

Can Family Businesses Survive the New Normal?

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During these extraordinary times, organizations across the country are doing their best to mitigate the impact of COVID-19. Irrespective of size, businesses in every sector are trying to think out of the box, enforcing new practices and protocols to ensure a gainful and healthy environment for their employees. And, the pervading fact is that the scenario is going to remain put for a long time to come. So the question that springs up is – Will business be able to cope with these changed norms. Family businesses normally practice set rules that govern their business, they have methods that are unique to their entity. The decision-making process involves an elaborate set of functionaries. So, will it be easy for

these businesses to introduce changes at every step, adapt to the new normal and smoothly transition with new rules and regulations. Well, this could be a challenge for some family businesses and the decision-making could be delayed amidst varied opinions and thought processes.

Family businesses that have built a sound administrative framework, alongside a culture of strong and straightforward correspondence among different members, have overcome situations of crises. In such businesses, the members agree to disagree and reach decisions after mutual consultations and discussions.

Nevertheless, the fact remains that family businesses too have to constantly evolve and develop with the changes in the economic structures to be able to sustain. Family businesses have to perceive the need to continually upgrade themselves. The willingness to adapt and change, accept new ideas, technologies, operational standards and preparedness to enter uncharted territories may be the key to success.

The COVID-19 pandemic has sent across a clear message to businesses that they need to show preparedness for unforeseen circumstances too. Any crisis, such as the present pandemic could necessitate immediate action, which mandates Family Businesses to :

Revisit the goal of the organization: It is important to revisit the relevance of objectives of the organization amidst the changed scenario and in the light of new consumer demands. It is important to introduce changes in different aspects of business to match the new needs. These areas could be marketing techniques, product alterations or introducing a new product, capturing new markets etc.

Make way for technology: Every crisis comes with opportunities. Hence it could be worthwhile to assess how technology can be leveraged to enhance business operations, reach out to a larger customer base, tap on new opportunities, and make way for innovation that can help improvise and facilitate growth.

Establish Financial Goals/ Fund Management: In a family business set up, this especially becomes one of the main areas to focus upon mainly during a crisis. Financial crunch has to be dealt with, with new ideas and mutual decisions. New goals could be set with an assessment of internal/external hindering and facilitating factors.

Have a sound contingency plan: Pandemic such as H1N1, Ebola etc., from recent past have taught us that when faced with an adversity the world till date remains ill-prepared to detect and respond to. With global inter-connectivity, the impact of a calamity is more widespread than ever before. As per an analysis on HBR.org, "Many leaders think that crisis management is not their mandate. They rely on risk mitigation and security experts

when the situation arrives. In this context, creating organizations that are strong in the face of uncertainty requires a new mind-set—and that must be driven from the top down. What a leader needs to do in such situations to create a near realistic scenario to prepare employees about uncertainties and conduct regular drills to make business and employees adaptive.”

Diversify: Adversities and outbreaks can come in anytime and hence are difficult to predict. However, it is possible to identify factors that can put a business in a vulnerable position due to pandemics. Factors such as location of a company’s workforce, supply chain, market, consumer distribution, and infrastructure can help inform estimates of its vulnerability to disease outbreaks. It is never too early to diversify and distribute assets and operations to minimize risk.