

# Accentuate the positive

*The new science of positive psychology can help enterprising families achieve sustainable happiness and business success.*

BY SCOTT E. FRIEDMAN AND DAN BAKER

**O**NE OF US (Dan) recently found himself working with the designated successor of a family business, helping her develop additional leadership skills that would eventually allow her to take over the reins of the company. This successor (we'll call her Mary) had prepared herself well. She had earned an MBA at a prestigious business school and then worked for five years at another company, garnering professional expertise.

In the first phase of her preparation and prior to Dan's engagement, it had been decided that Mary should be introduced to all facets of the family business's operations. This company had a modest number of employees but was extremely profitable and had been for more than 20 years. Eager to contribute, Mary launched into her orientation with a passion.

As the days went by, she began to notice things that in her opinion were operationally "wrong." She shared her perspective with employees and met with her father from time to time to discuss how to fix the problems she had observed. Mary expected to be received with open arms and was surprised to encounter push-back from the employees. Even her father wasn't nearly as pleased as she had anticipated.

When Dan assessed the situation, he determined that Mary was looking at her family business from a rather limited perspective. While she had identified some legitimate problems, Mary had failed to realize that there were rational reasons for doing things the way they were being done. In many cases, there was a long-term history behind certain operating practices.

Intending not to dampen her enthusiasm, Dan asked Mary to do three things:

**1.** For every one thing she found problematic, identify three things about the company's organization and operations that were working well.

**2.** Study the factors and dynamics that had contributed to her company's success.

**3.** Consider how she might use her understanding of what was working well in the company to help create a plan for the future.

Once Mary started inquiring into what was working well, and using that information to improve operations, her leadership orientation experience took a decided turn for the better. Employees were happy to share their knowl-

edge and insights with her. Mary's father was also far more receptive to her input because she had recognized what it really took to run a successful company.

Dan's successful intervention with this family business was based on his work

in the field of positive psychology. His advice was based on his knowledge that when humans practice "appreciation," they stimulate the neocortex and frontal lobes of the brain, which, in turn, enhances listening skills, creativity, innovation and the ability to successfully connect with other people.

Many family businesses spend considerable time, effort and money in search of long-term sustainability, but only a small percentage make a successful transition to the next generation. We believe that an entirely new planning paradigm is required to bring authentically positive results—as measured by a family's health, happiness, and business

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success—to family businesses. We believe that new paradigm is rooted in the science of positive psychology.

### A positive psychology primer

Historically, the field of psychology has been predominantly focused on diagnosing and treating mental illness, including depression, phobias, anxieties and other disorders. The founder of positive psychology, Dr. Martin Seligman, posited that rather than focus on pathology, faults and dysfunctions, psychology should concentrate on the study of positive talents, strengths, virtues and character to help people and organizations better understand such subjects as “what is working,” “what is right” and “what is improving.” Positive psychologists argue that strengths and virtues should be cultivated in order to help people and organizations flourish.

Positive psychology is not a Pollyannaish discipline that ignores problems. It emphasizes that the answers to questions relating to optimizing performance and quality of life are to be found in the best examples of human performance, not in the study and focus of its problems. Similar to philosophy’s logical and conceptual approach to consideration of the “good life,” positive psychology seeks

to identify the key(s) to living a good life as demonstrated not simply by logic, but through rigorous scientific study based on empirical evidence.

Our work with family businesses suggests that there are important new applications of this developing science that can transform family business dynamics both to improve the quality of family relationships and to increase the likelihood of creating stronger and more sustainable enterprises. The insights of positive psychology suggest that those family businesses that seek to identify and capitalize on their competitive possibilities—and convert them into reality—will have better and more satisfying outcomes and experiences. Business culture fares far better when driven by a focus on transforming possibilities into reality. Work cultures in which problems are the main driver of interaction—in which people are constantly engaged in pointing fingers and taking defensive stands—fare far less well.

Because the application of positive psychology to family business is a brand-new initiative, much work remains to be done; many exciting possibilities and approaches can be further considered and explored. Nevertheless, there are some applications of positive psychology that

can already be brought into service to help improve family business dynamics.

### Suggestions for family businesses

Here are some tools and approaches suggested by positive psychology that can help family businesses improve the likelihood of finding sustainable happiness and success.

1. Allocate more time and resources to study your successes. Recognizing what helped create your successes (instead of focusing on fixing the problems in your organization) may improve the chances that those successes can be replicated from generation to generation. In the problem-oriented model, leaders frequently blow right by successes. They rationalize, "That's how things ought to be." Family members may intuitively or incidentally know some of the reasons why success was achieved, but they often miss material variables.

2. Conduct talent assessments, which measure an individual's competencies, to help ensure that people are working in the roles and capacities that are most likely to result in personal satisfaction as well as maximum contribution to the organization. Family members (and non-family employees) who find the right "fit" in the business tend to be more energetic, passionate and innovative in their work, thereby enhancing their performance.

3. Use databases on leadership skills, which offer instructive insights on whether an individual makes "principled" decisions and other factors, to help identify qualified successors.

4. Conduct emotional intelligence assessments to measure an individual's interpersonal skills, also an important factor in identifying a successor. Some people, for example, may have great financial skills but poor interpersonal skills. While placing such a person in a financial role will likely result in a satisfied and productive employee, offering a leadership post to this person could be destructive, both to the individual and to the organization. Emotional intelligence assessments can also be used to help teach an individual to more satisfactorily relate to others, manage the stressors in the work environment and build stronger and higher-performing teams.

5. Identify your great communicators via communication assessments. Individuals who recognize the importance of listening to others often are great leaders. Family members can be coached to be better listeners (not simply good talkers) by reducing, for example, their references to "me," "I," "my" and "mine."

6. Harness the power of appreciation. For example, begin family meetings by asking participants to share something that they appreciate about being a member of the family. This is not simply a "touchy feely" exercise; it engages the

highest functioning, most recently evolved portions of the brain, known as "the executive brain."

These and other positive psychology tools complement the traditional tools used to build stronger families. For example, many families have established the practice of meeting together on a regular basis, whether as part of a family council or less formally. Anecdotal feedback over the years suggests, however, that too many of these meetings, often structured to identify and solve "problems," are counterproductive and can create or exacerbate family conflict. Positive psychology could be brought to a family council meeting, allowing the family to frame their discussion around appreciative inquiry, exploring possibilities, etc. The melding of traditional planning tools with positive psychology holds great promise, and we look forward to further investigation on such initiatives.

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### Positive reinforcement

Family business leaders often avoid planning because they see it as an emotional minefield. This avoidance merely compounds organizational deficiencies. Positive psychology can provide tools and processes for planning

that emphasize strengths, family values and a desire to provide all members with an opportunity to contribute based on their talent and motivation.

The new science of positive psychology offers important insights that can benefit all family businesses, large and small. If an organization is prone to look for problems, then problems are what will be found. We suggest that families spend more time on positive organizational initiatives, such as clarifying and promoting core values; defining roles based on individuals' passions, skills and talents; and engaging in appreciative conversations. The application of positive psychology to family-owned businesses could help build stronger families and stronger businesses. We look forward to helping bring this new paradigm into practice. FB

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