A False Sense of Urgency Helps Neither Family Nor Business

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Many of us are (or at least we believe ourselves to be!) natural-born problem solvers: Once we recognize a problem, we want to resolve it as expediently as possible. As a result, we fall into "urgency mode," even if the problem at hand doesn't require an urgent response or when such a response is likely to resolve it. Many of us even have the unhelpful perceptual bias that we see larger risks as more urgent even when they have a near zero probability of occurrence.

What's worse, those of us who default to quickly finding solutions promote and encourage a misguided sense of urgency by putting ambitious roadmaps and timelines in place in an effort to "fix" things. While doing so may provide a moment of calm, in reality, the opposite is often the more sensible approach: Success often means having a realistic timeline that takes into consideration how much change we can reasonably achieve within the relational (and other) constraints of the system. Success depends on realism, which cannot not be driven by wishful thinking.

Rushed decisions tend to lead to bad outcomes – as does avoiding making a decision because we're afraid it might lead to conflict. In this short article, we explore the relationships between urgency and cost in decision-making and the possible tradeoffs, and propose a framework that should help family businesses to think realistically about decision urgency.

True Urgency: Overestimated and Overlooked

A preoccupation with speeding things up is a telltale sign of false urgency. While some matters are indeed pressing, and need to be addressed and resolved swiftly, most issues are either not urgent at all, or they require a lot of time to work through without sowing the seeds of family conflict in the process. Success, particularly long-term success, requires properly attributing and communicating the level of urgency as well as the timeframe for change.

False urgency presents a decision-making paradox. On the one hand, we often feel compelled to rush through topics that create anxiety or pose an uncomfortable conflict. On the other hand, the feeling of running out of time is an added stressor that not only limits what we may consider possible, but it also inhibits our ability to think rationally. When time is limited, we perceive our options as limited as well, and we tend to make impulsive decisions just to "*make the problem go away.*"

Take, for example, the need for an employment policy. While developing an employment policy early can save future conflict, one family we know decided that the conversations would be too difficult, and the many issues raised would lead to family conflict. Therefore, they waited until the eldest child of the next generation was graduating from college. At that moment, that child's branch of the family insisted there was not enough time to develop a well-constructed and widely accepted policy. That branch badgered and coerced the others into accepting a very open employment policy of admitting all family members who wanted a job. As could be expected, this led to feelings of favoritism and mistrust in the family – and perceptions of dysfunctional nepotism among employees.

We are generally predisposed to believe that we need to find the right time to discuss or even consider something that might require a large change or a difficult conversation (*e.g.,* prenuptial agreement, having children, business succession, creating a fiduciary board). Because of this, we tend to procrastinate

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difficult tasks such as addressing a long-standing family conflict, leadership and ownership transitions, significant business investments like acquisitions, and responding to a negative business environment through actions like divestitures or layoffs. This procrastination leaves us with even less time, and hence more time pressure for those tasks we fear the most, further limiting our possibilities and our ability to properly prepare – which justifies our fear in the first place.

A friend once shared that a mentor had encouraged their family *"to run to the hard stuff"* as a means to challenge oneself and grow. This is a valuable mindset: If we know what is hard, and we know we cannot avoid it, running towards it as soon as possible maximizes our possibilities and planning horizon – and consistently practicing this allows a family to exercise this important muscle.

Take, for example, one family that had experienced significant hardships, including unexpected deaths of children and spouses. Perhaps because of these, they found the strength to deal with difficult conversations around developing a cohesive blended family, buying out disgruntled family members, developing family governance, and developing a family educational program years before the eldest member of the second generation graduated high school. The ample time they had to consider the ideas, issues, conflicts, and potential negative consequences of one or another course of action allowed them to be prepared and united when the next generation was ready to enter. They were also well-equipped to contend with unexpected crises, because they had plenty of practice in confronting difficult and emotionally intense conversations.

Urgency-Cost Tradeoffs: A Framework

All decisions have an element of urgency – ranging from a complete lack thereof to immediate reaction required – and the cost associated with a decision failure or the cost to recover from a specific decision[1].

In general, decisions that are **not costly**, whether urgent or not, are good training grounds for individuals or groups in making decisions. Since the cost of a bad decision is low, and mistakes can be easily rectified, decision practice in these situations has a relatively low cost. Decisions that are **not urgent**, whether costly or not, allow more time for deliberation, for more data to be collected, and more consequences too be considered. Decisions can be checked with others and provide timely and relevant educational opportunities for younger individuals and groups.

Before looking at the intersections of the two dimensions, it is important to highlight that many decisions that are put off because they don't seem urgent often become urgent. It is helpful to understand that in a world of infinite decisions that "need" to be made, those that are not urgent can be first delegated to others, at least for the development of options. Those decisions that are neither urgent nor costly can be fully delegated. And, as we know, delegation not only allows for inclusion of other voices, it also frees up the more experienced decision makers to focus their energies on issues for which they are uniquely able to make decisions.

At the bottom right corner are decisions that are not urgent, but the cost of a bad decision is huge. This includes things like grand strategy, values, and an accepted single version of a family history. It also might include things like a dividend policy, family meetings and governance, a liquidity policy, as well as business issues like changing a pricing policy, developing and upgrading a board of directors, or selecting new vendors. While we should not delay the decision process, we should want to get as wide and strong commitment to a decision as possible. This builds unity, reduces post-decision regret (Janis & Mann, 1976), and reduces the chances of blame dynamics if the decision yields negative consequences and consequently speeds recovery from bad decisions. One way to assure widespread strong commitment is to be very inclusive in terms of who is involved in and gets to vote on a decision.

The bottom left is where decisions are neither costly nor urgent, which makes it a great arena in which to practice decision-making. In general, buy-in is less important and all family should understand this, particularly those who are sensitive to or triggered by being left out of decision-making. Because the decisions are not urgent, there is time for a mentor or others to review the decision-making and help the decision maker learn, grow, and develop.

In the upper left quadrant, we have decisions that are urgent but not costly. These are decisions that need to be made right away, but the cost of recovering from a

bad decision (the negative consequences) is so small that any decision might be sufficient. Widespread buy-in is not important so group decision-making is not essential – it is likely fine to just make decisions and report on the decision made to a larger group afterwards.

The upper right quadrant may be the trickiest, as decisions need to be made in a hurry and the cost of recovering from a bad decision is significant. The need for a quick decision means group decision-making is not feasible. However, the cost of the decision means that buy-in is still important. One recommended course of action here is to get as many opinions as possible and then make a decision in a timely fashion. After the decision, the decision maker should explain and debrief the decision and why the decision was made to as many people as possible to help with buy-in. Family should understand that in the event of an urgent decision, deep participation in a decision is not a wise idea, as it delays action.

URGENT – NOT COSTLY	URGENT - COSTLY
• A high need for decision requires immediate action (no time for lengthy discussion and deliberation), and the low-cost nature of the decision makes this a great decision practice ground (for individuals and groups). • Others can be informed of the decision, but there is no real need to garner input. • Debriefs of decisions are valuable particularly because the small consequences nature of the decision should make them less emotional.	• A high need for decision requires immediate action (no time for lengthy discussion and deliberation), at the same time there is a need to get everyone's input and to ensure that all feel heard • After the decision has been made, circle back to everyone to let them know what was decided, and then at the appropriate time, let them know how it played out (keep them included) • Examples include any business and family crisis
NOT URGENT – NOT COSTLY	NOT URGENT - COSTLY
• Involve as many people as possible • Perfect grounds for making mistakes, let people know that making mistakes is not the end of the world • Find projects for people to collaborate and cooperate, *e.g.,* choosing a location for a family retreat, or going over marketing materials and picking top three options (or other ways of giving non-expert input)	• Involve as many people as possible • Avoid making mistakes as you may not recover from them • Need a lot of buy-in because if there is a mistake and people have not agreed to the process or outcome, there will be blame • Examples include what business do we (not) want to be involved in, values and culture, most family policies (*e.g.,* employment policy)

Fig. 1: Urgency-Cost Framework

Summary Thoughts

Setting your family business up for success when addressing and resolving an issue means first, having a solid understanding of the urgency of the issue, and second, understanding whether the fallout from failure might be negligible or disastrous. A realistic timeline to tackle the issue should then be developed: a timeline that takes into consideration how much change the family can reasonably achieve in the amount of time given and the constraints of the system, and that is not driven by the family's wishful thinking and the consultants' own biases and desires.

The suggested framework could be a valuable tool for a family council attempting to be more systematic about

when and how to involve different groups of the family in activities and decision-making, or for a board of directors wanting to be more intentional about when to lean back, and when to get actively involved in a problem.

References

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[1] Those who serve on corporate boards will recognize this as a derivation of the cost of a risk and the probability of a risk happening that guides the focus of board risk and compliance committees.

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