

# CHANGE, ADAPT, ADOPT

IN THESE DAYS OF DYNAMISM, FLEXIBILITY IS NOT A DESIRABLE QUALITY BUT AN UNAVOIDABLE NECESSITY

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Recently, a family business that grew from Rs 200 crore to Rs 1000 crore in seven years was forced to take a decision to split, thanks to an inflexible stand taken by a family member about a new venture. They are in an industry with a range of products under one single brand. The process of separation is currently under way, but the damage is already done: there has been a major drop in revenues and profits thanks to a shift in loyalty of dealers and suppliers and poaching of a few key executives by competitors. This situation was unimaginable in that family a year ago when all four brothers would vouch for their love and affection for each other and family unity.

Flexibility is a value that keeps relationships together. It is not a weakness; it is a virtue, especially when we remind ourselves that a family is an assortment of different people tied together by emotions and heritage.

There are major gains from having flexibility as a value shared by all. For instance, we will be open to consider multiple alternatives to solve a problem. We would be able to evaluate the options based on clear criteria. This is particularly important these days when the environment is very turbulent. A flexible approach enables us to build multiple scenarios of an emerging situation that provides us with greater insight into any major challenge we face, both on the family and business fronts. In the process, we will be able to see the big picture. Essentially, flexibility means one's willingness to listen and learn from others. It makes one humbler. In the process one is enabled to make a better judgment and become a better leader.

In the case mentioned earlier, it was the increasingly hardening attitude of one of the brothers that brought an edifice they together were building up

There was no barometer known to the family that detected this. With his ego adding fuel to the fire, the brother became blind to the need to preserve flexibility in the interest of the family, that all of them wanted to perpetuate. Repeated efforts by different people to persuade him to take a flexible approach did not have any result.

It is important to know that we are not talking about a uniform level of flexibility in all matters. Flexibility has to be seen as a continuum with 'zero flexibility' at one end and 'complete flexibility' at the other. In certain cases, there cannot be any flexibility at all. For instance, adherence to issues involving core values of the promoters cannot have any flexibility. Integrity is one such value where there cannot be any flexibility of accommodating people who have compromised integrity. However, instances of lack of adequate preparedness for an important meeting cannot be a reason for a family member to take an inflexible stand. In other words, families need to classify and define the extent of flexibility in adherence to their values and codes of conduct that they will permit based on deliberate discussion within the family. Families will benefit immensely from developing possible multiple future scenarios and analysis of their implications as the size of the family and business changes. This will help families understand and appreciate the areas and extent of flexibility required.

Yet another dimension is keeping flexibility in the process while being inflexible about the outcome. For instance, the family may be inflexible about setting up

a new unit belonging to a particular industry, but it can be flexible about the location, size, phasing and the person to run it, so long as the decision making criteria are clear.

Family traditions are another area where flexibility is very much warranted. While values are the foundation on which perpetuity is built, traditions provide the content that makes the family contemporary. For instance, to have a family tradition that the eldest son is to head their business is outdated in a context where competitive capabilities drive business performance. Families should be willing to look at the critical success requirements of a business and choose the best person from within the family or outside to lead the business. This is a typical challenge faced by many Indian family businesses. Lack of flexibility on this front has led many businesses to suffer severely.

In essence, flexibility is not a desirable quality, but an unavoidable necessity in these days of dynamism in the different components of the environment. Unfortunately, many family members, particularly founders, do not realise the significance of this value. Flexibility allows us to control our ego, and be open to new ideas. Let noble thoughts flow from everywhere! The openness thus created is a capability that allows family members to fight challenges of inflexibility in attitude and communication. Many of the challenges of managing transition, particularly during retirement, succession, induction of new members and development of major strategies can be smoothly handled once family members believe in and practice flexibility in their thoughts and action.

BY invitation

