



WIFU_compact_30: The Silent Power of Elementary Rules

Everything is changing, everything is accelerating, and what was widely accepted yesterday is dismissed as old-fashioned today. At the heart of this turbulent world, however, is a centre of gravity comprising rules, and every family of entrepreneurs would be well advised to be aware of them. These principles govern, often unnoticed, how social systems work together, whether successfully or in conflict.

Social systems are regulated – in three ways.

The rules of coexistence develop as societies evolve. This process occurs wherever individuals are connected. On closer examination, these rules can be divided into three levels: *formal* rules, which are laid down usually in writing; *informal* rules, which develop in a system with their own dynamics (e. g., seating arrangements or the division of labour); and *elementary* rules, which are not specific to a family but are universally valid.

Does it not make a difference how big the family is?

Indeed, it does matter whether we are examining a family network comprising 50, 100 or even more individuals, or focusing on a traditional nuclear family structure of father, mother and child. In family business research, the term “triple family” is used to describe the business family, which expands and evolves across generations: the *nuclear family* as business family 1.0; the *family organisation* as business family 2.0; the *family network* as business family 3.0. However, it is precisely these elementary system rules that remain so fundamental that they are not superseded or erased by the specifications of higher levels or more complex family systems.

1 The rule of the elementary economy of give and take

Relationships, even those of a non-economic nature, form an exchange of give and take, of performance and counter-performance. Those involved in a system, consciously or unconsciously, keep an “account”.

BF 1.0 (NUCLEAR FAMILY)	BF 2.0 (ORGANISATION)	BF 3.0 (NETWORK)
Give and take occurs through the transmission of life and through emotional relationships and bonds.	Give and take occurs through formally agreed compensation, e. g. money.	Give and take can take many forms, depending on individual interests that define what the individual considers to be ‚gain‘.

2 The rule of unambiguous system membership

Systems secure their existence through the unambiguous membership of associated individuals and demarcation from others. The membership of a system carries with it rights and obligations.

BF 1.0 (NUCLEAR FAMILY)	BF 2.0 (ORGANISATION)	BF 3.0 (NETWORK)
Affiliation through family descent.	Clarification of membership based on defined characteristics such as ownership of business shares. Explicit family-strategic clarification of the ‚affiliation‘ of spouses, adopted children or unmarried partners.	

3 The rule of direct chronological order in system growth

As a social system such as a family grows, the rights of the members become more differentiated. An increase in the number of members means that the resources are shared by more claimants, i.e. the shares of existing members decrease. Systems are more stable when their longer-term members have preferential rights over newcomers and the latter accept their subordinate position as newcomers.

BF 1.0 (NUCLEAR FAMILY)	BF 2.0 (ORGANISATION)	BF 3.0 (NETWORK)
Parents are superior to children; they determine how children fit into the family. Siblings born earlier also help to shape the family relationships into which those born later settle.	New members of the system must first fit into the existing structures. The demands and expectations of both the ‚old‘ and the ‚new‘ need to be clarified. The value of the existing as well as that of the innovative should be given due consideration.	



4 The rule of inverse chronological order in system propagation

When members of a nuclear family become members of the larger system “family organisation”, they should see themselves primarily as members of this larger system; membership of their former family system should be secondary, as also in the next transition to the network.

BF 1.0 (NUCLEAR FAMILY)	BF 2.0 (ORGANISATION)	BF 3.0 (NETWORK)
Belonging to the family is preferred, its interests are represented.	In the long run, a family business will only survive if the members of the business family subordinate their private interests to those of the business. This is particularly important in difficult economic times. At the same time, the balance of give and take must not be too unfavourable; rather than asset advantages, benefits in terms of reputation and identity brought by membership of a respected business family can also be taken into account.	

5 The rule of recognising commitment and performance in favour of the system

In addition to personal accountability (see Rule 1), there is also a need to recognise achievements at the system level. The old-fashioned approach of no criticism being construed to be praise in of itself will not strengthen individual commitment in the long run; rather, tangible recognition is an important currency.

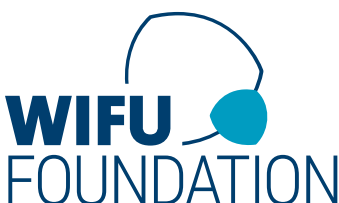
BF 1.0 (NUCLEAR FAMILY)	BF 2.0 (ORGANISATION)	BF 3.0 (NETWORK)
In all social systems, members expect (at least secretly) some recognition for their commitment, especially for special achievements. This can be enacted through benefits (pocket money, a new company car) or through social forms. Recognition should be communicated in such a way that it is perceived throughout the system, e. g. through established rituals of appreciation.		

6 The rule of including individual differences: system individuation

Individuals’ loyalty to the system is strengthened if they do not perceive it as a straitjacket. It is therefore important that members of the system are allowed to develop according to their abilities and interests and are integrated into the system on an individual basis.

BF 1.0 (NUCLEAR FAMILY)	BF 2.0 (ORGANISATION)	BF 3.0 (NETWORK)
In all three systems, rational, emotional and structural dynamics should ideally be well balanced. On the one hand, individual characters with their own interests must be taken into account but, on the other hand, it is precisely the diversity of individual resources that should be included as potential in the overall system. Individual roles – whether “family welfare officer” or CEO – should suit the person, but all roles should be equally valued.		

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