

Attachment Theory Research and Concepts Part 4: Founders and Family Businesses

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Significant scholarship about family business, succession/continuity planning, family governance, and dynamic interpersonal family relationships in businesses has been written. This section will describe some of the conclusions from research about attachment style in founders and their relationships to their family businesses, with implications in wealth management, succession planning, and family governance.

Attachment styles are most visible in families and can have substantial impact on family businesses. Psychodynamic theory has long explained that business, especially family businesses, can be subject to numerous influences of unconscious dynamics, defenses, and historical patterns in the family. Families that manage succession/continuity processes most effectively are likely those who communicate well, consider all stakeholders' best interests, listen to family members, and regulate their own emotions. Securely attached families and individuals are likely to have access to these skills, and be easily helped by succession consultants and family governance professionals. In contrast, families and individuals who have insecure attachment styles are much more likely to experience extenuating relational conflicts.

Kets de Vries (1988), one of the most active and long standing writers in business consulting and coaching, emphasized in his early publication in the *Harvard Business Review* that succession is often influenced by “psychological forces,” which can include “denial of death, the need for legacy, loss of power, unconscious sabotage, and the need for reprisal.”

Business scholars such as Kellermann and Eddleston (2004) see great value in “feuding families” because well-managed conflict can do “a family firm good.” Kets de Vries et al. (2007) discuss the importance of attending to conflicting goals within family businesses (especially between what Freud initially identified as human conflict between “love and work”), such as: narcissism, envy, individuation (capacity to become a separate person within family business structure), family “games”/secrets/myths, defenses, psychological pressures, and unwritten family relational scripts/rules in such businesses. Founders, scholars stress, pass not only financial and business products or objects but also their wisdom, knowledge, and emotional/relational capital, all of which can be quite complicated when founder(s)’ own relational dynamics are complex or complicated and their emotions are unregulated.

Therefore, family businesses that are focused on founding generations and their passing on the business “torch” may most benefit from understanding ways that attachment can impact such transfers. Families with secure attachments (50-60% of individuals come from such families) have a substantial advantage in relational functioning during periods of business transition. Securely attached founders can utilize help, communicate effectively, consider the different emotional/psychological experiences of other stakeholders and adjust appropriately. They are likely to be able to utilize the expertise of consultants and trusted advisors, and put into place family governance strategies as outlined by experts. Hedberg and Luchak (2018) conducted an important study that explored how varied attachment styles among founders’ of successful family businesses impact founder’s approaches to business and wealth transfers. They found that securely attached founders most often stressed the overall longevity and reputation of the general family business (not just their individual legacy). In addition, securely attached founders most

often utilized varied human management resources toward creation of trusting collaborative processes in business and wealth transfers. Such founders will be able to hear and tolerate numerous approaches, visions, desires, and demands in terms of family business in order to consider the optimal ways that the family business survives and thrives over generations to come. They may be open to making changes or taking risks in order to improve family business model, as it transitions, trusting the subsequent generation(s) can be dependent upon in maintaining and growing family legacies. Such founders seek help and consultation, are open to dialogue and constructive feedback, and are creative in their approaches to ensuring that family business, like the family itself, robustly survives conflicts, challenges, and setbacks.

In contrast, founders with insecure attachment have numerous additional challenges. Hedberg and Luchak's (2018) research concluded that founders with predominately insecure avoidant attachment style tended to demand control over all wealth management decisions, changes, and future aspirations. Therefore, such founders may try to set up strategies to control varied aspects of the company, even seemingly after they die, via restrictions in governance practices, estate planning, trusts, and other structures. These seemingly show distrust in their children's and grandchildren's ability to manage the companies. During such transitions, they may insist on knowing all aspects of the transition as well as making numerous decisions without consulting others. Children and/or grandchildren who acquire such family businesses tend to feel self-doubt, untrustworthy, unreliable, and incapable of managing family businesses successfully. Such experiences set businesses (and families) up for much struggle. Another complex dynamic in such families occurs when an adult child or grandchild (or business associate) is chosen to be the founder's proxy and set in contrast (and conflict) with other family business members. These

various attempts to maintain control (driven by their insecure attachment and difficulty with trust) can have potentially destructive outcomes in business transitions.

Founders with insecure anxious attachment styles, according to Hedberg and Luchak (2018), appeared to be primarily concerned with worries about maintaining the dynastic wealth and perpetuating their own individual legacy, including apprehensions about whether or not they would be perceived as making the right choices. Such founders may continually seek reassurances, question their decisions, and wonder how others (especially subsequent generations) will view them. Founders with anxious attachment styles may rapidly reverse their decisions based on new information or new contact they make. They may also repeatedly consult all family members, and feel profoundly stressed about trying to meet everyone's needs or "do right" by everyone. Assurances of their success or rightness of their decisions (especially via figures or facts or "positive" wishful-thinking reassurances) may be successful but very short lived since other emerging information or facts can override prior communications.

Future work will contribute to the literature base on how family governance professionals, family office advisors, and succession consultants can assess attachment style and adjust their strategy to individuals with different attachment styles. In short, securely attached founders will be *most likely* to be flexible and form working relationships easily. Advisors should form relationships that emphasize flexibility, humility, mutual understanding, and a hopeful outlook on the outcome of the transition. Insecure avoidant founders are likely to struggle deeply with control, and advisors have the necessary challenge of giving them a new role, such as an emeritus role which would allow them to impart wisdom on the family business while staying out of the day to day decision making. This way they can continue to be involved if they so

choose, and will have an opportunity to contribute, but will exit their management role. These founders may also benefit from having plans for their business life after the transition, such as building a new home, taking on a new family philanthropic venture, or joining the board of directors of a different company. Insecure anxious founders are easily fixated on their legacy and how they will be perceived. Customized solutions such as an emeritus position, or a book or film about the business and their time as the leader, along with other case by case solutions can help the founder feel appreciated and honored as they exit, and have continued opportunities for validation and the extension of the business legacy.

Takeaway points:

- Psychoanalytic research on business management and coaching, especially family business and coaching, provide a wealth of information and research that may be useful for financial advisors and wealth managers. When dealing with human beings, it is important to recognize the complex (typically unconscious) dynamics and presentations that individuals, families, groups and businesses bring to the table. What appears irrational or strange can be understood and worked with relationally, helping professionals use knowledge toward building better services.
- Wealth founders deal with wealth transfer often in ways they deal with other relationships in their lives: in avoidant/distrusting, anxious/overwhelmed, or secure ways. Understanding how attachment patterns influence ways in which wealth founders, especially founders of family businesses, transfer their legacies may aid professionals who work with them toward optimizing such processes.

- Securely attached founders in family businesses are much more likely to be able to utilize help, communicate openly, consider numerous points of view, and adjust their strategy with flexibility to find the best outcome.
- Insecurely attached avoidant founders tend to be concerned about maintaining control and may attempt to institute governance and succession policies that preserve their control and decision making of the family business/wealth.
- Insecurely attached anxious founders are preoccupied with their legacy/dynasty and how they will be perceived in the future.

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