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# Family Company

an open and a closed community

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## **Family Company: an open and a closed community**

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One of the most important themes in my professional life is “Family Companies” and specially the theme of succession and conflicts. I had the opportunity to personally experience the dynamics of this type of companies and participate in one of them from the time of the pioneer till the entrance of 3<sup>rd</sup> generation of the family. Moments of great strength, efficiency, beauty and enthusiasm alternate with moments of extreme turbulence, crisis, suffering and pain.

The classical model of the three circles<sup>1</sup> – family, business, property – show that each sphere has its own and contradictory dynamics and logics. This helps us to understand the reasons behind these paradox moments of stability and suffering.

The next box distinguishes the main characteristics of the three circles of the family company: family, business and property:

	FAMILY	BUSINESS	PROPERTY
WHO	Father, mother, son, daughter, aunt, uncle, brother, sister, nephew, etc.	Director, manager, producer, salesman, bookkeeper, CEO, counsellor, etc.	Owner, shareholder, capital provider, heir, etc.
RELATION	Blood relation	Professional relation	Legal relation
QUALITY	Love, solidarity, care, trust,	Competence, efficiency, professionalism, recognition, etc.	Justice, what is correct and legal
AIM	Protection, mutual support, education, upbringing	Results, survival, continuity, growth,	Safety and Protection; definition of rights and duties

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<sup>1</sup> There is vast literature about the three spheres: see the book “From Generation to Generation” by Kelin E. Gersick, John Davis, Marion McCollom Hampton, Ivan Lansberg.

MONEY	Pocket money, donations, financial support.	Salary, commissions, interest, capital,	Profit (loss), dividends, shares,
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When presenting its methodology, IMO makes a distinction between the **natural world** and the **organized world**. The first is how the world came into being over time: the cosmos, nature, indigenous community, traditional forms, communities and families in the natural way. We can say that the natural world was given to us as a ‘divine’ creation.

In the course of time, man also created his own form of work and life which we meet in organizations, institutions, in companies, in NGOs and also in minor forms of living together. This is the organized world and we can say that it is a ‘human’ creation.

The natural world has its ‘**natural communities**’, which are more closed, focussed inwardly, bringing internal protection and harmony for their members. In the organized world we meet ‘**organized communities**’ that are more open, focussed outwardly, wanting to serve, to attend to clients and to provide development for their stakeholders.

The first we have received as a present and it maintains itself; the second does not automatically continue – we need to conquer it and realize it over and over again. A natural community has a sense in itself, but in the organized community its sense is the result of what we attribute to it. The natural community always goes back to its origin, its past, and the organized community turns itself more towards the unknown, towards the future.

For the **natural community** to be able to come to further development, it needs to open and to free its members; only then it can strengthen the individual and deal with interpersonal relations. However, this brings the risk for the natural community to fall apart.

For the **organized community** to be able to develop, it needs to create a stronger sense of belonging and union between the people. However, this can result in interpersonal problems. In the organized community striving for forms, structures and attention to take care of internal questions can lead to a loss of vitality and connection with the external world, the client and society, to whom it should direct its main orientation.

We can sum up this way of looking in the following box:

Natural world – divine creation	Organized world – human creation
Natural community: More closed Headed inwardly Focus: internal harmony	Organized community: More open Headed outwardly Focus: serve, attend to client Fostering development
Given as a present	Conquered again and again
Inherent sense of its own	Sense comes from what we attribute
Turns to the origin, the past	Turns to the unknown, the future
In order to develop itself: It has to open up and to free its members In order to deal with relations. The risk is to disintegrate.	In order to develop itself: It has to create sense of belonging and union between the persons, in order to foster cooperation. The risk is to create interpersonal problems.

We can now point to a third type of community that appears gradually: the **personal community**. It arises out of a theme, a purpose, a common cause with which persons identify themselves, make their option and choose freely and for which they dedicate their life out of personal interest. It carries in the future a free connection by personal destiny of unique and autonomous individuals to do the good. A community freely chosen by personal identification where people take initiative.

**In these different types of community is the paradox: Community – Individuality.**

The natural community is essential for the human being come to earth: to exist and develop. You can observe how from the moment of birth, the human being enters in a gradual process of emancipation, until he becomes a free adult, capable to give form and sense to his own life. However, the link of belonging to a family as a natural community stays until death. This can be more or less intense.

The natural / closed community can hinder or even destroy the individual soul in the moment that the “I”, the *self*, wants to express itself in the community – the challenge is that the individual soul can emancipate itself, and turn itself into a free being.

The organized and open community gives space to the individual soul. However, the structure, hierarchy, functionality can hinder the individual in his creative and autonomous action. The challenge is to create belonging around a mission, a common vision, orientation to the client, capacity to interact, to create processes and care for self-development. Horizontal Leadership searches to attend to this challenge through its central qualities: steering, coaching, inspiring and intervening.

The **personal community** is created by each person through personal initiatives for the well-being of all. In other words, the community is formed by free individuals; it is exactly formed out of individuality. Here the fundamental qualities are “freedom – love – respect”.

**The Family company: The meeting of the natural community and the organized community.**

The family company is in a constant paradox: in the family there is a natural and more closed community and, in the company, there is at

the same time an organized and more open community. Here we are faced with the challenge to develop each type of community as was described in the first part of this article: in the family context to emancipate and become free as individual and in the context of the company to identify oneself and link oneself with the purpose. These two movements depend on the degree in which each one has maturity: not only intellectual, but also emotionally and in actions. It means to meet oneself – the “I” – in order to establish healthy relations in freedom for a common purpose and goal.

The family as a closed community is a ‘rich’ source of conflicts. The dynamics, the ‘logics’ of the family leads to certain behaviours, attitudes and understandings beyond our direct control and personal awareness. The expectations of people (often not consciously expressed or formalized) live in our inner world. For example: the wish to safeguard the union of the family at all cost. Many of these expectations turned into “psychological contracts” – whose content is totally obvious to ourselves, and when broken, we feel disrespected and betrayed.

The experiences in the heart of the family living with brothers, parents, children, uncles, cousins, etc. leave marks that we carry for the rest of our lives. For example, the reprehension that we felt as unjust, but that we swallowed out of respect for the paternal authority.

A family company has still another characteristic. In a conflict a person can reach the point that he/she decides to no longer take part in the activities of the family company. Maybe he still maintains some sporadic contacts in the family, like at Christmas or on a birthday. However, if the conflict in the realm of the company (or family) comes to the point that the person wants to leave, it may lead to a confrontation in the situation and to a conflict that is pushed even further or ends in a traumatic and disastrous rupture for not having minimal conditions to come together around a table to define how to separate, negotiate values and come to agreements. Beyond this,

generally the person sees himself in a dead end, because he depends on the others with whom he is in conflict also by legal contracts and regulations. In order to prevent this, families in the end are forced to stay together artificially, but feed a hidden or cold conflict with great negative proportions. Or, they may in the end sell the company, or what is left of it, with considerable losses.

The family company faces the paradox of two distinct dynamics that come together: of the family and of the business. When the dynamics of the family is transferred to the company, the paradox manifests itself in the company and is a source of conflicts. When the dynamics of the company is transferred to the family, the paradox manifests itself in the family and stirs the values of the sphere of the family. The first step to deal with this paradox is getting to understand the inherent dynamics of the Family Company, that turns us all into victims.

### **How can we strengthen the family company and prevent difficulties and conflicts?**

The following five points can help the Family Company to strengthen itself:

1. Create awareness for the members of the family company so that they know the characteristics and dynamics that affect them. The understanding of what it can lead to (tensions, conflicts, losses) helps them to recognize the situation in which they are.
2. Take care of an effective working structure of the family company that prevents the family dynamics to affect the company and vice versa – in other words, agreements between shareholders and family members that form a good governance. For this, professionals from outside the realm of the family can contribute, differentiating roles and keeping agreements.

3. Develop towards maturity both on an individual and group level. Inter personal skills, abilities to deal with emotionally difficult situations and conflicts. But also, more technical aspects like: Decision making, organizing meetings, feedback, professional management, basic economic and financial knowledge, legal issues, etc.
4. Develop and exercise good leadership in the organs of the governance, capable of creating spaces, facilitating dialogue, taking initiatives for the well-being of all. The four core qualities of Horizontal Leadership are totally appropriate for a family company.
5. Establish alignment and commitment of the persons involved (family members, top managers of the business and owners or shareholders) for a common purpose, expressed in the mission and values and common vision, expressed in a long- and medium-term strategic business plan.

We can say in general that a Family Company is a company with a soul, a heart and that it has, because of that, the potentiality to be much more successful than other companies.

Working systematically on these five points can help the Family Company to reach a higher stage of success, both financially and as a social organism.

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