see now that journalists often write about family businesses, in Wyborcza there was an article, in Newsweek, so it works, and it's needed. It's good that people talk about Family Businesses, thus building their brand, their strength. Raising their prestige is very important. "

"I learned that my family business is not a closed body, but we act in a wider community. It was new and cool to see oneself as part of the economy, it's not just my area, where I spend some time, then come home and finish, but a part of a larger whole. It feels good."

"I want to stay in my parents' company, officially I made the decision during the project and it's because of it. Project Family Businesses allowed me to discover that family business is a big treasure."

"I am now aware of the advantages of family business."

"This program confirmed what I knew for some time-that family businesses are the future of this country."

"First of all, I got a feeling that what we are doing is a serious matter, that private entrepreneur can sustain the family, that family business is something one which one can rely upon."

Exchange of experiences

Gathering owners and employees of family companies at joint workshops, conferences and thematic meetings, gave them the opportunity of many hours of discussions, exchange of experiences, comparing management of companies, discussing common problems and solving them using the experiences of other people.

The vast majority of participants stated that the opportunity to exchange experiences was even the main value of the program. There were concrete examples of how they managed to take advantage

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of other people's experiences in solving their own problem, how the opportunity to compare with other people strengthened their feeling they are on the right track, that their way of managing is correct, or showed the errors and possible corrections. Participants stressed that what they feared in the beginning, namely, that because of the different lines of business and different sizes of companies, they wouldn't find a common language, did not turn out to be true. It turned out that usually it was not a problem.

"I made several changes in the company myself, because I knew from you that you've done something like that. I changed the head of production – my uncle. I'd been thinking about it for months, but after this meeting, I did it in an hour. After two weeks he came and thanked me."

"Talking with other people, exchange of experiences, it all showed us that problems at all levels are the same, regardless of the size of business. It boosts your self-esteem, when you see that large companies are the same as we are."

"We were uplifted in terms of conducting business. Sometimes it seemed to us that the values we believe in are old hat and we are a dying species, and it was good to see that there are still people like us. It has strengthened us that we do it well."

"One of the entrepreneurs, who has run the company for 20 years cited many interesting facts from the life of the company and it also applies to any company that is young and will want to continue for the next 20 years. And we will certainly encounter situations he has already survived."

"It turns out that we have similar problems, although in different lines of business, but some things, such as family relationships, employer-employee relations, strategy, succession, the problem of rewarding and motivating people is the same everywhere."

"It was a valuable opportunity to make contacts with others, multisector companies, see how others operate, how they cope in business, what type of property they have, how it works with them, how succession is done. These discussions and exchange of experiences are very important, we learned a lot from private conversations between classes."

"I think that the value of this program was the exchange of experience. "

"For me, a very cool thing that happened was that after the thematic meeting in Poznan, we were picked up by owners of another company involved in the project and for 5 hours we talked about many cases, mainly about employees, they told us about their problems, we shared our observations, they told us that this may indicate that employee is good, or that it is better to check him." That gave me a lot."

"It is helpful to see how other companies operate. Each owner has their own way of management, there are people who run companies longer than we, so there is plenty of practical knowledge, because they shared their experiences."

"After this program, I have a sense of normality, that there are others like me."

"The surprise for me was that "we're all have same problems", that we talk about the company in the shower and in bed, it was very important to me, that it's not only us that grapple with this, that the company and the family are mixed, that it's difficult to separate them. We can't separate it yet, but I was happy that not only with us there's something wrong, that in bed we talk about invoices."

"But I admit that much more valuable for me, I apologize in advance to the trainers, as president of the company, which is at the stage of initial development, is to share experiences with people who carry out these activities for a long time. They have bigger companies and have some visions that they already completed. These are loose words, sometimes after training, at dinner, or after, and sometimes during dinner, suddenly, some conclusions open up in mind, I get ways of thinking and ways of doing certain actions. These talks guide my way."

"Contact with others is valuable, the talk and exchange of experience, I learned about new things and what I should pay attention to. I saw it and I was happy that our company compared with others is not the worst. For many years I lacked a comparison with others, how it looks in other companies, regardless of sector and size, what are relationships, how they perform a variety of topics. Now I know that there still a long way to go, but I don't have to be ashamed, I see that we're not so bad and the work brings results."

"I gained a sense that the problems that I have, such as in communication and relationships, other people have as well, I'm not alone."

"You can learn a lot from other people. People from the same line of business exchange ideas. Although at first they were a little suspicious and treat each other like a competition, afterwards the ice was completely broken. It's valuable to share experiences, because you can't read it in a book, people talk about current issues. If I'm open and I'm talking about my experiences, and someone is open and talks, we can mutually benefit from this. These heartfelt talks at the workshop are very valuable "

"I know my experience was useful to another company, it was about the father-son relationship and clarifying responsibilities. I shared my experience, and a boy thanked me because it helped him to talk with his father and it was a good, constructive conversation."

Strengthening self-esteem.

Obtaining strength, energy and courage to take on new challenges

Great effects were obtained in the field of self development and self-awareness. Frequently people stated that this effect is an additional effect, that the people did not expect such benefits "for themselves" because they thought that the training will focus on issues relating to the company. Many participants gained self-esteem, they saw their place in the company and the role they play. Seeing their strengths allows them to more optimistic look into the future, believe in overcoming emerging problems and hope for further development. Even people who perform many different tasks did not have the sense that they are doing something important, that their work is important. Participation in the workshop enabled them to change their image, and gave energy to take on new tasks. And examples of other people mobilize them, gave them courage and faith in success.

"These trainings were not only for the benefit of the company. This is something I can't describe in words, what I experienced and I can recommend to others, because this is what I do for myself. I can't name it, but I am surprised that I could learn so much. "

"You can't read it in the books, what I experienced here, this is a new strength and energy and ability to cope with adversity. It started from the first exercise at the workshop, it opened my eyes. I wasn't even looking for what I got here. I attended various other trainings, such as on tax law, and it seemed to me that in another respect, I don't need anything. And in this project, I found so many interesting things. I came here very happy, working hard all day, in the evening I felt like I moved the rocks, but I was very happy because all of that I did for myself and I now have so much strength for action."

"At the workshop I get to know myself better, I saw my abilities, it was a discovery for me. Extremely valuable for me was the feedback from other group members. I kept those cards on which people from the group wrote about me, it's important to me, I bragged about it to my husband. It gives me power, I put them aside and when I feel bad, I take them and read. It's amazing how it helped me. And I thought it would be a waste of time, some workshops and conferences, what for, I don't have time, I have to work. With each workshop when I was more convinced that I will learn something from this, that it's good not only for business but for me personally. It was important to discover what type of personality I have, how to use it, what needs strengthening, what to be careful about. I discovered my abilities. I wish the project continued, I will miss it. It seemed to me before the start, that it will last too long, and now it ends and I am left alone, and I made so many new steps. Sure I can handle that, but I could do with a continuation."

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"My husband says I changed, I'm more confident, I'm not tossing about, I stick to particulars. Before I cried sometimes because I could not push anything, although I was sure that it's right. Now I completely changed my approach, and instead of emotion I give the arguments. My husband is amazed: «the woman changed»."

"I also believe more in myself. My husband has long complained to me that I should be more assertive and more believe in myself, actually, now I see that I should have strongly believed that I can manage on my own. And also in that I'm a big supporter for my husband, that he needs me, that I can bring a lot of help here."

Perceiving one's own deficiencies and the need to supplement the knowledge

The project was stimulating and inspiring. It gave the participants an awareness of their shortcomings and what needs to be improved so the company could function better. The obtained statements suggest that the project was needed, both for older and younger people, because the older founded companies in completely different market conditions, and sometimes have difficulties in adapting the company to new times. Businesses are often run in an intuitive way, insufficient in the current reality. Many people realized that they lack expertise. And the younger generation is already aware that we live in a time of big changes and competition, and one must be professionally prepared to run the company, which was the theme of the training. Universal was the opinion of the need for continuing education and deepening knowledge on modern management methods.

"The project gave me just a little idea about how to do it all, run your business professionally, as others do. Exchange of experience has broadened my horizons. This wasn't enough, just an "outline introduction to the basics", but still I can see more than before. ... We've done it all intuitively. We have seen our shortcomings, what we lack in order to fully see the business and consciously control it and not rely only on intuition, the sixth sense."

"I got a lot of information and guidance, but they were quite general and we could treat this as a first phase of meetings, a kind of primary school. I wish there was a next phase, it would be nice to be able to continue, expand the knowledge."

"I saw that I was missing a lot yet to be really good boss. I understood that you have to learn all the time, all the time you need to improve, or else fall into the routine, and sometimes it is good to stop, rebuild and start all over again. This project highlighted this, I saw it when looking at people who run big companies."

"We got a lot of tools to look afresh at each other and at the company and with these tools we have named many things. The training gave me that every day I wonder what still can be changed, how to attract customers, so they come back to us and make our services competitive."

"The classes on strategy confirmed that what we are doing is good, but some elements will have to be rebuilt. Man is not the alpha and omega, and some things he doesn't know. I saw that a lot of things I don't know, I wasn't aware at all of it. We'll take the extra hours on strategy and brand. We lack the theory and practice, and these classes show certain things. We didn't even know that we don't know so many things, and now some topics were addressed in class and you will have to react and deepen them."

Family business system. Interpenetration of family and business problems

A characteristic feature of family businesses among other things is that the business affairs are closely bound up with family life and vice versa, the family affairs pervade business affairs. The result is the impact of marital or family problems on the condition of the company, but also vice versa: condition of the company, financial problems, problems with employees or contractors impinge

much on the atmosphere and family life. This happens in the vast majority of companies, but only now the participants had the opportunity to see that they are not alone with these problems. Some even said that they felt a sense of isolation “because there was no one to talk about it.” Most of the participants had difficulties in separating these two spheres of their life. When they realized more clearly the problem and dangers it brings, they often attempted to change this situation.

“I don’t mean complete separation of business from home, because we are so deep in the company that if in the middle of the night we recall something, we talk about it. Now I know that we need to work on it.”

“I always thought that we separate private life from the company, but after these workshops, I found that probably we don’t. We talk about the business at breakfast, at dinner and in the evening when we go to sleep. Workshops made us realize that and we try to change it, set a time for work and have evenings for ourselves. I still “fall” in the old scheme, I begin to talk in the evening about the company, but then the husband says: Relax, you remember what was in the workshops? Oops, I remember, and I leave it to the next day. Workshops teach us to separate these two spheres of life, although at first it’s hard.”

“There was always was the problem of separating business from family life and on Sundays at lunch we talked, what everyone will do next week. It became clear to us that there must be division: so much for the company, and so much for the house, there has to be a place and time for family, when the company is outside, closed, now is the family.”

“Now we have a better relationship, we understand each other better. We are able to better manage the time: company time and family relationships. We don’t so often bring professional matters home, we even isolate ourselves from these matters, I don’t open business mailbox at home, because I don’t want to worry. I want to work at work and at home to rest and be with family. Before, I did bring many things home, because what I couldn’t finish at work I would take home. Often at home I also had no time or desire to do it, and I would take it back to work. I came to the conclusion that it’s not suppose to be like this, that because I spend so much time at work, at home I need to separate myself from it. Then this energy can be devoted to action and it’s very beneficial.”

Improving communication between family members

For the good of the company it is necessary that family members can communicate with each other well. Participation in the project showed that it is not a widespread skill and workshops on this subject were very much needed. Inability of mutual agreement meant that attempts to solve the problem often ended in a quarrel, and the matter remained unresolved. Workshops on communication were rated very highly, and many people found the learning to speak the message “I” extremely useful tool to facilitate daily communication.

“I learned a lot at workshops on communication, this is such an obvious thing, but proved to be very important, because the rest depends on it. Communication is the most important thing in any business. These workshops showed me that some people don’t always understand my message as I wanted and expected. Workshops made me realize that communication is often full of errors, although there is no ill will, but it’s worth checking if someone understood us well.”

“Between us also been a positive change. When there’s a conflicts, the next day, we can figure out what it really was about. Previously, we started arguing right away, and now we really started talking to each other.”

“It is now easier for us to agree and implement something. It’s easier to communicate. Before, for example, one person said for example “I’d like to hire an employee, and the second: I don’t and we didn’t talked about it, why this one wants to, and the other not, only if he wants, I don’t. It wasn’t discussed, just thrown in question: we’ll hire an employee, we won’t. And now we talk: why, what would he do, how would he help us, why do you want it.”

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"The project definitely helped in understanding. Previously I worked a lot on different projects, and I also thought that this won't be a problem. But it turned out that working with family is something completely different. Because I tell them: you need to do this and that, and they look at me as if I was crazy and think that I won't tell them what to do."

"I improved means of communication, listening skills and asking not guessing what somebody thought."

Assignment of tasks

Another positive change, mentioned by many people, was learning how to delegate tasks and focus on key issues concerning the company. This gives owners more free time, which they can use for strategic affairs of the company or for rest.

"They now have greater confidence in themselves, no longer needs one person to control everything, but we can distribute these responsibilities. It was shown during training, to go for it, because one person can't do everything."

"I'm now aware that we have to respect each other more and respect our time, that we're not a company anymore where owners should do everything alone and see to everything, yet still each of us has such inclinations. We have to work on delegation of tasks and on its ongoing enforcement."

"The most important gains from participation in the project: improving relations, division of work, broader view of the company, appointment of persons responsible for individual sections, so that people won't come with all problems to the boss and I don't have to put out fires everywhere."

"We were also made aware that we can't deal with everything in the company, that we must trust employees and delegate tasks. So we're afraid to give him this responsibility, because this is our company, and we're unsure if he's fit for it? Will this employee be able to identify with the company, will he do his work, or will he only look at his watch and think about going home? This is the problem. We'd like to work and deal with strategy and management. Workshops show us that you need to trust someone, although in my case it's very difficult, my husband is ready for this, I think."

"I learned how to delegate tasks, how to ask and how to refuse, it helped me a lot in everyday relationships in business and at home, I felt a positive change."

"At the company me and my sister are on similar positions, so far we both done everything and worried for everything. There was no division of roles, it wasn't agreed who has what to do and what responsibilities. This got on our nerves, but now it's easier. Participation in the project helped in the distribution of roles within the company and in division of responsibilities. It was easier for us to implement, because we both participated in the workshops."

Management based on values

Thanks to the participation of both employers and employees, both sides have gained the opportunity to look at problems occurring in the company from another perspective. Both sides spoke of the resulting benefits, a better understanding of each other. In many cases they were able to change the approach to employees. People began to call them co-workers, to see more of their role in the company, often their real involvement, and a large impact on the condition of the company. Learning a new way of communication also resulted in better communication. Very highly rated were the lectures on dignified management by professor Mark Kosewski and on modern management style based on values by Andrzej Blikle.

"My husband was fascinated with professor Blikle and the fact that he treats people differently. This is a shocking concept. I admit that I didn't buy it right away, he also couldn't explain it clearly, what's with

this dignified management but increasingly it draws me. We used bonuses at the beginning, so employees had expectations, and after the Blikle's lecture I thought it can function differently and with greater self-confidence I approached my belief that you can get along with people. That it's not just about money. This discovery, or maybe rather reassurance, was very important for me."

"I'm also very interested in these lectures, about ways of management. Also, I was at his seminar and I want to expand it. I like this concept of relationship with employees, that we're co-workers and can rely on each other. The atmosphere of cooperation and agreement is very familiar to us. I'd also like to discuss at the workshops, how to organize cooperation of sales representatives, especially the problem of paying."

"When prof. Blikle talked about Gallup test, we took it at our company also. My husband now conducted yet another survey. We begin to think differently about our company. We want it to be just like Jan Jabłkowski said today, that they're not our employees, but our colleagues. I dream of a time when we have employees who form this company with us, and have been with us for 7-10 years."

"I looked at the employees as partners for work. I realized that I should share my feelings with them, not just assign them work to do. They must feel the company like I do. In small companies, it's possible. I started to praise them, I didn't tell them before that I like something, and it mobilizes more than giving them money. Nobody has taught us this."

"In Gallup's test they showed us that the wage is ranked further, that it's very important to recognize the employee and give him opportunities for promotion and I see it actually is. We make employees aware how much depends on them, that they have an influence on the condition of the company, that without customers, there won't be any money for them."

"Thanks to these lectures we talk to each other on this issue as the owners, how to motivate people to work, how to make them identify with the company, look at it from our perspective, water the flowers, wipe the tables... We introduced the celebration of name days and birthdays of staff, it's like in a family: flowers, coffee and a small gift. Now we praise employees consciously, we're aware of the value of praise."

"I saw the commitment of my staff, shared responsibility for the work. Now, I appreciate it."

"I could listen to the employees of other companies, find out what my employees didn't tell me. I learned what is important for employees, which signals can't be underestimated. And staff sees what problems are faced by the employer."

Strategy

Conferences and workshops on strategy showed many companies it is a topic that needs to be urgently addressed. It was emphasized that the training on strategy are rare and in this respect, this project stands out very positively, because: "these issues are not discussed anywhere else." Participants recognized the importance of having business development strategies, writing them down and implementing them.

"We've learned to write the strategy. So far the strategy has been rather only in the head, often only in our heads, the owners, but at this time we engage the whole team, we talk with the staff so they also know what the company strives for. Times are now very difficult and it seems to me that employees are aware of it and try to carry this burden with us. The whole training cycle has convinced us that we need to believe more in the product, that we have to improve it and care for it. And here we are looking for a chance. We think that this is the way to success. We don't want to go for quantity, but definitely improve the quality and taste of our products. There is understanding and acceptance by the team and in this direction we will go, although so far we had doubts, and sometimes we found ourselves at crossroads: which way to go with it? At the moment we have our objectives defined better and we believe them to be right."

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"We knew the competition from what our customers said. Now we're checking how other people handle customers, why they go to us. Classes with Ada Lewandowska showed that. Now we dedicate time to check it. Together with the employees we get to know our competition, everyone is to learn something, we think about it together. Once a week we convene a meeting and check if we did the assigned tasks. Effects are not seen immediately, it may take a year, but if we don't do it in a year we will be in the same place as now. We learned that only 10% of firms pursue a strategy they developed and we should be careful about it. It's important not to let the waves carry you, you have to take direction and go there. That's why I'm always arguing with my father, who always has 1000 ideas, he always worked that way, and I already know that if you do everything you can't do anything well. We want to go for quality and quality management."

"Until now the manager was my Dad and he shared it with us, now we want to change it. Dad is 70 years old and his strategy is that it stays as it is. My sister and I, we're trying to think what would happen next. At classes on strategy I heard a story about three frogs. I know that the strategy is to plan something, decide and execute it. I learned how to prepare for this and it was the expertise that highlighted many things and I'm very happy. I took the first step, because I arranged for us to meet with a lawyer, I already have one foot in the water ☺ I have an idea to develop the business and I want to do it. The parable about the frogs has prompted me to move from resolution to implementation. I signed up for a workshop on marketing new products, because I want to expand our business. I'm sure I'll benefit from it. Exercise with visualization helped me in preparing the strategy, so in 20 years I could be where I want."

"We lack a specific strategy, I have a feeling that is not properly made, that there are some things missing. We realized that we neglected strategy, that we focused heavily on the present without planning. Now we open up a new company, there are a lot of changes and I do it more strategically, I set deadlines. I saw that setting a time limit is convenient and introduces needed rigor."

"We saw that the strategy is important for the company to grow. We never had this strategy planned or written down. We haven't changed anything yet, the topic was only touched, we expect that after meeting with Ada Lewandowska we can do something about it. I hope that she will guide us how to effectively plan the strategy."

"Now we're building a new company, we do it more consciously and with long term perspective in mind. We'd like to explore this topic on thematic workshops, I want more, because we realized the importance of this topic and that it's a problem. Previously, we had no such awareness, we acted intuitively without thinking and if we prepared it thoroughly, then I guess it would be otherwise"

Succession

According to many participants the hallmark of this project was, *inter alia*, addressing the issue of succession, which is not found in other training programs. The vast majority of companies, especially those present on the market for many years and with grown children was very interested in this topic. It turned out this is a very large topic and very necessary, because in most companies it is a taboo. The classes showed the scale of the problem, but many participants spoke of feeling of dissatisfaction. Classes inspired to explore the topic, made people realize the need to address this problem.

"Much more time should be devoted to succession. It's a ticking time bomb in many companies. This topic should be conducted by persons with high qualifications, which are able to bring something new. It's innovative, we couldn't find it nowhere else."

"With regard to future succession, we collect information about various forms of ownership transformation. We took advantage of additional hours of consultation with a lawyer. We started to think about succession, and workshops encouraged us to talk about this with father. I am hopeful that this will continue."

"I've been to a lot of trainings, but this was the most positive one. It helped transition to the succession, which I planned. I think that more people in the company should learn about it. It helped me to understand the younger generation when I heard the girl earlier in the workshop when she said she doesn't know who will get the company, she or her brother, because he is a son."

"Lecture by Ada Lewandowska was very nice and useful for us. We are interested in the appropriate division of our heritage, how to do it, give it to whom, also here we have a lot of such observations, we draw conclusions, we think, we'll have to discuss all of it with my wife. We don't know exactly how to do it, but we know that's important. We still run the company with my wife and for several years nothing will change, because we still have a lot of strength, but there will come a moment that the children will take over and we need to prepare for this. For now, mentally. "

"Until now, we approached succession less consciously. We now know that this isn't an easy problem and we need to prepare for it."

Even among companies, where succession was already done, there was a reflection that the selected form may not be the best one and the issue needs to be addressed further.

"We started this early, the son came to the board in his late twenties. But we still have a few things still unsolved and only now we see it, when we think about the transformation of legal form of our company."

"We saw that we should return to this topic and discuss it very seriously in our midst. We have the company with sons, but now we see that there this isn't really a good solution and we have to take care of it."

"Succession isn't a problem, but we are aware that certain steps should be completed. It is mainly the conversion of a general partnership into a company with limited liability, to safeguard our personal finances, but also to make company independence of us, the co-owners, so it can operate without us, if only one of us wanted to continue to stay in printing industry." This requires a different legal form, initially we ticked it, but the topic needs to be addressed further and finished. There's no rush, but we want to do it in three years. This is the profit from the fact that we have participated in this project. It's important to realize that we want to do it, all interested parties already know about it, and we must do it."

There's also a realization that the company doesn't necessarily have to be taken by the children, that it can also be managed by people from outside.

"We're not thinking about succession yet. In Solaris, they've told us that the company does not have to be taken by the children, if they don't want it, or couldn't manage it, it's better for the company to be managed by specialists. We're not excluding such possibility."

In Cieszyn edition, in which several companies founded by young people participated, interest in this matter was smaller, because succession is still very far away for them and thus not very interesting.

"I wanted to talk about succession with my three-year old son, but he run off to watch cartoons."

"After classes on succession, we realized that we don't have a successor and we decided to change it. Our baby will be born in September."

"Succession is a distant subject far us. "

Networking

In this area, opinions about the effectiveness of the networking process in the program were divided. Many people were enthusiastic about the established contacts (*"through the project we've become a big family, anyone who visits us here is like family"*), others felt unsatisfied (*"I think that networking didn't work out"*), but the vast majority made good, even fruitful, relationships between the

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participants. Common experiences, similar family and business problems and the desire for further development meant that during the program there was a strong integration of family businesses. Participants talked about cooperating with other companies, taking up local initiatives, and even joint vacation plans. Meetings attended by many companies from further afield contributed to integration, the participants slept in the same hotel and spent evenings together. It was more difficult to integrate when most participants went home after classes. The necessity of departure, separating for 2-3 days from company matters meant that the beneficiaries of the project could be more present "here and now." In many cases, business contacts were established, people order various services and goods, because "it's better to give money to someone you know" and "you have greater confidence."

"It's very important to build the environment. We already know that there will be a family businesses association in Poznań. The program is an impulse to do something, to have an impact on developments in Poland. I already feel a bond with others. I look in the fridge, see pickles and I ask her "why not Urbanek?" I thought of printing something, I immediately thought: Krzyś and Ulka? We can draw for years from these acquaintances – this one has cables, other has milk, chickens, bathrooms, bricks... "

"At first it seemed to me that psychological workshops repeat themselves, another class we started with getting to know each other, etc. And people were inclined to acquire "deep knowledge" that everyone expected to gain in the project, and not always that "getting to know each other." People were unhappy that it's a waste of time. Now I see that it was for establishing better relations so the networking could later work. And it worked. We're close with people from the group and very fond of them. We have established a large number of new contacts, which the company always needs. We even have some orders already."

"Here, the project proved to be great, we managed to establish many contacts. As for financial benefits, not yet, but maybe someday it will pay off, if someone needs our services. My parents need to cut down the tree, and there is just a company that does it, so we may use their services."

"I think this is one of the important elements of this project. We saw the need for contact and integration earlier in the Entrepreneur Club. This project helped. I organized a sleigh ride for the participants of our edition. Someone said: let's go, let's talk, so we went. After the sleigh ride there was a meeting at the holiday house run by one of the people in our group. This integrated us even more. We use our services, I bought Internet equipment from someone in the group, because it's always better to buy from a friend, he even gave me a discount. I also arranged transportation for someone, I know the catering service gained many customers. The benefits of this are great for everyone. We exchanged business cards and I've got people recommended to me, I also recommend. This brings results, people are very integrated."

"We've become members of IFR due to the formation of the environment, relationships and learning from others. I always liked to visit other companies to see how they do it, that's why the opportunity to visit with Solaris or Urbanek was so valuable to me. It's valuable to exchange experience, we can use what someone already tested. Companies from the project order from me and recommend me to others. In order to continue this, there must be someone who initiates meetings, sets the dates and location. Sometimes I call to talk, ask what's up. It's nice that these meetings were in Warsaw, and not in Poznań, that we had to leave, that we stayed overnight together, that after a day of joint activities we partied together. It united us. If I were at my place I'd probably be doing company business, and this way I had a trip scheduled in my calendar. People integrate the best in evenings, we met in Warsaw together and I know people from all groups. It's not like that in other editions. It good to take people for training outside their place of residence. People integrate more this way and they are more involved. Our staff in the morning are still at work, and then go to the conference, and it's sometimes difficult to switch back."

"We got to know each other well and have established close relationships, because we spent evenings together. It gave us a lot, it united us, that we were away from home, it facilitated integration. Although it was necessary to go away, but there's a greater advantage to this. In Poznań they don't integrate that

much. Guys from Poznan don't stay in the hotel for the night, they go home and this is very different, quite different. They take it as a daily training, not networking and creating a common family."

"I met a lot of new people and developed close relationships, it's easy for me now to talk to them, they're no longer strangers to me. Someone in the group told me that we could try to sell our products on Czech Allegro. Two other companies already cooperate with the Czech, they told us that it works, they know how to proceed and may tell us how to complete all the formalities, Czech bank account, etc.. I also got a contact for a translator who will translate descriptions of our products. I discussed it all with the boss and we'll go for it. We need furniture for our company, and because there's a company in the project that manufactures furniture, I think we'll call them. It is better to give money to someone you know and there may be a discount. One has greater confidence in them too."

"I don't have enough time for private contacts, but I'll find time for business contacts for sure, because it turns out that we can do something for someone, and that someone for us. In Cieszyn there's a strong local patriotism, and therefore some of the things I couldn't settle because "I was not from here", I had no contact and it was easier for me where I come from. Thanks to meeting many people I slowly enter into this community."

"Thanks to contacts in the group we have orders for our services. They ordered business photos, we want to go further in this direction. As a company dealing with large format photography we ordered photo background according to our project. One of the participating companies opens a restaurant soon, we will do a photo report from the opening. It turned out that the owner of this restaurant is interested in slowfood and my mother is a founder member of Slowfood-Wielkopolska. I contacted them together and they started to cooperate. In a carpenter's company we ordered two cabinets, we are very pleased with the work and we'll commend them."

"And I hope that this networking is successful, that the program leaves us with something – cooperation with people. We care about this the most. "

„I also treat this program as something more, not just a program for companies in technical terms, not only how to improve management, but in terms of grouping, build environment, more tangible. And I see it as a platform for mutual communication and cooperation. Of course, initiators of this cooperation must emerge. I have the idea myself, that here, in Jura Krakowsko-Częstochowska, we try to create some sort of association of family businesses. There's even a good foundation for that, because there was Zawiercie Manager Club here. Participants in this club are serious business, there is a chance to build on these foundations, because it somehow stopped functioning and I hope to resuscitate it under the name of family businesses."

The most "conservative" were statements of participants in the Cieszyn edition

"I think that something may come from this, but time will tell. "

"It's not functioning yet, but I'll be working on this. I see opportunities, because people are willing. I want to keep these contacts. "

"Contacts with the group gave me nothing: on the break everyone goes to the bathroom, wants something to eat, call, carry on with current affairs. There is no true integration between us, people are sitting with their friends, you don't even know if you can sit with them."

There is also concern that the newly established contacts could be broken after the project.

"Sharing experiences with others – priceless, but I miss action directed at ensuring that, after the discovery of the capacity of family businesses, it will not be compromised. And it doesn't look that way so far. How do I convince them that keeping what was revealed here makes sense? That it's of great value?"

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"I hope to maintain contact (electronic, telephone), especially with people from the group. Now I feel these contacts are insufficient, but we have a very busy period in the company. Overall, I think the networking did not work, I can't assess why it's like that, maybe it was too little team building, to further strengthened the relationship, then it would continue in a natural way. Now after 4 months, I'm embarrassed to call anyone, as I didn't call and write so long. I know we got tools for that, we got the proverbial rods, but nobody will catch the fish for us. Maybe it take some time, so we miss each other?"

Feedback on the project gathered in Travel Diaries, show that participants have a sense of development and making progress in at least one of the studied areas. Most of the time, this development has a synergistic effect on the whole family and corporate life. The few critical remarks delivered in the Diaries concerned mostly organizational problems or feeling unsatisfied with any of the topics discussed.

Recommendations on the implementation of a training program for family businesses

As has been repeatedly emphasized in this methodology, the project “Family Businesses” was a pilot program, the first of its kind in Poland. So it was an experiment, because the implementers were not sure whether their methods of working with family businesses would prove to be right and effective. The success of the project was not a foregone conclusion, on the contrary, there were concerns that beneficiaries not adequately benefit from the classes offered to them, that they will resign, failing to initiate a process of conscious learning. After two years of the project, we know what plans have been fulfilled, and which processes only started. We also know what went wrong, where plans and hopes of the organizers of the project departed from reality. In this chapter we present the main conclusions of the project, useful for those who want to work with family businesses and possibly implement similar programs.

Project organizers recommend:

1. **Treatment of participants as partners.** Beneficiaries of the project had an impact on its course, selection of subjects, could make changes. They were encouraged to actively participate in the program, express their opinions, they could be sure that they will always be heard and their opinions taken into account. From the beginning they were made aware that in this project they will learn things just like the organizers, trainers and experts will learn from them. They were therefore treated subjectively, not as pupils or students, but as co-creators of the project.
2. **Building a training program based on a culture of learning.** In this project the participants were not taught per se, but rather taught themselves, rather than obtaining knowledge they took part in a discussion in which everyone formed their own opinions. Thus, the value of this training was not in the transfer of knowledge, but in what beneficiaries have developed themselves, or understand or realize.
3. **Building trust.** This is especially important aspect of working with family businesses. Both trainers and consultants tried to make the best contact with the participants and create an atmosphere of trust and mutual acceptance in order to be able to exchange thoughts, reflections and experiences.
4. **Specific preparation of trainers and experts.** It is not just knowledge about family businesses, but a way of working relying on dialogue, subjective treatment, avoiding lecturing and mentoring tone.
5. **Consultancy conducted by experts known from earlier educational situations in the program.** This is another element of building trust. Participants in the project were advised mainly by experts conducting other training events, i.e. people known and trusted, with whom beneficiaries often had closer contacts.
6. **Various preparations of the program.** In the project “Family businesses”, participants were given specific menu from which they chose what was most suited to their needs. So each one of them used something different, independently arranged his/her own program. Various types of training events, however, were organized in a way that one component evoked a desire to take another. Therefore, systems thinking was in place: despite the fact that different participants used different forms of learning at different times, each one received a fixed amount of knowledge and skills relating to the functioning of the family business and management.
7. **Inclusion of fixed elements in the program.** In spite of that diversity, one should offer an unchanging core of the program, or such part, which should benefit all participants. The project implementers recommend that the composition of this core included:
 - a) Workshops, which is an essential element to build a community, a sense of security and atmosphere of acceptance. In the Family Businesses program, workshops on communica-

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tion took place at the beginning of the training cycle, so that from the very beginning of the project participants knew how to talk to each other.

- b) Consulting as an aid to the change process initiated earlier. Based on the experience gained during the implementation of the program, the organizers also recommend that each company had its individual, trusted advisor – a guardian, who – by knowing the problems of the company – could more effectively lead it through this process.
 - c) Training conferences or other educational events, during which participants can interact with participants from other groups, workshops and other editions. Creating a situation where a large group of the representatives of family businesses meet is necessary for the existence of networking process and building a community of family businesses. It is worth noting that the sense of belonging to this community most of the participants pointed out as one of the main advantages of the program.
 - d) Enabling participants to acquire the so-called “hard knowledge” or knowledge of managing a family business. It is important that training in this area is carried out after the workshops (at least after the first workshop). This is because interpersonal skills would make it easier for the company to implement the necessary changes, which are always associated with the need to discuss them with other family members or non-family staff and also must be properly communicated to employees, to convince them of the expediency of new solutions, allay any fears and insecurity.
 - e) The stories, which is part invented specifically for this project, which proved to be one of the most important parts. Creating family stories was an important event for the participants in personal, social, and sometimes even marketing terms.
8. Designing long-term programs. The „Family Businesses“ project was created for people who not only need to gain specific knowledge in a very short time, but rather for those who want to take long-term learning, especially improving communication within the company and family. Such programs foster a desire for further development, promote the need for continuous learning. For this reason, the organizers recommend long-term projects, for two years (that is, as long as „Family Businesses“ project) is not enough to build a permanent change in family businesses. The best scenario would be one where it is possible to train companies, and then return to them after a while with more educational events, as well as continuous follow-up support, especially in networking process, allowing companies to continuously develop and improve communication.
 9. **Promoting the brand of family businesses.** Projects aimed at family businesses should also raise in participants a sense of pride in running a family company and raise awareness of the value of family businesses.
 10. **Greater emphasis on building communities of family businesses.** In this project, networking took place by building relationships among participants, however, the lack of tools (such as an Internet platform, a forum or portal) did not allow for a more free exchange. Implementers did not point strongly enough to the beneficiaries of the project the real benefits of the network, it was not clearly stated that **the networks are not people, but their actions.** Participants of the project should be asked from the beginning what they would like to do to build a family business environment, encouraged to pursue their own ideas, initiatives, plans for the construction of the network.
 11. **Support for beneficiaries in implementing ideas for building a network.** Participants should be encouraged from the beginning to work for the environment of family businesses and supported in the implementation of activities. With this approach it is possible to learn by doing, not only by experience.
 12. **Supporting leaders.** In this project there was not enough time and resources for systematic work with the leaders, but the implementers recommend support for charismatic personalities in their work for family businesses.

13. **Opening the project to outsiders.** Organizers recommend that training events could involve people from outside the program, not officially participating. Thanks to this the environment of family businesses will open and expand.
14. **Inviting larger companies to the project.** Due to difficulties in recruiting, the “Family Businesses” project was attended mostly by small companies, and even micro companies. This led not only to frequent absences from trainings, but also to difficulties in communication between the participants from larger and very small businesses. Additionally, the project involved few employees, people outside the family. It is worth to change it and encourage owners to propose their employees for the project, because their perspective, outlook of the company’s operations, is extremely important for owners and managers.
15. **Learning in small editions and groups.** Learning in small group fosters trust, acceptance and openness. It is also recommended that during workshops two people from the same company/family do not work in the same group, and the opposite during the conference – the participants should come with families/companies and work together. This was not exactly carried out in this project, because there were families which wanted to be in one group, and in turn at the conference only one person from the company appeared. This had a significant impact on communication in the group and among and members of the same family/company.
16. **Implementers functioning as a harmonious, cohesive team.** In carrying out this type of project it is good to build and integrate the Project Team. This facilitates the flow of information, communication and the efficient performance of tasks.

In summary, we can say that the organizers strongly recommend building more of the experimental projects. Although this publication described a specific formula of training and method of working with family companies, the implementers of this pioneering training program recommend further experiments. First of all, it is important to organize training courses, which take into account not only the acquisition of specific knowledge, but also foster the process of building trust, networks of relationships and activities. Therefore we recommend programs that contribute to building social capital.



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