

**Born into Competition:
Negotiating Succession in the Family Firm**

Debbie Bing
Senior Manager
CFAR

1600 JFK Blvd
6th Floor
Philadelphia, PA 19103
dbing@cfar.com
Telephone: 215-320-3212
Fax: 215-320-3204

Born into Competition: Negotiating Succession in the Family Firm

In a recent Newsweek article, five leading competencies were identified as indicators that family businesses were positioned to beat their competition in the market. These included a guarantee of loyal employees, an ability to make quick decisions and the fact that children in the family were born to lead, learning the basics of the business at the same time they learned table manners and their ABCs. Whether or not Newsweek accurately captured what makes family businesses compete in the market, one thing that is for sure is that succession of family businesses across multiple generations is the most challenging and competitive moment in the life of that business – and often in the life of the family as well. Primal feelings of sibling rivalry come back to the foreground, fights for independence of the younger generation get rekindled and relationships that have had historically been both deeply loyal and deeply ambivalent get stirred up in the negotiation over ownership, leadership and stewardship for the future of the family business.

This paper explores what it means to be “born into competition” in a family business, where the lines between primary, formative relationships and career identity get blurred. Specifically, it will look at the moment of “succession” – the passing of a family firm from one generation to another – as an important interaction between the psychodynamics of a family and a business or firm created both to strengthen the family and to be profitable in its own right. This moment of transition shows up as competition in several palpable ways that students of business and psychodynamics can learn from:

- Competition between and within the generations of a family firm for the key leadership role in a company and ultimately for standing and power in ones family of origin;
- The projection of a charismatic founder's vision and desire for legacy onto a successor's ability or inability to successfully lead what the founder has created;
- The transference of hopes and fears cultivated in family roles onto a business that creates both a container and incubator for the continued battle for alpha roles in the family;
- Regression to deeply held psychodynamic fantasies about "killing off the family leader" just at the moment when the business leader (often the same person as the family leader) is naturally departing to make way for the next generation.

Finally, this paper will explore a response to this competition and offer a framework and approach to join with the natural competition that accompanies succession and harness its creative forces rather than its destructive powers. Four specific cases of succession will be explored where conflict and potentially destructive competition threatened to unravel needed transitions, but where alternative tools and methods were able to focus family members on two aspects that are equally critical to succession: substantive and strategic outcomes needed for the business to successfully continue into another generation and preservation of deeply embedded family relationships that have created the context for the business to begin with.

Key Words: *Family Business, Natural Competition, Destructive Competition, Succession, Inter-generational Transfer, Embedded Family Relationships, Charismatic Founder*

Preliminary Bibliography

Barach, J. A., Gantisky, J., Carson, J. A., and Doochin, B. A. "Entry of the Next Generation: Strategic Challenges for Family Business." *Journal of Small Business Management*, 1988, 26, 4956.

Becker, B. *The Denial of Death*. New York: Free Press, 1973.

Drozdow, Nancy and Vincent Caroll. "Tools for Strategy Development in Family Firms." *Sloan Management Review*. Fall 1997.

Drozdow, Nancy. "What is Continuity?" *Family Business Review*. December 1998
Volume XI No. 4

Greiner, L. E. (1972, July/August). "Evolution and revolution as organizations grow." *Harvard Business Review*, p. 37.

Gersick, Kelin E., Ivan Lansberg, Michele Desjardins, Barbara Dun. "Stages and Transitions: Managing Change in the Family Business." *Family Business Review*, 1999

Lansberg, Ivan. "Succeeding Generations." *Harvard Business School Press* 1999

Christine Lehmann. "Businesses Benefit From Psychoanalysts' Expertise." *Psychiatric News* March 2, 2001

Levinson, H. (1971 March/April). "Conflicts that plague the family business." *Harvard Business Review*, p. 90.

Manfred Kets de Vries "The Dynamics of Family Controlled Firms: The Good and the Bad News." *Organisational Dynamics*, pp.59-71. Winter 1993

Strauss, G. (1974, Spring). "Adolescence in organization growth: Problems, pains, possibilities." *Organizational Dynamics*, p. 3.

Sulkowitx, J. MD. "A Career in Corporate Psychoanalysis." *Psychoanalytic Association of New York* Volume 42, #3 Fall 2004