



## Embracing diversity is good for business

*Tolerance in the company—and in the family—is essential for today's business families. Here's why.*

**B**USINESS FAMILIES are under increasing pressure to strengthen their position in today's competitive marketplace, and to find ways to maintain relationships as family members move farther away from each other—even halfway around the world.

One factor that has distinguished family firms from their publicly traded counterparts, provided them with a competitive advantage and ensured a strong family bond is the unique set of values each family brings to the table. These principles have shaped family companies for generations.

For today's families in business, three important trends make these

of *Globalization*, there are now 63,834 transnational corporations. Many of these are family-owned. Mark Smucker, a fifth-generation family member at the J.M. Smucker Company, had already lived and worked with Smucker's in three countries and two continents by the time he was 35. All part of his leadership development in the family-led company, this process exposed Smucker, his family and the company to contrasting cultures, values and ways of life.

Building cross-cultural relationships at home and abroad is a reality for family businesses everywhere. As manufacturing in North America

time and a lot of cultural sensitivity to make it work."

### Social responsibility

The second important trend affecting family firms is the increase in socially responsible business practices, and a greater awareness of issues like climate change, energy conservation, recycling and employment non-discrimination. In a recent survey by marketing and communications firm Fleishman-Hillard, more than two-thirds of American consumers said "knowing that a company meets global standards for being socially responsible would be either extremely or very influential" in their decision to purchase a particular product or service from the company.

During the 1982 Johnson & Johnson Tylenol tampering scare, the company faced significant losses and the imminent destruction of its brand. Opting for an ethical response, J&J lost considerably more money by investing in new tamper-resistant seals and announcing a major recall of the product. Where is J&J today? Customers have faith in the company because it chose social responsibility over the bottom line. In stark contrast, Union Carbide lost credibility over its handling of the 1984 gas leak in Bhopal, India.

### The changing nuclear family

There is no greater argument for tolerance in family businesses than the changing definition of what constitutes a "family" in Western society. According to the 2000 U.S. Census,

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values, and the value of tolerance in particular, even more essential for success. Tolerance in the workplace and, most important, in the family is essential to build a sustainable future for families in business together.

### Globalization

As businesses and families spread around the globe, we are increasingly connected with people from diverse cultural and ethnic backgrounds, with different religious beliefs, histories and traditions. According to Alex McGillivray, author of *A Brief History*

has moved offshore, family businesses like Canadian General Tower of Cambridge, Ontario, now work with partners in Russia, Mexico and Eastern Europe. Negotiating through a translator, following new customs and dealing with different perspectives on the role of women in business have all had an impact on the way CGT does business. Fourth-generation chairman Jim Chaplin says he and his management team are "proud of the relationships we are building in other parts of the world. It takes a tremendous investment of

the percentage of households with a traditional nuclear family (married parents with at least one child under 18) fell below 25% for the first time in history. (It was 46% in 1960.) Families today include multiple generations living in one household, foster families, adoptive families, biracial or multicultural families, commuter couples, single-parent families, gay or lesbian couples with or without children, blended/step families and two or more people living together with strong mutual commitments but no legal ties.

Whether one accepts or rejects the new flexibility of families, it's here to stay, and it has a significant impact on family firms. As Michael Gilding points out in his 2000 *Family Business Review* article "Family Business and Family Change," the new family structure encourages individual autonomy and democratization. Your eldest son won't necessarily agree to take over the family business, your daughter may marry someone from another cultural background and one of your grandchildren may move in with his or her same-sex partner. Times are a-changing!

Why does this matter to family businesses? It matters because your family may challenge your beliefs in ways you would never have considered challenging your own parents. It matters because as your business is under increasing pressure to compete, the strength of your family bond will become ever more important. And finally, it matters because your family members, employees, suppliers, partners, customers and other stakeholders are making diverse choices that your family business will have to learn how to deal with effectively.

### Leading by example

These family business case studies will help to illustrate the power of tolerance in family firms, and the sometimes-disastrous results when it doesn't guide family decisions:

Considered the "first lady of Canadian business," Muriel Sprague

Richardson became the fifth president of James Richardson & Sons Limited after the death of her husband, James Richardson. Richardson took the helm of the family's agriculture and food empire at a time of war and economic uncertainty. Under her leadership, the company enjoyed continued and steady growth throughout World War II. Fate, rather than openness to a female CEO, may have led to Richardson's appoint-

the company is Phillip Winston, the great-grandson of Frank Sterling, founder of Humble Oil. (Humble Oil merged with Standard Oil; the firm later became Exxon and eventually ExxonMobil.)

As reported in *The Advocate* in May 2003, Winston, who owned 300,000 shares in the company, gave a presentation on gay rights at the 2001 shareholder meeting. When asked why he chose to speak out, Winston

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ment, but the tolerance required to support her leadership ensured the continuation of this legendary Canadian family business.

Natarajan "Cheenu" Srinivasan, chairman of Los Angeles-based online service provider BroadSpire Inc., makes a case for tolerance using his own family as an example. He believes that part of his company's success was the fact that the business was family-owned and -operated. Although he raised his kids the same way his parents raised him, when his children wanted to choose their own spouses rather than have an arranged marriage as he himself had had, Cheenu agreed. His advice, which he stated in a Dec. 31, 2007 interview in *The Immigrant Magazine*, is to "think of everybody as a human being. Don't judge by race. I teach my grandkids that if you cut your hand, red blood will come out, just like everyone else."

ExxonMobil, the world's largest oil company, has been under pressure to change its companywide policy, which excludes gay and lesbian employees from workplace discrimination protections and prevents them from receiving domestic-partner benefits. One of the leaders in the fight for LGBT (lesbian, gay, bisexual and transgendered) rights within

explained that he was inspired by his family's passion for social causes, and that he wouldn't let ExxonMobil fall behind its *Fortune* 100 counterparts. Although Winston's words weren't enough to change company policy, a resolution to include sexual orientation in the company's non-discrimination policy received four times as many votes in the years following his address. Four generations later, what the family said still mattered.

Families in business have a unique opportunity to "walk the talk" by setting an example and embracing their family's diversity. Those who ignore the reality of globalization, social responsibility and the changing nuclear family risk alienating family members, employees and customers. At a time when business owners are scrambling for the best talent and competing for customers, intolerance will hurt the bottom line.

Even more important, practicing tolerance is the right thing to do. **FB**

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