

Family History Can be Re-Framed to Encourage Harmony and Progress

Lara Pecis (Cardiff University)

Bingbing Ge (Lancaster University Management School)

Florian Bauer (University of Bristol Business School)

KEYWORDS: family business advice, Running a family business tips, M&A.

The goals of the family and the business are often at odds. Family history can inspire bold and necessary steps that are still in harmony with the family's image of itself.

A family sitting around the dinner table is discussing issues within the family's business. One member, who is heavily emotionally involved in the business, discusses his conversations with its CEO and vice president. They disagree on investments and on the future of the business, with one favoring an initial public offering (IPO), and the other taking a more conservative outlook on the company. There are secret plots of sidelining and control taking.

Another family member sighs at what looks like yet another painful soap-opera episode. It's impossible to miss that while the discussions have sounded the same time after time, the plots keep changing. The family business is now in its third generation, but one member of the second generation maintains most of the control. The firm has acquired two local businesses, opened sites in Europe, and ultimately has decided on an IPO. The conflict between the business goal system (the money, wanting to expand and grow the business) and the family goal system (the heart and emotional investment in the business by the owning family) has not been reconciled.

Does this sound familiar to you and your family business?

Big changes such as restructuring might contribute to the firm's growth and its long-term economic wellbeing, but it can also stir the pot (a hot one!) when it comes to

ownership and control, harming the soul of the business. This is especially striking among family firms. Family businesses often have long and deep histories: they see different generations taking control, then leaving; events like acquisitions; or entire periods when the business is going through restructuring. The common factor is that these transitions can seriously alter the future of the firm and create tensions not only between the family and the firm but also among family members themselves.

So how can these tensions be negotiated and resolved, if at all? We studied an Italian family business and figured out how this business successfully resolved these tensions and how it prospered. The answer is surprisingly simple: history.

Through a history perspective, we look at situations in family businesses where conflicts arise between the business goal system (the money, wanting to expand and grow the business) and the family goal system (the heart and emotional investment in the business by the owner family). [Our research \(https://www.tandfonline.com/doi/full/10.1080/00076791.2024.2317938\)](https://www.tandfonline.com/doi/full/10.1080/00076791.2024.2317938) has tackled this issue, of competing directions of heart and money, by exploring the case of a thriving Italian family packaging business (which we will call Alpha), in the third generation. We delved into the narration of this family business, founded in 1969, through a historical analysis based on interviews with 23 of Alpha's managers and decision makers, including the CEO and members of the C-suite. We also looked at multiple internal and external documents (YouTube videos of Alpha, and five editions of the company's internal newspaper, which shared important news with employees.)

We were intrigued to find that history can be used strategically by different family members to justify their

strategic choices. Different “histories” of the firm compete and are in constant negotiation for recognition. Alpha had over time two significant tensions, caused by conflicting family (family expansion, generational involvement, leadership and control) and business goals (business expansion, growth and professionalization). To alleviate these tensions, several people within Alpha contributed to strategically re-narrating the history of the company.

The First Tension: Happy Family vs. Successful Business

This happened when Alpha was going through the first succession, with two candidates with different skill sets. To legitimize their succession and take the lead, both successors tried to steer the business to their areas of expertise, and finally one won due to the stronger alignment to the business development (innovation). This created enormous tensions among the family members, putting the future of the business at stake. Alpha's audience saw a shift in the narrative – away from using the business to secure financial safety and welfare for the family (“Business for the family”) towards an innovation narrative (“Alpha is an innovation-focused family business”), dominantly pushed by one family member. While this tension was alleviated thanks to the narrative shift, a new tension emerged.

The Second Tension: Family Management vs. Professionalization

The traditionally family-managed firm was soon confronted with the need to professionalize, which also included the hiring of external managers that weakened family control. While the economic future of the business was not at stake, the fundamental family business logic was under threat, and underlying tensions came to the surface. An extended narrative of what constitutes the family (beyond the nuclear one) to “a bigger family” was co-constructed by multiple people, aiming to establish a sense of continuity. At the end of the journey, the company was highly successful, on a path to professionalization, and united with its non-family employees.

History as a Management Resource

Our research demonstrates that the history of a family business does not reside in the family only, or in the company's top management and key strategists, but it also involves the concerted actions of family, strategists,

and a wider pool of employees as the “extended family,” all shaping the narrated history of the organization.

Key takeaways

- **Not just one story:** While we all heard of the saying that “history is written by the winners,” family business owners and next generations need to pay attention to the process of history-making and the multiple “authors,” which can involve competing versions of history.
- **Pay attention to your employees:** During changes, it is not just the family members' versions of history that matter. The non-family employees in the business have their own unique understandings that can “carry or sink the boat.”
- **Professionalization** does not only equate to hiring of external (non-family) managers, but it is also a complicated process that involves different managerial styles coming together under one coherent story of the firm.
- **History as a glue:** Family business owners and managers can use the history of the organization and its people as a strategic tool that can resolve the tensions between family and business goals.

So, when retracing the history of your family business, remember that history is not only in the memories you have constructed at that family dinner table, but it is also shared among different people within the organization and potentially the local community. Getting their insights into how they see and make sense of your organization might help you tackle your competitiveness hurdles and pave a path into a successful future.

Explore the Research

The strategic realignment of paradoxical family and business goals in family business: A rhetorical history perspective

(<https://www.tandfonline.com/doi/full/10.1080/00076791.2024.2317938>), *Business History*, February 2024