

THE CENTRE FOR ENTERPRISE, MARKETS AND ETHICS

ENTERPRISE AND FAITH SERIES

THE BUSINESS OF GOD
LEARNING FROM FAMILY ENTERPRISE

STEVEN MORRIS

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THE CENTRE FOR ENTERPRISE, MARKETS AND ETHICS

We are a think tank based in Oxford that seeks to promote an enterprise, market economy built on ethical foundations.

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For my parents, who taught me about family business.

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CHAPTER 1

FAMILY ENTERPRISE

FAMILY BUSINESS IN THE UNITED KINGDOM

The impact and scope of family enterprise in the UK may come as a surprise to many.

In 2018, the Institute for Family Business calculated that family enterprises generate over a quarter of United Kingdom GDP.¹ In 2016, the family business sector paid £149 billion in tax – representing 21 per cent of UK government revenues, or enough to fund the whole NHS.

Many of these businesses have been operating for hundreds of years, and their longevity and enduring success are testament to their innovative and long-term outlook. Both the number of family firms, their employment and contribution to the economy have been increasing over the past years.²

Indeed, two-thirds of UK businesses are family owned; that is 4.8 million in total, of which over 16,000 are medium and large enterprises. Most family enterprises employ up to ten people, and overall they employ 12.2 million people in the UK – representing 47 per cent of private-sector employment.

These businesses come in all shapes and sizes and in all regions of the UK. Many household names are family businesses – Dyson, Warburtons, Virgin and Yorkshire Tea, to name just a few. In 2014, a Department for Business, Innovation and Skills research report calculated that ‘over half of small businesses (those with 10–49 employees) are also family businesses.’³ It is only in businesses with more than 50 employees that we see the percentage of family businesses dropping. These bald statistics speak of a sector that is exceptionally important to the UK. However, its significance can easily be overlooked.

At the most micro level of the economy, family businesses predominate. Consequently, they have an impact in every part of the country and a

strong, if unacknowledged, influence on the way it works, does business and generates wealth.

‘Two-thirds of UK businesses are family owned’

Family enterprise is made up of enterprising families, and the power of such families to operate for the long term, provide employment and job enrichment, and bless local communities cannot be overestimated.

To realise that family enterprise *also* means enterprising families helps us understand the full and sometimes competing drivers of such concerns – family *and* enterprise. It should therefore come as no surprise that they face different challenges from those of non-family businesses. They have a complexity built into their very existence.

Due to their unique take on what business is and why it exists, family businesses are a useful counter to a world view that shouts ‘Greed is good!’ These chilling words from Gordon Gecko in the film *Wall Street*⁴ are still a warning of the dangers of business without family values, so in this publication I’m going to look at how the ethics and ethos of family business as a category might influence the way our society works.

Edward Carter argues that mainstream business can learn from the forgotten values of family:

[W]hen a company takes this ‘family’ aspect seriously, its efforts to be enterprising in the richest, theological sense will be enhanced because it will be properly attentive to the world in which it operates, not merely seeing it as an instrument for its own marginal gain. When a business does understand itself in this way, it becomes a valued and trusted partner in a community.⁵

It is intriguing to see the areas of business where family enterprises thrive in the UK. We need to begin by understanding some of their key differentiators. The long-term commitment of families, trust and good relationships with an edge of benevolence are part of the picture. Family enterprises also tend to have close ties with a local community. Given these characteristics, it is

perhaps no surprise that UK family enterprise thrives in places where strong customer service is welcomed and a connection to everyday life is evident. It is at its best when people want to know what they are getting and from whom. The personal aspect of family enterprise, the level of pride and identification with a family and what it stands for, propels these firms into areas where customers are looking for relationship, trust and service. In the UK, most family enterprises are in hotels, restaurants, wholesale and retail. Farming also scores highly, for different reasons.⁶

THE WORLD

If we cast our gaze further afield, 'the family firm is considered the dominant business form worldwide. It is estimated that in most countries family businesses represent two-thirds or more of all businesses.'⁷ Around the world, family businesses are responsible for '70–90 per cent of annual global GDP. And between 50 and 80 per cent of jobs in the majority of countries worldwide are created by family business.'⁸ However, the lack of a shared definition of what constitutes a family business does mean that we need to be a little cautious with these figures.⁹ In Europe, family business represents one trillion euros in revenues.¹⁰

Many economies around the world are dominated by family-run businesses. Some of South Korea's conglomerates show how they can change a country and perceptions of it worldwide. Between the 1960s and the 1990s, groups like Samsung and Hyundai contributed to an economic miracle in South Korea and an increased profile around the world.

What, then, is a family business? Perhaps the simplest definition is 'a family firm is a firm dominantly controlled by a family with a vision to potentially sustain family control across generations.'¹¹

Whatever the ups and downs of family life and family enterprise, these businesses are one of the great building blocks not just of our economy but of our way of life. At the heart of life in the UK are millions of them, offering employment and living out a complex dance between what it is

to be a family and what it is to be a business. It is a story not often told or acknowledged.

**‘We are a nation
that has family
enterprise at its
core’**

I have a suspicion that not many church leaders worked in this sector before they were ordained, at least not in the Church of England. That is a shame, because time as part of family enterprises has informed many aspects of my own ministry. Indeed, I

had two bites at the cherry: I grew up working in my parents’ family business and then I set up one of my own.

I knew there were so many good things about family businesses and I kept being struck by how similar church was to family enterprise. I also began to appreciate how much the ethos of family enterprise permeated our country.

The virtues of good family enterprise have much in common with those of a well-functioning Christian community and a society that cares for others and values enterprise. By extension, they also have a lot to say to our society – about work, the future of work and a range of other issues, including what makes for good business.

The strong sense of dignity at work, care for fellow-workers, the sense of doing business with integrity and the focus on blessing the wider community could come straight out of a Christian ethics textbook. We have much to learn and much to celebrate.

The family business sector is something of a Cinderella – even though it makes a massive contribution to the nation’s economy and wider welfare. For example, it is rare to see representatives of family enterprises in the media. But without this sector the country would be a very different place. We are a nation that has family enterprise at its core.

When you put this together with the strong possibility that the perfecter of the faith, Jesus, was himself the product of a family business and a culture that valued family enterprise, then there is both an economic and

a theological significance. Jesus would have been shaped by his years as an earner and contributor to his own family's welfare.

If we accept that Jesus was a true human being, then his earthly experiences would have influenced him – the encouragement of his parents, his time with his siblings, his work life and the ups and downs that always accompany it.

NOTES

- 1 *The State of the Nation: The UK Family Business Sector 2017–2018*, Institute for Family Business Research Foundation, with Oxford Economics, 2018, Foreword, www.ifb.org.uk/media/3674/ifb_rf_report_2017_lr.pdf. Accessed 3.12.18.
- 2 Email from Institute for Family Business to author, December 2018.
- 3 Paul Braidford et al., *Research into Family Business*, Department for Business, Innovation and Skills, 2014, p. 1, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/313957/bis-14-699-research-into-family-businesses-bis-research-paper-172.pdf. Accessed 3.12.18.
- 4 *Wall Street*, dir. Oliver Stone, Twentieth Century Fox, 1987.
- 5 Edward Carter, *God and Enterprise: Towards a Theology of the Entrepreneur*, Oxford: Centre for Enterprise, Markets and Ethics, 2016, p. 61.
- 6 Thomas Zellweger, *Managing the Family Business: Theory and Practice*, Cheltenham and Northampton, MA: Edward Elgar, 2017, p. 32.
- 7 Peter Leach, *Family Enterprises: The Essentials*, London: Profile Books, 2015, p. 2.
- 8 Ibid.
- 9 Zellweger, *Managing the Family Business*, ch. 2.
- 10 *European Family Business Barometer*, 4th edn, European Family Businesses/KPMG International, 2014, p. 28.
- 11 Zellweger, *Managing the Family Business*, p. 22

CHAPTER 2

MY TIME IN FAMILY BUSINESSES

My parents owned a hardware shop on the high street in Northolt, right at the edge of West London. Rushing into London on the A40, you will pass right by the premises, now a general store. Just a few streets from there you hit the greenbelt. We also lived in Northolt, in a small house by the main roundabout.

The business sustained us for many years. It paid for our needs and was our passionate shared endeavour as a family. My brother and I, my grandmother, aunts and uncles – and various friends – worked in the shop. We accompanied my parents to the warehouse in the evening, did the stocktake and would sit and tell stories about things that had happened. We helped do the ticketing, served behind the till and packed up the shop each night. In an odd way we became local ‘celebrities’. Everyone knew us.

I have many memories of my time in the family enterprise. One night the phone rang at our home in the early hours. The shop had been burgled. We all got up and went there. The place was an awful mess, with many things smashed and thrown around. Within minutes of the police leaving we began putting the shop back together. We tidied and we cleaned and we threw away the stock that was damaged. We swept up the broken glass and rearranged stock to fill the gaps on the shelves. We worked throughout the night and at 8.30 a.m., as normal, were open for business. We wouldn’t be beaten by a burglary. My parents saw the business not just as a vehicle to make money; we were there for the people of Northolt and couldn’t let them down.

I have reflected often on this seemingly insignificant incident. It speaks to me of the everyday heroism of the small family enterprise: just opening every morning takes something. I think church is just the same in many ways: just opening the doors is itself an act of faith, perseverance and willpower.

WHAT I'VE LEARNED WORKING IN FAMILY BUSINESSES

I'm going to present this under a series of subheadings – with a 'digression' in the middle as I continue the narrative of my time in family businesses, plural.

PERSEVERANCE

My parents never took a day off sick. (Indeed, when I ran my own family business, I developed a sudden unblemished sickness record. I even attended an urgent meeting one lunchtime having just sustained a broken jaw at the dentist.)

'We saw our business as a long-term commitment'

The perseverance came from the deep knowledge that if we didn't perform, there was no one else to pick up the reins and do it for us. And we had a strong bond of loyalty and common cause – our family life depended on our going to work and running the enterprise. The alternative was poverty, which was something my family knew all about, with just enough to live on in the early years, a tiny house, no holidays and a history of impoverishment and unemployment.

We saw our business as a long-term commitment. There was no Plan B, so we knew that the only option was to keep going as long as we could.

CUSTOMER SERVICE

We lived or died by knowing what our customers were like and by meeting their needs. Sometimes we led them into things they did not know they needed or wanted. My parents were always trying new things, new offers and finding new ways to buy and sell.

Customer service was second nature. However poor or scruffy you were, you got the same warm welcome and respect. We would lift heavy items

to people's cars. My father would deliver to housebound customers. Our customers repaid us with gifts and good wishes, and by turning up once a year to help with the stocktake.

This was much more than a 'Have a nice day' approach. We knew our customers and liked them, and saw ourselves as at their service. I learned that if you run your own business you have to put in a huge amount of work, and care about your customers.

SIMPLE AND DYNAMIC DECISION-MAKING

There were no complex structures. If we had a good idea, we tried it; if it didn't work, we tried another. We didn't hold meetings to decide on an idea – we all had a shared vision of what the business was and meant, so we knew when to try something and when not. The strong culture of commitment to be business helped some decisions almost to make themselves.

We never felt trapped by the way we had done things in the past – trying new things was second nature. One of the perceptions of family enterprise is that it can be stuck in its ways, but although we may have had no grand or long-term plan, we did have a very refreshing and unfussy attitude to change.

THE IMPORTANCE OF REPUTATIONAL AND SOCIAL CAPITAL

If we had acted dishonestly or engaged in sharp practice, we would have lost the most important thing about being a family enterprise: our reputation for honesty and truthfulness. What mattered to all was that we were part of a community, and a positive part of it. In Northolt, everyone seemed to know everyone; reputations were hard-earned and easily lost.

We gave generously to charity events, we made an effort to look after people who came in and were vulnerable, we were happy to give time to those who were lonely or lost.

We were part of the fabric of the place where we traded. Even now if I go back to Northolt, I'm likely to meet someone who used to come into the shop and has a story to tell about the encouragement my father gave them.

For several reasons, I didn't follow in my parents' footsteps. One was that we were put out of business by a national hardware chain that opened up round the corner. Despite our commitment to local people and our friendly welcome, we couldn't withstand the retail giant and their lower prices. The other reason was that I wanted to be a writer. A hardware shop in Northolt wasn't my dream – although I now realise I could have been more gracious about all the business gave us and the hard work my parents put into it.

DIGRESSION: THE *SECOND* FAMILY BUSINESS

Oddly, for someone so dead-set against being part of a family business and disdainful of entrepreneurship, I succumbed to both later in my own life.

In my early thirties I set up a brand agency, with my wife, and it had much in common with the family business I'd grown up in. In my parents' business we were selling hardware; in the agency we sold ideas – but the same values of perseverance, creativity, simple decision-making and a commitment to social capital held true. I watched my mother and father run the business of my youth in harmony and mutual respect, and it was a joy also to run the brand agency with my partner. It is an insight others have shared with me.

Dr Eddy Knasel ran Learners First – an education consultancy – with his partner: 'The very best thing about our family business was that it deepened our relationship. It helped us that our values were in tune. It helped that we respected each other – each of us had different strengths.'¹ I began to realise I'd been a little too quick to write off family businesses and what they had to offer. I wonder if, like other children brought up in one, it was in the bones. At the least, the prospect of starting something up and existing by one's own wits and skills didn't frighten me. Perhaps that is the greatest gift any family enterprise can hand on to the next generation. Indeed, with a look to the influence of family enterprise on our society, this can only be positive. The release each year of those who have learned from the verities of family business into the world adds a stream of independent thinking and a mentality that allows people to try something new.

The agency did all the usual things a brand agency does, but we were a family business – owned by the family, and with the two most senior directors

working in and leading it. We were certainly unusual in a world of larger corporate entities.

Let's now return to the list of lessons.

A LOVEABLE QUIRKINESS

We were our own bosses, with no external shareholders, and so we could largely be ourselves and do things as we wanted. We had a homespun way about us and our customers responded well to this. The family leaders of the business were always available to clients and staff alike and certainly didn't sit on their hands or dignity.

As I spoke to Gary Grant, the founder and Executive Chairman of the multi-million-pound toy retail phenomenon The Entertainer, he reflected that:

The great strength of family business is that you get to make the rules up. You can be independent and unique. You don't have to play by the rules of the usual City Listed firms. You set the values and you work to them for your firm. You can decide how commercial you want to be.²

We loved working for other family enterprises because they could be quirky too. On a trip up to Wiseman Dairies in Scotland, we found the elder Mr Wiseman, in his eighties or nineties, doing the garden outside the head office. We didn't seem like a 'corporate', and surrounded by other corporate agencies we were a radical breath of fresh air. We had, frankly, embarrassing offices. We didn't do glossy corporate beanos. We weren't glamorous in any way. But we were exceptionally good at what we did, and we were ourselves.

The personalities of my wife and myself, and our appealing oddness, permeated all we did; our customers came back to us time and again. Our work took us around the world and into the boardrooms and centres of power of many of the great corporations. It's hard to believe it all started

with me working on my own in a back bedroom, trying my hand as a freelance and deciding to see how it went.

A CARING EDGE

We spent a great deal of time and care with and on our employees – paying them very well and looking after them in their ups and downs. We knew everyone who worked with us and we knew them well. Not everyone wanted this – some found it a bit cloying and too close. You have to be a certain kind of person to thrive in a family business when you’re not direct family.

Our caring edge came through in very high wages for our staff and a direct involvement with their lives when things weren’t going well. When a staff member’s husband was taken ill, we paid for an operation to help them get on their feet swiftly. We sent people home when they were trying to fight through a heavy cold. My wife and I, as the founders, were always there to fill in when someone needed a break. We were also the most expert people in the organisation and could – and would – do any job that came up.

In an industry that ran on working all-nighters and where there were many examples of burnout, we never expected our people to work that way. We finished on time, encouraged them to spend time with their families and generally to have a good work–life balance. We didn’t take anywhere near as much care of ourselves though, and frequently worked round the clock, cancelled holidays and generally put heart and soul into everything.

GREAT FLEXIBILITY

Business decisions could be taken in five minutes over a cup of coffee – and sometimes big decisions too. We discussed the business around the family dinner table and on car journeys. There was no easy divide between work and life, so we could be planning and plotting at any time of day or night.

‘What we were doing was almost countercultural’

We were so clear on the company DNA that we could be bold when we spotted an opportunity or identified a risk. So much could remain unspoken that we could be daring in our decisions and directions. In a single day, after a brainwave idea, we set up a new business helping companies to develop suites of letters, and had staff recruited and a pile of new businesses in place within weeks.

In more monolithic organisations, where decisions take time, the opportunity might have been lost. There are risks here: no board to rein us in; the ability to make quick mistakes, regretted at leisure. The lack of dividing lines eventually led to our losing any sense of work–life balance. But for many years this flexibility, simplicity and directness of decision-making led to growth in the business.

GREAT INDEPENDENCE

We were our own bosses and could not be bullied. This gave us confidence and helped us to be happy at work. We borrowed no money. We paid for everything out of profits and so were able to sail our own ship. We existed entirely on our abilities and the success of the last job. It felt that what we were doing was almost countercultural. This is echoed by David Barker, who, with a few friends, set up an early internet business that grew into one of the UK's top ten digital agencies:

When we started our digital agency it was me and three friends. We grew and it went amazingly well. I couldn't wait to come into work each day. We employed people and we all felt like family. It felt like we weren't part of any corporate machine.³

In our own family enterprise we had a strong ethical sense and could – and did – walk away from a job or client we felt was unethical. This independence was a joy and allowed us to set an agenda that defined what the business was. We insisted on treating people well and demanded that we be treated well in return. It helped, of course, having a high level of expertise and being an in-demand enterprise. We sometimes walked away from contracts with very large companies because of the way they conducted their business. I

am happy to report that those businesses you might expect to be a pain to work with – were just that!

A by-product of this *business* independence was the ability for independence of *thought*. We were paid to be an outside voice and so were encouraged to be independent in mind.

THIS FAMILY ENTERPRISE ENDED AS WELL

One of the sad things is that it is genuinely hard to take a business through the generations. My parents dreamed of my brother and I taking over the hardware business, but we left for university and had other ambitions.

The family enterprise I started with my wife lasted for the best part of 20 years, but eventually the toll on our home life became too heavy – and we also wanted to take up different career options. We gave the business to one of our employees; we're still friends with them – but that's a story for another time.

NOTES

- 1 Interview with Dr Knasel, December 2018.
- 2 Interview with Gary Grant, December 2018.
- 3 Interview with David Barker, December 2018.

CHAPTER 3

JESUS AND FAMILY ENTERPRISE

To understand Jesus and family enterprise we need to understand what was meant by family in first-century Palestine. It was certainly very different from the more compact family units that many of us live in today.

HOUSEHOLDS PULLED TOGETHER

What we come across in the Bible are households, or *oikos*, rather than businesses. Households were marked by a group of people living together, tied together by close kinship.

These households consisted of ‘several generations: an older, free adult male, his wife, their grown sons, the wives of those sons, and the minor children of the second generation’.¹ Due to the high rates of mortality in childbirth, the household would often be looking after children whose mothers had died, and would often also include slaves.

Men tended remarry after the death of a spouse, but childbirth often resulted in the death of a subsequent wife, so there could be a lot of children around. Life must have been a headache looking after complex extended-family units like this.

Jesus was part of such a large household – with perhaps four younger brothers and two or more unnamed sisters (Matthew 13.55). Joseph is not explicitly mentioned, but because it was common for older men to marry much younger girls and women, he may simply have died of old age – leaving the oldest son, Jesus, in charge. If this was the case, then Jesus would have been at the head of the household enterprise, making sure all were looked after. He would have needed to make sure they had enough money, food and provisions.

These family groups ‘performed various tasks such as production, distribution, transmission, reproduction and worship’.² Sometimes they

would form businesses across different locations. Farm owners might also set up nearby shops, selling their produce and other provisions. Family members would be employed and put to work. It was in these households, these early economically active ‘organisations’, that Christianity grew. In the Bible we see these ‘first forms of family business’.³

Hence these households were ‘the earliest form of Christian family business’.⁴ They were second nature, the way things were organised, and part of an age-old way of seeing society, transactions and business.

What marked out Jewish households from others was their huge care for the family, especially children. In Roman culture it was acceptable to abandon unwanted children. At this distance this seems intensely cruel and heartless, human life regarded as cheap. However, in Jewish households, children were precious and all would be brought up.⁵ Perhaps this extra care for the vulnerable was also part of their family ethos, one that fed into a way of doing family enterprise. The closeness of the Jewish household was fertile ground for family business.

If children are precious, this says that succession is precious and tends to give any enterprise a longer-term focus and an interest in doing things right. After all, extended families needed looking after and were always aware of the responsibility of caring for the generations to come.

SO WHAT OCCUPATION DID JESUS HAVE?

The traditional view of Jesus is that he was a carpenter; most versions of the Bible call him such. There is in fact only one reference to Jesus’ occupation, in the Gospel of Mark (6.3). This is commonly translated as ‘Is this not the carpenter . . . ?’ At Matthew 13.55 we read ‘Is this not the carpenter’s son?’ and by implication we conclude that the son followed the father into the family trade. But the idea of the carpenter conjures up certain images. What if he ran a family building concern?

Ken Campbell looks in exhaustive detail at every occurrence of the word used to describe Jesus’ occupation.⁶ From the huge number of uses of the word translated as ‘carpenter’ – from Greek writers, Jewish sources like

Philo and references in the New and Old Testaments – Campbell concludes that Jesus’ profession refers to someone who worked with wood, stone or other materials on large and small building projects.

Like other Jewish tradesman of the time, he would not have specialised.⁷ If a craftsman specialised, it was usual to have a modifier attached to the word for craftsman, to signify what material they specialised in. Indeed, the only need for specialised skills and craftsmen was for projects at the temple, tabernacle and palace. Otherwise the craftsmen were generalists – in stone, metal and wood – and it is this sense of the word that is ‘used to define the occupation of Joseph and Jesus’.⁸ Jesus followed in his father’s footsteps and became a builder, and may have worked with him.

‘Not only was Jesus a member of Jewish society, he was a contributor to it’

The images and examples in the parables point to the fact that he was an economic entity, not a heavenly dreamer, and worked in the business context of the time – as a local builder or tradesman.

Did he dig a wine press, put up a fence or come across fractious relations between the landowner and the tenants (Mark 12.1–12)? Was he taught by his father how to dig a foundation all the way to solid rock, so that the building can withstand wind and flood (Matthew 7.24–27)? Did his ‘staff’ get fed-up about pay, and did he have to remind them that what they received was fair?

Jesus makes reference to the quarrying of stone and selecting the cornerstone (Matthew 21.42–44). He understood the crucial importance of building on good foundations (Matthew 7.24–27 again) and speaks of cost analysis prior to building (Luke 14.28–30). All this points to his having a detailed knowledge of the building trade; it is ‘hard to resist the conclusion that Jesus was involved in construction’.⁹

In Campbell’s words: ‘We must repudiate the romantic notion that Jesus spent his time sitting on the hillsides watching the daily activities of his contemporary citizens . . . and making mental notes about them that he could later use as sermon illustrations.’¹⁰ Not only was Jesus a member of Jewish society, he was a contributor to it.

While previous ‘Kings of Israel’ – such as David and Solomon – were socially detached from the citizens on their lofty thrones of ivory and gold, Jesus, ‘The King of Kings’, as a physical labourer *among* the people, as a man of business, was unprecedented in his ability to labour spiritually *for* the people. This is evidenced by his numerous parables, which make reference to the then working-class lifestyle, from fields to be sown (Mark 4.1–20), to sheep to be found (Luke 15.3–7), to vineyards in which to labour (Matthew 20.1–16).

Though he probably did not work as a ploughman, shepherd or vineyard worker, as a craftsman and labourer himself, Jesus would have known men of those trades. He would have understood the frustrations of the labourers waiting all day to be chosen for a seasonal job (Matthew 20.6–7) and the tedious work of dividing wheat from tares (Matthew 13.24–30). This understanding, this authentic empathy, gave Jesus the ability to connect with the people at a truly human level. He was the epitome of being *of* the people, *for* the people, and offered a gospel more appealing to the average follower than any before or indeed since. This was thanks, in large part, to his experiences working in his family business. Jesus Christ exemplified not only the dignity of labour but also the dignity of enterprise.

JESUS AND THE FAMILY BUSINESS

We can get even deeper into understanding the nature of Jesus’ business as well as his ‘profession’. Jesus took a full part in the cyclical life and work of the village, just like everyone else. His working life shaped not just his stories but his world view and his attitudes. The things he learned about business shaped his later ministry.

Jesus worked because if you didn’t work, you starved. Building in first-century Palestine was a family occupation and a family business. He would have been no opponent of enterprise; in fact when we look at his attitudes to and knowledge of management and finance, he begins to come across as an experienced leader of a family firm.

JESUS AND THE VOCABULARY OF MANAGEMENT

Jesus returns again and again to the theme that employees are accountable to their employers. He stands up for a strong work ethic and the duty to do a good job (Matthew 24.45–51; Mark 13.34–36), and also advocates the paying of fair wages and that managers should be humble and not bullies.¹¹ He has an equally strong grasp of issues of finance and currency.

All the evidence is that he was not a subsistence peasant. His attitudes to management would ring strong bells in the secular family business I grew up in.

Far from being a subsistence peasant, whose financial knowledge was limited to bartering, going to market occasionally, and paying taxes, Jesus had personal knowledge and experience of the world of business . . . he had developed a carefully nuanced philosophy of money management.¹²

Jesus would have understood the essential currency of family enterprise: trust. With trust comes a kind of deep resilience. The flip side of Jesus' working with family members would have been the inevitable moments of heightened emotion. At one point his family turn up to bring him home, thinking he has had a breakdown – somewhat embarrassing for the God of creation (Matthew 12.46–50). And his extended family of disciples squabble over power positions (Luke 9.46–48).

Some of his early followers also worked in family enterprises. Fishermen worked in family groups and the succession of one generation to the next was an important way of helping family wealth to survive – rather as it is today in a family firm. Financial succession, though, depended on where you were in the pecking order. If a family owned its own boat rather than hiring one, it had greater financial security. But whatever the standing of the family, being a family fishing enterprise would have taken many of the skills that any such business needs.

It is telling that some of Jesus' followers, dejected by the apparent death of their leader, go back to the old routines of fishing when all seems over. They may have been mystified by some of Jesus' teaching, but they understood their family business. Perhaps it was a comfort to climb back in the boat and get the nets out.

It was the equivalent of ‘getting back on the tools’. Jesus doesn’t criticise them for going back to the old business – I’m sure he understands the comfort they get from going back to something they were actually good at. Instead of denigrating their flimsy faith he makes a breakfast for them. At this stage they perhaps couldn’t cope with the glorious God who made the universe. They just want to be with their old friend, doing what they used to: eating together and passing the time of day. Indeed, Jesus even helps them catch a bumper haul of fish. In this way he affirms what they have been but begins to help them see that they truly now have bigger fish to catch. The days of the family business are over – the life of a true follower will take a fresh turn.

‘Jesus’ work, his profession and his engagement with business shaped him’

We see people engaged in enterprise elsewhere. Paul was a tentmaker and worked alongside friends in a family business (Acts 18.3). One can imagine him sitting out at the front of his friend’s shop talking to people, doing his work and being a part of the world around him. Business and family business was all around.

Jesus’ work, his profession and his engagement with business shaped him and his attitudes and stories. We can, with some confidence, surmise that he grew up and perhaps played a part in leading his family enterprise. His attitudes and stories point to someone who did not despise commerce, although he did radically change ideas about many aspects of it and where God is in money and business.

WHY DOES ALL THIS MATTER?

Christ’s life before his ministry is rarely commented on. Of course, with just two references to his trade, that might not be surprising. Scholars are understandably cautious about being too fanciful with history. Ross Kraemer points out that there aren’t that many reliable sources to help us know what family and business life was like at the time of Jesus. The best evidence we have is in the Gospels themselves. John Pritchard’s book is perhaps emblematic of the state of play: in *Five Events that Made Christianity*¹³ he lists

Christmas, Good Friday, Easter, the Ascension and Pentecost, but we get no hint of how Jesus' first 30 years had an impact on the man who was God. It is as though he drifted through his work years doing nothing but preparing for the day his *real* ministry began. But we know that his years at home and working must have influenced him.

THE INCARNATION AND THE WORLD OF WORK

If we truly believe the incarnation then we also need to accept that Jesus was fully influenced in his thinking and action by his time at home and at work. Indeed, the story of God becomes all the more powerful – less cerebral – as a result.

In the same way that my own thinking and attitude to life and work was influenced by my parents and working in the family shop, so was Jesus influenced by his very real exposure to family business. The values he demonstrated – hard work, fair pay, quality products – were also those of family enterprise.

The God who created the universe and everything in it, who took on the powers of hell, who was raised from the dead, who was the bringer of miracles and wonders, also worked in a family enterprise. He learned from his earthly father and older relatives, toiled in the wind and the rain, probably hit his fingers with a mallet (and let out an exclamation), and worried about paying the bills.

Perhaps there is a squeamishness about acknowledging our God as a family builder, as opposed to the idealised view of the ethereal, even pale carpenter crafting items of beauty. Piety raises its head with very little encouragement. His lowly background was a stumbling block at the time: 'For Jesus' family to work in a trade indicates they were in the lower middle-class income of that day. Only artisans . . . had the ancient equivalent of small independent businesses. They constituted a minority of the labour force.'¹⁴ But looked at from our place in history, it is a fascinating new way of thinking about God. It encourages us to reconsider family business and wonder if, given the experience of Christ, it might have something to say to our society.

NOTES

- 1 Ross S. Kraemer, 'Jewish Family Life in the First Century CE', in *The Jewish Annotated New Testament*, 2nd edn, Oxford: Oxford University Press, 2017, p. 605.
- 2 Allan Cruz, 'Christian Family Business: Opportunities for Future Research', Lancaster University Business School, *Journal of Biblical Integration in Business* 16:2, p. 8.
- 3 Ibid.
- 4 Ibid., p. 9.
- 5 Kraemer, 'Jewish Family Life', p. 607.
- 6 Ken M. Campbell, 'What Was Jesus' Occupation?', *Journal of the Evangelical Theological Society* 48:3, September 2005, pp. 501–19.
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- 9 Ibid., p. 518.
- 10 Ibid., p. 513.
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- 12 Ibid.
- 13 John Pritchard, *Five Events That Made Christianity: Christmas, Good Friday, Easter, Ascension and Pentecost*, London: SPCK, 2018.
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CHAPTER 4

FAMILY ENTERPRISE – THE RESEARCH

‘The Quakers saw business as an extension of family’

What is perhaps most remarkable is the unanimity in the research about both the strengths and weaknesses of family enterprise. Richard Turnbull, reflecting on Quaker family enterprises and their contribution to the Industrial Revolution and eighteenth- and nineteenth-century

society, said of them: ‘The unique value of the family business is that it provides a setting where culture and character can work together in the stewardship of values, succession and patient entrepreneurship.’¹ It is a fascinating definition – stewardship, values and character. Turnbull was talking about enterprises in their historical setting, but centuries later, the same definition applies to modern family enterprises; he could just as well be writing about one in your neighbourhood today.

There are other telling parallels, each of which echoes what modern research tells us about today’s family enterprise. The Quakers saw business as an extension of family. The very fact, though, that family lay at the heart of business had an impact on how the latter was managed, how it grew or failed to grow. Indeed, the family nature of the business also had profound implications for the relationships between family, business, employees and local communities.²

One of the features of Quaker businesses that often figures in the research is that they poured heart and soul into what they did – pursuing quality and trust that built confidence. This picture of the family enterprise as trusted not just for being family but for quality services and goods is something on which many modern-day equivalents are based: the trusted heart in the centre of a community, the quality guaranteed by the family’s name and commitment to providing best service.

Quakers were dissenters, non-conformists excluded from civic life and the universities. They were on the outside, and in many respects forced to make

their own way. I wonder if our family enterprises today and the enterprising families that run them also sometimes feel like dissenters from the prevailing business orthodoxies. It is certainly true that many of them are business non-conformists.

Peter Leach, in his book *Family Enterprises*, identifies a key aspect of them: they are ‘special’.³ Some see family enterprise as a rather backward-looking poor relation of British industry. But to think of it as special – rather than as a special case – lets a shaft of light into the debate. If we begin from an understanding of what these enterprises are and what they have to offer, we might be able to appreciate them more. It is also helpful to realise that there is great continuity in outlook between family businesses over the centuries.

FAMILY ENTERPRISES MAY BE THE BEST WE HAVE TO OFFER

Family businesses are marked by strong values, and by business owners – often personally – teaching and passing these on to the next generation. Philanthropy also often features in the life of family enterprises.

All that is best about family values is built into the day-to-day work of family firms. Bernard Rennell, Global Head of Family Governance and Family Enterprise Succession at HSBC Private Banking, says this: ‘Having advised family businesses for more than two decades, I can say with confidence . . . that they should be understood as exemplars of business.’⁴ Family enterprises tend to avoid debt, which helps them to survive economic downturns and other disasters. They are the stable rock of the economy, partly because the families themselves have a vested interest in stability and succession. The desire for longevity tends to foster longer-term investment to help an enterprise survive.

It is a little difficult to draw distinct lines between the different qualities of the exemplary family business. They meld into each other – each seems to draw from the same well, the same broad purpose. The strengths of the family business begin, and perhaps end, with what makes it truly unique: the emphasis on the long term.

LONG-TERM ORIENTATION AND STABILITY

The Institute for Family Business (IFB) report *Long-term Thinking in UK Family Business*⁵ presents a useful dissection of what makes family businesses different from other types.

For family enterprises, the focus on long-term thinking is important. It is what sets them apart. There is lower turnover in top management and longer investment horizons. Additionally, although short-term costs may be higher, family firms can pursue strategies that are highly profitable in the longer term.⁶ Commentators reflect on the short-termism of much management thinking and organisational behaviour in non-family firms. The IFB points out that, at the least, many family businesses manage to survive and thrive for a long time – a good number have lasted for more than a century. Especially in times of economic peril, they are more likely to survive than their non-family counterparts, being among the most stable enterprises there are.

One of the reasons for family enterprises' long view is the way they access and use family capital: 'Family firms tend to have very loyal (family) equity investors that provide patient capital (i.e., capital that is invested in the firm for the long-run and that does not require a fast return).'⁷

Another reason is that family relationships and trust are a built-in defence mechanism. Trust is one of the overarching virtues of family businesses: 'Trust among family members provides advantages related to emotional encouragement, provision and transfer of resources . . . support in times of crisis and unity . . . in hostile environments.'⁸ It is this that makes family business a better bet in bad times than any other type of business. Trust is the glue that holds family enterprise together. Hugh Hudson, Managing Director of the Finsbury Business Centre (which he runs with his father and brother), says:

There is a solid foundation of trust. We have empathy for each other, we understand each other. When times are tough, we understand where each of us is coming from . . . it's a bit like a marriage. We understand how each of us reacts to certain situations.⁹

The IFB report argues that family enterprises tend to have an eye for ‘futuraity’ – they weigh the consequences of their actions with a view to the long-term survival of the business. They value continuity and take decisions based on an understanding that actions have consequences for the legacy of the business. They also show great perseverance: ‘Relative to non-family firms, perseverance and long-term rewards are common in family businesses.’¹⁰ Family enterprises know they are there for the long haul and can be patient. They can look out at the horizon, knowing they will be part of that future. Wanting to be there for the long term can also drive other attributes – it can help a firm value creativity and enterprise in order to adapt and survive.

It can also help a family enterprise to be nimble. Gary Grant, the founder of The Entertainer chain, explains: ‘Family enterprise doesn’t need to be short term. We can be long term – take the long view, but equally we can respond to an opportunity short term. We are not ruled by a profits graph that always has to curve upwards.’¹¹ The stability of family enterprise is aided by the way such businesses resolve issues before they become serious problems. It is almost as though they have special foresight. Since families know each other so well, they tend to know when trouble is brewing. They know the personalities involved and tend to know when to act. Structural issues within a business, business problems and family fall-outs are relatively predictable, especially if a family has gone through such problems in the past.¹²

LONG-TERM EMPHASIS – POSITIVE BEHAVIOURS

This emphasis on the future and succession can drive some very attractive behaviours:

1. *Values* – characteristics such as kindness, honesty and integrity tend to permeate the business: ‘For many customers and suppliers, the honesty and familiarity of a family-owned business is something that cannot be bought from a commercial chain.’¹³
2. *Swift decision-making* – the family enterprise tends to be able to make swift decisions and be responsive to changes in circumstances: ‘This is

because of the family’s powerful position and the trusting relationships and shared goals and values among the family managers involved.¹⁴

3. *Reliability and taking pride* – reputation is very important to family enterprises; after all, the good name of the family is often at stake. There is a close alignment between a family business and its customers. Warburtons, the UK bakery business, has the tagline ‘From our family to yours’: ‘Family-controlled companies are unique because family owner-managers stake their money and often even their personal names and reputations on the firm.’¹⁵
4. *Camaraderie, commitment and support* – Andrew Thorpe, the Managing Director of Thorlux Lighting, points out the sheer dynamism and excitement of being part of a family firm: ‘The staff feel that they are an extension of the family. We often see this in the employee surveys that we do.’¹⁶ Michael Dickson, the owner of the thriving butcher’s chain Dicksons, says that family firms breed camaraderie and a teamwork ethic. Speaking of the founders (his mum and dad), he says: ‘They were very much a team . . . he was very experienced, hard-working and was very entrepreneurial. Still somebody had to . . . make sure that things actually happen, and that was my mum.’¹⁷ Working alongside family members with a common goal and culture can lead to great camaraderie and fun. It can generate a great deal of energy and sense of purpose. It becomes ‘our’ enterprise. Thomas Zellweger tells us that the atmosphere of ‘trust and mutual support is absent in many non-family firms which tend to promote a more impersonal corporate culture.’¹⁸
5. *Stewardship and social responsibility* – this manifests itself in ‘demonstrating human kindness, generosity, loyalty and devotion towards a social group or institution’.¹⁹
6. *Independence* – family enterprise has a level of independence that is probably the envy of many of the senior managers in more corporate organisations. This may mean they can be radical not just in the way they carry on day-to-day business but also in their creative approach. In addition, they are driven by a set of core values. Gary Grant pointed out that:

We can simply do things that don't make sense because of our values. We don't open on a Sunday, we won't stock even popular toys if we regard their manufacture and story as unethical and we are not simply driven by profit. These go right against the grain but it is us that is in business and thriving and many of our more standard competitors have folded.²⁰

Although it is possible to pull out the main strands of what makes family enterprises so special, they come more to life in the actual stories they have to tell. Danny Miller and Isabelle Le Breton-Miller spent months among family businesses.²¹ Their initial scepticism turned to admiration. The Timken Company has been in business for five generations, manufacturing the best roller bearings in the world. The founder bequeathed an inspiring and rather grand mission: 'To contribute materially to industrial progress . . . by making things run smoothly for others.' The Timkens have always wanted to contribute to making America run more smoothly and be more productive. And so for five generations, the company has invested heavily in making the product better – after all, it carries the family name. Profitability matters, but largely as a lever to further product and service improvements.

Timken has a sense of identity – shared and passed down. That identity centres on 'its social purpose, the technological legacy of its pioneers, and the continuity of the Timken family leadership'.²² Timken is emblematic. In the Miller and Le Breton-Miller research it is one among many examples of the verities of family enterprise – each one demonstrating similar properties.

THE NEGATIVES?

PwC's report *The Missing Middle*, while highlighting many strengths of family enterprises, also notes a strategic gap: a tussle between family priorities and business priorities.²³ This is very much the territory Sir John Harvey-Jones explored during the 1980s in some of the groundbreaking *Troubleshooter* BBC television series.

Family enterprises do face difficulties in passing on to younger generations and in the conflict between change and non-change. Elsewhere we read

of the problems that can arise from conflicts between family emotions and business decisions. These are sometimes called emotional liabilities, and include personality clashes, nepotism, sibling rivalry, secrecy, illness, entrenched ideas and resistance to change; in fact most of the negatives of family enterprises are those of families themselves. The challenges are significant.

Peter Leach, in *Family Enterprises*, lists some of the common drawbacks.²⁴ Matthew Taylor, the Chief Executive of the Royal Society of Arts, Manufacture and Commerce, also speaks about these under the heading of tribalism.²⁵ Family enterprise can become inward looking and resistant to new ideas and developments. Seemingly tiny changes can require a wholesale shift in family philosophy and long-held practice. Family values and business goals can clash. Family businesses have a history, and that is part of their strength; but rapid changes in technology and practice can wrong-foot them. Then there are the problems of raising capital from non-traditional sources and the perennial issue of managing succession.

FAMILY ENTERPRISE IS COUNTERINTUITIVE

There is something very intriguing about family enterprise – something strange that looks as though it is the heart of its success. It was this oddness that attracted Miller and Le Breton-Miller to begin asking questions. They noticed an interesting fact: the financial crash of 2001–3 caused the collapse of many non-family companies that seemed to be doing everything right. They had followed all the most recent management thinking: had engaged in acquisitions and looked for efficiency savings; had established can-do cultures and encouraged managers to be entrepreneurs with profit-based incentives.

When the macroeconomic situation became dire and deeply perilous, all this good practice proved no protection. They still got into serious financial trouble, despite often featuring in global management bestsellers like *In Search of Excellence*²⁶ and *Built to Last*.²⁷ In non-family business it seems only a short hop from exemplar to excess and from excess to failure.

Miller and Le Breton-Miller decided to look at which kind of organisations had weathered the storm most effectively. They found that it was family enterprises – unglamorous and out of the spotlight – that had done better than the star names in the management books. They decided to find out why and began visiting some and interviewing the families themselves. They wondered if the success of family enterprise could actually be just an accident, a happy coincidence. They found the firms they visited to be highly countercultural: modern business theories had passed them by; they listed family traditions as a high priority; many showed little interest in quarterly financial statements; the CEO was rarely accountable. ‘What century were these companies living in, we wondered. Who were these guys?’²⁸

They were tempted simply to say that these companies were anachronisms living on borrowed time. Perhaps they were successful in spite of being family businesses, not because of it. Perhaps, looked at fairly, they are lucky survivors rather than role models.

It was then that they had a breakthrough. What if the very unusual nature and oddness of family enterprises was the reason why so many of them outlasted and outperformed non-family businesses? They quote figures showing that family enterprises outperform non-family ones in the 500 mid-sized businesses that dominate their markets in Europe – higher margins, more stable earnings, better cash flow and lower debt to equity.²⁹ Family enterprises have an advantage with social capital but also as functioning profit-making businesses. The evidence suggests that they invest more in human resources and training, in social benefits for their people and in modernising equipment than their non-family counterparts. They begin to look less anachronistic by the minute. What if the unique mindset and practice of family business made them real contenders for shaping the business and community landscapes of the future?

Later I will look in more detail at the future for family enterprise. Miller and Le Breton-Miller acknowledge a sense of mystery that hangs around these businesses. They also say that they do change – and will continue to change – the competitive landscape and fundamental business practices.³⁰

‘Family enterprises manage to focus on business and social purpose’

The oddness of family enterprises is at the very heart of what they have to offer: the fact that they are not driven by short-term profits lends them an emphasis on longevity. Non-family enterprises often look for quick returns, and senior managers and shareholders are primarily interested in rising share prices; there is a temptation to think like traders rather than stewards. Owners and workers in family enterprise care about the value of the company increasing but are also fundamentally attached to its mission, which they treasure. They are in it for the long term. If a CEO is penalised for missing their numbers then the temptation is to focus on the short term and not to invest in things that may take a lot longer to bear fruit.

Family enterprises manage to focus on business and social purpose, and in the best of them, quality becomes second nature, along with investment in training, research and innovation. If you are going to be part of the future, high standards matter.

NOTES

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- 3 Peter Leach, *Family Enterprises: The Essentials*, London: Profile Books, 2015, ch. 1.
- 4 Bernard Rennell, ‘Learning from family business’, *Business Matters*, Feb. 2018, www.bmmagazine.co.uk/opinion/learning-family-business. Accessed 3.12.18.
- 5 Eric Clinton et. al., *Long-term Thinking in UK Family Business: An IFB Research Foundation Working Paper*, London: Institute for Family Business Research Foundation, 2018, www.ifb.org.uk/media/3718/ifbrf-working-paper-long-term-thinking-in-family-business.pdf. Accessed 3.12.18.
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- 7 Ibid.
- 8 Allan Cruz, ‘Christian Family Business: Opportunities for Future Research’, Lancaster University Business School, *Journal of Biblical Integration in Business* 16:2, p. 10.
- 9 Interview with Hugh Hudson, December 2018.

- 10 Clinton et al., Long-term Thinking in UK Family Business, p. 1.
- 11 Interview with Gary Grant, December 2018.
- 12 Leach, Family Enterprises, pp. 5–6.
- 13 Clinton et al., Long-term Thinking in UK Family Business, p. 13.
- 14 Zellweger, Managing the Family Business, p. 37.
- 15 Ibid., p. 38.
- 16 Clinton et al., Long-term Thinking in UK Family Business, p. 13.
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- 30 Ibid., p. 15.

CHAPTER 5

FAMILY BUSINESS NOW AND IN THE FUTURE

As we move to think about what is in store for family business in the UK and the contribution it might make to British life and the economy, we might begin in Germany and the seeming near-miracle of Mittelstand.

THE FUTURE IS GERMAN?

Amid the horror of defeat and the seeming disintegration of Germany, the country clung to one thing that might carve out a renewed future based on the past. Mittelstand became part of the post-1945 reconstruction of Germany. In fact, the economy thrived and family enterprise, and especially manufacturing exports, flourished on the back of an undervalued Deutschmark and government tax incentives.¹

Mittelstand refers mainly to small and medium enterprises (mostly family owned), usually in manufacturing exports, found throughout Germany (and Austria and Switzerland). The definition, though, fails to capture its scope and its impact. Mittelstand in fact covers the entire gamut from micro-companies right up to some of the titans of German industry – such as Volkswagen and Aldi – with turnovers above €1bn.

What really marks them out is their ethos and approach. Generally they tend to be: ‘Family-owned companies that have remained in family hands over several generations. They tend to operate conservatively, placing a premium on long-term stability.’² The companies invest heavily in employee benefits and in the local community – becoming part and parcel of the fabric of local life. They generate loyalty and trust and are ‘very successful’.³ Family Mittelstand businesses enjoy some real competitive advantages (as do family enterprises more generally). The long-term commitment of families and employees, and deep connections with suppliers and customers, are key business differentiators.

Around 99 per cent of German companies (mainly unlisted) fall under the Mittelstand definition, although most of these have annual revenues under 50 million euros – so they are at the smaller end of the spectrum.

When we realise that Germany's 16–24 youth unemployment rate is currently just 6.6 per cent,⁴ compared to the UK's 10.8 per cent, we begin to get a feel for the social good Mittelstand brings.

The Stiftung Familienunternehmen (Foundation for Family Business) lists a range of concrete benefits that Mittelstand brings:

1. Family businesses are by far the largest employers in Germany. Indeed, when the economy hits choppy waters they tend to be the only ones that significantly increase headcount. In the euro crisis beginning in 2006, Mittelstand companies increased the number of people they employed in Germany by 19 per cent, far outstripping the recruitment rates of other types of business.
2. They plan for the long term and anticipate crises. Since they borrow less, they are more stable in times of turbulence and less prone to rapid and knee-jerk responses to satisfy lenders.
3. They are resolutely regional and bring benefits to the places in which they are based.
4. They offer excellent working conditions and team spirit and so attract highly motivated and skilled people. To put it simply, they put happy workers above profits.
5. They pay tax and lots of it – especially in their home country. Large global corporates cannot say the same thing and often pay little tax in countries in which they operate.
6. They have a high regard for social responsibility.
7. They are trusted by those who work for them and buy from them.⁵

It is an interesting list and echoes many of the benefits of family enterprises in the UK. But it would be difficult to equate the picture of UK family enterprise with the sheer scope of what's on display in Germany. Mittelstand

as a totality speaks loudly about a whole nation's attitude to both family and business, and the latter's role in the life of its citizens.

The legacy of *Mittelstand* has meant that Germany has 'a manufacturing sector that today is twice the size of the UK's, according to the World bank'.⁶ So why do we not just do the same kind of thing in the UK? After all, back in 2011, when he was Chancellor of the Exchequer, George Osborne called on British firms to 'learn the lessons of the successful *Mittelstand* model'.⁷

Perhaps when we look to the future for family enterprise here we have a model just over the water that might suffice. However, the *Mittelstand* is a way of doing work and life that is deeply embedded in German culture and part of the German way of life, backed up by government grants and support; there is something elusive about the model that the world has not 'been able to cut and paste'.⁸ It does not appear to be something that can just be imported.

One of the issues is that much of the model is counterintuitive to a great deal of business thinking. How might you convince a business corporation in a highly capitalist business world like the USA to invest in employee benefits and community support at the expense of profits – especially when times become hard? If your model is simply profit, then *Mittelstand* is a hard sell. In addition, it is supported by intentional government policies, all of which might be a stretch in other countries. Indeed, the *Mittelstand* ideal is under significant strain in the global environment today.

Campden FB reports that *Mittelstand* family enterprises are facing huge skills gaps and an ageing population. Even with training for some of the 1.1 million refugees who have come to Germany (many of whom are young and of employable age), 'the country's lauded on-the-job training schemes' are unlikely to bring them up to standard.⁹ A shortage of labour seems inevitable.

Olaf Storbeck reported for the *Financial Times* in 2018 that about 100,000 family entrepreneurs from *Mittelstand* firms are due to retire over the next two years and are yet to find successors. Foreign acquirers are circling. 'As a whole generation of post-war entrepreneurs prepares for retirement, more

than one in five of these German businesses are going to face a change in ownership or closure by 2020.¹⁰ Whatever happens, change is on the way.

One German magazine wonders if Mittelstand may be ‘the great white whale of the global business community’¹¹ – admired, impressive but not necessarily a panacea. It is an icon, woven into Germany’s social and economic fabric, but to unpick it and unpack it for reconstruction elsewhere seems a difficult task and one that might need a wholesale change in the way a nation views business and its role in society, and the way government supports business.

Mittelstand may not be the future here, or even, as it currently works, in Germany. However, it is a fascinating example of the way business is more than simply generating wealth. Interestingly, in the many interviews I conducted with owners of family businesses, when asked about the German model and what we might learn from it, not one interviewee felt it was relevant, and most knew nothing about it.

CLOSER TO HOME

Many of the people I spoke to were optimistic about the contribution of family enterprise to the life of the UK in the future, and right now. The Ninth PwC Family Business Survey interviewed 130 UK family business members from director level through to owner, and found that:

nearly three in five (58%) family businesses in the UK say their long-term goal is to contribute to their local community and leave a positive legacy, with 83% saying they expect growth over the next five years, 18% expect growth to be quick and aggressive.¹²

This gives a flavour of the wider mission of family enterprises and perhaps explains why the nation holds them close to its heart. People I interviewed were hopeful about a future that included family enterprise and felt that these kinds of firms will play a significant part. Hugh Hudson, the Managing Director of the Finsbury Business Centre, explained: ‘Family enterprise will

influence the future. We have a different compass that counteracts the way the multinationals look at the world.¹³

Danny Miller and Isabelle Le Breton-Miller wax lyrical about the advantages of family enterprise:

These enterprises are not victims of a myopic economic calculus but businesses with a heart and soul; feeling institutions that stand for something, have moral fibre, look after all their stakeholders. Happily, this makes them especially effective at such quintessentially modern pursuits as developing core competencies, partnering along the value chain . . . and promoting a culture of learning, creativity and speedy enterprise.¹⁴

Now may be the perfect time for family enterprises to make the most of their advantages. And what is more, non-family businesses could learn a lot from them.

The statistics look promising in terms of an increased contribution in the years to come. Some 63 per cent of family-run SMEs with employees aim to grow sales over the next three years.¹⁵ The Institute for Family Business

‘There is something authentic about family enterprise’

points out that what makes a family enterprise special is being passed on to future generations who have the same sense of duty of care towards the business. Family enterprise is in fact

uniquely placed to play an even more important role in the future – given the model’s flexibility, long-term emphasis and strong sense of purpose: ‘We are living in times of great change and disruption which is challenging for businesses. But family firms have a great advantage given their long-term outlook. In fact, they continue to invest in innovation and diversification.’¹⁶

Behind this kind of sentiment is the feeling that there is something authentic about family enterprise. However, perhaps we need to keep our idea of family enterprise flexible: John Lewis is owned by its workers, known as ‘partners’. Is it a family business? It certainly has many of the characteristics of one.

AN OUTBREAK OF GENEROSITY

Let us continue to look for answers to where family enterprise is heading and the part it has to play in UK life. Gary Grant, the founder of The Entertainer chain, highlights that family enterprise may spearhead a new wave of generosity – both on the part of companies but also those who work for them. We may be looking at a future where giving is seen not as extra but as part of the regular business of doing business. Generosity, especially from a Christian perspective, is at the core of the faith. We posit a God of such generosity that he was prepared to sacrifice everything for his people. And the parables of Jesus are full of a kind of reckless generosity.

Family firms, with their enhanced altruism and community engagement, are well placed to be at the front of this new wave of generosity. This does not come under the heading of corporate hospitality and isn't done to build a brand – it simply is a core part of an organisation's reason for opening the doors, or however they do business.

THE ENTERTAINER

One of the key aspects of family enterprise is its orientation towards altruism. The Entertainer tithes 10 per cent of all profits, and with no shareholders other than the family, this generosity is part of the DNA – and of the family's Christian faith. Grant argues that this kind of public generosity can be catching – that it can encourage a more general generosity in business and in the country: 'Family business can have a much greater impact for good because there is less red tape . . . we impact society.'¹⁷

The story of The Entertainer provides a glimpse of the way a (Christian) values-led family enterprise can help us see the role of business differently. It is a way of seeing society through the lens of the best of family enterprise. Gary Grant was born in Wembley. He left school with one O level and struggled with dyslexia. Later in life he and his wife Cath bought a toy shop. The Entertainer is now a multi-million-pound enterprise. For the first ten years the business was all about profit. Cath had come to faith but Gary was hostile to it. One day that changed and Gary became a Christian. This conversion experience was both a personal and a business one. Gary and

Cath found themselves taking a look at the hours they expected staff to work and how important it was for all to have time with their family. They tackled bad language in the warehouse and looked at ethical sourcing.

In the light of their faith a new set of company values emerged, and a new way of living life and doing work. At the very heart of this was a focus on generosity. These days the company has a line in the budget that covers giving to charity and other causes. It is there along with other costs like

**‘There are good
and less good
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rent and rates. Giving is part of the company, something the whole family – all six shareholders – buy into. As part of this, Gary and Cath have encouraged staff to take part in monthly payroll-giving, and they match any money given

by staff, around 45 per cent of whom now give monthly to a charity of their choice – in this case Great Ormond Street Hospital (GOSH). In their stores the company have set up ‘Pennies’: customers can round up the value of their credit-card transaction to the nearest pound, which alone has raised more than £1m for GOSH. Gary reflects that he no longer sees money as something to be held on to: ‘Business can make a difference . . . Money can do such good when it is active.’¹⁸

The Entertainer opens up a way of looking at business that is far more than just about ticking a corporate responsibility box. It paints a picture of great creativity with money – earning it, keeping it and giving it away.

The sheer scale of the generosity on show with The Entertainer is impressive, as is the fact that it still gives the same percentage away in bad years as in good. Without shareholders to satisfy, it has the freedom to be itself and see making a difference not as a political manifesto but as a family creed that may endure.

However, this example should come with a health warning. There are good and less good family businesses. As Matthew Taylor, the Chief Executive of the Royal Society of Arts, Manufacture and Commerce points out, ‘the most successful family business in the world is the mafia, and they aren’t known for their generosity to the outside world.’¹⁹

Perhaps we can say that the best of family enterprise may be able to lead a move towards generosity with far more freedom than many traditional business organisations that are all about profit and are, as Taylor describes them, ‘positively anti-generosity’.²⁰

FRESH PERSPECTIVES ON WHAT BUSINESS IS FOR

There is nothing wrong with making money. Without wealth generators we would have no NHS or public services. However, surely the state alone will never be able to plug the many gaps that appear in the social contract? There has always been a role, especially in faith-based companies, for altruism and community engagement.

If profit is not, and will not, be the sole aim of business, what do we see developing? Dr Eddy Knasel explains the masterplan of Learning First, the education consultancy he co-founded:

We weren’t in it just to make money. We had much more interesting plans than that – we wanted to change the world! If we were we in it just for the money we would be a lot richer. We wanted to really help learners learn and change the face of education and training. But we also wanted to be fair – fair to those who worked for us – and to share the success. I have not regretted this for a minute.²¹

David Barker, the internet digital pioneer mentioned in Chapter 2 and now a social entrepreneur, explains that when that countercultural edge gets lost, it can seem that the original enterprise has lost something precious:

I got out because I felt we were becoming the monster we set out to oppose. We lost our heart along the way. I felt we spent our whole time speaking about how much we could sell the business for.²²

The language I often heard used during interviews was that family enterprise is a kind of resistance movement. At first I ignored this, but after more exposure to it realised it had to be explored in more detail. It was Matthew Taylor who put it into a more thought-through perspective. Drawing on the work of the British anthropologist Mary Douglas, he argues that there

are essentially four ways of encouraging human beings to coordinate – the ability and need to coordinate lying at the heart of what it is to be a human.

The first of the ways human beings ensure coordination is control, which involves a bias towards strategy and management. The second is individualism, which argues for people being essentially self-interested and entrepreneurial. The third is solidarity, which argues that people will coordinate based on common bonds and tribes. The final one is fatalism, which says that people coordinate around the idea that all of society's problems will only be sorted out at the end times – the answer lies beyond our span here.

We live in an age in which the first two of these have come together at the expense of the last two. Taylor and others call this pact neo-liberalism.

He argues that leadership is at an almost all-time low ebb. Political leadership and business leadership have been discredited and are not held in high regard. The people do not trust their leaders. This, he argues, is because of the adoption of failed neo-liberalism or financial globalisation. With neo-liberalism the state makes a deal – stepping back from regulation. The markets expand fuelled by individualism, and the market-makers then pay back money in tax for the government to repair some of the social problems created. The need for altruism, fairness, social cohesion, family cohesion, nationhood, faith and doing good are pushed to the bottom of the agenda and ignored.

This critique of neo-liberalism is deeply pessimistic and won't be shared by all. It can equally be argued that neo-liberalism has by no means been a disaster and has set free entrepreneurs and creativity that has shaken up a system that was stuck; that it frees people to be creative, take risks, reflects aspiration and enables the creation of wealth from which all benefit.

However, there is an important point here. Unfettered markets, individualism and the pursuit of profit at all costs cut loose the obligation for solidarity and social good. Business life may need a new compass, or at least an alternative to the current orthodoxy. The temptation is always to think and act short term and seek to maximise returns. The owners of the business pay senior management huge incentive-led salaries (often accompanied by media shaming and public odium) because it is the only way to make

sure they still deliver (contrast this with the careful, not to say sacrificial approach to executive salaries in many family firms). Organisations become dominated by targets and league tables: ‘Family business is the resistance to this miserable neo-liberal logic. It fights the corrosion and will be doing so now and in the years to come.’²³

Lord Griffiths, in his thoughtful 2018 Morlan Pantyfedwen Annual Lecture, points to an aspect of neo-liberalism that is troubling. He acknowledges the dangers of going from being a market economy to becoming a market society and all that that entails:

The change is that in the process of commercialising a service there has been a greater emphasis on audits, targets and league tables, which has led to a change in the nature of the services themselves: a loss of informal conversation between parents and teachers, between doctors and patients, between police and the public, a decline in altruism, mutual obligation and trust; and of great importance, a devaluation [of the] prestige of public service. The greater the emphasis placed on financial incentives, the greater the danger that they crowd out moral concerns.²⁴

Family business may or may not be part of a resistance movement. This analysis of the neo-liberal state of the world may be overly pessimistic. But even in the work of Miller and Le Breton-Miller, written from a different context, we see the same idea that raw capitalism is confronted and counteracted by the different emphasis of family enterprise, where short-termism is seen as a curse. Family enterprise has something to whisper in a world of giants and capitalism red in tooth and claw.

Family enterprise may reject the weight put on it by this analysis. If you are running a family flower stall, cleaning business or are a website developer, being a soldier in a war against the corporations and asset strippers may seem a stretch. But family enterprise does march to a different drumbeat, even though there are risks associated with the classic family business: ‘They can become tribal, less meritocratic and resistant to change. Family enterprise is always in danger of systematic traps based on the very logic of family and business being together.’²⁵

Lord Griffiths acknowledges the primary need for values in a market economy and any democratic political system. These sound very similar to the family enterprise values we have highlighted: ‘A market economy requires honesty, self-discipline, a sense of adventure, personal responsibility, prudence, hard work, saving for a rainy day. Without these values there will be less trust in economic life and markets will be derided as “crony capitalism”.’²⁶

Market economies can exhibit these values but they do not generate them. They have their origin outside the economy – although they transform it. Drawing on the work of Mary Ann Glendon, a professor of law at Harvard Law School, Lord Griffiths talks about the need for ‘seedbeds of virtue’. These seedbeds nurture healthy values that in turn nurture society. A list of them includes: ‘The family, school, community, religious congregations. I would add voluntary organisation.’²⁷ Family enterprise and family are, I would argue, so entwined that we cannot separate them, so perhaps we can claim that in the best of them, a long-established corrective is at work.

A WORD OF WARNING

In my time in family business we worked almost entirely with PLCs and major corporate clients. We found them to be courteous and respectful – even grateful. They paid well and on time, and were staffed by regular and decent human beings who cared about their work and would have been horrified to be asked to be dishonest or duplicitous.

In meetings with the most senior leaders in these organisations I uncovered no monsters. Of course, some of these mega-corporations were less sympathetic and fair than others. Some had a harsh culture, but this was by no means the case in all of them. We found the banks we worked for, and all but one of the supermarkets, to be models of fairness towards us as a supplier. These commercial giants adapted to work with our tiny business and never made us feel odd. They paid us to learn about their systems and simply for attending meetings.

When my wife became seriously ill, and I had to take time off work, three of the UKs major businesses not only showed great care for us personally

but also made arrangements so that we could get business support and not go under.

It might be better to describe family enterprise as an alternative – part of the mixed economy we live in.

AN ERA OF STARTING NEW AND CREATIVE ENTERPRISES

There are other ways that family enterprise might herald a new counterculture. Driven by necessity, there is the potential for a flourishing of families setting up new things and taking a chance on working together. Neil Svensen, the CEO of Rufus Leonard, one of the UK's top digital agencies, says:

One of the intriguing developments will be created by just how hard it is for our children to get started in the employment market. They have all these skills and ideas but can't get in anywhere. I am starting up a small family enterprise with my daughter. It is way better than just lending them money. We have a really creative idea and we are going to work together. Other families are doing the same thing.²⁸

Setting up small concerns with a bit of investment to release the potential of young family members is an exhilarating prospect. It builds stronger relations between parents and children. Other owners of family businesses have reflected on similar experiences of working with their children on 'side projects'. And there is another aspect of doing enterprise with a close family member: working with your spouse can build a hugely strong marriage.

As work patterns change and technology takes on areas once the domains of humans, this could lead to a surge of creative family enterprises – families banding together to come up with something new. This surge may be brought about by necessity or economic change, but a changing world can provide a dynamic incentive to get on board: 'If people have been made redundant by a robot and their family is looking for how to make a living, they may try a family venture. What is there to lose? There is a great deal to gain.'²⁹

Equally, advances in technology can create a new niche just right for the creativity and boldness of a family enterprise. If there is a trend towards

new ventures between parents and children, it will no doubt be helped by the tendency of family enterprise to be more tolerant of mistakes. It is difficult to be too tough on a family member – there is always that dynamic of family to take into account and the knowledge that harmony is the best state for any family business.

When mistakes can be embraced, a new kind of boldness can result. Gary Grant reflects:

Family enterprise can be bold in trying things, and because of its long-term orientation and because family ties are strong, a good honest mistake can be tolerated and learned from. We, at least, are far more tolerant of failure than some non-family businesses. When all is said and done, we are family and we are always stronger together.³⁰

A TIME OF PASSING ON VALUES

David Green went from a homespun idea for manufacturing picture frames in his garage to becoming a massive US business: Hobby Lobby. A key hinge of that business has been giving away vast amounts of money to Christian causes. Generosity has been part of the company DNA. But Green pinpoints that the real achievement has been to pass on values down the generations.

Perhaps only family enterprises can do this. After all, it is unlikely that a senior manager of a non-family business will be succeeded by his or her relatives. If you work for, say, Microsoft, then whatever Microsoft stands for, life is really just about work and there will not be much of a legacy beyond a company pension. Three generations to come, your stint at Microsoft will have no emotional or moral impact on those following you. It is just work – however well-meaning was the company that employed you. When we step out of a corporate environment, it is intriguing how quickly the experience of that work and the world view of those places fade away.

The exception might be organisations with a high view of values, such as the armed services, police and emergency services. As Matthew Taylor says:

people no longer pass on a trade to their children. This has all but disappeared. But who is going to march a child into their corporate workplace and encourage them to work in their footsteps? There is

much more romance in working for a family funeral business through the generations – it seems more worthwhile.³¹

David Green feels upbeat about the times we live in:

I believe we are living in one of the greatest times in the history of the world. We live in a time [when] . . . the greatest good can be accomplished. But we have to think differently. Will we pass on values and not just valuables?³²

It is a very good question.

Family enterprise is in the business of values and encouraging all who are part of that endeavour to take part in and live them out. If we accept that family values have great purchase, then as more people – it is hoped – take the plunge into family business, we may be entering a new era in which these values are placed centre stage.

**‘We may be entering
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When a family business loses its anchor in its values then disaster can strike. Stefano Massini’s contemporary play *The Lehman Trilogy* paints a vivid picture of a generations-old family enterprise brought low by a gradual drift towards predatory

and raw capitalism.³³ The family stood by as outsiders chased the dream of easy profits and risky markets. The images most of us remember are of workers leaving the Lehman HQ on the day of the great crash, carrying their possessions – and careers – in cardboard boxes. Lehman forgot how to be cautious with capital and became speculators rather than passers-on of values.

A FRESH APPRECIATION OF LOCAL

In a world that seems to be run by massive corporates, the appeal of a new localism is strong. The high street may be suffering through competition from the internet but there is a sure taste for local enterprises with character on a local scale – and most of these will surely be family enterprises. There

are family coffee shops nestling beside the coffee giants. Quirky shops take a risk and local people are pleased when their high street breaks free from the monopoly of the banks, betting shops and chains.

Even the huge corporates understand the pull of localism. They sometimes try to be more local or appear to be more local. British Gas launched Trusted Traders so people could be in touch with generally trusted local firms. But family enterprise has 'local' in its DNA; it comes naturally. Family businesses have the human touch and that feels good. It is what people are looking for.³⁴

Interestingly, the early Quaker businesses of centuries past had a fine sense of localism. As Richard Turnbull points out, it is something our more globalised world can learn from: 'Perhaps one of the complexities of globalisation in business is a lack of material location, with a consequential lack of sense of any local responsibility.'³⁵ Localism is more than just opening up the occasional interesting shop. It involves a deep commitment to the places in which we live – investment in education initiatives, linking with other businesses, supporting community groups and actually living where we work (too often professionals commute into poorer areas and return home to their homes in wealthier places in the evening).

Edward Carter explains just what is at stake in terms of localism. He points out that when a business sees itself as family, 'it becomes a valued and trusted partner in a community, cherished as part of the place in which it is located and as part of the developing story and history of that community, while all the time operating profitably.'³⁶

This has much resonance and sounds just like the family business I grew up in. We were at the heart of the community; everyone knew us. We were part of the story of Northolt, and even though the business is closed, my relatives still live close by. Our business sustained our family and we could always hold our heads up because we had a reputation for honesty. If that had gone it would have been a cause for great shame for all of us.

Like thousands of other family enterprises, we went about our business quietly and modestly. On a recent trip back to Northolt, I noticed that

our old shop was in new hands again. The shop sign was down, awaiting a replacement, and there was *our* old sign revealed – a true survivor. It was like travelling back in time, and I was once again opening the place up, getting the stock out, setting up the display on the pavement and putting the kettle on in the back.

FAMILY BUSINESS AND CHURCH

Having spent so much time looking at family enterprise, I cannot but be aware of the many parallels between an excellent family enterprise and an excellent church. Like family enterprise, church is at its core a family, with all the joys and woes that brings. At church we believe in creating and furthering community. We have vision and purpose, and believe that everyone has a talent to be nurtured. We enjoy camaraderie, common purpose and teams, and we believe in honesty, hard work and integrity in our dealings.

People want to be involved in a good family business. It adds colour and flavour to life and speaks loudly that all have value and that we support and honour each other. This is true of the family businesses I have known.

In many ways church is countercultural; this is the secret of our success. We understand that money is not the function of life. We understand that the work of the Kingdom is about the long term and that we hand on our work to the saints who are to come. But equally, we must also be aware of responding to short-term needs and opportunities with creativity and agility.

Family enterprises, when done well, are a huge blessing and a prophetic statement that rings out in a world that sometimes values profit above all else – including quality, craftsmanship and care. I remember the atmosphere in my parents' little shop (jolly, accepting, kind and quirky), and I think the very best churches have an atmosphere just the same – although we have the added advantage of worship.

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CHAPTER 6

CONCLUSION

It would be easy to gloss over some of the difficulties of family enterprise. This would be a mistake, because in the difficulties faced by them we see mirrored those of society and the Church.

Our world is a mosaic of interconnecting families – and so the big moments of truth for enterprising families are likely to have a deep resonance and give us pause for thought. Family enterprises wrestle with issues of succession and where to draw the line between family and business. The vast majority will not make it to the third generation, let alone the second.

Indeed, the issue of multiplying stakeholders is itself a problem. Each new generation adds people to the family who need to be integrated and usefully employed. But there is no bigger moment of truth than when the time comes to pass on the flame to the next generation. All families are in a state of change, and the momentum of that change is always about what comes next.

A great deal of the consultancy industry that has sprung up around family enterprise, and many of the books and reports on it, focus on the succession issue as the major challenge. Yet there is no finer dissection of this moment than in Sir John Betjeman's autobiographical work of poetry, *Summoned by Bells*. It is powerful because it burrows into the human level of succession and the terrible dilemmas that can arise.

I somehow managed to miss the tragedy of it the first time I read it. Perhaps the chapter title 'The Dawn of Guilt' should have been a clue to what was really causing the poet so much distress. He grew up in the family business, Betjeman & Co., which made fine artefacts and special locks, trolleys and other furnishing inventions. He was the fourth generation and his father longed for him to take over the business.

The young Betjeman went into the factory to work for his father and get a feel for what might be in store for him. He visits clients and gets a chance to immerse himself in the business. The workers treat him beautifully – 'careful, Master John . . .', one calls,¹ while another shows him how to create

silver and gold plate, and ‘let me seem to work’.² At lunchtime the poet’s father is aglow with pride in his son and full of hope. He introduces John to ancient commercial travellers and ‘tall proprietors in Bond Street shops’.³

Everywhere Betjeman goes, following in his father’s footsteps is the mantra. But the beauty of the manufactured goods cannot compare to that of words for John, and he tells his father that the business is not for him. His father is heartbroken and John can never shake off the guilt – at letting down his father, and the workers, who will lose their jobs with no one to take over the firm (which, however, was already beginning to struggle). Years later, old and ill, his father again asks him to take on the firm, but again John refuses.

Class was at work too, as perhaps it often is in family businesses. The original humble founders give way to children who are privately educated and develop wider horizons. Betjeman’s father, Ernie, had a slight cockney accent, noticeable to anyone with a tuned ear in a society that was heavily class-conscious. The artefacts the company made were very classy but John’s dad was still connected to the family roots in then down-at-heel Islington.

He felt that his son had become a ‘little snob’. But Betjeman never made any attempt to hide his roots in the family trade. One of his well-connected friends, Diana Mitford, made a surreptitious trip to the family headquarters on the pretext of getting a Betjeman ashtray fixed. She got to see the poet’s father, which had been her real aim (she’d broken the ashtray deliberately), but never mentioned it to John, ashamed at her own underhandedness.⁴

Summoned by Bells, more than any textbook, explains what is at stake in a family business, and has much resonance for us as church and as we think about what comes next for our country.

A family enterprise is more than just a chance to make money. It is about handing on, about succession and about passing on culture and stories. It is bound up with hope. The desire to pass on the family business is the belief that enterprise is here for the long term and that all that is good can be preserved, nurtured and will last.

In a world that seems to be short term in outlook, we look for models and examples of longevity, stability and good practice. It seems to me beyond contradiction that if we had more family businesses and if more people

were encouraged to give them a go, then the country would be a better, more creative and caring place.

But sometimes those who are there to be baton-takers have other dreams.

**‘We look for models
and examples of
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and good practice’**

I have to declare an interest. I have been shaped by two family businesses – the one I grew up in and the one I led. Neither of them lasted beyond the first generation and, like John Betjeman, I feel sad about this – and perhaps a little

guilty. I wish I was a little more open-minded about the hard work of my parents and more appreciative of just what it took to be in business and be happily married and working together. It is easy to be the kind of snob who sees trade as an inferior activity to other more rarefied employments.

But family enterprise did my family proud. My own business helped us to make our family financially secure, and in that it gave us a precious thing: choice. I like to think it also influenced the way I am, the way I lead church and deal with those with whom I do business. And when I see that Jesus was also influenced for the good by his own family enterprise, that is a thing of great encouragement.

This book is a homage to the millions of people working in family businesses – and it is my own ‘poem’ of appreciation.

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