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The Dreams that Drive Business Success

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AS family enterprises move into a new generation, ownership may be so divided that the new leaders can no longer rely on a controlling share of stock as the primary source of their influence. This fact often comes as a rude awakening to successors who have assumed they would be able to rule in the same fashion as their predecessors. How, then, can the new generation of successors acquire the power they need to lead more complex family enterprises with fragmented ownership and diverse constituencies?

One of the most effective ways is to facilitate the development of what I call a shared vision. For new leaders, developing a common vision for their company involves three processes. First, they must get in touch with their own deepest aspirations. Second, since leadership is fundamentally a relational process—an ongoing negotiation between the leader and his or her key constituents—leaders must actively engage their followers and get them to articulate their own deepest aspirations. Third, they must then weave a common vision from their own aspirations and those of their constituents. In so doing, they create conditions that foster and sustain collaboration over the long run.

The political scientist James MacGregor Burns defines leadership as happening when people in an organization are persuaded "to act for certain goals that represent the values and the motivations—the wants and needs, the aspirations and expectations"—of both leader and followers. MacGregor Burns, in his classic On Leadership (Harper & Row, 1978), argues that absolute control over critical resources, such as the ownership of an enterprise, can lead to the coercive—even tyrannical—use of power. True leadership, in contrast, requires the capacity to identify, call forth, and align one's own inner aspirations with those of one's followers.

For the leader, getting in touch with those aspirations takes work; typically, there are no epiphanies. Growing up in an ambitious business family, young people have difficulty sorting out their own choices in life and career from those of powerful family members. And yet unless successors invest the time and energy necessary to define their own vision and understand its relationship to the future of the family business, they will lack the energy to speak with the conviction and credibility necessary to elicit purposeful action from others.

This requires a willingness to wrestle with big questions, such as: "What do I want for myself?" "How do I envision myself in the future?" "How will the opportunity to lead the family company help me realize my own dream?" "What do I want for the business?" "What do I want for my family?"

A successor's inner vision of the self in the future may be composed of fairly concrete and specific images. For example, the successor imagines his ideal self as a highly respected business leader known for defining an innovative approach to management. A female CEO may envision gaining recognition for her capacity to compete and play "hardball" in a male-dominated business, while retaining the love and respect of her employees and family. A new leader's vision may also focus on changing the underlying values of the business culture, on transforming a paternalistic organization into a highly professional one, for example, or a highly competitive culture into a more humanistic, caring one.

The process by which leaders connect the aspirations of their followers to their own vision of the future is subtle and not fully understood. My own observations suggest that those who are particularly good at it, first establish the kind of relationship with other stakeholders that encourages them to share their aspirations and dreams. For this to occur, the leaders must show a genuine interest in the concerns of key constituents. The interests of family shareholders are particularly important but often neglected by newly anointed successors. One of the most effective successors I've known makes it a point to have at least one informal contact per quarter (such as a dinner or phone call) with each of his 23 cousin-shareholders.

Many business owners complain that there are so many inherent conflicts of interest among shareholders, executives, and family members that it is next to impossible to develop a vision they can all embrace. MacGregor Burns, however, argues that awakening and redirecting of deeper motivations can—and must—transcend these conflicting needs and priorities. He views the mapping of a common ground as an essential leadership function. Indeed, good leaders are intuitively aware that the aspirations of their constituents are multifaceted and even contradictory. Seeking to map a common ground, they focus on those aspirations that seem to fit closely with their overall vision for the system and "edit out" the rest.

Take the example of one successor who in just two years has built a significant power base even though he personally controls less than 7 percent of the stock. This CEO and chairman of a complex family enterprise take great pride in his political savvy and his ability to be a consensus builder behind the scenes. When he talks to family shareholders not working in the business, he acknowledges their right to expect dividends, but at the same time he alerts them to the risks of milking the company for short-term gain. He knows how much family shareholders care about their children's future. So he describes the opportunities that will be open to the children if the company realizes its full economic potential, and he invites the shareholders to help him realize that vision.

When he talks with executives, he shows he understands their ambition to build a highly profitable enterprise as well as their concerns about the family funneling off too many resources from the company. He articulates a vision of a singularly successful enterprise which forges an ideal blend of professionalism and family tradition. And he shows the executives how they can realize their own professional aspirations through this vision.

But creating a shared vision is not just a matter of "connecting the dots," of assembling bits and pieces of the aspirations of key constituencies into a larger picture. The whole has to be more than the sum of the parts. Effective leaders have the capacity to elevate the shared vision to a higher moral plain and imbue it with meaning and significance. In so doing, they reframe the aspirations of diverse constituents and convince them that the shared vision is worthy of the best efforts of all. ▪

Ivan Lansberg, Ph.D. is a co-founder of Lansberg • Gersick a research and consulting firm in New Haven, Connecticut, that serves family businesses, family offices and family foundations. Ivan was previously on the faculty of the Yale School of Management, and is currently on the faculty of Kellogg School of Management at Northwestern University. He is an advisor to business families worldwide, a frequent presenter at conferences, and the author of many articles and publications, including Succeeding Generations (1999, Harvard Business School Press).

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