DRAFT DATED JANUARY 4, 2017

**MANAGING CONFLICT IN A FAMILY ENTERPRISE**

**COURSE OVERVIEW AND SYLLABUS**

**SUMMER 2017**

Instructor: Josh Baron, Ph.D.

Partner and Co-Founder, BanyanGlobal Family Business Advisors

[jbaron@banyan.global](mailto:jbaron@banyan.global)

917-363-2598

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

Teaching Assistant:

Day and Time:

Room Number:

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 it differs from non-family ones. We will also talk about why too little conflict can be as much of a problem as too much. Conflict is a “goldilocks problem,” and family enterprises need to figure out how to get it *just right*. A major focus will be on crises: 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.

**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. Students 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 two cases. One will be a classic business school case, which students will read and prepare in advance. The other will be a “live” case based on an actual client experience of the instructor. For most sessions, there will also be a guest speaker.

In addition to participating in class discussions, students will have a group project where they analyze a conflict situation of a family enterprise in the news. They will also participate in a conflict resolution simulation based on one of the case studies.

All readings will be provided in the course packet and/or on Canvas. The following books are recommended 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 at 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 pick a family enterprise that has been in the news because of a significant conflict or crisis. It cannot be one of the examples in the syllabus, but can otherwise be from any country or any type of family enterprise (family business, family office, etc.). Each group will make a presentation where they:

* Provide an overview of the family enterprise
* Analyze the causes and consequences of the family’s situation
* Suggest options for resolving the crisis

Groups will sign up with their chosen family enterprise during the second session and will share their findings during one of the last three sessions.

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 10-15 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 10-15 page-length.)

Grading will be weighted as follows:

* Class participation: 35%
* Group exercise: 25%
* Term paper: 40%

**IV. COURSE SYLLABUS**

**Session 1: Why Fights Erupt: The Causes of Conflict in Family Enterprises**

Core topics and questions:

* What are the causes of conflict in a family enterprise?
* How is conflict different in a family enterprise than a non-family one?
* Why does conflict spiral out of control in some family enterprises?
* What is a system, and how do system dynamics shape patterns of conflict in family enterprises?

Required readings:

* *The Dynamics of Family Business*, Kenneth Kaye, pp. 7-9, 11-37
* [“Why Fights Erupt in Family Businesses,”](https://hbr.org/2013/07/why-fights-erupt-in-family-bus) Josh Baron and Rob Lachenauer, Harvard Business Review, July 2013.
* [“What to Do If a Feud Threatens Your Family Business,”](https://hbr.org/2015/04/what-to-do-if-a-feud-threatens-your-family-business) Josh Baron and Rob Lachenauer, Harvard Business Review, April 2015.
* Robert Jervis, *System Effects: Complexity in Political and Social Life*, Chapter 2.
* *Deconstructing Conflict: Understanding Family Business, Shared Wealth and Power*, Doug Baumoel and Blair Trippe, Chapters 1 and 2.
* Students are highly encouraged to watch the movie *We the People: The Market Basket Effect*

Optional readings:

* [“Transforming Conflict: A Group Relations Perspective,”](http://nsuworks.nova.edu/cgi/viewcontent.cgi?article=1046&context=pcs) Tracy Wallach, Peace and Conflict Studies, Spring 2004.
* [“How the Iranian-Saudi Proxy Struggle Tore Apart the Middle East,”](https://www.nytimes.com/2016/11/20/world/middleeast/iran-saudi-proxy-war.html) Max Fisher, New York Times, November 19, 2016.
* [“How Countries Like the Philippines Fall Into Vigilante Violence,”](https://www.nytimes.com/2016/09/12/world/asia/the-philippines-rodrigo-duterte-vigilante-violence.html) Amanda Taub, New York Times, September 11, 2016.
* [“Communication Traps: Applying Game Theory to Succession in Family Firms,”](http://journals.sagepub.com/doi/pdf/10.1177/0894486513497506) Nava Michael-Tsabari and Dan Weiss, Family Business Review, 2015.
* [“A Theory of Order: Explaining Major Change in International Politics,”](http://link.springer.com/chapter/10.1057/9781137299482_3) from Joshua Baron*, Great Power Peace and American Primacy: The Origins and Future of a New International Order*, 2014.

Case assignment: [J Perez Foods (A)](http://www.hbs.edu/faculty/Pages/item.aspx?num=27616)

**Session 2: A Goldilocks Problem: Getting Conflict “Just Right”**

Core topics and questions:

* What are the consequences of having too much conflict in a family enterprise?
* What are the consequences of having too little conflict in a family enterprise?
* What are the characteristics of a family enterprise that has found the right balance?

Required readings:

* [“The Hidden Strengths in Family Business: Functional Conflict,”](http://journals.sagepub.com/doi/abs/10.1111/j.1741-6248.1998.00075.x) Richard A. Cosier and Michael Harvey, Family Business Review, March 1998.
* [“Lights go out in New Delhi as billionaire Ambani brothers feud,”](https://www.pressreader.com/canada/vancouver-sun/20090810/282308201116169) The Sunday Independent, August 2, 2009.
* *Workplace Wars and How to End Them: Turning Personal Conflicts into Productive Teamwork*, Kenneth Kaye, pp. 1-6.
* [“A Family Feud is Not Always a Bad Thing,”](https://www.ft.com/content/9f019b26-6f64-11e1-b368-00144feab49a) Andrew Hill, Financial Times, March 19, 2012.
* [“The Right Kind of Conflict Leads to Better Products,”](https://hbr.org/2016/12/the-right-kind-of-conflict-leads-to-better-products) David S. Thompson, et al, Harvard Business Review, December 23, 2016.

Optional readings:

* [“The Upside of Conflict in a Family Business,”](http://icfheadquarters.blogspot.com/2012/05/upside-of-conflict-in-family-business.html) Leah Golob, Sauder School of Business.
* [“No Sound, No Fury, No Marriage,”](https://www.nytimes.com/2016/05/22/fashion/marriage-breakups-separation.html?_r=0) Laura Pritchett, New York Times, May 20, 2016.
* [“Is Politeness Killing Your Profits?”](http://www.managercrossing.com/article/330015/Is-Politeness-Killing-Your-Profits/) Don Schmincke and Darryl McCormick, The SAGA Leadership Institute, 2007.

Case assignment: [Four Generations of the Owens Family (A)](http://www.thecasecentre.org/educators/products/view?id=65973)

Note: Groups to sign-up for their presentation topic and date

**Session 3: The Conflict Management Process, Part I: Achieving Alignment on the Need for Action**

Core topics and questions:

* How can family members recognize the gravity of their situation before it is too late?
* What are the steps families can take when they find themselves in a crisis?
* When are relationships too far gone to have a productive dialogue, and what can be done when that happens?
* How do families define a common purpose if they want to stay together?

Required readings:

* *The Dynamics of Family Business*, Kenneth Kaye, pp. 74-101.
* [“Conflicting Generations: A New Theory of Family Business Rivalry,”](http://onlinelibrary.wiley.com/doi/10.1111/j.1741-6248.2003.00113.x/epdf) Jim Grote, Family Business Review, June 2003.
* *Family Business and Positive Psychology: New Planning Strategies for the 21st Century*, Scott E. Friedman, Chapter 8.

Optional readings:

* *The Strategy of Conflict*, Thomas Schelling, Chapter 1.
* “Alcohol in the Family System,” by Gail S. Lederer in Fredda Herz Brown, ed., *Reweaving the Family Tapestry: A Multigenerational Approach to Families*.

Case assignment: [Scholtes Waterservices](https://www.iveycases.com/ProductView.aspx?id=53942)

Note: Students to seek approval for their term paper topic

**Session 4: The Conflict Management Process, Part II: Building a New Platform for Working Together**

Core topics and questions:

* How can family members define a “grand bargain” that addresses their common purpose?
* How can governance structures be used to proactively manage conflict?
* How do family members get their own space without working at cross-purposes?
* How do family members reestablish productive working relationships?

Required readings:

* [“Conflict Management Strategies Used by Successful Family Businesses,”](http://journals.sagepub.com/doi/pdf/10.1111/j.1741-6248.1999.00325.x) Ritch L. Sorenson, Family Business Review, December 1999.
* [“Pruning the Family Tree: An Unexplored Path to Family Business Continuity and Family Harmony,”](http://journals.sagepub.com/doi/pdf/10.1177/08944865080210040103) Johan Lambrecht and Josef Lievens, Family Business Review, December 2008.
* [“Making Better Decisions in Your Family Business,”](https://hbr.org/2015/09/making-better-decisions-in-your-family-business) Josh Baron, Sebastian Ehrensberger, and Rob Lachenauer, Harvard Business Review, September 2015.
* *The Dynamics of Family Business*, Kenneth Kaye, pp. 102-106, 122-126.

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,”](http://onlinelibrary.wiley.com/doi/10.1111/j.1741-6248.1997.00339.x/epdf) Greg Filbeck and Linda L. Smith, Family Business Review, December 1997.

Case assignment: [The Wen Group](https://hbr.org/product/the-wen-group/812034-PDF-ENG)

Note: Ground rules and assignments for the conflict resolution simulation will be shared during class

**Session 5: How to Set Change in Motion**

Core topics and questions:

* What is the best way to get the process started, especially if the generation currently in power is not interested in change?
* How can trust be regained once it is lost?
* What triggers for conflict should family enterprises be watching out for?
* How do family enterprises avoid conflict from spiraling in the first place?

Required readings:

* [“Fair Process: Striving for Justice in Family Business,”](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=727284) Ludo Van der Heyden, et al., Family Business Review, March 2005.
* *The Dynamics of Family Business*, Kenneth Kaye, pp. 43-64, 108-120.
* *Beyond Reason: Using Emotions as You Negotiate*, Roger Fisher and Daniel Shapiro, Chapters 1 and 2.
* [“How to Spot a Patriarch Problem,”](https://hbr.org/2013/07/family-business-how-to-spot-a) Josh Baron and Rob Lachenauer, Harvard Business Review, July 2013.

Optional readings:

* [“How People Learn to Become Resilient,”](http://www.newyorker.com/science/maria-konnikova/the-secret-formula-for-resilience) Maria Konnikova, The New Yorker, May 21, 2016.
* [“Resolving Family Business Disputes Through Mediation,”](http://journals.sagepub.com/doi/abs/10.1111/j.1741-6248.1997.00115.x) John M. Haynes and Thomas M. Usdin, Family Business Review, Summer 1997.

Case assignment: [Qadri-Group: Sustaining Beyond the First 100 Years](https://hbr.org/product/qadri-group-sustaining-beyond-the-first-100-years/NA0367-PDF-ENG)

Note: Conflict resolution simulation will take place, based on Perez case