

# Helping Next-Gens Envision Their Family Firm's Future Success

Nadine Kammerlander (WHU - Otto Beisheim School of Management)  
Friedrich Kammerlander

**KEYWORDS:** Family Business, LEGO Serious Play, business family, Capital investment, Successful family businesses.

A comprehensive and convincing vision is crucial in helping family businesses be successful over generations. However, many lectures and course exercises that prepare future leaders merely ask students to focus separately on their family firm's strategy, family communication, or individual behavior, without a unifying vision to guide them.

This classroom exercise seeks to motivate future family firm leaders to think ahead and design a *holistic* vision of their family firm in 10-15 years, covering many different (and potentially conflicting) aspects of it. A vision is an aspirational outline of what the family firm aims to achieve in the future. It also indicates the scope of the business and might even refer to a portfolio of various family businesses with distinct family influence.

Such a vision is crucial because it provides direction, unites family members with a common goal, and helps ensure the firm's longevity and legacy. This exercise is important because it addresses both the "business system" (e.g., structure of the family firm; existence of a family office; entrepreneurial portfolio) and the "family system" (e.g., students' own role in the future of their family business, desired involvement of their family members, and relationships among family members).

The exercise likely works best at the end of a family business module as it allows students to synthesize everything they've learned about strategy, innovation, governance, and other skills. It's ideal for MBA-level students who are part of a family firm. Students who are not part of a family firm can still create a vision of how they would want their business to look like if they had one, create one by themselves, or challenge and support family firm next gens in the group work. To create this perspective on the future family firm (i.e., "family firm vision"), we use design thinking as a

method, which is a helpful innovation tool that allows the students to tap into their inner creativity. (**Note: a [handout for student exercises can be downloaded above.](#)**)

## Learning Goals

This exercise can have many learning goals, which can be shaped by the lecturer depending on the focus of their class and the students' specific situation. By using their knowledge about family firms in general, their own family firm in particular, and incorporating this with design thinking as a tool, the students will create a visualization of what their family firm – and the influence of the family – could look like in the future.

Learning goals include:

- Being able to repeat the steps that make up the design thinking process
- Understanding the status quo of one's own family firm, including the family firm's strengths and weaknesses and being able to describe them
- Understanding design thinking principles to co-create ideas and applying design thinking as an innovation tool
- Applying previously learned knowledge (e.g., strategy, innovation, succession, governance, entrepreneurship) and using it according to students' own context
- Analyzing their own future role in the family business as well as those of family members and organizing the family setup accordingly
- Weighing the different available options that could comprise one's vision
- Designing a draft vision for the family business that might go far beyond the existing (single)

family business

## Audience and Setting

The exercise is designed for MBA students who have either recently taken over or will take over their family business in the future. To work most efficiently, students should have already participated in courses regarding family business characteristics and be familiar with family business and business family dynamics. We ran the exercise in an MBA module with 16 students, working in groups of two, but smaller or potentially larger student classes are also possible. When the number of students becomes substantially larger, the presentation times may need to be shortened.

To run the exercise, the following material is required at a minimum: enough paper (A3 / twice letter size) to display the results, colored pens, scissors, and glue/adhesive for each group. Of course, there are no limits to creativity, and the lecturer might also provide students with other handicraft materials such as play dough or building bricks (e.g., Lego Serious Play kits). Separate breakout rooms for the students are desirable but not necessary.

## Running the Exercise and Proposed Schedule

At least three hours should be scheduled to run this exercise (see Table 1 for an exemplary schedule). If you have more time, you can think about a longer introduction as well as adding an additional design round to the exercise. Before starting the exercise, it is important to highlight to the students that the scope of this exercise is not to create a one-sentence-vision as it often occurs in business documents or websites. Rather, students need to produce an “enriched” vision that addresses questions like: What should the family firm look like (e.g., how many and what kind of firms)? What is the purpose of these firms? What is the role of the individual family members in controlling and managing these firms?

The exercise starts with an introduction to design thinking – assuming that the students have not used this tool yet in their previous classes. While discussing the history of design thinking is interesting, teaching them to think openly about the problem space and later about the solution space is more important. Hence, this part should be kept rather short. The lecturer needs to highlight that the process has loops and iterations and

to find good solutions, sometimes it is necessary to go back one or several steps, improve something, and then continue with the process.

After the introduction, students form groups and get ready for the first design thinking round. In the first step, each dyad chooses one student and aims to identify this student’s “problem(s),” i.e., what the student doesn’t like about their family firm’s current setup or its predicted future, and “challenge(s),” i.e., the obstacles that need to be solved to achieve their dreams and make their family business competitive in the long term. Subsequently, in an open brainstorming session, the two students discuss several different possible solutions to identify the best one and produce a “family firm vision.” This vision could, for instance, include fewer, more, or different businesses in the family firm portfolio compared to today, and the role of (individual) family members might be the same or changed. If during the process the students find out that they solved the wrong problem or found a non-desirable solution, they have to take one or several steps back, find a better one, and then continue. While discussing the future family firm (“family firm vision”), students need to work on defining this vision. They can do so by drawing an image of this vision – or by modeling it with further tools (Lego bricks, play dough), etc. To spark creativity, students should avoid writing anything and should focus on visualizing instead. After half of the session, students turn to the family firm of the second student.

After a short break, students form new teams of two. The rationale is to get additional creative input and new ideas. Round two follows the same principles as round 1. Yet in design round 2, it is important that the new teams do not start from scratch but build on the results from design round 1.

The in-class section ends with the presentation of the physical family firm vision results (e.g., play dough sculptures or paintings). The students should be able to take home their drawing (or at least a photo of their “prototype.”) To deepen the learning experience, we strongly recommend having students reflect on their learning experiences in an essay and encouraging them to discuss their “end products” with family members.

Time	Activity	Description	Outcome
25 min	Introduction	<ul style="list-style-type: none"> <li>- Introduce design thinking to students and show them the video from the resources (see below)</li> <li>- Present task and schedule to students</li> </ul>	Task understood; all "tools" provided
5 min	Forming of groups	<ul style="list-style-type: none"> <li>- Students form groups of two (note: siblings or people from the same family business should not be in the same group)</li> <li>- Students get material</li> </ul>	Initial groups formed
40 min	Design round 1	<ul style="list-style-type: none"> <li>- 10 min: Student 1 interviews student 2 about family business (see below)</li> <li>- 10 min: Based on the outcome of the discussion, students 1 and 2 jointly visualize the student 2's potential future family firm vision. We encourage creative visualizations with colorful drawings or creative handicraft work</li> <li>- 20 min: students 1 and 2 switch roles and repeat the exercise</li> </ul>	First visualization of each student's future family firm vision
15 min	Break	<ul style="list-style-type: none"> <li>- In the coffee break, students team up with another student (i.e., new groups of two students each) (note: siblings or people from the same family business should not be in the same group)</li> </ul>	Revised groups formed
40 min	Design round 2	<ul style="list-style-type: none"> <li>- 10 min: Student 1 explains student 2 the visualization; joint discussion about it</li> <li>- 10 min: Both students jointly update (alternatively based on discussion outcome: newly visualize) student 1's family firm visualization</li> <li>- 20 min: Students 1 and 2 switch roles and repeat the exercise</li> </ul>	Final visualization of each student's future family firm vision
30-60 min	Presentation	<ul style="list-style-type: none"> <li>- Each student briefly introduces their final visualization for ~2-3 minutes</li> <li>- Brief wrap-up by lecturer</li> <li>- If there is time left, feedback from the class can be given for each presentation</li> </ul>	Oral presentations
Post class	Reflection essay	<ul style="list-style-type: none"> <li>- Students reflect on the process and in particular how and why their visualizations changed from round 1 to round 2 (hint: let them take photos of their initial and final visualization to be included in the essay)</li> <li>- This step is highly recommended to make sure students fully comprehend the iteration process</li> </ul>	Essays submitted

Table 1: Proposed schedule

## Recommendations

Don't let siblings / members of the same family participate in the same group of two. Separation allows for two independent, potentially complementary visions. Encourage siblings / members of the same family to intensively discuss similarities and differences about individual visions after class.

Students often tend to "write" rather than "visualize." So, to spark creativity, have a "no text/no words" policy for the visualizations!

Ask students to take photos of the initial draft (after round 1) and the final draft (after round 2). This encourages progress between the two rounds and is also helpful for the potential reflection essays.

If you need to increase the group size to 3 (larger groups are not recommended), make sure you extend the time slot so that all students can work on their own future family firm prototype. Alternatively, students who cannot or do not want to work on their own future family firm can join the groups as input providers.

## Variation

In case you want to do this exercise within one business family or one company, then pairing of family members cannot and should not be avoided. Moreover, since now the affected family business in this exercise is the same for all participants, the structure should be adopted accordingly.

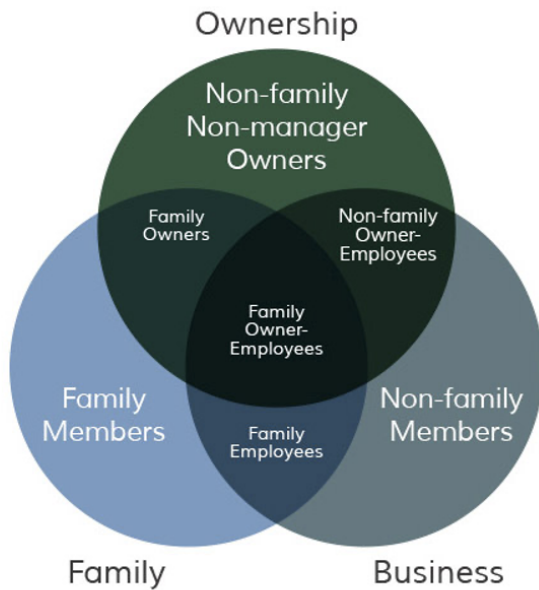
In this case, use an approach similar to 1-2-4-all (<https://www.liberatingstructures.com/1-1-2-4-all/>). Start in the first round with groups of two people, designing one vision of the family business together. In the second round, always combine two groups into a new group (i.e., of four individuals). Now they share their visions from round 1 in the new groups and create a new, joined vision.

Depending on the number of participants, repeat this until you have one refined and common vision for everyone.

## Helpful Resources

### Background knowledge on family business basics

This exercise is ideally suited to the innovation/entrepreneurship module of a family business class, potentially at the end of the entire course. Students should be aware of the three-circle model created by Renato Tagiuri and John Davis (1982). That means they need to know about the different systems (family, firm management, firm ownership) that potentially overlap and influence each other.



**Figure 1 TAGIURI AND DAVIS, 1982**

Moreover, students should have discussed core family-business related topics such as risk management in family firms, firm, and family governance (including different roles that can be considered and family offices) as well as transgenerational entrepreneurship (i.e., business models, innovation vs. tradition, etc.) in family firms. Also, common family firm strengths and weaknesses might serve as a valuable basis for this exercise. If there is time, lecturers might have also started a discussion about future challenges for family firms that guide students in working on the exercise. These challenges might include:

- Volatile markets and general uncertainty
- Rapidly changing technologies
- Differences in risk attitudes and entrepreneurial spirit among family members, leading to potential conflict affecting family dynamics
- Spreading of family members across the globe, reducing cohesion and making decision-making in the family more difficult
- Lack of next gen's dedication to fully commit to a long-term operational role in the family business, hence complicating succession
- Desire of multiple family members to be included in family firm decision-making, while pursuing their own (entrepreneurial) goals

## Introduction to Design Thinking

Design thinking is an innovation methodology whose roots go as far back as the 1950s and 1960s. It was mainly used for “wicked” problems that were hard to solve with a normal process. We will use design thinking in this exercise to help you find creative solutions.

Design thinking is a human-centric problem-solving approach that seeks to create innovative solutions through a deep understanding of the affected individuals. It is characterized by its iterative nature, which allows for continuous improvement and adaptation throughout the process. Because it's so complex to create a holistic family firm vision that integrates several aspects of firm leadership and many different family-related considerations, design thinking as a human-centered, creative, and iterative approach is well suited to complete this exercise. You will find additional information about design thinking in the additional sources. If you want to, you can share this with the class as readings before the lecture, so you can save time with the introduction.

Here is a more detailed breakdown of the key stages:

- **Empathize:** This phase involves immersing oneself in the affected individual's world to gain empathy and insight into their needs and challenges. Design thinkers conduct interviews and observations, and engage in active listening to uncover hidden motivations and desires.
- **Define:** Once a wealth of data is collected, the focus shifts to defining the problem. The goal is to create a clear and actionable problem statement that addresses the most critical issues from the affected individual's perspective. This helps avoid the trap of working on assumptions.
- **Ideate:** Design thinking encourages brainstorming and creative thinking to generate a broad range of possible solutions. It emphasizes quantity over quality during this stage to promote innovative ideas and ensure no concept is prematurely discarded.
- **Prototype:** Ideas are translated into tangible representations. Prototypes can vary in fidelity, from simple sketches and paper models to fully functional prototypes, depending on the context. This step allows teams to test their concepts quickly and affordably.
- **Test:** Prototypes are tested with the affected individuals, and feedback is collected. This step

helps in refining and improving the solutions. Importantly, design thinking acknowledges that initial ideas may not be perfect and that iteration is essential for success.

- Design thinking promotes a collaborative and interdisciplinary approach, bringing together diverse perspectives and skills. It fosters a culture of experimentation, encourages risk-taking, and embraces learning from failures. This method is not limited to traditional design fields but can be applied in various contexts, from business strategy to public policy to family involvement in business, making it a versatile and powerful problem-solving framework.

- Did they help their team by giving valuable feedback and did they incorporate the feedback of others?
- Did they try to develop a creative and comprehensive vision?
- Have the students created a well-thought-through essay that explains their vision and process, including their thoughts and iterations that lead to it?

## Additional Resources

To get a quick overview of how design thinking can be used successfully, watch this short video from the company Ideo, which excels at creating new ideas: <https://www.youtube.com/watch?v=M66ZU2PClcM>

To get a thorough understanding of the methodology: Brown, T. (2008). Design thinking. *Harvard Business Review*, 86(6), 84-141.

To get to know more about the three-circle model: Tagiuri, R., & Davis, J. (1996). Bivalent attributes of the family firm. *Family business review*, 9(2), 199-208.

If you want your students to know about design thinking beforehand, provide them with the HBR article from Tim Brown to read before class. The video is short and can be shown during class. It is not important that the students become experts in the process; it is enough that they think divergently and convergently in the problem and solution space and iterate to get a good result.

## Grading

Since this is a creative exercise, it is important to invite the students to participate actively. When grading the activity, consider rewarding them for a good participation – regarding their own future family firm vision but also their input in the work of the other students. Some questions you might ask yourself when grading the students:

- Did they understand design thinking principles and the family business basics?
- Did they identify the core challenges regarding their current family businesses?