Culture Change for Changing Times

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My conference workshop for family firms: "Culture Change for Changing Times"

At the Family Firm Institute's Global Conference held this past week, October 17-20 in Brussels, Belgium, I was privileged to deliver a speech and workshop on "Culture Change for Changing Times," designed for family firms. The conference was well attended from around the globe by family firm leaders and those who consult, coach and provide professional guidance for family firms.

Family firms: plentiful in some countries, sparse in others

This is a fascinating group of businesses. Family firms represent approximately 10% of the businesses in the US, 12% in Germany, but only 2% in Belgium. Some countries really have no platform for family firms and entrepreneurs to flourish. Jacek Lipiec from the Warsaw School of Economics is working on developing family firms in post-Soviet countries that basically had disassembled them. Compare that to companies attending from the US, such as Pitcairn, that are successfully moving into the fourth generation. Other companies, such as deKuper Royal Dutch Distillers ─ the importing company that distributes and markets that family's ultra-premium liqueurs and specialty products ─ are in their 11th generation. Pacific Rim family firms are once again growing in numbers but often with only the 2nd or 3rd generations. The issues are very different depending on the size, scope and values of the family that has built and is building the firm.

Using the Organizational Culture Assessment Instrument to help family firms change their culture

My interest was in culture change within family firms. As a corporate anthropologist, I use the OCAI Online (Organizational Culture Assessment Instrument) and the Competing Values Framework approaches to help firms better visualize ("see") their corporate cultures and understand what they need to adapt, modify or change in their core cultural values, beliefs and behaviors to respond to changing business environments and styles of doing business.

Over 10,000 companies and 60,000 people have taken the OCAI from the University of Michigan and their licensee in the Netherlands, www.ocai-online.com. Yet not one of them was a family firm. The folks at the University of Michigan that have the database for the OCAI through the Ross School of Business Executive Education thought that their program might be too expensive for family firms. Marcella Bremer, who holds the license for the OCAI-online, is located in the Netherlands but despite her global data base, she too could not find any identifiable family firms.

Yet the OCAI is an approach designed for all types of companies that need to better understand their corporate cultures. The fact that they are "family firms" should be inconsequential. When I reviewed the literature on family firm culture, there was certainly no shortage of research and publications on the topic. In many ways they were focused on the "family "-part of the firm. Was it an entrepreneurial firm with a strong founder or the success of an entrepreneur that had sustained the firm into its second and third generations? Or was it a patriarchal culture with strong control from the parent/CEO/founder, or even from subsequent generations of CEO's? Were they concerned about their families or their profits? (cite literature here)

When 2nd and 3rd generations are running the family business

A second theme in the literature that kept emerging was how to deal with the challenge of second generations of brothers and sisters and even the third, of cousin consortiums, etc. Issues included: how to get the second generations properly trained and in the right jobs, how to manage a thriving but changing business with family members operating them, and how to help family members manage their personal wealth while managing the company assets as "shareholders."

This was all about the way families were organizing themselves, which involved their values and beliefs that were core to how they ran their business and related to each other. In so many ways, they sounded like the same issues that the OCAI and Competing Values Framework were dealing with in non-family firms.

Corporate cultures are corporate cultures

Of great importance to me was the fact that there is an overlay to the businesses that came from family relationships and responsibilities, and from the deep emotional passions that are inherent in those family relationships. But quite honestly, despite having many family businesses as clients, I never thought of them as "family" clients – rather, as businesses run by families.

Could the core corporate culture models identified in Competing Values Framework and measurable through an OCAI help those firms that thought of themselves and their culture first as "family" and second as a "firm?"

Of interest to me was how to introduce the value of the OCAI and the platform of Competing Values to family firms and to those who work with family firms. What might happen if they first assessed their firm today in terms of the four quadrants that essentially reflect company cultures? And could the comparison of a culture today with that which they might prefer in the future open up a completely different discussion about change for their firm? If presented to the entire firm, even 6000 employees who felt that they were part of the "family," could the leadership realize that their vision for the culture of the firm in the future, and that of their employees, might be highly congruent and overlapping…and/or were there serious gaps and potential challenges facing the firm?

Active learning is far more effective and memorable than a lecture.
The approach I took was to make the talk as experiential as possible. You can see the slides on ______________________ with pictures on _______________. The audience was extremely engaged; despite language challenges, they all participated in English.

First, I led them through the Competing Values game so that they could choose those value statements that they preferred today, and then separate into their individualized quadrant. Not unexpected in this group of people who do a lot of coaching and consulting and are often entrepreneurs themselves, the group was heavily Yellow—Clan, Collaborative and Favoring Teamwork and Facilitation. The second largest group was very Green—surprising even to those who were green.

But as everyone spoke about Being Creative, Ad-hoc and Innovative or Visions, you could easily see how they meshed with the core values of an Ad-hoc culture. There were, not surprising to me, only two people each in Blue (Competitive, Market driven and Results focused) and Red (Controlling and Hierarchical, Process and Rules based). Since I am a Blue, it was not unexpected that the senior executive from USB Bank was a Blue. Nor was it strange that the two Reds came from process businesses, manufacturing and even IT.

Learning from case studies and their own stories
We then began to look at case studies of clients who have taken the OCAI (family firms and non-family firms) to understand how we convert the four quadrants and Competing Values Framework into a highly validated assessment tool and graphic image. While I had encouraged them to take the ocai-online ahead of time, no one did. So my paper handouts were very important in the discussions. Participants could begin to see for themselves how they might rate their own OCAI and how they might prefer to be in the future.

Then we had them tell us stories about how they might change if they became more Blue or Red, Yellow or Green. Each person who spoke immediately began to feel themselves moving someplace. The body language was energizing. One woman said: "I can feel myself moving towards Blue and becoming more competitive and results driven. I am so focused on ideas that I worry all the time about whether they will work or not." Another gentleman from Spain who was very Green said: "I can see my client becoming more Red intentionally instead of chaotically. They are second generation entrepreneurs and they are constantly dealing with the abundance of good ideas but no processes for sorting them out and investing more wisely in the right ones." My favorite was the process driven Reds who each said in their own ways: "Process without change is efficient but everything is changing so fast I am not sure we are adapting quickly enough and modifying our rules and processes to encourage quicker responses to client needs." You could not ask for better participants in the experience.

Exercises to help corporate leadership truly shift their perspective
The tools that we use are exercises that help corporate leadership and staff do "more of some things, and less of others" as well as to "stop, start and secure" core behaviors that reflect the shift from one set of cultural norms and values to another.

Key questions were spot on: How do you know if the changes are the right ones for what you are trying to achieve? How do we measure results? Intangible ones as well as hard results? What about management? We spoke at length about using the Management 360, designed around the OCAI and Competing Values Framework, to provide a personal assessment tool that complements the one for the company.

Next steps that emerged from the workshop.
Consultants and coaches need a tool that takes these new insights from unique to standard so that family firms' leadership can begin to see their business as something more than a big family with challenges and opportunities cloaked in family relationships and messaging. There is no doubt that when we work with family firms, there is often a coaching role we end up playing for father/founder/CEO and sons/daughters and others from the family. Yet if they think of themselves one way, their solutions will flow from that platform: Should they be less entrepreneurial; can the Father let go and relinquish control to the son or daughter; is the son, daughter, son-in-law, nephew right for the job and happy producers in the jobs they are in? Is the family the asset or the liability to the growth of the company? And how does that all come out at weddings, funerals and family gatherings?

Tools for meeting future challenges, generation to generation
These are not small questions. It may be possible to pull the firm away from the family model for a moment and see how they are operating as a business, as other corporations operate. In the process, they can see how they compare to other firms from the OCAI database; they can realize that there are systematic ways to change the culture; and they can begin to engage in a process

that can lead them to a better working relationship, a better family relationship and a better business operating and cultural system.

Further, I would venture that as each generation matures and begins to wonder about the role of the family firm for their children, as so many of those at the conference discussed, they would have a tested and proven process to routinely reassess their progress, their problems and the next phase of their adaptations to changing times.