

Crisis Management in Family and Business

Common und Best Practices in the Context of COVID-19
Part 1

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Objectives of the Survey

Identifying **common practices** that family businesses use to deal with the current pandemic to protect the family, the business, and the workforce.






Deriving **best practices** that help entrepreneurial families and family businesses in the sense of a general crisis preparedness to prepare for future challenges.

Characteristics of the Survey

- Global Sample
 - > 400 family businesses from German-speaking Europe
 - > 350 from the United States
 - > 75 from Latin America
 - > 50 from Australia and Asia
- Time Frame: 2nd half of April / 1st half of May

**Findings from the survey:
Common practices for protecting the
company**

Defensive Measures*

-  Crisis Management
 - Crisis organisation
 - Information, planning, scenario techniques
 - Crisis communication
-  Securing Financial Resources
 - Liquidity assurance
 - Rigid cost control
-  Health protection & well-being of employees
 - Protective material & hygiene measures
 - Medical support
 - Generosity & understanding
-  Flexibility & digitization of work processes
 - Flexibility & adaptability
 - Digital communication technologies & remote working
-  Situation-related operational adjustments
 - Shift changes & two-group strategy
 - Adjustments in controlling
 - Process adjustments

* Further information and concrete examples can be found in the document "COVID-19: Findings from the survey"

“The **protection of employees** is at the center – it is our highest maxim, even when accepting ‘grinding marks’ in the balance sheet. It's not about short-term profit maximization, but about sustainable value creation, and that also applies in times of crisis.”

Offensive Measures*

- Realignment of business model and offering
- Digitization and new technologies
- Proactive Investment
- Stakeholder management
- Exchange of experience & collaboration

** Further information and concrete examples can be found in the document "COVID-19: Findings from the survey"*

“We used the crisis to tackle the long-planned but never initiated **reorganization**. We are convinced that this boost to the future - also in terms of digitalization - will help us to be more competitive and resilient after the crisis than before. ”

**What can we learn?
Best Practices**

Best Practices

Business

Family

**Crisis competence and
Agile Crisis Structures**

**Values Work, Alignment
and Cohesion**

**Countercyclical investing and
courageous change processes**

Family Governance

**Communication, Exchange
and Networking**

Engagement and Competence

Best Practices: Unternehmen

Crisis competence and agile crisis structures

- **Crisis competence can be acquired:** scenario techniques - the development of different future scenarios - as well as crisis plans of any nature train thinking and increase the effectiveness in the implementation of the measures that have been decided.
- **Crisis management must be agile:** the necessary ongoing integration of new knowledge takes place systematically and over a wide range of channels (own network, experts / science, popular press) requires adaptable crisis structures and processes.

Countercyclical investing and courageous change processes

- **Fostering change during the crisis:** necessary changes in the business model ("cutting old braids") are initiated, testing of new products and services (also in collaboration).
- **Investment despite cost control:** acceleration of digitization projects and investments in the IT system. targeted investment in employee training (instead of short-time work).

Communication, Exchange and Networking

- **Effective Communication:** addresses all relevant target groups and is proactive, transparent, high-frequency and prompt, direct and authentic.
- **Networking and Exchange:** within and outside existing networks for the development and exchange of best practices.

Best Practices: Familie

Values Work, Alignment and Cohesion

Resilient families actively and systematically maintain their **family cohesion** - if necessary, also virtually. They organize family reunions and a regular exchange of ideas. They ensure that family members share the same values and support the collective goals of the owner group. This requires a regular reflection of the values and a targeted management of expectations within the owner groups, in which the family members express their needs and wishes.

Family Governance

All measures in the context of family governance ensure the circle of owners' **ability to act** and strengthen their **ability to make decisions** - in times of crisis, these skills are more important than ever. Structures, processes and documents (e.g. wills and powers of attorney) are systematically checked for their suitability for the crisis and future viability (e.g. is our family strategy useful and effective even after the crisis?).

Engagement and Competence

Long-lived entrepreneurial families ensure the commitment and identification of co-owners across generations and family branches through (pro) active communication and processes that take into account the voices of all family members *. They continuously invest in the need-based owner competence so that owners can successfully play their respective roles in family and / or company.

** Several families reported that the next generation had become more interested in the company during the crisis due to the increased communication among owners. Some families encouraged family members to work in the company - e.g. in production - helping out, which had a positive impact on the identification of family members and employees. Still other family members involved in communication, which had a positive effect on the relationship with the different stakeholders.*

“In crisis situations it is more important than **open, direct and timely communication** about the situation, planned and implemented measures, and desired and achieved results. Insecurity is poison that paralyzes and drives the family apart. ”

Next Steps

- Global Webinars
- Panel Surveys
- Interviews