

## Building Resilient Families: What Does It Take?

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Families can benefit from these proven approaches to become more resilient. A sense of shared purpose based on common values helps family members unite on commitments and focus their time, treasure, and talent. A former US Army Special Forces Colonel sets out some ideas.

*A term that sometimes comes from the physical sciences as well as from areas such as physical fitness and human health is "resilience". It is surely useful as a term applied to the kind of quality that families should have so that they thrive over multiple generations. As readers know, there is the curse of "shirtsleeves to shirtsleeves in three generations". Learning how to cultivate resilience so that families can perhaps outlive this parabola is important.*

*A person with an interesting perspective on all this is Fred Krawchuk, a senior management consultant and family coach with The William's Group, an organization based in the US. Krawchuk is a former US Army Special Forces Colonel and US Department of State of Fellow. He is a graduate of the United States Military Academy, Harvard University, and IESE Business School.*

*The editors of this news service are pleased to share these views; the usual editorial disclaimers apply. Readers who want to join the debate are most welcome to do so: email [tom.burroughes@wealthbriefing.com](mailto:tom.burroughes@wealthbriefing.com) and [jackie.bennion@clearviewpublishing.com](mailto:jackie.bennion@clearviewpublishing.com)*

In today's fast-moving world, affluent families feel the impact of social and political disruption, increases in business competition, family dynamics, and accelerated change in technology. These factors alert families to the increasing complexity of their ventures, financial and estate planning intricacies, heir preparedness, and wealth transfer. Together these conditions create an environment that is volatile, uncertain, complex and ambiguous (VUCA).<sup>(1)</sup> Instead of being thrown off balance, families can learn to manage the unexpected that can become a competitive advantage for their ventures. Additionally, resilience in the face of change can also be a highly effective way to manage the complexities of family relationships.

Andrew Zolli defines resilience as "the capacity of a system, enterprise, or a person, to maintain its core purpose and integrity in the face of dramatically changed circumstances."<sup>(2)</sup> A high level of resilience includes the ability to cope with uncertainty and ambiguity, as well as bounce back from setbacks. To become more resilient in a fast-moving world, first families ought to appreciate situational awareness.<sup>(3)</sup> They need to pay attention to the hard truths and sometimes uncomfortable realities at their doorstep. In a venture that might mean inviting diverse voices to the table to inventory what is working well and what needs to be improved in light of changes in the strategic landscape. Inside the family this could prompt building the communication skills required to raise challenging issues such as generational wealth transfer or business succession planning.

For instance, we worked with a family who was struggling with how to manage difficult conversations. We facilitated a series of dialogues in which the family explored their individual values and concerns, and helped them discover where they had common ground. Learning how to give feedback, make requests, and coordinate action around shared interests increased their capacity to be more aware of, articulate, and address their most pressing issues. As a result, they began to run their own family council meetings without our assistance. Moreover, they took the breakdowns in communications that they were experiencing and transformed them into insightful breakthroughs that repaired relationships and clarified how the family wanted to make a positive social contribution with their wealth.

Situational awareness as a component of resilience for a family is not only about warning signs or conflict. Sensitivity to one's environment also means being open to unexploited opportunities in a family venture as well as family member's emerging life transitions (both personal and professional). Paying attention to the factors that can affect a family's well-being is a critical step in building resilience.

In addition to awareness of what might impact a family's interests, resilience also requires flexibility. This can include how a family venture adapts to changing circumstances and deploys its resources to mitigate risk and make the most of emerging possibilities. A family council established with clear decision-making authorities to move family assets, properties or resources to support shared interests is another way to generate flexibility.

High-performance military units develop this kind of flexibility by applying the concept of mission command to the complex problems they encounter.<sup>(4)</sup> Military leaders clarify the purpose of a mission, its inherent critical tasks, and the criteria for success. They grant their units the freedom to figure out how to achieve the mission given these parameters and resource constraints. This balances autonomy and authority to take care of what is important in an agile manner.

General Stanley McChrystal also describes the power of agile leadership in his book, "Team of Teams". Based on the lessons learned from Special Operations forces transforming themselves to adapt to a VUCA environment in Iraq, McChrystal explains that trust and a common purpose are fundamental traits an organization needs to exemplify in order to manage complexity. Flat communications and empowered execution are the other essential components that set teams up for success in a fast-paced and dynamic world.<sup>(5)</sup>

### Family ventures and councils can apply this same approach to their tough challenges

Effective decision-making develops from a sense of shared purpose. A clear direction and vision for the family's wealth and desired contribution to society helps create clear criteria for collective decision-making. Consensus about the intent for the family's legacy and trust with what they do with their resources creates alignment. Family members having the autonomy to execute the family mission within these given parameters generates empowered execution.

For instance, we worked with a family dealing with intergenerational conflict which lacked the ability to make collective decisions in a healthy manner. After a series of facilitated discussions, the family co-designed a shared purpose for their wealth in support of positive social impact. Clarifying roles and responsibilities in light of their common mission enabled family members to express their individual talents in support of collective goals. Clear decision-making processes, founded on a collective commitment, gave them the ability to quickly mobilize resources, and take timely and appropriate action in light of changing circumstances. As a result, the family now makes tremendous contributions to their community's health and education through their philanthropic endeavors.

After the taking the steps to co-design the family's shared mission, roles and capacity to coordinate collective action, the family then has the resilient capacity needed to navigate complexity and uncertainty. As a result, a patriarch or matriarch can now clearly state what the authority and decision-making rights a family council has, for example, to achieve its shared mission. Family leaders also provide the structures and policies to help family members quickly share critical information about mutual problems and opportunities. Family council members know what actions and decisions fall within their decision-making space in order to act on that information. Resilient families learn to move as an interdependent team, leveraging their decision-space to its fullest capacity during periods of empowered execution in support of their shared purpose.

In a similar fashion, family ventures wanting to be more agile can apply a similar approach by paying attention to their strategic environment, facilitate fast decision-making based on shared commitments, and deploy business resources quickly where they will have the optimal impact. To be resilient requires an appreciation of one's external environment and how global (and local) trends may impact their operations. Family business managers are empowered to take the initiative, execute rapidly, and adapt in accordance with a shared mission and in light of changing circumstances.<sup>(6)</sup>

Family business succession planning can benefit from such an approach. For example, we facilitated a series of family meetings to assist a family's leadership to articulate the legacy the patriarch wanted to leave behind with the business he founded. Working closely with key leaders, we quarterbacked a process to align roles, timelines, and criteria for success as the family transitioned critical management roles. As a result, family members now have a clear sense of expectations as they step into their new responsibilities. They are also working together more effectively because they also enjoy a shared vision for the future of the business and utilize a common framework for coordinating collective action.

Families can benefit from these proven approaches to become more resilient. A sense of shared purpose based on common values helps family members unite on commitments and focus their time, treasure, and talent. Building communication skills and structures to more effectively share information, coordinate collective action, and diffuse conflict also helps a family become more resilient.<sup>(7)</sup> These different components enable families to build trust, flexibility, and adaptive decision-making. Change is inevitable for families and their ventures. Building resilience provides family members more options and resources in how they can best manage uncertainty in a fast-moving world.

#### Footnotes

1, <http://usawc.libanswers.com/faq/84869>

2, Andrew Zolli, *Resilience* (New York: Simon and Shuster), 2012, p. 7.

3, Peter P. Perla et al., *Gaming and Shared Situation Awareness*, CNA Research Memorandum CRM D0002722.A1, November 2000.

4, Donald Vandergriff, *Mission Command*, (Annapolis, MD: Naval Institute Press), 2019.

5, Stanley McChrystal, *Team of Teams: New Rules of Engagement for a Complex World* (New York: Penguin Publishing Group), 2015, p. 245.

6, Yves Doz and Mikko Kosonen, *Fast Strategy*, (Hoboken, NJ: FT Press Pearson), 2008.

7, Amy Castoro and Roy Williams, *Bridging Generations: Transitioning Family Wealth and Values for a Sustainable Legacy*, (Oviedo, FL: Highlife Publishing), 2017.