MANAGING CONFLICT IN FAMILY BUSINESS
COURSE OVERVIEW AND SYLLABUS
SUMMER 2018

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

Teaching Assistant: TBD

Day and Time: Mondays, 5:45pm to 9:00pm

Room Number: WJW 207

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. 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 or two case studies. There will be a classic business school case, which students will read and prepare in advance. The other, when there is time, will be a “live” case based on an actual, though disguised, client experience of the instructor. For most sessions 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 project where they analyze a conflict situation of a family enterprise in the news.
All readings will be provided in the course packet and/or on Canvas. The following books are recommended but not required:


### 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 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 3rd, 4th, or 5th 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: 30%
- Group exercise: 30%
- Term paper: 40%
IV. COURSE SYLLABUS

Session 1: The Cycle of Conflict in Family Enterprises

Core topics and questions:
- How is conflict different in a family enterprise than a non-family one?
- What are the constructive/destructive impacts of family ownership?
- What is a system, and how do system dynamics shape patterns of conflict in family enterprises?
- What is the common pattern of conflict within family enterprises?

Required readings:
- Students are highly encouraged to watch the movie We the People: The Market Basket Effect

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

Guest speaker: Evan Yurman, Chief Creative Officer, David Yurman

Session 2: 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:

Optional readings:
- “The Upside of Conflict in a Family Business,” Leah Golob, Sauder School of Business.
Case assignment: The Wen Group

Guest speaker: Loree Connors, Family Business Executive, Board Member, 4th generation family member, Vitamix

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

Session 3: The Causes of Conflict in Family Enterprises

Core topics and questions:
- What are the causes of conflict in a family enterprise?
- How do family enterprises reach a point of stability?
- What are the typical “shocks” that disrupt the stability within a family enterprise?

Required readings:

Optional readings:

Case assignment: Scholtes Waterservices

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

Session 4: The Descent into Conflict

Core topics and questions:
- What types of changes can set conflict in motion?
- Why does conflict spiral out of control in some family enterprises?
- 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?

Required readings:

Optional readings:
• *The Strategy of Conflict*, Thomas Schelling, Chapter 1.

Case assignment: J Perez Foods (A)

Guest speaker: Garner Robinson, CEO and 5th generation family member, *Robinson Lumber Company*

Note: Students to seek approval for their term paper topic

**Session 5: Agreeing on a Path Forward**

Core topics and questions:
• What are the options for dealing with a conflict that has spiraled?
• How do families define a common purpose if they want to stay together?
• How can family members define a “grand bargain” that addresses their common purpose?
• How can governance structures be used to proactively manage conflict?
• When are relationships too far gone to have a productive dialogue, and what can be done when that happens?

Required readings:

Optional readings:

Case assignment: Hamilton Energy

Guest speaker: John Phelps, President of *Carroll Independent Fuel Co.* and *High’s of Baltimore*

**Session 6: Setting 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? How do family members reestablish productive working relationships?
- What triggers for conflict should family enterprises be watching out for?
- How do family enterprises avoid unproductive levels of conflict in the first place?

Required readings:


Optional readings:

- *Beyond Reason: Using Emotions as You Negotiate*, Roger Fisher and Daniel Shapiro, Chapters 1 and 2.

Case assignment: Qadri-Group: Sustaining Beyond the First 100 Years

Guest speaker: TBD