

# Innovating With Agility: Tips and Tricks for Resurgence and Growth

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*Part two of a two-part series.*

As new cases of COVID-19 emerge around the world (as of late July, 2021), the disease continues to remind us that the only certainty is uncertainty -- a theme I explored in a [previous article](https://familybusiness.org/content/the-new-normal-will-challenge-family-business-resilience) (<https://familybusiness.org/content/the-new-normal-will-challenge-family-business-resilience>) here. What can family business leaders learn about resilience, recovery, and resurgence in such an uncertain world? These three keywords have been the subject of [my podcast series](https://podcasts.apple.com/gb/podcast/professor-mat-hughes/id1528992091) (<https://podcasts.apple.com/gb/podcast/professor-mat-hughes/id1528992091>) over the past year. This article and the podcast below summarize more key insights from my keynote presentation to the Institute for Family Business Research Foundation and Lancaster University Management School workshop in early 2021.

Family firms face four unique challenges to resilience that non-family firms rarely face.

## 1. Management readiness, replaceability and capacity

Management readiness, replaceability, and capacity are features of resilience put in place before a crisis strikes. Issues such as succession, divorce, and the passing of heirs have an acute effect on the family business. Therefore, an absence of proactive management training, preparation for change, and succession planning carry special dangers for family business recovery because the family and business are doubly affected. For instance, the passing of the patriarch of Lotte Group at the age of 97 without establishing a will or a clear heir for succession led to the jostling of power between potential heirs after his death. In a crisis, such distractions can reduce the readiness of the business to change and take timely action.

## 2. Stronger internal and external

## relationships

Family firms carry the advantage of family social capital, and many have coped with COVID-19 by going beyond the family involved in the business and tapping the resources and goodwill of distant family members who are not involved. They have avoided the dehumanizing effects of digital and remote work routines and distancing. Also, those family firms that have treated nonfamily employees as part of the extended family may be better placed to galvanize more support for transforming and renewing the business in times of crisis and recovery. Opportunities for a family to come together for a common purpose make the family stronger.

## 3. Navigating change

Family firms should use their goals as a compass to navigate uncertain times. Coupling this compass with a steadfast acceptance of reality and a deep belief based on strong values can help family business leaders to make meaning out of events. Drawing from the family's history and heritage can give strength, but do not let that bind you to unproductive courses of action. Legacies can serve as beacons to guide family members in trying times. A successful example is [Kavaklidere Wines](http://www.kavaklidere.com/en) (<http://www.kavaklidere.com/en>) in Turkey.

## 4. Liquidity

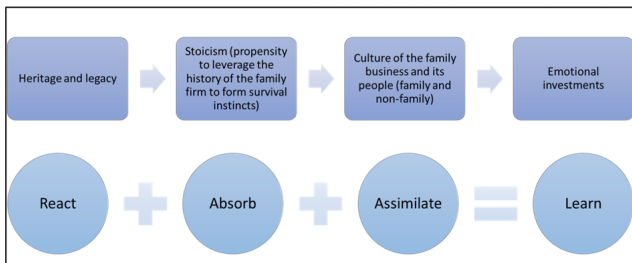
While family businesses can access patient capital, they sometimes tap their longer-term financial reserves to shore up a business they can't turn around. This prevents them from using these reserves for more proactive, strategic purposes that strengthen the business in the long-term. An interesting alternative solution is the Williams Family and their decision to exit Williams Formula 1 by selling it to investors Dorilton Capital to fund the long-term needs of the business. Williams Advanced Engineering Limited, born out of Williams F1 in 2010, also had a majority stake acquired

by EMK Capital in December 2019.

In the face of these challenges, it's clear that the family business must do two things. First, they must take action to fortify the business and enable resurgence. Second, to resurge, family business leaders must change the business by innovating with agility.

### Taking action (1): Fortify and resurge

First, begin with soft factors that shape the ability of family business to react, absorb, assimilate, and learn from crisis: Leverage your history, staff, and culture to use the latent survival capital in your business and draw lessons out of organizational memory. These actions should fortify the business and encourage employees to invest their time and energy in securing the future of the business.



Second, build space and capacity for resurgence through hard factors. Embrace uncertainty, collaboratively successfully, and create momentum for innovation and change. Consider innovating products, services, or business models. In the pandemic, we have seen businesses switch aggressively to online services and retailing, which brings additional challenges in reshaping logistics, customer service, and consumer engagement. Retail has faced a hefty burden, with the best having taken their business quickly into new digital conversations with customers. Others, such as longstanding UK retail legend Marks & Spencer (M&S), have struggled to rapidly and effectively implement an online selling platform (such as M&S' vital food business). Other retailers pivoted quickly — especially clothing, fashion, and sports businesses — to meet new types of demands. Some firms, especially family firms, moved towards ecology and community. For example, the Williams and Mercedes Formula One racing teams invested in green technology solutions and manufacturing hospital equipment. Italian and French family fashion houses moved to develop protective clothing.

Embrace uncertainty	Collaborate successfully	Create momentum for innovation and change
<input type="checkbox"/> Evaluate your readiness for change and act on that diagnosis. <input type="checkbox"/> Build malleable structures, work processes and routines. <input type="checkbox"/> Take timely action no matter the uncertainty; focus on what you can control. <input type="checkbox"/> Continue to digitize the business but develop channels to communicate with employees (both family and nonfamily) and earn their emotional labor in the business.	<input type="checkbox"/> Leverage existing relationships and communicate your situation and intention into your supply chain. <input type="checkbox"/> Involve suppliers and partners into your business activities to create common ground, trust, and new value. <input type="checkbox"/> Evaluate your supplier relations and determine your best allies and supporters. They are hurting too, and a collaborate approach can co-create value.	<input type="checkbox"/> Revisit current business practices and reevaluate the value chain. <input type="checkbox"/> Business models: rethink, realign and reengineer with trajectory of markets and changing customer sentiments and habits. <input type="checkbox"/> Families invest in resilience when times are well but only use it when times are bad. Invest in on-going resilience. <input type="checkbox"/> How useful is the past? Consider whether to exit or disrupt the business is better than staying relatively the same. <input type="checkbox"/> Innovate with a strategic purpose, and do so small and rapidly to edge ahead.

And never forget the exit option. Sometimes the best answer is to exit a business or market and rethink a brighter future for the family or at the very least contemplate a reset as an opportunity to rethink and reposition. Resilience carries the risk of ignoring the signs that it's time to move on. Sometimes, even in such a crisis, there can be opportunity. Consider, for example, the story of *Gebrüder Dassler Schuhfabrik* (“Dassler Brothers Shoe Factory”) where a crisis in the relationship between brother Adolf and Rudolf Dassler led to the creation of Adidas and Puma. Discussing the family’s future as a business family without a business or deciding what sort of family business they wish to preserve can help families move on to something else – together. But the discussion needs to be had before the business is sold.

### Taking action (2): Change the business by innovating with agility

A crisis provides an especially unique opportunity for family business leaders to pause, take stock, and reflect to answer one very important question: What kind of family business do we want to be going forward? One answer might well be to exit some markets. Another might be to change the business by taking the opportunity to innovate.

Seven principles of innovation have become apparent throughout the first 18 months of the COVID-19 pandemic:

1. Leverage curiosity and creativity by "crowdsourcing" inside and outside of the business.
2. Always test ideas, and consider the family as a source of authenticity, heritage, and trust for customers.
3. Think about the governance and management of your business. Next-generation members can

bring new ideas, but choose them carefully to ensure that whoever is brought into governance and management meets (pre-existing) requirements.

4. Act small and rapidly, then scale. New ways of marketing mean that social media content increasingly matters. Having a bank of social media content can help get your message and identity out to the world.
5. Consider which trends might be irreversible: think of the underlying technology, trend, problem, or solution, not the product or service itself.
6. Some technological solutions allow the family to reinvent their business models. For example, consider how family-owned restaurants adjusted to restaurant closures by leveraging take-out and delivery start-ups like GrubHub. This highlights the power of leveraging the capabilities of other businesses. Alternatively, the family business may channel its technology and expertise elsewhere. For example, Italian and French family fashion houses added new product lines for new markets. This highlights the power of diversification.
7. Be aware of customers' heightened sensitivity when their lives are also in crisis.

## Some closing thoughts

We truly are in a "new normal," but perhaps without realizing it, it is a new normal we have all been facing for many years. The COVID-19 pandemic changed the world because of the sheer scale of the shock. Its effects were felt simultaneously worldwide; few escaped its impact. The real question is not whether we live in a new normal or not, but which effects of the pandemic will be long-lasting. That question may define a family business strategy for years to come. However, any crisis will bring opportunities to rethink what your family business can do or should do moving into the future. The principles in this article are meant to stimulate reflection on whether the business has resilience, how it might fortify recovery, and how it might build resurgence.

## Listen to the Podcast

[Link to video](#)

Professor [Mat Hughes](#)  
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[Leaders](https://soundcloud.com/user-49751720/from-resilience-to-resurgence-insights-for-family-business-leaders)(<https://soundcloud.com/user-49751720/from-resilience-to-resurgence-insights-for-family-business-leaders>)

## Learn More

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