



How to Make Lemonade: Building Resilience in Challenging Times

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"If You Have a Lemon, Make a Lemonade."ⁱ

These are challenging times. About the only thing we know for certain is that it's not business as usual. With the COVID-19 pandemic in full force, nearly everyone is feeling a heightened sense of anxiety about their health and finances. For most human beings, anxiety does not bring out our best, which makes it tricky when we are part of a family that has shared economic interests such as a business, family office, and/or foundation. While people need to maintain appropriate physical distance to avoid spreading the virus, families still need to work together to keep their family aligned around the actions they need to take to manage through this crisis.

So how can families make lemonade? Use the challenges of this pandemic to ramp up your resilience.

We define resilience as the quality that allows individuals and family systems to meet hardships and grow stronger from the effort.ⁱⁱ When families have abundant resources and most things are going well, there are fewer challenges that require us to build resilience. If you think of resilience as a muscle, when things are going well resilience can atrophy. Serious disruptions like this pandemic create the opportunity to exercise and build the resilience muscle. To do this, families need to focus on how they are interacting as they navigate the ongoing decision making that will be required, while staying true to their sense of shared purpose.

In other words, use the challenges that this crisis creates (the lemons) as focal points for your shared efforts to adapt to what is unfolding in a way that helps you work toward a sustainable future for your family enterprise (the lemonade).

Here are three key areas that we have found particularly fruitful for families to focus on:

Be Accountable

With so much out of our control, and so much on our plates, it's all too easy to overlook the importance of being accountable to ourselves and each other. Among the most universal human responses to being in a crisis are heightened fear and anxiety, which typically make us more reactive and less compassionate. We may forget how much stress others are under and too easily take offense at their behavior. We may also find it harder to focus due to a vague sense of grief over the big changes and huge uncertainty we are all dealing with.ⁱⁱⁱ

One of the core elements of resilience is the ability to take a positive view of stress and change. In order to keep a healthy mindset, it is essential to set aside time to manage our heightened levels of anxiety (exercising, walking, running, meditating, gardening, drawing, or playing music, for example). This is especially true for those who feel an enormous sense of responsibility and are inclined to work harder than ever to take care of an endless list of pressing matters.

As soon as stay-at-home orders went into place, Beth, the third-generation family member and CFO of her family's distribution business, made a promise to herself that she would devote one hour a day to some form of exercise as a way of de-stressing. Knowing that this wouldn't be easy to do, Beth asked her team to help her stay accountable to her promise. She has also been starting her (virtual) meetings with a personal check in by all participants. Although it makes meetings a little longer, Beth has a sense that for her team, having the opportunity to share what's on their minds and support each other has made it easier for everyone to make accommodations and pull together to address the challenges they are facing, both personally and professionally.

Being accountable to each other means remembering that the "how" is as important as the "what". Effective stress management benefits everyone, since stress is at least as contagious as COVID 19.

Be a Contributor

There can be a tendency to look toward family leaders and the heads of the business for guidance in a crisis. While that is natural, it's important for everyone to recognize that their involvement matters.

One important contribution everyone can make is to manage their own anxiety as best as possible. Resilient families have more ability to stay focused on the big picture, engage in factual conversations and avoid getting drawn into blame and judgment. In this way, precious time and energy can be devoted to risk management rather than family drama.

As owners or beneficiaries, you likely can offer an outsider's viewpoint and raise questions, not in judgement but with positive intent, to help leaders broaden their thinking. A CEO needs to focus on the most immediate business concerns, and supportive contributions and the confidence of trusted family members go a long way to helping him or her rise to the occasion.

This is a time when leaders are tested. If you're in a leadership role, pay attention to how to rally others and enlist their participation. There is a temptation to pull back, focus on self and manage the crisis that is right in front of you. Remember the qualities that set successful leaders apart—the ability to provide clear direction, delegate appropriately, express vulnerability, and build trusting relationships.

To execute in a crisis, you must move thoughtfully and decisively while avoiding shortcuts that undermine the confidence of those around you.

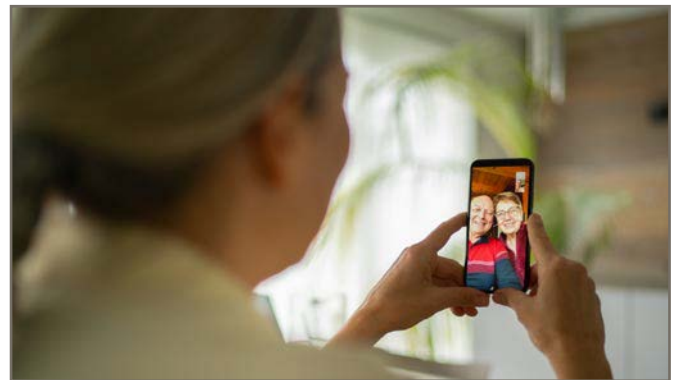
Bill as CEO of the family's manufacturing business, needed to communicate to his siblings and cousins that, with the factory shut down, distributions to family owners would need to be suspended. Although on one hand he felt like he didn't have the time to speak with the family because he needed to focus on the business, he knew that the more communicative and transparent he was with his family shareholders, the more appreciative and united they would feel as a decision-making group.

Get Together (Virtually)

Carving out time now for the family to meet virtually will go a long way to maintaining and even building connection and trust during this crisis and beyond. Families that communicate consistently feel connected, are more likely to be realistic and tackle difficult issues and circumstances as they come up. If you're a family that has articulated your shared values or developed ground rules/shared agreements that govern behavior in meetings, this may be a good time to pull those out. They can help keep everyone focused on what is most important.

The Smith family is used to quarterly calls as an ownership group to review business matters, so it didn't take them long to set up a video call once they became aware of the seriousness of the COVID-19 pandemic. The business leaders discussed the need to manage their cash flow and to mitigate the impact on the employees as business dramatically slowed down. This became an emotional conversation as family members considered the potential impact to longstanding employees and their extended families. The working family members shared that they had already agreed to forgo their salaries for a few months and that the rest of the management team had offered to take a cut in pay in order to avoid having to furlough employees in the short-term. The family and their business leaders agreed on the need to develop a longer-term plan to secure the business while continuing to take care of their employees.

Convening as a family during this time also provides a great opportunity to involve teenagers and young adults in the family. They can observe how their parents and grandparents are managing this situation and listen for how they are using lessons learned in the past to help them navigate the current situation.



Conclusion

There is no denying that everyone is dealing with extremely difficult circumstances right now and possibly for many months to come. Using this crisis as an opportunity to build resilience is a valuable way to make the best of the situation—to make lemonade out of lemons.

Be accountable for your own behavior, be a contributor, and get together (virtually) to make sure you are connected as a family and focused on what matters most for your family and your family enterprise.

If we learn anything from COVID 19, it's that we are all vulnerable and interdependent. Embracing this shared experience will amplify your resilience.

ⁱ Carnegie, Dale, "How to Stop Worrying and Start Living", (Simon & Schuster, 1948), p. 138.

ⁱⁱ The ideas about resilience in this article are based on our work with clients and ongoing conversations at Relative Solutions and owe much to Fredda Herz Brown's thinking on this topic as laid out in Chapter 8 of her recently published book, "Navigating Family Enterprise Sustainability in a Changing World", (2020).

ⁱⁱⁱ Berinato, Scott, "That Discomfort You're Feeling Is Grief", Harvard Business Review, March 23, 2020. <https://hbr.org/2020/03/that-discomfort-youre-feeling-is-grief>

About Relative Solutions

Families who share assets must successfully manage the joining of their emotional and financial lives. Relative Solutions guides families through the difficult questions that emerge from the shared risks and opportunities that impact their lives together.

We provide a structured space that is neutral, objective, and conflict free, so a family's best thinking can emerge to solve their most pressing challenges. Leveraging our proven process, families get the sense that change is possible, and are able to embrace tailored, practical solutions that have a substantive and lasting impact.

