"THE FAMILY FIRM: AN OWNER'S MANUAL"

by

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THE FAMILY FIRM: AN OWNER'S MANUAL

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ABSTRACT

This paper is based on research with family firms including over three hundred interviews with owners, owner-managers, and managers working for family enterprises. It examines the problems experienced by family firms, paying particular attention to the psychological dimension. The advantages and disadvantages of operating a family firm are reviewed. The subject of succession is given special consideration. The final section of the paper deals with managing for survival.

That business was built specifically for my family.

Anybody who wants to come in, there's an open place for him.

If the business is destroyed as a result of that, so be it.

Sam Steinberg

(as quoted in Gibbon & Hadekel [1990, p. 116])

Once upon a time there was a potter who made the most beautiful pottery in the world. Everyone who saw his pottery immediately fell in love with it and wanted to buy it. As a result the potter's shop flourished and became known far and wide. After some time, demand for his products became so great that the potter started a factory and hired people to help him make more of his products. He had discovered that it was impossible to do all the work himself. As the years went by he employed more and more workers. Eventually, the potter spent all day long managing the factory -- he no longer had time to make pottery. Sometimes he longed for the good old days when things had seemed so much simpler and he did everything himself. To be so dependent on others was not something he really liked, particularly since very few people could live up to his standards of excellence.

The potter's way of looking at things became a problem because his need for control had an effect on the growth of the business. Fortunately, his children were now older and had begun giving him a hand. They became increasingly helpful in managing the business. Although the potter was reluctant to let go, he began to realize that he really had no choice. His health and endurance were no longer what they used to be. He had to trust his children to do a good job. And he wanted to have them in the business -- it made for continuity. He liked to see the family name on the building. For him, the business was a

way of keeping the family together. After all, the reason for having worked so hard was to create a better life for all of them.

When the potter died he left the company to his two sons and only daughter. Under the three children the pottery plant and the sales outlets continued to prosper. More and more plants were opened. The operation expanded across borders and diversified into related products such as glass, crystal and silverware.

When the children's children became older they were also brought into the business. Unfortunately, with so many family members around things started to go downhill. The forces which originally had made for family cohesiveness began to disintegrate. There were periods when those who could still remember would think nostalgically about the good old times when the old man was in control. Everything seemed so much simpler then -- one knew who was in charge!

The cousins and siblings began to argue about money, shares, power and responsibilities: who got what and who made what. Envy began to rear its ugly head. Eventually, what had started as mere bickering degenerated into bitter feuding. The two brothers and the sister, their wives, husband, and children spent all their time and energy fighting each other. Employees were forced to choose one of the many factions. Soon the most capable employees began to leave. Product quality decreased, and customers stayed away. Over time things went from bad to worse. In the end, the strife led to bankruptcy for the company and the loss of the family members' personal fortune. Thus ended the potter's dream, the family having gone from rags to rags in only three generations.

The people in this "fairy tale" didn't live happily ever after -- clearly, they made a mess out of things. Unfortunately, the kind of scenario described in this tale is an all too

familiar one for many family businesses. The problem is that family businesses have a built-in Achilles heel in that there are two systems which interact: the family and the business. And these two systems are not necessarily compatible. On the contrary, conflict is quite common. Examples of family feuds are not hard to find. We need only think of the Gucci family, one of Europe's great mercantile empires which became divided by vendettas, shareholder fights and lawsuits. There was also the power struggle which took place between the Steinberg sisters, the inheritors of the large Canadian shopping center emporium, a fight which eventually ripped the family firm apart. And then there has been the feud over money, power and honor at Galimard, France's most prestigious publishing house.

Although the figures vary, it seems that only three out of ten family firms make it through the second generation and only one in ten through the third. It has been estimated that the average life-span of an entrepreneurial firm is only twenty-four years, the usual length of time the founder is associated with it (Ward,1987).

Of course, some people may say who cares, why all this concern about family firms? Isn't it in publicly held corporations where all the action is? However, those who downplay the importance of family firms are making an enormous mistake. According to some estimates, 80-90 percent of all businesses are family controlled. And here family control shouldn't be taken in its narrowest sense: family control can imply that the family has a significant say in the strategic direction of the company and in the appointment of a new CEO.

The argument that these figures are misleading -- that they mainly apply to mom-and-pop stores -- also doesn't hold water. For example, in the U.S. one third of the **Fortune** 500 companies are family controlled. Family businesses account for the majority

of jobs in most Western societies. In the U.S., some 40 percent of the gross national product comes from family corporations (Danco,1982; Landsberg,1983; Dyer,1986).

Given the importance of family businesses to national economies, it is surprising that more attention has not been given to what affects this type of firm. Managing family firms raises a host of questions. Among those which need addressing are: what contributes to the problems these firms experience? Are there some special dynamics characteristic of family firms?

This paper is based on my work with family firms and interviews I conducted with over three hundred executives associated with family firms, be it as owners, owner-managers, or managers.

The Good News

For family members, one of the obvious advantages of working for a family firm is often that it gives them a sense of being in control of their destiny. Running something in which one has a personal stake certainly makes for a greater feeling of independence. Moreover, the narcissistic pleasures of working in a firm that belongs to the family should not be underestimated. There is something to be said for seeing one's name on the building -- particularly if it is a well-known brand name. And this exhibition of the family name can have other beneficial side effects. As one of the family members of a media conglomerate once mentioned in passing, "the name I have has surely helped me in getting access to top executives of companies who under other circumstances would have kept their doors shut." The possible financial benefits should also not be underestimated. There is always the possibility to be really successful financially.

These are some of the advantages which can be mentioned in the context of family businesses. However, they represent just the tip of the iceberg. What other advantages come to mind when thinking about family firms?

The Long-Term Perspective

In general, family firms tend to have a longer-term outlook toward their business. This can lead to a greater sense of social responsibility. After all, they are not fly-by-night operations; they are in there for the long haul. This means that family owner-managers may have a different outlook vis-à-vis their employees, their customers, the community and other important stakeholders. And this may positively affect the quality of their product. The fact that the owners have their name on the building makes them more conscious of their standing in the community and more jealous of their reputation.

In many instances, the company and its products affect the identity of family members. To be associated with defective or inferior products becomes a reflection on the self. Thus, short-term gains that will negatively affect standing will be singularly unattractive. When for many generations a family has been producing wine, like the house of Torres in Spain, or publishing books, like the Bonnier family in Sweden, members want to be proud of a quality product.

Moreover, compared with publicly held corporations, family firms are not "slaves" of Wall Street, haunted by quarterly results. As privately held companies they are under less pressure from those quarters. Since there is less public scrutiny, they will have greater independence of action. And the fact that family firms don't have to divulge as much information can be a competitive advantage vis-à-vis other firms: it is not as easy for

competitors to know what they are really up to. Those who have tried to get information about famous "secretive" family corporations, such as Mars, the confectionery manufacturer, Michelin, the tire maker, or C & A, the department store chain, know what is meant.

Another positive side effect of privately held companies is that they don't have to worry so much about take-over threats. There is less need to create elaborate schemes with "poison pills" and "golden parachutes." Executives in family firms can save their energy for other causes. Finally, it can also be said that family firms tend to be more resilient during hard times, given their greater willingness to plow back their profits.

The Family Culture

This long-term outlook is reinforced by greater certainty about what kind of leadership will prevail in the firm. When the succession process is predetermined by family tradition -- when everyone knows who is next in line -- this may lead to greater peace of mind for all executives concerned and consequently, to less political behavior in the company.

The existing "family spirit" will very much determine the prevailing attitudes, norms and values in the company through the generations. This often strong family culture can be a source of pride. It will create a common purpose for employees and it will help in establishing a sense of identification and commitment, which can in turn produce great motivational benefits.

To give an example, the kind of corporate culture which permeates Herman Miller Inc., the furniture manufacturer, has become legendary. The company was started in 1923

by D.J. De Pree, who was succeeded first by his son Hugh and then by his son Max. This company has repeatedly been listed as one of the best managed companies in America. At Herman Miller Inc. we can find a group of people strongly committed to the beliefs and ideas of the senior family members, particularly Max De Pree. Herman Miller Inc. employees share the family's outlook toward customer service, quality and productivity (Labich, 1989). However, it is a covenant which goes both ways. The family has a strong belief in the potential of people. This belief is backed up by a set of rights which determine the psychological contract between workers and management. Included in the "ground rules" for working at Herman Miller Inc. are the right to be needed, the right to be involved, the right to understand, the right to affect one's own destiny, the right to be accountable, and the right to appeal.

This focus on rights isn't mere talk -- it affects everyone's pocketbook. The company has a long-standing Scanlon Plan whereby workers are cut into the financial gains which result from their suggestions to improve design, customer service, quality and productivity. Herman Miller Inc. has gone public and there is a stock option plan. One hundred percent of the regular employees who have worked in the company for at least a year own company stock. And there are even "silver parachutes" for all employees in case of an unfriendly take-over, not just golden parachutes for top management like in other companies (De Pree,1989).

Herman Miller Inc. is also a good example of a family firm tending to be less bureaucratic than an equivalent publicly held one. The family culture makes a firm much less impersonal. As employees feel like a part of the family, it may facilitate access to senior management. For example, at Herman Miller Inc. even the lowliest production worker had no difficulty knocking on Max De Pree's door. Such an atmosphere will expedite decision making and will lead to greater flexibility in the way things get done.

Knowing the Business

Another important competitive advantage can be the extensive expertise family members have. After all, they have been in contact with the business from early childhood onward. Breakfasts, dinners, walks, family gatherings, and summer jobs in the company have all been opportunities to learn more about the business.

One executive mentioned how as a child he would take long walks with his father during which they would visit stores to look at the products of the competition. Afterwards his father would ask him which products he liked most. They would have lengthy arguments about each product's quality. This man felt that the expertise gained during those visits proved to be invaluable later in life.

This kind of knowledge may give family members a head start in comparison with executives entering the business later in life. Such early training for the business is one argument put forward to explain the at times puzzling appointments of very young family members to senior positions. However, this "age inappropriate" influence in the business can have a beneficial effect, in that it may lead to a rejuvenation of what may have become an arteriosclerotic group of top executives.

The Bad News

Obviously, there cannot only be good news. Family firms certainly have their disadvantages. What quickly comes to mind are some "technical" difficulties which accompany family firms. The tax code covering inheritance can create problems concerning the continuation of the firm. Another obvious problem is that family corporations usually

have greater difficulty obtaining access to capital markets. This may eventually lead to problems with growth.

Sometimes the way family firms are organized comes across as very confusing. To outsiders their organization chart may often look very messy. Authority and responsibility may not be clearly defined; jobs may be overlapping. Executives may hold a number of different jobs. The decision-making hierarchy may be completely ignored, bypassing being more the rule than the exception.

If one interviews people in family firms, however, one quickly finds out that many of the key problems tend to be of a psychological nature and center around issues such as the fit between the leadership style of the senior executive and the company's stage of development, the overflow of family conflicts into the business, coalition politics among the family members which detract from the substance of the business, and, last but certainly not least, the question of succession.

All these problems can turn into high drama. At times, life in family firms resembles soap operas taking on the mantle of Greek tragedy. King Laius, Jocasta, Medea and Oedipus are regular guest stars on the family cast list. Given the repetitive nature of these problems, a closer look would seem to be warranted.

The Question of Nepotism

If we look at the problems associated with family firms, the word nepotism comes immediately to mind. We can frequently observe how family logic tends to overrule business reason. In many instances family members are welcome regardless of their ability to contribute to the business. Senior owner-managers of family firms often show a

remarkable capacity for not wanting to see the weaknesses of their beloved sons or daughters.

To be a non-family member working under a person who is clearly incompetent is a highly unattractive position. When there is an imbalance between contribution and credit, there is no longer be a feeling that equity is maintained. And an absence of fair play can undermine one of the pillars of corporate culture: the existence of feelings of trust. A lack of trust will negatively influence the climate of the company and affect job satisfaction, motivation and performance.

This situation is particularly ironic if, as is often the case in many family firms, a high level of commitment is demanded from non-family members. Such a demand is acceptable if credit for work well done is given accordingly. But it may be inappropriate if the existing incentive system is heavily biased toward non-contributing family members. If that is the case it becomes difficult to attract capable managers, a development which may endanger the future of the company. And the people who are willing to stick around may not be the ones the company needs to have.

To illustrate, in a well known international firm in the apparel business, the president of the company (encouraged by his wife) was completely blind to the incompetence of his only son. Having survived a coronary, he placed his son -- who had been busy flunking out of every school he had been sent to -- in a senior position in the company. The behavior of this son quickly soured the atmosphere in the company. One of the bad habits he had was to lay the blame for whatever mistake he had made (forgetting appointments, not following up on clients, wrong allocation of resources) on others: it was never his doing. Eventually, many of the more competent employees couldn't take it any longer and left the company. An acquisition by his son (against all advice) of a firm with

outdated product lines and obsolete machinery, which put the company in the red, finally opened the eyes of the father-president. It made him realize what really had been going on and led him to reassert his control over the business.

The "Spoiled Kid" Syndrome

The previous example is a good indication of what can be referred to as the "spoiled kid syndrome." This phenomenon can most clearly be observed among children of company founders, where one type of scenario typically tends to repeat itself. The principal actor on this stage is the hard working entrepreneur who is completely obsessed by the business. He works day and night, thinking about nothing else. Obviously, such a lifestyle will give him very little time to devote to his family (it usually is a man). Although he is somewhat aware of it, he cannot really help himself. The demands of the business (or at least his perception of them) are just too overwhelming. He will rationalize his behavior by saying that he is doing it in the best interests of the family. He cherishes the notion that, because of his efforts, everyone will be better off. He doesn't seem to realize, however, that he may be cannibalizing that very future: there may be no "later on." What can often be observed is how such people gradually become estranged from their wives and children.

Whatever the exact script may be, due to this kind of behavior feelings of guilt come to the fore. A common way of dealing with such feelings is to start "bribing" the family members. This can be looked at as a kind of pay-off for not being available emotionally or otherwise. The pay-off may start with a big teddy bear when the children are young and eventually change into sports cars, jewelry, expensive vacations, or condominiums. Unfortunately, these gifts will never replace the attention missing during childhood. At the same time, handing out material possessions becomes for the donor a

form of making up for personally experienced hardships. He is giving to his children what he once longed for himself.

In trying to create a better life for their offspring, such people are full of good intentions. Unfortunately, possessions become the overriding criteria, not a set of well-internalized values, feelings of affection and mutual respect. And this pursuit of material possessions may eventually turn out to be a real Faustian bargain.

A good example is the Steinberg family feud, which captured the headlines of many newspapers, between the daughters of the builder of a shopping center empire (and their husbands) for control of the business. In their book, the journalists Gibbon and Hadekel(1990) concluded from their interviews with the principal players that "the girls were spoiled rotten." Their father, Sam, "was so generous with his girls, lavishing them later with clothes, cars, condos in Florida." According to Gibbon and Hadekel, "when it came to his daughters, his pockets were deep; there was nothing they couldn't have. They would never know the life Sam Steinberg had lived growing up in a crowded, unheated flat on The Main." (p.95).

The question becomes how much attention Sam Steinberg and his wife Helen paid to the more intangible needs of their daughters. Not much importance seems to have been given to the value of education, business training and social responsibility. The notion that authority and responsibility should only be granted after proven accomplishments was not applied to family members. The results became catastrophic for the survival of the company given the power the daughters would later wield as the major shareholders of the company. The stage was set for dangerous interference in the company affairs given their lack of understanding of the business. Moreover, the rivalry which existed between the sisters --

suppressed as long as their father was alive -- didn't help. It would eventually lead to the company's break-up.

The War of the Roses

If parents have not been sufficiently available emotionally, this absence can have serious repercussions later on in life. Children may start to fight for whatever little "quality time" is available. From very early on they may have become expert judges in who is preferred over whom in the "love equation." And these early feelings of envy and jealousy are not easy resolved -- they will continue to remain troublesome throughout life.

In the process of growing up, siblings increasingly separate and choose their own course in life. If family members go their separate ways, certain irritants from childhood will not so easily flare up. But that may be less the case when there is a family firm. For many different reasons parents may use emotional blackmail to induce their children to go into the business. Consequently, in one form or another, family members may be stuck with one another. They may feel locked in. And they may end up in a vicious circle whereby certain family conflicts endlessly repeat themselves. The old "games" of childhood may continue in the firm.

While publicly held organizations aren't always paragons of rational behavior, family firms -- given the greater likelihood of emotional drama -- certainly aren't. Irrational decision making can become rampant. Old wounds may be reopened; others may never have had an opportunity to heal. Decisions may be made on an emotional basis only, not according to sound business sense.

What happens is that family members may become trapped in situations of highly concentrated risk, not just financial but particularly emotional. When love has been a scarce commodity during developmental years, the stage is set for internecine strife. Which are family and which are business disputes tends to become confused. Since these disputes have their origin in early childhood, they can become extremely messy and far more difficult to disentangle than would be the case in publicly held corporations.

A good example of numbing fraternal strife is the saga of the Horvitz brothers, heirs to one of America's largest fortunes: a $700 million newspaper, cable television, and real estate empire. After the father passed away, fighting about who would gain control of the business reached a new crescendo, particularly after the mother, who had acted as some kind of peacemaker, died. Accusations and counteraccusations were thrown back and forth. Fist fights were par for the course. Lawsuits resulted in years of legal wrangling. As a son of one of the three brothers said: "Decisions were based on how the [brothers] felt when they were twelve." (Gubernick & King, 1987, p.81)

Factional infighting can become extremely complex in family firms which have survived a number of generations and are run by large families. Obviously, maintaining a cohesive family unit becomes more difficult as the generations spread out. The danger is that too much time will be spent on conspiratorial activities and not enough attention paid to the substance of the business. When envy takes over from reason, the politics of succession may become a major pastime.

King Laius Revisited

The question of the emotional unavailability of the entrepreneurial father is not the only one: we must also consider the effects of this person's often domineering behavior on

his children (again, it should be stressed that these phenomena are more applicable to male founders of companies than to females in the same position). It is not easy to live in the shadow of such captains of industry.

In his autobiography, Thomas Watson, Jr. of I.B.M. remembered coming home from school in tears (he was not much of a student) saying that he couldn't do it, referring to the general expectation that he, as the oldest son, would take over the business from his father, Thomas Watson, Sr. He had always found it difficult to live up to his father's expectations. He saw his father as a giant of a man who made him feel inconsequential. He was convinced that he was lacking in some way and always felt a deep uncertainty about his ability to deliver.

Watson Jr., recalled bouts of depression as a child, which were often accompanied by asthma attacks. His childhood experiences were worsened when he noticed how everyone would bow and scrape and try to ingratiate themselves in his father's presence. He compared his father to a blanket covering everything. He recalled how he and his father had had terrible fights which frequently led to the brink of estrangement. Later on, as president of I.B.M., Watson, Jr. would perform a ritual on the anniversary of his father's death: he would take stock of what the company had accomplished and tell his wife that he had managed yet another year alone (Watson Jr., 1990).

Many entrepreneurs seem to have experienced a symbolic "Oedipal victory" in that they have gained the major portion of their mothers' total love and affection, thus bypassing their fathers. However, they will not allow a similar "triumph" for their son(s). Instead, some entrepreneurs will go to great efforts to belittle their sons, continuously cutting them down. Consequently, some sons may give up, do poorly at school and

behave irresponsibly, becoming the antithesis of their fathers, be it temporarily or permanently.

Of course in describing these psychodynamic processes it should be stressed that such happenings are not necessarily of a conscious nature. However, conscious or unconscious, the experience is emotionally devastating.

The relationship of the first Henry Ford with his son Edsel is a particularly good illustration of a destructive father-son interaction pattern. Their relationship was characterized by an enormous amount of ambivalence (Jardim, 1970). Henry Ford was in the habit of building his son up at times but also going out of his way to humiliate him. A major frustration for Edsel was his father's continuous rejection of his well-thought-out plans to improve products and conditions in the company. Instead, Henry Ford preferred to listen to people who were brutalizing the work environment. Edsel never seemed to be able to stand up to his father, who preferred to portray his son as weak, not very competent, "too fond of cocktails and decadent East Side living" (Lacey, 1986, p.395). The strain of this relationship led to ulcer problems for Edsel, and eventually to his premature death from cancer. Actually, when Edsel died, his wife told her father-in-law in a fit of anger that he had killed his own son (Lacey, 1986, p.403).

The example of the Fords isn't unique, although most father-son relationships do not come to this kind of tragic ending. In comparison, father-daughter, mother-daughter and mother-son relationships in business seem to be less conflict prone. But given the current scarcity of case examples of women presidents, it may be wiser to suspend judgment for the time being.

The Ghost of the Padrone

It may also be noted that family firms are more prone to autocratic rule. As has been mentioned, founders of family firms tend to be domineering personalities. After all, without their dominance and persistence the company would never have gotten off the ground. Their presence and their behavior give the company its particular flavor. In many such companies a paternalistic attitude may prevail. But what may have started off as well meaning may not only end up as extremely stifling but also at times perverted.

A good example of such a development is the house of Krupp, a four-hundred-year-old dynasty which armed Germany in four major wars. For generations, members were guided by Alfred Krupp's *Generalregulativ*, the concern's basic constitution. In this constitution dated 1872, the absolute obligations of the Kruppianer were spelled out in great detail. It said among other things that the house of Krupp was entitled to receive from its workers full and undivided energy, punctuality, loyalty and love of good order. On the other hand, a Kruppianer who ran up debt would be sacked; any man five minutes late would lose an hour's wages; trouble-makers would be expelled forever. But the Kruppianer were entitled to health services, an emergency relief fund, pension schemes, low-cost housing, non-profit retail outlets, and homes for the aged. The point has been made that in its social welfare policy, Krupp was ahead of its time (Manchester,1968). Unfortunately, this paternalistic attitude became a travesty during the Second World War, when the company willingly used almost 100,000 prisoners of war and concentration camp inmates as slave laborers.

The Krupp dynasty may be a very extreme example of paternalistic, autocratic rule. However, lesser examples of such practices are not that difficult to find. One can hypothesize that people willing to work under such conditions may possess many of the

characteristics of what has been described as the dependent personality (Kets de Vries,1989). They may be more of the "yes-men" type. The question becomes if these are the kind of people who can be stretched and move the company forward.

A company haunted by the "ghost of the padrone" can also often be quite secretive, conservative and traditional. Consequently, it may become too inward looking, ignoring developments in the environment. Naturally, such an attitude doesn't foster change and can seriously endanger the survival of the firm.

Milking the Business

When a number of family members are working in the firm and not adding value, this can put a serious financial strain on the business. The danger is that the company may turn into some kind of "welfare institution," giving family members something to do, a place to visit away from home, without actually engaging them in any meaningful work. Most companies cannot afford to have too many such people around. Apart from being a drain on the business, having such unproductive people hanging around the company can lead to serious morale problems.

In one consumer products company, three of the five family members were drawing large salaries, using company-chauffeured cars and planes, and living in company-financed luxury apartments. However, their contribution to the company's success was marginal at best. The occasional hour at the office did more harm than good. Most of their time was spent at their hunting club or on the golf course, which were financed through company memberships. When the economy turned sour and the company went into the red, these individuals refused to accept the new reality. In spite of warnings by a company adviser that they had to disengage themselves from the company and pursue

more productive avenues given the threat of imminent bankruptcy, the family members refused to deal with this information. In due course, the company went bankrupt.

The Succession Conundrum

As we have seen, there are quite a few problems associated with family firms. The most insidious ones, however, usually center around the question of succession.

Roadblocks

There are many barriers which may hamper successful succession planning in family firms. The explanation for this phenomenon -- if one really wants to go beyond the superficial -- is the difficulty many people have in accepting the reality of their own death. The realization of one's mortality arouses a lot of anxiety. For many, it is not easy to accept the ultimate narcissistic injury: the disintegration of the body. Some presidents of family firms (particular founder-owners) act as if death can happen to everyone except to themselves. To talk about their death becomes a taboo. Breaching the topic is viewed as a hostile act which may be interpreted as a wish to have the person in question dead. Given the fact that in moments of anger children may have wished their parents dead (which may have resulted in strong feelings of guilt), as adults they often choose to suppress or even repress such thoughts altogether.

What may add to this conspiracy of silence is the fear on the part of the owner's children of abandonment. They may wonder whether they will be able to hack it without the parent being around. If there are several offspring, they may have concerns about who is going to be the primus inter pares. Some may be afraid -- and often for good reasons -- that a conflict will break out into the open when the parents are no longer there to take on

the role of arbiter. They consequently prefer to let matters slip rather than facing succession problems head-on.

The fact that the company is so much of a symbol may aggravate the problems around succession. For many founder-managers the enterprise itself has become part of their core identity. Given their dependence on the company for self-esteem, such persons may ask themselves if their successors will respect their legacy or destroy what they so carefully built up. Such thoughts can be very disturbing. Shakespeare's King Lear symbolizes all too well what can happen.

For some of these people it is very difficult to let go of the power which comes with the job. They may have become addicted to all the tangible and intangible benefits attached to it. Think only of Serge Dassault of Dassault Enterprises, the French airplane builder, who was 61 before he took over the chairmanship from his father. Thomas Watson, Sr. of I.B.M. handed over the reins to his son only when he was 82 years old. Armand Hammer of Occidental Petroleum has been another good example of a person with great difficulty in grooming a crown prince. And in some instances it is not only the CEOs who have problems in letting go, but also their spouses. The latter may have become used to all the "goodies" which go with the job.

Facilitating Forces

Fortunately, there are quite a few forces which push in the other direction and facilitate the succession process, tax legislation being a good example. Unless one wants the estate to be burdened by high inheritance taxes -- which may endanger the continuation of the company -- it is better to take some preventive steps and transfer ownership to the next generation in plenty of time.

Another often effective, but not very attractive facilitating force is that the person in question starts having problems with his or her health. Actually, given their personality make-up, entrepreneurs can be masters in distorting unpleasant reality. Cynically, it can be said that nothing helps a stalemate about succession as much as a mild coronary. When one is lying in the hospital it becomes somewhat more difficult to deny the possibility of death. In such situations, spouses, confidants, or board members can often give that extra push to help the person overcome his or her reluctance to let go.

A more positive force is the wish to see a continuation of the business. In theory such a wish seems obvious. To act accordingly, however, is a whole different matter. It takes a certain amount of maturity and wisdom to really make it happen. One needs to have acquired a sense of generativity, the capacity to obtain vicarious pleasure from seeing the next generation doing things on its own.

The Theater of Choice

The number of options available in deciding on succession in a family firm are considerable. Should the primogeniture rule be applied? What if the oldest child is not the most capable one or not really interested in the business? What about meritocratic nepotism? If some form of nepotism is going to be inevitable in family firms, at least one should make the effort to pick the best family member available. Will daughters be in the running? But that can make the situation quite messy. Sons-in-law may want to get into the picture. And if they work in the firm, real problems may start in the case of a divorce. Moreover, given the symbolic, emotional value many people attach to names, there remains the problem that sons-in-law have a different name. Consequently, sons-in-law are not welcome in some family firms.

There are other more imaginative, but not always practical solutions to deal with the problem of succession. It is even possible to encounter some instances of shared management or some form of management rotation. Of course such a philosophy brings with it the danger of organizational paralysis. In such situations complementarity of skills becomes a plus. To make this work, a lot of trust among the different family members is needed.

Then there are interim solutions. A typical one is to put a trusted employee in the saddle for a specific period of time. This person may be appointed as keeper of the "family heirloom," at least until a family member is groomed to take over. Of course, a more dramatic solution to succession is to bring in professional management. At times, a "neutral," non-family member is the only person capable of balancing the interests of the different factions which make up the family.

Given the potential for a spill-over of family strife onto the company, another quite popular and effective solution is to divide the business. One way to go about it is to put each child in charge of a division or department. A more Draconian approach is to really divide the business into separate companies and give one to each family member. Frequently the added value will be much higher if this option is chosen. Moreover, it is often the ideal solution for keeping potentially quarrelsome family members apart. Other possibilities which can be mentioned are selling the business, going public, or choosing liquidation.

Of course, a final issue will be who should make the choice of the successor. Should it be the outgoing president? Should it be the family council? Should it be the Board of Directors? Does it have to be all the parties combined? Should one give the children the opportunity to choose among themselves? There is no perfect solution. Given the existence

of some very powerful psychological processes which may blind the outgoing president, it is important, however, that he or she should not be the only decision maker.

Managing for Survival

The role of a family council is crucial in preventing the company from becoming one of the casualties in the family firm drama. The council must define the "rules of the game" for the family.

As a caveat concerning family councils it should be said that, although such councils are the right forum to bring up certain key issues, decisions eventually have to be made. In business life more than in many other situations speed is a competitive advantage. Unfortunately, coalition politics, speed, and effective decision-making usually do not go together. Although a certain amount of politicizing is an inevitable part of organizational life, it should be kept to the minimum. Unless there is one domineering family member (because of personality or ownership) or a dominant coalition with complementarity of interest, there remains the danger that family councils start to resemble elective politics, leading to situations where compromise candidates, not leaders of men, gain the upper hand.

In an effective family council the very first task is to decide what members want to accomplish. What is the overall family vision? Are they going for continuity of the family regime? Do they want to go public? Do they want to sell the business? Decisions have to be made about these issues.

Certain rules have to be articulated as well. For example, how should non-active family members be dealt with? How can people get out and cash in their shares? Is there

going to be some kind of "shotgun" clause as a way of getting a fair price in case of serious disagreements?

How are family members going to be selected for promotion? The question becomes who is going to decide who has what it takes to occupy senior positions. As we have seen, parents can be remarkably blind when it comes to their offspring. It will be extremely important for certain specific criteria to be established in order to select the company's future leadership.

In the case of such "family" succession planning, a carefully thought-through management development program should be put into place. A need analysis should be made, paying attention to what the company will require in the future. And, in setting up such a management development plan for the next generation, expectations must be clarified. What will be a given person's responsibility? How long will it take to obtain a senior position? What has to be achieved to get there? What will the compensation be like? It is also highly recommended that candidates acquire some outside experience before committing themselves to the family firm. Doing so is invaluable for reasons of self-esteem; it will give these persons the feeling that they could have done things on their own, not just because of family connections.

The family council should also decide on the rules of retirement for senior executives. As has been indicated, letting go can be a most wrenching process. Decisions have to be made as to when it will be time to hand over power to the next generation. When this happens the appointment of "clones" should be avoided. In today's turbulent environment, doing so may endanger the survival of the firm. What may have been the right criteria in the past may be completely inappropriate in the future.

In order to prevent organizational myopia it becomes a sine qua non to trust "outsiders." Without the help of outsiders the manpower supply can become awfully slim. And to make the company attractive to outsiders it is important that public company practices be followed: the human resource management systems in the family firm should be compatible with those of public companies. For reasons of equity and in order to avoid destructive envy, it is extremely important to carefully design incentive systems for non-family members. Here, an important question becomes whether non-family members will be given shares in the company.

Other "normal" company practices should be put into place. Strategic planning should become a matter of course. Boundary management is essential in that roles and responsibilities should be clearly defined. Having a well-defined division of labor will go a long way in preventing conflict.

A corporate culture which is relatively open and not very politicized has to be built up, where people are not afraid to speak their minds and where, through delegation, people have a certain amount of control over their lives. True professionalization of management can only occur when people have the feeling that non-family members can also reach senior management positions and not that they are exclusively reserved for the family.

In order to keep the company on course, an independent-minded Board of Directors will be needed. The importance of professional advisers should also be emphasized. They can take on the role of gatekeepers helping to move family dramas outside the company as much as possible. These people can play a major role in creating boundaries between family and business life.

But as those who have experience with family firms know all too well, maintaining this separation can be an uphill struggle. It may, however, very well be worth it. Working with or for family firms can be an enormous challenge. As in many families, family firms usually have enough drama to keep people on their toes. One certainly doesn't get bored. When things go well, they can go very well, although the opposite is also true.

For the psychologically minded, family firms offer a tremendous variety of issues. The excitement lies in detecting patterns. In that respect we might well heed the words of Tolstoy, who said in his novel Anna Karenina, "All happy families resemble one another; every unhappy family is unhappy in its own way."

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90/26 OB/BP	Charles KADUSHIN and Michael BRIMM	**"Why networking Fails: Double Binds and the Limitations of Shadow Networks"**, February 1990.
90/27 TM	Abbas FOROUGHI and Tawfik JELASSI	**"NSS Solutions to Major Negotiation Stumbling Blocks"**, February 1990.
90/28 TM	Arnoud DE MEYER	**"The Manufacturing Contribution to Innovation"**, February 1990.

90/29 FIN/AC	Nathalie DIERKENS	**"A Discussion of Correct Measures of Information Asymmetry"**, January 1990.
90/30 FIN/EP	Lars Tyge NIELSEN	**"The Expected Utility of Portfolios of Assets"**, March 1990.
90/31 MKT/EP	David GAUTSCHI and Roger BETANCOURT	**"What Determines U.S. Retail Margins?"**, February 1990.
90/32 SM	Srinivasan BALAK-RISHNAN and Mitchell KOZA	**"Information Asymmetry, Adverse Selection and Joint-Ventures: Theory and Evidence"**, Revised, January 1990.
90/33 OB	Caren SIEHL, David BOWEN and Christine PEARSON	**"The Role of Rites of Integration in Service Delivery"**, March 1990.
90/34 FIN/EP	Jean DERMINE	**"The Gains from European Banking Integration, a Call for a Pro-Active Competition Policy"**, April 1990.
90/35 EP	Jae Won PARK	**"Changing Uncertainty and the Time-Varying Risk Premia in the Term Structure of Nominal Interest Rates"**, December 1988, Revised March 1990.
90/36 TM	Arnoud DE MEYER	**"An Empirical Investigation of Manufacturing Strategies in European Industry"**, April 1990.
90/37 TM/OB/SM	William CATS-BARIL	**"Executive Information Systems: Developing an Approach to Open the Possibles"**, April 1990.
90/38 MKT	Wilfried VANHONACKER	**"Managerial Decision Behaviour and the Estimation of Dynamic Sales Response Models"**, (Revised February 1990).
90/39 TM	Louis LE BLANC and Tawfik JELASSI	**"An Evaluation and Selection Methodology for Expert System Shells"**, May 1990.
90/40 OB	Manfred KETS DE VRIES	**"Leaders on the Couch: The case of Roberto Calvi"**, April 1990.
90/41 FIN/EP	Gabriel HAWAWINI, Itzhak SWARY and Ik HWAN JANG	**"Capital Market Reaction to the Announcement of Interstate Banking Legislation"**, March 1990.
90/42 MKT	Joel STECKEL and Wilfried VANHONACKER	**"Cross-Validating Regression Models in Marketing Research"**, (Revised April 1990).
90/43 FIN	Robert KORAJCZYK and Claude VIALLET	**"Equity Risk Premia and the Pricing of Foreign Exchange Risk"**, May 1990.
90/44 OB	Gilles AMADO, Claude FAUCHEUX and André LAURENT	**"Organisational Change and Cultural Realities: Franco-American Contrasts"**, April 1990.
90/45 TM	Soumitra DUTTA and Piero BONISSONE	**"Integrating Case Based and Rule Based Reasoning: The Possibilistic Connection"**, May 1990.
90/46 TM	Spyros MAKRIDAKIS and Michèle HIBON	**"Exponential Smoothing: The Effect of Initial Values and Loss Functions on Post-Sample Forecasting Accuracy".**
90/47 MKT	Lydia PRICE and Wilfried VANHONACKER	**"Improper Sampling in Natural Experiments: Limitations on the Use of Meta-Analysis Results in Bayesian Updating"**, Revised May 1990.
90/48 EP	Jae WON PARK	**"The Information in the Term Structure of Interest Rates: Out-of-Sample Forecasting Performance"**, June 1990.
90/49 TM	Soumitra DUTTA	**"Approximate Reasoning by Analogy to Answer Null Queries"**, June 1990.
90/50 EP	Daniel COHEN and Charles WYPLOSZ	**"Price and Trade Effects of Exchange Rates Fluctuations and the Design of Policy Coordination"**, April 1990.

90/51 EP	Michael BURDA and Charles WYPLOSZ	**"Gross Labour Market Flows in Europe: Some Stylized Facts"**, June 1990.
90/52 FIN	Lars Tyge NIELSEN	**"The Utility of Infinite Menus"**, June 1990.
90/53 EP	Michael Burda	**"The Consequences of German Economic and Monetary Union"**, June 1990.
90/54 EP	Damien NEVEN and Colin MEYER	**"European Financial Regulation: A Framework for Policy Analysis"**, (Revised May 1990).
90/55 EP	Michael BURDA and Stefan GERLACH	**"Intertemporal Prices and the US Trade Balance"**, (Revised July 1990).
90/56 EP	Damien NEVEN and Lars-Hendrik RÖLLER	**"The Structure and Determinants of East-West Trade: A Preliminary Analysis of the Manufacturing Sector"**, July 1990
90/57 FIN/EP/ TM	Lars Tyge NIELSEN	**Common Knowledge of a Multivariate Aggregate Statistic"**, July 1990
90/58 FIN/EP/TM	Lars Tyge NIELSEN	**"Common Knowledge of Price and Expected Cost in an Oligopolistic Market"**, August 1990
90/59 FIN	Jean DERMINE and Lars-Hendrik RÖLLER	**"Economies of Scale and Scope in the French Mutual Funds (SICAV) Industry"**, August 1990
90/60 TM	Peri IZ and Tawfik JELASSI	**"An Interactive Group Decision Aid for Multiobjective Problems: An Empirical Assessment"**, September 1990
90/61 TM	Pankaj CHANDRA and Mihkel TOMBAK	**"Models for the Evlauation of Manufacturing Flexibility"**, August 1990
90/62 EP	Damien NEVEN and Menno VAN DIJK	**"Public Policy Towards TV Broadcasting in the Netherlands"**, August 1990
90/63 SM	Sumantra GHOSHAL and Eleanor WESTNEY	**"Organising Competitor Analysis Systems"**, August 1990
90/64 SM	Sumantra GHOSHAL	**"Internal Differentiation and Corporate Performance: Case of the Multinational Corporation"**, August 1990
90/65 EP	Charles WYPLOSZ	**"A Note on the Real Exchange Rate Effect of German Unification"**, August 1990
90/66 TM/SE/FIN	Soumitra DUTTA and Piero BONISSONE	**"Computer Support for Strategic and Tactical Planning in Mergers and Acquisitions"**, September 1990
90/67 TM/SE/FIN	Soumitra DUTTA and Piero BONISSONE	**"Integrating Prior Cases and Expert Knowledge In a Mergers and Acquisitions Reasoning System"**, September 1990
90/68 TM/SE	Soumitra DUTTA	**"A Framework and Methodology for Enhancing the Business Impact of Artificial Intelligence Applications"**, September 1990
90/69 TM	Soumitra DUTTA	**"A Model for Temporal Reasoning in Medical Expert Systems"**, September 1990
90/70 TM	Albert ANGEHRN	**"'Triple C': A Visual Interactive MCDSS"**, September 1990
90/71 MKT	Philip PARKER and Hubert GATIGNON	**"Competitive Effects in Diffusion Models: An Empirical Analysis"**, September 1990
90/72 TM	Enver YÜCESAN	**"Analysis of Markov Chains Using Simulation Graph Models"**, October 1990
90/73 TM	Arnoud DE MEYER and Kasra FERDOWS	**"Removing the Barriers in Manufacturing"**, October 1990
90/74 SM	Sumantra GHOSHAL and Nitin NOHRIA	**"Requisite Complexity: Organising Headquarters-Subsidiary Relations in MNCs"**, October 1990

90/75 MKT	Roger BETANCOURT and David GAUTSCHI	"The Outputs of Retail Activities: Concepts, Measurement and Evidence", October 1990
90/76 MKT	Wilfried VANHONACKER	"Managerial Decision Behaviour and the Estimation of Dynamic Sales Response Models", Revised October 1990
90/77 MKT	Wilfried VANHONACKER	"Testing the Koyck Scheme of Sales Response to Advertising: An Aggregation-Independent Autocorrelation Test", October 1990
90/78 EP	Michael BURDA and Stefan GERLACH	"Exchange Rate Dynamics and Currency Unification: The Ostmark - DM Rate", October 1990
90/79 TM	Anil GABA	"Inferences with an Unknown Noise Level in a Bernoulli Process", October 1990
90/80 TM	Anil GABA and Robert WINKLER	"Using Survey Data in Inferences about Purchase Behaviour", October 1990
90/81 TM	Tawfik JELASSI	"Du Présent au Futur: Bilan et Orientations des Systèmes Interactifs d'Aide à la Décision," October 1990
90/82 EP	Charles WYPLOSZ	"Monetary Union and Fiscal Policy Discipline," November 1990
90/83 FIN/TM	Nathalie DIERKENS and Bernard SINCLAIR-DESGAGNE	"Information Asymmetry and Corporate Communication: Results of a Pilot Study", November 1990
90/84 MKT	Philip M. PARKER	"The Effect of Advertising on Price and Quality: The Optometric Industry Revisited," December 1990
90/85 MKT	Avijit GHOSH and Vikas TIBREWALA	"Optimal Timing and Location in Competitive Markets," November 1990
90/86 EP/TM	Olivier CADOT and Bernard SINCLAIR-DESGAGNE	"Prudence and Success in Politics," November 1990
90/87 FIN/EP	Lars Tyge NIELSEN	"Existence of Equilibrium in CAPM: Further Results", December 1990
90/88 OB/MKT	Susan C. SCHNEIDER and Reinhard ANGELMAR	"Cognition in Organisational Analysis: Who's Minding the Store?" Revised, December 1990
90/89 OB	Manfred F.R. KETS DE VRIES	"The CEO Who Couldn't Talk Straight and Other Tales from the Board Room," December 1990
90/90 MKT	Philip PARKER	"Price Elasticity Dynamics over the Adoption Lifecycle: An Empirical Study," December 1990

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91/01 TM/SM	Luk VAN WASSENHOVE, Leonard FORTUIN and Paul VAN BEEK	"Operational Research Can Do More for Managers Than They Think!," January 1991
91/02 TM/SM	Luk VAN WASSENHOVE, Leonard FORTUIN and Paul VAN BEEK	"Operational Research and Environment," January 1991
91/03 FIN	Pekka HIETALA and Timo LÖYTTYNIEMI	"An Implicit Dividend Increase in Rights Issues: Theory and Evidence," January 1991
91/04 FIN	Lars Tyge NIELSEN	"Two-Fund Separation, Factor Structure and Robustness," January 1991
91/05 OB	Susan SCHNEIDER	"Managing Boundaries in Organisations," January 1991
91/06 OB	Manfred KETS DE VRIES, Danny MILLER and Alain NOEL	"Understanding the Leader-Strategy Interface: Application of the Strategic Relationship Interview Method," January 1990 (89/11, revised April 1990)

91/07 EP	Olivier CADOT	"Lending to Insolvent Countries: A Paradoxical Story," January 1991
91/08 EP	Charles WYPLOSZ	"Post-Reform East and West: Capital Accumulation and the Labour Mobility Constraint," January 1991
91/09 TM	Spyros MAKRIDAKIS	"What can we Learn from Failure?", February 1991
91/10 TM	Luc Van WASSENHOVE and C. N. POTTS	"Integrating Scheduling with Batching and Lot-Sizing: A Review of Algorithms and Complexity", February 1991
91/11 TM	Luc VAN WASSENHOVE et al.	"Multi-Item Lotsizing in Capacitated Multi-Stage Serial Systems", February 1991
91/12 TM	Albert ANGEHRN	"Interpretative Computer Intelligence: A Link between Users, Models and Methods in DSS", February 1991
91/13 EP	Michael BURDA	"Labor and Product Markets in Czechoslovakia and the Ex-GDR: A Twin Study", February 1991
91/14 MKT	Roger BETANCOURT and David GAUTSCHI	"The Output of Retail Activities: French Evidence", February 1991
91/15 OB	Manfred F.R. KETS DE VRIES	"Exploding the Myth about Rational Organisations and Executives", March 1991
91/16 TM	Arnoud DE MEYER and Kasra FERDOWS et.al.	"Factories of the Future: Executive Summary of the 1990 International Manufacturing Futures Survey", March 1991
91/17 TM	Dirk CATTRYSSE, Roelof KUIK, Marc SALOMON and Luk VAN WASSENHOVE	"Heuristics for the Discrete Lotsizing and Scheduling Problem with Setup Times", March 1991
91/18 TM	C.N. POTTS and Luk VAN WASSENHOVE	"Approximation Algorithms for Scheduling a Single Machine to Minimize Total Late Work",
91/19 MKT	Vikas TIBREWALA and Bruce BUCHANAN	"An Aggregate Test of Purchase Regularity", March 1991
91/20 MKT	Darius SABAVALA and Vikas TIBREWALA	"Monitoring Short-Run Changes in Purchasing Behaviour", March 1991
91/21 SM	Sumantra GHOSHAL, Harry KORINE and Gabriel SZULANSKI	"Interunit Communication within MNCs: The Influence of Formal Structure Versus Integrative Processes", April 1991
91/22 EP	David GOOD, Lars-Hendrik RÖLLER and Robin SICKLES	"EC Integration and the Structure of the Franco-American Airline Industries: Implications for Efficiency and Welfare", April 1991
91/23 TM	Spyros MAKRIDAKIS and Michèle HIBON	"Exponential Smoothing: The Effect of Initial Values and Loss Functions on Post-Sample Forecasting Accuracy", April 1991 (Revision of 90/46)
91/24 TM	Louis LE BLANC and Tawfik JELASSI	"An Empirical Assessment of Choice Models for Software Evaluation and Selection", May 1991
91/25 SM/TM	Luk N. VAN WASSENHOVE and Charles J. CORBETT	"Trade-Offs? What Trade-Offs?" April 1991
91/26 TM	Luk N. VAN WASSENHOVE and C.N. POTTS	"Single Machine Scheduling to Minimize Total Late Work", April 1991
91/27 FIN	Nathalie DIERKENS	"A Discussion of Correct Measures of Information Asymmetry: The Example of Myers and Majluf's Model or the Importance of the Asset Structure of the Firm", May 1991
91/28 MKT	Philip M. PARKER	"A Note on: 'Advertising and the Price and Quality of Optometric Services', June 1991
91/29 TM	Tawfik JELASSI and Abbas FOROUGHI	"An Empirical Study of an Interactive, Session-Oriented Computerised Negotiation Support System (NSS)", June 1991

91/30 MKT	Wilfried R. VANHONACKER and Lydia J. PRICE	"Using Meta-Analysis Results in Bayesian Updating: The Empty Cell Problem", June 1991
91/31 FIN	Rezaul KABIR and Theo VERMAELEN	"Insider Trading Restrictions and the Stock Market", June 1991
91/32 OB	Susan C. SCHNEIDER	"Organisational Sensemaking: 1992", June 1991
91/33 EP	Michael C. BURDA and Michael FUNKE	"German Trade Unions after Unification - Third Degree Wage Discriminating Monopolists?", June 1991
91/34 FIN	Jean DERMINE	"The BIS Proposal for the Measurement of Interest Rate Risk, Some Pitfalls", June 1991
91/35 FIN	Jean DERMINE	"The Regulation of Financial Services in the EC, Centralization or National Autonomy?" June 1991
91/36 TM	Albert ANGEHRN	"Supporting Multicriteria Decision Making: New Perspectives and New Systems", August 1991
91/37 EP	Ingo WALTER and Hugh THOMAS	"The Introduction of Universal Banking in Canada: An Event Study", August 1991
91/38 EP	Ingo WALTER and Anthony SAUNDERS	"National and Global Competitiveness of New York City as a Financial Center", August 1991
91/39 EP	Ingo WALTER and Anthony SAUNDERS	"Reconfiguration of Banking and Capital Markets in Eastern Europe", August 1991
91/40 TM	Luk VAN WASSENHOVE, Dirk CATTRYSSE and Marc SALOMON	"A Set Partitioning Heuristic for the Generalized Assignment Problem", August 1991
91/41 TM	Luk VAN WASSENHOVE, M.Y. KOVALYOU and C.N. POTTS	"A Fully Polynomial Approximation Scheme for Scheduling a Single Machine to Minimize Total Weighted Late Work", August 1991
91/42 TM	Rob R. WEITZ and Tawfik JELASSI	"Solving A Multi-Criteria Allocation Problem: A Decision Support System Approach",
91/43 SM	Sumantra GHOSHAL and Christopher BARTLETT	"Building Transnational Capabilities: The Management Challenge", September 1991
91/44 SM	Sumantra GHOSHAL and Nitin NOHRIA	"Distributed Innovation in the 'Differentiated Network' Multinational", September 1991
91/45 MKT	Philip M. PARKER	"The Effect of Advertising on Price and Quality: An Empirical Study of Eye Examinations, Sweet Lemons and Self-Deceivers", September 1991
91/46 MKT	Philip M. PARKER	"Pricing Strategies in Markets with Dynamic Elasticities", October 1991
91/47 MKT	Philip M. PARKER	"A Study of Price Elasticity Dynamics Using Parsimonious Replacement/Multiple Purchase Diffusion Models", October 1991
91/48 EP/TM	H. Landis GABEL and Bernard SINCLAIR-DESGAGNE	"Managerial Incentives and Environmental Compliance", October 1991
91/49 TM	Bernard SINCLAIR-DESGAGNE	"The First-Order Approach to Multi-Task Principal-Agent Problems", October 1991
91/50 SM/TM	Luk VAN WASSENHOVE and Charles CORBETT	"How Green is Your Manufacturing Strategy?" October 1991
91/51 MKT	Philip M. PARKER	"Choosing Among Diffusion Models: Some Empirical Guidelines", October 1991
91/52 EP	Michael BURDA and Charles WYPLOSZ	"Human Capital, Investment and Migration in an Integrated Europe", October 1991
91/53 EP	Michael BURDA and Charles WYPLOSZ	"Labour Mobility and German Integration: Some Vignettes", October 1991
91/54 TM	Albert ANGEHRN	"Stimulus Agents: An Alternative Framework for Computer-Aided Decision Making", October 1991

91/55 EP/SM	Robin HOGARTH, Claude MICHAUD, Yves DOZ and Ludo VAN DER HEYDEN	**"Longevity of Business Firms: A Four-Stage Framework for Analysis"**, November 1991
91/56 TM/EP	Bernard SINCLAIR-DESGAGNE	**"Aspirations and Economic Development"**, November 1991
91/57 MKT	Lydia J. PRICE	**"The Indirect Effects of Negative Information on Attitude Change"**, November 1991
91/58 OB	Manfred F. R. KETS DE VRIES	**"Leaders Who Go Crazy"**, November 1991
91/59 OB	Paul A. L. EVANS	**"Management Development as Glue Technology"**, November 1991
91/60 TM	Xavier DE GROOTE	**"Flexibility and Marketing/Manufacturing Coordination"**, November 1991 (revised)
91/61 TM	Arnoud DE MEYER	**"Product Development in the Textile Machinery Industry"**, November 1991
91/62 MKT	Philip PARKER and Hubert GATIGNON	**"Specifying Competitive Effects in Diffusion Models: An Empirical Analysis"**, November 1991
91/63 EP	Michael BURDA	**"Some New Insights on the Interindustry Wage Structure from the German Socioeconomic Panel"**, December 1991
91/64 FIN	Jean DERMINE	**"Internationalisation of Financial Markets, Efficiency and Stability"**, December 1991

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92/01 MKT/EP/TM	Wilfried VANHONACKER	**"CONPRO*DOGIT: A New Brand Choice Model Incorporating a Consideration Set Formation Process"**, January 1992
92/02 MKT/EP/TM	Wilfried VANHONACKER	**"The Dynamics of the Consideration Set Formation Process: A Rational Modelling Perspective and Some Numerical Results"**, January 1992