

How Family Businesses Can Respond To The Pandemic:

Collaboration, Openness And Sharing The Burden

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Today's pandemic crisis is turning everyone's world upside-down in ways that couldn't have been anticipated just a short time ago. After a half-century of observing and sometimes resisting the increasing pace of change and the many innovations disrupting our behavior, we are now encountering a situation that makes it impossible *not* to change. However, there appears to be no clear way to reasonably plan what to do next or how to manage the extent of the upheaval. Yet every day we must act and even make some tough choices—despite the lack of any reliable information about the best direction to take.

Every business, large and small, is feeling threatened, and every family faces deep challenges just to stay afloat. Without being able to go to work or attend school right now, we cannot imagine how life will return to some sense of normalcy. That uncertainty and inability to control makes us anxious. And when we're anxious, we can do impulsive, short-sighted things.

One of the ways that people cope with crises is through magical thinking—imagining that what you would like to happen is likely to occur. Examples abound: Things will bounce back to normal in a few weeks, cures for the virus will be discovered, and businesses will simply rebound once we can resume interaction. This is comfort food, tempting us to feel good now with no thought of consequences.

Unfortunately, in times of crisis, feelings of anxiety and threat can cause people to draw inward and only look after themselves, as evinced by the long lines at grocery stores and gun shops. The ethos of every man for himself—Ayn Rand's noble business warrior—is deep within us. This individualistic cultural model regards a business owner as a lone wolf, singularly responsible for their business. With this mindset, some owners make tough decisions on their own, rather than seeking help from others. While this might feel noble and self-empowering, it can be another version of magical thinking. We cannot resolve this one on our own by sheer will and determination.

At the same time, this crisis is highlighting a positive side of individual action. There are public heroes performing acts of service and caring for others. And neighborhood social media are filled with notes from Good Samaritans offering to shop for food, walk dogs and drive people to appointments.

A crisis like this also presents opportunities to reach out to others to *ask* for help and to plan together how to respond. Right now, the owner of a vulnerable family business has no idea what will happen next. What they have built over time is suddenly threatened, and they must deal with their own anxiety as well as the anxiety among family members, employees, customers, suppliers

and the community. To move forward, business owners have the option of sharing their dilemmas with other business owners in similar situations. If they believe the worst of people, they will lack the social trust that would allow them to connect with each other and share their vulnerability. But if they have a sense of communal trust, they will be more likely to reach out for collaboration and to develop a shared response. At the very least, they will be available and supportive for each other.

We recently completed a study of long-term successful business families ([*Borrowed from Your Grandchildren: The Evolution of 100-Year Family Enterprises*](#)), and one feature that stands out is their ability to build social trust and engage with each other in order to reinvent themselves regularly. Owners of resilient family businesses join together not just to make money but to share values, responsibilities to each other and a commitment to the future. We are seeing successful family businesses acting in more collaborative ways, and this is proving to be more adaptive and helpful than acting alone.

We found that business and financial families who succeeded across multiple generations had cultivated a skill of resiliency, ability to reinvent themselves by utilizing the ideas and energy of a wider and wider circle of not just family members and advisors, but extending their community to include non-family employees, customers, suppliers and members of their community. Rather than hunker down into a bunker mentality, families renewed themselves by being open, inclusive, transparent and reaching out to others to find common ground.

In today's crisis and upheaval there are two directions that a family must respond to remain resilient in the face of crisis. First, they must deal with the immediate reality, social isolation, business retrenchment and the personal financial and relationship stress. This is the internal response to crisis. At the same time, or following shortly, the family must look ahead and begin to imagine what will change in the world and how they will recreate themselves to fit. They might accelerate or anticipate major changes that they planned for the future, or consider new opportunities that might call upon their resources. Rather than expecting a return to normal, they should consider what opportunities and needs they face in the future. Of course, all today is uncertain, so they might draw up several scenarios to consider. While they are self-isolated from each other they might also spend some time considering the future.

Along with reaching out to other businesses, the family business owner facing this crisis needs to reach out within—to their family members and employees. And if they expect the best from their family, employees, customers and community, they will act on that appreciative attitude.

For the Family.

Business families are likely to have grown used to the security of the business, and through normal ups and downs, they've come to depend on that security. They know the benefits the business provides for the family and also the sacrifices: long hours, unpredictable change and good and bad years. However, this pandemic crisis may be very different and much more severe. Therefore, the family leader needs to resist offering reassurances that may be hard to deliver on and instead offer thoughtful transparency, more candor and open discussions. This is a time to share the dilemmas—fixed costs, debt, obligations and the real cost of doing business.

Paradoxically, a family discussion of what is happening and the difficult choices that are being made can do more to build security and instill confidence than hollow reassurances.

This also may be a time for the family business leader to talk in careful but honest terms to their adult children about how the business operates and the challenges ahead, to evaluate possible decisions and even ask for help in creative ways. Together, the family might formulate an austerity plan in addition to a plan for helping each other during any quarantine or other contingencies. Business owners will be surprised to see that openness can lead to an understanding that, in turn, can unleash the kind of caring and support they want their family to embody.

Another issue to discuss is how to cope with losses. Loss of time at school, loss of face-to-face time with friends and colleagues and especially loss of income are all deeply upsetting. Losses make us feel sad and can lead us into anger and reactivity. Families can discuss how, even with their current losses, they remain privileged and fortunate in so many ways. Focusing on gratitude and what has *not* been lost helps family members maintain compassion for others and see beyond their own limited self-interest.

For the Business.

Family business owners need to be open with their employees as well by honestly communicating information and concerns. Their highest goal will be to ensure that financial burdens are shared by everyone in a fair manner, employees and managers alike. This is a response that recognizes financial realities while sustaining social capital by respecting all stakeholders.

Each day of this crisis, local businesses are trying to stay afloat on a shoestring, opening only as needed to carry out essential services and responsibilities. This acute situation has forced several to let cherished staff go. For many family business owners, staff members are regarded as quasi-family. Some businesses are making a plea to customers and patrons to contribute to funds they've established for their laid-off employees.

For example, I recently received a note from a local family restaurant that I have frequented for many years. The owner thanked me for my support and explained that he and his employees had been meeting together to decide what to do. He related that he had to lay off several long-term employees but that they had agreed together to keep those most in need on while reducing their salaries and work hours. He asked us to contribute to a fund that he and his wife had started for their laid-off employees, whom he promised to rehire as soon as business resumed. The most benevolent family businesses have always operated this way—seeing employees as quasi-family and openly sharing challenges to find the best way to adapt.

All of these responses—collaboration, listening, sharing and openness—are actions that will help a family business and a family bounce back after a crisis through learning and growth. And that is the very definition of resilience.