

# DEFINING A SHARED FUTURE VISION OF THE FAMILY BUSINESS



## FAMILY LEGACIES

### DEFINING A BUSINESS VISION

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James Collins and Jerry Porras, in their best-selling book *Built to Last: Successful Habits of Visionary Companies*, demonstrate that companies with strong values, goals and future visions outperform comparable companies that are not vision driven. They propose that a strong vision of the future enables a company to endure beyond the tenure of powerful managers, through significant market changes and despite challenging economic periods.

They use the term 'envisioned future' to describe thinking about how the firm will look in the future. They see the vision as having two parts: first, a BHAG (Big, Hairy, Audacious Goal) and second, a vivid description of what the future will mean to the organisation. Long-term visions by definition should focus 10 to more years into the future and stretch the organisation's imagination beyond its current thinking.



The management team can begin its exploration of a Business Vision by discussing ideas such as the following questions. Ten years from now:

- How big will the business be (sales, profits, markets and employees)?
- What will this vision require of the organisation?
- What markets or industry will offer us an opportunity for growth and value creation?
- What does everyone say is impossible for this organisation to accomplish?
- Does the Business Vision support the family's core values?
- What will customers expect in 10 years?

The final task for management is to answer the question 'How do we achieve our vision?' They need to brainstorm and explore possible scenarios about what management actions are required. This type of thinking challenges management to forget a continuation of the existing strategy and consider new possibilities. 'What if we sold part of the core business and reinvested in a high growth market that is currently only 20% of our sales?' These qualitative discussions about possible scenarios and the Business Vision help the management team clarify their thinking and develop long-term goals.

Long-term goals serve several purposes.

1. Goals direct the firm to its new vision.
2. They provide a framework for unifying the planning process. In a family firm, goals allow the family shareholders to understand and support management's plans.
3. Goals provide a basis for evaluating management's performance and making decisions about future investment. A family business needs objective criteria for assessing family or non-family management performance.

## CREATING A FAMILY VISION

It is important that the family work together to clarify their future expectations. It is critical to understand what each family member can and will contribute and, eventually, what the business will be able to return to the family. This is a good discussion topic for all families, even those with an unqualified long-term commitment to business. It challenges everyone to consider under what circumstances or contingencies the family would consider a sale or harvest. Visions are a powerful tool for creating a unity of purpose and focusing the attention of the family. Here is a list of benefits that a vision can provide a business family.

- Provide a guiding 'star' for family decisions.
- Describes how the family can contribute to the business' success.
- Requires working as a family team.
- Helps the family to move beyond the entrepreneur's original Business Vision.
- Provides a rationale for the family's commitment to the business.
- Describes what is special about the family.
- Builds on the family's values, rituals and traditions.

A Family Vision is an attempt to describe a desired future state for the family and its relationship to the business. A vision statement usually stipulates a time frame and includes a vivid description of the positive outcomes the family seeks. Families should consider the following criteria when exploring their vision:

- Based on the family's core values, is it meaningful or compelling?
- Does it represent the family's collective commitment to each other?
- Does it force the family to develop a future focus or direction?
- Does it encourage actions and thinking that optimize business resources and opportunities?

Using the criteria above should help the family to create a vision that answers the following:

Ten years from now....

- What will be the family's strengths?
- How will the family contribute to the business?
- What will be the family's legacy?

While the family is discussing its vision they need to consider the possible business scenarios (Business Vision) that the management team is discussing and explore how these possibilities will affect the family. It is critical for the family to have realistic expectations of the business and the demands that the business may make on them.

*The importance of a Family Vision cannot be overestimated, especially to a family that is financially successful. Families need some ideal to stimulate their collective spirit and think beyond the day-to-day tasks of managing a business to create more wealth.*

The work of the management team in creating a business Mission, setting goals and exploring a Business Vision creates their statement of Strategic Commitment. The Family Vision, from the Family Commitment and the Business Vision, from the Strategic Commitment, forms the basis for the Shared Future Vision.

Humans experience meaning in their lives when they are challenged to contribute to something larger than meeting their own needs and wants. They look for something in their work that offers a psychological or spiritual reward. A vision of what the family can become creates a purpose that reduce rivalries, empowers individuals and overcomes life's obstacles. A commitment decision based on core values, a Family Business Philosophy and a Family Vision creates the emotional energy required to drive the family planning process.