

**MANAGING CONFLICT IN FAMILY BUSINESS  
COURSE OVERVIEW AND SYLLABUS  
Fall 2020 Bidding Only**

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Canvas: Please be sure to have your announcement and messaging notifications set to ASAP.

Teaching Assistant: TBD

Day and Time: Wednesdays, 10:45am to 2:00pm

Room Number: **URI 332**

Office Hours: By appointment

**I. COURSE OBJECTIVES AND OVERVIEW**

Mixing family dynamics and ownership of shared assets is a potent combination. Working together, families have produced some of the world's greatest business success stories. Others have generated headlines of a very different kind, finding themselves in conflicts that have destroyed assets, relationships, or both. This course is about why those tragic outcomes occur, as well as how they can be mitigated and – ideally – prevented. It's also about the dangers of avoiding conflict, which can bring down a family enterprise just as disastrously as excessive fighting. These conflicts could be about a family business, a family office, a foundation, or a shared family property. Or all of the above.

In this course, students will explore where conflict comes from in family enterprises, and how they are different from non-family enterprises. We will talk about why too little conflict can be as much of a problem as too much. We will discuss concrete strategies for managing conflict. And we will focus on crises, which reflect families sitting on the brink of a breakdown: what causes them, how to get out of them, and how to avoid them.

Students who complete the course will gain both a conceptual understanding of conflict as well as learn practical tools for how to deal with it. It will be useful for students whose families have any kind of shared assets, or for those who are interested in investing, advising, or just better understanding how to manage conflict within family enterprises. It will also be relevant for students who own, work in, invest in, or advise enterprises that are often “family-like”, such as partnerships and start-ups.

The course has the following objectives:

- Increase awareness of how common conflict is, even in families who are close
- Normalize conflict by showing how it can be the result of “system dynamics”, rather than greed or personality clashes
- Learn how conflict can be productive and essential to the success of a family enterprise
- Develop the tools required to assess the “state of the union” in a family enterprise and determine when the level of conflict has reached an unhealthy point
- Build experience in identifying pathways out of a crisis, whether that means reinvigorating the family enterprise or ending it
- Discover methods for managing conflict to avoid a crisis in a family enterprise

### **Required Prerequisites and Connection to the Core**

There are no required prerequisites for this course

### **Add/Drop Restriction**

Attendance at the first class session is required. Essential concepts are covered that are required throughout the rest of the course. If you cannot attend the first session and want to take the course, contact the instructor by email.

## **II. TEACHING METHODS AND COURSE MATERIALS**

The course is taught by an experienced professional who has advised family enterprises for over a decade. The lectures will draw from that experience, bringing a practical and solution-oriented perspective to the classroom dialogue. They will also be informed by the instructor’s study of conflict as a Ph.D. in Columbia’s Political Science department. Some of the core insights of the international relations field, such as conflict spirals, system dynamics, crisis management, and power transitions, will be used to bring a conceptual understanding of conflict in family enterprises.

Each session will incorporate one core case study. It will be a classic business school case, which students will read and prepare in advance. For some sessions, there will be a “live” case based on an actual, though disguised, client experience of the instructor. For each session there will also be a guest speaker. Please note, guest speakers are subject to change/cancellation based on their schedules.

In addition to participating in class discussions, students will have a group assignment and a term paper.

All readings will be provided via Canvas. The following books are suggested, but not required:

Kaye, Kenneth M. *The Dynamics of Family Business*. iUniverse, 2005.

Fisher, Roger and Daniel Shapiro. *Beyond Reason: Using Emotions as You Negotiate*. Penguin Books, 2005.

### III. COURSE REQUIREMENTS AND ASSIGNMENTS

Students are expected to contribute to the learning of classmates. A good contribution is defined as:

- Being on time and present in each class
- Actively participating in class discussions and exercises, pulling in insights from assigned readings, guest speakers, personal experiences, etc.
- When guests are in the room, being respectful and prepared with thoughtful questions
- Avoiding device usage for purposes that are not conducive to a productive learning environment

Students will have one group project (Type A). Each group will sign up to collectively analyze one of the cases assigned to a session. It is expected that students will meet as a group to discuss the case. They will then submit a write-up of the case using tools discussed in class, and make a brief summary of their work to the rest of the class. More detail on this assignment will be provided in the first session.

Students will also be responsible for writing a term paper (Type C). In their term papers, students will be asked to apply the concepts learned during the course to a family enterprise. Students may choose to write about any family enterprise (including their own), so long as it is not one of the cases in the course. Students must obtain approval about the family enterprise they wish to choose by the third session of the course. The term paper should be around 10 pages, typed in 11 or 12 pt. font, double-spaced, with normal margins and footnotes or end notes. Papers must include a bibliography as well as any supporting exhibits (Note: these are not included in the page length).

Grading will be weighted as follows:

- Class participation: 30%
- Group exercise: 30%
- Term paper: 40%

### IV. COURSE SYLLABUS

#### September 4<sup>th</sup>: Understanding Conflict in Family Enterprises

Core topics and questions:

- How is conflict different in a family enterprise than a non-family one?
- What are the different approaches to understanding conflict?

- What are the causes of conflict in a family enterprise?
- What is the common pattern of conflict within family enterprises?
- What are the core strategies for managing conflict?

Required readings:

- “Why Fights Erupt in Family Businesses,” Josh Baron and Rob Lachenauer, *Harvard Business Review*, July 2013.
- “Penetrating the Cycle of Sustained Conflict,” Kenneth Kaye, *Family Business Review*, Spring 1991 (or see pp. 11-37 of the book).
- “Avoid Family Feuds,” Susan Hartley and Donna LeBlanc, *Trusts & Estates*, February 7, 2014.

Optional readings:

- What Explains U.S. Mass Shootings? International Comparisons Suggest an Answer,” Max Fisher and Josh Keller, “The New York Times, November 7, 2017
- “Transforming Conflict: A Group Relations Perspective”, Tracy Wallach, *Peace and Conflict Studies*, Spring 2004.
- “Communication Traps: Applying Game Theory to Succession in Family Firms,” Nava Michael-Tsabari and Dan Weiss, *Family Business Review*, 2015.

Case assignment: Four Generations of the Owens Family (A)

Guest Speaker: Garner Robinson, CEO and 5<sup>th</sup> generation family member, *Robinson Lumber Company*

Note: Groups to be assigned their case topic and date

**September 11<sup>th</sup>: Getting Conflict “Just Right” + Purpose**

Core topics and questions:

- What are the consequences of having too much/little conflict in a family enterprise?
- What are the characteristics of a family enterprise that has found the right balance?
- Why is it important to define purpose in a family enterprise? How can it be defined?

Required readings:

- “A Family Feud is Not Always a Bad Thing,” Andrew Hill, *Financial Times*, March 19, 2012.
- “Why Family Businesses Need to Find the Right Level of Conflict,” Josh Baron, *Harvard Business Review*, December 26, 2018.
- Robbers Cave experiment: <https://www.youtube.com/watch?v=8PRuxMprSDQ>
- “Purpose with the Power to Transform Your Organization,” Cathy Carlisi, et al, The Boston Consulting Group, May 17, 2017 (<https://www.bcg.com/en-ca/publications/2017/transformation-behavior-culture-purpose-power-transform-organization.aspx>)

Optional readings:

- *Workplace Wars and How to End Them: Turning Personal Conflicts into Productive Teamwork*, Kenneth Kaye, pp. 1-6.

- “The Right Kind of Conflict Leads to Better Products,” David S. Thompson, et al, *Harvard Business Review*, December 23, 2016.
- “The Upside of Conflict in a Family Business,” Leah Golob, *Sauder School of Business*.
- “No Sound, No Fury, No Marriage,” Laura Pritchett, *New York Times*, May 20, 2016.
- “Is Politeness Killing Your Profits?”, Don Schmincke and Darryl McCormick, *The SAGA Leadership Institute*, 2007.
- “The Hidden Strengths in Family Business: Functional Conflict,” Richard A. Cosier and Michael Harvey, *Family Business Review*, March 1998.

Case assignment: Market Basket – Watch the movie: *We the People: The Market Basket Effect*

Guest speaker: Evan Yurman, Chief Creative Officer, *David Yurman*, 2<sup>nd</sup> generation family member

### **September 18<sup>th</sup>: Shocks to the System + Culture**

Core topics and questions:

- How do family enterprises reach a point of stability?
- What are the typical “shocks” that disrupt the stability within a family enterprise?
- How can the culture of a family evolve to meet changing circumstances?

Required readings:

- “Many Firms Don't Survive After Owners Die,” Elaine Pofeldt, *Forbes*, February 26, 2013
- “People Are Loyal to Culture, Not Strategy,” Eva Wathen, *FFI Practitioner*, March 6, 2019
- “Creating and Sustaining a Winning Culture,” Paul Meehan, Darrell Rigby, and Paul Rogers, *Harvard Business Review*, February 27, 2008

Guest Speaker: Alice Chen, CEO, 99 Ranch Market, 2<sup>nd</sup> generation family member

Case assignment: The Wen Group

### **September 25<sup>th</sup>: The Descent into Conflict + Authority**

Core topics and questions:

- Why does conflict spiral out of control in some family enterprises?
- What are the typical stages of a conflict spiral?
- What are the different models of decision-making authority?

Required readings:

- “What to Do If a Feud Threatens Your Family Business,” Josh Baron and Rob Lachenauer, *Harvard Business Review*, April 2015.

- “How Countries Like the Philippines Fall into Vigilante Violence,” Amanda Taub, *New York Times*, September 11, 2016.
- “The 5 Models of Family Business Ownership,” Josh Baron and Rob Lachenauer, *Harvard Business Review*, September 20, 2016.

Optional readings:

- “How the Iranian-Saudi Proxy Struggle Tore Apart the Middle East,” Max Fisher, *New York Times*, November 19, 2016.
- *The Strategy of Conflict*, Thomas Schelling, Chapter 1.

Case assignment: J Perez Foods (A)

Guest Speaker: Lily Oswald, CEO, Sorrelli jewelry, 2<sup>nd</sup> generation family member

Note: Students to seek approval for their term paper topic

**October 2<sup>nd</sup>: Escaping a Family Feud + Partition**

Core topics and questions:

- What are the options for dealing with a conflict that has spiraled out of control?
- How do you put together a “grand bargain”?
- How can trust be regained once it is lost? How do family members reestablish productive working relationships?
- How can families create separate spaces for each person?

Required readings:

- “Pruning the Family Tree: An Unexplored Path to Family Business Continuity and Family Harmony,” Johan Lambrecht and Josef Lievens, *Family Business Review*, December 2008.
- “Resolving Family Business Disputes Through Mediation,” John M. Haynes and Thomas M. Usdin, *Family Business Review*, Summer 1997.
- “Research: To Get People to Embrace Change, Emphasize What Will Stay the Same,” Merlijn Venus, Daan Stam, Daan van Knippenberg, *Harvard Business Review*, August 15, 2018

Optional readings:

- “Conflict and Communication in the Family Business”, Joseph H. Astrachan and Kristi S. McMillan, *Family Business Leadership Series*, No. 16, 2003.
- “Team Building and Conflict Management: Strategies for Family Businesses,” Greg Filbeck and Linda L. Smith, *Family Business Review*, December 1997.

Case assignment: Scholtes Waterservices

Guest Speaker, Tad True, Vice President of the Belle Fourche and Bridger pipelines, 3<sup>rd</sup> generation family member

## October 9<sup>th</sup>: Avoiding a Family Feud + Governance

### Core topics and questions:

- What triggers for conflict should family enterprises be watching out for?
- How do family enterprises avoid unproductive levels of conflict in the first place?
- How can governance structures be used to proactively manage conflict?

### Required readings:

- “When the Family Business Is a Sickness,” Kenneth Kaye, *Family Business Review*, Winter 1996 (or see pp. 74-101 of the book).
- Making Better Decisions in Your Family Business, Josh Baron, Sebastian Ehrensberger, and Rob Lachenauer, *Harvard Business Review*, September 2015.
- “How to Spot a Patriarch Problem,” Josh Baron and Rob Lachenauer, *Harvard Business Review*, July 2013.

### Optional readings:

- “The Kid Brother,” Kenneth Kaye, *Family Business Review*, Fall 1992 (or see pp. 43-64 in the book).
- “Fair Process: Striving for Justice in Family Business,” Ludo Van der Heyden, et al., *Family Business Review*, March 2005.
- *Beyond Reason: Using Emotions as You Negotiate*, Roger Fisher and Daniel Shapiro, Chapters 1 and 2.
- “How People Learn to Become Resilient,” Maria Konnikova, *The New Yorker*, May 21, 2016.

Case assignment: J. M. Huber: A Family of Solutions

Guest speaker: Molly Heaney, Family Communications Advisor to the *Huber Family Office*, Member of Corporate Board of *J.M. Huber*, 5<sup>th</sup> Generation Family Member