



WIFU_compact_13:

Post-patriarchy leadership

The persistent assumption remains within management research that “the natural development” of a family business either leads to an executive-led firm or the business vanishing from the market. Thus, family businesses are seen as a temporary form of business although this “inevitable termination” is far from the reality. Family businesses can persist as family businesses even after superseding a patriarchal leadership model.

What prompts such change in leadership?

There are three essential catalysts for such change:

- Sooner or later, every family business undergoes a *generational shift* which alters the ancestral leadership positions: during this shift, the establishment of a new management circle needs to be aligned with the transformation of the business. The sometimes almost symbiotic relationship between the “patriarch” (or, less commonly, the “matriarch”) and staff is not necessarily maintained over time; if a management strategy external to the family is developed, still greater focus must be placed on finding a new balance.
- The dynamics of organic or inorganic *growth* overwhelm well-practised problem-solving routines; voting issues and misunderstandings increase and crisis development within the business gains momentum.
- *Disruptive* changes shift the basis of established processes. Family businesses are used to gradual but resource-saving adjustments yet these prove inadequate for rapid developments. Efficiency improvements and innovation must be considered at the same time.

Will the family business not lose what originally made it a family business?

Almost inevitably, any shift in leadership or organisational structures causes concern or resistance. Indeed, something very important is fading: the *security* offered by former conditions. The owning family must now recognise that its desire for stability must depend on the security given by the future ability of the business to perform. To some, this will be perceived as an imposition and a loss of the positive attributes of the family business. In response to these fears, a clear strategy must be followed: nothing less than the future of the firm is at stake. The hardest loss would be if the business could no longer sustain itself in the market.

FIVE CHARACTERISTICS OF LEADERSHIP IN FAMILY BUSINESSES	FIVE CHARACTERISTICS OF POST-PATRIARCHY LEADERSHIP
Strategic leadership is conducted by institutions of the business.	Managers, supervisors and shareholders work in collaboration with one another.
Development is driven by client demand and tends to be risk-averse and organic.	Economic guidance is based on a powerful intellectual infrastructure.
Profits are handled frugally; dependence on external finance is avoided.	There is shared responsibility for maintaining relevant external relations.
Authority is neither doubted nor questioned; leadership is ambiguous.	Rules make the coordination of operational tasks manageable.
Knowledge of the relationship networks within the firm reduces expenses and fluctuation in communication.	HR departments are aware of possible tensions and manage them.



Where are the specific starting points of such change?

Three key points are evident in every business. The first concerns how and to whom *managerial leadership* responsibility is allocated: the base for decision-making will broaden. The second key point is the *functional logic* by which working processes and organisational set-ups are determined: established organisational conditions will be reorganised by function. The last – highly relevant – key point concerns communications, their professionalisation and coordination channels, as well as conflict-resolving mechanisms: leadership will, in future, be made *explicit* and lived explicitly.

Is there any proven method for approaching this paradigm shift?

Yes, experience shows several steps to be indispensable.

- 1 Firstly, either the responsible owner or the shareholder circle must want and encourage the development of a new leadership structure and new governance. This shift cannot take place without strong commitment.
- 2 Next, new and common views on the development of the business must be found. The determination of these is the foundation for any further structural change within the business.
- 3 What follows is the development of a leadership culture independent of individuals and the determination of an organisational design that meets the needs of the business strategy. There is no template for this organisational design, a capable top management can only be achieved through a thorough analysis of existing structures and all foreseeable challenges.
- 4 The implementation of post-patriarchal leadership structures will cause insecurity within the business and may incite resistance. It may take some years until the shift is accepted and becomes resilient.
- 5 Lastly, the importance of communication during a transition phase must be emphasised. As business structures become more complex, frequent and ordered communication is more important than ever.

Will it not harm the business to be so concerned with internal structures?

Indeed, this change may be likened to rebuilding a ship at sea. Family businesses rarely have resources planned for a transformation on this scale. Thus, significant resources and energy must be made available to ensure that change is not only announced but carried out.

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