

Key issues in family business coaching

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Introduction

Coaching as a practice is a vibrant area, developing continuously with the demands from different disciplines. One such new development is “coaching psychology”, and the gradual emergence of family business coaching embedded within coaching psychology. This area is still too immature to suggest any definite framework upon which family business coaching is built. However, we were able to gather together existing practices in order to present key issues based on these cumulative coaching practices for family businesses. One of the fundamental issues is whether the concept “coaching” can be applied universally to all coaching practices. To answer this question, we have to look into the meaning of coaching. The following sections will make an attempt to find the existing definitions of coaching, main features, and, finally, the definition of family business coaching.

What is coaching?

The best way to answer this is to get an overview of the existing definitions and then extrapolate key terms from the existing

definitions of coaching. The focus of this book is coaching psychology, hence only a few recent simple and complex definitions of coaching will be presented, followed by an evaluation of each definition to suggest common key features and the underlying meaning of the definition provided for coaching.

To start with a simple definition, "coaching is the art of facilitating the performance, learning and development of another" (Downey, 1999). An extended definition is by Grant and Stober (2006):

coaching is a collaborative and egalitarian relationship between a coach, who is not necessarily a domain-specific specialist, and coachee, which involves a systematic process that focuses on collaborative goal setting to construct solutions and employ goal attainment process with the aim of fostering the on-going self-directed learning and personal growth of the coachee. [pp. 1–14]

A simple definition from an interpersonal relationship context is "a systematic procedure enacted within a helping relationship that has the aim of fostering the coachee's development" (Stewart, Palmer, Wilkin, & Kerrin, 2008). Another definition takes a social constructionist perspective to define coaching, for example, "coaches participation in the development and learning process of the person in focus. This process creates the foundation for new, alternative, or revised narratives of the focus person's personal and professional life" (Stelter, 2007). A more formal definition of coaching is offered by Grant and Greene (2001), "coaching is a solution-focused, result-oriented systematic process in which the coach facilitates the enhancement of work performance and the self-directed learning and personal growth of coachee", which has been analysed by Senior (2007), "coaching is revealing itself as a unique system of communication that seems to facilitate excellence in performance and enhance quality of life across work and home domains". Yet another recent definition has given emphasis to the therapeutic parts in coaching practice, "coaching psychology is for enhancing performance in work and personal life domains with normal, non-clinical populations, underpinned by models of coaching grounded in established therapeutic approaches" (Grant & Palmer, 2002).

An in-depth review of these definitions shows the following major features of coaching concept:

- maximizing human potential;
- personal growth and self-directed learning;
- solution-focused and performance enhancement;
- facilitator for goal-attainment.

Now the question is, where does psychology fit into this picture of coaching? Obviously, this question was the main driving force behind the development of coaching psychology in the UK. Psychology deals principally with behaviour, hence coaching psychology deals with human behaviour to develop and nurture human potential to a maximum level. Coaching psychology incorporates all types of coaching, for example, life coaching, executive coaching, business coaching. Therefore, family business coaching is one such coaching practice, embedded within business coaching.

Major features

Recent attempts to conceptualize coaching from an applied psychological perspective are focusing on the functional elements of coaching. Various dynamic concepts, such as “stages”, “personal creation and recreation for meaning in experiences gained” and “pathway to growth” (Lane & Corrie, 2009; Stelter, 2009) are used in the ongoing discussion on coaching.

There is a growing interest to ground the concept “coaching” in various theoretical frameworks so that appropriate techniques can be applied in coaching practice. However, this is still at an experimental stage, remains to be unfolded to appreciate the need for a solid theoretical grounding for coaching psychology. The delay in defining coaching psychology is due to continuous negotiation over varying issues in order to settle the dispute over ownership of the coaching concept, as it was very much a monopoly of sports (Stelter, 2009), so the question remains: how do we accept a general coaching concept, applicable to all disciplines, thereby ensuring generic coaching skills, which can be blended into coaching practice for diverse disciplines?

What is family business coaching?

Typically, a family business refers to a business owned by family members, which may or may not be founded by a family member (Shams & Bjornberg, 2006).

Family business coaching shares the central tenets of business coaching, but, in addition, it is directed to coaching a family as a social unit independent of business functions. Therefore, it also embraces the essential coaching technique for families, and presents a dynamic and distinctive feature for this type of coaching.

Key issues in family business coaching

The major emerging issue in family business coaching is the presence of a blended coaching approach for family businesses, with an interdisciplinary focus in practice, in which fusion of counselling, psychotherapy, and psychometrics is evident. The blended coaching approach highlights the importance of family in business coaching, hence, family business coaching can be characterized by coaching for the family by the family business owners and coaches, implying that coaching is provided by many family members themselves when they grow and gain longstanding experience in various business sectors. This is verified by some of our authors, who are owners of family businesses as well as working as coaches both for their own businesses and for other family businesses.

There are common issues running across all types of coaching, for example, application of active listening, empathy, non-judgemental attitudes, openness, and transparency. However, there are distinct issues in family business coaching, related to family functioning and family therapy. Counselling also plays a major role in family business coaching. The focus is on the family by the family business owner in the interests of developing a sustainable business; hence, issues originating from a family context must be addressed in coaching sessions. Any coaching intervention is based on a two-tier system—family intervention and business intervention.

Family dynamics in family business coaching

The major areas in family dynamics are family types, relationship patterns, and communication styles between family members, and nature of holdings and position in the family business. A case study (Shams, 2006) is presented here as an example of the presence of family dynamics in family business coaching:

Case study A

Two brothers are founders of a family business, which was later further developed by one of the brothers' wife. The other brother's wife is not active in the family business with no ownership, executive, or governance responsibilities. The eldest brother has two sons, only one of whom is involved in the family business, performing executive and governance roles. None of the second brother's three children are interested in the family business—they are neither involved in the family business nor have they been assigned any executive or governance roles as successors. The structure of this family business suggests a complex family dynamic in which the elder brother's family has more involvement than the younger brother. This may indicate that the elder brother has a dominant influence in running the family business, raising the question of how the business functions, and how decisions are being made with the younger brother, who does not have anyone from his family to actively contribute and support him in family business functions.

Interface between family and business

In a family business, family and business are not opposed to each other; rather, it is a blended functional product, where a family turns to the business to meet economic needs. As such, families and businesses are working in partnership to generate economic function and sustainable growth. The transaction between a family and a business is enhanced and facilitated by that family's distinctive features, such as family structure, number of family members involved in the business, their positions, and communication and

relationship patterns. A typical picture is presented below (Shams, 2006).

Case study B

A family business is being operated by a family member (nephew) other than the founders' children due to the lack of interests and apathy to get involved in the family business. The nephew has taken on a main executive role, making him the obvious choice to run the business upon the death of the founder, thus raising the issue of succession in a family business where a relative has more ownership and executive role than the founder's children!

Family business coaching in the business world

The business world is vibrant; therefore, family business coaching must find the most appropriate course to establish its position. The legitimate position of family business coaching depends on the successful application of various coaching techniques to the development and progression of family businesses. Ironically, despite the high percentage (Shams & Bjornberg, 2006) of family businesses among all businesses in the world, there is still a lack of consolidated literature on family business coaching practices, which may well be because family business coaching has been taken for granted and the need to develop a solid theoretical base with practical applications, on which family business coaching can be grounded, has not been sufficiently appreciated. This may also be because coaching has been carried out following a business transaction model, without necessarily valuing the inherent potential of the coaching practice to influence and enrich the family tapestry in relation to business. It would also be worth exploring the views of family members in business, and their attitudes towards family business coaching, so that the effectiveness of family business coaching can be documented and future directions in family business coaching can be offered from a family *vs.* business perspective.

Family business and economy

The complexity involving family business functions and diversity in management and operational style does not lessen the significant contribution of family businesses to the national economy. Recent literature (Duh, Tominc, & Rebernik, 2009) suggests that, in the USA, family businesses currently account for eighty per cent of business organizations, produce over fifty per cent of the gross national product (GNP), and employ more than fifty per cent of the domestic workforce (McCann, DeMoss, Dascher, & Barnett, 2003). In several European countries, family businesses represent the majority of all national economic output, for example, France 60%, Germany 60%, and in the UK 70% (IFERA, 2003). There has been discussion in the literature about various factors affecting the nature and size of economic contributions from family businesses to the national economy.

These are:

1. **Family business size:** Westhead and Cowling (1998) have demonstrated that family businesses were generally smaller in employment as well as sales revenues than were non-family enterprises. This is evident in other European countries as well, for example, according to Vadnjal's (2005) conservative (bottom-line) estimation; family businesses contribute only twenty-two per cent to the total added value of the Slovenian economy.
2. **External market:** Family businesses tend to be locally based; as such, they are far behind the non-family businesses in terms of international sales levels, hence economic contribution is minimal.
3. **Personal agency:** Family involvement in a business can both increase and decrease financial performance due to agency costs (Chrisman, Chua, & Litz, 2004). Agency theory is employed to explore the relationship between a firm's ownership and management structure and its financial performance. Where there is separation of ownership and control, agency control mechanisms are put in place to align the goals of managers with those of owners.
4. **Primary focus:** In a family business, the main focus rests on non-financial objectives, such as family functioning in a business

context. However, this can have an adverse effect on the economic contribution of a family business (Westhead & Howorth, 2006).

5. Productivity rate and economic growth: If the family business is part of a small business, then contributions to the economy can be two-fold: changing market economy through the renewal process, coupled with the fact that this type of business may encourage growth in the labour force, particularly among the unemployed.
6. Economic growth via intergenerational transmission: Family businesses can ensure continuing economic growth through generational transmission in economic activities, without any gap in economic transfer and with low risk of unemployment even when productivity is at a low level or has declined due to economic interdependence, thus ensuring productivity and growth (Robbins, Pantuosco, Parker, & Fuller, 2001).

Family businesses are increasingly playing a major role in the national economy (Mandl, 2008; Duh & Tominc, 2006). If family businesses represent 70% of all businesses in the UK, obviously family businesses are contributing significantly to national economic growth. However, the various contribution percentages, in terms of performance, growth, and financial output, still need to be ascertained.

Localized and global family business coaching

Coaching practice is influenced by local context and local knowledge is a driving force in facilitating good coaching practice (Shams, 2006). Global coaching, however, can serve both local and global coaching needs. For example, global coaching techniques can be adapted to a local context to benefit local businesses. All business coaching is tailored to meet the needs of businesses seeking coaching; hence, coaches have the power to choose and manipulate coaching practices to suit local demand. This can be a developing issue, as new ideas and thoughts may arise from localized coaching practices, which can then be applied at a global level to explore the feasibility of the practice in a wider context. Another issue in this context is coaching practices owned by coaches, which may never

have been shared with others, thus these practices remain private affairs for the coaches, accessible only to them, with no external feedback and reactions to assess the effectiveness of these localized coaching practices. This practice may be the result of a lack of any regulation or regulatory framework to monitor various coaching practices relating to family businesses, largely due to the private nature of such businesses, and of idiosyncratic coaching practices run by independent coaches as part of their private organizational functions. Our authors in the second part of this book, who are family business owners and coaches, present further discussion on this issue.

Crafting family business coaching

Coaching practice in family businesses has distinct features because coaching practice is designed to include specific features of a functional family, such as, family values, ethics, traditions, interpersonal relations, emotions, communication patterns, and leadership style. No other coaching type has such a diverse range of issues to deal with in a coaching intervention. The task of family business coaching thus requires delicate crafting to ensure that each part of the family tapestry is being given appropriate attention and suitably integrated into the overall design of the coaching intervention. The speciality of family business coaching is, therefore, not focused only on family issues, but also on the interface between family and business, so that the coaching intervention takes into account all major issues encompassing a family and their business.

Conclusion

Family business coaching has a long route with many diversions to arrive at an effective and ethical coaching practice. The diversions have emerged from different coaching practices in family businesses, and are influenced by different family and business types. However, the underpinning issue in family business coaching is family dynamics, and, as such, the development and formulation of family business coaching practice must incorporate all essential

issues in family relations and business practices, both in a local and in a global context. The intertwined effect of family and business generates a fertile ground on which appropriate and ethically sound coaching practices for family business can be built and, therefore, increasing attention should be focused on the development of generic and specific family business coaching skills for sustainable growth of families, family businesses, and family business coaching practices. A collective effort from academics, practitioners, coaches, and businesses can ensure continuity in delivering good coaching practice for family businesses, along with a vision to promote coaching psychology around the world. This chapter has presented some of the key issues with the aim of developing these further to enhance good family business coaching.

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