

WITH OR WITHOUT EMOTIONS: HOW DOES HISTORY MATTER FOR FAMILY BUSINESS SURVIVAL?

With

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Emotions belong to humanity and seem to exist out of time¹. The family is certainly the privileged place where the learning of emotional codes is first mastered before embodying cognitive habits². Whether inherited or inborn, as Darwin puts it in his seminal work, emotions evolve along the interactions the individuals encounter over time³. In a family business, these interactions cover a complex spectrum of overlapping subsystems, making of the relationship between emotions and history a complex question. This article is intended to trigger the debate by conveying a light of understanding on different facets of this relationship, that impact the family business continuity. Two main perspectives are exposed,

¹ A. Corbin, J.-J. Courtine et G. Vigarello, « Introduction générale », in A. Corbin, J.-J. Courtine and G. Vigarello (), *Histoire des émotions*, vol.1 : *De l'Antiquité aux Lumières*, Paris, Éditions du Seuil, 2016, p. 5.

² W. M. Reddy, *The navigation of feeling: A framework for the history of emotions*, Cambridge, Cambridge University Press, 2005, p. 32; D. Lett, « Famille et relations émotionnelles³ (XII^e-XV^e siècle) », in A. Corbin, J.-J. Courtine and G. Vigarello (dir.), *Histoire des émotions*, vol. 1, *op. cit.*, p. 187.

³ C. Darwin, *The expression of the emotions in man and animals*, London, John Murray, 1872.

complementing each other, practice-oriented on one side and academic on the other side. A business historian (John Seaman) and a CEO of a multigenerational family business (Emmanuel Viellard) as well as scholars of family business (Nava Michael-Tsabari) and history (Stephen A. Mihm) share their reflections on: What triggers the initiative of writing the family business history? Which parts of the history are shared, to whom, why, and how? Which emotions are predominantly attached to the family business history? How do they interact with each other? To what extent (re)-telling the history of the family business by accounting for emotions creates or destroys value? How to deal with family business emotions across history?

What triggers the initiative of writing the family business history?

John Seaman: An anniversary or other milestone is still the most common trigger for any family enterprise to contemplate its history, although in many cases such an occasion often results in more celebration than illumination. However, for many family enterprises, and indeed many families, the triggers are far broader.

One is impending executive succession or broader generational change, which prompts a reflection on the family business history as a source of values and lessons to be captured and handed down before they are lost.

Another is a traumatic event in the business or the family itself. This includes the entry into (or exit from) a region, product, or market, which demands that the family business tell (or re-tell) its story, perhaps for a different audience or in a different way; a merger or sale of the business, which fundamentally alters the story to be told and may prompt new points of emphasis; or the death of an executive or other key family member, which like a merger or sale not only calls for a new narrative but also raises questions of what comes next that sometimes only an introspective look at the family history can answer.

Still another is a scandal or other crisis that calls into question the reputation of the business or even the family itself and encourages the family to articulate and reinforce the values that can help substantiate claims and defuse criticism.

Emmanuel Viellard: In our family business, the previous generation took the initiative of publishing a book in 1996, commemorating the 200 years of existence of Viellard-Migeon et Cie. Based on archives, this book traced back the history of the family business and was written by Pierre Lamard, a business historian and researcher at UTBM⁴. This initiative was triggered by a willingness of the 5th generation to have a historical account of our roots and to provide clarity on everything that has been said about the business but not written yet. The current generation is pursuing these efforts through engaging in updating this work 25 years later and creating a small museum that traces our industrial and family history. This is because I believe there should be no fear of the historical traces, rather a presentation of the facts as they are.

Nava Michael-Tsabari: The initiative to write the family history comes from several reasons, such as: to commemorate the achievements of the founders, to build a legacy enhancing mechanism for the next generations

⁴ P. Lamard, *De la forge à la société holding : Viellard-Migeon et Cie (1796-1996)*, Paris, Polytechnica, 1996.

through the creation of a family firm archive, or to celebrate a symbolic family or firm occasion. The initiative can originate in the family or in the firm. It usually involves a member who is sensitive to the history, by giving it special importance. It can also be the initiative of a senior family member who is concerned about the way he or she will be remembered. As firms are usually forward-focused, there needs to be someone and or a special reason or occasion to put the effort into looking back at the past.

Stephen Mihm: History aside, what often drives families is a desire to project – and protect – the family into the future. This is why families create trusts for children, for example, or otherwise work to insure that the legacy of a family will survive and thrive into the distant future. This, I would argue, is what often drives the writing of business histories that feature families. By writing or commissioning an authoritative history of a family business, there is a hope that this narrative will guide the behavior and insure the success of future generations, guaranteeing that the family business will, in fact, survive.

There are other, more mundane catalysts for writing the history of a family business. The anniversary of the founding of a business often encourages retrospection. So, too, does the ascension of a new generation at the head of the business: these newcomers may well commission a history, not so much because they want to project it into the future, but because they wish to understand the origins of the firm.

Which parts of the history are generally shared in writing and orally and to whom? Which parts are not and why?

John Seaman: This depends on the family and how they think about history itself. For some, history has the primary goal of handing down a set of values from one generation to the next, or from family owners to employees,

clients, and customers. What is communicated are therefore the successes, not the setbacks, with the emotional “messiness” of family business conveyed orally, if at all. This is still a valid use of history—so long as it does not mislead or misrepresent.

For other families, history is an exercise in self-knowledge that holds within it potentially powerful lessons about family identity and relationships as well as business strategy. Here the written narrative tends to be more comprehensive, with negative emotions that held the family business back balanced among the positive ones that propelled it forward. However, good family historians will be sensitive to conflicting emotions and memories as well as to episodes that may not even be entirely true—recognizing that such myths often symbolize something important about what the family values.

Emmanuel Viellard: Through the book *De la forge à la société holding: Viellard-Migeon et Cie*, we conveyed stories about the accomplishments of the founders and successors across time, following business milestones⁵. One of the most important events in the family business history relates to Juvenal Viellard. Juvenal managed to significantly grow the business and initiated a family pact back in 1879 (together with his wife), which was transferred to his three sons. This pact is of an incredible modernity and is still as relevant today as it was almost 200 years ago. It invites us as a family to “remain united”. This is the most prominent element for us as the familial bloc allows to cement the business.

There have been also writings about the family business history in the past. Each family successor would write his version of the history, when he moves away from the business, in order to leave a trace. This includes, for example, lessons on how to continuously improve our processes to offer better products to our clients. Generally speaking, they relate to the business preoccupations of

⁵ P. Lamard, *De la forge à la société holding...*, *op. cit.*

each period. They were very well-written and often included a hint of humor. They were not intended to the public but could be shared with those who were interested.

In line with Juvenal Viellard, I believe that a successor's duty is to transmit to the next generation what he has received to the extent that the Divine Providence will allow him to. What I want to share is a global and exhaustive dimension of the family business. Next generation members who have spent childhood in the family fief have a strong attachment to the roots. They have heard the current and past generations, telling them family business stories orally. It is important for them to learn about the history but in the same time to be detached from it.

Nava Michael-Tsabari: The parts that are shared are the ones within the consensus, the legacy that includes the founders' success stories. Usually stories that show how the obstacles were overcome, how difficult it was at the beginning, and how the unique abilities of the founders helped to overcome/solve them. These stories are communicated inward – to the family members and the next generations, in order to create unity, loyalty and pride in the story of origin and to the family firm itself. The stories are part of the DNA, of the identity that is shaped and characterizes the family firm. The stories are also shared outside – on the company's website, or in written documents shared with clients and other stakeholders. They communicate to outsiders the same DNA and identity as inward – who we are as a family firm, what is unique to us, what our sources of unity and strength are.

The parts that are therefore not shared, are the ones that are less in consensus – or the ones that do not portray unity and strength. If the stories about inside politics, rivalries, failures... do not serve the current family-firm leaders, they will be left out. This is especially

true in the communication to outsiders, as there is usually a unity portrayed there. Cramton's study is a good example about that phenomenon: she showed that the difference between a family's story to outsiders when compared to insiders was the collective effort invested in starting the firm⁶. For outsiders, the individual founder, usually a male, was the center of the story, compared to a more collective story, including the women, which was told inside the family.

Stephen Mihm: This is a complicated question, and one that has more to do with the person or persons charged with writing the history. When family members write their histories, they are apt to have access to archival materials that even the most diligent researcher cannot uncover, if only because the material is off limits. For that reason, they may well have knowledge of family secrets and “skeletons” that would not normally be shared – and may not actually end up in the final formal history. At the same time, much of the lore of a family firm may not be on paper at all: it may be transferred by word of mouth. Anecdotes, stories, and even outright myths may get passed down from generation to generation. On the other hand, if an outsider has been commissioned to write the family history – even an authoritative history – they may not have access to the full range of materials necessary to write that history.

Which emotions are predominantly attached to the history? How do they interact with each other?

John Seaman: When most people think of emotions in family enterprise, they are referring to the negative emotions - jealousy, greed, anger, fear, revenge, and so on - that make unwanted headlines or lead to botched strategies or failed successions. And to be sure, history is full of such examples.

Take Ford Motor Company, where a bitter father-son rivalry led to missed opportunities

⁶ C. D. Cramton, “Is Rugged Individualism the Whole Story? Public and Private Accounts of a Firm's Founding”, *Family Business Review*, vol. 6, n° 3, 1993, p. 233-261.

in the transition from first- to second-generation family ownership. When Edsel Ford took over as president in 1918, aged 25, his father and company founder, Henry, refused to relinquish control. In fact, he bought out other Ford shareholders in order to preserve a controlling share in the firm, and then pressured his son to relent on key decisions. He resisted Edsel's move to replace the Model T—iconic but outdated—with a more modern design. The two clashed over labor issues too, with Edsel taking a conciliatory stance amid the suffering of the Great Depression and Henry backing a union-busting approach that led to years of labor trouble.

This emotional messiness is what leads many family business leaders to want to keep emotions under wraps and out of decision-making altogether. Yet history is also replete with stories of more positive emotions at work in family firms.

Take the world's oldest and largest partnership bank, which was founded more than 200 years ago as an Anglo-American trading enterprise. In the 1830s, the founder's death and the subsequent withdrawal of the two middle sons left the eldest and youngest sons in Liverpool and New York, respectively, to run the firm. Far from giving way to sibling rivalry, these two brothers exhibited a deep affection for their father's legacy that translated into mutual trust, a fraternal spirit of compromise, and a deep sense of stewardship. This let them move decisively to seize opportunities, navigate successive financial panics that destroyed many of their competitors, and reconcile ideological divisions among their US and UK partners over the American Civil War.

This venerable and dynamic tradition survived even after the firm was acquired a century later by another family. Faced with a subsequent financial crisis, the new owners not only put up the capital needed to stave off collapse but also allowed reallocated their own working interest in the firm to their fellow partners, enabling them to retire their debts over time. This reaffirmed the principle of

partnership without which it would not have weathered the Depression and Second World War.

Emmanuel Viellard: Family business is all about emotions. Family emotions are always very strong, especially if they are linked to the business history. There are strong passions relative to the business as well as pride of what the predecessors achieved, namely the family pact.

Over generations, these emotions become attached to the family branches. The family passions might differ across branches since the latter do not necessarily have the same representation or interpretation of the history. There is no one story; there are several stories. As such, there could be a tendency of having a biased version of the history that is transmitted orally across branches, because of the emotions attached to it. Breaking the notion of branches and writing the history in a tangible way makes it possible to move to an upper level. The history should be written and validated by a historian in order to convey the truth about the family business, including the management style, the behaviors and recipes of the past.

Nava Michael-Tsabari: The emotions attached are usually pride, satisfaction to overcome difficulties, and the joy connected to one collective. As the history serves as a DNA vehicle it evokes unity, pride and community feelings, happiness to be included in that family firm. Pride that the first hurdles and difficulties were overcome, instilling assurance that new challenges would be solved in a similar way. The emotions also serve to make family members feel happy to belong to this family, and outsiders to wish to be connected as stakeholders to the family such as by being customers, suppliers etc.

Stephen Mihm: Tolstoy famously remarked that happy families are all alike; every unhappy family is unhappy in its own way. The same, perhaps, could be said of family firms. A handful of firms may well fall into that first category, functioning smoothly,

efficiently, and happily. But these, sadly, are rare. Most families are unhappy in some way, and family firms are no different. For that reason, many family firms may well have very negative emotions attached to their history: anger that spills into litigation and splits between siblings; jealousy, as one sibling is appointed to a position superior to another sibling; and all manner of other negative feelings.

That said, it is worth noting what may be a corollary of Tolstoy's observation: just because a family is unhappy doesn't mean that it can't function, and function well. Likewise, many family firms may be fractious and teeming with resentments, but that doesn't mean they can't be profitable. Indeed, rivalries with the family may even be generative of innovation and advancement – just not happiness.

To what extent (re)-telling the history of the family business by accounting for emotions creates or destroys value?

John Seaman: Emotions are both the greatest challenge of family business and its greatest strength: they complicate management in ways that most public companies or non-family private companies worry about, yet they also foster a sense of mission and purpose, loyalty, and stewardship—all classic advantages we associate with a family enterprise.

The question, then, is not how family firms can suppress emotions, which is no healthier in business than it is in personal or family life and ultimately destroys more value than it creates. Instead, it is how they can understand and master those emotions in order to drive effective strategy, succession, culture, and governance.

A true and honest account of emotions in family history can help defuse tensions around difficult subjects in general, fostering a culture of open communication that can improve compliance and avoid or minimize future ethical lapses. It can stimulate a renewed sense of purpose that is more compelling because it is authentic, forged in the crucible of

setback and adversity. It can also help family members see their history not as a burden but as a platform—one that can help them frame their vision for the future and rally the will, and the support, to realize it.

Emmanuel Viellard: Emotions can be a cement as well as a very powerful explosive. Telling the history could contribute to both.

While the process of telling the history is important, it is not enough because the history of each era can be different and the family business model is not necessarily reproducible. What worked in the past might not be relevant today? For this reason, it is important to adapt the learnings from history.

By building on the past and leveraging it, it is possible to offer a proof that a family business can last and that there is no fatality about its existence. A family business can be global and industrial while still being located in the village of origin. It is a proof that it is possible to continue an adventure over several generations despite the difficulties across history. Today, Juvenal has around 3 000 descendants of whom approximately 1 800 are still alive today and 140 family shareholders. As a matter of fact, the family business lifecycle went through crises, which are not easy topics to address as well as choices and decisions that were made in the interest of the business rather than the individuals who constitute the family. The family is a sum of individuals. If you favor the individual's interest, you break the society. On the long-run, the ultimate conviction is that by taking care of the society, we are able to take care of the family. The opposite is not always true.

It is important to be totally transparent about the history. In every family business, there are myths. We tend to mystify the work of each generation, starting with the business founder, then the successor through shared stories. We also tend to create virtues for these family members and to accentuate them. There are also some weak traits and errors that were and must continue to be represented in our

history. The failure stories are also important to be shared, for example one of the unsuccessful diversification decisions that have been made in the 1940s was taken into account when we addressed other diversification decisions in the 1990s.

In the previous written version of the history, the contributions of women were not salient. This being said, we had powerful women who contributed to the history through their influence and their role as an emotional stabilizer while operating underwater. These women were very emblematic and charismatic and contributed to the family cohesion. They deserve to be included in the storytelling and put in the center of the debate. Today, women are also going to be increasingly involved in the business with an active role, which was not the case before.

Nava Michael-Tsabari: The story and the emotion it evokes create value by enhancing unity and communicating the spirit and DNA to various stakeholders, inside and outside. When someone reads the family history on the website, and feels that he or she wants to be connected to this family firm, it creates value for the firm. In the same way, when problematic stories come out about fights and struggles within a family firm, the negative emotions created may destroy value.

Stephen Mihm: In the United States, at least, we live in an age where most people err on the side of sharing too much about their private lives. This is a recent development, perhaps, but it has relevance for histories of family concerns. If a history reports that a firm previously thought to be solid, reputable, and unified was in fact riven with rivalries, this is apt to be greeted with a collective shrug in the United States. Every firm has its “dirty laundry” and rivalries, and the news that some hitherto respectable firm suffered from these problems is unlikely to have any effect on the valuation of the firm. The only exception, of course, is if those negative emotions might have a powerful impact on the firm’s bottom line.

How to deal with emotions across history?

John Seaman: Emotions are not different from any other factors in history: to understand their impact, we must see them over time and in context. Emotional bonds are not static but emerge in response to specific events. It is the family historian’s job to chart the development of those emotions, how they shaped (and perhaps continue to shape) key decisions, and whether they ultimately reinforced or undermined the objectives of the family or of the individual. Emotional bonds also evolve *in context*: of our own and others’ expectations about what is possible, or acceptable; and of our capacity to meet those expectations. This perspective can help families appreciate past achievements, see and perhaps accept their changing roles within the family system, and reconcile themselves to difficult past decisions (perhaps because no other decision was possible at the time).

Emmanuel Viellard: Emotions, such as the strong passions, act as an incentive to work for the family no matter what. However, the commitment to the family business is not a sole or individual process but rather a collective process. As head of the business, I work for the extended family. I have a “hard leather” attitude. It is important not to wait for acknowledgments and recognition from others, but rather be lucid and stay calm in difficult situations to be able to move forward. There is a background noise that can disturb and lessen the motivation.

It is hard to have rules or norms about managing emotions in an extended family, especially when they are connected with specific information. I am a partisan of open communication without prohibitions, taboos and secrets. I am a partisan of reducing the negative emotions. Family passion could be positive when it is linked to a know-how. It is important to be rational though as passion could lead to blindness and makes us act in a mean way. Serenity is necessary in the business world.

In the business setting, such as at the governance level, we try to make the debate dispassionate and to take out the emotions. This is facilitated by having independent members on the different boards and committees.

In the family setting, there is an alternation between periods of calm and tensions. Emotions appear at the events where the family members meet, along the rhythm of the seasons. There has been progress made on the governance part since the 1980s to improve communication, mainly about ownership and management matters. This is an important learning for the next generations since it enables them to manage crises and eventually change the communication style and pace of decisions if needed. The family governance, whether at the family office, meetings and pact levels, need also to be continuously updated. We have undergone a rejuvenation of our old family pact to keep the family unity as preached by Juvenal Viellard. In the end, governance is the key to deal with emotions across history.

Nava Michael-Tsabari: I think that in an intuitive way, families handle emotions across history to create the unity and DNA building that I described earlier. Positive emotions are enhanced and negative emotions are carefully disguised. As the history is used to create identity and communicate

the positive side of the family firm, emotions are dealt to serve this end. Only in times of crisis and turmoil, when there are disputes and fights within the family, it becomes difficult to manage emotions in this way, and negative stories and emotions "leak" out. If I compare this mechanism to the emotions literature, I can refer to the concept of emotional labor that has been studied on an individual level of analysis, that is when an individual may display a different emotion because of norms or interests rather than what she or he feels inside. In a similar way, at a family level, it refers to displaying the appropriate emotions to be managed, as long as it is possible.

Stephen Mihm: The history of emotions is a popular topic, but for me, it may be most useful to assume that while human beings all share a common range of emotions – and are thus more alike than different in this respect – the meanings attached to those emotions throughout history have varied tremendously. Thus, while a businessman who might weep at a board meeting in 1850 at the news of some tragedy within the firm could be viewed as weak and unworthy of his position, the same man in 2018 could be viewed as sensitive, emotionally intelligent, and worthy of promotion. Emotions are the same, but how they are perceived depends on the historical and cultural context.