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Throughout the world, weather-related and other natural phenomena claim thousands of lives and devour billions of dollars annually in recovery efforts. Destruction of life and property in the wake of disasters is devastating, and can have a dramatic impact on families and businesses around the globe. Yet, published works specifically in the field of Family Resource Management (FRM) reveal a limited understanding of how families respond when these critical events strike with little or no warning, particularly for business-owning families. This paper explores family business responses to a particular natural disaster through case study research from the FRM perspective. Essentially, its purpose is to ascertain whether the FRM description of management is useful for family business systems in the wake of a natural disaster. A review of the FRM and family business literature is offered, followed by a broad description of qualitative methods and a justification for the case study methodology for this project. In-depth information about the successful management of a natural disaster was gathered through face-to-face and phone interviews with five leaders of family-owned businesses. The interviews were transcribed and analyzed, followed by member checks and peer reviews to strengthen the trustworthiness of the findings. Based on the experiences of the five CEOs that participated in this study, it appears that the FRM conceptualization of management generally captured their experience and can perhaps be a useful tool in conceptualizing the preparation for, and recovery from, critical events. It was also found, as anticipated, that access to tangible resources (money, materials, equipment) and intangible resources (communication processes, family unity, adaptability, relationships) was a key to successful management. What was somewhat surprising, however, was the emphasis placed on the power of relationships in the management process. A discussion on how this study relates to previous work on family stress and coping models is offered, and implications for researchers, practitioners, and government agencies that interface with families in business are provided.

Response of Family Businesses to a Natural Disaster: A Case Study Approach

by

Clark H. Hammond

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Clark H. Hammond, Author

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Finally, without the participation of the truly remarkable family business CEOs, this study wouldn't be. Their stories of hope, their examples of perseverance, and their willingness to share them have made a lasting impression of goodness.

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CHAPTER I

INTRODUCTION

Throughout the world, weather-related and other natural phenomena claim thousands of lives and devour billions of dollars annually in recovery efforts (FEMA, 2002). The destruction to life and property in the wake of these disasters truly is devastating, and can have a dramatic impact on families and businesses around the globe. And it seems to be getting worse: natural disasters are occurring with increased frequency and intensity the world over. The year 1999 was the most costly on record in terms of life and property, and the year 2000 recorded more natural disasters than in any other year in history (FEMA, 2002).

The often tragic losses to families, businesses, and communities are painfully real, and the lessons can be costly, establishing the motivation, almost a need, to learn from the experiences of others. According to the Federal Emergency Management Agency (FEMA), weather-related disasters affect 28 million people each year, world wide; they cause an average of 16 billion dollars of damage and kill an average of 1,500 people each year in the United States alone; economically, 42% of the U.S. Gross Domestic Product ($2.5 trillion) comes from areas significantly affected by weather and climate (FEMA, 2002).

These are astounding statistics that indicate the wide-spread difficulties that businesses and families have to manage first hand. Several theoretical and practical models have been developed that specifically deal with family stress and coping strategies (Boss, 2002; Boss & Mulligan, 2003; Burr, Klein, & Associates, 1994; Hill, 1949; McCubbin, Cauble, & Patterson, 1982; McCubbin, Sussman, & Patterson, 1983; Walker, 1985). Yet, published works specifically in the field of Family Resource Management (FRM) reveal a limited understanding of how families respond when these critical events strike with little or no warning, particularly for business-owning families. This paper explores family business responses to a particular natural disaster through case study research from the FRM perspective.

One of the general managerial challenges of families is the constant need to manage limited resources effectively to meet their goals. This challenge is intensified when significant, unexpected events such as natural disasters disrupt the normal patterns of management within the family system. Taken further, management becomes even more complex for families that own businesses. When the domain of family life is eclipsed to some degree by the obligations of owning and operating a business, the effects of the managerial responsibilities and consequences of one realm often spill over into the other. To a degree, this study investigates the managerial balance among the family and business systems, in the context of a definable event. More directly, it examines the CEO's perspective on what factors facilitated their family businesses' successful response to – and recovery from – a natural disaster.

The Framework

Much has been written about the managerial activities of families. Through the lens of economic theory, early scholars focused their work on efficiency, simplification, and maximizing utility in household production (Deacon & Firebaugh, 1988; Gross & Crandall, 1963; Gross, Crandall, & Knoll, 1973). In efforts to capture the essence of management within the family better, Family Resource Management (FRM) scholars turned toward systems theory to provide the foundation of the management framework (Deacon & Firebaugh, 1988). Through various perceptions of managerial activities in a systems context, differing yet complementary models of management were proposed (Gross, Crandall, & Knoll, 1973; Deacon & Firebaugh, 1988).

Currently, the basic, yet descriptive "input-throughput-output" model as described by Deacon and Firebaugh (1988) is still widely accepted as the core framework in the FRM discipline. *Inputs* are those demands and resources that enter the family system in the form of matter, energy, or information. Within the system, the *throughput* process involves the utilization of resources to meet the demands. This process transforms the inputs into *outputs* – the met demands and/or altered resources. These outputs pass from the system to the external environment, often re-entering the system as new inputs through a *feedback* loop (Kast & Rosenzweig, 1972; Deacon & Firebaugh, 1988).

From a management perspective, the results of early versions of the input-throughput-output model appropriately identified families as systems, and facilitated the articulation of normal managerial behaviors within families in a general way. Yet Deacon and Firebaugh recognized that normal family life frequently includes non-normative situations. In the developmental stages of their framework, they included the concept of events. In this context, events are inputs that disrupt the normal flow of managerial processes within the system. They are described as significant, low-probability occurrences that demand action, and can be perceived as being positive or negative (Deacon & Firebaugh, 1988). For example, winning the lottery, or receiving an unexpected opportunity for tremendous financial growth could be considered positive events. On the other hand, a destructive tornado, the sudden death of a family member, a disabling accident, or a crashing stock market are examples of events that can be perceived as having a negative impact.

Events can also be characterized as internal or external to the family system (Deacon & Firebaugh, 1988). Internal events are those that occur within the family system such as home accidents. External events are those that occur beyond the system's boundaries in the external environments, yet significantly impact the family system. A natural disaster is such an event. According to Deacon and Firebaugh, events require the immediate utilization of available resources. They typically compel the system to redirect their focus from prior goals and plans to alleviating the demands of the event.

Purpose and Scope

A review of the FRM literature revealed that several studies have examined the impact of various types of events on the family system, ranging from bankruptcy and other economic stressors, to domestic violence and other traumatic family stressors (Plunkett, Henry, & Knaub, 1999; Rettig, Leichtentritt, & Danes, 1999; Sullivan, Warren, & Westbrook, 1995; Terr, 1989; Wollan & Bauer, 1990). These studies have been helpful in illuminating the management strategies families have implemented – or failed to implement – when faced with difficult situations. Some of these scholars implicate the usefulness of the traditional FRM framework within their research on issues such as debt problems and violence in the family. Although these issues can certainly be disruptive to family management processes, they only slightly resemble events as described by Deacon and Firebaugh. Further exploration of true event response within the simple FRM framework is warranted, particularly for families earning their living through business ownership and management. One of the purposes of this study is to expand the current knowledge and understanding of the how business-owning families respond to critical events, within the context of the FRM frameworks.

In addition, interest in family business dynamics appears to be increasing in FRM and related fields (see Heck, Owen, & Rowe, 1995; Heck & Trent, 1999; Miller et. al., 1999; Rowe & Hong, 2000; Stafford et. al., 1999; Winter et. al, 1998). These family-centered disciplines are well-suited for addressing the complex issues pertaining to the struggle for balance among the family and business domains. Yet the family business is a unique system. This study explores whether the FRM framework – particularly Deacon and Firebaugh's description of event management – captures the experience of event management for families in business as perceived by the CEO of the business. More specifically, it examines whether the manner in which Deacon and Firebaugh describe how family systems respond to events rings true for CEOs of family businesses that have rebounded from a natural disaster.

Research Questions

At the heart of any research design is what the researcher specifically wants to understand through conducting the study – the research questions (Maxwell, 1998). According to Maxwell (1998), research questions serve two main functions: they help focus the study, and they provide guidance on how to conduct the study. After reviewing the literature on Family Resource Management and Family Business, several questions arise. Coupled with thinking about how families in business might respond, even flourish, in the wake of a critical event such as a natural disaster, various general questions may include: What can family business scholars learn from FRM research? Can FRM scholars expand their understanding of family management by learning about family business dynamics? What motivates business families to pick up, clean up, and rebuild? Particular to this study, however, are two research questions that directly focus on events and how family businesses respond to them:

1) Does the theoretical FRM explanation of events and how they are managed accurately capture the actual process for family business systems?

2) What factors are essential for effectively responding to a critical event as perceived by leaders of business families that have been through the process?

These questions fit with the general purposes of this study, which are: (A) to gather family business leaders' perceptions of their families' response to critical events; (B) to explore those factors that contribute to the successful response of family businesses to critical events; (C) to expand the knowledge and understanding of events and the managerial responses they elicit; and (D) to ascertain whether the FRM framework accurately describes the experience of dealing with events for families in business. An effective approach to meeting these purposes is the case study method of qualitative research.

Outcomes

The outcomes of this study can potentially strengthen the suitability of the FRM model to describe family business processes, adding to the resources available to the growing field of family business research. They may serve to draw rejuvenating attention to the applicability of a simple model to the complexities of today's family firms. This may also help to validate and strengthen the FRM background as one useful for professionals in positions that serve families in business.

The professional services sector that focuses on family-owned businesses is growing (Bork, et al., 1996; Hilburt-Davis & Dyer, 2003), as family firms look to professionals strengthen their viability. Family businesses fail at alarming rates. Merely one third of all family businesses survive the transition to the second generation, and less than a fifth make it to the third generation (Bork, et al., 1996; Mass Mutual, 1994). Many factors contribute to the success or failure of a family business. One assumption of this study is that the capacity to access resources (human and material), and effective planning for predictable and unforeseen circumstances is positively related to the continuity of the family business. Values, money, talents, and relationship dynamics, along with the depth and breadth of planning within the family business, all contribute to its success. Through this study, factors that influence the viability of family businesses in the wake of critical events are explored. A better understanding of these factors can provide valuable information to other families in business and the professionals who work with them.

This paper focuses only on Deacon and Firebaugh's description of how family systems respond to events. In examining the process of event-management as stated in the core of the FRM literature (Deacon & Firebaugh, 1988), there is a noticeable lack of discussion about widely-accepted family stress and coping theories. Hill's (1949) classic research on war-induced separation and reunion became the foundation for the conceptual frameworks of family stress. His pioneering development of the ABCX model of family crisis proved to be an effective launching pad for a deeper understanding of family stress and coping. Notable scholars (such as Boss, Burr, Cauble, McCubbin, Olson, Patterson, and others) have since provided more depth, breadth, and clarity to understanding the processes and coping strategies associated with family stress.

This deeper understanding of event management would seem appropriate to include in the FRM discussions of management within the family. Yet perhaps the lack of consistency and agreement on the issue at the time dissuaded Deacon and Firebaugh from including this potential "can of worms." As the catalyst for a volume reexamining family stress (Burr, Klein, & Associates, 1994), Robert Burr's theoretical essay on family stress theories focused on the limitations of the ABCX models and other inconsistent ideas that seemed to be "piggy-backed on top of the earlier positivistic model" (Burr, et al., 1994, p. vii). Perhaps rather than take on such a task themselves, Deacon and Firebaugh (1988) elected to simplify the experience of event management into their own framework.

Because the purpose of this study is, in part, to assess the accuracy of the FRM description of how families respond to events, it takes a similar course. The literature on family stress and coping is largely ignored in order to isolate the event-management process as described by Deacon and Firebaugh (1988). This narrow focus provides a "quieter" climate for examining the FRM model's utility, independent of other theories. The discussion section, however, offers limited insights on how the findings of this study relate to other works on family stress, resiliency, and coping.

CHAPTER II.

REVIEW OF LITERATURE

In order to establish a foundation for this study, a review of the pertinent literature is essential. This review includes relevant theoretical and practical research in the fields of Family Resource Management (FRM) and Family Business. It concludes with citations from various scholarly articles that have begun building the bridge between FRM and related fields, and the growing area of family business research.

Family Resource Management

The challenge of management – how families acquire and allocate resources – has long been a focus of research in the field of home economics (Key & Firebaugh, 1989; Liston, 1993). In practical terms, "management helps people control the events of life and influence the outcomes of situations. It influences the quality of life of the individual and the family through the way resources are directed toward goals" (Deacon & Firebaugh, 1988, p. 3). Some of the first home management scholars emphasized the simplifying of household tasks, establishing efficient household production, and recognizing the value of domestic labor (Gross & Crandall, 1963; Key & Firebaugh, 1989). The foundations of the field were built from economic theories, specifically microeconomics, which continues as the basis of thought for present-day family economists (Winter & Morris, 1995). Yet with the emergence of a process-centered emphasis in the 1940s, systems thinking became the theoretical basis for the field of resource management (Berger, 1984).

The introduction of systems theory into the field was helpful in that it identified families as systems. It helped to clarify the multidirectional bonds among families and other broad systems and environments such as the political, social, technological, and economic systems (Vicker, 1990).

Families as Systems

Contemporary theories and perspectives that view families systemically emerged from General Systems Theory (GST), a multidisciplinary theory which seeks to "unify science by developing theories that are applicable to systems of all or many kinds..." (Constantine, 1986, p.46). Austrian biologist and father of GST, Ludwig von Bertalanffy believed that many of the holes in the mechanistic and statistical models could be theoretically patched by applying universal concepts to all types of systems (Whitchurch & Constantine, 1993). In other words, systems theory fills the gap between organized simplicity, which mechanics addresses, and disorganized complexity, managed with statistics. This gap – organized complexity – is the domain of systems theory (Constantine, 1986). Constantine (1986, p. 50) defines a system as "a bounded set of interrelated elements exhibiting coherent behavior as a unit." By this definition, it is not difficult to see how families can be classified as a system, in which the elements are the family members bound as a unit by the familial structure. In fact, Deacon and Firebaugh (1988) assert that the family system is perhaps the most complex of all social systems.

The definition of systems implies interdependent relationships and mutual influence of the interrelated elements. Because these elements are bound together in a system, they exhibit behaviors of mutual influence. That is, any change or influence on one component will generally affect every other component. The systems framework emphasizes reciprocity, recursion, and shared responsibility (Becvar & Becvar, 1988). It is therefore assumed that within families, the behavior of each family member will influence that of other members of the family (Whitchurch & Constantine, 1993). Later sections of this paper will illustrate that in family businesses, reciprocal influences are only intensified, adding the pressures of business survival, employees, and other factors into a more complex system.

The organization and complexity of families fit well into the systems framework, and there is value in attempting to understand family process systemically. "Viewing families through a systems format provides a way to capture the dynamics of family life in full range" (Deacon & Firebaugh, 1988, p. 4). In their attempt to better capture these dynamics in a managerial sense, Deacon and Firebaugh developed a framework for describing how family systems manage their resources.

The FRM Framework

Prior to reviewing the model of family resource management, it is important to establish the working definitions for the terms "system" and "subsystem." In line with Constantine's definition, Deacon and Firebaugh view a system as "an integrated set of parts that function to accomplish a set of goals" (1988, p. 7). Similarly, a subsystem is also an integrated set of parts which function together to reach a set of goals, but also plays a key role in a larger system (Deacon & Firebaugh, 1988). Systems and subsystems provide the overall structure of the FRM framework developed by Deacon and Firebaugh. Its review here will follow in two general sequences. The first will be a general overview of the input-throughput-output model of the family system. The second will be a detailed explanation of the personal and managerial subsystems.

The basic structure of the FRM framework is based on an input-throughput-output system (Figure 1). "Input is matter, energy, and/or information entering a system in various forms to affect throughput (transformation) processes in the achievement of outcome or output" (Deacon & Firebaugh, 1988, pp. 8-9).

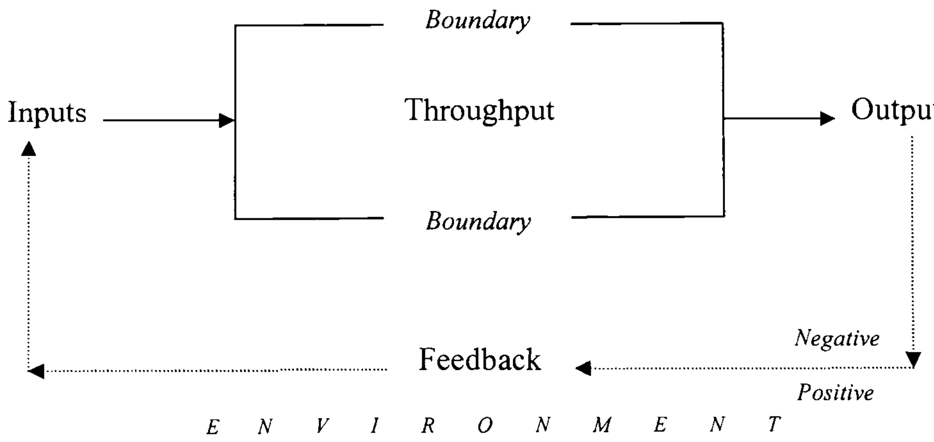

Figure 1. The "Input-Throughput-Output" Model

Resource Inputs

The matter, energy, and/or information that enter the system as input, is classified as either resources or demands. "Resources are the means that provide the characteristics or properties capable of meeting the demands placed upon the family by goals and events" (Deacon & Firebaugh, 1988, p. 9). Resources can be categorized into two primary categories: human and material resources. Human resources include such things as the skills, abilities, knowledge, emotions, cognitive abilities, and talents of those in the system. Material resources are the non-human capital a system has access to, such as equipment, cash, savings, real estate, buildings, investments, and other tangible goods. The ability to effectively plan and implement the utilization of available resources to meet the many demands on the system is the essence of management, and at the heart of this model. Although the type and quantity of resources varies from family to family, business to business, every system has at its disposal a stock of resources that are utilized to meet the demands that enter therein.

Demand Inputs

Demands are another form of inputs in the systems framework. Demands, which provide direction for managerial activity, include goals and events (Deacon & Firebaugh, 1988). Goals are "value-based objectives or anticipated outcomes that give direction and orientation to action" (p. 9). They can be further understood in terms of their duration, continuity, and interdependence. For example, a goal can be long- or short-term, depending on the length of time its accomplishment requires.

In addition to its duration, some goals require continuous effort and attention, while others involve only periodic monitoring. Goals can also be characterized by degrees of interdependence. "Although some goals are relatively independent of other goals, many are so intermeshed that the pursuit of one goal affects another" (Deacon & Firebaugh, 1988, p. 48). Within the complexities of a family business system, it is fairly easy to recognize that the simultaneous striving toward goals in the family and the business contexts brings with it varying levels of duration, continuity, and interdependence. While many factors influence the accomplishment of established goals, events can create challenging obstacles, often disrupting the efforts toward successful goal achievement.

Events are unexpected, low-probability situations that require action. Deacon and Firebaugh were among the first to discuss events in the context of family resource management (Deacon & Firebaugh, 1988). Generally speaking, events can be internal or external to the family and its subsystems, and can be perceived as positive or negative. In systems terminology, an event can be understood as an output from one system (the weather, the economy, etc.) that becomes the input of another. They can be pleasant, or very unpleasant. They can be minor inconveniences, or major catastrophes. How they are viewed varies, depending on the perceptions, values, and resources of the affected system. In other words, what may seem to be an insurmountable challenge through one person's experience may be less traumatic to another. As Deacon and Firebaugh put it, "people have different thresholds for absorbing situations without being thrown for a loss" (p.49). For example, a young business family with everything they own invested in the business would most likely experience the destruction of their business as a devastating event, from which they may not be able to fully recover. On the other hand, the loss of a location of similar size for a large conglomerate may certainly impact the financial statement, but the plentiful availability of resources reduces the severity of the loss on the overall system.

In the context of this model, minor events create a need for managerial adjustments, after which movement toward accomplishing previously established goals is resumed. Deacon and Firebaugh describe these as "unexpected occurrences that cause delays or adjustments in the flow of life but do not change it" (1988, p. 49). However, when events are severe, requiring a redirection from previously established goals, or spurring a "change the direction of the flow of life," they are considered a crisis. It is not entirely clear, however, what determines whether or not the flow of life is on course. It could be referring to the relative ease or difficulty in accomplishing day-to-day tasks. On the other hand, perhaps the flow of life addresses the general direction toward a long-term goal. Using a simple highway metaphor, the immediate goals for the driver may include keeping the vehicle on the road, maintaining an appropriate speed, or reaching the next mile marker. In the longer range lies the goal of the final destination. Do severe crises alter the final destination point, or is their impact restricted to "keeping the car on the road" and other immediate concerns? The picture of how crises impact short- and long-term goals in this context appears somewhat unclear. In discussing storm damage to homes, schools, and businesses, Deacon and Firebaugh do suggest that "the sureness of daily living is affected, and action taken is intended to return to the previous level of organization" (1988, p.50).

They are more direct in describing how severe events are experienced within the family system. In describing the response process to crises, Deacon and Firebaugh (1988, p. 50) state:

> Families ordinarily go through a stage of disorganization, where the impact of the event makes coping seem impossible. Gradually, capacities for facing and constructively dealing with the circumstances begin to take root, followed by acceptance of the need for and ability to proceed with reorganization.

While it was perhaps not their intention to develop a stage model for managing crises, a stage process is certainly implied with the above statement. Deacon and Firebaugh's description outlines a pattern that systems theoretically experience when faced with a severe event, which the author illustrates in Figure 2. It is understood that the overall management of critical events follows the general input-throughput-output construct, yet within that context is implied a pattern which family systems follow in the wake of a crisis. Based on Deacon and Firebaugh's description of crisis management, systems experience a shift away from previously established goals (the redirection phase). Typical roles, patterns, and processes are disrupted, creating disorganization throughout the system. Eventually, however, the ability to face the situation and constructively deal with the circumstances begins to increase (labeled as "coping capacities" on the diagram in Figure 2.). That ability is translated into action in the reorganization phase, and new goals are established and pursued. The accuracy of this pattern in terms of how family businesses respond to critical events is a key element of this study.

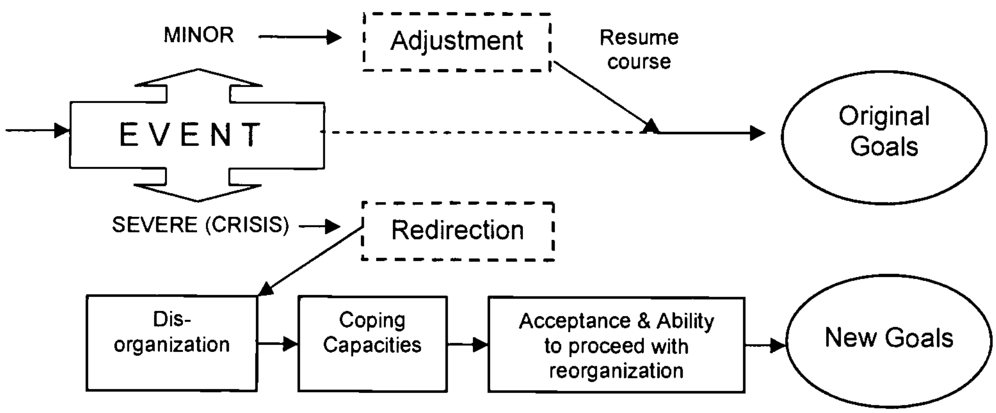

Figure 2. Event Management Illustration

Throughput – The Personal and Managerial Processes of Transformation

The transformation process, or throughput, is "the activity that pursues answers to questions of how, how much, how good, when, and where" (Deacon & Firebaugh, 1988, p. 10). In other words, the throughput process attempts to satisfy demands based on standards of quality and/or quantity. The effectiveness of this process involves the successful interaction between two subsystems within the framework: the personal subsystem and managerial subsystem (Figure 3).

These two subsystems interact through communication processes, critical in developing what Deacon and Firebaugh (1988) call the intrasystem dynamics –

cohesion, adaptability, and functionality. Cohesion, the sense of unity or closeness, is defined as the emotional bonding between the individuals within the system.

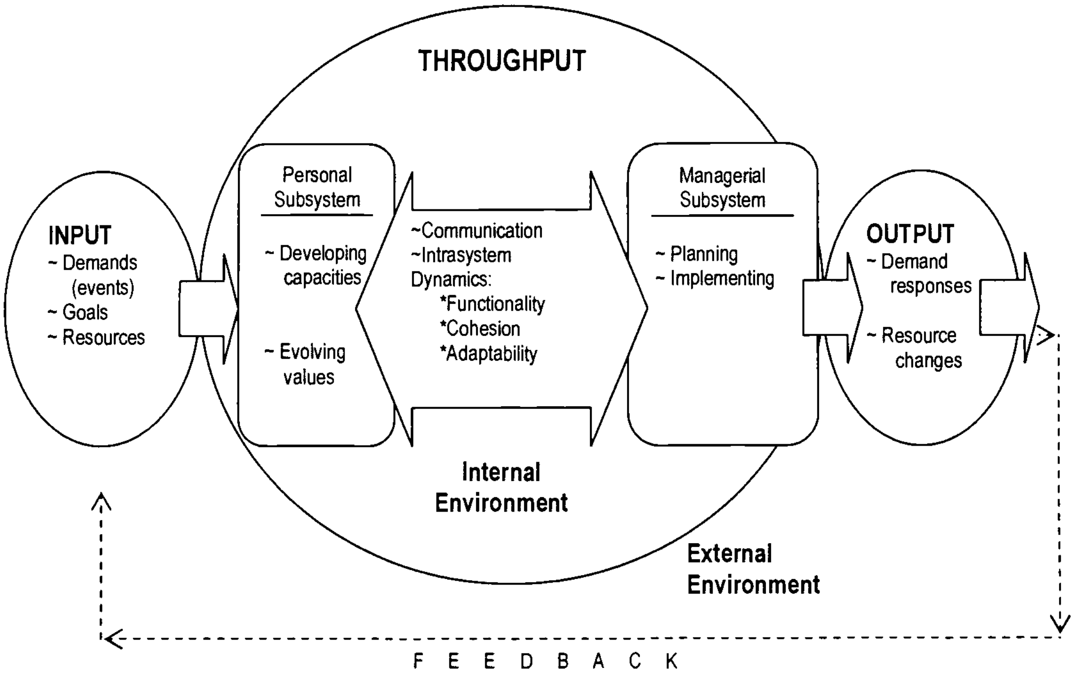

Figure 3. The Personal and Managerial Subsystems within the Framework. (Adapted from Deacon & Firebaugh, 1988)

Adaptability is the ability of the system to change power structures, role relationships, and relationship rules. Functionality is defined as the family's ability to utilize human and non-human resources to anticipate and meet demands (Deacon & Firebaugh, 1988). Communication, then, acts as the facilitating dimension in the development of these dynamics within the system. The intrasystem dynamics, and how they influence the effectiveness of planning and implementing are assumed to be key factors in family business responses to critical events. When examining the impact of events and the managerial responses they elicit, it is important to understand the reciprocally influential relationship between the personal and managerial subsystems.

Personal Subsystem. The personal subsystem has two primary roles: formulating and clarifying values, and "nurturing the individual capacities of family members" (Deacon & Firebaugh, 1988, p. 7). First, values evolve as experiences and understanding are translated into intrinsic and extrinsic meanings. Over time, a basic value system emerges which becomes an underlying factor in the formation of goals and drives managerial behavior. Second, the nurturing and development of individual capacities are important processes within the personal subsystem. Through this process the cognitive, emotional, social, and physical capacities increase, and ideally governed by values, influence the managerial behaviors of the individual and the family. Generally, the formulation of goals and decisions to utilize resources to meet certain demands are processed through the personal subsystem. For example, a family business may establish goals that not only fit within the values of the family and the business, but also complement the human capacities of those with responsibility over the managerial efforts aimed at accomplishing the goal. However, Deacon and Firebaugh (1988) suggest that demands in the form of events bypass the personal subsystem, requiring an immediate managerial response without the luxury of considering how they fit within the system's values and human capacities. In other words, when an event-demand occurs, there is no real choice whether or not to deal with it. The only choice centers on *how* to deal with it. For example, the family business whose production line is halted after a devastating earthquake did not choose the potentially devastating situation. The choice they have is how to respond.

Managerial Subsystem. By definition, management involves the planning and implementing of resources to meet the goals of the system. Thus, planning and implementing are the two primary activities of the managerial subsystem. In a basic sense, planning involves bringing the future into the present in order to have some control over it. It is "a process using cognitive skills to envision what is to be done" (Deacon & Firebaugh, 1988, p. 76). When resources and demands enter the system as input, planning, which consists of setting standards and creating an ordered sequence of actions, can begin.

Plans can be extremely useful in meeting demands and accomplishing goals in that they provide focus and direction. A system's ability to set clear standards and provide a logical sequence of actions, however, will vary depending on factors such as the availability of human and material resources, demographic characteristics, and other circumstances. An important human resource in the planning process is the ability to anticipate potential future events. One lacking in foresight may not even consider the need to prepare for the potential threat of a devastating flood, whereas another who has the ability to anticipate such threats may have elaborate emergency response plans in place. Demographic factors also impact the nature and effectiveness of planning, including age, stage in the life-span, education, experience and other characteristics (Deacon & Firebaugh, 1988). For example, the one with limited foresight who gets burned by the first event is likely to use the experience to develop a plan minimizing the effects of a potential second event. Or, a family business led by a CEO in the later stages of the life-span may have a clearly communicated succession plan, while a young business family may not even consider the importance of such a plan. Some families are very structured, and may develop plans that are precise, comprehensive, elaborate, and even well-rehearsed. Others may operate more loosely. Their plans, if any are ambiguous and uncertain. Clearly, planning is an essential element to the managerial process, and a good plan can turn anticipated outcomes into practical expectations. Yet plans alone do not produce outcomes, and are of little value unless they are implemented.

In terms of family management, implementing involves putting the plan into action, checking the actions with the plan and desired outcomes, and, if necessary, adjusting the standards and/or sequences to better meet the desired outcome. Moving the plan into action – actuating – is most effective when the expected outcome is important to those involved, the plan is clearly understood and doable, and the necessary resources are available (Deacon & Firebaugh, 1988). Yet setting the plan in motion is only part of the implementing process. Like a pilot who continuously monitors the instrument panel and adjusts his course as the plane's bearing is altered by wind speed and direction, implementers of the plan in a management context must periodically monitor the process through verifying that the actions are on track with the expected results, and making adjustments as needed. In this logical interaction of utilizing resources to meet demands through planning and implementing, the FRM framework becomes a useful tool in evaluating the management processes of family systems.

Output – Demand Responses and Resource Changes

The result of the transformation of the inputs, or the planning and implementing processes to meet demands, is the output. "Output is matter, energy, and/or information produced by a system in response to input and from throughput (transformation) processes" (Deacon & Firebaugh, 1988, p. 12). Output is typically the met demands and/or changed resources that result from the managerial activity within the system. In fact, a good measure of the managerial effectiveness of a system is the comparison between the actual outcomes of met demands and transformed resources with the anticipated outcomes. Briefly, the process begins with the goals, or anticipated outcomes. The planning phase of the managerial process elevates these anticipated outcomes to become expectations. Finally, the actual outcomes are realized through the implementation of the plan. In terms of assessing whether a family business has responded effectively to a critical event, the actual outcomes serve as the measuring stick in relation to the anticipated outcomes, or in this case, seeing the business not only survive, but rebound to at least the anticipated level.

The output resulting from managerial processes of planning and implementing can go beyond the status of demand responses and resource changes. The reality is that these outcomes frequently reenter the system as input through a feedback process, and become additional resources or goals that impact the next planning and implementing activities of the system. Deacon and Firebaugh explain that "feedback involves the system's evaluation of its own input, including its perception about how the output is received by other systems, compared to the intended responses" (1988, p. 123). This feedback can be characterized as either positive or negative.

Positive feedback is that which promotes change. It is informational output that reenters the system as input recognizing and accepting a deviation from the expected outcomes. Positive feedback, then, becomes a change-tool, as the information often leads to a change in goals.

On the other hand, negative feedback is that which generates responses that correct deviations from the established goals of the system. Deacon and Firebaugh suggest that "negative feedback processes note a difference between actual and desired output and influences the system to reduce deviation so that the output stays within the limits established by goals" (1988, p. 123). Negative feedback is used as a monitoring system, much like the thermostat of a heating and cooling system, or as in a kitchen oven. The goal is to maintain a consistent temperature. When outside influences threaten to change the desired temperature (for example, a door or a window being left open), negative feedback provides the information to the system, promoting the action required to maintain the target temperature.

In review then, the FRM model evolved out of economic and systems theories into a construct that provides insight and organization to the managerial processes of family systems. Inputs are resources and demands that go through transformation processes, or throughputs, within the system. They exit the system as demand responses and changed resources, or output. This output becomes an important factor in the ongoing managerial tasks, for it re-enters the system through a feedback loop as new input. In a very real sense, this feedback is a way of communicating back to the system the nature of the output, enabling the system to adjust its planning and implementing strategies as needed. For decades, this model has proven to be an important framework in the systemic analysis of management within families. It is anticipated that it will also provide a useful structure for an even more complex system, the family business.

Family Business

How families manage their resources becomes much more complicated when the general concerns of the family are coupled with the challenges of owning and managing a business. This section clarifies just what a family business is, presents the economic relevance of family firms within our society, and justifies examining the family business system as a compelling unit of analysis. In addition, an evolution of family business conceptual models will be discussed.

Characteristics of a Family Business

What exactly is a family business? A clear answer to that question is surprisingly difficult to provide. Often, the criteria for defining a family business are nebulous (Shanker & Astrachan, 1996; Ward & Aronoff, 1990). Although the size of the business, its management quality, and type of ownership (public or private) have been used as defining criteria, Ward and Aronoff (1990) suggest that these are not distinguishing indicators. Many believe that family business equates to small business. Although many are indeed small, about one third of the nation's largest companies are considered family businesses (Shanker & Astrachan, 1996). For example, Wal-Mart Stores is the largest retailer in the world. With annual revenues of $165 billion and 1.4 million employees, the Walton family still controls America's largest family business (Family Business Magazine, 2000). In addition, the management quality of many family firms has led to respectable performances. In 1988 for example, Fortune magazine named Liz Claiborne, Inc. - a family business - as the best performing Fortune 500 business of the year (Ward & Aronoff, 1990). Family Business Magazine (2001) also cites a list of family firms that have had positive, world-wide impact, including DuPont, Johnson & Johnson, R. H. Macy & Company, J. P. Morgan & Company, and the New York Times Company. In terms of ownership, the best estimates are that up to 60% of all public companies in the United States are family controlled (Shanker & Astrachan, 1996).

Donelly (1964) was among the first in the field to define family business. He asserted that a company is a family business "when it has been closely identified with at least two generations of a family and when this link has had a mutual influence on company policy and on the interests and the objectives of the family" (p. 93). Ward and Aronoff describe a family firm as "one that includes two or more members of a family that has financial control of the company" (Ward & Aronoff, 1990, p. 6). Bork et al. (1996) make a slightly different, yet complementary claim that a family business is "a company in which ownership and management is or soon will be shared by two or more members of a family" (p. xi). Similarly, the editors of Family Business Magazine (2000) used the following criteria as their parameters in identifying America's largest family businesses: "A single family controls the company's ownership; members of the controlling family are currently active in top management; and the family has been involved in the company for at least two generations – or seems likely to make that transition" (p.42). In their efforts to clarify ambiguous details of family businesses in the United States, Shanker and Astrachan (1996) utilized three definitions – broad, middle, and narrow – to describe variations of the family's involvement in the family business.

> Broadly defined: "Family has an influence over strategy and major policies, and has at least stated the intention of keeping the business in the family. Family members may own significant portions of stock and sit on the board, but none necessarily work in the business."

Middle range: This group "is defined by the same criteria, plus one other: The founder, or descendants of the founder, still run the company on a daily basis."

Narrowly defined: This group "includes only firms in which multiple generations participate; family members are involved in daily operations, and more than one of them has significant management responsibilities" (Shanker & Astrachan, 1996, p. 26).

As estate tax and other legislation is proposed and considered, strict definitions of family firms will most likely be necessary. For this study, however, the term "family business" will be used in a broad sense: A business owned by family members who have influence over strategy and major policies with at least one family member working in the business. Ownership is intended to remain in the family.

The Impact of Family Businesses on the Economy

Depending on how family business is defined, the impact family firms have on the national economy will vary. Throughout the family business literature, the same general statistics are recycled. It is estimated that family firms comprise about 90% of all businesses in the United States, that roughly 40% of the Fortune 500 companies are family owned or controlled, that they employ just under half of the American workforce, and that they generate about 50% of the Gross Domestic Product (GDP) (Gersick, et al., 1997; Ibrahim & Ellis, 1994; Legler, 1988; Shanker & Astrachan, 1996). Yet the reliability of these figures may be questionable.

Shanker and Astrachan (1996) assert that perhaps the mere repetition of these statistics may have strengthened the adage, “If you say something enough times, people will believe it” (p. 25).

In their extensive and eye-opening review of family business statistics, Shanker and Astrachan (1996) establish that the "street lore" figures most commonly stated in family business literature apply only to broadly defined family firms. They estimate that family businesses fitting the broad definition (as described above) make up 92% of all businesses, 49% of the GDP, employ 59%, and create about 78% of all new jobs (p. 27). Defined by the mid-range criteria, the numbers fall to 55% of all businesses, 30% of the GDP, 37% of the workforce, and 48% of the new jobs created. Furthermore, when narrowly defined, 19% of all companies, 12% of the GDP, 15% of the workforce, and 19% of all newly-created jobs are attributable to family owned businesses (Shanker & Astrachan, 1996, p.27). Clearly, there are substantial differences in the economic impact of family firms depending on the descriptive criteria utilized. Even broadly defined, families in business share the challenges of managing the overlap between the inherently different family and business systems. Given that this study is exploratory in nature, relaxing the parameters of how family firms are defined allows the net to be cast a bid wider, providing useful feedback from family businesses broadly defined.

The Intrigue of Family Businesses

Regardless of whether family businesses are narrowly or broadly defined, they play a significant role in our nation's economy. Whether there are 4.1 million (narrowly defined) family firms in this country, or 20.3 million (broadly defined), they are certainly not rare. What makes them interesting units of analysis is their challenging blend of love and work. Gersick et al. (1997) effectively capture the essence of their uniqueness:

> For most people, the two most important things in their lives are their families and their work. It is easy to understand the compelling power of organizations that combine both. Being in a family firm affects all the participants. The role of chairman of the board is different when the company is founded by your father and when your mother and siblings sit around the table at board meetings, just as they sat around the dinner table. The job of a CEO is different when the vice president in the next office is also a younger sister. The role of partner is different when the other partner is a spouse or a child. The role of sales representative is different when you cover the same territory that your parent did twenty-five years earlier, and your grandparent twenty-five years before that. Even walking through the door on your first day of work on an assembly line or in a billing office is different if the name over that door is your own (pp. 2-3).

It is not difficult to gain a sense of the fascinating dynamics and relationships that abound in family-owned businesses. Yes, family firms comprise the majority of businesses in the United States. They account for 12% to 49% of the country's GDP and employ a large portion of the nation's workforce. But perhaps the most intriguing aspect of successful family businesses is their ability to blend two inherently different domains amidst constant change as the family and the business developmentally progress through their respective courses (see Bork, 1986; Doud & Hausner, 2000; Gersick, et.al., 1997; Jaffe, 1991; Koenig, 1999). Indeed, the family firm is one of the most unique, complex, and dynamic systems in our society.

Family Business Models

The intrigue of family-owned businesses created the emergence and evolution of several descriptive models of the family firm. Early on, a model depicting the family business as two overlapping systems was introduced (Beckhard & Dyer, 1983; Danco, 1975; Donelly, 1964; Lansberg, 1983). In a rather simplistic manner, this two-circle model (see Figure 4) illustrates the overlap of two inherently different domains. Each domain has its own rules, structures, and purposes, and challenges often arise as the same individual strives to fulfill obligations in both realms (Gersick, et al., 1997). Because of its ability to describe the experience of family businesses in a general sense, the concept of overlapping systems is still widely utilized.

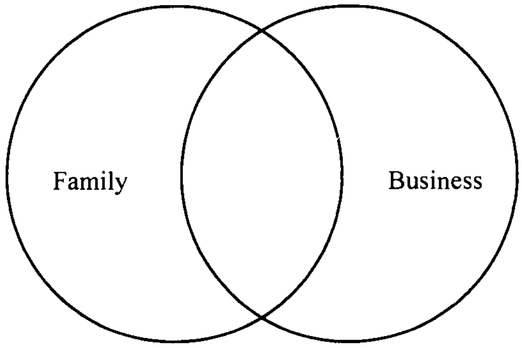

Figure 4. The Two-Circle Model of Family Business

From Two Circles to Three. In the early eighties, Tagiuri and Davis (1982) expanded the two-circle model. Viewing the business system as two distinct subsystems, they developed the three-circle model that includes the family, ownership, and business management domains (see Figure 5). This distinction more accurately described the reality that some members of the family were involved in the management of the business, yet did not share in its ownership. Conversely, others owned stock in the company without involvement in the daily operations of the business (Gersick, et al., 1997).

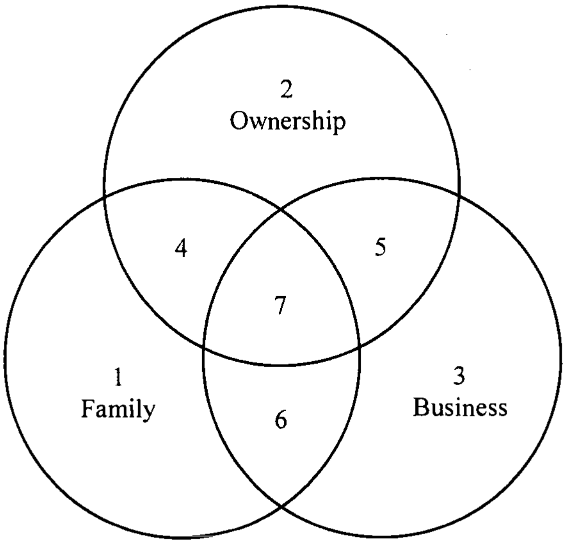

Figure 5. The Three-Circle Model of Family Business

The three-circle model is useful when examining the various roles played by each member of the family and/or business. By categorizing the individuals who make up the three domains, it is easy to gain a sense of the level of involvement each has in the family business system. For example, a family member not involved in the management or ownership of the business (coded a "1" on the three-circle diagram) is likely to be less familiar with the issues of the business than a family member who owns stock in the company and is involved in the daily operations of the business (coded a "7"). This is extremely useful in clarifying the distinct differences between the realms of family, business, and ownership. "It is a very useful tool for understanding the source of interpersonal conflicts, role dilemmas, priorities, and boundaries in family firms" (Gersick, et al., 1997, p. 7). It does not, however, capture the unique processes that occur as the family business develops over time.

The Three-Dimensional Developmental Model. Because people and systems change over time, the models describing them must also address the issues of time and change (Gersick, et al., 1997). Gersick and his associates expanded the three-circle model to incorporate these elements (see Figure 6). "The result of adding development over time to the three circles is a three-dimensional developmental model of family business" (Gersick, et al., 1997, p. 16).

Essentially, this model expands each of the domains of the three-circle model creating its own developmental dimension. Every family business can be identified at some point on each of the business, ownership, and family developmental axes (Gersick, et al., 1997). Based on their position on each axis, the family business will occupy a position within a three-dimensional space. This position defines a particular character that the family firm adopts.

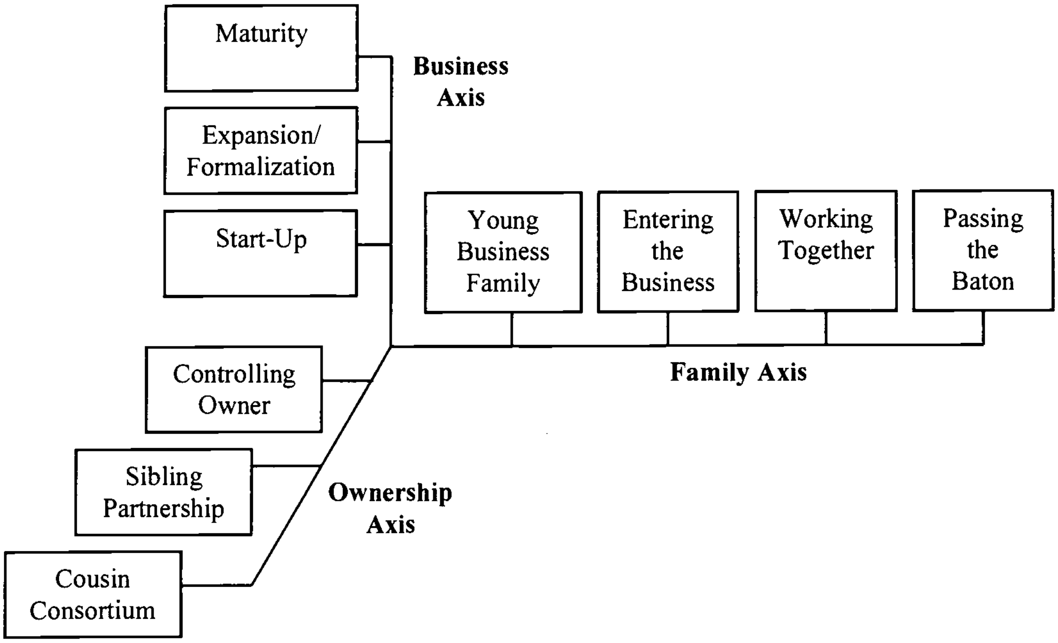

Figure 6. The Three-Dimensional Developmental Model of Family Business

The development of the three-dimensional model provides a framework from which to expand the discussion and research of the family business experience. The elements of development and life-stages of the family, the business, and the ownership structure invite multidisciplinary expertise into the mix of understanding more fully the myriad experiences of families in business. One might assume that the developmental stage of the family firm would be a factor in the successful response to critical events.

Building Bridges

Again, one of the purposes of this study is to further establish the utility of a FRM model in the context of family firms. The much-needed bridge between family management ideas and business management ideas is already under construction. In the early 1980s, Kepner (1983) observed that the literature relating to family enterprise was written from the business perspective with little or no attention to the family. Since that time, interest in the family perspective has increased. Dyer (1986) was among the first to introduce family-business spillover by discussing the mutual influence of family and business transitions on each domain. Several others began examining the challenges of balancing the family and business spheres (Bork, 1993; Cole, 1997; Dumas, 1989; Holland & Boulton, 1984; Jaffe, 1990; Rosenblatt, et al., 1985; Ward, 1987).

Within the past decade, the specific application of the FRM framework to family business was suggested. Winter and Morris (1995) recognized the general assumption that "family resource management theory addresses the processes used by families as they match their resources with their demands" (p. 4). They went on to explore this process for families in business. "That a family generates all or part of its income from a *family* business opens up the potential for resource exchange not present when a family does not generate its income in this manner" (Winter & Morris, 1995, p. 4). It is illustrated that many family businesses survive difficult economic times not necessarily because they operate a good business, but because of the fortitude of the family (Keough & Forbes, 1991). The value of applying effective family management practices can therefore be discussed in terms of the tremendous positive impact on the business.

Winter and Morris (1995) also illustrate the adaptive nature of family businesses as they meet the challenges of both family and business. Similarly, in developing an integrated systems approach to evaluating processes of family firms, Weigel and Ballard-Reisch (1997) incorporate elements of the Deacon and Firebaugh (1988) FRM model into their work. One of the most organized and wide-spread efforts to bridge the family and business realms through research comes from the 1997 National Family Business Survey (Haynes et al, 1999; Heck & Trent, 1999; Winter et al, 1998). This multi-state effort is among the first to study family business dynamics from a family and household sample. In addition, Stafford et al (1999) explored research models of sustainable family businesses, including elements of the FRM model. The present study may provide additional supporting structures to the bridge between FRM and family business that has been built by these scholars.

CHAPTER III.

METHODOLOGY

Methodology refers to how research is conducted, or in this case, the way in which answers to the research questions are sought (Taylor & Bogdan, 1998). This chapter will present an overview of qualitative research and establish the appropriateness of the case study approach for this investigation. The research design is outlined, with a focus on the procedures that were followed in order to meet the purposes of this study. Inherent special considerations given to this project will be reviewed, and the design of this study—the sampling, data-collection procedures, and analysis—will be presented.

Qualitative Research: An Overview

Research that produces its findings in non-statistical or otherwise quantified means is known as qualitative research (Strauss & Corbin, 1990). In the broadest sense, it refers to research that generates descriptive data, such as observable behavior, and the spoken and written words of the groups or individuals on whom the research is focused (Taylor & Bogdan, 1998). Although the use of qualitative methods has seemed to reemerge since the 1960s (Taylor & Bogdan, 1998), observations, interviews, personal documents, and other qualitative data have been utilized for descriptive purposes since the beginning of recorded history. Wax (1971) asserts that the beginnings of fieldwork can be traced to Greek Herodotus, Marco Polo, and other historians, travelers, and writers of old.

Today, qualitative methods in research are adding valuable insight to academic and professional disciplines such as sociology, anthropology, psychology, business, political science, city and regional planning research, organizational and management studies, and public administration, just to name a few (Yin, 1994). Because qualitative methods have been shown to produce empirically sound research across disciplines, a qualitative approach was selected for this study.

A qualitative form of research for this study is appealing for several reasons. Primarily, it allows access to potentially rich accounts, unencumbered by the rigid bounds of quantitative measures. Because the intent of this qualitative study is to gain a better understanding and appreciation for the experiences of each family business system from a leader's perspective, qualitative inquiry allows the examination of personal accounts. Accessing these personal accounts through personal interviews provides insight regarding the perceived reality of an experience from the people themselves, rather than from obscured, quantitative measures. Wolcott (1990) effectively summarized this notion of the personal touch when he said, "One of the opportunities – and challenges – posed by qualitative approaches is to regard our fellow humans as people instead of subjects, and to regard ourselves as humans who conduct our research *among* rather than *on* them" (p. 19).

With this in mind, a qualitative approach is not only appealing, it is appropriate given the objectives of the present study. The meanings, perceptions, and experiences of family business leaders can only effectively be gathered through qualitative methods. "By its very nature, (qualitative research) can provide data and raise questions that no quantitative methods could generate" (Ambert et al., 1995, p. 883). Because little has been done to understand the family business experience of events in the FRM discipline, this approach can result in new or supporting information regarding the managerial responses to critical events.

In addition to identifying a qualitative approach as appropriate for this study, a logical, adequate strategy within this approach was selected. The over-arching umbrella of qualitative research encompasses a variety of strategies in gathering and analyzing non-quantified data. Described as a "naturalistic" approach to research, qualitative strategies take on several names and variations including ethnographic, phenomenological, subjective, hermeneutic, and case study methods (Lincoln & Guba, 1985; Merriam, 1998; Yin, 1994). The structure utilized in this study is the case study approach.

Appropriateness of Case Study. Case study is not a choice in methodology, but rather a choice of the object to be examined (Stake, 1994; Yin, 1994). Since researchers might have various purposes for studying cases, Stake (1994) suggests categorizing case study research into three areas: Intrinsic, Instrumental, and Collective case study. The intrinsic case study is undertaken with the researcher's only purpose being to learn more about a particular case. "The purpose is not to come to understand some abstract construct or generic phenomenon (and) is not theory building. Study is undertaken because of intrinsic interest in...this particular (case)" (Stake, 1994, 237).

When a case is studied because of its potential insight into a particular issue or to refine a theory, it is described as an instrumental case study (Stake, 1994). "The case is of secondary interest; it plays a supportive role, facilitating our understanding of something else" (Stake, 1994, p. 237). Regardless of how in-depth a case is examined, if the purpose is to advance our understanding of some other interest, the case itself becomes secondary, instrumental to the primary objective. There are times when more than one case will be examined in order to understand a particular phenomenon. When an instrumental case study is extended to include additional cases, the project can be considered a collective case study. "It is not the study of a collective but instrumental study extended to several cases" (Stake, 1994, 237). The individual cases within a collective case study may be very similar, or quite diverse. Their inclusion is based upon the assumption that each will contribute to a better understanding of a particular phenomenon (Stake, 1994; Yin, 1994).

The present study could be described as a collective case study because more than one case has been examined with the purpose of learning about a particular experience. Simply put, its purpose is to explore the responses of different business-owning families to a critical event, an endeavor well-suited for instrumental case study research. Yin (1994) states that "in general, case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context" (p.1). Given Yin's description of the appropriate use of the case study method, its general use for this project is justified. It is also an acceptable, insightful approach for specific issues relating to family business.

Case studies have certainly proven to be useful in expanding our understanding of the experiences of business families in various contexts (Dunn, 1999; Howarth & Ali, 2001; Kenyon-Rouvinez, 2001; Salyards, 2000; Santiago, 2000; Yeung, 2000; Karofsky, 2001; Tan & Fock, 2001). They also strengthen and validate the use of the collective case study approach for the present study. Yet, despite its appropriateness for this study, the legitimacy of case study research is sometimes questioned. The following describes some of the biases against this approach, and attempts to establish that these potential concerns are unsupported.

Countering the Arguments Against Case Study Research. At times, case studies are viewed by some as a less-than-legitimate form of empirical research (Yin, 1994). Why might this be? Yin (1994) debunks three possible reasons for case study negativity. First, it may be that some have confused case study research with case study teaching. Case studies intended for teaching purposes are frequently altered or embellished in order to clarify or more poignantly illustrate a particular issue. This, of course, is strictly forbidden in case study research. Second, a common concern about case study research is the perceived lack of scientific generalization. While this is often true, it is no more so than the experiment approach. “The short answer is that case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes” (Yin, 1994, p.10). In general, as with this study, the investigator’s purpose with case study research is to expand understanding and explore new territory, not statistical generalization. Third, Yin (1994) cites a frequent complaint about case studies as taking too long, and resulting in lengthy, difficult to read documents. While past case studies may have indeed fit this description, it is not necessary to produce voluminous reports. In some instances, the “traditional, lengthy narrative can be avoided altogether” (Yin, 1994, p.10). Despite prejudices and arguments against the case study approach to research, it can in fact produce empirically sound contributions to academic or professional learning.

Case Development: Gathering the Data. Qualitative approaches to studying families require "in-depth and detailed information about family interactions and about the perceptions, understandings, and memories of family members" (Rosenblatt & Fischer, 1993, p. 167). The objectives of qualitative research can be summarized as: Seeking depth rather than breadth; focusing on smaller samples; learning about how and why people behave and think the way they do; and to discover rather than verify theory and process (Ambert, et al., 1995). In order to tap the deeper issues of interest, data-collection techniques in qualitative research rely on any one or a combination of three methods: observations, content analysis of personal documents and subjective surveys, and in-depth interviews (Rosenblatt &Fischer, 1993; Sells, et al., 1994; Taylor & Bogdan, 1998).

The focus for this study is on the perceptions of one individual, the family business leader. It is assumed that although one person's views may not describe the collective experience of the family, the leader's perspective is an important voice regarding the family's response to the event, and is a strong beginning to this exploratory endeavor.

Research Design

"The success of any research project is dependent on the researcher's ability to reveal or illuminate the main intentions of the study" (Jensen, 2000, p. 128). Does the study provide what it sets out to provide? In order to promote trustworthiness in this study, a multi-method approach to data collection was employed (trustworthiness is also strengthened through a variety of analysis procedures, discussed later in the analysis section). This section describes the informants (why and how they were selected for this study), and the procedures for gathering and analyzing the data for this study.

The Informants

In-depth interviews were conducted with five family business leaders in the upper Midwest region of the United States three years after experiencing a devastating natural disaster. In each case, the participant was a white male, President/CEO of the company, and head of the family. Given the purposes of this study, interviewing the company president made sense because of his assumed directive role in orchestrating the business family's response(s) to the critical event.

The geographical region selected is the key source of participants for this project. In the spring of 1997, residents in several communities in the region experienced what has been termed "The Flood of the Millennium," the critical event of this study. Words fail to adequately depict the devastation left after the flood waters receded. The conditions that season, and the physical characteristics of the region, converged to create a watery nightmare. Record snowfall and a quick thaw produced too much water, and no where for it to go. For example, the flat terrain facilitated what is called “overland flooding,” creating shallow lakes up to 25 miles wide. In addition, the north-flowing river rushed by at 10 feet per second, eventually cresting at 54.2 feet, 26 feet above flood stage, spilling over flood-control dykes into neighborhoods and business districts. Adding to the threat of rising water, some areas were dealt another blow when electrical fires erupted and engulfed the upper floors of several commercial and residential buildings. Up to 95% of all residents in some communities were evacuated, unable to save their homes and businesses. The costs were horrendous: five lives were lost (in two states and Canada), and the clean-up and repair costs exceeded one billion dollars.

The five CEOs that participated in this study emerged from the devastation in exemplary fashion. They make an interesting research group, given that each faced the same event that destroyed the majority of their community. Although interpretations and perceptions of the flood's impact are bound to differ, the continuity that comes with each participant sharing his experience of the same event provides for rich accounts of the recovery process. The informants are at the helm of family firms that meet the "family business" criteria as defined earlier. That is, a business owned by family members who have influence over strategy and major policies with at least one family member actively participating in the business. Ownership is intended to remain in the family.

Although not a demographically diverse group, the stage of business and family development, as well as the type of business, differed for each participant. Some level of diversity among the participating family firms is desirable. Having variation in the size of the business, the product(s) and/or service(s) they provide, the age of the family business, and their structure provides an effective starting point for investigation (Cole, 1997). As illustrated in Table 1, the five participants in this study represent a fairly wide range for the selected criteria.

Table 1. General Descriptive Data for Participating Family Businesses.

Industry	*Year Family Took Ownership*	*F/T Employees*	*Age of CEO*	*Generations of Family Involved*
Custom Design	1988	4	37	1
Building Supplies	1936	40	54	2
Food Service	1989	14	56	1
Retail (gifts)	1870	10	80	4
Textile Care	1972	43	61	2

Procedure

This project was approved by the Institutional Review Board for the Protection of Human Subjects at Oregon State University (IRB), and the Human Subjects Committee (HSC) at the University of South Dakota (See Appendix A for sample forms and letters used in this study). The area chamber of commerce was contacted by phone and agreed to provide a list of potential participants. A list of eight potential participants that had successfully rebuilt after the flood, and met the family business criteria, was provided. Each potential participant was sent an invitation to participate in the study, followed by a phone call to schedule an interview. The eight businesses on the list were contacted a week after sending the invitations, and five agreed to participate. The remaining three expressed interest but their schedules would not allow the time requested. Because five cases fall within the parameters of general case study research (Yin, 1994), these five became the focus of this study and participated through its completion.

Face-to-face meetings were scheduled and took place in two parts: an initial meeting to get to know the participants and their businesses, and the in-depth interview relating to the research questions of this study. Prior to the interviews, the overall intent of this study was explained, both verbally and in writing. Ethical issues of participation were discussed, which included the potential risks and benefits of participation, and how confidentiality will be maintained. Once the participants understood the research process, and their right to withdraw from the process at any time, an informed consent form was signed (along with the overall project, this form was approved by the IRB and the HSC).

The initial meeting included walk-through tours of the participants' businesses, the development of a family genogram, and in one case, a tour around the community to witness the growth of the community three years after the flood.

These meetings were not tape recorded. To see first-hand what these participants and their community have accomplished in three years was a tremendously powerful experience, one that brought this project to life for the author.

Genograms & Organizational Charts. Based on the information provided through the initial face-to-face and telephone interviews, the author developed a genogram of the family and an organizational chart of the business. A genogram is a visual representation of a family, typically three generations deep (McGoldrick & Gerson, 1985; McGoldrick, Gerson, & Shellenberger, 1999; Swain & Harrigan, 1995). They are widely used in marital and family therapy (Arrington, 1991; Erlanger, 1990; Kelly, 1990; McGoldrick & Gerson, 1985; McGoldrick, Gerson, & Shellenberger, 1999) and in the medical professions (Rogers & Durkin, 1984; Rogers & Holloway, 1990; Rogers & Rohrbaugh, 1991). Their usefulness has been suggested in the practice of financial counseling and planning (Hammond, 1997), and they are important assessment tools for consultants and educators in the family business field (Gersick, et. al., 1997; Hilburt-Davis & Dyer, 2003; Whiteside & Brown, 1991). Genograms provide a concise view of the members of a family system of interest, and were helpful in identifying key individuals involved in the family businesses of this study. Information noted on the genogram includes descriptive data (names, ages, role in the business, important dates, etc.) and delineated relationships (legal and biological ties).

In-depth Interviews. The second part of the face-to-face meetings included in-depth interviews with each participant. This was the key component of this study, and the interviews were audio taped, and later transcribed. The recorded interview centered on the individual's account of the critical event and their subsequent response to it. The participant was asked several questions aimed at understanding their perception of the experience, his family's response to the event, and the factors they believe were most influential in the management of the circumstances (see Appendix B for a sample of the interview questions). Although specific questions were asked of each participant, flexibility in the interview process allowed the participant freedom to express other related insights as appropriate.

The recorded interviews were transcribed by office staff at the University of South Dakota, School of Business. Generally, a transcript is either a verbatim account of the interview (which includes silent pauses, verbal pauses, voice inflections, unrelated comments, etc.) or an edited version. In order to isolate the discussion directly relating to the topic, the transcripts were edited by the author, eliminating phrases, pauses, and other portions of the interview that were deemed irrelevant to this study. In finalizing the transcription process, fictitious names were assigned to each business and any individual referred to by name in the interview. This was an additional effort to maintain the expected high level of confidentiality throughout this study.

Analysis

"Key to data analysis in qualitative family research is the process of deciding what is important and of managing the data" (Rosenblatt & Fischer, 1993,

p. 172). Ambert et al. (1995) go on to suggest that "the process of doing qualitative research is cyclical and evolutionary rather than linear" (p.884), indicating that an established approach to analysis early on will most likely change as data are gathered and understood. The general analysis for this study followed a simple two-step process: Individual comparison to the model; and a collective comparison between cases, identifying common themes as they relate to, or differ from, the FRM model.

First, the accounts provided by the CEO in each case were reviewed from the lens of the FRM model, and in particular, the management process concerning events as described by Deacon and Firebaugh (1988). Was the event seen as severe, or at crisis level? Did the family business system experience a sense of disorganization, a test of their coping capacities, and find within itself an ability to proceed with the reorganization process? What effect did this event have on the goals of the organization that were in place prior to its occurrence? What particular resources were critical in this process? What role did the intrasystem dynamics play in those processes? Responses to these types of questions were taken from the individual interviews from each case. This was a simple, yet helpful, strategy in addressing the question of the framework's applicability to these family business systems.

Each phase of the model was assigned a color (for example, "redirection" was blue, "disorganization" was red, etc.). Electronic versions of the transcripts were reviewed, and the content pertaining to the different phases of the model was highlighted in its respective color. This simple technique made it easy to organize the participants' experiences based on the components of the model.

Second, the transcripts and supporting materials were carefully read and marked according to common responses between cases. For example, each participant listed resources as important in their recovery process. But what types of resources were cited as vital collectively? In other words, as a group, were certain resources, dynamics, and other processes seen as more important than others? These comparisons were analyzed by manually organizing, or coding the information within each transcript. With the participants' responses to each question clustered together, a comparison across interviews was conducted. This constant comparative method of analysis (Glaser, 1978) allows the evaluation of each participant's responses compared to his/her counterpart. The result was the emergence of common themes or characteristics important in exploring how family businesses respond to critical events within the framework. In addition, a more abstract analysis of each interview assisted in discerning repeating patterns or common themes in the overall account of the impact and response to the event discussed.

Once comparisons were made and themes identified, methods to establish trustworthiness were employed. Just as elements of trustworthiness are established in the data collection process, they are strengthened in the process of data analysis (Jensen, 2000). First, an audit trail was used to ensure that the data appear accurate, based on the transcribed interviews and field notes. The audit trail is a series of steps taken to preserve the integrity of the data. Accurate transcriptions, the added insight of field notes, and peer reviews ensured a fair analysis of the perceptions of the participants.

Peer reviews were also employed as a "second opinion" relating to the division of categories and themes that developed in analyzing the informants' responses. Two professors at the University of South Dakota reviewed the material and concurred with the author's analysis. Because of the nature of qualitative research analysis, the researcher's own interpretations may reflect his/her biases. Peer reviews can assist in maintaining neutrality in the interpretive process, adding to the trustworthiness of the discoveries.

Follow-up Phone Calls

After conducting preliminary analyses, the participants were contacted by phone to verify the accuracy of the author's interpretation of their experiences ("member checks") and to obtain further information. Member checks are designed to verify the researcher's interpretations of what was said, for example, with the informant that said it (Jensen, 2000). This is another important step in establishing trustworthiness to the project, as the researcher's analyses and descriptions are assessed as to how accurately they portray the informants' intended meaning. Member checks took the form of a follow-up phone call with each participant, approximately 1-year after the initial interview. In a "do I understand you correctly?" approach, each participant verified the accuracy of the interpretation of their perceptions. Again, these processes that assist in strengthening the trustworthiness of the qualitative study are similar to the critical steps in establishing reliability and validity in quantitative methodologies.

Follow-up phone calls also served to provide additional, clarifying information. The concept of intrasystem dynamics is an important component to the FRM model. Because the transcribed interviews provided nebulous information on their perceived role, the author created a phone survey consisting of eight questions on the cohesion, adaptability, functionality, and communication levels in the family and in the business as perceived by the participant. After hearing the definition of each, participants were asked to rate their family and their business on a scale from one to five, with "one" being very low, and "five" being very high (see Appendix B). This information was then included in the final analysis of this study.

Upon verification that the interpretations of the data were accurate, the categories and themes were linked together, and a descriptive analysis was compiled. The hope is that this analysis can provide new information as to the utility of the FRM framework, and insight as to which resources are important to the successful response of family business systems to critical events, specifically to natural disasters.

It is anticipated that the results of this study will shed further light on the concept of events and the utility of the FRM framework within the family business system. Yet, it is also expected, as Ambert et al. (1995) suggest, that they will "lead to additional questions and hypotheses for further research" (p. 884). In the end, that is the hope of this project—to begin an exploration that can lead to further understanding of events and successful responses to them, particularly for families in business.

Special Considerations

Before conducting this study, several issues were considered. As with any research project, questions of fairness to the respondents (reciprocity), confidentiality, and other ethical considerations were important to consider. The following briefly explains how these issues were addressed in this study.

Reciprocity

An important issue to consider in any research project is reciprocity, or the agreements made between the investigator(s) and the participant(s) about appropriate compensation for participation in the study. Benefits for participating in research projects may come in the form of financial compensation, consumer discounts, or certificates for various products of services. Whatever the benefit, it is recommended that fairness govern the reciprocal relationship between the investigator(s) and the participant(s) (Daly, 1992).

With the participants of this study in mind, assumptions were made as to what might be perceived as a fair compensation. A small monetary reimbursement is not practical, given the restricted budget for this project. Yet beyond budget constraints, it was assumed that the family business leaders in this study would value participation and the resulting information far more than a token payment. That assumption proved to be accurate, for the participants agreed to freely give of their time for this project. As a matter of courtesy, it was agreed that each participant would be provided with a brief summary of the study and relevant materials, which include a printed copy of the transcribed interview, access to the family business resources of the South Dakota Family Business Initiative (an educational outreach program of the University of South Dakota's School of Business), and a letter of appreciation for their involvement in the study. It is hoped that these materials might be a valued addition to their family history, and could be used as an educational tool as they learn from other successful family businesses.

Ethical Considerations

Investigating potentially sensitive aspects of family life requires consideration of ethical issues. These issues include the informed consent of the participants, confidentiality, and an understanding of the risks and benefits of involvement in the study. Prior to the interview, each participant received information, orally and in writing, concerning these ethical considerations. The primary ethical concerns include each participant receiving sufficient information on how their anonymity will be preserved, the purposes of the study, the procedures of the investigation, and the intended uses of the results obtained through the research process. A clear understanding that participation is voluntary, and that the right to withdraw from the process at anytime is essential. The interviews took place once this information was understood, and informed consent granted.

CHAPTER IV.

CASE DESCRIPTIONS AND ANALYSIS

As noted in previous chapters, a case study method of qualitative research is typically employed to gain an in-depth understanding of a particular situation, and a sense of its meaning for those involved. The interest usually lies in process, context, and discovery, rather than outcomes and statistical significance. Although a time-consuming process, the gathering, organizing, and analysis of this type of qualitative data often leads to intriguing and rich accounts of life's experiences in the context of the investigation. So it is with this study. The following are the descriptions of the 5 family businesses whose CEOs participated in this study. Included are many of the CEOs' comments that describe the recovery process from their perspectives. In order to preserve confidentiality, generic and fictitious names for the businesses and the people involved are utilized in the case descriptions.

Company A

Tim Wilson is the 54 year-old CEO of Company A, representing the second generation to lead the family business. Founded in 1936 by Tim's father, the company continues to grow. What was once a very small, local business has become a regional supplier of their products and services. On the second floor of the 38,000 square foot headquarters for Company A, the warm yet contemporary conference room serves as the location of our interview. Well-crafted woodwork accents the room, and natural light pours in from the picture windows that overlook new developments in the community. The swivel chairs are firm yet comfortable. The carpet still smells new. What a difference a few years can make.

In some ways, the family behind Company A is defined by the business. Tim's 88 year-old father started the business in 1936. Over the years, more products and services were introduced, and the family involvement in the business expanded. As the company grew, Tim and his sister occasionally worked in the business in their adolescent years, but it was Tim who decided to make a career in the family firm. In 1977, he married his wife, Tina, who had two children from a previous marriage. In 1979, Tim legally adopted Tina's six year-old son and four year-old daughter, and they remain the couple's only two children. Tina works in the advertising functions of the business, but their children, now 27 and 25 years old, have elected not to participate in the business. Tim became the President/CEO in 1986 (see Figure 7).

Tim describes his family as a typical Midwestern family with the average challenges. He was asked to verbally rate his family on what Deacon and Firebaugh (1988) identify as the family's intrasystem dynamics of cohesion, adaptability, and functionality, as well as a facilitating component of these dynamics, communication. Measured on a scale from one to five, five being high, he sees his family as quite adaptable, meaning that in his opinion, they have an above-average ability to change their roles, rules, and power structure when needed (verbally scored as a four). Using the same one to five scale, Tim rated his family's functionality, or the ability to utilize its human resources to anticipate and meet

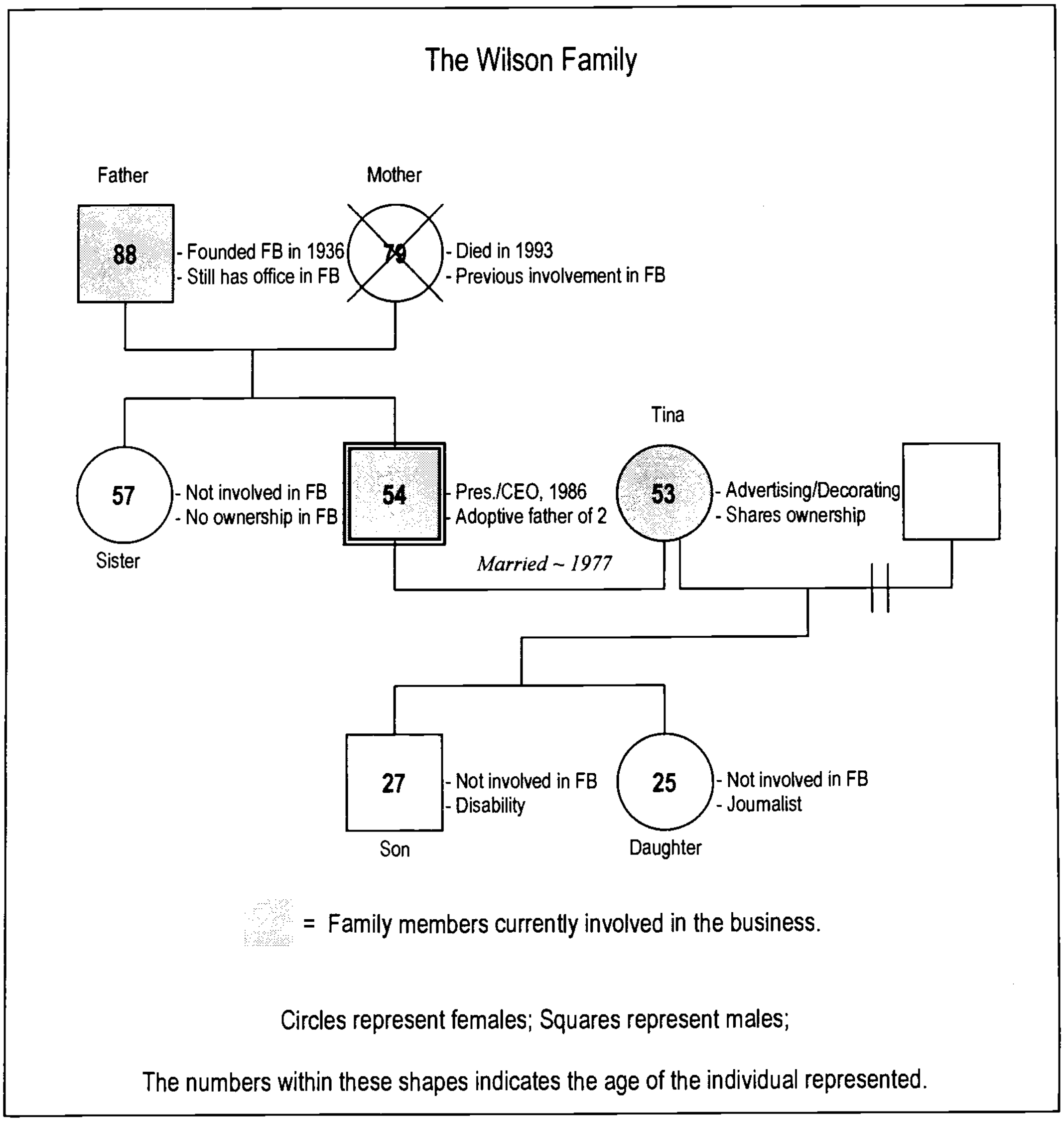

Figure 7. Wilson Family Genogram

the demands on the family system, as average (scored as a three). On the other hand, cohesion, or the family's emotional bonding toward each other, was seen as being low (scored as a two), as was the effectiveness of their communication (scored between a one and a two). It should be stated that within the marital dyad, Tim views the communication and intrasystem dynamics as above average, and notes that his children's absence from the home and the business impact the lower ratings for the family.

With the family identity woven into the business, the company's structure and perceived intrasystem dynamics are relevant to examine. Just prior to the flood, Company A reached nearly $5 million in annual sales, the result of consistent 5% average annual growth over the previous 30 years. The business went into 1997 fairly strong financially, and had the organizational structure and business objectives to support future growth at or above the same pace. Operating in about 20,000 square feet of space, mainly in the downtown area of the community, Company A had aspirations of doubling in size within 10 years. With 40 employees, including a leadership team of 8 managers and an administrative assistant, the company was profitable and the expansion targets were strengthened through achievable objectives. Essentially, a qualified, well-informed staff was one of the company's most valuable assets, as illustrated in Figure 8.

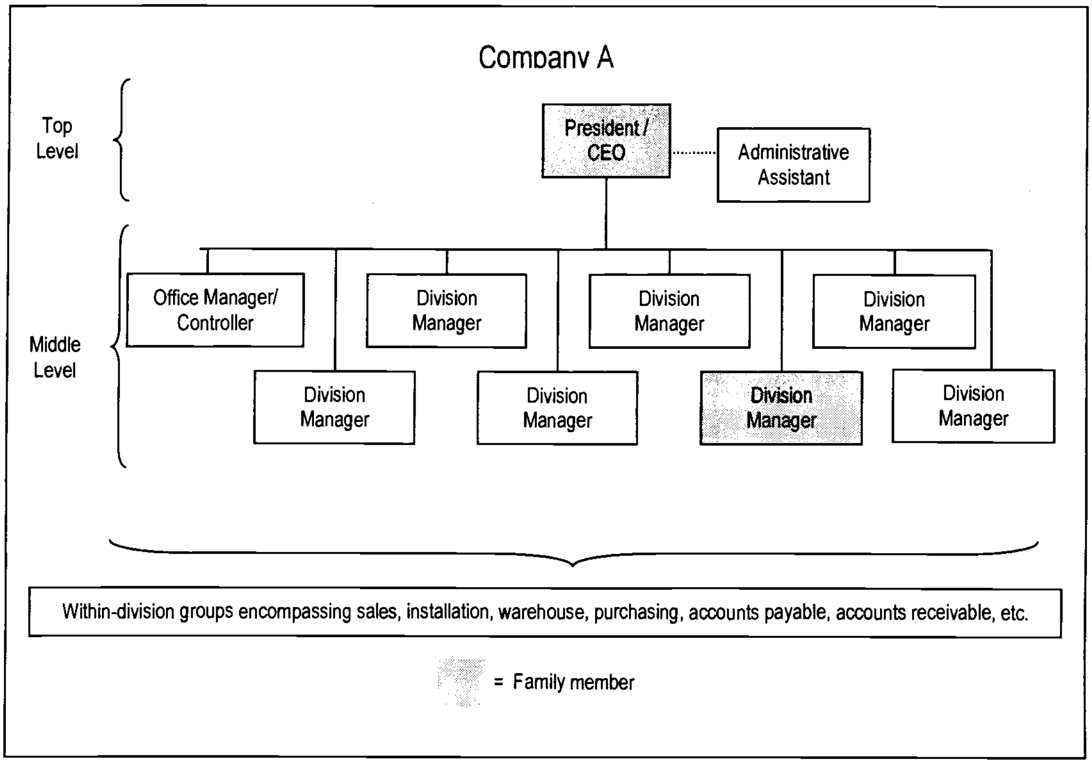

Figure 8. Company A Organizational Chart.

Beyond the qualifications of the employees, the success of the business seems to stem from what Tim believed as its high levels of intrasystem dynamics and effective communication. Just as he verbally rated the intrasystem dynamics of the family, Tim also rated those within the business. He rated the adaptability of the business system as a 5, or very adaptable. He also rated the cohesion of the business system as a 5. Because of his humble discomfort with a perfect score, his rating for the functionality of the business system was 4.5 (his quote was, “boy, since we’re probably not perfect, I guess I’ll say this one is a 4.5”). He also perceives that the business "communicates very well," and rated communication between 4.5 and 5. As the response to the flood's devastation is reported, it will become clear how these important dynamics contributed to the successful rebuilding of Company A. In addition, the tendency of family businesses to blur the boundaries between family and business (Gersick et al, 1997) will be manifested, as the business seemed to act more like an extension of the family in this case, adding strength to its ability to respond effectively.

The Devastation of Flood and Fire

For days, as the flood waters continued to rise, the community rallied together sand-bagging around the clock in an exhausting attempt to contain the growing, frigid river. The record snowfall and the unkind thaw cycle were too big a match for the community, and within hours, neighborhoods and the downtown business district were taking on several feet of water. Company A's main facilities were in the downtown area, and the battle to save hundreds of thousands of dollars worth of equipment was lost. To complicate matters, what wasn't destroyed by the flood was consumed by fire. The flooding downtown caused electrical shorts in several buildings, sparking flames that gutted the majority of the businesses, including Tim's. By the end of the day, everything in the downtown location was lost, and much of the inventory in their building across town was damaged. Not counting the loss and damage to the buildings, Company A took a significant hit for a company of their size. Contemplating the blow, Tim surmised, "we probably lost $600,000…on inventory, equipment, and fixtures."

In addition to the rising river, the snowmelt across the miles of flat landscape had also caused overland flooding. Essentially, water was coming from all sides, surrounding the entire community, not just the riverfront downtown area. This meant that in addition to Company A's business locations, Tim's residence, his father's residence, and the homes of most of his employees had also sustained severe flood damage. This complicated the efforts to get the business up and running again, as the physical energy wore thin, and the emotional pain intensified. One example of this is illustrated by the comments Tim made as he described his father's reaction to the situation in his home. "We took him to his home, which was full of water in the basement…They had a fully furnished basement and my mother had all kinds of property and many, many things down there. He basically broke down and said 'I don't know what to do!' It's the first time I've ever heard my father say he wasn't in control of the situation."

Stages of Event Management for Company A

Clearly, the family business system faced an incredibly taxing managerial task, physically, emotionally, mentally, and financially. In analyzing Tim's account, important factors to their response can be categorized into the elements of the FRM concepts of crisis event management, including the stages of disorganization, coping capacities, and ability to proceed with reorganization. Perhaps the first question to be answered is whether the event was in fact considered a crisis from Tim's perspective. To ascertain his view of the severity of this event, Tim was asked this question: "On a scale of 1 to 10, 1 being minor and

10 being critical, where would you put this 1997 event in terms of its severity?" In quite certain terms, and without hesitation, he responded, "Well, I'd have to give that a 10. It just really altered your life, totally." From his perspective then, the family business system might very well have experienced the stages of crisis management as described by Deacon and Firebaugh. In this regard, however, the term "stages" is used cautiously. A stage theory implies a linear progression through each dimension in a successive sequence, eventually moving through them all in order. Because the FRM description of event management does not specifically claim a linear, sequential order of progression, the experiences reported by these participants will not be placed in a linear order. Rather, any experience that seems to fit the description of a particular stage will be included therein, regardless of when in the process it occurred.

Disorganization. The rising waters and gutting flames that destroyed a large part of Company A certainly brought their share of chaos as well. The disorganization stage includes those experiences that indicate a sense of confusion, uncertainty, unfamiliarity with operational or communication processes, and the like. Tim shared several experiences that can be described as confusing, disorganized, uncertain, and chaotic for their family business system. Some of the quotes from the interview that fit here include the following:

- "I couldn't get an answer on whether or not we could refurbish those locations."

- "We had a warehouse that was 2 and 1/2 miles from the river. We didn't even check that for 10-12 days after we got back into town. And we found that there was 18 inches of water in that warehouse. So that was another 80,000 – 90,000 bucks of material."
- "A week before the actual crest happened, or two weeks before, basically retail business was closed because of the effect, or the potential for the flooding…there wasn't any business…people were focused on other things."
- "There are so many uncertainties. I think it was just a matter of putting one foot in front of the other and taking a step."
- "At that point we didn't know anything. We hadn't even found our location. The best I could tell was that we were wiped out there, but we weren't even permitted back in town at that point."
- "Everything was up in the air, including the house."
- "You go through a period where you have disbelief. Denial."
- "Some of us didn't know which end was up."
- "He basically broke down…in the driveway, and said 'I don't know what to do!'. It's the first time I've ever heard my father say 'I'm not in control of the situation.'"
- "Well, what are we going to do?"

- "We didn't know how we were going to do it, but we did it from a couple of offices to a trailer to 12,000 feet to 38,000 feet to another 20,000 feet."

Coping Capacities. Out of uncertainty eventually comes the ability to handle the situation. Tim, somewhat surprised looking back, reported incredible resiliency on the part of the family and business. Some of his observations on the family business system's capacity for coping with the situation are illustrated in these statements:

- "You know, I guess you're bombed out, and at least my perspective and my drive was to get back up and back to where it would work."
- "You just did what you had to do."
- "I think it…teaches you that you can make major changes and people are more resilient."
- "The thing that prepares the people would be the heritage that they have up here. It's a work ethic that they have, not to give up."
- "Up here…people are the go-get-'em type."
- "You're probably more adaptable and capable than you think you are when you're met with a total life-changing event. But you can move ahead, and you can make it work."
- "We had some great people."
- "In difficult circumstances I think we've always risen to employee needs."

- "You're able to adapt to change and rise to crisis far in excess of what you think you might be able to do."
- "Sometimes one needs to just move ahead with faith that things are going to work out."

This "we can do it" attitude certainly seems to have garnered an ability to cope with a potentially devastating situation for Company A. In addition to these excerpts from the interview, strong intrasystem dynamics that were reportedly in place prior to the event most likely strengthened this system's coping abilities. Recall Tim's responses to the questions of family and business cohesion, adaptability, and functionality. On the family side, Tim reports a high level of adaptability, and average levels of functionality and communication. What perhaps bolstered these capacities to cope even more significantly, however, was the strength of these dynamics on the business side. Tim rated each of these – adaptability, functionality, cohesion, and communication as very high.

Acceptance and Reorganization. In the midst of the confusion brought on by this event, Tim's report also indicates that the coping capacities cited above facilitated the system's ability to accept the reality of the situation, and move ahead. Some of his statements that seem to reflect this stage include the following:

- "We had a meeting, I think April 28th or 29th. And we brought the department heads in from, they're scattered in three states I guess at that point. Got them all together in my father's lake cottage and sat down and had about a 2 and ½ hour meeting. We asked everybody what their thinking was, what their feelings were. We all wanted to get back into business right away and try to move ahead as best we could."

- "You go into the challenge of rising up and getting things done. And…there was a period where people were difficult to deal with, probably the reality sinks in."
- "We went around the table, when we had the first meeting with the counseling service, and we talked about how each department head was affected by the flood."
- "Collectively, with department heads and stuff, we had a very frank and open discussion in May of what we were going to do before we were even let back in the city. And I think there was a lot of strength there."
- "I think it was on May 25, we got two modular office trailers that were 12x60 or something like that, fitted together like a modular home. And we threw that up in the parking lot, next door to where we are, and adjacent to it, put a sign out there – Company A."
- "We had 2 eighteen-wheel trailers with paint and some other materials like a mixing machine. That's where we conducted business until October 25th, when we moved into 12,000 square feet, which we constructed in the first phase of this building."

- "So, what we did was to basically move ahead very quickly. And by October 25th, I think it was, it was about six months to the day after the flood that we moved into the 12,000 square foot facility."

The Event's Effect on Goals. In the context of the FRM framework, a severe event, or crisis, causes a redirection of the system away from original goals and on to new ones. What is not as clear is how a critical event impacts long-term goals. It is understood that when a crisis lands in the middle of the system, what seemed important prior to its occurrence immediately becomes insignificant in the short view. For example, like any business, Company A had daily sales goals, management meetings, and other "business as usual" demands prior to the destructive flood and fire. When water is pouring into your warehouse and fire is consuming your inventory, the day-to-day business operations mean nothing. Clearly, the short-term goals are redirected to manage the crisis, and for a period of months, Company A's goals were less on daily sales targets, and more on basic survival.

What is perhaps more relevant is to look at the long-term impact of an event such as this. In Company A's case, rather than establishing new long-term goals, the crisis seemed to have accelerated the achievement of long-term objectives. In wondering about the longer-term effects, the question was posed to Tim about whether or not the event changed, or redirected as the model states, his vision of the business. His response was educational. "I think it accelerated some of the things we were thinking about. If somebody had said in 1997 that in the year 2000 you're going to have a new 38,000 square foot facility on the Avenue, prime location for retail in town. And you are going to have a 20,000 square foot new store on South Boulevard. By the way you're going to pick up a franchise. Oh, by the way, you're going to have one building burn, 5 buyouts, and one rehab. And you're going to come out of the box like this, I wouldn't believe it would be possible." Rather than a redirection toward new goals, this event seemed to have sped up the process for Company A. Deacon and Firebaugh state that "the rate and effectiveness of recovery can vary with such factors as how family members perceive their roles, the family life cycle, family composition, and the levels of family functioning prior to the crisis" (1988, p. 50). It is likely that these criteria, expanded to include the family and business systems, have facilitated the astounding recovery that Company A has experienced.

Resources. Amidst the stages of event management, resources, and the system's ability to acquire and utilize them, undoubtedly play a crucial role in navigating through the challenges brought on by such an occurrence. For Company A, the family values of hard work that had come through the generations was an important resource. In speaking of the power of these values, Tim said, "the thing that prepares the people would be the heritage that they have up here…a work ethic that they have, not to give up. That's how my father is, and I think that's what made me not think, (but) just move ahead."

Many other resources were available to meet the demands. A critical resource was the availability of financial capital, or the promise of its accessibility.

Company A utilized insurance payments, grants, and 4% loans from the Small Business Administration (SBA) in order to rebuild, and could not have survived without them. In commenting about the amount borrowed through the SBA lending program, Tim said, "We are now approaching a $1.1 million total loan from the SBA." In addition to values and financial resources, it was interesting to hear of another critical resource. In a nutshell, the most powerful resource in Tim's opinion can be summed up in one word – relationships. Relationships within the family, with employees, with vendors, with bankers and other advisors were by far the most important resource for Company A's recovery and subsequent growth. An interesting discovery in this study is that Tim is not alone in seeing the power of positive relationships.

Company B

Just prior to 1972, the owners of Company B gave Al Smith a chance at realizing a dream – owning his own business. Having worked with Company B for several years, Al knew the business well, and had assumed heavy responsibilities in its day-to-day operations. With talk of retirement, the then owners opened the door for Al to take over, so with a fair offer and favorable financing terms, he became the proud owner of Company B in 1972. What began as a simple, one-location service business to provide a living for Al and his young family has become a 2-generation family business that currently employs 6 members of the Smith family, 37 non-family employees, and operates 6 locations in the region.

Family has always been important to Al, and he's very proud of his (see genogram, Figure 9). The business has allowed him to provide opportunities for family members to contribute to its success and make a living for themselves as well. Past and present family employees span 3 generations: his wife, daughter, son-in-law, son, his twin brother, and his mother. With this many family members involved, family dynamics will impact their ability to effectively operate the business, or rebuild after a flood. Fortunately, the Smith's get along fairly well. Al rated his family's intrasystem dynamics in this way: Cohesion, 5; Adaptability, 4; Functionality, 4; and Communication, 4. "We've always been a close family." For Al, the closeness, flexibility, skill-sets, and open communication within the family was a critical factor in their successful recovery.

Perhaps even more than the Company A business family, Al's family identity is difficult to separate from the business. In the interview, he confessed, "when your whole family is involved in the business, your whole focus is the business." Company B employs 43 people and does just over $1.5 million in annual sales. Over the years, it has expanded and contracted, trying to find its place in the garment care and service business. Looking back, Al admits, "we were a business that was learning how to run a business." In the early 1990s, Company B found itself eliminating a variety of business strategies it had developed over the years. "We used to be (involved in other aspects of the business). So we sold that part of the business off," recalled Al. Shortly thereafter, they walked away from a

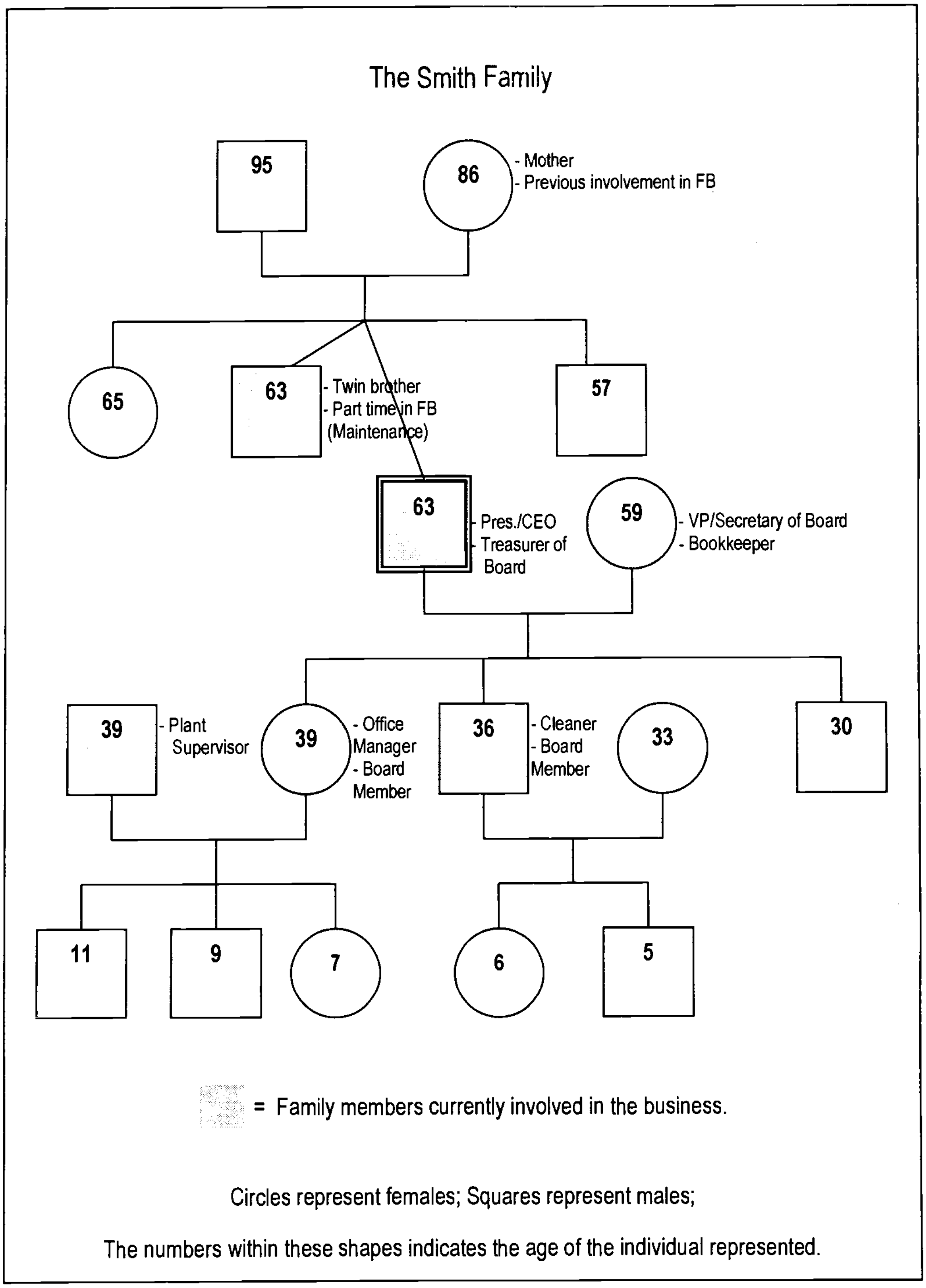

Figure 9. Smith Family Genogram.

government contract that brought a lot of business each year, but the restrictive requirements that came with it became too cost-prohibitive. These two moves alone brought a reduction of nearly $600,000 in annual revenue within a 3 year period. As the family business learned better pricing strategies and found more profitable aspects of the garment care business to pursue, they began to expand once again, making up those financial losses in under 4 years. They also acquired two other similar businesses. But through it all, Company B struggled financially. In speaking of their strength just prior to the flood, Al remembered, "We came into '97 fragile. We came out of '97 very fragile...Some people would question why we even did it. But there was never any question in our mind – we had a business, and (at the time) 48 employees...to get back to work and earning money. And we had a service that the community needed...That's the sort of company we are" (See Figure 10).

Although the Company B family and business are so closely defined, Al reported the functioning of the business system as being slightly weaker than that of the family. When asked about the intrasystem dynamics of the business, he scored them this way: Cohesion, 3.5; Adaptability, 4; Functionality, 3; and Communication, 3. Although critical to the ongoing success of the business, perhaps the influence of family within the business structure keeps non-family employees of Company B one step removed from the decision-making core of the business, diluting the sense of cohesion found among the family members.

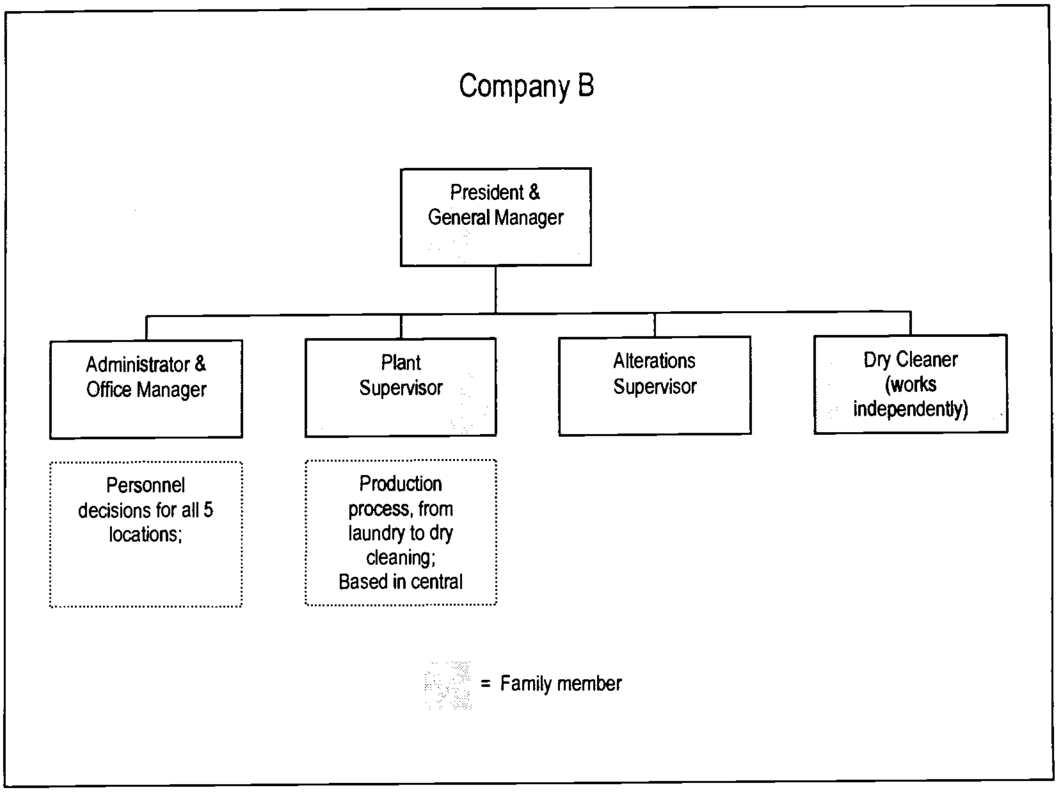

Figure 10. Company B Organizational Chart.

Unlike Company A, Company B did not have fires to contend with. Nevertheless, the rising flood waters brought with them tremendous devastation. With three locations at the time, Al had to assess the situation in each location and respond accordingly. One of the smaller locations was completely underwater, and was never salvaged. The second location was on higher ground, and kept the water level to no more than 3 inches. Within a couple of days, it was operational. The biggest challenge, however, was with the main facility, a 23,000 square foot building with 18 inches of water, wall-to-wall. This was just enough to corrode electrical motors in nearly all the equipment, destroy the phone and communications systems throughout the building, and keep Company B out of business in this location for over 10 days. Yet Al and his family went to work at getting to work, and the operations center of the business was up and running again within two weeks.

Stages of Event Management for Company B

The above summary falls incredibly short in describing the emotional, mental, and financial strains that were ever-present in that 2-week span, comparatively an incredible turn around time. Al's perception of the process, however, highlights those factors that were significant in the recovery for Company B and could be analyzed in terms of the FRM event management process. Consider his responses in terms of the stages of disorganization, coping capacities, acceptance and reorganization, goals, and important resources.

Disorganization. A flood resulting in the devastation of this magnitude inherently brings initial challenges of disorganization. The task of assessing, planning, and utilizing resources to meet the demands placed on the Smith family during this time was indeed taxing. As described in the Company A case, there were absolute truths and many uncertainties as families and business began their planning for the recovery process. Al knew that much of his equipment was destroyed, but how much? He knew he could not operate the business for a time, but for how much time? He knew he was insured for his losses, but would it be enough? He knew that in order to return to full operation, public utilities had to be available, but no one knew when that would be.

The point of illustrating the off-setting nature of the facts and the uncertainties is to set the stage for the challenging task of managing the situation, and the sense of disorganization that followed. Decisions had to be made quickly and with little reliable information. Some of Al's comments indicate this sense of confusion and surreal nature of the event through his perspective:

- "I sat on the front step of my house on Saturday morning, the 19th of April, watching the water run from two different directions down my street, and finally meeting in front of my house and starting to fill up to the curb and starting to spill on to the curb. And I'm sitting there, and my basement is full of...I've got leather furniture down there. I've got an organ down there. I've got all of our Christmas decorations down there. We figure we lost a hundred thousand dollars in our basement, and I'm sitting on the step looking at the water."
- "We were operating in crisis mode."
- "We didn't know exactly what (financial help) was going to be at the time that we were making these decisions. We just knew that something was going to happen."
- "When you're in the middle of it, you don't understand the complexity of it all."

- "I did little things like I was running out and I bought a carpet that I hate. I wanted to get carpet on the floor and I wanted to get serving customers again. I look back on it now and I wish I would have taken a little bit more time in some of those areas."
- "We had to deal with my daughter's home, my son's home, our home and the business. The more that you had to deal with, the more difficult it was to try to figure out how to prioritize. So, it was interesting."

Coping Capacities. Amidst the chaos and uncertainties brought on by a natural disaster, family and business systems generally have a well of coping abilities from which to draw strength and the will to carry on. Company B and the Smith family are no different. Many of these coping resources are reflected in the statements Al made in the interview:

- "I guess I've always been a person that just took on the next challenge and moved past it."
- "Well, when your whole family is involved in the business...your whole focus is the business."
- "We never thought about not re-opening."
- "We just sort of said...let's get on with our lives."
- "When it happened to us, it wasn't even a thought – you react."

In addition to Al's spontaneous sharing of the innate resolve to handle the situation effectively, the ability to re-group and quickly move into the reorganization process was perhaps largely influenced by the intrasystem dynamics that were in place prior to the event. Recall that Al's perception of his family's level of adaptability, functionality, cohesion, and ability to effectively communicate was very high (4s and 5s on a scale of 1 to 5). Although his perception of the business system's level of these dynamics was slightly less, they were also fairly strong (3.5 to 4). Now consider the fact that Company B was back up and running 2 weeks after the flood, a remarkable feat. It may be reasonable to assume that the coping capacities this family business system had in place, coupled with the nature of their business, kept the disorganization phase very brief, allowing them to quickly move into the acceptance and reorganization stage of the process.

<u>Acceptance and Reorganization</u>. From the beginning of the interview with Al, it was clear that "a little water" was not going to stop them from doing what they do for very long. Although this was indeed viewed as a crisis, experience with other difficult challenges (like the restructuring of their business in the early 1990s) taught them the value of accepting reality and finding a solution. And while no one is likely to hope for the difficulties a natural disaster brings, there was a sense of energy, of confidence, of rising to the challenge in the responses Al gave in the interview:

- "(The night before) until 10 o'clock we were here working on a job for (another facility). And we said, just in case something happens, we need to make sure we've got as much product as possible, so we had loaded two trucks up with new products."

- "The first thing that we did when we came into the business was load up all the dry inventory that was in the building, and haul it to my daughter's garage, my son's garage, and my garage."
- "We got everything out of there and we had some people just start carrying carpet out. We had people go back with heated pressurized water systems. We had a mobile pressurized water system....and just started hosing the place down."
- "The week that we were out of here I spent on the phone lining up a vendor from Minneapolis to bring in two of his service department people, to start tearing apart equipment."
- "A friend of ours that's in the business (in another city) called and asked what he could do to help. We said he could help us keep our (Town B) and (Town C) operations going by processing that work. So, 6 o'clock every morning we headed down the highway to (their place) with the (work) that we'd picked up at the two locations in (Town B) and (Town C). We picked up what they had processed for us on the day before and brought that back. So we got those two stores going. While they're doing that I've got a cell phone with me. So my son-in-law is driving the van and I'm on my cell phone

talking to all of our vendors and lining up what we're going to do about getting (our own facilities) open again."

- "A friend of mind had a camper, so we pulled that in and it was parked out here (in front of the building). And 4 people stayed in that and worked out of it."
- "The other thing I did was (think about) what kind of work are we probably going to need to do when we first open? Who's going to need our services first? Which pieces of equipment do we need to do it? So, we (mentally) went through the plant and identified each piece of equipment and in what order we were going to go to work on it. And....went to work. And it worked!"
- "We met the first morning and said 'here's what I need done and here's the order that I want it done in. And I want us to be operational a week from Friday'."
- "We sat down and we talked about it. All of (us) are people experienced in our industry. So, as soon as we talked about 'this is how I see us getting the equipment up and running,' they all agreed...they all understood what order it needed to be done in."

Perhaps more is quoted here than need be, but the intent is to reflect the energy, almost excitement in meeting the challenge, in not giving in to the situation. Much of the energy Al exhibited in the interview is lost in the mere text version, but there was no mistaking that Company B was going to survive, perhaps thrive in the wake of this event. Al's perspective seemed to be shared by the entire family and business, for the recovery was anything but a one-man operation. It appears that the strength of the relationships and intrasystem dynamics within the family and business created the synergy that allowed them to quickly move forward in meeting the demands of the event.

The Event's Effect on Goals. The demands on any social system include long- and short-term goals. Again, consistent with Deacon and Firebaugh's thoughts on crisis management, the flood required a redirection of the family business efforts toward accomplishing pre-established goals, and focusing on dealing with event-recovery. The excerpts from the interview with Al that were highlighted above in the acceptance and reorganization stage are indicators of the family business system's redirection to meet the urgent needs of the business immediately following the event. Again, the effects on longer-range goals are not as clearly understood in terms of the FRM model, as there is an implication that crises alter original goals. Al describes his experience in this way:

- "As far as the direction the company's going…we had made those adjustments in the early '90s."
- "Our vision has been to develop the best business that we could to pass on to our kids. So, our focus has always been to become financially sound, to buy the kinds of equipment that will serve them for a period of time after the transition, and to make it a solid

business with a good reputation. And I've just never veered. We've been on course all the way on that."

- "One thing did change. I was thinking about retirement in the next couple of years. But now, having taken on such debt through SBA loans, that will have to be put off for a bit."

In the Company A case, the achievement of long-range goals was accelerated as a result of the flood. For Company B, particularly for the President/CEO, the realization of an important long-range goal was delayed. An important discovery here is that perhaps the redirection of resources and management processes in the wake of a critical event doesn't necessarily produce new goals. Rather, it may be that events of this nature impact more greatly the timing of the achievement of previously established goals. For family businesses recovering from a critical event, many factors may influence the timing of goal accomplishment, including life cycle stage, personal health, the availability of financial capital, and other resources.

Resources. Other critical inputs influencing the management processes in such a positive way were the tremendous resources available to Company B. Hundreds of thousands of dollars from insurance payments and SBA loans were essential. The family's ability to come together and support the move forward was an important resource, strengthened by the additional support from the community and the employees. For example, in a brief meeting involving family employees and community advisors, Al shared, "as soon as we talked about how I saw us getting the equipment up and running, they all agreed and understood what needed to be done." But similar to Tim of Company A, it seems that the most important resources in Company B's ability to rebuild were the relationships they had in place, within the business, with colleagues, and beyond. Gratefully, Al commented, "We have relationships with our employees, we have relationships with our customers, we have relationships with our vendors, we have relationships with our fellow business people in town. And that became a Godsend for us after the flood." In another example of the power of relationships, Al expressed, "Our vendors were extending us credit that was incredible. I would pick up the phone and call a vendor and say 'I need a piece of equipment and I need it yesterday.' And I was never asked when I was going to pay for it or how I was going to pay for it. They just sent the equipment. One request was $48,000 – one piece of equipment!" Obviously, the ability to acquire the necessary equipment to operate the business is an important factor. What was striking was Al's perception of just how important these relationships were. In matter-of-fact terms, Al proclaimed, "Without the relationship that we had with our vendors, we would not have survived. There's no question about it." Given this type of testimonial on the power of strong, interpersonal connections, it is not surprising that like Tim, Al could narrow down the most important resource in the recovery process to this: "Relationships. One word."

The Downtown Trio

Understanding some of the history and people that define Company A and Company B helps to create a clear image of these family businesses and how they responded to a truly devastating event. The other three family firms in this study – all within a block of each other in the downtown district – have equally meaningful stories, but will be reviewed in much less detail. This section will focus more on the specific factors that impacted the managerial responses to the event for the remaining three businesses, rather than include historical or detailed background information about them.

Company C

At 80 years old, Jacob "Jake" Jones, Jr. has seen his share of interesting events. His service in the U.S. Navy brought him face to face with intense enemy conflict during World War II, the only event in his lifetime that he ranks higher than the flood of 1997 in terms of severity. With his wife, two sons, a daughter, and a son-in-law in the business, the three locations that bear the Company C name carry on the Jones family tradition of quality products, coupled with old-fashioned service. Like Company A and Company B, Company C has rebounded nicely from the devastating effects of the flood, due in large part to the intrasystem dynamics of both the family and the business. The levels of adaptability, cohesion, functionality, and communication between the members of the family, as well as within the business system were all rated by Jake at the highest level, or a five on the 1 – 5 scale. In describing his family's cohesion, he shared comments such as "we fit together like a glove." Even before discussing family cohesion, this 80-year old patriarch stated that "the cohesiveness of our family is terrific!" In a similar way, he also takes pride in the way his employees feel about the business. With the uncertainty that follows such a devastating event, Jake announced that every employee came back to the business – "They all came back."

Company D

Just a block north from Company C is situated the very clean, contemporary, Company D. With the humble beginnings of $400 and a 6 ½ feet by 30 feet space for his business, Jeff Wells, 37, recalls, "I jumped in there. It was everything from (having) no (foot) traffic to (dealing with) squirrels in the store. It was a beginning that I still chuckle about now but it was tough." After a few location changes, one necessitated by the flood, Jeff has comfortably grown into his current, much larger facility. The 4-employee sole proprietorship designs and manufactures a wide variety of unique products.

While Jeff is the sole owner and only member of his family that works in the business, looking at the intrasystem dynamics on the family side and the business side is, as he puts it, "tough to separate." For the family system, Jeff scored each dimension (adaptability, cohesion, functionality, and communication) as a five, the highest score possible. It is not surprising the he rates adaptability as very high. When discussing adaptability, Jeff described his own flexible characteristics in a fun, yet powerful way when he shared the symbol of this ability that rests on his desk – a rubber, bendable Gumby doll.

On the business side of things, Jeff also perceives these dynamics as very high. Adaptability, functionality, and communication were all rated as a five, while cohesion was rated as a strong four.

Company E

Two doors south of Company D is situated another stylish, up-scale business, Company E. Ed Burns, the owner, joined the business in 1985. According to Ed, "The owner (at that time) was my best friend. He had sold this place in 1984, got it back in 1985. He said if you come back and be (my key man), I'll give you half the business. So, I said fine. We were going to run it for three years and sell it. And every year I got to like it a little better. I bought him out in 1989."

Ed met his wife Kris that same year, and they were married in 1990. Essentially, Ed's sole proprietorship had quickly evolved into a partnership that has been a great union. When asked about Kris' role in the business, Ed responded that she's the "power behind the throne, flat and simple. Cleaning up, she helps me with the books, (and many other responsibilities). I couldn't do it without her. It's that simple, I couldn't do it without her! I mean, we're a heck of a team."

Indeed they are. Through their combined efforts, their post-flood business has emerged into a reason for people to go downtown. With twice as many employees and three times the space, they are as busy as they'd like to be at this point of their life.

Stages of Event Management for the Downtown Trio

The interviews with Jake, Jeff, and Ed revealed experiences in the context of event management that were similar to Al's of Company B and to Tim's of Company A. Through the eyes of these CEOs, their family business systems appear to have at least gotten a taste for the stages described earlier. Excerpts from the interviews with these gentlemen illustrate the sense of disorganization, coping, acceptance and ability to proceed, and then advancing toward established goals.

Disorganization. In the face of this devastating flood, the CEOs of the "Downtown Trio" seemed to have experienced this sense of uncertainty that characterizes this stage of the event management process. Jake recalled making poor personal decisions amidst the confusion of the evacuation process when he shared his situation upon leaving his home: "Overcoat, no shoes, no money, and I left town." Other comments that Jake made expressed similar feelings of confusion and disorganization regarding Company C:

- "Can you imagine? Everything we had was tipped over. The windows were broken. There was still water of course in the basement...All the tile was off in the back and the boards were all buckled. It was very devastating."
- "Our boys came down. Well, they saw this and the devastation. Well, they didn't know what to do."

- "Now, here's the interesting thing. You can't remember the state of mind the guy was in at that time. You can't comprehend it – he lost everything!"

Jeff, owner of Company D, remembered that there were many things he and others could have done better perhaps, but in the middle of the situation, "it's hard to think clearly." He added, "There's no way you could ever think of all that could have gone wrong. The smells! The feeling! It was all new to us." That unfamiliar feeling seemed to penetrate the community. Ed, proprietor of Company E explained, "Everybody I know said at one point, 'where we going to go? I don't want to start over!'." He also painted a vivid mental picture of the disorganization of the entire community: "When you drove down the streets here after the flood and saw the place…Just rows and rows and street after street of stuff piled up, 5 to 6 feet tall, both sides of the street. It made you cry, literally. It was devastating to see." Once again, amidst the deep emotions, the sense of confusion, uncertainty, and disorganization is evident in these descriptions.

Coping Capacities. Emerging out of the confusion, however, is the ability to handle the difficulties brought on by the event. Many of these abilities reside deep within the individual, while others appear to be a result of group synergy. Wherever they come from, these resources allow systems to move toward the reorganization required to move on. The following are excerpts from interviews with the Downtown Trio that illustrate how these coping capacities facilitated their effective response and recovery:

- "I did it because I was obstinate, I was going to make this work. And I'm going to roll my sleeves up and do the best I can" (Ed).
- "I had gotten to the point where it has to work! I determined…I'm not going to waste this many years of my life and start to do something else. I've put the time in, now it's got to work" (Jeff).
- "I was blessed to have a spectacular step-father who was a task master…And I've been working ever since. I think that has a lot to do with it. And my mom's always worked, so that's had a lot to do with my resolve" (Ed).
- "It's ingenuity, it's drive. And every one of our help wanted this candy business back. They take pride in it" (Jake).
- "This is our nature. It's the ingenuity of our family. Ingenuity" (Jake).
- "The character in this town is tremendous, as any Midwestern town that gets spanked by a tornado, or a hurricane, or a flood, or a blizzard. We're resilient people out here. That's why we live here. You know, there's a price you pay for the spaciousness and the privacy and stuff" (Ed).
- "You know, there are 50-60,000 people that were affected by this, 80,000. So, you roll you're sleeves up and you go after it. That's the only thing I knew to do" (Ed).

Acceptance and Reorganization. As seen in the experiences of Company A and Company B, systems can move into the challenges of regrouping and working through the difficulties once coping capacities surface. Some of these reorganization efforts in response to the flood are highlighted in the following quotations from the interviews with Ed, Jake, and Jeff:

- "It's ingenuity, it's drive. And every one of our help wanted this candy business back. They take pride in it" (Jake).
- "You know, we got pounded. It was a big disaster. There was loss. You have to accept some of that loss and understand that that's going to happen" (Jeff).
- "But, you know, it stinks that it happened to us, and it's changed people's lives forever. But, you can't wallow in it. You can't dwell on it. You move on! And everybody around here has moved on" (Ed).
- "Everything had to be rebuilt, but we did it all ourselves. We did the sheet rocking, the carpentry, the windows" (Jake).
- "Kris and I came to town, we got as close as we could. We had a friend in the National Guard…and he brought us in on a Hum Vee. We looked (around the place), got some photos, and I think that was pretty much when I resolved to come back and do this" (Ed).
- "Some of the things that were fun, was when I was doing my place was to break away from my mess and go clean someone else's

house. In a strange way, their mess didn't bother me. I could throw it out, because it didn't mean anything to me" (Jeff).

The Event's Effect on Goals. Once again, the premise of the event management construct is that critical events, or crises, seem to cause the system to redirect its energies toward new goals. The immediate goals in such a situation focus on survival and preservation of property. But critical events can also impact the direction and speed toward longer-term goals. Consider the experience of Company C. In the interview, Jake was asked if he thought their direction or focus had changed as a result of the flood. He replied, "No, I don't think so. We've just accelerated things. No, we were always like we are, only (now we're) much more modern." Ed experienced the flood in a similar way. "I've always wanted to expand Company E, buy or rent a piece of this building here...And, it never happened...Without the flood, I'd still be in the old place."

Jeff, on the other hand, took advantage of a negative situation and turned it into an opportunity that he had never envisioned before. In response to the question of whether or not the direction of Company D changed as a result of the flood, he replied, "Yeah, I'm sure it did. When (the flood) came through we had lost (our) space and had to temporarily operate in a very small spot. But it allowed us to dream this space you see now." In his response to this event, Jeff embodies the cliché, "making lemonade out of lemons" as evidenced by this statement: "I think that when we lost (the other) place...it gave us the opportunity to dream up a new place, what we consider our final store."

It appears that the flood did in fact shift the direction Jeff was taking his business, for prior to the event Jeff admitted, "I never dreamed this would ever happen!" Yet the reality is that each of these businesses is doing to this day those things they were doing prior to the devastating flood. The difference is that they are doing it better, in bigger and/or newer facilities, and with an increased sense of pride in overcoming the flood of the millennium. But it could not have been done without access to important material and human resources.

Resources. Critical to the effective management of demands is the availability of resources. As demonstrated in the Company A and Company B cases, both material and human resources were essential for the successful response to the devastation brought on by the flood of '97. The experiences shared by the Downtown Trio add to the importance of certain resources throughout the process. For example, according to Ed, Jeff, and Jake, material and financial resources were necessary for their expansion and rebuilding processes. From a pure dollar standpoint, Jeff probably relied least on the available financial assistance. "Money was never my fear because I knew I'd be able to get a loan…I think I only took $30,000 dollars worth of loans." Company C required two and a half times that amount at $75,000. Although Jake said he was foolish not to get a loan from the SBA, he was fortunate in having access to the funds to rebuild from his personal accounts, from friends, and from family. One resource that was not available to Jake because of a lack of planning and/or implementing was flood insurance. "If my building would have burned I'd be better off. I've got all kinds of fire insurance. No flood insurance. Nothin', not a dime."

In terms of flood insurance, Ed was more fortunate. While his effective management (planning) came in the availability of insurance payments, the primary reason was because he had an insurance agent with enough foresight to make sure it was in place. "My insurance guy poked me in the chest about 2 months before this flood, about a week before the deadline, and said 'You will buy flood insurance! Write me a check for $1,500 bucks right now!' Every time I see him I drop to my knees and kiss his ring. I don't know if I'd be here without that money!" In addition to the insurance money, Ed benefited greatly from additional financial resources and incentives. In particular, one that he cited was, "the grant money for businesses – that was a huge help. With the grant money that the city invested, we're talking pretty close to $750,000 dollars."

Clearly, financial resources were critical in providing the required replacements and upgrades on equipment, supplies, and buildings for each of these family businesses. Yet again, equally if not more important, were the relationships within the family, with vendors, customers, and others in the recovery process. Jake was very enthusiastic about sharing his experience with some of his suppliers: "(I got) a call from another fellow…a box distributor. He cancelled my bill out entirely. The guy I had to buy my tools from, they sent me all kinds of equipment free. I had to buy all kinds of new electronic equipment – free!" And it carried over into personal relationships within the tighter circles of friends and family: "A friend of mine...sent me $1,000. My in-law, he sent me $15,000. My sister gave me $25,000."

In addition to financial contributions, the emotional contributions that came from strong relationships were extremely powerful. Jake said of his family, "Oh, of course we're knitted just like that (joining his hands together, interlocking his fingers). My in-laws, everybody was down here, shoveling out the crud, pumping out the water." And in sharing what he thought was the most valuable resource, he replied, "Of course, my wife...She's a fantastic lady, she's a go-er." Jeff and Ed both seemed to feel the same way about the contributions of their spouses. Said Jeff, "I think probably stronger than most anything was my wife. I mean that was probably the biggest part – that someone was there (for me)." When Ed was asked what was the most important resource, he thoughtfully replied, "I think first and foremost it's human resources – my wife's support and encouragement and her strength of character." In sharing how he manages to continue in the business, Ed again put the importance of his wife's contributions in proper perspective: "You know, I couldn't do it without her. It's that simple, I couldn't do it without her!"

The power and importance of relationships simply cannot be overstated. The interpersonal interactions within the family and business systems are, according to the CEOs who participated in this study, the most critical resources that facilitated their successful recovery from a devastating event. The lessons learned from such events are also valuable resources. The Family Resource Management model indicates that output – for example, lessons learned – can reenter the system as input (resources) through a feedback loop. According to these CEOs, some important lessons were indeed learned:

- "The greatest thing I learned was human resolve and how we respond to tragedies and adversities as individuals and as collective groups. The character of these folks here – friendly, friendly people – is what makes it. And they're all hard working! That's the main reason we're back is the resolve of these people getting their town back from the river, and the resolve not to let it happen again, regardless" (Ed).
- "To realize that things can happen beyond my imagination, and I've got a pretty wild imagination…I could not have fathomed it if someone had said 'give me a worst case scenario.' Because I planned for the worst case scenario in my mind, and I got my ass kicked…Now it won't happen ever again, and I can guarantee it, and I'm saying that on record. If I learned anything, I learned that there is stuff that can happen beyond my imagination" (Jeff).
- "Watch the water" (Jake).

Watch the water indeed. What a powerful visual for any of life's events. The flood of '97 was a devastating event that changed lives. While some of our participants have said they would never wish it upon anyone, many good things have come about since that Spring catastrophe. A town that went through painful loss has in a sense been reborn. "There were beat up old buildings, there were bad streets...This used to be an eyesore downtown, smelly. There was nothing good about it. And the flood – the big flush – cleaned it up" (Jeff, Company D). Sharing his thoughts about "the big flush" washing the city clean, Ed agreeably claimed, "You don't like to say that publicly but absolutely! Absolutely it gave us a fresh start for the next 100 years and an opportunity to build a better place for the generations to come. We have an obligation and a responsibility to leave this a better place and the flood helped us do that."

From Company A to Company E, each of these businesses seems to be in a better place than they were prior to the flood of '97. New buildings, new equipment, expanded facilities, and in a sense, a new city have all resulted from a truly devastating event. This chapter has analyzed the experiences of the participating CEOs in this study within the context of the FRM framework and the concepts of event management. To this point, their reports have merely led to descriptions within the constructs of the model. As noted previously, a case study method of qualitative research is typically employed to gain an in-depth understanding of a particular situation, and a sense of its meaning for those involved. The interest usually lies in process, context, and discovery, rather than outcomes and statistical significance. This type of qualitative data often leads to intriguing narratives of life's experiences in the context of the investigation, as illustrated by the content of this chapter. The concluding chapter will move beyond descriptions, and begin to make interpretations as to how effectively the FRM framework of management and event recovery fit with the experiences of this study. It will provide a brief summary of the study, and illustrate some of the discoveries that this exploratory study has revealed.

Analysis

Research Question Number One

The first research question for this study is: Does the FRM framework capture the experience of event management for families in business as perceived by the CEO? Based on the experiences of the five CEOs that participated in this study, it appears that the FRM model generally describes their experience and can perhaps be a useful tool in conceptualizing the preparation for and recovery from critical events. While being careful not to generalize beyond the sample for this study, it was found that this model may provide valuable insight on the managerial processes of event recovery for family businesses.

Recall that the FRM framework is based on the simple input-throughput-output model. Resources (human and material) and demands (values, goals, events, etc.) enter the system as inputs where they are transformed and processed (throughputs), resulting in resource changes and met demands (outputs). The transformation processes are the result of the intermingling of the personal and managerial subsystems—where the values, talents, and intrasystem dynamics combine with the managerial tasks of planning and implementing. However, demands in the form of events typically bypass the personal subsystem, requiring an immediate managerial response without the luxury of considering how they fit within the system's values and human capacities (Deacon & Firebaugh, 1988). It is this part of the model – event management – that was the focus of this study.

According to Deacon and Firebaugh (1988), a serious event, or crisis, typically results in a redirection away from previously-established goals. The chaos of the event and the accompanying redirection creates a stage of disorganization. Gradually, the ability to manage the situation develops, followed by the action required for reorganization (See Figure 11).

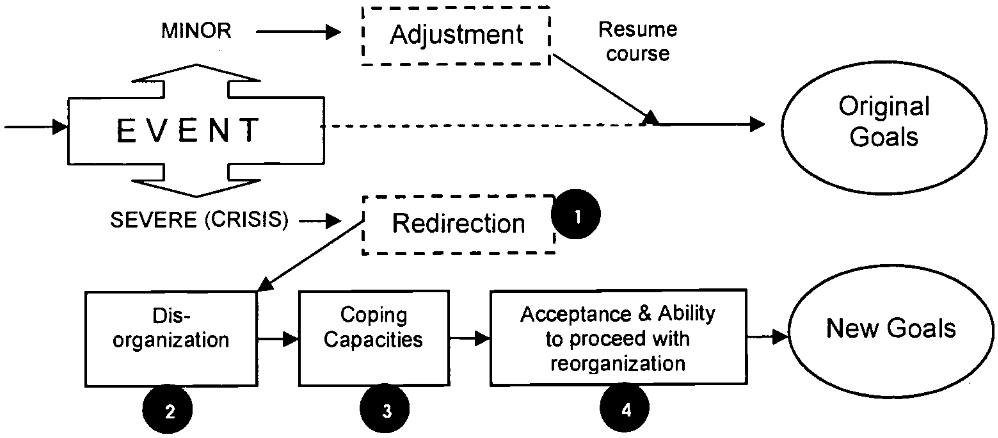

Figure 11. Event Management Stages

Identifying events as severe or minor is perhaps a subjective call. What may be extremely challenging to one may only be a minor inconvenience to another. One consistency in this study is that each participant perceived the flood as a severe event. To illustrate, some of the comments that indicated the severity of the flood include: "(On a scale from one to ten) I'd have to give that a ten. It just really altered your life, totally;" "When you drove down the streets here after the flood and saw the place...it made you cry, literally. It was devastating to see;" "Mostly it beat everybody up...it changed people's lives forever;" "We got pounded. It was a big disaster;" and "It was a catastrophe." These expressions indicate that for each of these CEOs, the flood certainly qualified as a severe event.

The model is fairly accurate in describing the response of family business systems to critical events. As this study shows, the reports gathered from the participating CEOs generally reflect the stages illustrated in the bottom half of Figure 11. These parallels are illustrated in the following discussion. Figure 11 shows the numbers one through four in white, each within a black circle. The numbers represent the stages that are discussed, and the order of discussion.

Redirection. Stage one is the redirection stage. In the aftermath of a devastating event, the model indicates a shift away from previously-established goals. What the model does not clearly specify are the types of goals the system is forced to redirect from: immediate, short-range, mid-range, or long-range goals. For example, the typical objectives of the day are no longer relevant, or even possible to address, when floods and fires have wiped out a business' location, and the city has been evacuated. The CEOs interviewed in this study describe the pain and confusion resulting from this type of immediate redirection. Leaving behind one's personal belongings, one's home, and one's livelihood is rarely on the agenda for the day. Coming back to face the destruction and restore some aspect of normalcy is also beyond the daily operations of most business families. Based on the perceptions of the participating CEOs, the redirection stage was a very real and trying experience.

The circumstances clearly warranted a redirection from the previously planned activities. Yet, what happens to the commitment to longer-range goals is something the model does not clearly address. This study can perhaps shed light on the issue. The findings indicate a deviation from the FRM model and its lack of clarity regarding a redirection from old goals toward new ones. Events create an immediate need for human and non-human resources in unique ways. Thus, a short-term redirection is inevitable, and was evident in all of the participants' experiences. Yet the flood had an interesting impact on the long-range goals of each family business.

Rather than experiencing a redirection, or shift away from previously established long-range goals, three of the five family businesses experienced a rapid acceleration toward a vision they had only dreamed of attaining. The flood had impacted the speed tremendously, while not at all affecting the direction toward long-range goals. Consider the experience of Tim Wilson, CEO of Company A:

> I think it accelerated some of the things we were thinking about. If somebody had said in 1997 that in the year 2000 you're going to have a new 38,000 square foot facility on the Avenue, prime location for retail in town; and you're going to have a 20,000 square foot new store on South

> Boulevard; by the way, you're going to pick up a franchise...I wouldn't believe it would be possible.

Jake, the owner of Company C, replied in similar fashion: "We've just accelerated things...We were always like we are, only now we're much more modern." Recall Ed's experience as well: "I've always wanted to expand Company E, buy or rent a piece of this building here...and it never happened...Without the flood, I'd still be in the old place."

One of the five CEOs (Al, Company B) explained that his recovery efforts after the flood had a different effect. On one hand, the event created a situation where he would have to postpone one of his primary goals—retirement—for a few years. After securing a sizeable debt in order to rebuild his business, he determined that it would take an additional three to four years in order to be financially secure enough to retire at the level he is working toward. Once again, however, it was not the direction toward his goal that was affected by the flood, but rather the timing.

On the other hand, the flood did not change their course at all. Al shared, "Our vision has been to develop the best business that we could to pass on to our kids...and I've just never veered. We've been on course all the way on that."

These experiences indicate that the model is accurate in suggesting a redirection from previously-established goals, but only in relation to immediate concerns. These findings suggest that an inclusion of the element of time following the critical event, and consideration of immediate to long-range goals, could strengthen the utility of the model in anticipating the effects of natural disasters on the resource management of family and business systems.

Disorganization. The second stage of the model is the disorganization phase. As described by Deacon and Firebaugh (1988), disorganization can be viewed as an interruption of the orderly structure or function of family processes. Indeed, the flood of 1997 left a widespread interruption of orderliness in its wake, as evidenced by the experiences of the participants of this study.

Each of the CEOs interviewed for this study shared similar experiences describing the difficulties in dealing with the flood's destruction. The orderly processes within their households and within their businesses were derailed, described in the model as disorganization. Although in line with the model, their experiences suggest that "disorganization" is perhaps putting it a bit mildly.

Coping Capacities. The third stage involves fighting through the interruptions of daily processes and mustering the ability to move ahead. Again, these CEOs shared experiences that fit this stage of severe event management. They demonstrated an inspiring ability to find and utilize the coping capacities of the family business system to handle the demands of the situation. Each of the CEOs seemed to have developed the capacities used in coming through this challenge long before they actually needed to. Each event is undoubtedly a learning experience, building upon one's ability to handle the next one. But the capacity to successfully emerge through an event such as the Flood of the Millennium seems to be related to prior commitment, values, personality, work ethic, and other personal resources. Quoting from the participants, phrases like “I was obstinate,” “I’ve put the time in, now it’s got to work,” “we’re resilient people out here,” and “this is our nature” indicate that garnering the coping capacities to succeed in the wake of devastation comes from an understanding of, and a confidence in, personal resources that have been cultivated over the years. According to the participants of this study, it involves reaching deep into the reserves of resources already acquired, even if needed but infrequently.

Acceptance and Reorganization. After calling upon coping resources, these family businesses were able to accept the circumstances and move toward reorganization. According to their comments, the CEOs did in fact go through an Acceptance and Reorganization phase as described in the model. It was in describing this stage that they expressed a sense of pride in how their families and businesses courageously met the challenge. In the midst of the chaos and uncertainty, these family business systems came together and organized a uniform effort to reestablish their very livelihoods. When tested to the limit, they emerged victorious, creating better businesses and stronger families.

From the experiences of the participating CEOs, the stages that follow a severe event as described by the FRM model, generally seem valid for these family businesses. The model then, with minor clarifications about the time element of particular goals, can indeed be a useful framework. In the days that follow a severe event, it could be expected that family business systems will experience a time of redirection from the daily routines, followed by a sense of disorganization. With the pressures of daily business performance, these disruptions can be devastating to any business. Knowing these disruptions are likely in the wake of a severe event, families and businesses would do well to develop plans to minimize the effects of the disruptions.

It would also be expected that the disorganization would lead members of the system to call upon their own coping capacities, or as defined in the FRM literature, the ability to manage the situation. This ability comes from the values, character, work ethic, prior successful experiences, and other resources, or the expectation of other resources (finances, emotional support, etc.) that individuals can collectively apply to the situation. Mustering the ability is then followed by the processes of reorganization.

Although the model proved to be fairly accurate for the participants of this study, the subtle but important differences between the CEOs' experiences and the model as currently described make a contribution to improving the accuracy of the model. Figure 12 shows a couple of minor additions that this study suggests may be helpful.

First, the experiences of these CEOs illustrate that the critical event created a redirection from previously-established goals in the immediate to short-term range. However, longer-range goals seemed to remain constant, affected only in terms of timing by the event. By clarifying that the concept of "redirection" applies to the immediate needs and concerns, its accuracy and utility is enhanced.

Secondly, also relating to the concept of redirection, is the need to clarify that the redirection phase in the model does not necessarily change direction away from previously-established long-term goals. An interesting finding in this study is that not only did the critical event not change goals, but in most cases it accelerated the process toward their achievement.

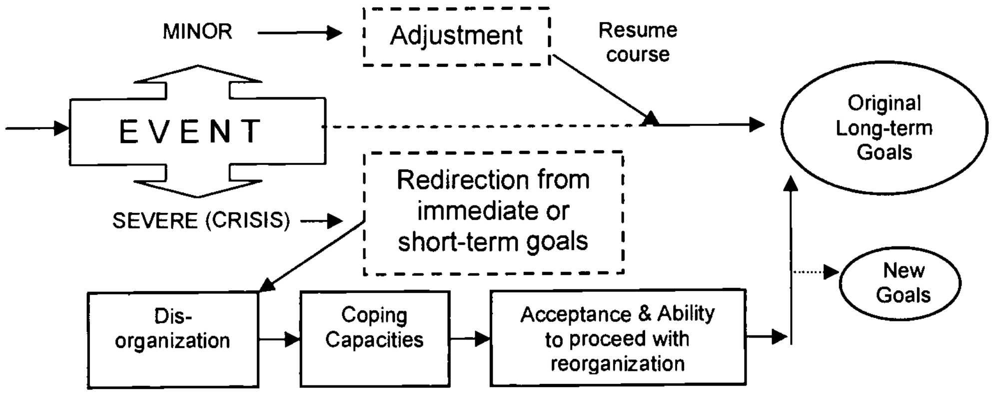

Figure 12. Revised Event Management Model

Not surprisingly, the FRM framework has elements that resemble other models designed to explain the processes of handling stressful situations for families and individuals. For example, the landmark work for family stress researchers is the ABC-X model (Hill, 1949). It assumes that A (an event) interacts with B (the family's crisis-meeting resources) and C (the family's perception of the event), to produce X (the crisis). Burr (1982) proposed advancements to the model and expanded the "B" factor to include the concept of "regenerative power," which basically refers to the family's ability to effectively respond to a crisis. To a degree, this study illustrates the role of this regenerative power in the successful response of each of the participants' families. In the FRM tradition, regenerative power most closely resembles intrasystem dynamics and other human resources within the system.

The expansion of the ABC-X model did not end with Burr's advancements. Several others (Boss, 2002; Boss & Mulligan, 2003; Burr, Klein, & Associates, 1994; Garrison, Norem, & Malia, 1996; McCubbin, Cauble, & Patterson, 1982; McCubbin, Sussman, & Patterson, 1983; Lavee, McCubbin, & Patterson, 1985; Patterson, 2002) broadened our understanding of family stress by including into the mix the impact of stress pile-up over time, normal change and development within the family, trial and error efforts to manage the event, coping mechanisms, social support, adaptation, and the like (Boss, 2002; Boss & Mulligan, 2003; Lavee, McCubbin, & Patterson, 1985; McCubbin, Cauble, & Patterson, 1982; McCubbin, Sussman, & Patterson, 1983). The process of deeper investigation as to the utility of the ABC-X model, and the inclusion of post-crisis variables, resulted in a more comprehensive offering, labeled the Double ABC-X model (McCubbin, Cauble, & Patterson, 1982).

In the Double ABC-X model, each variable is expanded to include how the event itself impacts the system (McCubbin & Patterson, 1982). For example, the A factor (the stressor event) is widened to include the consequences of the family's efforts to manage the difficulty of the situation. The B factor (resources) not only includes the resources that are currently available, but also those that are developed in the process of event and stress management. The C factor (perceptions) goes beyond the family's view of the stressor to include the meaning the family attaches to the situation. The X factor (crisis) is expanded to also include the concept of family adaptability as "one possible outcome for the family course of adjustment following a crisis" (McCubbin & Patterson, 1982, p. 45). This study offers support to the Double ABC-X model as the reports from the participants in this investigation highlight examples of the event, resources, perceptions, the crisis, and their level of adaptability in the midst of, and following the critical event. And, despite invitations to move away from the linear, deterministic assumptions of the ABC-X models (Burr, Klein, & Associates, 1994), "the constructs in the ABC-X model remain salient (Boss, 2002, p. 34).

Where the FRM model goes beyond the ABC-X models in dealing with events, however, is in the inclusion of the individual within the family context. As family models, the ABC-X models focus on family processes. While these are indeed important factors, the inclusion of resources that individuals acquire and utilize within the FRM framework, along with their interaction within the family, appears to add exceptional value to the event management process. When considering the family and the individual within the family, the FRM framework may be a more complete construct in exploring the processes of managing severe events.

The FRM framework also resembles aspects of the individual grieving process as described in five stages by Elisabeth Kubler-Ross (1969). A medical doctor, Kubler-Ross has provided insightful understanding on the topics of death and dying through her work with terminally-ill patients. From her classic work entitled, *On Death and Dying* (Kubler-Ross, 1969), she outlines five stages that the terminally ill generally experience from the time they learn of their prognosis. Stage one is denial and isolation. "Denial functions as a buffer after unexpected shocking news, allows the patient to collect himself and, with time, mobilize other, less radical defenses" (p. 35). To a degree, denial was manifested by some of the participants in this study when their initial efforts to preserve their belongings were minimal. Recall that Al, as the water slowly rose toward his house, sat on his porch watching, rather than moving his belongings with urgency. Perhaps denial preceded the redirection phase.

Stage two is anger. "When the first stage of denial cannot be maintained any longer, it is replaced by feelings of anger, rage, envy, and resentment" (Kubler-Ross, 1969, p. 44). The participants of this study shared that angry emotions surfaced within their family businesses, and throughout the community: Resentment about inadequate flood-control systems; The perceived injustice of misinformation; The despair in seeing tireless efforts to keep the water at bay still not being enough.

The next three stages are bargaining (an attempt to postpone the inevitable), depression (a sense of great loss), and finally acceptance (Kubler-Ross, 1969). In the personal grieving experience, "acceptance should not be mistaken for a happy stage. It is almost void of feelings" (p. 100). While the participants in this study may not have experienced these exact stages, there were definitely feelings of tremendous loss. Again, these are emotions not specifically expressed as components of the FRM model, but are useful to be aware of.

Overlaying the FRM model with the stages of grief outlined by Kubler-Ross (1969) highlights a few important experiences that would otherwise be overlooked. While the FRM model describes much of the experience of management (planning and implementing) as described by the participants in this study, it fails to consider with any depth the power of the emotional experience. Anger, resentment, depression, a sense of loss, and even aspects of denial with the initial threat of losing everything were expressed, but seemingly discounted due to the minimizing of emotions within a framework of management. Because the personal subsystem is such an integral part of the FRM framework, it would be useful to include more discussion on the role of emotions within the process.

Kubler-Ross (1969) also shares observations about the experience of the stages that seem to apply here as well. Rather than a linear progression through each stage, she asserts that, "these means will last for different periods of time and will replace each other or exist at times side by side" (p. 122). This may well-describe the experience of the FRM model, as, for example, redirection and disorganization seem to occur almost simultaneously. Perhaps there are also moments when reorganization efforts are met with barriers that cause family and business systems to retrace their steps and try again, implementing a different plan. It should be clear, then, that the FRM model does not stipulate that each stage is compartmentalized with rigid boundaries. Rather, it is a fairly fluid model, with stages or facets that may "exist at times side by side."

This study reaffirms the utility of the FRM model and, to an extent, expands its application to family business. It challenges the model's missing dimensions of time, particularly as it relates to short- and long-term goals, and emotion. One must be careful, however, not to view the event management model, as depicted in Figures 11 and 12, in complete isolation. It is part of the larger processes of the FRM framework of inputs, throughputs, and outputs, largely impacted by influences outside the primary system. For example, each of the participants seemed to experience the various stages of the process, but much of their ability to succeed was due to resources from outside the family and the business. Suppliers, colleagues, government agencies, friends and neighbors in the community, and others provided an expanded stock of resources that were essential in the rebuilding process. Again, these are inputs from the larger system that the overall framework addresses, but may get lost in the discussion of event management alone.

Research Question Number Two

The second research question for this study focused on those resources that were most useful in the recovery process for these family businesses: What factors are essential for effectively responding to a critical event as perceived by the CEO? At the beginning of this study, it was assumed that having access to critical tangible resources such as money or equipment would be a strong factor in the ability to rebuild after such an event. Access to important intangible resources was also expected to be a strong factor in the recovery process. These include such things as family unity, flexibility, and effective communication processes. In other words, important human resources are those that Deacon and Firebaugh call intrasystem dynamics of cohesion, functionality, and adaptability, facilitated by effective communication.

The analysis of the CEOs' responses confirmed that the human and material resources that were expected to be valuable in the recovery process were indeed keys to their success. For example, without access to the necessary financial means to physically rebuild their businesses, none of the family firms in this study would have survived. Loans, grants, insurance payments, gifts, and personal savings were all utilized by the participants of this study, ranging from $40,000 for the business with the lowest recovery costs, to $1.5 million for the one with the highest. Hence, one critical resource in the successful recovery from a severe, materially destructive event is money.

This study can reinforce the importance of financial planning from a family business perspective. Transferring risk through insurance is an elementary principle for personal, family, and business finance. This study has illustrated an example of how critical this resource can be. It also highlights the importance of federal assistance programs such as the Federal Emergency Management Association (FEMA) and the Small Business Administration (SBA). Providing grants and low-interest loans, these organizations provided access to financial capital that literally saved three of the five family businesses in this study.

Another critical factor in the rebuilding process was strong intrasystem dynamics. Each of the CEOs that participated in this study rated their family and/or business systems as very high on adaptability, cohesion, functionality, and communication. The fact that strong communication was an important factor makes sense. Mayfield and Mayfield (2002) indicate that business leaders who can communicate effectively have more committed employees. Similarly, leaders that exhibit communication strength and flexibility increase worker loyalty in their organizations (Goleman, 2000). The rebuilding process for these family businesses required exceptional commitment and loyalty from family members as well as from employees. Given the CEOs' positive responses to the questions regarding intrasystem dynamics of the family and of the business, it can be interpreted that effective communication within the organizations strengthened the levels of commitment, loyalty, cohesion, adaptability, and functionality. These results can add to the research on the importance of positive communication, and contribute yet another example of how applied communication strategies can strengthen organizations.

Related to these dynamics is the broader notion of relationships. Clearly, without relationships, there are no intrasystem dynamics to discuss. Yet the power of the product of these dynamics—the relationships themselves—was another interesting finding of this study. While effective communication and other relationship-building strategies are perhaps at the root of strong relationships, the response of these participating CEOs indicate that to them, the product, as a result of the process, was the most critical resource. When asked what was the most important resource in their recovery from this event, each of them said in their own way, "relationships."

What a powerful testimony of the critical role that others play in our lives. Without financial resources, rebuilding could not have occurred. Without the inner resolve and winning attitude within these individuals, a successful recovery would have been impossible. But the single most important resource as perceived by these CEOs was relationships.

This is a meaningful finding. It speaks volumes as to the impact relationships have on others, within the workplace and beyond. Although this study focused on a mere five cases, it can serve as an invitation to examine priorities. The most important resource for these participants is perhaps the most important finding of this study—"Relationships. One word."

CHAPTER V.

SUMMARY AND CONCLUSION

Family firms make up the vast majority of businesses in the United States, and throughout the world. The day-to-day challenges of blending family life with the competitive business world pose enough of a threat to the success of family firms. To compound matters, natural and human-caused disasters are occurring with increased frequency and intensity the world over. These potentially devastating events can test the integrity of the planning and emotional stability within every family business system. To better understand the keys to preserving the family business system in the wake of such a critical event, this study explored the perspectives of five CEOs on their family and business responses to what has been called "the Flood of the Millennium."

In the spring of 1997, residents in several communities in the upper Midwest region of the United States faced a devastating flood. Words fail to adequately depict the destruction left after the flood waters receded. Up to 95% of all residents in some communities were evacuated, unable to save their homes and businesses. The costs were horrendous: five lives were lost (in two states and Canada), and the clean-up and repair costs exceeded one billion dollars. This study took a closer look at the recovery processes of five businesses in particular.

Within the context of systems theory, the responses of these family business systems were examined through the lens of the Family Resource Management (FRM) framework. The FRM model has provided an effective framework for understanding the managerial processes of family systems in a variety of contexts. One of the purposes of this study is to expand the current knowledge and understanding of the how business-owning families respond to critical events, within the context of the FRM frameworks. More specifically, it was to explore the efficacy of the FRM model for family business systems in the wake of a critical event. As a potential contribution to the literature in this area, this pioneering study explored the family business responses to the same event – the flood of 1997, one of the costliest natural disasters in the last decade.

Another purpose was to learn what factors were essential in the successful recovery from a critical event from the perspective of family business CEOs who have been through the experience. Disasters and other critical events continue to make their mark throughout the world. By analyzing even a small handful of successful recoveries, information can be shared with other family business systems that could help in preventing or minimizing some losses, and/or facilitating an effective recovery. By exploring the most important resources in this process from the perspective of the CEO, family businesses can work to strengthen these resources before disaster strikes.

The general purposes of this study were refined into two research questions: First, does the FRM framework capture the experience of event management for families in business as perceived by the CEO? And second, what factors are essential for effectively responding to a critical event as perceived by the CEO? The analysis section of this paper (Chapter IV) provides answers to both of these research questions. Essentially, it was found that the FRM model is quite useful in describing the managerial tasks of family business systems in the wake of a natural disaster. It considers the role of the individual within a family system, the intrasystem dynamics of the family system, and the influence of the external environments within which families and individuals function. By clarifying—or at least questioning—the element of time which was found lacking in the FRM framework (especially in terms of describing an event's effect on long- or short-range goals), the model becomes a useful tool for describing the experience of recovery from severe events. This study invites the expanded use of this model in understanding the managerial behavior of family business systems.

This study also sheds light on those factors that seem most important in the successful recovery from severe events. As assumed at the beginning of this study, material and human resources, within and external to the system, were keys to rebuilding after the flood. Money, materials, and other tangible resources became essential components of a successful rebound, but the most important resource, as indicated by the CEO participants, were human, intangible resources within and beyond the family business system. For example, they spoke of the power of what Deacon and Firebaugh (1988) call intrasystem dynamics, including cohesion, adaptability, functionality, and communication. Yet, most interesting was that each participant independently shared that the most important resource in the recovery process was simply relationships. The power of previously established relationships seems to have shown brightly in the aftermath of devastation. In disaster situations, it is not difficult to find groups and/or individuals whose efforts selflessly benefit those they serve. But for the businesses in this study, critical financial and emotional support came from the relationships built and maintained over time. Within both the family realm and the business realm, relationships were reported as being the number one resource. These findings have potentially important implications.

Implications

While it is inadvisable to make broad generalizations from the examination of a mere handful of cases, the case study method allows for generalization to theory (Yin, 1994). Therefore, the discoveries of this exploratory study lead to potential implications for family businesses, and for researchers and practitioners in the family and family-business arenas. There are also potential benefits to those government and other agencies that serve family and business needs in the aftermath of natural disasters. While these implications are derived from a very narrow selection of only five cases, they highlight potentially important directives that invite further empirical exploration.

Family Businesses

If this study has highlighted anything for family business systems, it is the importance of being prepared. It seems that the thought, "It will never happen to me" is fairly common in our society. Perhaps it is this line of thinking, coupled with the perceived urgency of the day-to-day concerns, that drives many leaders of family businesses to work diligently *in* their business, rather than taking the time to work *on* their business. Preparation requires implementing mitigation measures and deliberate and careful planning. Family businesses would do well to learn from the experiences highlighted in this study. In particular, building a financial and relational safety net could prevent the early demise of many family businesses if faced with the devastation of a natural disaster or other critical event.

Financially, family businesses can prepare by implementing mitigation strategies to minimize loss. Mitigation involves making preparations prior to the onset of a critical event that can prevent or drastically reduce the losses sustained in such an event. From back-up power systems, to safety policies and training, to relocating away from danger zones, taking the "fire drill" approach to thinking about and minimizing losses can help families and their businesses to side-step potential devastations.

Even with proper mitigation strategies, however, some losses may not be avoided. Family businesses can be better prepared by transferring risk exposure through securing proper insurance. Insurance is an effective way to transfer the risk of loss—loss of life, ability, key personnel, real property, inventory, work days, and other significant potential losses. It is perhaps an expense many prefer to skimp on, or put off, but one that can prove to be a lifesaver. Ed's experience seems to capture this in a very real way:

> My insurance guy poked me in the chest about 2 months before this flood, about a week before the deadline, and said "You will buy flood insurance! Write me a check for $1,500 bucks right now!" Every time I see him I drop to my knees and kiss his ring.

Family businesses can also benefit by implementing frameworks to facilitate the development of effective communication practices within their organizations. This study highlights the power of effective communication as family members and employees came together around a common goal. One of the keys to their successful rebuilding efforts was the loyalty and commitment of the employees. By utilizing clear, direction-giving language, empathetic language, and communicating core values of the family and business, leaders of family firms can develop committed and loyal members of their organizations (Mayfield & Mayfield, 2002), and strengthen their internal and external relationships. Again, these are strategies for important work *on* the business when most business owners are urgently working *in* their business. Those that survive recognize the difference.

Researchers

The results of this study have implications for researchers in the family and family business fields. First, the framework can serve as the foundation for future research on the managerial processes of family business systems. Additionally, although one of the primary objectives of this study was to explore the usefulness of the FRM framework to family business systems and event management, it coincides with some of the recent and classic writings in the family field on resilience, or "the phenomenon of doing well in the face of adversity" (Patterson, 2002). Examining the experiences of the participants in this study through the lens of family resilience and family stress theories may lead to a valuable addition to the work done on resilience characteristics and processes. In her implications for further research, Patterson (2002) recommends the study of families experiencing significant risk and the inclusion of qualitative methods in research – the very approach this study has taken. One addition to the literature this study could provide is a glimpse into family resilience from the perspective of the family patriarch. It could also add a voice of support for the importance of the acquisition of communication and problem-solving skills for resilience-promoting processes within relationships. These processes were found to be significant factors in Conger and Conger's (2002) longitudinal study of resilience in Midwest families.

Froma Walsh's (2002) brief writing on resilience in the aftermath of the terrorist attacks on this country on September 11, 2001, further strengthens the applicability of this study to the concepts of resilience in family relationships. She eloquently states, "…recovery from traumatic events is not found in quick and easy solutions. Resilience entails both suffering and perseverance, 'struggling well' to work through emerging difficulties as we strive to integrate the fullness of the crisis experience into the fabric of our individual and collective identity" (p. 35). She goes on to say that, "…resilience is nurtured by supportive relationships. We draw courage from encouragement. We can best surmount adversity through connection and collaboration" (p. 35). What she appreciates most in the concept of resilience is that, "…beyond coping or weathering adversity, it involves transformation and growth" (p. 35). Reflecting on the struggle, the perseverance, the transformation and growth of the participants of this study, it is likely that each would shout a resounding "amen" to Walsh's thoughts on resiliency.

Researchers in the family business arena may also find value in this study. The majority of family businesses do not survive the transition from one generation to the next. There are many reasons for this, but primarily, it comes down to two: the inability to effectively deal with emotional issues and a lack of planning (Aronoff, Astrachan, & Ward, 1996). This study has provided valuable information about the aspect of planning in the family business system, with a primary focus on the importance of disaster preparation and loss prevention. The experiences shared not only illustrate the importance of these factors, but also have provided additional clues about the power of positive relationships and communication processes, keys to effectively dealing with emotional issues. Therefore, those with research interests in the family business system may find this study to open other avenues for exploration.

Practitioners

The number of consultants serving family businesses is growing (Bork, et al, 1996; Hilburt-Davis & Dyer, 2003). These range from process consultants with backgrounds in family systems (family therapists, psychologists, etc.), to technical and legal advisors such as accountants, attorneys, bankers, financial planners, and insurance agents. One of the functions of consultants is to preserve and protect the interests of the stakeholders of the enterprise. As such, an assessment of a client's disaster preparation, including the strength of internal and external relationships, should be a part of the early phases of the consultation. By understanding the potential stages of event management, advisors can better assist their clients in preparing for such an occurrence.

This preparation can include establishing access to the resources critical in the rebuilding process. While much of the consulting activity revolves around protecting and building wealth (money-related activities), including activities around developing strong intrasysytem dynamics and developing strong, long-term relationships may deserve more focused attention. Several university-based family business centers exist to facilitate this type of resource development for those consultants whose strengths lie in the more technical arenas. What consultants can learn from this study is the importance of the soft-skills in the long-term survival of family business systems, particularly the critical role of relationships.

Government Agencies

The increased frequency and skyrocketing costs of weather-related and geophysical disasters is placing an enormous burden upon our government, and indirectly upon each tax-paying citizen (U.S. Dept. of Commerce, 1998). One of the roles of state and federal government is to facilitate disaster relief and recovery. The Federal Emergency Management Agency is an independent agency that reports to the President of the United States with the charge to respond to, plan for, recover from, and mitigate against disaster (Federal Emergency Management Agency, 2002). The Congressional Act of 1803 is generally accepted as the first piece of disaster legislation, which provided assistance to a New Hampshire town following an extensive fire. For the nearly 200 years since that time, the federal government has evolved and developed its role in disaster recovery and planning into today's version of FEMA. Relevant to the business interest of family firms, FEMA has published the Emergency Management Guide for Business & Industry: A Step-by-Step Approach to Emergency Planning, Response, and Recovery for Companies of All Sizes. This 67-page guide provides very clear, practical strategies for mitigating losses, protecting critical information and equipment, and recovering from the devastating effects of natural disasters. It includes recommendations and instructions such as: establishing a planning team; assessing the vulnerability to a variety of hazards; developing and implementing emergency response plans; and learning about hazard-specific information.

Clearly, this information can be vital in preserving equipment, property, and information that, if destroyed, would likely result in the loss of the business. For the family firms involved in this study, planning ahead by backing-up data, securing adequate insurance, developing contingency systems, and protecting inventory and other equipment facilitated their recovery. These are strategies that FEMA recommends. But in this study, what stood out as a powerful resource in the recovery process (the most important resource) was the importance of relationships. It is likely that many businesses had a more difficult time in the recovery process, or did not survive, because these types of relationships were not in place. Implications for organizations such as FEMA include the importance of educating families and businesses about the value of developing relationships. The

Emergency Management Guide for Business & Industry stresses the importance of protecting and accessing critical material resources. Perhaps adding a chapter on the tremendous value of human capital in the form of effective relationships would assist business organizations in developing what has been described as the most important resource in recovering from a natural disaster.

The Small Business Administration (SBA) is another federal organization that plays a critical role in the rebuilding efforts following critical events. The mission of the SBA Disaster Assistance program reads, "The purpose of the SBA's Disaster Loan Program is to offer financial assistance to those who are trying to rebuild their homes and businesses in the aftermath of a disaster. By offering low-interest loans, the SBA is committed to long-term recovery efforts. The agency will do everything possible to meet the needs of those otherwise unable to put their lives back together" (Small Business Administration, 2002). The SBA played an important role in the recovery for each of the participating businesses in this study by providing low-interest (4%), long-term loans that provided the financial base required to continue business operations.

Similar to FEMA, the SBA provides very useful information in addition to financial relief, and they recommend important planning strategies that include: develop a disaster planning toolkit; consider ways to protect buildings and equipment, and have a contingency plan if either were unusable; think about how power outages, cut-off suppliers, and a crippled customer base would impact business operations; protect documents, data, and other critical information; review insurance coverage and carry an adequate amount for all potential risks. Again, these strategies are clearly important actions to consider, yet there is no mention of the value of developing strong relationships in their planning recommendations.

This study revealed how strong relationships reduced the amount of financial assistance requested from the SBA because vendors were willing to reduce or eliminate charges altogether. Since 1953, the year the SBA Disaster Loan program was created, over 1.5 million disaster loans have been approved, totaling over $29.8 billion (Small Business Administration, 2002). While it is difficult to quantify the monetary value of relationships, even a small percentage reduction on the millions loaned annually could result in significant value to the businesses, as well as the tax payers that partially fund disaster relief loans.

Limitations

Despite the rich accounts of 5 CEOs regarding their family and business responses to a natural disaster, there are clearly several limitations to this study that prevent generalizing any of these findings with any breadth. These limitations center around the methodological approach to the study, including: the small sample size; sample bias; the incomplete perspective of the system response through only one member's view; the after-the-fact nature of the responses that potentially dilute the intensity of the behaviors as they actually happened; and the incomplete collection of potentially relevant information that results from the open-ended nature of the interview process.

Small Sample Size. Although clearly within the guidelines of effective case study research (Yin, 1994), 5 cases certainly limits the relevance of the findings on a wide scale. Yet, consistent with the purpose of this study, it is a beginning. With a deeper understanding of the experiences of these 5 cases, a few important considerations have developed. The findings may serve a useful purpose, hopefully lighting the way to the next step in understanding the family business response to critical events on a broader scale.

A Biased Sample. The fact that only family businesses that survived and rebuilt after this traumatic event were included in this study seriously limits our understanding as to the usefulness of this model for those family business systems that could not, or chose not to rebuild. Despite support for this model from our limited sample of successful recoveries, nothing is learned about the unsuccessful experiences. Taking a look from the other side would likely provide a wealth of understanding about resources, processes, environments, intrasystem dynamics, etc., not accessible from this one-sided study.

It could be argued that another point of bias found in this study is that the sample, by definition, was made up of morphostatic systems. Morphostatic systems are those which maintain a course toward a specific objective. When the winds blow them off course to one side or another, they garner the resources necessary to return to the defined goal. Deacon and Firebaugh (1988) describe these as "stable, and deviation correcting in response to change" (p. 18). The sample for this study included 5 family business systems that had determined to stay in business long before the flood occurred. The devastation brought on by the flood served only as the wind, blowing them temporarily off course. Although most were accelerated toward previously established goals, and beyond, as a result of the flood, the primary goal of staying in business remained constant.

Therefore, this study somewhat ignores the dynamics of morphogenic systems, those that embrace change. "Morphogenic systems are adaptive and growth supporting in response to change" (Deacon & Firebaugh, 1988, p. 18). Rather than defining those family business systems that did not rebuild as "unsuccessful," it would be wise to explore the possibility that not rebuilding from a morphogenic perspective could merely be a different look on the face of success. Even though the business families that participated in this study have morphogenic attributes (flexibility, adaptability, adjust to change), it could be argued that they are not primarily morphogenic systems because of their deviation correcting behaviors. Hence, despite the deeper understanding about the FRM model and family firms this study has provided, it has done little to illuminate its applicability to morphogenetic systems. Clearly, this is an area that can be further explored.

<u>A Single Perspective</u>. While CEOs were intentionally selected for this study because of their likelihood of heavy involvement in the business and the family, theirs is only one view. The fact that they are all men is also limiting. The critical resources utilized in the event recovery, the levels of intrasystem dynamics within the family and the business, and every other aspect of the questions of interest for this study may have been vastly different from other perspectives.

Consider the spouse's perspective. Each of the CEOs who participated in this study is married, with wives that are involved in the business decisions, whether or not they work in the business. The influence wives have on the entire system is powerful, and widely acknowledged. In addition to whatever business roles she may play in the firm, some scholars refer to her as the other CEO, or Chief Emotional Officer (Doud & Hausner, 2000), recognizing the powerful influence on the system's emotional stability wives can exhibit. Clearly, the family and business recovery processes from the wife's perspective would add a significant component to the overall experience of the family business system.

In similar fashion, it may also be of interest to view these processes from the perspective of another generation – the children within the family business system. The viewpoints from those working in the business, as well as from those who do not, could make significant contributions to the overall understanding of the levels of intrasystem dynamics and key factors that led to the successful recovery of the family business. Brown (1991) suggests the importance of a multigenerational perspective when striving to understand family systems in a variety of contexts. This perspective encourages movement toward exploring these types of processes from a more comprehensive angle, one that would include more than one generation.

Yet another perspective that could shed some interesting light on the family business responses to critical events may come from non-family employees. Each of the cases in this study capitalized on the resources provided by these individuals who are key to their business success. It may be insightful to learn how perceptions of intrasystem dynamics within the business change, if at all, from a non-family member's vantage point.

Hindsight. Another possible limitation to the methodology of this study is the after-the-fact reflections on the event and the recovery processes at a time when most of the resulting challenges had subsided. While most of the memories of the event undoubtedly remain quite vivid, the sense of pride in reestablishing the family business to a level better than pre-flood status may dilute some of the processes, or minimize their impact. Perhaps a methodology that included participant observation in the thick of the recovery processes would give a much more vivid picture of both the positive and negative aspects of the response. However, what is ultimately of interest is the long-term viability of these family businesses, which was observed from a perspective further removed from the event itself.

Limited Data. The original design of the data gathering process involved a very loose structure in the personal interviews. Although the questions were developed and reviewed prior to the live interviews, open-ended questions can lead to varying directions. While this format allows for a more natural expression of thought from the participant, it poses an interesting challenge to the interviewer to obtain all the information relevant to the study. While each participant was asked the same questions, the order varied from interview to interview, some having more interest or emotion about one aspect of the event than another. In many ways, this format provided for a very real experience with very real people, enriching the process. The variation, however, poses a limitation to this study as there is no unwavering control for the differences in environments and nature of each interview.

Conclusion

Weather-related and other natural phenomena throughout the world claim thousands of lives and devour billions of dollars annually in recovery efforts (FEMA, 2002). In the aftermath of the "September 11th" terrorist attacks on the World Trade Center in New York City, the destructive acts of vigilante extremists have become equally devastating threats, if not more so. The destruction to life and property in the wake of these disasters truly is overwhelming, and can have a dramatic impact on families and businesses around the globe.

The most common form of business ownership the world over is the family-controlled business. Because of the prevalence of family businesses, one might expect that the devastation from natural and other disasters has a profound impact on communities and larger economies as the effects of these critical events ripple out from these family firms. It is inspiring, however, to learn of the stories of courage displayed by families that rally together to strengthen their kinships and rebuild their livelihoods in the aftermath of devastation. What is it that drives people to "rise to the occasion," and fight through adversity?

Scholars in the field of Family Resource Management (FRM) have developed an understanding of the planning and implementing strategies that lead to effective resource management within family systems. Some of the previous research has addressed the managerial responses families employ in the wake of critical events—such as natural disasters—but empirical support for the FRM description of event management is limited. Within the framework of FRM principles, this study examined how family business systems respond to a critical event. Essentially, it explores what drives family business systems to "rise to the occasion."

The academic purposes can be narrowed down to two questions: First, does the FRM model of event management effectively describe the process family business systems go through when recovering from a critical event? Second, what are the most important resources for a successful recovery?

It was found that the FRM model of event management provides a fairly accurate description of how family business systems respond to critical events. With the proposed minor modifications that clarify the components addressing the timing of goals, the model can be effectively applied to the family business system in the context of event management. This model can become a useful tool in the analysis of planning and implementing behaviors of family business systems, while simultaneously addressing the influence of values and intrasystem dynamics on the process. As supported in this study, it can also serve to help family business systems understand the process of event management, bolstering their chances for a successful recovery if adequate preparations are made. This is certainly not a complicated construct of theoretical anticipations, but a concise model of practical application and analysis. Its beauty lies in its simplicity.

One of the more amazing realities that this study revealed is the fact that despite the devastation and the sadness of lives and entire communities being turned upside down, they seem to be better for it. The community in which the participants of this study reside is a better place. It is cleaner. It is newer. Their businesses—all of them—are stronger, more modern, and reportedly more rewarding since that devastating spring of 1997. Ed, the restaurant owner, put it this way: "...It gave us a fresh start for the next 100 years and an opportunity to build a better place for the generations to come...I mean, we have an obligation and a responsibility to leave this a better place and the flood helped us do that." Company D's owner, Jeff concurred: "There are a lot of positive things that came from that...There were beat up old buildings, there were bad streets, there used to be this hideous mall where we're at right now. This used to be an eyesore downtown, smelly...And the flood—'the big flush'—cleaned it up."

These experiences take the adage "making lemonade out of lemons" to a new altitude. It was interesting to observe just how sweet the lemonade is to these CEOs. The impact the event had on the long-term goals is something interesting to consider. What can be learned here, is that in the midst of the near-sighted urgency of reestablishing a sense of normalcy, it is also possible to look beyond the horizon—to establish a new sense of what "normal" is. The acceleration toward long-term goals of expansion, remodeling, upgrading, etc. was truly a remarkable result of tremendously sour lemons.

Another insight this study has provided has to do with the resources necessary for an effective response to a critical event. Clearly, when material possessions are destroyed, financial resources are needed to rebuild or repurchase that which was lost. Therefore, it was not surprising to find in this study that financial resources are important in this process. Neither was it surprising to find that interpersonal, intrasystem dynamics were important ingredients to the recipe of a successful recovery. It was expected that family business systems that were adaptable, highly functional, closely-knit, and that communicated well would fare well, as was illustrated in the findings of this study. Finally, it was not surprising that one of the key resources that made rebuilding possible was relationships.

What was surprising, however, was how significant relationships were in this process. This study has taught a great deal about the nature of five leaders of family businesses and the world in which they live. It has illustrated the utility of a systemic model for family business systems and their planning and implementing processes. But it has also highlighted, in a powerful way, the critical role that relationships play in our everyday lives, particularly in the face of adversity. It may be wise for each person to evaluate his/her own relationships, within his/her own family systems, and beyond. It may be wise for each person to contemplate the balance of time and energy expended toward urgent matters, versus that expended toward those things of importance. This study has added to all the literature in the family field, in the business field, in the writings on organizations and societies. It has contributed yet another testimony of that which appears to be most important. In a word, relationships.

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APPENDICES

APPENDIX A

CORRESPONDENCE

EXPLORING EVENTS IN THE FAMILY BUSINESS:
THE CEO'S PERSPECTIVE ON THEIR FAMILY'S RESPONSE TO A NATURAL DISASTER

Consent Form

Clark H. Hammond -- (605) 677-5103
The South Dakota Family Business Initiative
USD, School of Business
414 E. Clark Street
Vermillion, SD 57069

Arlene Holyoak -- (541) 737-1072
Oregon State University
Family Resource Management Program
Milam Hall 322
Corvallis, OR 97731

You are invited to participate in a research project under the direction of the South Dakota Family Business Initiative, a program of the University of South Dakota's School of Business, in conjunction with the Family Resource Management program at Oregon State University. Clark Hammond and Arlene Holyoak are the Project Directors.

The project is entitled, Exploring Critical Events in the Family Business: The CEO's Perspective on Their Response to Natural Disasters. You have been invited because of your experiences in rebuilding your family business in the aftermath of the Red River flood of 1997. Our intent is to learn of those things that were helpful to you in the rebuilding process, as well as those things that possibly created more challenges as you dealt with such a major event. By learning from your experiences, we hope to be able to educate others on emergency preparedness from a family business perspective.

If you consent to participate, you will be involved in face-to-face and/or telephone interviews regarding your family and business experiences immediately following the Red River flood of 1997. This process will take about 60-90 minutes of your time during the months of March & April, 2001.

Participation in this project is voluntary, and you have the right to withdraw at any time. If you have any questions, you may contact me at the number listed above. If you have any questions about your legal rights as a human subject, you may contact the University of South Dakota Human Subjects Committee Chair, Dr. Jim Richardson at 605-677-5934, or the Oregon State University Institutional Review Board Coordinator at 541-737-3437, or via e-mail at IRB@orst.edu.

There are no foreseeable risks as a participant in this study, other than those you may be exposed to every day. The benefits to you include typed transcripts from the interview(s), a summary of the findings at the conclusion of the study, and membership benefits to the South Dakota Family Business Initiative (SD-FBI) for one year (which include access to family business educational workshops and seminars, a quarterly newsletter -- The Prairie Family Business Journal, and access to the SD-FBI Family Business Resource Library). Each of these benefits is of course optional.

Your responses will be kept confidential. Any personal information you provide that is linked to your name will be held in strict confidence when the data are presented in a written report. For audit purposes, your study record may be reviewed by the USD Human Subject Committee.

I have read and understood the above information, have had my questions answered, and agree to participate in this research project. I will receive a copy of this form for my information.

Participant's signature

Project Director's Signature

Date

Date

IMMEDIATE THANK YOU LETTER

Date

XXXX XXXXX, President/CEO
XYZ Family Business
1234 Main Street
Middletown, State 12345

Hello _______!

I want to thank you again for sharing your time with me last week. I appreciate learning about your experiences as you recovered from the enormous challenges that came with the devastating event of 1997.

I wish you all the best as your business continues to grow. Again, thanks for participating in this study, and I'll keep you posted as to the results.

Take care,

Clark H. Hammond
Executive Director

FINAL THANK YOU LETTER

Date

XXXX XXXXX, President/CEO
XXX Family Business
1234 Main Street
Middletown, State 12345

Dear ____________________ :

The research project you participated in, "Exploring Events in the Family Business: The CEO's Perspective on Their Family's Response to a Natural Disaster," was recently completed. I wish to express my appreciation for your involvement in this project, as your experiences have helped us understand more fully the family and business decisions that follow in the wake of a natural disaster. We've also learned some valuable insight as to the preparations family businesses might take to minimize the long-term negative effects these unforeseen events are capable of. Your willingness to participate, the time you devoted to completing the surveys, and the inspiring thoughts you shared during the interview made this all possible -- Thank you!

Enclosed are several items we agreed to provide you with:

- A typed, edited transcript of your interview;
- A summary of the findings of the study; and
- The latest issue of the Prairie Family Business Journal, which is one of the benefits of your one-year membership to the South Dakota Family Business Initiative you received for participating.

I have enjoyed getting to know more about you, your family, and your business, and I just want to thank you again for granting me this opportunity, and playing such a key role in this research project. If you have any questions about the outcomes, or anything else relating to this study, please contact me at your convenience.

Sincere thanks,

Clark H. Hammond
Executive Director

APPENDIX B

INTERVIEW QUESTIONS AND TELEPHONE SURVEY

SAMPLE INTERVIEW QUESTIONS

What year did your business start?

When did your family take majority ownership?

How many people do you employ full-time?

What is your annual revenue in sales?

About how much growth do you experience each year on average?

What does the management organizational chart for your business look like?

What was the single most important lesson you learned from facing the flood and rebuilding your business that you would impart to other businesses?

In terms of severity of this event, 10 being critically challenging, 1 being mild, how would you rate the flood of 1997?

Please describe the financial strength of your family business prior to and following the flood (availability of resources and their effect on ability to carry on).

Are your family and business goals for the future different now than they were prior to the flood? How has your family business direction changed as a result of this ordeal?

Describe the goals, direction, vision, mission, etc. of your family and business.

What factors (conditions, resources, etc.) were most important in your family's ability to effectively deal with this event? What would you say was the most important resource?

What have you personally learned from this event? What has your family learned from this event?

What steps were taken to deal with the immediate situation? Longer term? Although we can't predict events such as this, what advice would you give other families in business that might help them through a critical event?

What things (plans) do you think should have been in place that could have made dealing with this event a little easier?

TELEPHONE SURVEY

On a scale from 1 – 5, 5 being the highest, how adaptable is your family ("The ability of a marital or family organization to change its power structure, role relationships, and relationship rules.")?

On a scale from 1 – 5, 5 being the highest, how cohesive is your family ("The emotional bonding that family members have toward one another.")?

On a scale from 1 – 5, 5 being the highest, how functional is your family ("The ability of family members to use their human and material resources to anticipate and meet demands.")?

How would you rate your family's communication on a scale from 1 – 5, 1 being "We do not communicate well" and 5 being "We communicate very well"?

On a scale from 1 – 5, 5 being the highest, how adaptable is your business ("The ability of an organization to change its power structure, role relationships, and relationship rules.")?

On a scale from 1 – 5, 5 being the highest, how cohesive is your business ("The bonding or team strength that business members have toward one another.")?

On a scale from 1 – 5, 5 being the highest, how functional is your business ("The ability of business members to use their human and material resources to anticipate and meet demands.")?

How would you rate your business's communication on a scale from 1 – 5, 1 being "We do not communicate well" and 5 being "We communicate very well"?