

Generational shift: Why the climate crisis is a question of survival for family businesses ?

The survival of family businesses may depend on their response to the climate crisis. A new coaching method goes straight to the collective unconscious of organisations, revealing the key to successful intergenerational transition.

[Evolving to survive]

Over 60% of the world's businesses are family firms. Leadership transition is a hazardous moment in the life of these organisations, and few survive as far as their fourth generation¹ Among the critical factors determining their long-term survival is their capacity to develop a strong and distinctive *entrepreneurial orientation* (EO) in each generation: the capacity to reinvent the business, and to seize new opportunities amid shifting landscapes and challenges both within and outside the family.² The EO of a company is naturally entangled with its younger members' *emotional ownership* regarding the company's ethos and activities.³ **The achievements of one generation can be destroyed in the next if a family does not acknowledge these psychological conditions for its continued business success.**

The related challenge for specialists in family governance is to identify barriers to emotional ownership that disinclines the next generation to continue the family enterprise. **For the current generation, response to the climate crisis is a crucial determinant – but few businesses are equipped to understand the dynamics governing their survival in the face of this generational challenge.**

"She told me, 'Dad, I don't think that I will join the family business after my studies... you know, what we do is not good for the planet'" A Kanope family business client in conversation with his daughter, leaving home for university in 2019

¹ Holton, R. (2016). a critical look at 'survival' statistics. *Family Business Review*,

² Mayaud, A. (2017). *Entreprendre En Famille, Mes 25 Années Au Coeur d'Une Famille Entreprenante*

³ Björnberg, Å., & Nicholson, N. (2012). *Emotional ownership: The next Generation's relationship with the family firm*

[Emotional ownership]

The extent to which an individual integrates in a family organisation depends heavily upon factors influencing their emotional ownership. These can include a sense of duty to the family, a desire for leadership in the context of the organisation and an associated sense of “affective identity”.⁴

Emotional ownership factors blur the boundary between personal and professional, taking the form of family dynamics as well as identity with or rejection of aspects of the mission. All interact to determine whether individuals in the new generation are motivated to continue the family quest.

We saw the need to create a tool that could determine how emotional ownership interacts with the new generation’s commitment to climate action - and how this impacts the entrepreneurial orientation of an organisation.

[The paradigm shift]

Following two world-wars, the “boomer” generation inherited their parents’ mission to preserve hard-won peace and rebuild prosperity - leading to the formation of the European Economic Community. In the current historical moment, humanity is waking up to the imperative to preserve our planet - and our children’s generation will grow up with this quest. According to a study by Spectrem Group, 67% of Millennials with capital want their investment to reflect their social, political and environmental values.⁵ This paradigm shift in the foundational societal mission is likely to have far-reaching implications for entrepreneurial orientation. In coming years many companies will fight a battle for their soul on environmental grounds, and those lacking an EO aligned with environmental values will likely fail.

“A surprising number of businesses have been slow to integrate the digital revolution into their strategy. If by any chance they are still holding on, they certainly won’t survive the next social and environmental revolution.”

- Julien Lescs, Kanope Impact Co-founder

Our recent study set out to discover the psychodynamic impact of the environmental crisis on entrepreneurial orientation, and thus upon intergenerational transitions in family businesses. If as

⁴ Hogan, G. (2013). *A study of the motivational factors that influence next-generation members to lead their family-owned businesses*. ProQuest Information & Learning). *Dissertation Abstracts International Section A: Humanities and Social Sciences*, 74 (6-)

⁵ Fournier, C. (2016). Comment la génération Y va peut être sauver le monde des entreprises. *Youmatter.World*

expected, lack of consideration for environmental issues presented as a barrier to emotional ownership for younger generations, this would indicate an important field for psychodynamic research regarding transitions within entrepreneurial families.

What emerged, in fact, was the blueprint for a pioneering coaching process with profound potential for family governance. A novel evolution of classic psychodynamic techniques offers insight into the conflicted inner world of organisations as collective entities, embedded in complex family dynamics across generations.

[A pioneering approach]

Clients' tendency to describe their business as 'part of the family' signals a potentially fertile line of enquiry into the character of this ever-present relative - and individuals' emotional bond with it over time. We wanted to know what insights could be gained by treating an organisation as another family member. We looked for a way to understand the lived emotional relationships of individual actors, not only with each other but also with their own image of the organisation itself through time.

A psychodynamic coach seeks the most direct path to the unconscious, employing tools that capture conscious cognition⁶ so that the unspoken can emerge. Two such tools are the **drawing**⁷ – frequently used to access non-verbal, unconscious narratives, and the **genogram**⁸ – a pictorial family tree that reveals the dynamics of relationships across generations⁹. Both are commonly used by trusted advisors in family business governance. **Our study is the first to merge the two methods to create an entirely new psycho-genealogy tool:** taking the persona of the organisation as revealed by the drawing and using the genogram to locate it in an individual's unfolding constellation of family relationships over a 20-year period.

The genogram is widely and successfully used not only to explore the relationships and conflicts affecting a family's governance, but also to facilitate discussion about its future¹⁰. The method has a hidden flaw however: by reducing an organisation to the sum of its individual actors' relationships the method fails to account for their emotional link with the organisation itself, as they perceive it. Merging the genogram with the drawing tool illuminates this hidden relationship and allows us to analyse its influence upon psychological currents in the family and wider organisation.

[In action]

⁶ Franz, M. L. (1995). *Shadow and Evil in Fairy Tales*

⁷ Handler L., Thomas A. D.(Eds.), *Symbolic family drawing and abstract representation techniques*. New York, NY: Routledge/Taylor & Francis Group.

⁸ Hurley, P. M. (1982). Taylor & Francis Ltd

⁹ Rohrbaugh, M., Rogers, J. C., & McGoldrick, M. (1992). *How do experts read family genograms?* Family Process, Inc

¹⁰ Browning, S., & Hull, R. (2018). *Utilizing the genogram to integrate systems and psychoanalytic thinking* Educational Publishing Foundation

The participants in our original study were drawn from French entrepreneurial families across a wide range of sectors, including multinational food and specialized distribution, textiles and clothing, construction, fossil energy distribution and automotive service industries. Several family members from each organisation, balanced evenly by gender, took part.

Without priming participants around environmental issues whatsoever, we were eager to see whether this theme would emerge throughout the process – and most importantly, where.

The results were even more fascinating than we imagined.

[Key findings]

- We were surprised when our preliminary interview revealed that hardly any participants named the environment among their personal values.
- Their drawings however told a different story. Most depicted the business in its current incarnation as dark and polluting – more so than in reality – while in just 20 years the picture had transformed to a bright persona in harmony with nature.
- The story became even more interesting when these characters took their place in the genogram. The darker, polluting organisation almost always emerged as masculine, a number of generations in the past. The ecologically optimistic future projection was represented as young, and feminine.
- Without exception, participants revealed a stronger emotional bond with this youthful feminine representation in the future, than with the older masculine figure in the past.

“The emerging insights into emotional bonds and schisms provided a framework for analysis with clients, facilitating a deep dive into their emotional ownership factors and potential misalignment with the family quest.”

[further analysis]

- The environmental crisis was not consciously named by individuals as a value but surfaced *systematically* in their anxious projections – pointing beyond individual conscious wishes to an issue affecting the organisation, and possibly even to a generation, as a **collective**.

- Viewed through a depth psychology lens, the constellations mirrored the Jungian archetypes of *animus* and *anima* with striking regularity¹¹. Applied to organisations, *Animus* (masculine) represents order, direction, goals and planning whilst *Anima* (feminine) represents creativity and innovation.¹²

- The participants' drawings tend toward symbolism rather than realism; dramatically exaggerating both negative and positive qualities. The radical difference between the two positions reliably points to Klein's classic *splitting* of anxieties and defences.¹³ The greater the disparity between the two positions, **the greater the imbalance between conservative and innovative forces within the organisation's unconscious.**

Participants depicted *anima* - appearing as a young feminine presence - as environmental harmony. The relationship with this figure emerged overwhelmingly as more positive than with the *animus* figure. Thus **the latent entrepreneurial orientation surfaces as a call to creativity in the face of the environmental crisis.**

The climate crisis is confirmed as a locus of emotional ownership, and potential catalyst for younger generations breaking with the family business.

Failure to take the environment into account in the 20-year strategy impacts emotional ownership factors, with potential for rupture within the family itself.

Finally, the archetypal symbolism within the client drawings suggested the mythic imagination as a potent vehicle for transformation in this process.

[Insight and action]

Success in family business transitions can be intimately linked to unconscious societal and generational challenges. Currently the environmental crisis is predominant in the collective unconscious, but *any* such collective issue may manifest as a major threat to family unity and an organisation's resilience if it is not addressed.

The findings of this study form the blueprint for a powerful new intervention concept, for family governance consultants specializing in life-cycle and intergenerational transitions. Where environmental and other collective issues appear as a catalyst for either rupture or renewal in an entrepreneurial family, the organisation is treated not as object but as *subject*, inquiring into its unconscious needs as a gestalt entity and allowing the relationship with its actors to emerge. By revealing the unconscious dynamics of conservative and innovative forces (and moving through a little myth-making) we guide clients to restore balance, and discover the key to their entrepreneurial orientation.

¹¹ Jung, C. G. (1933). Die beziehungen zwischen dem ich und dem unbewussten. *Dialectique Du Moi Et De l'Inconscient*, (Gallimard 1964)

¹² Khandwalla, P. N. (2006). Tools for enhancing innovativeness in enterprises. *Vikalpa: The Journal for Decision Makers*, 31(1), 1-16

¹³ Hinshelwood, R. D., & Fortuna, T. (2018). *Melanie Klein*, New York, NY: Routledge/Taylor & Francis Group

This unique process can help families understand the consequences of failing to engage properly with unconscious generational challenges – and by illuminating the relationship of each individual with the organisation, points the way to healing a generational divide.

[Awakening to interdependence]

The most striking discovery along this journey was the *co-effective* potential of this process for family businesses, and for the world. An unmissable opportunity for organisations to catalyse simultaneously their own renewal, and active transformation at the level the climate crisis demands.

To family businesses with a will to survive, the environmental crisis is not just an obstacle but a calling: to bond a generation around a renewed family vision, and thus to discover a powerful entrepreneurial orientation, aligned with planetary needs.

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About the author:

Julien Lesco is co-founder of Kanope impact, a next-generation family Office dedicated to impact investment. This study was conducted at INSEAD business school, and was awarded the level of distinction by the Master in Change faculty 2020.