Introduction: The landscape of family business

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What are the important outcomes in family business? What are the relationships among those outcomes? And, what does an overall pattern of outcome relationships reveal about family business? The editors of this book, Ritch Sorenson, Andy Yu, Keith Brigham, and Tom Lumpkin, engaged in a literature review and additional research to answer these questions. The primary results of the study (Yu, Lumpkin, Sorenson, & Brigham, 2012) were an article that summarized 12 years of research on important family business outcomes and a figure that portrays these outcomes as a visual map.[1]

In this book, we refer to the research as "The Landscape of Family Business Outcomes" and to the figure as, "A Map of the Landscape of Family Business" or "Landscape Map."[2] Our purpose for publishing this book, *The Landscape of Family Business*, is to increase awareness about family business, encourage researchers to further explore family business outcomes, and invite owning families to use the Landscape Map as a tool to examine and improve their family businesses. As a visual representation of the current family business research, the Landscape Map will, undoubtedly, need to be updated as researchers uncover more about the family business landscape. Although the research (Yu et al., 2012) revealed much about the landscape of family business, research about family business is rapidly expanding.

This introduction combined with material included just inside the front cover of the book enable readers to get the most out of the book. For easy reference, readers will find "A Map of the Landscape of Family Business" just inside the book's front cover. This Landscape Map will help readers place specific outcomes within the context of the overall landscape of family business. The remainder of this introduction provides a description of the background and purpose of the book. And finally, this introduction also provides a brief summary of each chapter. To begin with, we provide an overview of the Landscape Map.

The landscape map

We believe that readers may gain many insights about family businesses by studying the Landscape Map that is located inside the front cover of the book. The Landscape Map provides a comprehensive visual aid that reflects the scope of family business outcomes and helps define their relationship to one another. Below, we provide a description of how the Landscape Map was developed, its features – dimensions, clusters, and categories.

As described in greater detail in Chapter 1 of this book, we (Sorenson, Yu, Brigham

and Lumpkin) conducted a series of studies to identify and categorize family business outcomes (Yu et al., 2012). In addition, we obtained expert ratings of similarities among outcome categories and used a statistical procedure to create a visual representation of the relationships among family business outcomes. The figure originally titled, "Landscape of Family Business Outcomes," is referred to here as "A Map of the Landscape of Family Business."

The Landscape Map was the result of cluster analyses that plotted categories of family business outcomes in two dimensions. The two dimensions of the Landscape Map represent a conceptual framework of the potential outcomes in family businesses. It includes a systems dimension (family/business) on the horizontal axis and a temporal dimension (short-term/long-term) on the vertical axis. The combination of family and business systems makes family businesses unique. Family involvement in business is related to a concern about long-term outcomes. Thus, multi-generational family businesses attend to both family and long-term outcomes.

In addition to the visual depiction of family business outcomes on the systems and temporal dimensions, the Landscape Map also provides us with seven outcome clusters within the family business landscape: 1) Performance, 2) Strategy, 3) Social and Economic Impact, 4) Family Dynamics, 5) Family Business Roles, 6) Succession, and 7) Governance (see Landscape Map). Each cluster represents conceptually related outcome categories. For example, within the Performance cluster are the outcome categories are "performance – overall success," and "performance – financial."

The clusters represent categorizations of outcomes used in family business research. As is reported in Yu et al. (2012) and in Chapter 1, we examined 12 years of studies published in nine journals and identified 327 outcome variables studied in family business research. Based on similarities among these outcomes, we grouped them into 34 outcome categories.[3] It is important to note that these were the outcomes identified in the family business research literature and hence capture the empirical outcomes reported in those journals between 1998 and 2009. The articles that were used to obtain the outcome variables are summarized in Appendix B.

Then, using a Delphi technique, researchers categorized the outcome variables, resulting in 34 categories. Next, to expand beyond the categories and understand how they were conceptually related, family business experts engaged in a judgment task designed to create an overall classification. That is, these experts were asked to sort the 34 categories into groupings based on similarity. Based on the expert assessment of similarities among categories, we used a statistical procedure to create a visual summary of relationships among categories, which produced the seven clusters that can be seen in "A Map of the Landscape of Family Business" (See Chapter 1 and Yu et al., 2012 for a more detailed description of the research). Note that while the clusters are represented as distinct groupings, there are conceptual overlaps and linkages among the outcomes and clusters.

As was mentioned above, each chapter in the book focuses on one of the seven clusters. However, because of the overlap that naturally occurs when discussing the complexities of family businesses, the authors for each chapter also made comments about outcomes from other clusters. For example, the cluster focus in Chapter 3 is Performance, yet the outcome category "conflict," represented in the Family Dynamics cluster, is also discussed.

Background and purpose for book

After the Landscape Map was developed, the editors of this book spent time contemplating the overall utility of the figure. During those discussions, we realized that the Landscape Map helped us to better visualize the content and understand the nature of family business. While the applications for the research community were apparent, we wondered if practitioners would feel the same way if they examined the Landscape Map. So, as he had done previously, in the fall of 2010, Ritch Sorenson sponsored a multi-stakeholder family business conference at the University of St. Thomas in Minneapolis.[4] Family business owners and advisors were invited to join family business researchers in a dialogue about the "Landscape of Family Business Outcomes" research and figure.

At the Landscape conference, Andy Yu gave a presentation summarizing the Landscape research and presenting the map. Then, papers were presented about different clusters with the map: Mary Daugherty presented a paper on family business performance, Tom Lumpkin and Greg Dess presented on strategy, Keith Brigham presented on the social and economic impact of family business, and Ritch Sorenson presented on governance.[5] Following the presentations, conference participants engaged in dialogue about the presentations and added their insights and perspectives.

Because conference participants were unfamiliar with Landscape research, at first they were curious about the Landscape Map, but uncertain of its applications. However, as the conference progressed and dialogue about the Landscape continued, both practitioners and researchers gained insights about family business. Everyone, including practitioners, suggested potential applications for the Landscape Map. Family business owners made the following comments.

> *When you are in a family business that is actually active and functioning there are a lot of pieces that are scattered all over the place. This makes your family grow tired and your business grow tired, and any tools that we can have as a family to pull all those pieces together is very exciting. (University of St. Thomas, Landscape Conference, 2010)*

> *Where I'm coming from is that somewhere along the line I've got to implement it and to me the implementation is more important than the diagram, but I believe the diagram is a road map to get me to the implementation. (University of St. Thomas, Landscape Conference, 2010)*

Some practitioners were very enthusiastic about the Landscape Map and the opportunity to use it. One family business advisor made the following comment:

> *So what I see from this is perhaps a checklist of questions that might help unearth what they [family business owners] want; what they're thinking about; and how to go to the next generation to try and build a consensus among the different groups. (University of St. Thomas, Landscape Conference, 2010)*

The final presentation of the conference was given by Franz Kellermanns,[6] a well-known family business scholar who attended the conference. In his presentation, he provided a review and synthesis for the overall Landscape, suggesting how researchers might conceptualize the Landscape Map and outcomes research for further study.

Immediately following the conference, we, the editors for this book, met to discuss our impressions of the conference. We were pleased by the positive reception to the

Landscape research. And, given the insights gained from discussing the map, we were encouraged to 1) move forward in preparing a paper for publication summarizing the Landscape research, and 2) further develop the conference papers into a book.

Consistent with our determination, the four studies that comprised the original research about family business outcomes were published in the 25th Anniversary Edition of *Family Business Review* under the title, "The Landscape of Family Business Outcomes: A Summary and Numerical Taxonomy of Dependent Variables" (Yu et al., 2012). While the research paper was prepared for publication, we also worked to develop the conference papers for this book. Using the seven clusters revealed in the Landscape Map as the organizing framework, we asked the scholars who presented at the conference to further develop their papers by incorporating relevant research about family business and insights gained from the conference. Though all seven clusters were discussed during the conference, only four clusters were represented as conference papers. So, we invited additional family business scholars to read our initial research paper (Yu et al., 2012) and write chapters about the three remaining clusters. The following scholars graciously agreed to write chapters for this book: Pramodita Sharma and Frank Hoy wrote a paper about family business roles; Kirby Rosplock authored a paper about family dynamics; and, Massimo Baù, Karin Hellerstedt, Mattias Nordqvist, and Karl Wennberg wrote a paper about succession. Based on their review and analysis, the authors for each of the chapters also provide thoughtful suggestions for further research and practical applications of the Landscape. Below, we provide an overview summary of each of the chapters in the book.

Chapter summaries

The book is organized so that the first and last chapters provide an introduction and final commentary about the Landscape Map. Chapter 1, written by Andy Yu, provides an overview of the original research that produced "A Map of the Landscape of Family Business," and adds details about the clusters and categories within the map. Chapter 9, written by Franz Kellermanns and Laura Stanley, provides a conceptual framework for organizing the outcome clusters. Chapter 2 through Chapter 8 each focus on one of the seven clusters in the Landscape Map. Based on their review of the Yu et al. (2012) research, authors for each chapter describe implications for researchers and practical recommendations for practitioners.

As noted earlier, the Landscape Map has two dimensions – a business/family dimension and short-term/long-term dimension. Thus, the Landscape Map can be divided into quadrants: 1) a short-term business, 2) a long-term business, 3) a short-term family, and 4) a long-term family (see Landscape Map). Because of the relational implication of these quadrants, we will comment on the position of the clusters within the overall Landscape Map as we introduce each chapter.

Chapter 1:　Understanding the landscape of family business

This chapter, by Andy Yu, provides an overview and introduction to the *Landscape of Family Business*. Yu reviews the four studies that developed and validated the "Landscape

of Family Business Outcomes" (Yu et al., 2012). Then, he discusses the rationale for selecting the two dimensions underlying the Landscape Map and the process of deriving the seven clusters in the Landscape Map. In addition, Yu includes tables that provide more complete detail than were included in Yu et al. (2012). One table briefly summarizes all dependent variables included in each outcome category. Another table lists experts' views of outcome variables that were either missing or underrepresented in family business research.

Chapter 2: Governance within the two dimensions of family business

The Governance cluster spans into all four quadrants, but is located primarily in the long-term quadrants, suggesting that governance primarily has a long-term focus (see Landscape Map). Ritch Sorenson discusses the dimensions of the Landscape and the central position of governance in steering the family enterprise to obtain desired outcomes in part or all of the Landscape. He notes that decision-making is at the center of the overall Landscape. Sorenson then discusses how the following influence decisions: approaches to decision-making; structures and dispersion of family ownership; family control of ownership and the board, including board make up; family and non-family networks; family business mission and goals; and family resource policies.

Chapter 3: Performance in family business: Financial and socio-emotional outcomes

This chapter examines the Performance cluster, which is found in the short-term business quadrant of the Landscape Map. This is the cluster that family business owners give most, if not all, of their attention. To survive and thrive, family businesses must deliver positive business outcomes. Mary Daugherty – a scholar, family business owner, and advisor – begins by describing how the addition of family makes business a unique structure. Then, she reviews literature about financial and socio-emotional outcomes and discusses the importance of these outcomes to family firms.

Chapter 4: Social and economic impact of family business

In addition to the Performance cluster, the Social and Economic Impact cluster is found in the short-term business quadrant of the Landscape Map. Keith Brigham notes that outcomes in this category have received little research attention. This cluster focuses on how family businesses influence, and are influenced by, the economic, legal, and social environments. Brigham suggests that to survive family firms need to monitor their competition and foster an entrepreneurial mindset. He notes that family business social capital is unique because family business owners can retain social capital within communities and industries across generations through mentoring and educating family members to maintain relationships. Brigham also reviews research about the economic impact of family business and discusses the regulatory and business environment. Then, he suggests an integrating framework for the seemingly disparate outcome categories in this cluster.

Chapter 5:   Strategy in family business: Recent findings and future challenges

The Strategy cluster lies in the long-term business quadrant of the Landscape Map. Tom Lumpkin and Greg Dess indicate that although little research has been conducted about strategy in family business, family ownership influences strategy and can provide a strategic advantage. They discuss unique family business applications of business level strategies, namely: "familiness," family-based branding, internationalization, financial structure, and investment policies. To promote strategic growth in family business, Lumpkin and Dess review the concept of "entrepreneurial orientation," and apply it to family businesses including discussion of outcomes such as innovativeness, risk taking, pro-activeness, competitive aggressiveness, and autonomy.

Chapter 6:   Family business roles

The Family Business Roles cluster is on the extreme family side of the Landscape Map but extends into both the short-and long-term term quadrants (see the Landscape Map). Outcome categories of attitude toward family business including family members, non-family members, and CEOs who work in the family business are in the short-term quadrant. And outcome categories related to family involvement and roles of family members in the business are in the long-term quadrant. In this chapter, Pramodita Sharma and Frank Hoy indicate that very little research has been conducted about family business roles, and then, they provide an extensive discussion of the topic.

The chapter begins by exploring the question, "What is a family?" Sharma and Hoy then discuss family involvement as well as outsider and insider attitudes toward the family business enterprise. Using the three-circle model to frame a discussion of the roles of family and non-family members in a family business enterprise, Chapter 6 covers the roles of incumbents, next-generation family members, gender, in-laws, family, as well as non-family owners and employees.

Chapter 7:   Family dynamics in the family business

Together with the "attitude" portion of Family Business Roles cluster, the Family Dynamics cluster lies in the short-term family quadrant of the Landscape Map. Kirby Rosplock writes from the perspective of a family business scholar, owner, and advisor. She begins by reviewing the potential advantages inherent in family businesses, including family values, brand, identity, patient capital, and "familiness." Rosplock then discusses issues that can produce conflict and disrupt family dynamics such as sibling rivalry, nepotism, gender bias, and the "shirtsleeves-to-shirtsleeves" cycle in family businesses. She also provides insights about managing conflict and developing family satisfaction and commitment.

Chapter 8:   Succession in family firms

The Succession cluster together with the roles characteristics in the Family Business Roles cluster make up the long-term family quadrant in the Landscape Map. Massimo Baù, Karin Hellerstedt, Mattias Nordqvist, and Karl Wennberg provide a comprehen-

sive academic review of the literature on family business succession covering 15 years. These authors used a cluster analysis to group studies. They reviewed studies about the external environment, the firm, and individual/interpersonal issues. In Chapter 8, the authors summarize research about *pre-succession* participant attitudes and relationships; *planning for succession*, including managing contingencies and the effects of planning on relationships; *managing succession* in terms of family relationships, internal and external succession, co-habitation of predecessors and successors; and *post-succession*. They also summarize multilevel studies and make recommendations for future research including a focus on ownership transition, examining the succession context, and considering the impact of succession on the firm and on economic development.

Chapter 9:   A second look and commentary on the landscape of family business

Franz Kellermanns and Laura Stanley provide an overview and commentary about the outcome clusters in the Landscape Map. First, they refer to the "macro outcomes" within the family business Performance and Succession clusters and suggest that without positive outcomes in these clusters, the family business would be jeopardized. Second, they refer to the Governance, Strategy, and Social and Economic Impact clusters as "intermediate business-related outcomes," which either facilitate or hinder the aforementioned macro-level outcomes. Finally, they label the Family Business Roles and the Family Dynamics clusters as "softer outcomes." Finally, Kellermanns and Stanley discuss the nature, interdependence, and mutual influence of these three cluster groups.

Summary

While we believe readers will obtain many insights by reading the individual chapters, none of the authors in this book limited their discussion exclusively to their own cluster. To make sense of their assigned cluster within the context of the Landscape, the authors discuss how the outcomes within their cluster relate to each other and to other clusters' outcomes in the Landscape Map.

Thus, we invite readers to reflect on the overall Landscape and the interconnections of outcomes across the entire Landscape Map. For example, the Performance, Strategy, Succession, and Family Business Roles clusters appear to anchor the boundaries of family business. As Kellermans and Stanley suggest, owners need performance and succession to survive as a family business. Although Kellermanns and Stanley provide one perspective that seems to have merit, there are likely other meaningful interpretations. The editors of this book would add that survival as a family business also requires good strategy and family member participation, which may not be limited to ownership, but often, involves many more roles in governance, family, and the business.

If the Performance, Strategy, Succession, and Family Business Roles clusters are the anchors for family business, then the remaining three clusters perform mediating roles in maintaining the anchors. The Governance cluster, which falls in the heart of the Landscape Map, oversees and guides the overall enterprise to obtain desired outcomes and unify the four anchor clusters. The Family Dynamics cluster helps families to identify common values, engage in communication, and manage conflict so as to maintain

the satisfaction and commitment needed to perform in the Family Business Roles cluster. And, the Social and Economic Impact cluster enables family business owners to maintain social and entrepreneurial connections with the larger community and industry which contributes to the business' ability to maintain performance.

In a broad sense, this book provides a visual representation of the important outcomes in family business. Like a painting hanging in a gallery, the interpretation of the work will vary across individuals. Through their own unique lenses and perspectives, the individual authors of each chapter have offered their interpretation and extension of the Landscape Map. We invite readers to reflect on these and other possible interpretations of the Landscape Map, applying their own theoretical lenses and practical perspectives.

Notes

1. The original research published by Yu, Lumpkin, Sorenson and Brigham (2012) in the 25th Anniversary edition of *Family Business Review* was titled, "The landscape of family business outcomes: A summary and numerical taxonomy of dependent variables."
2. The figure, "A Map of the Landscape of Family Business" was originally titled, "The Landscape of Family Business Outcomes."
3. See Appendix 1 in Yu, Chapter 1.
4. Previous multi-stakeholder conferences held at the University of St Thomas (Minneapolis) addressed family capital (2008) and family social capital (2009). The papers from the family capital conference were published in 2009 in *Family Business Review*, 22, issues 3 and 4. The papers for the family social capital conference were published in, Sorenson, R.L. (Ed.) (2011). *Family business and social capital.* Cheltenham, UK, and Northampton, MA, USA: Edward Elgar Publishing.
5. Short biographies for all paper authors are provided following this introduction.
6. Laura Stanley joined Franz Kellermanns in writing a chapter in this book that comments on the Landscape of Family Business Outcomes.