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## **MINDFUL GOVERNANCE: THE ROLE OF THE MOST TRUSTED ADVISOR IN FAMILY-CONTROLLED FIRMS**

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MINDFUL GOVERNANCE: THE ROLE OF THE MOST TRUSTED ADVISOR IN  
FAMILY-CONTROLLED FIRMS

(Spine title: Mindful Governance)

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by

Vanessa M. Strike

Graduate Program in Business Administration

3

A thesis submitted in partial fulfillment  
of the requirements for the degree of  
Doctor of Philosophy

The School of Graduate and Postdoctoral Studies  
The University of Western Ontario  
London, Ontario, Canada

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THE UNIVERSITY OF WESTERN ONTARIO  
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entitled:

**Mindful Governance: The Role of the Most Trusted Advisor in Family-  
Controlled Firms**

is accepted in partial fulfillment of the  
requirements for the degree of  
Doctor of Philosophy

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## ABSTRACT AND KEY WORDS

This dissertation began as a study to explore the role of the Most Trusted Advisor in family-controlled firms. What emerged through grounded theory methodology was a conceptual model of mindful governance. Most Trusted Advisors capture the attention of decision-makers through the attentional enablers of voice and weight. They influence that attention through attentional process facilitators – sense of self in relation to others, sense of self in contribution to the whole, and decision bias to others in relation to self. And, Most Trusted Advisors help enable an environment of mindful governance. A mindful governance environment helps the decision-maker to craft more encompassing decisions, and facilitates collective direction. In developing the model of mindful governance, I draw on and contribute to research on the attention-based view, issue-selling, and heedful interrelating in the collective mind.

***Key words:*** Family Business; Advisors; Advice-Giving; Decision-Making; Attention-Based View; Issue-Selling; Mindfulness; Mindful Governance



## **DEDICATION**

This dissertation is dedicated to my family. To my son, Christian, for without you, this would not of mattered. And to my parents, Imogen and David, for their constant love, support, understanding, and encouragement. This is for you.

## ACKNOWLEDGMENTS

It is said that it takes a village, to work with the family, to raise a child, and weather the storms of life. I have found that same premise holds in writing a dissertation. There are many people who have helped to make this happen. I was one of the blessed ones to have a village, a family, and not only one, but many, Most Trusted Advisors.

I am deeply thankful for the time, care, guidance, and expertise of my dissertation committee members, my Chair, Eric Morse, and my advisor, Claus Rerup. I thank the members of my committee, Pramodita Sharma, Charlene Zietsma, and especially Glenn Rowe for believing in me throughout the PhD program. I also thank my PhD family, the faculty and staff at Ivey, and Linda Dittmer-Pino and Mahillah Rafek in the PhD office for their behind-the-scenes work and support. I send a special thank you to Jim Hatch for his faith in me and stories that kept me going. Thank you to Dan Day, Pat MacDonald, and Colleen Sharen for helping with the validation of my coding, and Dominic Lim for auditing my dissertation. I also thank all of those families and their Most Trusted Advisors who confided in me and shared their stories.

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“Two are better than one; because they have a good reward for their labour. For if they fall, the one will lift up his fellow.” Ecclesiastes 4:9-10

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## CHAPTER ONE: INTRODUCTION

*"If nobody knows who I am or what I do, then I know I'm doing my job."  
(A Most Trusted Advisor)*

Family-controlled businesses have a significant impact on economies around the world (Astrachan & Shanker, 2003; Gersick, Davis, Hampton, & Lansberg, 1997; Kang, 2000; La Porta, Lopez-de-Salinas, & Shleifer, 1999; Schulze, Lubatkin, Dino, & Buchholtz, 2001). If we define a family-controlled firm as one where the founder/descendant runs the business and the business is intended to remain in the family, then Canadian family businesses employ approximately six million people (20% of the population) and generate about \$1.3 trillion CAD in annual revenues. In Australia, family-controlled firms make up more than 80% of private sector employers (Watson, 2001). In the United States, 10.8 million family businesses contribute to 59% of GDP (equivalent to \$5.5 trillion USD) and employ 58% of the workforce (77 million individuals) (Astrachan & Shanker, 2003). Family firms are even more prevalent in Germany, Japan, Italy, and many developing countries (La Porta et al., 1999). Family-controlled businesses drive our global economy, but they also often fail. Past research suggests that only 30% survive to the second generation and fewer than 30% of these survive to the third generation (Alcorn, 1982; Dascher & Jens Jr., 1999). As a result, it is important to understand the factors that contribute to the survival and success of family-controlled firms around the world.

The ownership structure of family-controlled firms becomes more complicated as they pass through to the second and third generations: siblings, and eventually cousins, must coordinate the ownership and decision-making of the firm, and of the family's general wealth. Difficulties in interrelating with family members may be one of the



reasons why family-controlled firms do not succeed beyond the first generation. That is, individual family members do not truly understand or appreciate their role within the larger collective; consequently, they are not able to efficiently and effectively interrelate. This situation makes it very difficult to make decisions that are in the best interest of the whole.

We know from past research that family-controlled firms exist in a much more complicated environment than other types of ownership structures, due to the interaction of the family system and the business system (Lansberg, 1983; Mitchell, Morse, & Sharma, 2003; Sharma, Chrisman, & Chua, 1996). Conflicts arise because, in a family-controlled business, the social relations of the family system intersect with the organized task behaviors of the business system (Lansberg, 1983). Managing the interactions of these systems presents unique challenges to the firm. Yet at the same time, family-controlled firms may be uniquely organized to take advantage of firm resources and capabilities that result from this mix of ownership, family, and management dynamics; this is known as the concept of ‘familiness’ (Ensley & Pearson, 2005; Habbershon, Williams, & MacMillan, 2003). These bundles of resources include human and social capital that yield more effective behavioral dynamics than those found in non-family-controlled firms. These resources well-equip the family firm to contend with issues such as conflict, cohesion, and shared strategic decision-making (Ensley & Pearson, 2005).

Through my previous experience with family-controlled firms, I have identified a role that may assist these families address their unique challenges – that of the Most Trusted Advisor (MTA). Family-controlled businesses face difficult challenges and they may need the MTA role, more than other types of firms. At the same time, family-

controlled firms may be uniquely organized to take advantage of the MTA, in part, due to the concept of familiness. The role of the MTA differs from that of other types of advice providers such as consultants, professional advisors, advisory boards, and peer advice networks. It is often a hidden role that many people do not even know exists; this is because the MTA is privy to very confidential information from both the family and the business.

The term “Most Trusted Advisor” is one familiar to the language of family-controlled business practitioners. I use the term MTA to refer to one who usually advises to one family only, on both business and family matters, and is often employed full-time by that family. They have the best interest of the family at heart for the long-term, and understand the family’s underlying motivations, dynamics, and psyches. They provide both an area of expertise and a broad knowledge of business. MTAs respectfully challenge ideas, actively search out relevant and new information, bring objective perspectives, and are sensitive to their environment. They thrive on honesty, flexibility, and confidentiality. Through maintaining a strong sense of self, they understand their own limitations and will search out and defer to expertise.

This dissertation began as an exploration of the role of the MTA in family-controlled firms. Three broad research questions guide this study:

*Research Question 1: What is the role of a Most Trusted Advisor?*

*Research Question 2: How does a Most Trusted Advisor provide useful advice to family-controlled businesses?*

*Research Question 3: How does a Most Trusted Advisor add value to the family-controlled business?*

These three questions offer a basis for understanding the role of the MTA and the value they provide to family-controlled firms. I develop a conceptual model of mindful governance to explain the role of the MTA and answer these questions. The constructs, the model, and the subsequent theory that I used to develop the framework only emerged during my data analysis. In mindful governance, the MTA 1) captures the attention of the decision-maker through attentional enablers, 2) influences that attention through what I label as attentional process facilitators, and 3) helps facilitate an environment that results in more mindful governance.

Attentional enablers are the qualities and competencies of the MTA that allow him/her to capture the attention of the decision-maker and other family members. I identified two sets of enablers – the voice of the MTA and the weight of the MTA.<sup>1</sup> By establishing voice and weight, MTAs are able to capture the attention of, and gain access to, the decision-maker; that is, they gain the right to be heard. These findings contribute to existing literature on how subsidiaries, through their voice and weight, are able to capture the attention of parent firms (Bouquet & Birkinshaw, 2008) and to the literature on how managers are able to capture the attention of the top management team to sell issues (Dutton & Ashford, 1993; Dutton et al., 1997).

Historically, voice has been defined as attempts to bring about change in objectionable circumstances (Hirschman, 1970:30). At the individual level, voice has been described broadly as removing personal dissatisfaction, voicing and sharing concerns, and initiating and bringing about change (Withey & Cooper, 1989; Rusbult,

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<sup>1</sup> The concepts of attentional enablers emerged from the data. I began to use the ‘voice and weight’ labels as my data analysis deepened and as I realized that I could build on published work (e.g. Bouquet & Birkinshaw, 2008). Prior to that, I used my own labels of ‘character and competencies’ to capture the themes as they emerged from the data.

Attentional process facilitators embody “how” the MTA is able to direct and influence attention. I found three sets of attentional process facilitators: “sense of self in relation to others”, “sense of self in contribution to the whole”, and “decision bias to others in relation to self”. These findings contribute to existing literature on Weick and Roberts’ (1993) work on heedful interrelating and the collective mind; in particular, their concepts of representation, contribution, and subordination<sup>2</sup>. “Sense of self in relation to others” refers to how the MTA understands the group and how the members of the group relate to one another. Through this understanding, the MTA develops a “sense of self in contribution to the whole”. This second facilitator refers to the individual contributions of the MTA, and how his/her actions affect the group and are in turn affected by the group. The more developed his/her “sense of self in relation to others”, the better the MTA will be at influencing the group through his/her own actions. Lastly, “decision bias to others in relation to self” means that the MTA accepts, commits to, and supports the goals of the decision-maker, even if s/he does not agree with their decision. The MTA understands that his/her role is one of support—the final decision always belongs with the decision-maker.

Mindful governance is defined as an increased awareness of the thoughts, actions, and motivations involved in a decision-making process and the methods by which those decisions are implemented, or not implemented. The MTA facilitates an environment of mindful governance by challenging the decision-maker’s schema as they consider issues and answers, and by helping members relate to one another to encourage collective

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<sup>2</sup> The concept of attentional process facilitators emerged from the data. During the course of my data analysis, I studied Weick and Roberts’ (1993) work on representation, contribution, and subordination, which closely paralleled the process facilitators used by the MTA. I use my own labels, but I build on Weick and Robert’s (1993) published work.

direction-setting. The MTA can affect mindful governance by capturing attention through attentional enablers, and by influencing that attention through attentional process facilitators. This perspective has implications for how family-controlled firms may establish a more effective and efficient governance structure of decision-making and group relationships.

The conceptual model I develop is based on the concepts of collective mind and heedful interrelating (Asch, 1952; Weick & Roberts, 1993) that emphasize the role of contributions, representation, and subordination in a collective to explain organizational performance. The model is also based on research on directing and influencing attention (Bouquet & Birkinshaw, 2008; Dutton & Ashford, 1993; Dutton et al., 1997; Dutton et al., 2001; Ocasio, 1997). I use these literatures to explain how MTAs (i) capture and influence attention, (ii) encourage reflection in the decision making-process and challenge the decision-maker schemas, and (iii) help family members understand their roles and how to relate in relation to one another. As suggested by Dutton et al. (2001:732), “change takes place in conversations, and our research suggests that future work should focus on the broad set of skills and competencies needed for this kind of behind-the-scenes work”. My study attempts to capture these skills and competencies, and discusses how attention changes occur, through attentional process facilitators.

In my literature review, I found that advisors are important to firm success. The sociology literature has argued that ‘high-status friends’ are important to establishing and maintaining good relationships in organizations (Freilich, 1964; Slater, 1955). The psychology literature has documented the importance of giving and taking advice when making organizational decisions (Bonaccio & Dalal, 2006; Sniezek, 1999; Sniezek &

Buckley, 1995; Sniezek, Schrah, & Dalal, 2004; Sniezek & VanSwol, 2001). The general management literature argues that leaders rarely make decisions on their own (Hambrick & Mason, 1984); instead, CEOs who need to make quick decisions and who operate in dynamic and complex environments rely heavily on advisors (Arendt, Priem, & Ndofor, 2005; Eisenhardt, 1989b; Sutcliffe & Weber, 2006). The entrepreneurship literature also shows that advisors are critical to the success and survival of new ventures (e.g. Bygrave & Timmons, 1992; Chrisman, 1999; Chrisman & McMullan, 2000; Chrisman & McMullan, 2004; Smeltzer, Van Hook, & Hutt, 1991).

There is a similar, yet unstudied, role in family-controlled businesses. The family business literature has revealed that external advisors (Ganesh, 1987; Thomas, 2002), advisory boards (Blumentritt, 2006; Fahed-Sreih & Djoundourian, 2006; Mustakallio, Autio, & Zahra, 2002; Stavrou, Kleanthous, & Anastasiou, 2005), and trust catalysts (Kaye & Hamilton, 2004; LaChapelle, 1997; LaChapelle & Barnes, 1998) are important resources for family-controlled firms. However, there has been little theoretical and empirical research on these advisors. In particular, there is no research that I am aware of that has studied the role of the MTA, and the value that role may bring to a family and firm.

My dissertation uses grounded theory-building as the basis for the research methodology, based on five case studies of family-controlled firms. This approach is particularly useful because there is no current theory to guide our understanding of the role of the MTA. I collected data from three sources: open-ended interviews, written and electronic documentation, and participant observation. The data were further triangulated

by using multiple sources for the interviews: MTAs, owners, family members, and other firm members. In all, I conducted 33 interviews with 17 informants.

The data were analyzed using NVivo to identify common patterns and themes within and across cases (NVivo is a software program specifically designed for qualitative data analysis). I began to understand the role of the MTA and the value that the MTA provides to the firm, by constantly comparing, coding, and analyzing data (Locke, 2001). Entering the field allowed me to discover the phenomena (Strauss & Corbin, 1998), identify constructs and propose relationships among them, develop a conceptual framework (Eisenhardt, 1989a; Eisenhardt & Graebner, 2007; Miles & Huberman, 1994), conjecture what was happening and why, and develop management understanding (Douglas, 2003), all grounded in data.

From a narrow perspective, this research contributes to our understanding of the important role of the MTA in family-controlled firms. The MTA makes more issues and answers available to the decision-maker by questioning assumptions and norms; and they help manage family dynamics and group relationships by helping members understand their roles and interactions with each another.

More broadly, my study contributes to the literature on attention by identifying two enablers that capture attention – voice and weight. The study develops three attentional process facilitators that help influence that attention. This dissertation extends Ocasio's (1997) model of situated attention by studying how attentional process facilitators are able to influence attention. This study also contributes to the research on issue-selling by presenting findings that both agree with, and extend, past studies. For example, I find that if an issue is not successfully sold, MTAs do not necessarily lose

political protection; this is contrary to Dutton et al.'s findings (1997) on issue-selling. Instead, MTAs gain credibility and increase their ability to capture and influence attention by accepting, committing to, and supporting a decision. In other words, they 'recycle' themselves.

I also contribute to Weick and Roberts' (1993) work on heedful interrelating and the collective mind. This study begins to unravel some of the micro-processes that compose the concepts of representation, contribution, and subordination in Weick and Roberts' (1993) research. To date, heedful interrelating has primarily been studied in dangerous settings such as aircraft carriers and nuclear submarines. Weick and Roberts (1993:363) connected how the interrelated activities on aircraft carriers "recover" pilots, but they did not tease out how individuals capture and influence attention. In contrast, I study interrelating in terms of the individual in family-controlled firms. As per Asch (1952:251), it is individuals that "actually create social forces" of the collective; further, collective action is only "possible when *each* participant has a representation that includes the actions of others and their relations" (*italics added for emphasis*). We need to understand how individuals interrelate in order to understand how the collective interrelates, because individuals mutually influence one another's actions. We also need to develop an awareness of how, through interrelating, the individual within a collective influences attention that impacts and ultimately contributes to collective action.

I find that MTAs act mindfully via an awareness of how their actions shape the actions and responses of others. The MTA recognizes the importance of interrelating and contributes accordingly; s/he recognizes the interrelations within the family, and is acquiescent to the will and needs of the decision-maker and the family. I develop the



model from the perspective of the MTA, but the MTA alone does not represent mindful governance; s/he is but one “cog in the wheel”. Yet, the concept of mindful governance emerged through studying the role of the individual and the process of capturing and influencing attention. To the best of my knowledge, this is the first empirical study that captures Weick and Roberts’ (1993) three concepts and their respective outcomes.<sup>3</sup>

There are potential personal biases that may result in qualitative studies. One of my committee members noted early on in the process that I appeared to be “in love with the role of the Most Trusted Advisor”. This is because I am intrigued by MTAs. They go unrecognized in many contexts: from monarchies and mafia organizations, to governments. I first became familiar with the role of the MTA several years prior to beginning my PhD studies. I met an MTA while I was working in a previous position and I didn’t understand who he worked for or what he did. When I asked him, he said to me: *“if nobody knows who I am or what I do, then I know I am doing my job”*. His response intrigued me, and it was several years before I actually began to develop an understanding of the scope of his role. Once I did, I realized this would be a most interesting area to study and the knowledge gained and shared could have positive implications for not only family-controlled firms, but also other types of organizations.

I took several steps to ensure that my findings were not biased (see Section 3.5). To summarize, I had other colleagues who were not involved with the study review the coding procedure and audit the data. I also conducted a member check by conducting 11

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<sup>3</sup> I have used the theoretical concepts that emerged from the study to structure this introduction. The theoretical concepts and frameworks are grounded in the data and emerged from the analysis, as opposed to being derived from prior theory. Typically, in grounded theory research, the qualitative data are presented before revealing the theoretical dimensions and contributions. I provide a theoretical overview in my introduction to preview the major findings and conceptual model. The concepts though, emerged from the study, and from consulting the relevant literature, guided by the data analysis.

additional interviews with the original interviewees, asking them to be critical of the findings. I also probed for examples of unsuccessful MTAs so I could supplement my findings. Lastly, I asked my committee to play the role of devil's advocate where possible, to question my findings and push my thinking.

This dissertation is the story of MTAs, one that contains theoretical insights that have potential reaching beyond the role of the MTA in the family-controlled firm. The dissertation proceeds as follows. First, Chapter 2 reviews the state of the literature on family-controlled businesses, and the extant literature on advisors and advice-giving that is relevant to the area of advisors in organizations. Chapter 3 describes the methodology. Chapter 4 provides an overview of my findings. In Chapter 5 I discuss these findings and develop a conceptual model of mindful governance. Lastly, in Chapter 6, I conclude by discussing limitations, contributions, and possible areas of future research.

## CHAPTER TWO: LITERATURE REVIEW

This chapter reviews the state of the literature on family-controlled businesses and the extant literature on advisors. Section 2.1 outlines the framework used for the literature review. Then, I discuss the literature on family-controlled business. Section 2.2 reviews the literature on the definition of family-controlled firms and Section 2.3 reviews general research on family-controlled businesses.

In the subsequent sections I review literature from various disciplines that is pertinent to the area of advisors and advice-giving in organizations. Section 2.4 reviews research in sociology on triad relationships; Section 2.5 reviews research in psychology on giving and taking advice; Section 2.6 reviews advice research in general management; and Section 2.7 reviews the advice literature in entrepreneurship. Section 2.8 concludes the chapter with an overall discussion of the literature and a commentary on the timeliness of my study, given the current paucity of research on the role of the MTA in family-controlled businesses.

### ***2.1 Literature Review Framework***

The literature review was conducted in two major parts: the first on family-controlled businesses, and the second on advice and advisors. My initial search focused on academic articles on family-controlled businesses published in the major general management, family business, and entrepreneurship oriented journals from 2003 to 2006. I use Chrisman, Chua, and Sharma's (2003) literature review as the departure point for my work. Sharma (2004) compiled a later review of the literature, but it primarily concentrated on theoretical articles.

I reviewed the table of contents and abstracts of the high-impact scholarly peer-reviewed journals, including: *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly*, *Journal of Management*, *Organization Science*, and *Strategic Management Journal*. I also included major journals in the fields of family business and entrepreneurship: *Entrepreneurship Theory and Practice*, *Family Business Review*, *Journal of Business Venturing*, and *Journal of Small Business Management*. These journals were searched for articles on family-controlled businesses appearing between January 1, 2003 and September 30, 2008. I examined family business articles to uncover trends in the family business literature that had emerged since the last broad literature reviews were published (cf. Chrisman et al., 2003; Chrisman, Chua, & Sharma, 2005; Sharma, 2004; Zahra & Sharma, 2004). I also reviewed foundation studies across all time periods. I then searched the above journals across all time periods for articles on advisors in family-controlled businesses, to determine what research has been conducted in this area. In total, I examined 162 articles on family business.

I searched the above journals across all time periods to determine what research has been conducted on advisors in non-family-controlled organizations, using the key words: advice OR adviser OR advisor. My search led me to the disciplines of sociology and psychology. I applied the same key word search to three of the major psychology journals: *Journal of Personality and Social Psychology*, *Journal of Applied Psychology*, and *Organizational Behavior and Human Decision Processes* across all time periods. These journals were chosen based on consultations with colleagues from the psychology

and organizational behavior disciplines. Overall, I examined 273 articles that were relevant to my study.

I returned to the literature as I conducted the in-depth interviews and data analysis. I found that there were bodies of research that were relevant to my data analysis that I had not included in the initial search because they were not focused on advisors, *per se*. Nevertheless, the theory behind these papers was very relevant to the topic at hand. I was led to several of these areas by my proposal and dissertation committee and other colleagues; others I found through trial and error. By continually going back and forth between the literature and the data I found other research areas pertinent to this dissertation; namely, sensegiving, sensemaking, issue-selling, prior experience, attention, and mindfulness. In these fields, I followed a similar search process to the one described above: First, I searched top tier journals, then followed citation trails to books and other literatures. These materials are included within the body of this literature review.

## ***2.2. Defining a Family-Controlled Business***

Within the family business literature, one of the questions that most often arises is "what is a family business?" (Astrachan, Klein, & Smyrnios, 2002; Astrachan & Shanker, 2003; Handler, 1989). Literature reviews on the definition of the family business and other studies by Wall (1998), Wortman (1994), and Riordan and Riordan (1993), observe that there is no generally accepted definition. Indeed, there are a multitude of definitions resulting in incomparable data and general confusion about the nature of the family-controlled business. Astrachan, Klein, and Smyrnios (2002) note that one of the key problems of not having an agreed definition is the issue of operationalization. Further, definitions from different fields depend on characteristics such as percentage of

ownership, size, strategic control, influence of family members, culture, social values, and the intention that the firm remain in the family (Astrachan & Shanker, 2003).

In searching for a definitive definition of the family-controlled business, researchers have emphasized certain characteristics over others. To illustrate, scholars from finance and economics tend to use ownership-based definitions, which are easily operationalized. For example, La Porta, Lopez-DeSilanes, and Shleifer (1999) surveyed the 20 largest firms in 27 economies by defining the family-controlled business as one where the controlling shareholder owns more than 10% of a firm. Anderson and Reeb (2003) define a family-controlled business as a firm that has a founding family presence on the board of directors or that has founding family ownership of 5% or more (as per the U.S. Securities Exchange Act). This contrasts with LaPorta et al.'s (1999) threshold of 10% family ownership. Morck, Strangeland, and Yeung (1998) define family-controlled businesses as heir-controlled (firms controlled by descendants of founders) or entrepreneur-controlled (firms controlled by founders). I found that there is no generally accepted ownership percentage for defining a family-controlled business, and that ownership can be operationalized in various ways, such as percentage of voting share holdings or percentage of stock holdings.

Many family business researchers emphasize more subjective characteristics, such as family involvement, culture, and intent to transfer the firm to the succeeding generation. For example, Davis and Tagiuri (1982) and Heck, Upton, Bellet, Dunn, and Parady (1994) define a family-controlled business as one where family members not only have ownership rights but also influence the direction of the business through management roles. Litz (1995) defines family-controlled businesses by incorporating a

structure-based approach and an intention-based approach that together encompasses ownership, management, and the intent to transfer the business.

Many definitions of the family firm include the term “management”, and yet “managing” has a continuum of meanings; from the role of the Chairman, CEO, or President, to the activities of the front-line office supervisor. In sum, there is no clear definition of a family business and no straightforward way to compare studies. Further, there are varying views on what constitutes a transfer of the firm to the next generation. Astrachan, Klein, and Smyrnios (2002) criticize the view that an enterprise is a family-controlled business only when it is intended to be transferred to the next generation. For example, authors such as Daily and Thompson (1994) argue that at least one generational transfer should have already occurred for a firm to be classified as a family-controlled business.

Some scholars recognize structures of family-controlled businesses that other scholars do not. For example, Morck, Percy, Tian, and Yeung (2003) include family-controlled pyramids in their definition of family firms in Canada, but US and UK scholars tend to exclude this type of ownership structure. This is probably because control pyramids are essentially unknown in these countries, due to differing tax structures (La Porta et al., 1999; Morck et al., 1998). This is a prime example of how difficult it can be to generalize specific findings across countries with different business ownership structures.

Many studies do not recognize firms run by more than one family. Bhattacharya and Ravikumar (2001) define a family-controlled business as a firm that is predominantly owned and run, explicitly or tacitly, by a single household. This definition excludes

businesses that are owned and managed by two or more unrelated families, but we know these firms exist. For example, the Miele and Zinkann families own and manage Miele in Germany (Astrachan et al., 2002).

Scholars have begun to develop continua of the definition of the family-controlled business, in an attempt to bring some consistency to the field. Yet here as well, there are disagreements as to what criteria should be included. For example, Astrachan, Klein, and Smyrnios (2002) developed an index of family influence comprising the dimensions of power, experience, and culture—the F-PEC. Alternatively, Heck and Trent (1999) developed four definitions based on ownership, family involvement, and intent to transfer. These were: 1) ownership 50% or greater; 2) ownership 50% or greater, plus a family member manager; 3) ownership 50% or greater, plus a family member manager, plus two or more family members in the business; and 4) ownership 50% or greater, plus a family member manager, plus two or more family members in the business, plus second generation or higher or intent to keep business in the family.

Similarly, Astrachan and Shanker (2003) presented three definitions of a family-controlled business: broad, middle, and narrow. In a “broad” family-controlled business, the family controls the strategic direction and participates in the day-to-day running of the firm. In a “middle” family-controlled business, the founder or descendant runs the business and the business is intended to remain in the family. In a “narrow” family-controlled business, multiple generations participate in the business and several members of the owner’s family have management responsibility. Studies will come up with very different results, depending on which definition the researcher uses. When Astrachan and Shanker’s (2003) used the narrow definition of family-controlled firms, they calculated



that there were 3 million family businesses in the US; with the middle definition, they came up with 10.8 million family firms; the broad definition gave a result of 24.2 million family businesses. These differences cascade into other results. For instance, the 3 million family businesses contribute 29% of US GDP (\$2.6 trillion), employ 27% of the workforce (36 million people), and submit 11% of business tax returns. The 10.8 million family firms contribute 59% of US GDP (\$5.5 trillion), employ 58% of the workforce (77 million people), and submit 39% of business tax returns. And, the 24.2 million family businesses contribute 64% to US GDP (\$5.9 trillion), employ 62% of the workforce (82 million people), and submit 89% of business tax returns. It is not only difficult to compare *between* each of the three definitions, but there is also a continuum *within* each of the definitions which creates ambiguity and confusion.

**2.2.1 Summary.** There is no agreement in the literature on what a family-controlled business really looks like. The definition clearly depends on the research question, the phenomena of interest, and the level of analysis. It is critical to clarify the definition being used in order to understand the research undertaken and to compare its results to other studies.

For the purposes of this dissertation, I use Astrachan and Shanker's (2003) "middle" definition. It encompasses many of the criteria that other scholars use to define the family-controlled business, yet it is broad enough to encompass younger firms. Therefore, I define a family-controlled firm as a business where:

- the family retains majority ownership and/or voting rights to control the strategic direction of the business;
- the family is involved in the day-to-day operations of the business; and,

- there is the intent to transfer the business to the next generation.

I acknowledge that this definition is broad. Nevertheless, it provides a basis for this study: it captures the main characteristics of what makes a family-controlled business unique, and it compares favorably with extant studies in the family business literature (cf. Astrachan & Shanker, 2003). Further, as the purpose of this study is to explore the role of MTAs, it is important that the family have an active role in managing and guiding the strategic direction of the firm. Based on this definition, a family-controlled business may be a private or publicly-traded firm.

This first section of this literature review has defined the family-controlled business. The next section of this chapter reviews general research in the family-controlled business literature and examines research on advisors in family-controlled businesses.

### ***2.3 Family-Controlled Businesses***

Family business scholars have regularly reviewed the literature (cf. Chrisman et al., 2003; Sharma, 2004; Sharma, Chrisman, & Chua, 1997; Zahra & Sharma, 2004). They have found that, historically, the family business literature has mostly been grounded in descriptive articles that focus on succession, family relationships, and consulting to family firms. However, there is an emerging trend towards more empirical studies and more theoretical frameworks. Over the years, succession has been the dominate topic in the literature, but other topics have emerged since the mid-1990s, including firm performance, governance, competitive advantage, conflict, entrepreneurship, culture, strategy, internationalization, and professionalism (Chrisman et al., 2003). This research has started to emerge in high-quality mainstream journals

including *Academy of Management Journal*, *Academy of Management Review*, *Journal of Finance*, and *Organizational Science*, and special issues in *Entrepreneurship Theory and Practice* and *Journal of Business Venturing*.

In my search of the family business literature I reviewed 162 articles to learn what researchers have argued theoretically and found empirically. In particular, I examined why family-controlled firms are important, and how they differ from non-family-controlled businesses (both negatives and positives). I also sought out articles on advisors and on giving and taking advice in family-controlled businesses. I review these in turn below.

**2.3.1 Why study family-controlled businesses?** I found that family-controlled firms are the dominant organization structure in the world (Schulze et al., 2001). Estimates of the economic impact of family firms vary depending on the definition used; however, researchers agree that family-controlled businesses significantly influence our economy. For example, in the US, Gersick et al. (1997) estimate that anywhere from 60 to 80% of firms are family-owned. The US Internal Revenue Service estimates that, of 215,000 US corporations, only 15,000 are widely-held (Schulze et al., 2001). Astrachan and Shanker (2003) estimate that between 3 million and 24.2 million US firms are family-owned. In Canada, family firms control 30% of large public firms (Kang, 2000), employ 30% of the population, and generate \$1.3 trillion CAD in annual revenues (Watson, 2001). These numbers are higher in countries with less capitalistic markets. Families control 35% of the largest companies around the world and 53% of medium-sized firms globally; and even more so in Mexico (100%), Hong Kong (79%), Argentina (65%), and Greece (65%) (La Porta et al., 1999). Family-controlled firms are important,

and scholars have begun to recognize the need to study and understand the factors that influence their survival and success.

**2.3.2 *The perils of family-controlled businesses.*** Historically, scholars have been critical of family-controlled firms, arguing that they are beleaguered by emotional conflicts that cause them to fail and that they are inefficient ownership structures that result in poor performance (DeAngelo & DeAngelo, 2000; Demsetz, 1983; Fama & Jensen, 1983, 1985; Gomez-Mejia, Nunez-Nickel, & Gutierrez, 2001; Morck & Yeung, 2003; Schulze, Lubatkin, & Dino, 2003; Schulze et al., 2001; Shleifer & Vishny, 1997). Researchers have found evidence of several failings: (i) family-controlled businesses may be guilty of managerial entrenchment (Gomez-Mejia et al., 2001); (ii) owners may extract private benefits out of the firm (Fama & Jensen, 1983; Shleifer & Vishny, 1997); (iii) family members may influence firm policies so that family interests take priority over firm performance (DeAngelo & DeAngelo, 2000; Demsetz, 1983); (iv) owners may pursue firm objectives that do not maximize short-term shareholder value, such as firm growth and innovation (Fama & Jensen, 1985); (v) family-controlled businesses may exploit minority shareholders (Morck & Yeung, 2003); and (vi) family-controlled businesses generally have less effective external control mechanisms (Schulze et al., 2001).

Schulze et al. (2001) argued and found evidence that family-controlled firms are both exposed to, and aggravate, agency problems. Due to self-interest, owner-managers may make decisions that increase their compensation, but undermine the firm (Jensen, 1998; Jensen & Meckling, 1976). For example, DeAngelo and DeAngelo (2000) studied the Times Mirror Company, a firm controlled by the Chandler family for over 100 years.

They found that the family influenced management to make dividend decisions that benefited the family at the expense of minority shareholders and that decreased the value of the firm's stock.

Scholars also suggest that private family firms hire less able managers. Family-controlled businesses do not typically offer the same type of incentives as widely-held firms (e.g. stock options) due to either lack of liquidity or unwillingness to give up control (Lew & Kolodzeii, 1993; Morck, 1996). Top management positions are also often held by family members so it is difficult for employees to rise high in management seniority (La Porta et al., 1999). As a result, family firms may have to closely monitor their employees and firm performance, incurring increased costs (Fama & Jensen, 1983). Similarly, researchers have shown that family-controlled businesses may suffer from nepotism – hiring or promoting incompetent relatives and developing inappropriate pay incentives for family members (Schulze et al., 2003; Schulze et al., 2001; Shleifer & Vishny, 1997).

For example, Schulze et al. (2003) studied 883 family-controlled businesses and found that altruistic parent-child relationships led founders to make decisions regarding their children's pay that were detrimental to the firm, and to the family as a whole. Gomez-Mejia et al. (2001) suggested that hiring family members causes managerial entrenchment (i.e., overly long tenure that is not beneficial to the firm) which increases agency costs. The authors found that firms survived longer when they began monitoring employees, or replaced the family CEO.

**2.3.3 The Pollyannas of family-controlled businesses.** Yet, there is contrasting evidence that shows family-controlled businesses often outperform non-family-controlled

businesses (e.g. Anderson & Reeb, 2003; Miller & Le Breton-Miller, 2005; Schulze et al., 2003; Shleifer & Vishny, 1997). Scholars favoring family-controlled businesses strongly believe that these firms possess characteristics that provide them with sustained competitive advantages not easily replicated by non-family-controlled businesses (e.g. Benedict, 1968; Heck et al., 1994; Miller & Le Breton-Miller, 2005). These characteristics focus on how family-controlled businesses function internally and how they are perceived externally. For example, research has shown that: family members are more efficient and can make faster decisions; customers prefer, and are reassured by, dealing with family-controlled businesses; family members are more resilient and stay with the company through long-term crises; family members trust one another, which results in increased security, openness, and better information; and, family-controlled businesses are based on integrity and have an uncommon commitment to their business, helping employees and customers to feel secure (Brokaw, 1992).

Recent empirical research comparing family-controlled and non-family-controlled businesses reveals that the former outperformed the latter in a variety of dimensions (e.g. Anderson & Reeb, 2003; Villalonga & Amit, 2006). Anderson and Reeb (2003) found that: family-controlled firms in the S&P 500 perform better than non-family-controlled firms; firms with a family CEO perform better than firms with an outside CEO; and investors place a premium on the value of family presence. Scholars have found that family-controlled firms have long-term strategies beyond a single generation (Aronoff & Ward, 1994); they invest in long-run return opportunities rather than quarterly returns (Dreux, 1990); and they emphasize company growth potential over short-term sales growth (Donckels & Frohlich, 1991). Research has also shown that family executives

have three to five times the tenure of executives in non-family-controlled businesses. Thus, they develop personal and long-standing connections with employees who are hired for lifelong careers (Miller & Le Breton-Miller, 2005) and they are more willing to focus on long-term investments (Hambrick & Fukutomi, 1991).

Scholars have argued and shown that family-controlled businesses are more involved with customer service, offer greater opportunities for women, respect tradition, take care of their employees, and are more sensitive to the regions where they reside (Astrachan, 1988; Longenecker, Moore, & Schoen, 1989; Lyman, 1991; Prokesch, 1986). Daily and Dollinger (1993) empirically showed that family-controlled businesses have more efficient and informal decision-making channels, less organizational structure, and fewer monitoring and control mechanisms than non-family-controlled businesses. Family-controlled businesses are also more loyal to their employees and offer more flexible work practices (Goffee & Scase, 1985); as a result they inspire employee loyalty (Ward, 1988). Family-controlled businesses initiate and implement more innovations than non-family-controlled businesses by supporting and empowering their employees (Gudmundson, Tower, & Hartman, 2003).

Overall, researchers whose results favor family-controlled businesses argue that they represent a community with a sense of belonging and collective pride. Their business dealings are often based on trust and embedded networks, rather than on contracts, because the governance of transactions extends beyond formal arrangements (Belardinelli, 2002; Steier, 2001). Close relationships develop amongst the business associates of family-controlled firms and these are a “source of sustained competitive advantage because they reduce relational risk” (Steier, 2001:355).

**2.3.4 *Perils or Pollyannas?*** When I compared the more critical studies with the favorable ones, I found two interesting consistent themes. First, many problems seem to appear when the family controls, but does not run the firm. This may be due to a divergence of interests between owners and managers (Berle and Means, (1932). Other researchers have also noticed this: when ownership and management are separated, the advantages of the family-controlled firm diminish. The literature is now recognizing the importance of distinguishing between family-controlled (and owned) and family-owned (but not controlled) firms (Anderson & Reeb, 2003; Hoopes & Miller, 2006). When the family manages a firm, there are differences in how the firm is governed, and in how strategic decisions are made and implemented.

Second, numerous studies show that many of the problems that family-controlled firms experience occur beyond the first generation. That is, the founder positively affects the value of the family firm, while the descendants destroy value (Fahlenbrach, 2004; Morck, Shleifer, & Vishny, 1988; Morck, Stangeland, & Yeung, 2000; Pérez-González, 2001; Villalonga & Amit, 2006). For example, Morck et al. (2000) found a negative relationship between heir-controlled firms and financial performance in Canadian firms. Pérez-González (2001) studied 152 CEO successions in US publicly-traded family firms and argued that second generations have neither the motivation nor the ability to run family firms. The author found that within two years of descendants taking over a family firm, return on assets (ROA) dropped by an average of 18% and market to book values and sales growth both decreased. Additionally, the market anticipated poorer performance: when a descendant was chosen as successor, stock prices fell by at least



1%; yet when an outsider was chosen, stock prices increased by about 2% (Pérez-González, 2001).

Other scholars have also found that firms run by the founder differ from those managed by a descendant; founder-CEO firms invest more, do more research and development, have higher firm values, and pursue more mergers and acquisitions (Fahlenbrach, 2004). Most recently, Villalonga and Amit (2006) examined data on all Fortune-500 firms during 1994–2000, and found that when descendants succeed a founder, the descendants destroyed the value of the family firm (as measured by Tobin's Q). These authors argue that it is the founders who bring valuable skills to the firm; the second generation's marginal contribution to Tobin's Q is negatively significant, relative to the first generation. Interestingly, there is no further decrease in Tobin's Q when the firm passes to subsequent generations (e.g., third and fourth generations) (Villalonga & Amit, 2006). These studies all provide empirical evidence of the problems of succession and the challenges of surviving beyond the first generation.

**2.3.5 Unique challenges of family-controlled businesses.** Overall, I found that research from a variety of academic disciplines has argued theoretically, and found empirically, that family-controlled businesses are distinct from other ownership structures. For example, the studies on heir-controlled firms (described above) highlight how difficult it is for family-controlled businesses to manage succession. In fact, succession is one of the leading conflicts that differentiates family-controlled businesses from non-family-controlled businesses (Chua, Chrisman, & Sharma, 2003). Succession is more complex in family-controlled businesses for several reasons: (i) the chosen family member may be unqualified; (ii) family members may undermine the authority of the

new successor; and (iii) current leaders may resist relinquishing their role (Beckhard & Dyer Jr., 1983). I found that succession was the dominant topic of the literature; over 19% of the articles I examined focused on this area. This is consistent with past findings. Succession remains an important topic because only 30% of family-owned businesses are successfully transferred to the second generation and only 30% of these are successfully transferred to the third generation (Alcorn, 1982; Dascher & Jens Jr., 1999). Yet, by the year 2011, \$6.8 trillion will change hands in family-owned businesses in the US alone (Mello Jr., 1993).

In my review process I determined that one of the greatest demarcations between family-controlled and non-family-controlled businesses is the presence of overwhelming emotional family conflicts (Levinson, 1971; McCann, Hammond, Keyt, Schrank, & Fujiuchi, 2004). Family-controlled businesses have relational complexities that other ownership structures do not possess; and these can ultimately cause the business to fail. These complexities include sibling rivalries, intersecting personal and business conflicts, and emotional satiated communications (LaChapelle, 1997). Family problems are often brought into the business environment where they undermine both business and family (Jaffe, 1990).

Research suggests that such conflicts primarily occur because family-controlled businesses exist at the intersection of two systems: the social relations of the family system and the organized task behavior of the business system (Lansberg, 1983). These systems are very different (Sharma et al., 1996), and when they interact the result is a much more complicated environment with respect to misunderstandings,

miscommunications, and social misalignments (Mitchell & O'Neil, 1998). These are also referred to as “social frictions” (Mitchell et al., 2003).

Yet, scholars also suggest that the interaction of the family and business systems creates unique conditions that may provide family-controlled businesses with wealth-creating performance advantages (Ensley & Pearson, 2005; Habbershon et al., 2003). The intersection of family and business generates a unique bundle of resources called “familiness” (Habbershon et al., 2003). These resources include human capital and social capital, amongst others. They yield more effective behavioral dynamics to contend with conflict, cohesion, and shared strategic decision making than exist in non-family-controlled businesses (Ensley & Pearson, 2005).

Mitchell, Morse, and Sharma (2003) proposed a social friction theory where social frictions can help or hinder transactions, based on the intersection of family and business systems. All firms, whether family-controlled businesses or not, begin with a transaction in which an individual enters into an exchange relationship with another individual (for a detailed explanation of transactions, see Mitchell, Morse, and Sharma, 2003). The authors identified ten cognitions (thinking patterns) that non-family employees need in order to create a successful transaction in family-controlled businesses. Conversely, only three sets of cognitions suffice for effective transactions in non-family-controlled businesses. Family-controlled businesses, and in particular, their non-family employees, are therefore faced with far more cognitive challenges. For example, Astrachan and Keyt (2003) suggested that non-family employees have to both understand the family businesses values and expectations, but also what the business expects from the family.

**2.3.6 The need for advice.** Family-controlled businesses must manage both the family system and the business system, resulting in a multitude of purposes and constituencies. The literature suggests that external directors and/or advisors can aid family-controlled firms to integrate these multiple interests, develop infrastructures to manage the interrelationships, achieve direction, implement execution strategies, and resolve internal conflicts (Barach, 1984; Jaffe & Lane, 2004). Just 14% of the family business articles I reviewed referred to advice, in terms of boards of directors, advisory boards, advisors, and trusted advisors. I review these in turn below.

Stewardship theory (Davis, Schoorman, & Donaldson, 1997) and the resource dependency perspective (Pfeffer & Salancik, 1978) both posit that one of the roles of the board of directors is to provide advice (Corbetta & Salvato, 2004). Boards have an advantage in providing advice as they do not carry a major share of the wealth effects of the decisions that are made (Fama & Jensen, 1983) and external board members, especially, can provide objective advice. Feltham, Feltham, and Barnett (2005) hypothesized that the presence of external board members might help explain how dependent a family firm is on its owner. Yet, their findings were not statistically significant.

Conversely, other research has found that family-controlled firms with advisory boards are less likely to centralize their decision-making in one person (Fahed-Sreih & Djoundourian, 2006). Advisory boards are primarily used to provide advice to executives in family businesses and to protect all stakeholder interests (Stavrou et al., 2005; Tillman, 1988). Their “advice” includes expert knowledge, experience, contacts, and credibility (Morkel & Posner, 2002). Scholars have argued that advisory boards are an important

resource for family-controlled businesses, and have found that firms with advisory boards make better strategic decisions, are more likely to engage in strategic planning and succession planning, and are more likely to be involved in decision-making after a succession (Blumentritt, 2006; Fahed-Sreih & Djoundourian, 2006; Mustakallio et al., 2002; Stavrou et al., 2005). Further, research shows that the more mature and successful a family-controlled business, the more likely it is to rely on an advisory board (Fahed-Sreih & Djoundourian, 2006).

Who are the advisors? Research tends to focus on three groups: non-family, professional, external individuals; organizations such as accountants, lawyers, and consultants; and member organizations, such as the Family Firm Institute. These advisors often play task-specific diagnostic roles, help shape decisions, provide clear-cut objective advice, and thereby improve the effectiveness of the business operations (Ganesh, 1987; Thomas, 2002).

LaChapelle and Barnes (1998) described a trusted advisor, or trust catalyst, as one who provides a bridge of trust between generations. In family-controlled businesses, the advisor who is trusted by all family members, is aware of family dynamics, and who understands the business, can play a crucial role in successfully integrating business and family. This role may be filled by a relative, friend, the board of directors, or a professional service person, and is often informal. Respected for their knowledge and trusted by both family members and business partners, the role of the trust catalyst is to listen, facilitate communications, provide support and objectivity, defuse conflict, relieve anxiety, and assist with succession (Kaye & Hamilton, 2004; LaChapelle, 1997; LaChapelle & Barnes, 1998)

LaChapelle and Barnes (1998) found that trust catalysts display four characteristics of trust: character (good person), competency (expertise, judgment, decision-making abilities), predictability (follow-through, kept promises, consistent behavior), and caring (support, genuine interest, empathy and understanding). Trust catalysts do not pursue their own self-interests and, as LaChapelle and Barnes (1998) argued, are likely to be just as important to the success of a family-controlled business as the family themselves.

**2.3.7 Summary.** Overall, researchers agree that family-controlled businesses are important to economies around the world. Family business scholars study how family-controlled businesses differ from non-family-controlled businesses and what factors make them unique; some scholars favor family-controlled businesses, others are more critical. Those that view family-controlled businesses positively focus on the resources that family-controlled businesses possess that provide them with a sustainable competitive advantage (e.g., relationships, trust). The naysayers rely on agency theory to argue that owners' interests differ from those of non-family stakeholders (e.g., nepotism, managerial entrenchment). It is important to understand what differentiates these studies from one another. That is, whether the family controls the firm and which generation is in charge. I also found that, while there is currently no theory of the family firm, family-controlled businesses are uniquely organized with family and business systems that provide both challenges and advantages.

The research on advisors to family-controlled businesses suggests that advisors play an important role, both in making decisions and providing resources. Yet, research appears to be both sporadic and limited. In general, I found that many researchers study

the end results, and neglect the questions of how and why actions and decisions are made, and the actual process of giving advice. This may be because it is difficult to obtain information as many family-controlled businesses are private.

Thus far, I have provided an overview of the context of this study: family-controlled businesses. In the subsequent sections I review the literature on advisors, advice-giving, and advice-taking, in order to understand the research that has been conducted within these areas outside of family-controlled businesses.

#### ***2.4 Sociology: Triad Relationships***

Research from the sociology literature seeks to answer the question: “how do natural triad relationships operate?” (Freilich, 1964). Triad relationships refer to natural triads found in numerous systems. They consist of a high-status authority (HSA), low-status subordinate (LSS), and high-status friend (HSF) (Freilich, 1964). These relationships function on various levels to solve a number of universal system problems. Experiments have shown that the HSF functions as a check on the power of HSA. Where tensions exist between the LSS and HSA, the LSS seeks out the HSF for support to act as a bridge, but only if the HSA encourages it.

The triad works on both the sociological and psychological level. On the sociological level, all social systems, including organizations, have goals. Achieving these goals requires directing and coordinating the various actors that belong to the social system (Freilich, 1964). The HSF does not draw resources/benefits away from these goals, and is not considered a threat. On the psychological level, the HSA creates tensions, while the HSF reduces tension. The HSA may not be harmful, but normal tension can escalate into abnormal tension; the HSF does not eliminate tension, but equalizes and

reduces it (Freilich, 1964). The HSF is also known as the “social-emotional specialist”, who is often well-liked (Freilich, 1964; Slater, 1955).

There are three types of individuals working in organizations: 1) those who stand out from others and individually achieve personal goals; 2) those who help the group achieve goals; and 3) those who establish and maintain cordial and socially satisfying relations with other group members (Freilich, 1964). When personal goals run counter to the organization’s goals, the HSF helps to balance the power. Triads and small groups tend to have two primary problems associated with: 1) achieving goals and adapting to external demands, and 2) integrating internally and expressing emotional tension. To solve the first, groups need a role like the HSA; to solve the latter, groups need the skills and capabilities of the HSF. Two key variables have been identified as important in these triad relationships: number of interactions and status. If the number of interactions between the actors changes, the relationship may change as well. The higher the status of the HSF the more likely s/he is able to reduce tensions (Freilich, 1964).

**2.4.1 Summary.** Triad relationships do not appear to have been studied outside of experimental settings, nor does the research itself seem to have been highly utilized. Yet, this early research on triad relationships provides some initial insights into the role of advisors, where the role of the HSF is represented by a trusted advisor. Interactions and status appear to be key variables that may affect both the role and success of the advisor. Advisors may also serve as a check on the owner’s power, reduce tensions, and act as a bridge. Freilich (1964) and Slater (1955) suggested that HSFs are “social-emotional specialists”; this would be particularly relevant in family-controlled businesses that are often characterized as being emotionally heavy. For example, one of the roles of advisors



may be to help to balance interactions between the family and business systems. In a balanced system, if A has positive ties with B, and B has positive ties with C, then there is a tendency for A to have positive ties with C. Therefore, B (the advisor) provides the bridge or link.

## ***2.5 Psychology***

The area of psychology has researched the role of advice-giving and taking in decision-making for over two decades, beginning with Brehmer and Hagafors (1986). There is no general theory on giving and taking advice, but there are many research questions that Bonaccio and Dalal (2006) discuss in their review of the relevant literature. Research has been conducted on multiple levels – individual, group, and environmental; it includes studies of inputs (e.g., players, task types, confidence), outputs (e.g., using advice), as well as the process of giving and taking advice. This research has mainly been conducted via experiments which have tested for the absence of pre-advice, the number of advisors, solicited versus u-solicited advice, type of decision task, and the number of interactions with the advisor(s).

The Judge Advisor System (JAS) is the most widely used lens in research on giving and taking advice (Sniezek, 1999; Sniezek & Buckley, 1995; Sniezek et al., 2004; Sniezek & VanSwol, 2001). Topics studied using the JAS include the advisor or decision-maker's pre- or post-advice confidence (Klayman, Soll, Gonzalez-Vallejo, & Barlas, 1999; Price & Stone, 2004; Sniezek & Buckley, 1995; Sniezek & VanSwol, 2001); using and discounting advice (Harvey & Fischer, 1997; Yaniv, 2004; Yaniv & Kleinberger, 2000); decision accuracy (Hollenbeck, Ilgen, LePine, Colquitt, & Hedlund,

1998; Sniezek et al., 2004; Yaniv, 2004); and differences between advisors and decision-makers (Jonas & Frey, 2003).

The JAS consists of the decision-maker (the judge) and one or more advisors. JAS researchers study the roles of the decision-makers and the advisors in the decision-making process (e.g. Sniezek et al., 2004). The decision-maker seeks/receives input from one or more people acting as advisors who formulate judgments or recommend alternatives, but the judge makes the final decision and is accountable for it (Sniezek, 1999; Sniezek & Buckley, 1995). The JAS assumes that decision-making is social in nature, especially where the decisions are important and involve uncertainty (Sniezek, 1999; Sniezek & Buckley, 1995). Decision-makers consult with others to increase the quality of their decision (Sniezek & VanSwol, 2001).

There are several variables that affect whether advice is taken (using and discounting advice), including: whether the issue is one of conflict; confidence in the advisor; the judge's confidence in him/herself; overconfidence; the length of the relationship with the advisor; trust in the advisor; the type of communication, its frequency, interaction mode, and formality; and the experience, self-esteem, age, status, and gender of the judge (Sniezek, 1999; Sniezek & Buckley, 1995; Sniezek & VanSwol, 2001). Findings have shown that individuals are reluctant to reject advice provided to them, that they use the advice to improve their judgments, and that receiving advice allows them to share responsibility on high-risk decisions (Harvey & Fischer, 1997). Yet, decision-makers are also more likely to place more weight on their own opinion than that of the advisor(s), especially when they are highly knowledgeable (Yaniv, 2004).

Experiments in the advisor confidence literature have found that decision-makers prefer overconfident advisors, and that their recommendations are followed more often than advice from less confident advisors (Klayman et al., 1999; Price & Stone, 2004; Sniezek & Buckley, 1995; Sniezek & VanSwol, 2001). However, findings are mixed as to whether confidence is a valid indicator of the quality of the advice (Phillips, 1999; Sniezek & VanSwol, 2001). Decision-makers themselves are more confident when they have more information, multiple advisors, and when their advisors agree and are more accurate (Budescu, Rantilla, Yu, & Karelitz, 2003). When decision-makers do not have access to information themselves, but have to rely on their advisors' recommendations, they make overconfident choices (Sniezek & Buckley, 1995).

Research on decision accuracy has shown that decision quality and accuracy increases with integrating advice because relying on advice decreases complexity (Yaniv, 2004; Yaniv & Kleinberger, 2000). Yet, this research has also found that advice is often not followed as much as it perhaps should be. Antecedents of accuracy include the amount of information available to the advisor, the accuracy of the advisor's recommendations, and the weight given to the recommendation (Hollenbeck et al., 1998).

Fewer studies focus on the advisor themselves (Bonaccio & Dalal, 2006). Those that do have found that advisors conduct more balanced information searches than decision-makers, they are more concerned about the accuracy of their recommendation, and they pass on more information supporting their recommendation than information conflicting with it (Jonas & Frey, 2003). In addition, advisors that exhibited more extreme and confident behavior were more knowledgeable and provided better advice (Harvey, Harries, & Fischer, 2000; Price & Stone, 2004).

**2.5.1 Summary.** Research on giving and taking advice confirms that advice is important to decision-makers, especially when decisions are significant and uncertain; it strengthens the assumption that decision-making is social in nature; and it provides insights as to why decision-makers adopt or discount advice. The JAS, in particular, describes many key aspects of decision processes in hierarchical groups and organizations, and may help to explain and understand how advisors function in family-controlled businesses. Research questions that have been studied (amongst others) include: “why do people take advice?” (Harvey & Fischer, 1997), “how do people use advice?” (Harvey & Harries, 1999), “how does advice influence judgment and what consequences does advice have for judgment accuracy?” (Yaniv, 2004), “what kind of information do advisors search for when confronted with a client's decision problem and what information do they present to their clients?” (Jonas & Frey, 2003), “what are the sources of advice?” (Harvey et al., 2000), “how does one assess the quality of advice?” (Harvey et al., 2000), “how do decision-makers weight advice?” (Yaniv & Kleinberger, 2000), “what is the impact of advice vis-à-vis the judge's own initial choice?” (Snizek & Buckley, 1995), and “what is the relationship between trust, confidence, and expertise in judge-advisor pairs?” (Snizek & VanSwol, 2001).

Research in this area has concentrated on developing theoretical arguments and testing them in experiments, usually with university students, rather than collecting quantitative and qualitative data in the field. This research tends to focus on the decision-maker, rather than the advisor. Experiments have made significant contributions to the literature on giving and taking advice, and have provided insights into operationalizing variables; however, to date there has been little contribution to management practice and

general management research. As a result, there are a plethora of opportunities for exploring whether the experimental findings are context-specific or generalizable. Experiments studying the judge–advisor relationship are also typically completed in isolation; that is, they do not take into account the roles that others may play in the decision process. In a family-controlled business, decisions can also be affected by individual family members, non-family employees, and the board of directors or board of advisors.

## **2.6 General Management**

In my literature review, I found several streams of general management research that are relevant to advisors. These were: Leader-Member Exchange (e.g. Graen & Uhl-Bien, 1995); CEO-Advisor model (Arendt et al., 2005); information acquisition, scanning, and decision-making (Eisenhardt, 1989b; Saxton, 1995; Sutcliffe & Weber, 2006); network theory (e.g. Frazier & Niehm, 2004); sensemaking (e.g. Thomas, Clark, & Gioia, 1993); sensegiving (e.g. Maitlis & Lawrence, 2007); attention (e.g. Ocasio, 1997); issue-selling (e.g. Dutton & Ashford, 1993); mindfulness (e.g. Langer, 1989; Weick & Sutcliffe, 2006); and prior experience (e.g. Hambrick & Mason, 1984; McDonald, Khanna, & Westphal, 2008). I review the findings in turn below.

**2.6.1 Leader-Member Exchange (LMX).** Leader-Member Exchange (LMX) focuses on the relationship between CEOs and their direct reports who act in an advisory capacity (see Graen & Uhl-Bien, 1995 for a review of the literature). In LMX, the employees are not directly employed as advisors, but in other capacities in the firm. The advisor relationships develop because leaders have resource constraints that require them

to enlist trusted assistants to help run the firm. LMX relationships begin with formal interactions and contractual exchanges, move to increasingly social exchanges that are non-contractual, and eventually progress to a mature partnership stage. In this latter stage, LMX relationships are characterized by in-kind reciprocation, loyalty, and support. They tend to be emotional exchanges involving respect, trust, obligation, and influence. In the mature LMX relationship, individual self-interest is replaced by a concern for mutual interests and common goals (Graen & Uhl-Bien, 1995)

According to LMX scholars, effective leadership exists when leaders and their direct reports develop mature relationships (Graen & Uhl-Bien, 1995). High-quality exchanges, characterized by mutual trust, respect, and obligation, are critical in developing such relationships (Graen & Uhl-Bien, 1995). LMX scholars have studied how these relationships affect firm performance. Findings indicate these relationships develop through the characteristics and behaviors of leaders and followers, and that high-quality relationships have positive outcomes for leaders, followers, and the firm (Graen & Uhl-Bien, 1995).

**2.6.1.1 Summary.** Leader-member exchange relationships differ from those between CEOs/owners and advisors as they relate to employees who are direct reports. Nevertheless, LMX relationships provide several insights into the role of advisors. For instance, the LMX relationship offers clues to how advisory relationships might evolve; it demonstrates the importance of leader and advisor characteristics, such as mutual trust, respect, and obligation; and LMX suggests that advisory relationships may affect firm performance.

**2.6.2 CEO-Advisor Model.** The CEO-Advisor model was developed by Arendt, Priem, and Ndofor (2005). It is rooted in the JAS psychology literature, yet more closely tied to general management research. In this model, individuals (e.g., CEO) or groups (e.g., top management team) make strategic decisions that affect firm performance in concert with other individuals from inside or outside the firm. The CEO-Advisor model is similar to the JAS in that CEOs solicit information from their advisor(s), yet retain the authority and accountability for final decisions. The CEO-Advisor model rests on four assertions:

1. CEOs are ultimately responsible for strategic decision-making and are accountable for the outcomes;
2. strategic decision-making is characterized by ambiguity and complexity;
3. there is a high potential for information overload and for decision-makers to rely too much on existing mental maps; and
4. top managers rely on advice from social networks of friends, suppliers, customers, financial institutions, alliance partners, and trade associations (Arendt et al., 2005:686).

Arendt et al. (2005) argued that transformational leaders—those with dynamic organization visions and strong cultural values—are more likely to have an informal advisory system. This is because of contextual factors such as simple structures, a clan mode of governance, and the need for real-time information. It is also because transformational CEOs tend to be charismatic, inspirational, intellectually stimulating, and alert to new opportunities. Arendt et al. (2005) suggested that a CEO's tenure may also influence their use of advisory systems; the longer the tenure, the more the CEO

relies on advisors, because they have had time to form opinions about trust, loyalty, credibility, and expertise. Indeed, the presence of considerable trust and collaboration is most important to the relationship between the CEO and the advisor. CEOs also seek information from others whose knowledge most closely reflects the sources of core competence for their firm (Arendt et al., 2005).

**2.6.2.1 Summary.** The CEO-Advisor model explains how decisions are made by CEOs using advisors. The model has been developed theoretically, but not tested empirically. Nevertheless, it does provide insights into the contexts in which CEOs rely more on informal advisory systems. For example, CEOs will rely on informal advisory systems as environmental dynamism increases. The model also suggests that transformational leaders who have long tenure are more likely to rely on informal advisory systems, and that trust and collaboration are critical in the relationship.

**2.6.3 Information Acquisition, Scanning, and Decision-Making in Firms.** Scholars have argued theoretically (Eisenhardt & Martin, 2000) and found empirically (Sutcliffe & Weber, 2006) that firm performance is linked to how executives obtain information and learn about a firm's environment. Sutcliffe and Weber (2006) suggested that routines for gathering and processing strategic information can be a dynamic capability if they are associated with improved decision-making and subsequent actions. Such capabilities are difficult to imitate because they involve tacit understanding and skills that cannot be observed by outsiders (Sutcliffe & Weber, 2006:3).

The scanning perspective is often used to study how CEOs acquire information. This perspective suggests that executives obtain a competitive advantage by monitoring



their external environment and using the information gathered to make strategic decisions (Bourgeois, 1985; Boyd, 1990). Scanning researchers focus on how information is acquired (personal vs. impersonal sources), the time and effort spent acquiring the information, and the breadth and type of information (Daft, Sormunen, & Parks, 1988; Sutcliffe & Weber, 2006). For example, scholars have found that CEOs place more (or less) importance on information obtained from internal or external sources, depending on the volatility of the firm's environment (Garg, Walters, & Priem, 2003).

Personal sources, such as direct communication, are important resources of information for executives (Keegan, 1974). For example, Daft, Sormunen, and Parks (1988) found that when uncertainty was high, executives used more personal information sources; they are richer than impersonal sources, such as formal reports (Sutcliffe & Weber, 2006), and they help executives understand tacit issues (Daft & Lengel, 1984; McDonald & Westphal, 2003).

There are also numerous factors that influence how CEOs search for information, including motivational and personal characteristics (Daft et al., 1988), and the volatility of the environment (Garg et al., 2003). Firms have been characterized as having two environmental layers: an internal task environment that influences day-to-day operations, and an external general environment that indirectly influences the firm (Bourgeois, 1980). Strategic uncertainty in these environments leads executives to search for information, either themselves or through others (Daft et al., 1988).

It has also been suggested that the accuracy of advice and information is important in strategic decision-making (Pfeffer & Salancik, 1978; Sutcliffe & Weber, 2006), as is the interpretation of that information (Daft & Weick, 1984; Kiesler & Sproull,

1982). Daft and Lengel (1984) argued that face-to-face communication promotes both a shared language and shared interpretation. Further, Sutcliffe and Weber (2006) found that firms performed better when executives interpreted advice more positively. These scholars also showed that firms in stable environments perform better when executives rely on personal sources of information (face-to-face communication), while firms in dynamic environments benefit more from both personal and impersonal sources.

Researchers who have studied how executives make decisions have argued theoretically, and shown empirically, that executives do not make strategic decisions in isolation, but in concert with others (Hambrick & Mason, 1984; Nutt, 2004; Roberto, 2003). Research suggests that advisors and third parties are important in this decision-making process (Eisenhardt, 1989b; Saxton, 1995). For example, Eisenhardt (1989b) found that CEOs make faster decisions when they obtain advice from one or two advisors; CEOs who make slow decisions have either an inexperienced advisor or no advisor at all. Having an advisor tends to build the decision-maker's confidence to make quick decisions, especially in areas of great uncertainty (Eisenhardt, 1990).

CEOs usually rely on one or two individuals who advise on issues that reach well beyond a single functional area of the firm. Eisenhardt (1989b) found that these advisors were frequently older, at a plateau in their career, and well-known to the CEO, often as a former colleague. As a result, the position of advisor is one of personal interest. CEOs turn to these advisors because they provide a sounding board; they are trustworthy, so the CEO can be open; and they can relate decisions to past experiences, thereby inspiring confidence and reducing ambiguity (Eisenhardt, 1989b).

Saxton (1995:48) argued that third parties moderate the strategic decision-making process. Third parties are defined “as any individuals or organizations formally contracted by the principal (a company) as an agent to provide information or input for strategic decisions. Excluded are informal contacts such as family, friends and other acquaintances who are not employed in a consulting capacity, and members of the board of directors, who are considered to lie within the company boundaries”. Third parties may reduce the boundedness of rationality and aid the strategic decision-making process by suggesting alternative interpretations, questioning assumptions, challenging existing processes, and introducing conflict without some of the costs that other employees may incur. Third parties may also play a moderating role in the decision-making process; which may explain why the empirical findings linking TMT characteristics with performance have been inconsistent (Saxton, 1995). The third party may be an expert, a provocateur, or a legitimizer. The expert brings knowledge of a specific content area; the provocateur provides input into the strategic decision-making process; while the legitimizer is a combination of the two roles (Janis & Mann, 1977; Saxton, 1995).

**2.6.3.1 Summary.** Researchers in this area seek to understand how executives obtain information (Culnan, 1985; Daft et al., 1988; Sutcliffe & Weber, 2006). The underlying common thread in these studies is that direct, personal sources are important when CEOs seek advice. The research is clear that advisors are important in the decision-making process. Scholars have explored questions such as ‘how are fast strategic decisions made?’, ‘how does decision speed link to performance?’ (Eisenhardt, 1989b), ‘how do executives make decisions?’ (Roberto, 2003), ‘what is the impact of third parties in the strategic decision-making process?’ (Saxton, 1995), ‘what are the roles of third

parties in strategic decisions?’ (Janis & Mann, 1977), ‘how can leaders improve strategic decision-making?’ (Nutt, 2004), and ‘how do decision-makers make quick decisions?’ (Eisenhardt, 1990). Yet, research has tended to neglect the role of the advisor, especially the role of the trusted advisor, and the process of giving advice itself.

**2.6.4 Network Theory.** Network theory tells us who CEOs turn to for advice. Social network theory assumes that links between individuals are a means by which advice is exchanged; also known as advice networks (Burt, 1992). Frazier and Niehm (2004) used semi-structured interviews to identify five types of informal social networks: advisor, merchant, grapevine, inspiration, and expert. Advisors consist of kin and friendship ties and provide “encouragement, advice, support, validation and feedback about business concerns, financial matters and new ventures” (Frazier & Niehm, 2004:29). Grapevines are long-standing employees, customers, and the community; merchants are local business owners with shared goals; inspiration networks are business acquaintances based on mutual respect; and expert networks are business-to-business connections. Advisors, grapevines, and merchants consist of strong ties, however, inspiration and expert networks are typically made up of members with weak ties. The flow of information in such networks is based primarily on the quality of the relationships. Cross et al. (2001:102) found that effective relationships consist of: “1) knowing what another person knows and thus when to turn to them; 2) being able to gain timely access to that person; 3) willingness of the person sought out to engage in problem solving rather than dump information; and 4) a degree of safety in the relationship that promoted learning and creativity”.

Scholars have found that CEOs choose advisors with whom they have informal interpersonal relationships or ties (Arendt et al., 2005). These ties arise in the CEO's social network: individuals both inside and outside the firm provide information and advice, and influence the CEO's strategic decision-making (Arendt et al., 2005; Collins & Clark, 2003). Informal relational ties lead to identity-sharing, collaboration, and knowledge-sharing (Hansen, 1999). Much of the knowledge-sharing literature has focused on relational ties. Interpersonal knowledge transfer is a key building block of organizational learning (Argote 1999). Scholars suggest that individuals are more likely to source knowledge and information from personal sources than impersonal documents or databases (Allen, 1977; Burt, 1992; Mintzberg, 1973).

Social networks influence corporate policy when CEOs assign greater weight to the information and advice they get from personal sources, such as other CEO colleagues, than from impersonal sources. (McDonald & Westphal, 2003). Yet, researchers have questioned whether informal CEO ties benefit firm performance. For example, McDonald and Westphal (2003) found that CEOs who rely on information from like-minded personal sources do not rectify poorly performing strategies, and this ultimately undermines firm performance. This is because humans tend to have an advice-seeking bias—when our beliefs are challenged, we turn to the sources that will re-affirm them (Swann, 1996).

Social network theory suggests that ties to similar individuals facilitate social support, whereas ties to dissimilar individuals facilitate novel information and perspectives (Ibarra, 1992). Strong ties promote trust that can facilitate the exchange of tacit or complex information (Hansen, 1999), cooperation (Coleman, 1988), and limit

social uncertainty (Arendt et al., 2005). Social uncertainty refers to the inability to predict another's behavior or motivation (Snizek & VanSwol, 2001). Further, research analyzing networks of weak and strong ties has argued theoretically (Granovetter, 1982), and found empirically (Smeltzer et al., 1991), that ties are important to firm growth. Peers with strong ties support one another through similar ideas, viewpoints, and information; while peers with weak ties provide more diverse information (Aldrich, Rosen, & Woodward, 1987; Granovetter, 1982; Rush, Graham, & Long, 1987; Smeltzer et al., 1991).

Tie strength is epitomized by the closeness, frequency of interactions, and reciprocity in a dyadic relationship (Granovetter, 1973). Strong ties encourage exploratory knowledge and learning (Uzzi & Lancaster, 2003), and lead to greater knowledge exchange (Levin & Cross 2004), especially of tacit (Hansen, 1999) and private knowledge (Uzzi & Lancaster, 2003). Tacit knowledge that is more readily found in strong ties than in weak ties is subjective, not easily articulated (Nonaka, 1994), and comprised of insights and values acquired through experience with the specific context (Polanyi, 1966) and in-depth relationships (Simonin, 1999). Strong ties also improve knowledge transfer, competence-based trust, and benevolence-based trust; all important for learning (Levin, 2004). Further, individuals with strong ties are more disposed to ensure that the knowledge is understood and can be put into practice (Krackhardt, 1992), have similar ways of thinking and communicating (Walker, 1985), share common goals (Tsai & Ghoshal, 1990), are more willing to help, and are readily accessible (Krackhardt, 1992).

Weak ties are characterized by a distant relationship and infrequent interactions; these ties are more likely to provide novel information than strong ties (Granovetter, 1973). The literature on tie strength provides considerable evidence that weak ties help diffuse innovations and ideas (Rogers, 1995), public information (Uzzi & Lancaster, 2003), and explicit knowledge (Hansen, 1999); and that weak ties provide non-redundant information (Burt, 1992).

Tie strength has been operationalized as an emotional dimension, based on the intensity of the relationship (Marsden & Campbell, 1984); and a work-related dimension, based on closeness in the organizational context (Hansen, 1999). Levin and Cross (2004) found that the relationship between strong ties and knowledge-sharing is mediated by trust, where trust is defined as “the willingness of a party to be vulnerable” (Mayer et al. 1995:712). Studies that have controlled for perceived trust have found that weak ties contribute more positively to the receipt of useful knowledge than strong ties (Levin, 2004). In turn, Szulanski et al. (2004) showed that trust can be both functional and dysfunctional in knowledge transfer, depending on the degree of causal ambiguity.

**2.6.4.1 Summary.** Network theory informs us of the importance of personal networking connections that provide access to resources such as advice, information, and ideas. Scholars have explored questions such as ‘who do people contact in forming their advice network?’ (Nebus, 2006), ‘what is the role of friendship and advice networks in the context of changing professional values?’ (Gibbons, 2004), ‘what consequences do informal ties to the CEO have for firm performance?’ (McDonald & Westphal, 2003), ‘what type of support do network ties facilitate?’ (Ibarra, 1992), and ‘what is the impact

of network ties in organizations?’ (Aldrich et al., 1987; Hansen, 1999; Rush et al., 1987; Smeltzer et al., 1991).

Overall, personal networking connections are more valuable than structured information. Informal networks are established when two or more members associate through social ties, kinship ties, or geographic proximity (O'Donnell, Gilmore, Cummins, & Carson, 2001). These networks provide access to information, ideas, and resources, and foster learning that helps firms implement business strategies and create social capital (Frazier & Niehm, 2004). Informal networks provide advantages and opportunities for the individuals and firms within them (see Burt, 1992), but they can also create advice biases (McDonald & Westphal, 2003; Swann, 1996).

### ***2.6.5 Sensemaking and Sensegiving***

There are many definitions of sensemaking. For example, Thomas, Clark, and Gioia (1993:240) defined sensemaking as “the reciprocal interaction of information seeking, meaning ascription, and action”, while Sackman (1991:33) refers to sensemaking as mechanisms that “include the standard and rules for perceiving, interpreting, believing, and acting that are typically used in a given cultural setting”. Perhaps the most straightforward definition is Weick’s (1995:16) notion of sensemaking as that which makes something sensible.

Sensemaking has seven properties that distinguish it from other processes such as understanding and interpreting. Sensemaking is: 1) grounded in identity construction; 2) retrospective in nature; 3) enactive of sensible environments; 4) a social process; 5) ongoing; 6) focused on and by extracted cues; and 7) driven by plausibility, rather than accuracy (Weick, 1995:17). Maitlis (2005) identified four types of sensemaking: guided,



fragmented, restricted, and minimal. These forms of sensemaking can manifest differently in different types of organizations.

The cycles of sensemaking are often defined by cognition (understanding) and action (influencing or signaling) (Gioia & Chittipeddi, 1991). Cognition influences action, so action may influence later cognition, and at some time both converge (Weick, 1979). For example, the leader makes sense of the situation; he/she gives sense (influences) to stakeholders, who in turn make sense of what the leader is conveying; the stakeholders then 'give sense' or communicate their understanding and preferences back to the leader.

Sensemaking is therefore closely related to sensegiving. Sensegiving is "the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality" (Gioia & Chittipeddi, 1991:442). Both sensemaking and sensegiving deal with understanding and influencing. Sensegiving shapes organizational sensemaking (Maitlis, 2005), and sensemaking both precedes and follows sensegiving (Gioia & Chittipeddi, 1991:443).

Sensegiving is a key leadership activity in organizational sensemaking (Maitlis, 2005). Research has focused on the way that leaders use sensegiving to convey their visions, the values underlying those visions, and their desired changes, for the purpose of influencing others (e.g., stakeholders) to adopt these visions as their own (Gioia & Chittipeddi, 1991). The interpretations of the leader can also be influenced by the sensegiving of others (Maitlis, 2005).

Maitlis (2005) distinguished 'high sensegiving' that influences the sensemaking of others from 'low sensegiving' that describes and explains the environment. Activities that may indicate a sensegiving mode include disclosing intentions and frequent meetings

and presentations (Gioia & Chittipeddi, 1991). Highly-controlled sensegiving is often organized and systematic; occurring through meetings, committees, and planned events (Maitlis, 2005). Controlled sensegiving may also occur in private meetings where leaders draw on their personal networks (Maitlis, 2005). Conversely, low sensegiving is often not controlled, it is more ad hoc, and often includes many actors at the same time (Maitlis, 2005).

The antecedents of sensemaking/sensegiving differ on issue and type of organization. Maitlis and Lawrence (2007) identified conditions that both trigger and enable sensegiving in order to explore why stakeholders and leaders do not always engage in sensemaking – even when the issues are important to them. The authors noted that a “perception or anticipation of a gap in organizational sensemaking processes triggers sensemaking” (e.g., uncertainty on an issue, complex stakeholder interests), while discursive ability (e.g., expertise on an issue) and process facilitators (e.g., opportunities, routines) enable sensegiving (Maitlis & Lawrence, 2007:57).

Stakeholders engage in sensegiving when an issue is important to them personally or to a group they represent, or when they perceive that their leaders are not competent on an issue. Stakeholders are better able to engage in sensemaking when they have expertise on the issues and when processes are in place to allow them to engage in sensegiving (Maitlis & Lawrence, 2007). Leaders engage in sensegiving when something is uncertain and/or involves many stakeholders; they are better able to engage in sensemaking when they have expertise on issues and areas where the firm is already doing well (Maitlis & Lawrence, 2007).

### ***2.6.5.1 Summary***

Sensemaking scholars have primarily focused on cognition (Griffith, 1999; Thomas et al., 1993) and social processes in organizational disasters and crises (Brown, 2000; Weick, 1993). The latter has largely concentrated on situations where there is pressure to make sense quickly, where contexts have ‘tightly coupled social systems’, and where collective action is tightly coordinated (Maitlis, 2005:23). Weick (1993) argued that social roles and relationships are necessary for sensemaking to take place; yet, research has tended to focus on only one of the roles in the sensemaking/sensegiving process. Exceptions include Maitlis (2005), who investigated the sensemaking interactions between actors in large groups in organizations.

Sensegiving researchers have studied leader sensemaking/sensegiving tactics, such as meetings (Gioia & Chittipeddi, 1991), constructing opportunity (Bartunek, Krim, Necochea, & Humphries, 1999), labeling (Corley & Gioia, 2004), and storytelling (Dunford & Jones, 2000; Snell, 2002). Scholars have also explored the importance of stakeholders as sensegivers, including middle managers (Balogun, 2003; Heller, 1998) and boards of directors (McNulty & Pettigrew, 1999). Researchers have explored who is engaged in sensegiving, but they have not, to the best of my knowledge, recognized the role of advisors. Yet, advisors may be critical sensegivers. Sensemaking allows individuals to “read into things the meanings they wish to see” (Frost & Morgan, 1983:207); sensegivers may help individuals see the meanings they would not or could not recognize without the aid of an advisor.

### ***2.6.6 Attention and Issue-Selling***

Herbert Simon (1947:100-101) introduced the idea that organizations influence attention by channeling the attention of decision-makers: “organizations and institutions provide the general stimuli and attention-directors that channelize the behaviors of the members of the group, and that provide the members with the intermediate objectives that stimulate action”. The attention of the decision-maker is based upon both the bounded capacity of the individual’s attention and the structural influence of their organization (Simon, 1947).

Ocasio (1997:188) built on Simon’s work by developing a conceptual model of situated attention on “the effect of the social structure on the channeling and distribution of decision-makers’ attention”. In his seminal paper he linked the information processing of individuals to the structure of the firm through channels of procedures, communications, and attention structures (Ocasio, 1997). As per Ocasio (1997:189), attention is defined as “the noticing, encoding, interpreting, and focusing of time and effort by organizational decision-makers on both (a) *issues*; the available repertoire of categories for making sense of the environment: problems, opportunities, and threats; and (b) *answers*; the available repertoire of action alternatives: proposals, routines, projects, programs, and procedures”. There are four regulators that structure the attention of decision-makers and help to distribute issues and answers: rules of the game, players, structural positions, and resources (Ocasio, 1997:195-196). Players hold structural positions and are either limited or enabled in their capacity to affect attention by the rules of the game; they use the firm’s resources in the process of attempting to influence attention (Ocasio, 1997:196).

In turn, Weick and Sutcliffe (2006) concentrate on the quality of attention, rather than its scarcity. The latter is the more common argument. It contends that attention is scarce because individuals have bounded capacity with limited resources to focus their attention, so they must pick and choose what to attend to. Instead, Weick and Sutcliffe (2006) propose that individuals act more mindfully by being astute and discerning the small details that may signal anomalies within an organization. For Weick and Sutcliffe (2006), attention is about inquiring, thinking critically, questioning assumptions, and generally acting more mindfully; it is the quality of attention that matters, not the quantity.

I also include here the literature on issue-selling as this body of research draws heavily on Ocasio's (1997) attention-based view. Issue-selling refers to directing another's attention to issues and/or influencing how they understand those issues (Dutton & Ashford, 1993:398). Issue-selling has been explored predominately at the level of middle managers attempting to direct the attention of top management (e.g. Dutton & Ashford, 1993; Dutton et al., 1997). Issues may be sold "by providing or concealing important information about issues, by framing the issues in particular ways, and by mobilizing resources and routines that direct top managers' attention to some issues and not others" (Dutton & Ashford, 1993:398). Early studies explored issue-selling conceptually (Dutton & Ashford, 1993), but recent studies have been more empirical. They have investigated several factors related to issue-selling, including the knowledge required; packaging, involvement, and timing (Dutton et al., 2001); favorable and unfavorable contexts; and factors that contribute to the image risk of the seller, such as violating norms and the relationship with the decision-maker (Dutton et al., 1997).

#### ***2.6.6.1 Summary***

Simon (1947) argued that organizations and their structures channel the attention of decision-makers, but I remind readers that organizations are made up of individuals. Simon (1947) proposed that organizations are made up of an intricate network of attentional processes; yet, some of the individuals that make up this network have more influence on these attentional processes than others. The question is, how do they direct attention? And, how are some more able to influence that attention than others? Ocasio (1997) recognized that individuals (or players) and the structural positions they hold are important in directing the attention of decision-makers, but he did not test his model empirically.

#### ***2.6.7 Mindfulness***

Mindfulness refers to active awareness that includes openness to new information, continually creating and redefining categories, and viewing contexts through multiple lenses (Langer, 1989). It is an ability to see things with fresh eyes, clear vision, vividness, or even enlightenment. In turn, mindlessness refers to reduced attention where existing categories and distinctions are relied upon and used in a routine manner. These categories are used ‘blindly’ or automatically; less mindful individuals are unwilling to recombine existing categories and view them from other perspectives (Langer, 1989).

The antecedents of mindfulness in organizations include the “reluctance to simplify interpretations, sensitivity to operations, commitment to resilience, underspecification of structure and preoccupation with failure” (Levinthal & Rerup, 2006:503). Mindfulness “stresses the importance of novelty to respond to changing, and possibly unique, circumstances” (Levinthal & Rerup, 2006:540). It “requires two basic

elements: attentiveness to one's context and the capacity to respond to unanticipated cues or signals from one's context" (Levinthal & Rerup, 2006:540). Individuals who are mindful anticipate weak signals (Weick & Sutcliffe, 2001) and they attend to subtle cues (Levinthal & Rerup, 2006), resulting in more critical thinking. Attentions can be rechanneled by recombining routines and integrating existing knowledge in novel situations (Narduzzo & Warglien, 2000). There is also a performative element to mindfulness. It is an act of processing information (Fiol & O'Connor, 2003; Weick & Sutcliffe, 2006). Mindfulness "broadens environmental scanning, generates interpretations that are more context relevant, and produces decision behavior that is more discriminating" (Weick & Sutcliffe, 2006:516).

Mindfulness is also based, in part, on information asymmetries and historically dependant experience (Rerup, 2005). "Mindfulness in action is local and situated and involves spontaneous recombination of wisdom accumulated from prior experimental learning" (Levinthal & Rerup, 2006:505). Past experience can be both functional and dysfunctional because it may be used mindfully and mindlessly; by either adapting or not adapting past experience to the present situation (Rerup, 2005). For example, actors who focus on past categories and a single perspective often behave automatically and less mindfully (Weick, Sutcliffe, & Obstfeld, 1999).

Therefore, both mindful and less mindful behavior can be both positive and negative (Levinthal & Rerup, 2006). Routines and actions can limit and boost the organization at the same time (Levinthal & Rerup, 2006). Less mindful elements of routines and processes "underlie the capacity for mindful organizational behavior: the presence of a large set of well-rehearsed routines to provide the fodder for improvisation

and novel action, and the role of less mindful organizational processes to sustain attentiveness to signals across time and the span of large organizational entities” (Levinthal & Rerup, 2006:504). Routines are interrupted through noticing subtle cues (Langer, 2005).

Weick et al. (1999) introduced five antecedents of mindfulness:

1. preoccupation with failure
2. reluctance to simplify interpretations
3. sensitivity to operations
4. commitment to resilience
5. under-specification of structure

Each of these antecedents has both positive and negative influences on mindfulness (Rerup, 2005). For example, Rerup (2005:462) suggested that focusing too much on multiple perspectives may “generate too much discussion and too little action”. Consequently, there is an important balance to be maintained within the sub-processes described above, and a delicate choice of the right time to be more or less mindful. Effort spent to see things more clearly may be at the expense of seeing things fully or vice-versa (Weick & Sutcliffe, 2006). Mindfulness can be costly.

#### ***2.6.7.1 Summary***

Mindfulness is rooted in social psychology (Langer, 1989), but studying mindfulness in organizations is a relatively new field. Organizational researchers have largely focused on the concept of collective mindfulness in high-reliability organizations such as nuclear power plants, aircraft carriers, and fire departments (Bigley & Roberts, 2001; Weick & Sutcliffe, 2001; Weick et al., 1999). More recently, scholars have



explored the concept of mindfulness in organizational learning (Levinthal & Rerup, 2006) and entrepreneurship (Rerup, 2005). Mindfulness has not, to the best of my knowledge, been studied from the viewpoint of giving advice. Yet, we know that more mindfulness leads to more diverse and novel information, and multiple perspectives; thus, mindfulness may be salient in providing advice and reducing advice-giving bias.

### ***2.6.8 Prior Experience***

Much of the management research on prior experience has been centered on functional diversity in top management teams (Cannella Jr., Park, & Lee, 2008; Hambrick & Mason, 1984; Hambrick, 1994) or boards of directors (McDonald et al., 2008; Westphal & Milton, 2000). In their foundational paper, Hambrick and Mason (1984) argued that diversity in the functional experience of top management teams will lead to different strategic choices and, ultimately, to different firm performance. This is based on the premise that individuals with diverse functional backgrounds diagnose strategic issues in varying ways (Finkelstein & Hambrick, 1996). In other words, functional diversity encourages individuals to notice different issues and different features of those issues (Sutcliffe, 1994).

Research has shown that a greater diversity of backgrounds and expertise improves decision-making (Useem, 1984; Westphal & Milton, 2000). Functional diversity provides alternative objective perspectives that augment a CEO's ability to "identify and develop high-quality solutions" and ultimately positively affect firm performance (McDonald et al., 2008:253). Further, when people with diverse experience and backgrounds come together and pool their observations "they collectively see more than any one of them alone would see" (Weick, 1987:116). It is important to include

alternative points of view in the decision-making process (Nutt, 2004) because alternative viewpoints assist decision-makers to develop innovative answers to complex issues (Hansen, 1999; Hargadon & Sutton, 1997; Rodan & Galunic, 2004).

However, some scholars have found that too much functional diversity makes it difficult for individuals to communicate effectively with one another (Shank, Zeithaml, Blackburn, & Boynton, 1988). Other researchers have counter-argued that managerial teams quickly learn to communicate with one another, even if they have diverse work histories (Hambrick, 1994). More recently, researchers have argued and shown that the relationship between functional diversity, decision-making, and firm performance may not be so straightforward. For example, environmental uncertainty and the geographic dispersion of the top management team have both been found to moderate the effect of functional diversity on firm performance (Cannella Jr. et al., 2008). Still other scholars have shown that the relationship is contingent upon the complexity of the strategy and the tenure of the top management team (Carpenter, 2002).

Hillman & Dalziel (2003) found that effective directors are those who have extensive relevant experience and knowledge, likely, because they are better able to evaluate and contribute to strategic decision-making (e.g. Carpenter & Westphal, 2001; Khurana, 2002). For example, McDonald et al. (2008) found empirical support for the argument that firms with CEOs who rely on advisors from functionally diverse backgrounds perform better than firms with CEOs who rely on socially similar contacts. Interestingly, individuals are more likely to seek out alternative points of view when there are personal consequences (Kruglanski & Webster, 1996; Petty & Wegner, 1999).

Research has also been conducted on the impact of related work experience. Individuals with prior experience may enhance firm performance and enable innovation by contributing the knowledge they acquired through other firms (Almeida, Dokko, & Rosenkopf, 2003; Rao & Drazin, 2002). At the same time, individuals with prior related work experience can impede firm performance by importing ill-fitting conventions and assumptions (Dokko, Wilk, & Rothbard, 2008).

#### ***2.6.8.1 Summary***

There is extensive and ongoing research on functional diversity in top management teams and boards of directors. Overall, studies suggest that diverse functional experience enhances decision-making and ultimately, firm performance. Expertise in a particular area, acquired through related work experience, may also augment decision-making and performance, but there is a caveat: skills cannot always be usefully transmitted across organizational boundaries. These findings have implications for the role of the MTA. Functional diversity provides desirable alternative points of view, but it is important to import expertise mindfully and be wary of pre-existing assumptions that could hinder the decision-making process. Further, research suggests that individuals are more likely to seek out alternative points of view when there are personal consequences (Kruglanski & Webster, 1996; Petty & Wegner, 1999). This has important implications for family-controlled firms, which are intimately and intensely personal. Family-controlled firms are closely intertwined with the identity of the decision-maker. As a result, owners of family-controlled firms may be more amenable to receiving advice from those with alternative perspectives.

## **2.7 Entrepreneurship**

The entrepreneurship literature has broadly explored the role of advisors in new ventures. Generally, researchers suggest that advisors are an intellectual resource who generate knowledge and offer a sustainable competitive advantage that influences venture survival and performance (Chrisman, 1999; Chrisman & McMullan, 2000; Chrisman & McMullan, 2004). These advisors differ from consultants because they provide direction, mentoring, and feedback. Consultants are paid to perform a set of tasks for a client (Chrisman & McMullan, 2004).

To successfully grow a firm, it is critical to carefully select key outsiders, such as informal advisors, bankers, and the board of directors. The challenge is to select the right advisor for the appropriate stage in the firm's growth cycle and "to learn how to benefit the most from their counsel" (Timmons, 1986:236). Empirical research has shown that entrepreneurs often seek the counsel of external advisors at various stages in their venture's growth path (Smeltzer et al., 1991) because advisors positively influence innovation and new venture performance (Bygrave & Timmons, 1992; Chrisman, 1999; Chrisman & McMullan, 2000; Chrisman & McMullan, 2004; Hansen, 1995). For example, Chrisman and McMullan (2000; 2004) found that entrepreneurs that use outside assistance have higher than expected rates of innovation, survival, and growth, and are better able to increase their tacit and explicit knowledge. Conversely, firms that do not use professional advisors are more likely to fail (Lussier, 1995; Lussier & Pfeifer, 2001).

Scholars have shown that advisors create value for the firm in many ways. They (i) help create valuable networks (Hansen, 1995); (ii) provide additional access to capital (Bygrave & Timmons, 1992; Hustedde & Pulver, 1992); (iii) minimize biases and bestow

independent opinions and objective evaluations, because they do not feel personally responsible (McCarthy, Schoorman, & Cooper, 1993; Simon, Houghton, & Aquino, 2000); (iv) improve the quality of decision-making and motivate small businesses to take planning seriously (Gilmore, 1971); (v) complement the capacity of entrepreneurs by supplementing inadequate skills, difficult decisions, and issues concerning family problems (Timmons, Smollen, & Dingee, 1977); and (vi) can realistically assess a firm's capabilities because they have insights that insiders lack (Buchele, 1965).

Advisors are also important for strategic planning in entrepreneurial firms because small firms often cannot afford to hire dedicated corporate strategists and planners (Buchele, 1965; Cohn & Lindberg, 1972; Golde, 1964; Krentzman & Samaras, 1960). Cohn and Lindberg (1972) conducted an empirical study of the differences between small and large firms. They found that while large firms have little trouble dedicating skills, time, and staff to strategic planning, it is a critical difficulty for small entrepreneurial firms. Robinson (1982) also found that small, independently owned and operated firms that use outsiders in their strategic planning (e.g., consultants, lawyers, accountants, boards of directors) are significantly more effective than firms that do not engage outsiders. Robinson (1982) operationalized effectiveness as a multivariate concept that included growth in sales, profitability, productivity, and employment.

Entrepreneurs seem to need much more information and advice than large firms. For example, small business owners spend more than two hours per day searching for information (Johnson & Kuehn, 1987). It is often said that entrepreneurs have 'a gift' for reading the environment, but it could be that they simply devote more time to searching for information.

The findings described above suggest that entrepreneurs should seek advice and outside information. Whether entrepreneurs use the advice they obtain depends on how accessible the information is, its cost and formality, and the entrepreneur's familiarity with the source (Culnan, 1983, 1985; Fann & Smeltzer, 1989; Smeltzer et al., 1991). Entrepreneurs most often seek advice from their own social networks, using informal verbal sources of advice and information more frequently than formal sources, especially in the pre-operational and start-up phases of the venture (Birley, 1985; Johnson & Kuehn, 1987; Smeltzer, Fann, & Nikolesean, 1988). Interestingly, women entrepreneurs have a higher propensity to use advisors than men (Jones & Tullous, 2002). Men and women also differ in who they turn to for advice. Male entrepreneurs are more likely to turn to professional advisors (accountants, lawyers), while female entrepreneurs are more likely to turn to their spouses and friends before seeking out professional advisors (Jones & Tullous, 2002; Orhan, 2001).

**2.7.1 Summary.** The extensive literature on entrepreneurship and advisors suggests that advisors are critical to the success of new ventures and small private firms. Research questions include 'what is the influence of outsider-generated knowledge resources on venture creation?' (Chrisman, 1999), 'what is the long-term impact of new venture counseling?' (Chrisman & McMullan, 2000), 'how does outside assistance affect new venture survival?' (Chrisman & McMullan, 2004), 'how do advisors affect new organizational growth?' (Hansen, 1995), 'what factors affect capital equity acquisition?' (Hustedde & Pulver, 1992), 'how do individuals decide to start companies?' (Simon et al., 2000), 'how is management different in small firms?' (Cohn & Lindberg, 1972), 'what is

the importance of outsiders in small firm strategic planning?’ (Robinson, 1982), and ‘how are advisors used as information sources in venture start-ups?’ (Smeltzer et al., 1991).

Entrepreneurship scholars argue that advisors are a knowledge resource and a competitive advantage (Chrisman, 1999; Chrisman & McMullan, 2000; Chrisman & McMullan, 2004). Researchers have described the capabilities and resources that advisors bring to a firm, such as increased rates of growth innovation, and survival; networks; tacit knowledge; and objective evaluations, insights, and opinions. Yet, I did not find any studies on the process of giving advice, nor of what actually constitutes useful advice. New ventures have access to a wide range of advisors, including accountants, lawyers, friends, bankers, and consultants (Smeltzer et al., 1991); but it does not appear that scholars have studied those trusted advisors who provide wise counsel to only one firm. Finally, even though the entrepreneurship literature has studied the importance of advisors to new ventures, it seems to have overlooked family-controlled businesses. All family-controlled firms begin as entrepreneurial ventures. Once a new venture becomes a family-controlled firm, its environment becomes much more complex, especially as more family members become involved over time.

## ***2.8 Overall Discussion***

The literature review provides a platform for studying the three main research questions guiding this dissertation. In general, the literature review in this chapter reveals several overall trends pertaining to advisors. First, the research I reviewed in sociology, psychology, general management, and entrepreneurship shares the underlying assumption that strategic decisions are not made in isolation, but that decision-makers seek outside advice. For example, the sociology literature assumes that high-status friends (HSF) have

important roles in achieving goals and reducing tensions in groups (Freilich, 1964; Slater, 1955). The JAS from the psychology literature assumes that decision-making is social in nature (Snizek, 1999; Snizek & Buckley, 1995). The general management literature assumes that CEOs seek counsel outside their top management team (Arendt et al., 2005; Hambrick & Mason, 1984; Nutt, 2004; Roberto, 2003), and there is empirical evidence that CEOs seek advice from counselors, advisers, and other confidantes (Eisenhardt, 1989b; Saxton, 1995). The entrepreneurship literature assumes that advisors are critical to new venture survival (Bygrave & Timmons, 1992; Chrisman, 1999; Chrisman & McMullan, 2000; Chrisman & McMullan, 2004; Hansen, 1995; Timmons, 1986).

Second, the literature tells us why advice is important to decision-makers. Generally, decision-makers seek advice because it renders others and/or the environment understandable and predictable, which is one of the most basic drivers of human cognition and behavior (Fiske, 2000; Stevens & Fiske, 1995). Understanding one's environment helps meet the basic human need to control personally important outcomes (Pittman, 1998). Advice aids in many dimensions. The sociology literature reveals the need for an unthreatening 'social-emotional specialist' to help balance power, reduce tensions, and provide bridges between individuals in groups or organizations (Freilich, 1964; Slater, 1955). The psychology literature tells us that advice increases the quality of decisions (Snizek & VanSwol, 2001), improves judgments and accuracy (Harvey & Fischer, 1997), and decreases complexity (Yaniv, 2004; Yaniv & Kleinberger, 2000).

The general management literature reveals that decision-makers rely on others for advice because of resource constraints (Graen & Uhl-Bien, 1995), and that advisors reduce the boundedness of rationality; suggest alternative interpretations; question



assumptions; challenge existing processes; offer expertise (Saxton, 1995); provide access to ideas, information, and resources; foster learning (Frazier & Niehm, 2004); reduce ambiguity; and inspire confidence (Eisenhardt, 1989b). The entrepreneurship literature tells us that advisors positively influence innovation, survival, growth, planning, tacit and explicit knowledge, new venture performance, and access to resources (Bygrave & Timmons, 1992; Chrisman, 1999; Chrisman & McMullan, 2000; Chrisman & McMullan, 2004; Gilmore, 1971; Hansen, 1995; Hustedde & Pulver, 1992). Finally, the family business literature reveals that firms with advisory boards make better strategic decisions, are more likely to engage in strategic planning and succession planning, and are more likely to be involved in decision-making after a succession (Blumentritt, 2006; Fahed-Sreih & Djoundourian, 2006; Mustakallio et al., 2002; Stavrou et al., 2005).

Third, my review informs us about the conditions under which decision-makers are most likely to rely on advisors. CEOs turn to advisors when there is tension and conflict (Freilich, 1964; Slater, 1955); when their decisions are uncertain, important (Daft et al., 1988; Sniezek, 1999; Sniezek & Buckley, 1995), ambiguous, and complex (Arendt et al., 2005); and when the decision must be made quickly (Eisenhardt, 1989b, 1990).

Fourth, researchers also agree that advice from personal sources is likely the most important. For example, a CEO's personal sources (e.g., social network) are often more valuable than other impersonal sources because personal sources provide richer information, ideas, and resources; foster learning; and help the CEO understand tacit issues (Birley, 1985; Collins & Clark, 2003; Daft & Lengel, 1984; Daft et al., 1988; Johnson & Kuehn, 1987; Keegan, 1974; McDonald & Westphal, 2003; O'Donnell et al., 2001; Smeltzer et al., 1988; Sutcliffe & Weber, 2006).

Lastly, my review gives us some clues about the nature of advisors. All of the literatures indicate that trust is a critical characteristic (Arendt et al., 2005; Eisenhardt, 1989b; Snizek & VanSwol, 2001), and that advisors must be influential and unselfish (Freilich, 1964; Graen & Uhl-Bien, 1995; LaChapelle & Barnes, 1998). The psychology literature tells us that advisors are confident (Klayman et al., 1999; Price & Stone, 2004; Snizek & Buckley, 1995; Snizek & VanSwol, 2001), and general management research tells us that advisors are older, at a plateau in their career, and often a familiar, former colleague (Eisenhardt, 1989b). The family business literature reveals that trust catalysts are knowledgeable about the firm and understand family dynamics; they are caring and predictable; and they display character and competency (LaChapelle & Barnes, 1998). Further, the theoretical lenses of sensemaking, sensegiving, attention, issue-selling, and mindfulness provide insights into what advice-giving may look like. Advisors may be critical sensegivers who need to be highly mindful in order to help CEOs/owners 'make sense'.

Significant work has been completed in the areas of sociology on triad relationships; in psychology on giving and taking advice; in general management on acquiring information, environmental scanning, decision-making, network theory, sensegiving/making, attention, issue-selling, mindfulness, and prior experience; and in entrepreneurship on the use of advisors. Yet, there remains a gap in our understanding of the role of MTAs in family-controlled firms. In this study I address this gap by exploring the role of MTAs through grounded theory methodology; I identify the qualities, competencies, and processes that enable MTAs to capture and influence attention, and what value they bring to the family-controlled firm.

### CHAPTER THREE: METHODOLOGY

In this chapter I discuss the qualitative research methodology that guided this dissertation and data analysis; namely, grounded theory-building. Qualitative research has three major components: gathering the data, interpreting and organizing the data, and writing reports (Strauss & Corbin, 1998). Section 3.1 overviews the grounded theory methodology. Section 3.2 describes the theoretical sampling logic and the cases that were used in this study. Section 3.3 and Section 3.4 describe the strategies that were used for collecting and analyzing the data. Section 3.5 discusses how I assured the trustworthiness and validity of my findings, and Section 3.6 outlines how I addressed the relevant ethical considerations.

#### *3.1 Grounded Theory Methodology*

The nature of my research questions and the limited extant research on MTAs calls for qualitative methods; in particular, grounded theory-building. Methodology refers to a “way of thinking about and studying social reality”, while methods are the “procedures and techniques for gathering and analyzing data” (Strauss & Corbin, 1998:3). Methodology is the vision of what I want to do with the research and methods are the means of bringing the vision to reality (Strauss & Corbin, 1998).

Qualitative research generates findings that are not arrived at through statistical or quantitative methods (Strauss & Corbin, 1998). Qualitative research uses methods such as observations, case studies, and interviews. Qualitative data allow one to develop meaningful, vivid, and rich descriptions and explanations of phenomena that are well-grounded in evidence (Miles & Huberman, 1994). Qualitative research was appropriate for my dissertation because its methods allowed me to understand and explore

phenomena where little is known (Stern, 1980), by entering the field to discover the phenomena under study (Strauss & Corbin, 1998), in order to generate conceptual frameworks (Miles & Huberman, 1994). Qualitative methods work well for phenomena-driven research questions that have a “lack of viable theory and empirical evidence” (Eisenhardt & Graebner, 2007:26). I used qualitative methods to increase my understanding of the phenomena, identify constructs, propose relationships between those constructs, and develop integrated conceptual frameworks, all grounded in data.

There are many forms of qualitative data (e.g., ethnography, naturalistic inquiry), however the logic underlying my data collection and analysis was grounded theory-building. Grounded theory is built from data that are systematically gathered and analyzed (Strauss & Corbin, 1998:12). It does not test or verify theory; it *builds theory* (Dougherty, 2002:849). It “does not ask whether or not, but rather examines how, when, and why” (Dougherty, 2002:863). In grounded theory-building, underlying constructs, patterns, and relationships are teased out and allowed to emerge from the data (Dougherty, 2002). Hence, it is important to be open to multiple possibilities while gathering and analyzing the data (Strauss & Corbin, 1998). In the theorizing process, concepts are conceived, formulated into a logical explanatory scheme, and various perspectives are used to formulate implications; critical to developing a field of knowledge is that the theory explains the phenomena (Strauss & Corbin, 1998). Constructs, relationships, and conceptual frameworks will emerge through constantly comparing, coding, and analyzing the data (Douglas, 2003). Table 3-1 shows an overview of the research strategy, with key references.

**TABLE 3-1**  
**OVERVIEW OF THE RESEARCH STRATEGY**

<b>Purpose</b>	<b>Development of a framework to understand role of the Most Trusted Advisor</b>
<b>Ontology/epistemology</b>	Objectivism/positivism
<b>Research Strategy</b>	Grounded Theory Building Multiple Case Design
<b>Key References</b>	Eisenhardt, 1989; Locke 2001; Miles, 1994; Strauss 1998; Yin 1989

	<b>Single Case Data Collections</b>	<b>Single Case Analyses</b>	<b>Cross –Case Analyses</b>
<b>Data collection strategies</b>	In-depth interviews Company documents Archival data		Follow up interviews Company documents Archival data
<b>Analytic strategies</b>		Grounded theory building (open coding, axial coding, selective coding) Identification of constructs and relationships between constructs Development of framework	Grounded theory building (open coding, axial coding, selective coding) Identification of constructs and relationships between constructs Between case comparisons Between case patterns Development of framework

Strauss and Corbin (1998) and Glaser (1992) are the most-often cited sources for grounded theory-building. Since the original Glaser and Strauss book was published in 1967, they have developed different views on grounded theory-building (Douglas, 2003). Glaser and Strauss (1967) first developed grounded theory as an iterative process that

analyzes meanings and concepts in real-life settings, built upon constant comparison and theoretical sampling. Glaser (1992) suggests that researchers deliberately choose the organization and then allow issues to emerge, while Strauss and Corbin (1998) advocate choosing the issue first. Glaser (1992) suggests that methods can be fairly general, while Strauss and Corbin (1998) call for more structured coding and analysis.

For the purposes of this study, I followed the teachings of Strauss and Corbin (1998). I identified a particular phenomenon of interest and adhered to a more rigorous set of analytical steps than those proposed by Glaser (1992), in order to minimize inaccuracies and misleading interpretations and help ensure the quality of the study. Importantly, Suddaby (2006) identifies what grounded theory is not: 1) it is not an excuse to ignore prior research, 2) it is not presenting raw data, 3) it is not testing theory, analyzing content, or counting words, 4) it is not a simple, mechanical technique, 5) it is not perfect, but it is a practical approach to understanding social context, 6) it is not the absence of methodology, and, as I have found in writing my dissertation, 7) it is not easy.

Grounded theory has both weaknesses and strengths, compared to ethnography and naturalistic inquiry. Table 3-2 shows the major differences among these three methods, as described by Stewart (1998). It is important to note that researchers vary in their nuances as to how these qualitative methods differ, and the methods can be used simultaneously by combining their various elements.

**TABLE 3-2**  
**COMPARISON OF QUALITATIVE METHODS**

	<b>Ethnography</b>	<b>Naturalistic Inquiry</b>	<b>Grounded Theory</b>
<b>Participant observation</b>	Central	Peripheral	Peripheral
<b>Holism</b>	Central	Central	Peripheral
<b>Context sensitivity</b>	Central	Peripheral	Central
<b>Sociocultural description</b>	Central	Central	Peripheral
<b>Theoretical connections</b>	Peripheral	Peripheral	Central
<b>Time in field</b>	Lengthy	Lengthy	Short (comparatively)
<b>Standard for methodological procedures</b>	Not explicit	Explicit	Explicit

There are two main concerns about grounded theory, related to participant observation and time in the field. First, participant observation is generally peripheral to grounded theory, but central to ethnography (Stewart, (1998). Participant observation allows the researcher to collect rich descriptive detail and understand the context from a 'native' viewpoint that grounded theory alone may not capture; however, the methods may be combined. Second, time in the field allows the researcher to immerse themselves in context and grounded theory usually takes less time in the field than ethnography. Yet, the grounded theory researcher is efficient because s/he is more concerned with concepts, patterns, and theoretical sampling (see Section 3.2) and uses multiple cases (Strauss, 1987). This efficiency mitigates concerns that grounded theory is lacking in participant observation and time in the field. Ethnography does not necessarily follow an explicit set of methodological standards, unlike naturalistic inquiry or grounded theory (Stewart,

1998). I rigorously documented the methods and analysis that I used in grounded theory-building and this process helps ensure validity and reliability.

Naturalistic inquiry requires considerable time in the field and participant observation, similar to ethnography. It has methodological standards, but not regarding site selection, which is integral to theoretical sampling in grounded theory. Further, naturalistic inquiry does not explicitly search for the patterns and concepts that are critical to building grounded theory. I used grounded theory-building because my literature review did not reveal any extant constructs, concepts, or frameworks to explain or explore the role of the MTA. Grounded theory-building allowed me to generate richer and more novel insights into the phenomena under study, than would have been possible by simply relaying relying on past research (Glaser & Strauss, 1967).

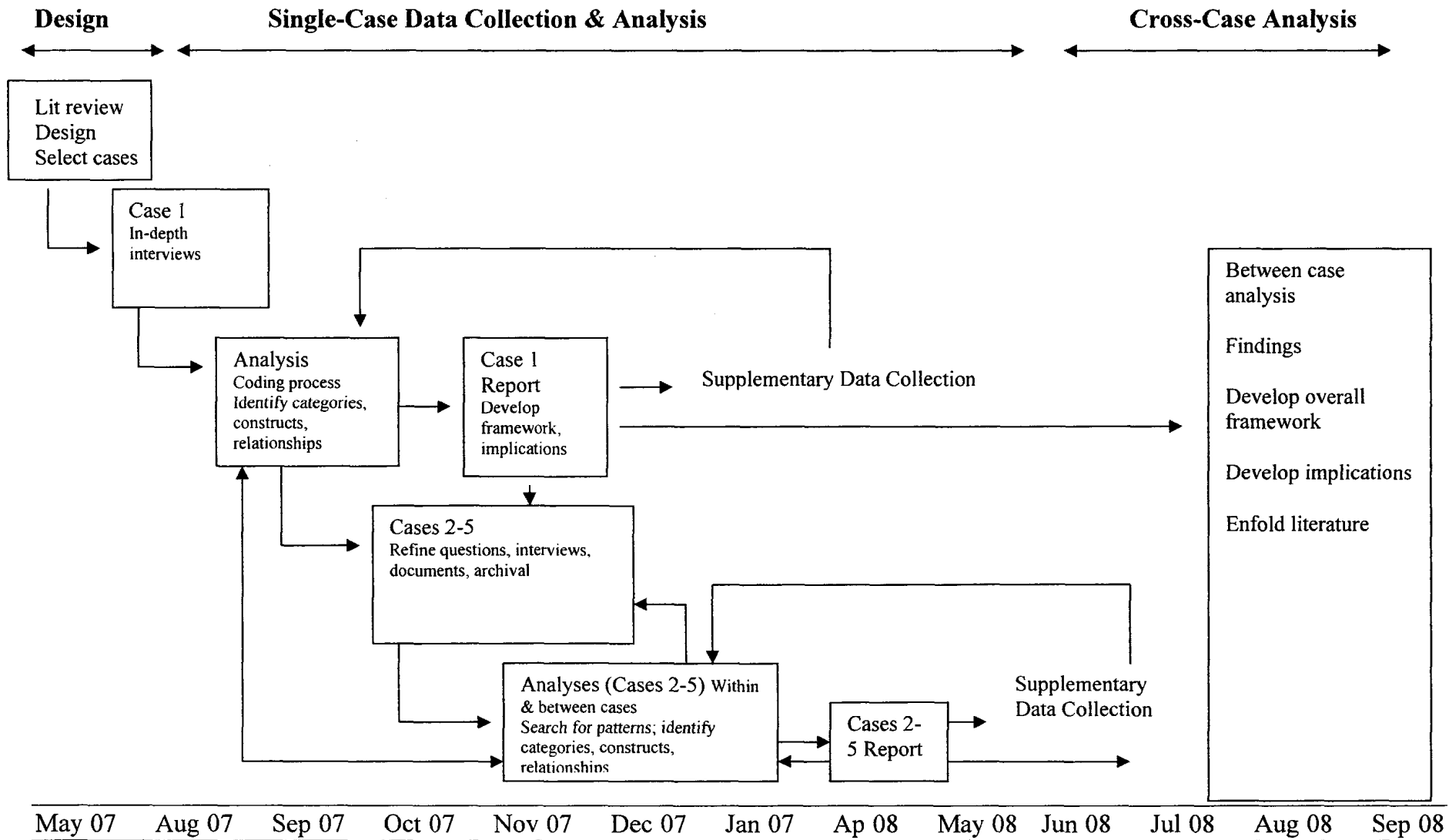
Grounded theory-building provides the distinct advantage of being based in real-life situations with the intention of understanding both the nature (the what) and the rationale of the phenomena (the why) (Douglas, 2003). It has strong explanatory power, and by explaining what may happen in a related context, it has predictive ability (Douglas, 2003). Its generalizability depends on whether the findings are applicable to new situations (Lincoln & Guba, 1985). Dougherty (2002:851) outlines four principles that guide grounded theory research: 1) it should capture the inherent complexity of social life, 2) the researchers must interact deeply with the data, 3) it intertwines research tasks, so each task is done in terms of others, and 4) it can stand on its own merits.

My research followed the processes described in Eisenhardt (1989a) and Yin (1989), using a multiple case design underpinned by the replication logic essential for analyzing multiple cases. This process is diagrammed in Figure 3-1. My research strategy



was to use multiple cases to create propositions, constructs, and/or theory from case-based evidence (Eisenhardt, 1989a; Eisenhardt & Graebner, 2007).

**FIGURE 3-1  
MULTIPLE CASE STUDY DESIGN**



Multiple case studies provide a stronger foundation for building theory than single case studies, because the multiple case study research design allows one to confirm or disconfirm the conceptual insights that emerge (Yin, 1989). Replication logic, that treats the cases as a series of experiments, is critical to building theory from case studies (Eisenhardt, 1989a). It allows one to compare and recognize patterns of relationship and “underlying logical arguments” both within and across cases (Eisenhardt & Graebner, 2007:25). Multiple case studies provide more varied empirical evidence, enabling a more expansive search for the answers to research questions. This often results in a more parsimonious, robust, and generalizable theory than that which emerges from a single case study, because only relationships that occur across multiple cases are retained (Eisenhardt & Graebner, 2007).

Case studies focus on understanding phenomena in a single setting (Eisenhardt, 1989a). They may be explanatory, exploratory, or descriptive, depending on the research questions(s) (Yin, 1989). Case studies often answer the questions, ‘how’ or ‘why’; exploratory studies may also answer the question ‘what’ (Yin, 1989). The case study method is similar to other types of research in terms of problem definition, design, data collection, data analysis, data composition, and reporting (Yin, 1989). It explains links that are too complex for surveys, describes the rich real-life context where the phenomena occurred, illustrates the phenomena, and explores situations where the phenomena do not have a clear outcome (Yin, 1989). Thus, the case study is ideally suited to my research questions. Yin defined a case study as “an empirical inquiry that:

- investigates a contemporary phenomenon within its real-life context; where

- the boundaries between phenomenon and context are not clearly evident; and in which
- multiple sources of evidence are used.” (Yin, 1989:23).

This dissertation followed the research design typically used for exploratory case studies. Exploratory case studies need not have propositions, yet they should still have a purpose and criteria by which the study will be judged successful, even if the initial assumptions may later prove to be incorrect. The purpose of this study was to explore the role of the MTA, based upon my previous experience with family-controlled firms. The exploration will have been successful if I develop a better understanding of the phenomenon.

Research designs must deal with what questions to study, what data are relevant, what data to collect, and how to analyze the results (Yin, 1989). Eisenhardt (1989a) outlines specific steps for designing case studies. My research design explicitly addressed each of these steps.

1. Defining a focused research question (Section 1).
2. Selecting cases from a specified population to concentrate efforts and sharpen external validity (Section 3.2).
3. Using multiple data collection methods (Section 3.3).
4. Gathering the data with overlapping data collection and analysis (Section 3.4).
5. Analyzing the data within and across cases to see common patterns evident through multiple lenses (Section 3.4).

6. Shaping the propositions, replicating across cases, and searching for why relationships exist (Section 3.4).
7. Comparing results with conflicting and similar literature to build internal validity and sharpen generalizability (Section 3.5).

The epistemology assumption I followed for this qualitative research is from an “objective and positivist stance of theory building from cases” as opposed to a “social construction of reality” that uses an interpretive naturalistic approach (Eisenhardt & Graebner, 2007:28). I began by reviewing the literature related to the role of advisors, decision-making, and family-controlled firms, based on my own experience working with and researching family-controlled firms. Grounded theory case study research may commence with a literature review, rather than with data collection, because this sequence allows the researcher to ascertain what work has already been conducted on the phenomenon (Yin, 2003). The literature review familiarized me with the theoretical and managerial research that had been conducted in this domain. I did not find any literature that directly pertained to MTAs; but I uncovered related research (see Chapter 2). I developed a list of potential research questions, based on my literature review.

### ***3.2 Theoretical Sampling***

I selected the case studies according to a deliberate theoretical sampling plan. Theoretical sampling is appropriate because my goal was to identify constructs and relationships and develop frameworks, not to test theory (Eisenhardt & Graebner, 2007:27). My aim was to choose cases that would offer theoretical insights, replicate or extend the phenomenon of interest where it was clearly observable, and provide the greatest opportunity for discovery (Eisenhardt, 1989a; Eisenhardt & Graebner, 2007).

Choosing cases for theoretical sampling is challenging because the decision depends on the contribution the case can make to theory development (Yin, 1989). There is no ideal number of cases. According to Eisenhardt (1989a), four to ten cases work well. I chose five cases for this dissertation from a pool provided by theoretical sampling.

The role of the MTA is very private. It is difficult to identify who the MTA is, let alone gain access to them or to the family members of the family-controlled firm. MTAs are generally very reluctant to be interviewed, due to the confidential nature of their role; they often hesitate to reveal the name of the family they work for. To illustrate, I attended a private workshop for MTAs that excluded all outsiders and media. Many of the MTAs there would not reveal who they worked for, even to other advisors. In another example, I spoke to two MTAs who did not want their interviews recorded. However, once we started our discussion, they realized that I was not looking for “dirt” on the family and only then did they give me permission to record the interviews.

I was extremely fortunate to be able to draw on my own personal network to identify the initial two case studies. I gained access to the other three case studies through recommendations from the second case study and through contacts I made at a workshop for MTAs that I attended in October 2007. My sample is not randomly chosen, but this is acceptable in grounded theory because my aim is to understand the phenomenon and the most important elements of that process are theoretical relevance and access to rich data (Eisenhardt, 1989a; Yin, 1989). The family-controlled firms in this study came from the central and eastern-central regions of Canada. Their ages ranged from 30 years to over

100 years and they operated in five different industries: telecommunications, packaging, investment management, life sciences, and multi-industry.<sup>4</sup>

### **3.3 Data Collection**

**3.3.1 Case study protocol.** I developed a case study protocol to increase the reliability of the study. This is an important step in designing multiple case study research as it reminds the researcher of the purpose of the case study (Yin, 1989). A case study protocol consists of an overview of the case study project (Introduction), the research questions (Section 1), field procedures (Section 3.3), data sources (Section 3.3), case study interview questions (Section 3.3), and a guide for the case study report (Section 3.3) (Yin, 1989). Appendix 1 contains a synopsis of the case study protocol, based on the guidelines provided by Yin (1989).

**3.3.2 Multiple data collection.** Wherever possible, I used multiple data-gathering approaches to support and triangulate the findings. The approaches were: 1) open-ended interviews with multiple informants, 2) electronic and written documentation, and 3) participant observation. The interviews were the primary source of data on the MTAs, while the documentation and participant observation were important for understanding the context, issues, and backgrounds of the interviewees, and for gaining alternative perspectives. As I analyzed the interviews, I returned to my field notes and the electronic and written documentation for additional confirmation of my findings. I was able to build the reliability and integrity of my data analysis by combining and triangulating these sources (Jick, 1979; Miles & Huberman, 1994).

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<sup>4</sup> I note that there is always the opportunity for industry effects; however, my arguments for using case studies in multiple industries are strengthened by the fact that I found similar patterns across all industry types.

Open-ended interviews. Open-ended interviews are “a highly efficient way to gather rich, empirical data” (Eisenhardt & Graebner, 2007:28). I conducted 33 interviews with 17 informants over the course of one year, as depicted in Table 3-3. I interviewed seven MTAs (two of whom were only identified during the interview process as the MTA to the succeeding generation), four primary owners/CEOs, two spouses, and four adult children of owners. The tenure of the MTAs ranged from 9 years to 31 years. I used open-ended questions to encourage free, flexible, and informal dialogue, followed by prompts under general headings (Patton, 1990). I did not emphasize any specific characteristics, issues, or events because I did not have any *a priori* propositions. The interviews covered the role and characteristics of the MTA, as well as general questions on company history, the business itself, how the organization evolved, its relationships and family involvement, and the interviewees’ perceptions of culture and structure (see Appendices 2, 3, and 4 for an overview of the questions guiding the interview). These general themes allowed me to identify patterns both across and within cases and to draw out tentative relationships among the key concepts and themes.

For each case study, I interviewed multiple informants from each organization and family, following the suggestion of Eisenhardt and Graebner (2007). This was done to triangulate the data, add alternative perspectives, and mitigate the biases and retrospective sensemaking that creep in as we collect and analyze interviews. There was one exception; in case study five only the MTA was available for interview due to privacy. Research has shown that in family-controlled firms, the perceptions of non-family managers and the advisory board on business issues are significantly different than the perceptions of family members (Poza, Hanlon, & Kishida, 2004). Therefore, I tried to



collect data from multiple informants and non-family firm members, wherever possible. Factors that help the researcher obtain high quality data include: making a positive connection with the subject, providing a non-judgmental environment, and assuring confidentiality. I made every effort to establish a strong rapport with the interviewees and gain their trust. Each in-depth interview lasted between 60 to 120 minutes. All interviews were digitally recorded and then transcribed verbatim for use in the data analysis. I also kept a running record of field notes that included observations, researcher insights, and further questions. I used these field notes to supplement the transcribed interviews, to understand emergent findings, and to modify the questions for subsequent and follow-up interviews.

Documentation. I collected over 600 pages of retrospective written data that helped me to gain insights into the organization and the family. These data included website information on the organization, its primary industry, the family, and the interviewees; archival public data from electronic and written media coverage; and presentations and documentation from the workshops I attended. I was also given access to private information on the organizations and families, including: organizational vision/mission statements, presentations, annual reports, board minutes, internal memos and reports, educational material from courses attended by the family and MTA, and descriptions of the qualities and competencies of an MTA. These documents provided a secondary data source (Jick, 1979) and they were very useful for engaging the interviewees in discussion.

Participant observation. At the beginning of the study I participated in two workshops. The first was a three-day workshop for MTAs of family-controlled firms.

This was a private event, not open to the public, administered by the University of Alberta. I was fortunate to be invited to attend by an MTA who knew I was conducting research in this area. Approximately 40 MTAs and their family members attended the workshop. The topic of the second workshop was advising family firms, and it was attended by family business researchers and family business advisors. Approximately 50 academics, advisors, MTAs, and families participated in this workshop. This was also a private event, hosted by the Richard Ivey School of Business, University of Western Ontario.

Both workshops included formal presentations and panel discussions on a range of topics, such as investment strategies, family business corporate art collections, communication and interrelation strategies, family business research, issues faced by family firms, and the challenges of the MTA role. I had many opportunities to interact with the workshop participants and session leaders: between seminars, during breaks, over dinner, and on taxi rides. I found that participants were willing to speak freely about their roles and their concerns. I took extensive notes on the presentations and I recorded my observations about the discussions that went on among the MTAs and between the MTAs and their family members. I also recorded my personal interactions with the attendees and my own research insights. The workshops provided a wealth of information on the role of MTAs; they exposed me to the issues MTAs face, and they helped me generate potential case studies and possible interview questions. The events were a check of the validity and consistency of my interview data and findings.

**TABLE 3-3**  
**SOURCES OF DATA**

Source*	Interviews**						Archival Documents
	MTA	Founder	Spouse	MTA to 2 <sup>nd</sup> Gen.	2 <sup>nd</sup> Gen.	Total	Examples
Packers Plus	2	2	2	n/a	n/a	6	Websites, media coverage
Invest 4U	2	2	n/a	n/a	1-Son	5	Websites, media coverage
Telco	4	1	2	1	NA	8	Educational material, hiring material, websites, media coverage
BioLife	2	2	NA	3	2-Son1 2-Son2 1-Daughter	12	Board book, conference presentation, vision/mission, annual report, family & board objectives, websites, media coverage
Global Inc.	2	NA	n/a	n/a	n/a	2	Websites, media coverage
Total interviews						33	
Individuals interviewed						17	
MTA 3 day workshop						40 participants	Presentations, reading material, personal field notes
Researcher/Advisor 2 day workshop						50 participants	Presentations, reading material, personal field notes

\*The company names in this study are fictitious to protect confidentiality.

\*\*Numbers greater than one in the individual cells indicate multiple interviews with the same individual unless otherwise noted.

NA: Not available for interview

n/a: not applicable

**3.3.3 Initial case study.** It is important to conduct an initial case study prior to commencing data collection (Yin, 1989). I conducted an initial case study on a family-controlled firm from my own personal network to familiarize myself with the role of the MTA. The data I collected during these in-depth interviews helped me to refine the questions and data collection procedures for the subsequent case studies and interviews. This is an appropriate approach for grounded theory methodology (Eisenhardt, (1989a).

Next, I joined a three-day private seminar for MTAs and owners of family-controlled firms; approximately 40 MTAs and family members/owners attended. This seminar helped me to understand the role of the MTA. I attended presentations, observed how the MTAs interacted with one another and with their family-controlled firm members, and spoke with MTAs about their role in the firm. Following the seminar I developed a set of questions to guide me through the open-ended interviews. The questions corresponded to non-structured responses.<sup>5</sup> To assess the role of the MTA, I probed for specific examples and situations and asked about the performative element (actions) of their role (Spradley, 1979). This provided insights into the type of issues, where the giving of advice was initiated, the characteristics of giving advice, the type of language used, and the relationship between the MTA and family/firm members.

**3.3.4 Principles.** Throughout the data collection process I adhered to the principles recommended by Yin (1989): 1) use multiple sources of data, 2) create a case study database, and 3) maintain a chain of evidence. As discussed previously, using multiple data sources allowed me to triangulate the data. This helped to ensure construct validity (Yin, 1989). I created a case study database by carefully organizing and

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<sup>5</sup> I modified the guiding questions after each interview, adding questions to address issues that emerged as important.

documenting the data. This helps improve the reliability of the case studies (Yin, 1989). The database consisted of all materials collected during the study, including interview records and transcripts, field notes, and other documents used to triangulate the data. I wrote memos throughout the research process to reflect on, and explain, data meanings, coding, and relationships between the codes, and to extend and clarify ideas (Douglas, 2003; Locke, 2001). A chain of evidence also improves the reliability of a study. My chain of evidence comprised the case study questions, the case study protocol, the case study database, and the case study report, using cross-references and citations (Yin, 1989).

### ***3.4 Data Analysis***

As per Glaser and Strauss (1967), I overlapped data analysis and data collection, which made the data collection itself more flexible and rigorous. I kept extensive field notes and a running commentary and, as suggested by Eisenhardt (1989a), I recorded my ongoing impressions in the field notes as they occurred to me, rather than immediately sifting out what I thought was unimportant. I also continually asked myself questions such as ‘what am I learning?’ and ‘how does this case differ from the last?’ This constant self-questioning helped me to compare the case studies and speculate about patterns and relationships. Because I took a flexible approach to collecting the data, I was able to add cases, data sources, and interview questions to probe emerging themes. This is a legitimate research strategy because the purpose of the grounded theory building is to understand each case individually and in as much depth as possible (Eisenhardt, 1989a).

I followed the techniques and processes of coding and analyzing data and presenting concepts and frameworks that had been outlined by previous grounded theory researchers (discussed in the subsequent sections). However, I wish to note here that the

process was neither simple nor straightforward. Langley (1999:691) observes that “no analysis strategy will produce theory without an uncodifiable creative leap, however small”. There were many of these leaps.

I began by reading the transcripts of the interviews, and re-reading, and re-reading, and listening to the recordings again and again, looking for words, patterns, themes. At times I thought I had a gold mine of data, at other times I thought I had nothing. My initial ideas were based on the concepts of strong ties and the mindfulness. I was not familiar with the concept of mindfulness, but one of my advisors introduced me to this literature when I told him about the phenomena emerging from my data. I coded the data and developed a conceptual model based on these ideas and a 2x2 matrix, labeling the MTA as the “intimate enemy”. The “intimate enemy” was the MTA who had a strong, intimate relationship with the decision-maker and the family, yet was also mindful and played the role of devil’s advocate. I presented my findings at a job talk and I was convinced this was the final model.

My advisors pushed me further. We spent hours mapping out what I saw emerging from the data. They questioned me, probed me, and pushed my thinking. We covered many whiteboards with arrows, circles, and boxes. Finally, the concept of mindful governance began to emerge. I went back and re-coded my data, this time using four coding levels instead of the three levels often used by researchers. I developed a data structure, and re-aggregated the dimensions. I then re-aggregated the dimensions again, and again, as I revisited the data. Throughout, the concept of ‘directing attention’ kept nudging at me. This data analysis led me to seek out more literature on the topics of attention, issue-selling, and mindfulness. This literature resonated to a much greater

degree with the role of the MTA and the emerging theoretical insights. Once I had a new data structure with various levels of coding, I sought the help of my PhD colleagues who were unfamiliar with my research. I deleted my aggregate labels and asked them what they saw, what hung together, what did not, and what they would call these dimensions. I then presented my findings again to my advisors, who suggested other literatures on attention and experience and we discussed how to label the codes and aggregate dimensions. All those uncodifiable leaps are captured in the coding, findings, and model that I discuss below.

### ***3.4.1 Data Coding.***

I analyzed the data to support two goals: one, to define the role of the MTA; and two, to capture the advice-giving process. I analyzed the data with the coding procedures for building grounded theory, suggested by Strauss and Corbin (1998). The purpose of coding is to uncover explanations to gain an understanding of the phenomena. In the coding process, data was broken down, conceptualized, and then put back together (Strauss & Corbin, 1998). I did this by continually asking myself what category, or property of category, the data indicated, through each stage of the coding (Glaser, 1992). The process began with open coding. The aim of open coding is to “discover, name, and categorize phenomena according to their properties and dimensions” (Strauss & Corbin, 1998:206). Open coding allowed me to discover numerous categories of data.

I coded the interview data first manually and then using NVivo, a software program for qualitative data analysis. I first identified the role of the informant as MTA, owner, family member, firm member, or board member. I identified the MTA inductively after the data collection, rather than assuming who filled the role of the MTA. This was to

avoid casting someone into an inappropriate role. I was able to identify that two of the firms (Telco and BioLife) actually each had two MTAs. The first MTA (MTA1) was the MTA to the founder. The other was the MTA to the second generation (MTA2).

I then began to review the data for patterns and recurrent themes. I analyzed the data by paragraph, and where there was more than one main idea in a paragraph, I broke up that paragraph so each one captured a central theme. I began to group together the themes and key words that emerged such as “trust”, “no ego”, and “competencies”. As patterns began to develop I broadened my literature review to search for topics that appeared to be relevant. I asked my dissertation advisors to suggest which literatures I should explore. For example, I found that issue-selling was related to advice-giving, but it was not a perfect match. A manager selling an issue is often trying to fulfill his/her own agenda (Dutton & Ashford, 1993), but an MTA has the “family’s best interest at heart”. I expanded my search to include literature reviews on sensegiving, sensemaking, attention, heedful interrelating, and mindfulness.

I coded the data into 153 preliminary sub-categories, following Strauss and Corbin (1998). I only retained the sub-categories that appeared in multiple interviews and across multiple cases in the coding. As I had no *a priori* propositions, this step involved multiple rounds of analyzing and reviewing the interviews to search for patterns and recurring themes. The process was not linear, but recursive; that is, concepts, patterns, and themes are defined in terms of each other (Locke, 2001). This continued until I had a clear grasp of the emerging theoretical relationships. The preliminary sub-categories were grouped, revised, and re-grouped through several iterations until 18 first-order concepts based on core themes emerged (see Appendix 5 for the coding table with preliminary



sub-categories). To illustrate, in earlier versions of the coding I classified “strong relationships” as an attribute of the MTA. But after revising the analysis and discussing it with colleagues, I decided that “strong relationships” was not an attribute of the MTA, after all. However, it was a good fit with the themes “knows and understand the issues and interpersonal dynamics and how they interrelate” and “meaningful engagement”. Some of the preliminary sub-categories were easier to classify into first-order codes than others. For example, some sub-categories were obviously MTA attributes (e.g., absolutely trustworthy), while others were MTA competencies (e.g., broad experience).

Seven final first-order codes emerged:

(1) the qualities that are important to the MTA role, as perceived by the family and firm members and identified by the MTA (“self-awareness”, “being true to one’s values”, “absolutely trustworthy”, and “selflessness”);

(2) the competencies that are important to the MTA role, as perceived by the family and firm members and identified by the MTA (“depth of competency” and “breadth of competency”);

(3) the perceptions and examples of the MTA in relation to family and firm members (“knows and understand the issues and interpersonal dynamics and how they interrelate” and “meaningful engagement”);

(4) the perceptions and examples of MTA contributions to family and firm members (“providing independent objective advice”, “acting purposefully”, “acting with suspicious trust” and “facilitating”);

(5) the perceptions and examples of the MTA subordinating to the decision-maker(s) (“decision belongs with the decision-maker” and “accept and commit to the decision”);

(6) descriptions and examples of how the MTA helped others to make better decisions (“reflecting on the decision-making process” and “challenging the key decision-maker’s schema”); and,

(7) descriptions and examples of how the MTA assisted the family connect with one another (“helping family to understand self in relation to one another” and “helping family to interrelate in relation to one another”).

After open coding, I used axial coding to develop more abstract descriptions (Strauss & Corbin, 1998). Axial coding allowed me to identify relationships among the open codes in order to develop core codes (Douglas, 2003). In axial coding, I began to fit the various pieces of the data together to explain the findings and systematically develop categories and sub-categories (Strauss & Corbin, 1998). During this process, I drew diagrams to sort the logic between the various relationships that I uncovered (Strauss & Corbin, 1998).

I combined the first-order concepts to construct seven second-order themes. I identified these themes by searching for key words, their underlying meaning, and the context within which they were embedded, and by tracking how individuals spoke about the MTA and the role that s/he played within the firm and family. Themes that were repeated by multiple informants in the same case study and across cases indicate ostensive patterns. These second-order codes were: “voice”; “weight”; “sense of self in

relation to others”; “sense of self in contribution to the whole”; “decision bias to others in relation to self”; “crafting more encompassing decisions”; and, “collective direction”.

These second-order codes were not my original labels. My advisors recognized other relevant literatures in my findings, such as the extant research on attention and heedful interrelating. For example, I was surprised to discover that my description of “voice” (originally labeled “character”) was similar to that used by Bouquet and Birkinshaw (2008) in their paper on how foreign subsidiaries gain attention. These authors use the concept of voice at the firm level, but based on literature at the individual level. I also use the term “voice”, as it captures well the concepts that emerged, but I return it to the individual level. These second-order steps generated a set of second-order codes that described attributes of the MTA, their role, and the outcomes of their contribution.

The final step in the coding was to select focal core codes (Douglas, 2003) by integrating the concepts around core categories; I further developed and refined those categories and refined the framework (Strauss & Corbin, 1998). Selective coding relates all codes derived from the axial codes to the core codes, either directly or indirectly (Douglas, 2003). The focal code was used to pull categories together to form an explanatory whole (Strauss & Corbin, 1998:146). In this way, I developed a framework of relationships. I made theoretical and operational notes to finalize the resulting theory. I used Nvivo to facilitate the coding process.

In selective coding, I concentrated on developing aggregate dimensions of recurring second-order themes. I labeled these aggregate dimensions: “attentional enablers”, “attentional process facilitators”, and “indicators of mindful governance”.

These aggregate dimensions describe, respectively, how the MTA is able to capture the attention of the decision-maker (gaining the right to be heard); how the MTA directs and influences attention; and governance outcomes. The overall result was a framework of relationships that allowed me to identify the enablers, the facilitators, and the outcomes (Strauss & Corbin, 1998).

It took over a year of data coding for the final model to emerge. I used an iterative process that began with an intuitive concept that was inspired by the data or by the literature. I then compiled evidence from all of the cases to determine how strongly the concept was supported. Table 3-4 summarizes how well the concept and emerging themes were grounded both within and across each data source. Any codes that were weak or sporadic were not included in the final coding or model development.

**TABLE 3-4**  
**EVIDENCE FROM INTERVIEWS SUPPORT THE MODEL OF MINDFULFUL**  
**GOVERNANCE**

<b>First-Order Code</b>	<b>Number of Interview Sources<sup>6</sup></b>	<b>Number of References</b>
Self-awareness	7	12
Being true to one's values	13	40
Absolutely trustworthy	28	73
Selflessness	13	25
Depth of competency	19	69
Breadth of competency	24	46
Knows and understands the issues and interpersonal dynamics and how they interrelate	50	90
Meaningful engagement	49	93
Providing independent objective advice	22	38
Acting purposefully	36	69
Acting with suspicious trust	20	42
Facilitating	11	22
Decision belongs with the decision-maker	25	73
Accept and commit to the decision	7	11
Reflecting on decision making process	7	13
Challenging decision-maker's schema	14	22
Helping members to understand their role in relation to the group	13	32
Helping members to relate in relation to the group	13	22

<sup>6</sup> The number of interview sources is greater than the total number of interviews because the sources represent the sum of interview sources from the preliminary sub-categories that, aggregated, make up the first-order codes (see Appendix 5 for list of preliminary sub-categories).

**3.4.2 *Within and cross-case analysis.*** I analyzed the data both within cases and across cases to obtain common pattern evidence through multiple lenses (Eisenhardt, 1989a). Within-case analysis involved detailed descriptive write-ups for each case study. The purpose was to become intimately familiar with each case study to allow the unique patterns of each case to emerge before analyzing across cases (Eisenhardt, 1989a). As themes and relationships began to emerge from the data collection and analysis, I compared them with other case data.

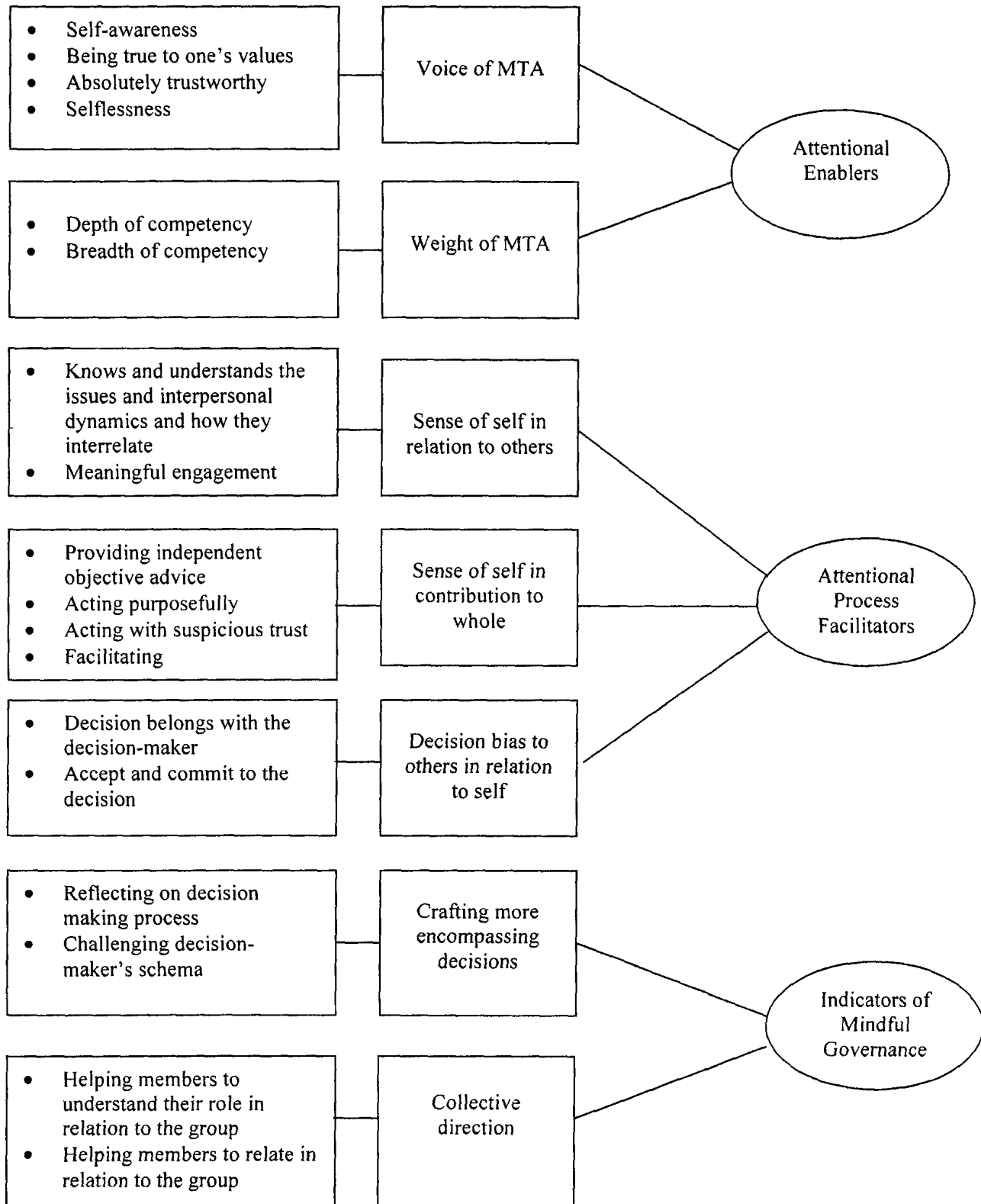
Cross-case comparison looks at evidence through multiple lenses and results in more accurate and reliable theory (Eisenhardt, 1989a). In the process, I looked for similarities and differences amongst the cases (Strauss & Corbin, 1998). I also used cross-case analysis to search for general patterns and to ensure that information-processing biases did not lead me to premature and false conclusions (Eisenhardt, 1989a). I conducted cross-case analysis by collecting and analyzing the data concurrently. I took advantage of my flexible data collection approach by adjusting the data collection process as I went along. I also studied the data in divergent ways. For example, I listed the similarities and differences among the cases in areas such as firm demographics and management structure. Other categories emerged as I collected the data.

**3.4.3 *Emerging constructs, concepts, and framework.*** As I constantly compared the data and findings, the role of the MTA and the relationships among the MTA, the firm, and the family began to emerge. Evidence mounted that increased my understanding of the phenomena and the constructs and concepts in each case. The evidence from multiple sources and cases converged on a single, well-defined framework which helped validate the concepts, verify relationships and patterns, and increase my

understanding of the phenomena (see Sutton & Callahan, 1987). As the constructs and relationships emerged, I developed tables that summarized the evidence underlying the constructs (Miles & Huberman, 1994; Sutton & Callahan, 1987). I found that the process of developing the framework sparked creative and original connections and relationships among the concepts.

A theoretical framework must rest on propositions that are supported by empirical evidence. I followed Eisenhardt and Graebner's (2007) suggestion and presented the data in extensive tables that summarized related case evidence. This approach not only complements the descriptions, but also emphasizes the empirical rigor and depth of the framework (Eisenhardt & Graebner, 2007). I examined each table for each case study to confirm whether the relationship existed by repeatedly examining the proposed relationships within the interview data and by checking for completeness (Yin, 1989). Confirmed relationships enhanced confidence. Disconfirmed relationships were refined, extended, or discarded. I also sought the opinions of my colleagues and my faculty advisors who were my 'devil's advocates' (see Section 3.5 "Trustworthiness of the Data"). I then conducted a member check by returning to the interviewees and asking them if they saw the relationships and process working as depicted in my data structure, or if they had alternate views and explanations. Figure 3-2 shows my final data structure.

**FIGURE 3-2**  
**DATA STRUCTURE**





**3.4.4 Levels of analysis.** The primary unit of analysis for this study was the MTA in the family-controlled firm. The secondary unit of analysis was the interactions between the MTA and the CEO/owner of the family-controlled firm, other family members, and other key individuals identified by the MTA and CEO/owner. At an individual level, I explored the role of the MTA. At the group level, I explored interactions between the MTA and other family/firm members. At the organizational level, I explored the potential impact of the MTA on the firm; such as, the MTA's role in the strategic decision-making process.

### **3.5 Trustworthiness of the Data**

I took several steps to ensure the trustworthiness of the data. I meticulously managed the data, including all records of e-mails, telephone conversations, interviews, transcripts, field notes, and other documentation.

Once the initial coding was completed, I asked three colleagues who were not part of the study to review the coding tables to check if they agreed/disagreed with the codes and labels. Eisenhardt (1989a) argued that multiple investigators enhance the creative potential of studies, and when their observations converge, we can be more confident in our findings. As a group, we agreed on 90% of the preliminary level code labels. We discussed those we did not agree on, until we came to a consensus. For example, the term "self-awareness" was originally labeled "not having an ego"; yet, we finally agreed that "self-awareness" captured the preliminary sub-categories more fully. I also asked my faculty advisors to be devil's advocates, similar to the process that Sutton and Callahan (1987) used. I reported my preliminary findings to my advisors while I was still

collecting the data and they offered alternative explanations, rebuttals to reduce bias, and further suggestions for data collection.

Once the initial model was developed, I returned to all of the original interviewees for a member check, as per Spradley (1980). While all agreed to participate, only 11 of the original 17 interviewees were available at the time. I invited the interviewees to be critical of the findings and model; in particular, I asked them to identify weak links. Overall, the interviewees considered that the model captured the role of the MTA well. Once the data analysis and write-up were complete I asked an external colleague who had not been involved to this point to perform an audit. He reviewed the process, the coding, and the sources (interview transcripts, external documents, and tables) to check that he could follow the trail of sources and patterns of thought. He concluded that the data was appropriately organized, could be easily followed, and that the interpretations and coding reflected the data appropriately.

To ensure high quality research, exploratory case studies must maximize reliability, construct validity, and internal validity, and take account of external validity. Reliability demonstrates that the data collection procedure can be repeated with the same results (replication). The goal is to minimize errors and biases (Yin, 1989) and ensure that measures are free from observer effects (Stewart, 1998). To show reliability, I documented the data collection procedures for each case study in detail. I also designed a comprehensive case study database so that the cases could be audited (Stewart, 1998). As suggested by Yin (1989), I developed a case study protocol (Section 3.3.1) to guide my research activities. Further, as discussed above, I asked my respondents to validate the data, sought feedback from outsiders, and conducted inter-rater checks on indexing and

coding (Stewart, 1998). Cross-case analysis (see Section 3.4.2) also improves the accuracy and reliability of the theory (Eisenhardt, 1989a).

Construct validity ensures that the concepts being studied are measured correctly. To maximize construct validity I used multiple sources of evidence when possible, including multiple informants for interviews; company annual reports; internal company documents, such as vision statements; and media information on the firms, interviewees, and other family members (Patton, 1990; Stewart, 1998). Second, I established a chain of evidence that included case study chronologies and case study reports (McPhee, 1990; Yin, 1989).

Internal validity refers to the level of confidence I have regarding my conclusions (am I measuring what I think I have?). Internal validity is not a requirement for exploratory case studies because its purpose is typically to establish causal relationships where X leads to Y (Yin, 1989). Nevertheless, I compared my findings with conflicting and similar literatures to build internal validity (Eisenhardt, 1989a) prior to, during, and subsequent to, data collection and analysis. Uncovering conflicting findings or disconfirming observations forces the researcher to probe the evidence and research to discover underlying reasons, thus developing more insights into the research area (Eisenhardt, 1989a; Stewart, 1998). Conversely, discovering similar results in the literature helps to link work that may not usually be associated, providing stronger internal validity (Eisenhardt, 1989a). Internal validity was also improved by shaping the propositions, including replicating across cases and searching for 'why' relationships exist (Eisenhardt, 1989a).

External validity establishes the domain to which the findings of the study can be generalized (Yin, 1989), and whether the insights can be applied elsewhere (Stewart, 1998). I selected cases from a specified population to focus my efforts to build theory (Eisenhardt, 1989a) and I chose cases that would predict similar results (literal replication) (Yin, 1989). To establish literal replication, the researcher must state a framework that outlines the conditions under which the phenomenon is likely to be found. For the purposes of this study, I chose well-established, medium to large-sized family-owned firms where the CEO is also the owner and who currently uses a MTA, based on references from network members.

### ***3.6 Ethical Considerations***

There are ethical issues that need to be considered when gathering and using highly sensitive information about organizations (Pettigrew, 1990). I followed the code of ethics mandated by the University of Western Ontario's (2002) institutional research ethics review board and as suggested by other researchers (e.g. Christians, 2000; Pettigrew, 1990). My research design was also subject to approval from the ethics review board at the University of Western Ontario (see Appendix 6).

I followed an objectivist stance throughout the entire research process and endeavored not to judge or bias my interpretations of any event, decision, individual, or organization. I developed a clear contract at the beginning of the research by informing all participants of the nature and consequences of the research, that I respected their choice of participation and their point of view, that I would strive for an open and reciprocal relationship, and that I would ensure all data were accurate (Christians, 2000; Pettigrew, 1990). Following Pettigrew (1990:286), I also made "explicit agreements

about publication, confidentiality, and consent of participation”. I asked for the interviewee’s consent before digitally recording the interviews. Individuals had the right to withdraw from the research study at any time.

I asked participants to sign an informed consent form (see Appendix 7), according to the University of Western Ontario’s (2002) ethical guidelines. The purpose of the informed consent is to protect the participant’s confidentiality, to inform them about the research study and the identity of the researchers, and to assure them that they can withdraw at any time. As per McQuillan and Muncey (1991) and the University of Western Ontario (2002), the informed consent form included: identity of the researcher; purpose of the study; request for participation, emphasizing the right to withdraw at any time; explanation of the research methods; duration of the research participation; explanation of how the participants will be involved; the types of questions the participants will be asked; location of the research; and description of how confidentiality will be protected. The document was written in language at a level that could be understood by all participants.

I conformed to the Personal Information Protection and Electronic Documents Act (PIPEDA) and the Privacy Act, both legislated by the Government of Canada. I ensured that all data were kept confidential and access was only granted to the research team. The data were anonymous (Christians, 2000). Any future requests for access to the data will be addressed on a case-by-case basis. I have preserved anonymity by using pseudonyms in this dissertation, as recommended by Pettigrew (1990). I have respected all interviewee requests to keep background information confidential and I have given due consideration to all the comments I received on my interpretation of the data.

Nevertheless, I have maintained editorial control and I have endeavored to maintain the highest standard of research ethics at all times.

## CHAPTER 4: FINDINGS

Chapter 4 provides an overview of my research findings. In Section 4.1, I describe the research context. I conducted my interviews and analysis with open-ended questions and no preconceived codes; I allowed the findings to emerge gradually. The conceptual model that emerged had three main dimensions: 1) attentional enablers, 2) attentional process facilitators, and 3) indicators of mindful governance. Sections 4.2 to 4.4 describe the first and second-order codes and their respective aggregate dimensions, illustrated by representative quotes from the data. I chose the quotes that most strongly and clearly illustrate their respective codes.

### ***4.1 Research Context***

I carried out this study in five family-controlled firms. Family-controlled firms are well-suited to this research because this is where the MTA role appears to primarily exist. Family-controlled firms also have other dynamics that create a rich context for studying the role of the MTA (see Chapter 2). I focus on the MTA in the family-controlled firm context for several reasons:

1. Family-controlled firms are often heavy with emotion, due to the family relationships involved. This creates an uncertain and dynamic environment in which subjective decisions are made about the family and the business in general. Studying the MTA and advice-giving in a family-controlled firm context exposes the interrelationships that exist among the various actors in the firm.

2. Family-controlled firms operate in a challenging environment, due to the intersection of the family and business systems. Mitchell et al. (2003) found that family-controlled firms have far more cognitive challenges; non-family employees have to make

ten cognitions (thinking patterns) to complete a successful transaction in family-controlled businesses, compared to widely held firms, where three cognitions suffice.

3. In a family-controlled firm, the intersection of owner, family, and manager creates a context where social processes are visible and significant. There is a wide range of actors, including the board (where applicable), who all have divergent and sometimes conflicting interests and goals that create tensions and that involve complex stakeholder interests. The close physical proximity of these stakeholders in family-controlled firms makes key stakeholders more readily identifiable. One reason that MTAs may be so important to family businesses is that owners are required to consider the simultaneous impact on these multiple stakeholders and therefore require more information.

4. MTAs are theoretically interesting because they appear to play a key integrative role in linking people, ideas, and activities, even though they do not directly control resources. MTAs have not been explicitly recognized in studies, yet they have important 'cousins' in advisory boards, CEO peer networks, and entrepreneur advisors. This suggests that MTAs may also play a critical role. My previous experience with family-controlled firms indicates that MTAs have advantages over consultants or boards in that they are closer to both the strategic decisions of the firm and the activities of the family. They understand the complex history of the firm and family and they possess information and perspectives that differ from that of the owner, prompting owners to consider matters they might otherwise disregard.

5. The literature suggests that advice-giving can have a critical impact on the success or failure of a firm (McDonald & Westphal, 2003). Thus, the role of the advice-



giver may be an important arena for studying the general processes of decision-making in organizations.

6. Family-controlled firms become more vulnerable when their attention is short-lived, scattered, distracted, and unstable due to dissonance, risk, uncertainty, and concentrated wealth. Attentional resources must then be invested to notice dissonance and correct its negative impacts on the family and the business. The family-controlled business must find a balance between family and business and create an environment better able to contend with, and manage, dissonance (e.g. Weick & Sutcliffe, 2006).

It is helpful to understand the ownership structure of the case study firms and how their MTAs evolved into their roles, as background to my findings. Table 4-1 summarizes this information for each case study. A common theme is that the MTA and owners 'grew up together in the business'. MTAs seem to gain much of their intimate knowledge of the owner, the firm, and the family through sharing their journey of obstacles and challenges. In each case study there were successes, failures, purchases, sales, and conflicts, either within the family or with other stakeholders. Another common theme was that MTAs developed relationships and trust because they were familiar with the family's corporate and personal tax and/or accounting affairs. Corporate and personal finances are closely intertwined in a family-controlled firm; as a result, the MTA is privy to very confidential information about the assets, transactions, investments, wills, and other matters that are rarely disclosed outside the family.

Packers Plus is a private packaging firm owned by a husband and wife. The firm, founded by the wife's great-grandfather in the late 1800s, succeeded through several generations until the couple purchased the firm from the family 11 years ago. The owners

have two teenaged children who are not currently involved in the firm. At the time of purchase, the current owners received financial assistance from a venture capital (VC) firm. A member of this firm held a seat on the board of directors of the case study organization and the owners developed a close business relationship with this individual. He left the VC firm and his board position, but was soon asked back onto the board and has since evolved into the owners' MTA. Prior to the purchase, the owner's uncle was the principal family member running the firm. He had taken on this role when his brother passed away suddenly. The uncle was reluctant to sell the firm to his niece, resulting in serious family conflict and estrangement. Much of the tacit family knowledge of managing the firm has been lost, so the MTA has been a great source of advice and support to the new owners. The couple has since bought out the VC firm. They do not employ the MTA full-time, but pay him a stipend as a member of their advisory board.

Invest 4U is a private investment communication firm. The owner started in 1968 as a partner in a firm which he eventually purchased and much later sold in 2001. During the time of sale there were significant tensions with other investors who had a stake in the firm. The MTA was integral in fulfilling the role of an 'honest broker' and facilitating the sale agreement. The owner currently owns a family holding company that retains significant interests in other firms. While the firm has few employees, it has significant assets under management. The owner has two sons; one works for the firm and the other works in another industry and lives in another part of the country. The owner also has two step-daughters who do not work in the firm. The owner's MTA joined the firm in 1987 as vice-president of finance and CFO and has remained full-time with the family

holding company. He is the MTA to the owner, and also acts as the primary advisor to other family members.

Telco was founded by the owner as a private-turned-public telecommunications firm, approximately 40 years ago. His wife worked in a senior management position within the firm. The couple has three children who are all involved in the business. Their MTA joined the firm in 1984. He started as the full-time chairman of one firm owned by the owner, and sat on the board of another firm also owned by the owner. The MTA held various positions in firms owned by the owner, including president, director, and vice-president of the main holding company. The owner eventually decided to buy back the firm and return it to private ownership. In the early 1990s, the MTA established a family office to manage the holdings of the family; he spent many months touring family offices in the United States to identify best practices. Another advisor was brought in full-time to help manage the holdings. By the mid-1990s, the second generation began to succeed the first generation and to run the firm. During this time, the second advisor began to evolve into the second generation's MTA (MTA2). Shortly thereafter, the firm was sold. MTA2 continues to run the family office and manage many of the family holdings; MTA1 continues to act in an advisory capacity to the first generation and the family office. The family has had notable success transferring the firm to the next generation; they credit this to focusing on the family first and the business second, and to the advice, support, and guidance of their MTA. The firm was subsequently sold by the second generation. This was much to the chagrin of the founder, but with the help of his spouse and the MTA, he understood that this was the best decision for his children. The family maintains a family office and holding company that manages other investments and new ventures.

BioLife is a private life sciences firm founded by the current owner in 1983. The owner has four children, two sons and two daughters. The two daughters are not involved in managing the firm. One son is CEO and the other son is president and CEO of a public sister firm. The MTA (MTA1) of the owner is an external advisory board member of the family's holding company. MTA1 has been advising the owner since 1977 (31 years at the time of interview). He is not employed full-time by the owner but works as a tax lawyer at a high-profile law firm. Interestingly, it was only during the course of the interviews and subsequent data analysis that I recognized that MTA1 was not only an advisory board member but also MTA to the founder; originally I had only identified MTA2 as the family's MTA. MTA2 is employed full-time as president of the family's holding company. He began working for the family as an external consultant in 1999 and has been employed full-time as president since 2002 (6 years at the time of interview). The owner's spouse, all four of the second generation, the family office manager (MTA 2), and three external board members (one of which includes MTA1) sit on the advisory board of the family's holding company. One of the daughters lives abroad, while the other lives near the rest of the family. I interviewed the local daughter who had an insightful understanding of the conflicts and dynamics among her siblings, and their relationships with MTA2. She was able to provide a historical context of the siblings as they grew up and how those dynamics have carried over into the firm; she also recognizes how MTA2 manages the relationships among the siblings. Her brothers did not seem to recognize the strong role that MTA2 plays in managing these relationships. The two sons who run two of the main firms have very different management styles. This results in interesting and sometimes conflicting dynamics. Through the father, the MTAs,

and the advisory board members, they are able to come to consensus on decisions by focusing on what is best for the whole and the future, not just the individual.

I was privy to considerable information about the family and business, but I can disclose little due to confidentiality. The firm operates globally in multiple industries, including real estate, tourism, construction, gambling, banking, air transport, and shipping. The founder of Global Inc. has several children, some of whom are, or have been, involved in the family empire, but none have been named as successor to date; several family members are also shareholders. The MTA of Global Inc. began advising the firm in his capacity as a tax lawyer in approximately 1989. He became intimate with the firm's corporate and family's tax affairs and developed a close relationship with the founder; as a result the founder began to rely on and trust the MTA. The firm engaged him as a full-time MTA in 1999. He left the firm in late 2007, on good terms but to the disappointment of the family, to become MTA in another firm. The family he currently works for is a fourth generation shipping firm that was one of his former tax clients. The shipping family was founded by the great-grandfather and is now run by the father and his two sons. The MTA's role with the shipping family has evolved along a surprisingly similar path as his role with the Global Inc. firm. The MTA met the shipping family in 1991 as their tax advisor; he joined their board when he left his tax practice, and he retains a seat on the board today. He is now the family's full-time MTA.

**TABLE 4-1**  
**SUMMARY INFORMATION OF CASE STUDIES**

<b>Case Number</b>	<b>Industry</b>	<b>Public/Private</b>	<b>Generation managing firm</b>	<b>Family members involved in managing firm</b>	<b>Tenure of relationship with MTA</b>	<b>Formal role of MTA in firm</b>	<b>Gender of MTA</b>
Packers Plus	Packaging	Private	4 <sup>th</sup> generation	Husband Wife	11 years	Advisory board member	Male
Invest 4U	Investment	Private	1 <sup>st</sup> & 2 <sup>nd</sup> generation	Father Son	21 years	VP Finance & CFO	Male
Telco	Telecom-munications	Private/ Public	1 <sup>st</sup> & 2 <sup>nd</sup> generation	Husband Wife Son Daughter 1 Daughter 2	MTA1 - 24 years MTA2 - 12 years	MTA1 – President of holding company MTA2 – Family office manager	MTA1 – Male MTA2 - Female
BioLife	Life Sciences	Private & Public	1 <sup>st</sup> & 2 <sup>nd</sup> generation	Husband Son 1 Son 2 Wife and 2 daughters sit on the advisory board of the family holding company	MTA1 – 31 years MTA2 – 9 years	MTA1 – Advisory board member MTA 2 – President of holding company	MTA1 – Male MTA2 – Male
Global Inc.	Conglomerate	Private & Public	1 <sup>st</sup> generation	Father Multiple family members	19 years	President of family office	Male

## 4.2 Attentional Enablers

Two sets of conditions appeared to enable the MTA to capture the attention of the decision-maker and gain the “right to be heard”. Both of these conditions relate to the attributes and competencies of the MTA. The first was the voice of the MTA: the MTA was more likely to be able to capture attention when s/he had a strong voice. As described in Chapter 1, I define voice as a relational characteristic that is used to capture the attention of the decision-maker. Voice is a second-order theme that aggregates several first-order concepts: “self-awareness”, “being true to one’s values”, being “absolutely trustworthy”, and “selflessness”. Each of these first-order concepts was based on multiple preliminary sub-categories (see Appendix 5).

Table 4-2 provides quotes from the data that illustrate each of the first-order concepts. “Self-awareness” comprises *etre bien dans sa peau*, not having an ego, not taking things personally, not always having to win, knowing you are not always right, and having a low profile. For example, Quotation 2.3 illustrates how being self-aware (in this example exhibited by not having an ego) is important to establishing a good working relationship: in his interview, the owner of Invest 4U argued that “*there can’t be trust if egos start getting in the way*”. The direct quotes forming the preliminary sub-categories that depict “being true to one’s values” include: integrity, not bending principles, character, getting him/her as s/he is, no hidden agenda, as straight as can be, and someone you can’t buy.

Quotation 2.5 illustrates the concept “true to values” with an example of the high moral standards of an MTA. The MTA of Invest 4U was asked to sign the owner’s father’s passport, yet he had never met the father. Although the MTA thought he may be

putting his position with the owner at risk, he refused on the basis that the deceit went against his principles. The result was that the family trusted the MTA more than ever because they realized he would not compromise his own principles.

“Absolutely trustworthy” consists of: trust, s/he’s very honest, keeps confidentiality, faith, and complete confidence. Quotation 2.10, from an interview with the owner of Telco, illustrates the extraordinary level of trust he has in his MTA: *“When he brings a document to me, I don’t read it. I sign it. And I don’t do that with anybody.”* Lastly, extracts from the data that portray “selflessness” include: best interest of the family, family’s interests over one’s own, loyalty to the extreme, not self-serving, good beyond self, never does anything to embarrass you, dedicated, having an emotional bank account, and a higher level of fiduciary duty. Quotation 2.12 reveals how MTAs put the family’s needs above their own: *“there’s a real sense that I need to know this is somebody who I can talk to who is going to be thinking for me, not for their own personal gain for their own advancement”*. MTAs are selfless; they always have the family’s best interest at heart.



**TABLE 4-2**  
**DATA SUPPORTING THE THEME “VOICE”<sup>7</sup>**

Associated First-Order Concepts	Representative Quotations
Self-awareness	2.1 “You can’t have a big ego because if you have a big ego, you can’t get past that, you see. You can’t implement what you don’t believe is right if you’ve got an ego...and, but you see, if I have a view, I’ve been around long enough and made the (company name) mistake and many other mistakes, (company name) being the biggest one, that you know that your view may not always be right. I know that I am not always right. I have views, okay...you figure, you have to know that you are not always right. Nobody has the monopoly on knowledge and being right all the time.” (Telco -MTA1)
	2.2 “You asked me about what makes this person strong. I think he didn’t always have to win.” (BioLife -Son1)
	2.3 “Yes, you have to have a good working relationship so that you can sit down and work it out like adults and come up with the best decision and there isn’t an ego involved in it, like ‘I’m right, damn it all I’m right’ and you can’t have that situation because that means there can’t be trust if egos start getting in the way.” (Invest 4U -O)
True to one’s values	2.4 “You know, I just thought of something, a most trusted advisor is someone you can’t buy. You don’t buy the title. You don’t say ‘I will pay you’. It’s not a question of a monetary...” (Telco -O)
	2.5 “And I’m a by-the-book kind of person and I think he understands that and I told him right off the bat. One of the first experiences I had with (owner) is when he asked me to sign his Dad’s passport. I am a CA; I can sign passports. I am supposed to know the person for two years. I never met his Dad and I refused to sign his passport. And I thought ‘oh boy, there’s a career limiting move’ but I said ‘look, I use my CA if I sign a passport and they find out. I’m a man of principle. I am sorry, I can’t do it.’ And I guess that – I set the scene for what it was going to be like over the next whatever number of years that I am a man of principle.” (Invest 4U -MTA)
	2.6 “They have to be really honest, and honest in every sense of the word. Not just honest in the sense that they are going to steal money or something like that but it’s sort of more kind of like integrity. It goes way beyond what most people would expect.” (Invest 4U -O)
Absolutely trustworthy	2.7 “The trusted advisor also knows the most intimate secrets of the family, the sacrosanct areas, the whole area of sacred ground of everyone one of them, of the individuals, and he respects that. He doesn’t go there and doesn’t hurt. The most trusted advisor is the

<sup>7</sup> The following abbreviations have been used for the roles of the interviewees: Most Trusted Advisor to 1<sup>st</sup> generation: MTA1, Most Trusted Advisor to 2<sup>nd</sup> generation: MTA2, Owner: O, Spouse: Sp, Oldest Son: Son1, Youngest Son: Son2, Daughter: D.

	person in which the family has utmost confidence that they would never reveal anything on the outside. I don't know what (MTA) would do in a court of law if they forced him, under oath, he would have such a...." (Telco -O)
	2.8 "I think you have to be trusted. The person has to have complete confidence in you. You have to have total discretion. I guess, honesty, frankly." (Global Inc. -MTA)
	2.9 "It's like he's got a total trust and everything about them, that they are always going to do the right thing, complete integrity, they are never going to do anything to embarrass you." (Invest 4U -O)
	2.10 "So he has our complete trust. When he brings a document to me, I don't read it. I sign it. And I don't do that with anybody – anybody else. (MTA) is the only one. I always ask him what is this and he'd always tell you right from the beginning but my point is if he brought it to me, I don't have to go read through it all etcetera because it's (MTA)." (Telco -O)
Selflessness	2.11 "You've got to feel that the advice he is giving us is in the best interest of the family, that at least he believes it's in the best interest of the family, we have to." (BioLife -Son2)
	2.12 "I think my experience is that families probably pick – at least the ones that I have dealt with – probably place more emphasis on trust and confidence than necessarily in a corporate environment. There's a real sense that I need to know this is somebody who I can talk to who is going to be thinking for me, not for their own personal gain for their own advancement. They are going to put themselves in my shoes and they are going to advise me they way I need to be advised on the things that I have some difficulty sorting through." (BioLife -MTA2)
	2.13 "And if you know that they've always got your best interest at heart and not a self-serving sort of thing, it's really an extraordinary thing to have. For example in my old company when I had senior people as shareholders in the company along with me and they are all self-interested so they might not want me to do a particular thing because it may be good for the company but not good for them, and the trusted advisor will come to you and say 'I don't think you should do it' or 'I think you should do it', even though it's not necessarily good for him, that he can sort of get himself beyond all the pettiness of 'is it good for me, not good for me' sort of thing, get away from the self-interested when he is making decisions or giving advice, you know it's not coming from a self-interested point of view." (Invest 4U -O)

The second condition that appeared to enable the MTA to capture the attention of the decision-maker was weight. As defined in Chapter 1, weight is a structural characteristic that refers to the competencies that bestow legitimacy on the MTA, or “the right to be heard”. This second-order theme aggregates the following first-order concepts: “depth of competency” and “breadth of competency”.

Table 4-3 presents quotes from the interviews that illustrate each of these first-order concepts. “Depth of competency” includes: really competent in what they are doing, do some things right, have some ability, experience working with family enterprises, expertise, credibility, respect his/her judgment, education, professional designation, exceedingly bright, so rare the common sense, nobody takes his place, a good head on this shoulders, and nobody has a head like him. For instance, Quotation 3.3 describes how the owners of Packers Plus relied on the financial expertise of their MTA to assist them with their banking agreements: *“We were getting painted with a broad brush from the bank and if we didn’t have (MTA’s) expertise and so on...”*. Quotation 3.2 demonstrates the respect that the owner of BioLife has for his MTA’s depth of competency: *“He ain’t God but nobody has a head like him.”*

Competency also comes from breadth of knowledge. The preliminary sub-categories that illustrate “breadth of competency” consist of: really good broad experience we can count on, can do so many different things, breadth of knowledge, general knowledge of business, diverse background, sees the forest through the trees, not in our business, having a strategic view, knowing the questions to ask, knowing what you don’t know, and coming from the school of hard knocks. In Quotation 3.5, Telco’s MTA noted that a diverse background helped him to know where to seek good advice and what

questions to ask: *"I think that I know because I have the MBA, the law degree, arts degree, worked in the fishing industry, different kind of place in the Maritimes, you develop a sense about what you really don't know and when you need help, but what you do know is you know the questions to ask, and to me if there is one thing that I contribute, I think it's knowing the questions to ask and knowing when I need help."* And, Quotation 3.7 illustrates how the owner of BioLife goes to his MTA before anyone else, because of his MTA's experience with other family-controlled firms: *"he sees the big, big picture. And we're talking about not small money but big, big money so his perception is completely different so I would go to him before I would go to somebody else because of his experience."*

**TABLE 4-3**  
**DATA SUPPORTING THE THEME “WEIGHT”<sup>8</sup>**

Associated First-Order Concepts	Representative Quotations
Depth of Competency	3.1 “Yes. I am fortunate. I’ve been a lawyer for 25 years. I worked for a family for 5 years so I’ve had – I’ve seen a lot of different situations and you try to extrapolate – you try to bring a body of knowledge that you have invested over years to a situation and say ‘I’ve seen this happen before. I see this happening right here again, the same sort of thing. This is what I’d advise you to do’. And that’s good advice because it’s actually based on something that you’ve seen in the past – the only thing the past is an indicator of the future, maybe, maybe, not necessarily. But if you have seen situations beforehand, you can give some intelligent advice to what you think the outcome is going to be in this situation that is similar.” (BioLife -MTA1)
	3.2 “Well (MTA1) is a very rare and special case because I started with him around 1977 or 1976 and he was a very, very bright young lawyer coming up in (firm) and I liked him from day one and he has just great, great common sense and he makes decisions quickly. He doesn’t come to the plate and say ‘let me think, let me do all these analyses’ like lawyers will do you for time and then come up with nothing. He’s just very, very efficient. He’s a very special person....nobody takes the place of (MTA1). Nobody. And in some of the things he will tell me I will completely disagree with him too. It’s not like he’s God. He ain’t God but nobody has a head like him.” (BioLife -O)
	3.3 “I think certainly one thing that he helped us through and it would have been more disruptive if we hadn’t had (MTA) around was the renewal of our banking agreement which was a significant issue for any company and it also came at a time where the business cycle was in a bit of a downer and our results were alright but weren’t as strong as they had been and to be quite honest with you, the (bank) walked in here very arrogant and just threw at us and I remember we had some people saying that since we sold the (industry) business they were going on and saying ‘well you know the (industry), we know that business and it’s going through a down turn and it’s going to affect you’ and we were saying ‘excuse me, we know the business and it’s a little different than what you are saying’ but they didn’t hear us. We were getting painted with a broad brush from the bank and if we didn’t have (MTA’s) expertise and so on, is then we went out to the market, I know that shocked the bank because they thought we were just going to renew the agreement. We went out to the market with a very professional presentation to the other chartered banks, to one of the U.S. banks. (Packers Plus -O)
Breadth of Competency	3.4 “I think certainly the experience you have is important for someone who is willing to be a trusted advisor. You’ve got to have a broad level of experience.... The broader experience that you have – I’ve got experience in a number of different areas – lending, finance, accounting, investor – I’ve got a very broad level of experience so that brings value to the table. You’ve got to be able to see

<sup>8</sup> The following abbreviations have been used for the roles of the interviewees: Most Trusted Advisor to 1<sup>st</sup> generation: MTA1, Most Trusted Advisor to 2<sup>nd</sup> generation: MTA2, Owner: O, Spouse: Sp, Oldest Son: Son1, Youngest Son: Son2, Daughter: D.

	the forest for the trees. See sometimes when you are too experienced you get too involved tactically and you've got to have a strategic view. (Packers Plus-MTA)
	3.5 "I think that I know because I have the MBA, the law degree, arts degree, worked in the fishing industry, different kind of place in the Maritimes, you develop a sense about what you really don't know and when you need help, but what you do know is you know the questions to ask, and to me if there is one thing that I contribute, I think it's knowing the questions to ask and knowing when I need help, expertise help whether it's tax or legal or accounting or whatever... coming here from the fishing industry to the technology side, trying to understand how a cellular telephone works. When I got here, I didn't even know how a radio worked. I still don't, but you have to be able to speak the language so you just – I think it's important for an advisor to have a fairly broad view of life and have a little bit of knowledge in a lot of areas and know where to get the good advice." (Telco - MTA1)
	3.6 "I think you need somebody who has broad background that can help with a whole variety of things." (Invest 4U -S)
	3.7 "You know he was the right hand man to (large family firm) for a while. He knows all these families in fighting and all this stuff, etc. He sees the big, big picture. And we're talking about not small money but big, big money so his perception is completely different so I would go to him before I would go to somebody else because of his experience." (BioLife -O)

I also assessed the types of MTA education and expertise that were associated with the label “competency”. Table 4-4 summarizes the competencies associated with the MTAs in each firm. Most had strong legal and tax knowledge: four of the MTAs were lawyers by education, three were professional accountants. All MTAs had some form of graduate education and/or a professional designation. In addition, they all had broad experience (directly or through clients) outside the industry in which they were currently involved. My data analysis suggested that a higher education, professional designation, and/or expertise gave the MTA credibility, knowledge, and insight. And, to the families, these were all signs of intelligence.

Owners and MTAs also felt that previous experience with family-controlled firms was important. All but one of the MTAs interviewed had previous experience with other family-controlled firms in some capacity. Either they had held a senior management role in, or owned a family-controlled firm, or they had advised to one. The one MTA who did not have this direct experience had worked with a range of entrepreneurs and new ventures. All interviewees said that previous experience with family-controlled firms was important. One MTA quoted Tolstoy’s *Anna Karenina*: “Happy families are all alike; every unhappy family is unhappy in its own way” (Tolstoy, 2000). This MTA proposed that all family-controlled firms had similar dynamics and issues, and that MTAs provided value by bringing in the best practices from their previous experiences.

**TABLE 4-4**  
**TYPES OF COMPETENCIES POSSESSED BY MOST TRUSTED**  
**ADVISORS**

<b>Most Trusted Advisor</b>	<b>Education/Professional Designation</b>	<b>Past Experience</b>
Packers Plus - MTA	<ul style="list-style-type: none"> <li>Chartered Accountant</li> </ul>	<ul style="list-style-type: none"> <li>CA firm</li> <li>Banking – lending, finance, accounting</li> <li>Mergers &amp; acquisitions</li> <li>Venture capital industry; entrepreneur advisor</li> </ul>
Invest 4U - MTA	<ul style="list-style-type: none"> <li>Chartered Accountant (tax)</li> </ul>	<ul style="list-style-type: none"> <li>CA firm</li> <li>CFO</li> <li>Employed in other family business (retail industry)</li> </ul>
Telco - MTA1	<ul style="list-style-type: none"> <li>MBA</li> <li>Lawyer</li> </ul>	<ul style="list-style-type: none"> <li>Employed in own family business (fishing industry)</li> <li>Pulp &amp; paper industry</li> <li>President, holding company</li> </ul>
Telco -MTA2	<ul style="list-style-type: none"> <li>Chartered Accountant</li> </ul>	<ul style="list-style-type: none"> <li>CA firm</li> <li>Previous family-business clients</li> </ul>
BioLife -MTA1	<ul style="list-style-type: none"> <li>Lawyer (tax)</li> </ul>	<ul style="list-style-type: none"> <li>Law firm</li> <li>Family-business clients</li> <li>MTA to other family business (multi-industry international firm)</li> </ul>
BioLife -MTA2	<ul style="list-style-type: none"> <li>MBA (finance)</li> <li>Lawyer</li> </ul>	<ul style="list-style-type: none"> <li>Large consulting firm</li> <li>Corporate business planning</li> <li>Mergers &amp; acquisitions</li> <li>Other family business (international consumer services)</li> </ul>
Global Inc. - MTA	<ul style="list-style-type: none"> <li>Lawyer (tax)</li> </ul>	<ul style="list-style-type: none"> <li>Law firm</li> <li>Family-business clients</li> <li>Other family business (multi-industry in Asia)</li> </ul>



### ***4.3 Attentional Process Facilitators***

Three second-order themes emerged from my data analysis that I aggregated as ‘attentional process facilitators’. These processes embody “how” the MTA was able to direct and influence attention. The second-order themes that make up the attentional process facilitators are “sense of self in relation to others”, “sense of self in contribution to the whole”, and “decision bias to others in relation to self”.

“Sense of self in relation to others” refers to the individual’s understanding of how the group relates to one another and their interconnected behaviors and actions. The MTA can envision how the group connects; how the actions of one influence the other; as well as his/her role in, and impact on, the group. This second-order theme aggregates the first-order concepts of “understands issues and interpersonal dynamics” and “meaningful engagement”. The data analysis revealed the following preliminary subcategories that exemplify “understands issues and interpersonal dynamics”: understands family dynamics, understands psyche, knows the players, understands all the people, what are the consequences/implications, very intuitive, doesn’t rush, patient, tactful, sensitive to the nature of advice, only one cog in the wheel, all intertwined, s/he can hear you and feedback what s/he’s heard, timing, knows everything. Table 4-5 provides quotes from the data that illustrate each of the first-order concepts. For example, in Quotation 5.1 the son of the founder of BioLife describes how their MTA sets an appropriate pace, times his comments, and allows decision-making in the group to unfold without pushing his own thoughts at inappropriate times. The son attributes this to the MTA’s deep understanding of the dynamics of the group.

“Meaningful engagement” includes preliminary sub-categories such as: a personal interest, engaged in what they (the family) are doing, want to help them (the family) succeed, shared experiences, shared values, caring, attached, lives with the results as much as we (the family) do. These comments refer to the ability of the MTA to develop this “sense of self in relation to others” because he is “meaningfully engaged”. Quotation 5.5, excerpts a conversation between the founder of Telco and his spouse. It illustrates how ‘caring’ differentiates the MTA from other types of advisors: *“And if something were to happen today to the wife of one of my sons and (MTA) heard that, he would genuinely be affected. It would really hit him in the gut whereas our tax lawyer would say ‘is that right? Oh that’s too bad’. One of them cares, feels, the other one, I don’t know. Do you understand the difference? (O) – Well, what it is they care for the outcome. Most people give advice and then you pay for it and that’s it, and you leave their office and they’ve forgotten you and you’ve forgotten them. And they send you the bill. They don’t care what happens. – Yes. See (MTA) lives with the results as much as we do.”* An excerpt from Quotation 5.7 by the MTA of Packers Plus shows how meaningful engagement is important in the decision-making process: *“I like being engaged. I like the fact that they like engaging me and so I am willing to do the research, I am willing to spend the time to help them make the right decisions.”*

**TABLE 4-5**  
**DATA SUPPORTING THE THEME “SENSE OF SELF IN RELATION TO OTHERS”<sup>9</sup>**

Associated First-Order Concepts	Representative Quotations
Understands issues and interpersonal dynamics	5.1 “This is where I am saying they have to be able to listen, be patient, not rush to decision, and control – not look for an immediate solution or not necessarily provide the immediate solution... I am sure you have been in the same situation where you would say two hours later somebody came up with the problem and had to solve it, one person says in the first two minutes ‘this is what we should do’, everybody says ‘no’, two hours later they go back to the solution somebody proposed in the first two minutes and the difference is that it took two hours later for everybody that suggested the solution to come around to it. So if you are a person that is just going to come to the solution in two minutes and then withdraw, you won’t make it because the rest of the crowd won’t follow.” (BioLife - Son1)
	5.2 “Yes. Every once in a while she’ll (refers to the owner’s spouse) make a comment and I’ll see her in it and I don’t even think people are aware, necessarily as aware. I think she has more of a – carries more weight than maybe even he (owner) understands, I don’t know. There are limits to what I should know as a non-family member. (BioLife -MTA2)
	5.3 “The side of where I think I’m helpful to him is I sort of see this dynamic of family and succession issues and things of that, so I think I’ve been helpful in that school helping him deal with it. I think we’re helpful to him also sort of refereeing between competing interest and his family. He’s the perfect example of what I’m saying. A guy who is strong-willed, strong-minded, great entrepreneur, knows where he wants to get to, got there, and now hopefully wants to pass down that to the next generation and help him to get to do it.” (BioLife – MTA1)
	5.4 “But he is really good at being the honest broker in situations like especially at my old company where some of the key people were shareholders in the company, so there was lots of room for conflict, as you can imagine, me and them and he was the CFO and he’s be sort of caught in the middle and they would go to him and he would sort of balance everything and talk to people and everybody really respected him, and he maintained the confidentiality.” (Invest 4U -O)
Meaningful engagement	5.5 “They are caring, too. I think (MTA) really cares (O)... – Oh he does. He’s very attached (Sp) – about what happens to every member of our family. And if something were to happen today to the wife of one of my sons and (MTA) heard that, he would genuinely be affected. It would really hit him in the gut whereas our tax lawyer would say ‘is that right? Oh that’s too bad’. One of them cares, feels, the other one, I don’t know. Do you understand the difference? (O) – Well, what it is they care for the outcome.

<sup>9</sup> The following abbreviations have been used for the roles of the interviewees: Most Trusted Advisor to 1<sup>st</sup> generation: MTA1, Most Trusted Advisor to 2<sup>nd</sup> generation: MTA2, Owner: O, Spouse: Sp, Oldest Son: Son1, Youngest Son: Son2, Daughter: D.

	Most people give advice and then you pay for it and that's it, and you leave their office and they've forgotten you and you've forgotten them. And they send you the bill. They don't care what happens. – Yes. See (MTA) lives with the results as much as we do. And he will say often times 'well, we did pretty well on that one. We didn't do so well on this one'. That type of a conversation because he lives with the results too, so we both do, and he cares about the consequences as much as we do. Now that's very different (Sp)." (Telco -O&Sp)
	5.6 "Yes, absolutely. He knows everything about me. If I want to tell somebody 'do you want to know about (owner), go call (MTA)'. He knows more about me than I do." (BioLife -O)
	5.7 "There's no fire in the belly, and that's really what it is and I truly am – I like being engaged. I like the fact that they like engaging me and so I am willing to do the research, I am willing to spend the time to help them make the right decisions...And so by being engaged you are inquisitive and things like that. That becomes a natural by-product of it." (Packers Plus -MTA)
	5.8 "I don't think this is a classified ad. It's a relationship and God willing, I hope it is a long willing, that he grows with our family, and it's not easy." (BioLife -D)

“Sense of self in contribution to the whole” refers to the independent contributions MTAs make, while being aware of how their actions affect the group; as a result, they contribute accordingly. Sense of self in contribution to the whole aggregates several second-order concepts: “providing independent objective advice”, “acting purposefully”, “acting with suspicious trust” and “facilitating”. The preliminary sub-categories that illustrate “providing independent objective advice” include: provide objective advice, giving guidance, counsel, bring outside perspective, says it like it is, and communicate outside of norms and practices.

Table 4-6 presents representative quotes from the data that illustrate these first-order concepts. For example, Quotation 6.3 is from an interview with the MTA of Global Inc.. It illustrates, in a simple and straightforward manner, that the advisor must be able to provide his opinion, whether the family likes it or not: *“You have to be able to say ‘this is what I think. If you don’t agree with it that’s fine but this is what I think’”*. Quotes from the data that portray “acting purposefully” include: define and articulate the vision, goals and objectives, anticipate and identify potential future needs and concerns, capture future opportunity, skating to where the puck is going to be, follows-up, does anything that needs to be done, and going beyond the role. In Quotation 6.5, the MTA of Packers Plus acts purposefully when he continually follows-up with the owners; this differentiates his role from the other members of the advisory board: *“I will follow up, keep a note of things from a prior board meeting and I’ll ask whatever happened to this situation, did you ever deal with it? And they will say it’s still on the to-do list, or yes this is what we did. But I think that’s part of – none of the other board members do that.”*

The preliminary sub-categories I identified that depict “acting with suspicious trust” consist of: acts and thinks outside of norms and practices, reflective, thinks about everything s/he does, mitigates risks, critical thinking - this doesn’t make sense, did you think about this, inquisitive, intuitive, probes, asks a lot of questions, and constant vigilance. Quotation 6.8 comes from an interview with the MTA to the second generation of Telco. It conveys the importance of thinking critically about potential implications and consequences of issues and decisions: *“I think it’s help them realize that it could go wrong for some reason because in my role it’s always also to help them realize what are the consequences, the implications that you see that they might not think about and then they’ll take that into consideration also as opposed to not thinking about it or not considering it in the decision. So I think it’s really bringing to them all the things that you think might have an implication that they might not realize at the moment.”*

Lastly, “facilitating” is revealed by the following excerpts from the data: brings in and coordinates outside expertise, interface with other advisors, quarterback, and defer to expertise. In Quotation 6.12 the MTA of the founder describes the difference between an MTA and other professional advisors: *“Most professionals don’t want to recommend to families that they get somebody else because they want to keep them captive, but the good professional advisors will say to people ‘you should have a right-hand person in-house who you trust, who is honest, who will give you the straight goods, and who will help your family in all kinds of areas’”*. MTAs must be willing to defer to expertise and coordinate input from other advisors; whereas, many professional advisors are often perceived to “hold the family captive”.

“Decision bias to others in relation to self” refers to accepting and supporting the decisions and goals of the decision-maker. The second-order themes that fall under this aggregate dimension are “decision belongs with the decision-maker” and “accept and commit to the decision”. The labels that describe “decision belongs with the decision-maker” are comprised of: has to be their decision, know their role, respect the person who has final authority, and this is our (the family) decision.

Table 4-7 present quotations from the data that illustrate the themes. In Quotation 7.1 the MTA of Invest 4U described how he leaves the owner to make an informed decision, once he has made him fully aware of all possible consequences: *“My job is to advise him and impart as much knowledge as I have to him so that he can make an informed decision and if he decides that he still wants to go ahead with it, my job is done if he understands what the consequences are from my side”*. The last theme of “accept and commit to the decision” is illustrated by the labels of: soldiering, being a good soldier, makes themselves recyclable by backing decision, support the decision, get behind it and make it happen, and share the goal. Quotation 7.6 from the MTA of Telco illustrates the importance of being a “good soldier” and supporting family decisions he doesn’t believe in: *“...if you are going to be a really good advisor, you then have to be prepared to go with whatever they decide and make it work, even if it’s not what I believe. And I work on a lot of stuff that I don’t believe is the right thing to do but because you have to kind of be what I call a good soldier”*.

**TABLE 4-6**  
**DATA SUPPORTING THE THEME “SENSE OF SELF IN CONTRIBUTION TO THE WHOLE”<sup>10</sup>**

Associated First-Order Concepts	Representative Quotations
Providing independent objective advice	6.1 “The guy who is the entrepreneur, what he wants is somebody outside of his business per se that he can actually call and say ‘okay, this is a problem I have been having, this is the advice I have been getting internally, what do you think of this advice. Give it to me on an unbiased basis, what you think – good, bad, or indifferent – but give it to me unbiased. Don’t gleam it, don’t varnish it, give it to me unbiased. What do you think is going on’.” (BioLife -MTA1)
	6.2 “I think that they know that whatever I tell them is going to be what I really believe, not what they want to hear and I think a lot of people who advise them and a lot of people who are involved with them, and I think they’ve come to recognize tell them what they want to hear. I think a key part of being an advisor is telling people what you believe. They don’t pay you to agree with them. They pay you to give them what you believe. Now if what you believe also is the same as them, then that’s fine but they know that it doesn’t matter, what they believe. They know I am going to tell them what I believe and that’s important to them because they know they are going to get it straight, and unfortunately, I don’t have terrific communication skills and sometimes I come across as a little aggressive but I take the approach that my view is to give them – my job is to give them my view, make sure they hear it, make sure they understand it, and then the decision is theirs. It’s their money; it’s their company; it’s not mine.” (Telco -MTA1)
	6.3 “You have to be able to say ‘this is what I think. If you don’t agree with it that’s fine but this is what I think’.” (Global Inc. -MTA)
Acting purposefully	6.4 “He oversees all of that and when changes should be made he’ll bring it up. ‘Okay, it’s time to review this’.” (Telco – Sp)
	6.5 “I will follow up, keep a note of things from a prior board meeting and I’ll ask whatever happened to this situation, did you ever deal with it? And they will say it’s still on the to-do list, or yes this is what we did. But I think that’s part of – none of the other board members do that.” (Packers Plus -MTA)
	6.6 “What are you really trying to help with here? Are you trying to help the business side or are you trying to help the family side. What is your real objective here? And if you don’t understand what the objective is then the advice that you are going to be giving is going to be slanted to an area that maybe you shouldn’t be slanting it to.” (BioLife -MTA1)

<sup>10</sup> The following abbreviations have been used for the roles of the interviewees: Most Trusted Advisor to 1<sup>st</sup> generation: MTA1, Most Trusted Advisor to 2<sup>nd</sup> generation: MTA2, Owner: O, Spouse: Sp, Oldest Son: Son1, Youngest Son: Son2, Daughter: D.



Acting with suspicious trust	6.7 “(MTA) probes. (MTA) asks specific questions of us around our industry or business because I think two things – number one is he is trying to learn more and the other thing too, those questions are often to get us to think.” (P-O)
	6.8 “I think it’s help them realize that it could go wrong for some reason because in my role it’s always also to help them realize what are the consequences, the implications that you see that they might not think about and then they’ll take that into consideration also as opposed to not thinking about it or not considering it in the decision. So I think it’s really bringing to them all the things that you think might have an implication that they might not realize at the moment.” (Telco -MTA2)
	6.9 “...he may just sort of bring something up and say ‘well, did you think about this’ or ‘did you think about that’ and you might say ‘no, I didn’t think about that but I’ll take it into account but I am still going to do what I am going to do’ so maybe to just make you aware of some of the more broader considerations when you are making a decision.” (Invest 4U -O)
Facilitating	6.10 “And that’s why very few people make it to the most trusted advisor because they are too much a slave to 1) their own discipline, 2) to making money, and they say ‘if I bring these other people in they’re going to take a piece of it and there’s going to be less of it for me and therefore the economic reason prevents them from really becoming a most trusted advisor. They are good advisors and they have a role to play, but they are not the most trusted, and I don’t know if you want your thesis on the most trusted, but that’s what’s needed. What is needed for people like me, entrepreneurs, family business people, people like (spouse) for the long-term, if the CEO dies to continue, is a most trusted advisor anchor. It’s an anchor.” (Telco -O)
	6.11 “They would say yes, and then I would guide them and say you might want to talk to this person or that person. We’ve done that in the past where I’d say I can give you some broad guidance but if you really want to head down that path you are better off getting someone who has the expertise in that area.” (Packers Plus -MTA)
	6.12 “ If your lawyer says to you ‘you guys should hire a most trusted advisor who would coordinate and help you, give you their views, give you an outside view, coordinate some of your activities with their various specialists’, and if their accountant says the same thing, and their insurance guy says the same thing and it goes on and on that their professionals keep advising them, I think that would be a big help; however, that’s a huge problem because to me professionals are part of the problem. Most professionals don’t want to recommend to families that they get somebody else because they want to keep them captive, but the good professional advisors will say to people ‘you should have a right-hand person in-house who you trust, who is honest, who will give you the straight goods, and who will help your family in all kinds of areas’. Finding them is not that easy, in my view. Finding people who don’t have an ego, are ambitious but are well educated and, you know, I don’t think they are standing around out there beating your door down.” (Telco -MTA)

**TABLE 4-7**  
**DATA SUPPORTING THE THEME “DECISION BIAS TO OTHERS IN RELATION TO SELF”<sup>11</sup>**

Associated First-Order Concepts	Representative Quotations
Decision belongs with the decision-maker	7.1 “Yes, if it’s for the business and he wants it and if I have apprised him of all of my own feelings and all the negative consequences and he still wants to do it, that’s fine. My job is to bring up the consequences and make sure he is aware of them. If he still wants to do something with taking into account all the negatives, I’m more than happy because that’s my job and as long as he’s aware, I just don’t want him to be surprised. .. As long as he knows what the risks are and there’s a possibility of A, B, and C but if we don’t do it – if we do it and they don’t like it then we’re no worse off than if we had not done it anyways, if that’s the case, or we are worse off and maybe we shouldn’t do it and he may say ‘well, I’ll take my chances’. Fine, we take our chances. But that’s not a matter of principle. My job is to advise him and impart as much knowledge as I have to him so that he can make an informed decision and if he decides that he still wants to go ahead with it, my job is done if he understands what the consequences are from my side. That’s the way we work.” (Invest 4U -MTA)
	7.2 “But I’d say, I think, I would say that is important because in the end its they are involved in their business very much, it has to be their decision, they have to be very comfortable with it so it’s either you convince them with the arguments but in the end, if some aspects of it make it that your recommendation is not retained, you have to be able to live with it. If not, you might be disappointed from time to time.” (Telco -MTA2)
	7.3 “... me and my father are kind of the ultimate decision- makers and ultimately my father, but day-to-day things come up, sometimes (MTA) will ask me and sometimes he’ll ask my father, and we basically trust him to look after everything else. The idea I guess has been that I can focus as much of my time as possible on the (business) and (MTA) sort of looks after everything else.” (Invest 4U -Son1)
Accept and commit to the decision	7.4 “I’ll support the decision, you know. Not everything is black and white, you know. In a lot of cases, these are the risks, these are the opportunities, you want to go with them, yes okay, as long as you can see that these opportunities outweigh the risks, you made the decision. My job now is to follow along because we know what the risks are. That job is done. Now we are going to work towards the new goal. Hopefully those negative things will not come back to bite us. What I will try to do is to protect against some of those things because I know that they might happen and he knows they might happen as well because we’ve already discussed them and he’s said ‘okay’, so what do we do to mitigate that risk. We might continue along this path but try to mitigate those risks in

<sup>11</sup> The following abbreviations have been used for the roles of the interviewees: Most Trusted Advisor to 1<sup>st</sup> generation: MTA1, Most Trusted Advisor to 2<sup>nd</sup> generation: MTA2, Owner: O, Spouse: Sp, Oldest Son: Son1, Youngest Son: Son2, Daughter: D.

	another way.” (Invest 4U -MTA)
	7.5 “...but at the end of the day, you’ve got to respect the person who has the final authority and once they make the decision – so you can give your counsel which I do with my boss and I expect of my people, but once if I’ve got the authority to make that decision and I make that decision whether I agree with it or not, I’ve got to get behind it and make it happen. And that’s the same way I approach – I sit on a number of different boards – and that’s what I do, I give my opinion, I make my views known, and that’s all they are – my views, they have my biases, my experience behind them, and they are not necessarily right but that’s what they are, and you have a take-it-or-leave-it approach but once the decision is made, I get behind it and make it happen.” (Packers Plus - MTA)
	7.6 “...once you’ve done that process and they’ve heard you and they understand you, then they make a decision that is contrary or different than what you’ve felt is right, if you are going to be a really good advisor, you then have to be prepared to go with whatever they decide and make it work, even if it’s not what I believe. And I work on a lot of stuff that I don’t believe is the right thing to do but because you have to kind of be what I call a good soldier. Once you have made your position clear and they understand it and they’ve heard it and they make their decision, they now pay you to implement their decision. And I’ve been good at implementing stuff even though I didn’t think it was totally the right thing to do.” (Telco -MTA1)
	7.7 “Because you know a person could serve a purpose and be decent and jump on the table and do whatever, but you can’t recycle him again. He’s done – whoever was his proxy he’s done his job and his credibility for the next time around is gone.... I think one of the things that these guys can do is they can keep themselves to be recyclable for different issues...” (BioLife -Son1)

#### ***4.4 Indicators of Mindful Governance***

Two second-orders themes emerged from my data analysis that appeared to reflect the outcomes of the role of the MTA. Aggregated, I call these themes “indicators of mindful governance”. The second-order themes that make up this aggregate dimension are “crafting more encompassing decisions” and “collective direction”.

Table 4-8 provides representative quotes from the data that illustrate the second-order theme “crafting more encompassing decisions”. This theme reflects how the MTA helped the decision-maker assess the full potential impact of their decision on both the organization and the family. The MTA influenced the decision-maker’s assumptions, cause and effect relationships, beliefs about facts, and interpretation of issues. Two first-order concepts make up this theme: “reflecting on the decision making process” and “challenging the decision-maker’s schema”. The preliminary sub-categories that emerged from the data that illustrate “reflecting on the decision-making process” show that decision-makers and family members felt the MTA changed the way they made decisions: went slower, stop and think, gets us to think, get me to look at the risks, hold me back a little, let’s get out of this panic, (not) getting caught up in the deal, helping us to focus, and makes me reflect. For example, in Quotation 8.1 the owner of Telco believed he the MTA helped him to slow down, to reflect, and to think about the various consequences: “...*Yes, (I) took my time and that’s very good advice*”.

The other first-order concept “challenging the decision-maker’s schema” is depicted by the preliminary sub-categories of: another opinion, thinking about issues from a different perspective, come to new solutions, help them realize and prevent implications and issues, helps to remove blinders, helps to see the big picture, I changed

my mind about what I was going to do, talked to somebody else, and changed directions. In Quotation 8.4, the MTA of Packers Plus explains how he brings value by encouraging owners to consider decisions from a different perspective: “...*think about doing it this way. I know you’ve always done it that way but what about, would it make sense to take a look at it from this perspective*”.

**TABLE 4-8**  
**DATA SUPPORTING THE THEME “CRAFTING MORE ENCOMPASSING DECISIONS”<sup>12</sup>**

Associated First-Order Concepts	Representative Quotations
Reflecting on the decision making process	8.1 “You thought about it more. (Sp) Yes, (I) took my time and that’s very good advice. (O) Reflection is the most important thing. (Sp) But you couldn’t prove that. What he said to me I didn’t do anything about. He felt good because he said it but I didn’t act on that, but I didn’t act on what I was going to do, anyways. (O)” (Telco -O & Sp)
	8.2 “It was helping with the tactical. Like I say, sometimes I am tactical, they will bring me into tactical stuff and once again it is this forest versus the trees thing. They were just so locked into this panic mode – and I know, I get there sometimes, you’ve got so many things crashing at you that are in crisis mode that you can’t think clearly anymore and you need to go and seek out somebody and say ‘holy cow, this is what’s happening. I am just overwhelmed right now’ and while they didn’t say that, what was coming through was the panic in their voice and they understood the risk of the situation that they were in and I was able to sit down and say ‘okay guys, let’s just think clearly about this. Here’s what you can control. Here’s what you can’t control. Focus on the things that you can control.’” (Packers Plus -MTA)
	8.3 “I can’t think of one example in particular but let’s assume that I am planning – I move fairly quickly. I move too fast sometimes. I am an entrepreneur. What I’ve done today, I’ve made mistakes but it has helped me in the past. I don’t pussyfoot around. If I have a good idea, we phone now. We pick up the phone, we phone the people. If you would talk to me about (business colleague) or something, I’d phone (business colleague) right now. And people say ‘wait a minute. You’ve got to take a little bit of time and think about the consequences’ and the things of that nature. So if I wanted to hire somebody because it met my profile and made a lot of sense, and (MTA) would say ‘I wouldn’t hire that person’. I may decide not to proceed with the hiring of the person, not doing what (MTA) told me but because there’s a different opinion, that makes sense there’s more to this than I thought. He’s opened another door. ‘My god, (owner) easy does it’. So in that sense, I wouldn’t take his advice but because he said that, it got me to do better. I did a better decision....Often times (MTA) has helped me because what he has recommended that I do or consider is so different from what I am doing that I am not – he’s helped me though I didn’t take his advice and I changed my mind about what I was going to do. Maybe I went slower, I changed direction, I talked to somebody else.” (Telco -O)
Challenging the decision- maker’s schema	8.4 “I think that’s probably some of the value that I’ve brought to them too over the years was to say ‘think about doing it this way. I know you’ve always done it that way but what about, would it make sense to take a look at it from this perspective’. So you bring a fresh perspective, I think, by not being... Ideally, if I was going to set up a board of directors or board of advisors, I’d have somebody

<sup>12</sup> The following abbreviations have been used for the roles of the interviewees: Most Trusted Advisor to 1<sup>st</sup> generation: MTA1, Most Trusted Advisor to 2<sup>nd</sup> generation: MTA2, Owner: O, Spouse: Sp, Oldest Son: Son1, Youngest Son: Son2, Daughter: D.

	that was retired with industry specific knowledge but then I'd bring in other people that were non-industry, that had non-industry specific knowledge, somebody maybe with some finance experience, somebody with general business experience, maybe some marketing experience, bring in a broad level of skills to the table." (Packers Plus -MTA)
	8.5 "That's how... and then he would, because we were always having meetings with our children on business issues, on different issues, and he would come for the business side of the issues and he was very helpful in that because he knew what was – because he sat on the board of (firm) too – he could come with a different perspective on the (firm) issues. He could come with perspectives from the ventures side, and he also understood some of the issues what it is to be in a family business so he was a perfect person to help coach the children in these things and to come to our meetings because we had regular meetings." (Telco -Sp)
	8.6 "Some days we can come to a solution with the other people that we didn't think about or couldn't get to it ourselves. Like one example was – I think this was a suggestion from one of the guys – we said when it came to the foundation, they are saying my mother was making all these decisions all by herself and they said 'why don't you consider making a pool that let's say the four kids can give but they have to agree on how they do it and the foundation will give each person, an individual amount that they can decide to give away to different charities'. And that was one example." (BioLife -Son1)

The next second-order theme for “indicators of mindful governance” was “collective direction”. Here, the MTA acted as a group process facilitator, creating an environment of unifying structures to connect members to one another, resulting in decisions that focused on the whole, not just the individual. This second-order theme aggregates two first-order concepts: “helping family to understand self in relation to one another” and “helping family to interrelate in relation to one another”. The following preliminary sub-categories illustrate the theme “helping family to understand self in relation to one another”: helping define what they want to do, prioritizing what is important, getting us to understand the issues, picking a road, developing competencies, think of the group, and what’s good for the group.

Representative quotes from the study data are illustrated in Table 4-9. Quotation 9.3, by the owner of BioLife, illustrates how a key function of the MTA is to help the second generation find their place in the family: *“...the job is really to build them up and help them get to a stage of life where they feel really good about themselves and feel good in their own skin as well, depending on what they do, what their dreams are”*.

The last theme, “helping family to relate in relation to one another”, consists of the following data labels: helps process of getting to a decision, how to make decisions, helps process to build consensus, sustaining balance in the family, being an honest broker, refereeing between competing interests, and eases tensions. In Quotation 9.4, the second son from BioLife describes how governance – what he referred to as helping the family to make decisions as a unified group – is the number one priority for the MTA, and is the only way that the family will be able to stay together in the family business: *“He asked us to prioritize what was important when we were in this conversation and I*



*said governance is his number one thing. Helping us make decisions without our father. To me that's the only way that we are going to be able to kind of live what my father wants us to do and that's to keep (firm) together.... Yes. There's no question. If we didn't have outside board members and a kind of a process to speak resolution, I don't think we would be in the court but we would split up for sure."*

**TABLE 4-9**

**DATA SUPPORTING THE THEME “COLLECTIVE DIRECTION”<sup>13</sup>**

Associated First-Order Concepts	Representative Quotations
Helping family to understand self in relation to one another	9.1 “And also the other thing is the family itself, the siblings have to think of themselves not what’s good for themselves individually. They have to think of the group, what’s good for the group, and once they start thinking just for themselves, everything is gone anyhow.... The day they don’t want to be together, they won’t be together.... (MTA2) could play a role to that as well because he is an outsider but the advisors, whoever they are, if they cannot play that role and say ‘hey, you guys are stupid if you don’t stay together because if you stay together you have more strength, and if you don’t realize that, then too bad for you’. There’s nothing you can do about it.” (BioLife -O)
	9.2 “And the second concern was that their kids were going to be parasites on society and that’s my number one – that haunts me making sure that my kids are going to contribute to society, they are going to have jobs, they are going to be philanthropic and I want to make sure that we’ve set them up for that to become productive members of society.” (BioLife -Son2)
	9.3 “I say to people who are your clients here, who do your clients serve, and if you are trying to help the second generation then the job is really to build them up and help them get to a stage of life where they feel really good about themselves and feel good in their own skin as well, depending on what they do, what their dreams are. You have to help them get to where their dream is. If their dream is to succeed their father in their business you got to help them try to get there or maybe make them realize that just because your father was a great pitcher doesn’t mean that you are a great pitcher. It’s a challenge. It’s a real challenge. It’s a challenge to help people achieve what they want to achieve in a way that you are working to help their goals get in front of everything else as opposed to your own goals.” (BioLife -MTA1)
Helping family to relate in relation to one another	9.4 “He asked us to prioritize what was important when we were in this conversation and I said governance is his number one thing. Helping us make decisions without our father. To me that’s the only way that we are going to be able to kind of live what my father wants us to do and that’s to keep (firm) together.... Yes. There’s no question. If we didn’t have outside board members and a kind of a process to speak resolution, I don’t think we would be in the court but we would split up for sure.” (BioLife -Son2)

<sup>13</sup> The following abbreviations have been used for the roles of the interviewees: Most Trusted Advisor to 1<sup>st</sup> generation: MTA1, Most Trusted Advisor to 2<sup>nd</sup> generation: MTA2, Owner: O, Spouse: Sp, Oldest Son: Son1, Youngest Son: Son2, Daughter: D.

	9.5 "So they are carrying all this old baggage that they have been growing up with, in most cases they can't overcome it, you carry it, and I think the advisor – the outside advisor, if the siblings are the group respects them enormously, their judgment, and I think that they play the critical role in overcoming all these tensions and say 'okay, let's go'." (BioLife -O)
	9.6 "Now that's evolving right now and that's one of the things that we've talked about changing is that we were spending a lot of time especially on (firm). We're spending less time, as time passes, they are making a conscious effort to build their team and put the capability in place that they are not reliant on people outside their business." (BioLife -MTA2)
	9.7 "So (son2) would say 'I want to buy this company' and (son1) would say 'that's stupid' – he wouldn't say it was stupid, he goes 'well have you given it much thought', 'yes, I have done my homework on it', and he'll pick this nitty-gritty question and (son2) would say 'I didn't think about that', 'well you haven't done your work', 'well leave me alone' – so (MTA2) would just say 'hey, hey, hey, (son1) you are out of line. (son2), cool it'." (BioLife -D)

## CHAPTER 5: DISCUSSION

The findings I report in Chapter 4 describe the enablers, process facilitators, and outcomes that indicate mindful governance. In this chapter I discuss these findings, develop a set of propositions that formalize the relationships suggested by my data, and present a conceptual model of the enablers and process facilitators of mindful governance.

### *5.1 Attentional Enablers*

I found that there were distinct recurring qualities and competencies of the MTA that allowed him/her to capture the attention of primarily the decision-maker, but also other family members – I label these as attentional enablers. There were two sets of enablers – the voice of the MTA and the weight of the MTA.

These findings contribute to existing literature on how subsidiaries, through their voice and weight, are able to capture the attention of parent firms (Bouquet & Birkinshaw, 2008). The concept of attentional enablers also contributes to the literature on how middle and line managers are able to capture the attention of the top management team to sell issues (Dutton & Ashford, 1993; Dutton et al., 1997). For example, Dutton and Ashford (1993) chose not to study the characteristics of the issue-seller in their model, even though they recognized that these characteristics may influence the process of selling issues. Dutton et al. (2001:732) suggested that “change takes place in conversations, and our research suggests that future work should focus on the broad set of skills and competencies needed for this kind of behind-the-scenes work”. The voice and weight of the MTA are an important part of the qualities and competencies required to capture, and eventually influence, attention. However, the main premise of this study is

not one of influencing attention in order to sell issues in the best interest of the manager, but one of capturing and influencing attention in order to provide advice in the best interest of the decision-maker and the family. I label this process 'advice-giving'.

By establishing voice and weight, MTAs are able to capture the attention of, and gain access to, the decision-maker; that is, they gain the right to be heard. Historically, voice has been defined as attempts to bring about change in objectionable circumstances (Hirschman, 1970:30). It has been described broadly at the individual level with respect to removing personal dissatisfaction, voicing and sharing concerns, and initiating and bringing about change (Withey & Cooper, 1989; Rusbult, Farrell, Rogers, & Mainous, 1988; Farrell, 1983). At the firm level, voice has been described as a means of gaining access and capturing attention (Bouquet & Birkinshaw, 2008). Bouquet and Birkinshaw (2008) applied the concept of voice to firm-level analysis, but borrowed it from research on issue-selling that had been conducted at the individual level of analysis (Dutton & Ashford, 1993; Dutton et al., 1997; Dutton et al., 2001) in the organizational behavior domain (Hirschman, 1970; Morrison & Phelps, 1999). In this study, I return voice to the individual level of analysis.

I define voice as the MTA's relational position that is used to capture the attention of the decision-maker. Voice is created through the attributes of "self-awareness", "being true to one's values", "absolutely trustworthy", and "selflessness". Voice is therefore tied to the characteristics of the person. The relational attributes are perceived attributes that are based on the interactions between the MTA and members of the family and business system. In previous research on issue-selling, the objective of the manager (the issue-seller) is to influence others with respect to his/her own self-motivated values and ideas

(Dutton & Ashford, 1993; Dutton et al., 2001). My findings suggest that the role of the MTA differs in that the MTA is 'good beyond self'; the MTA places the family's interests over his/her own interests, as long as his/her principles are not contested.

Further, Dutton et al. (1997) suggest that middle managers who sell issues may withhold information in order to ensure they are perceived well, are competent, and/or to ensure they are successful and achieve desired rewards, as opposed to risking their positions. This differs from the data I found on MTAs. The owners, family members, and the MTAs themselves all noted that MTAs are 'true to their values'; that is, they adhere to their principles even if it means they will not be successful. For example, the spouse of the owner of Telco noted: *"You knew that he (MTA) was saying it because that's what he believes. You get him as he is."* Similarly, the owner of Telco stated: *"To him own self be true. (MTA) even if it hurts his brother or his family or his wife or his children, will tell them what he thinks. They know and they accept it from him, even if it hurts because he's straight as the arrow flies. He's true to his values."*

Previous research in psychology has found that decision-makers prefer over-confident advisors and are more likely to follow their recommendations than advice from less confident advisors (Klayman et al., 1999; Price & Stone, 2004; Snizek & VanSwol, 2001). My findings suggest that while advisors need to have a strong self-awareness, part of that includes not having an ego. Over-confidence may sometimes be associated with ego, but self-confidence and self-awareness is not. The differences may partly be because the findings from psychology are based on experiments, while my findings are based on data from the field. My findings are also more fine-grained; I am able to tease apart the concept of confidence into not having an ego, yet still possessing self-awareness. If the

decision-maker believes that the MTA is self-aware, is true to his/her own values, is trustworthy, and has the best interest of the family at heart, then the MTA will have a strong voice and be more likely to attract, capture, and maintain the attention of those within the group.

Weight refers to the actual role of the MTA and the importance of his/her structural position within the group or network. Weight is the second attribute used to gain, attract, and capture attention within the system (Bouquet & Birkinshaw, 2008). In Ocasio's (1997) model of situated attention, weight is similar to the structural position that can provide a source of differentiated attention. I define weight as the MTA's structural position that is used to capture the attention of the decision-maker. The MTA's weight is created through depth and breadth of competencies; these competencies provide the MTA with credibility and legitimacy in their role; that is, that s/he has the necessary capabilities, expertise, and skills to fulfill what is required and to provide advice in a timely manner.

To illustrate, Eisenhardt (1989b) found that decision-makers who made slow decisions were more likely to have inexperienced advisors than decision-makers who made decisions quickly. Individuals with expertise can enhance performance and enable innovation by offering new knowledge acquired through their experiences with other firms (Almeida et al., 2003; Rao & Drazin, 2002). Eisenhardt (1989b) also found that breadth of experience is important; CEOs usually turn to advisors who can comment on issues that reach well beyond a single functional area of the firm. Research has shown that a greater diversity of backgrounds and expertise improves decision-making (Useem, 1984; Westphal & Milton, 2000). Individuals with diverse functional backgrounds

diagnose strategic issues in varying ways (Finkelstein & Hambrick, 1996) because functional diversity encourages individuals to notice different issues and different features of those issues (Sutcliffe, 1994).

As described in the findings, all of the MTAs had expertise in a particular area and they all had functionally diverse backgrounds – from entrepreneurship to the fishing industry. Expertise provides specific knowledge that enables the decision-making process and enhances the MTAs legitimacy. But, being able to draw on broad experiences also helps an advisor identify issues and solutions.

The relational attributes of voice provide fine-grained information, but it is weight that emphasizes the *value* that the information provides (e.g. Gulati 1998:296). Research has found that the accuracy of the advice depends upon the weight given to the recommendation (Hollenbeck et al., 1998). MTAs with broader and deeper competencies are likely to have more weight given to their recommendations. The degree of weight given to the MTA and the extent to which they can capture attention depends on whether their advice and role is perceived to be of critical value to the performance of the firm and/or the well-being of the family.

In my data, both voice and weight were revealed by the attention that the decision-makers gave to the MTA when s/he raised a concern, and the general credence that they gave to the MTA. For example:

*"I can always remember him flagging something and saying maybe not quite comfortable or have you thought about that, and because we have so much respect for this gentleman that we will stop and pause anytime (MTA) has brought something through us, have you thought about that, and we'll work it through or whatever." (Packers Plus -O)*

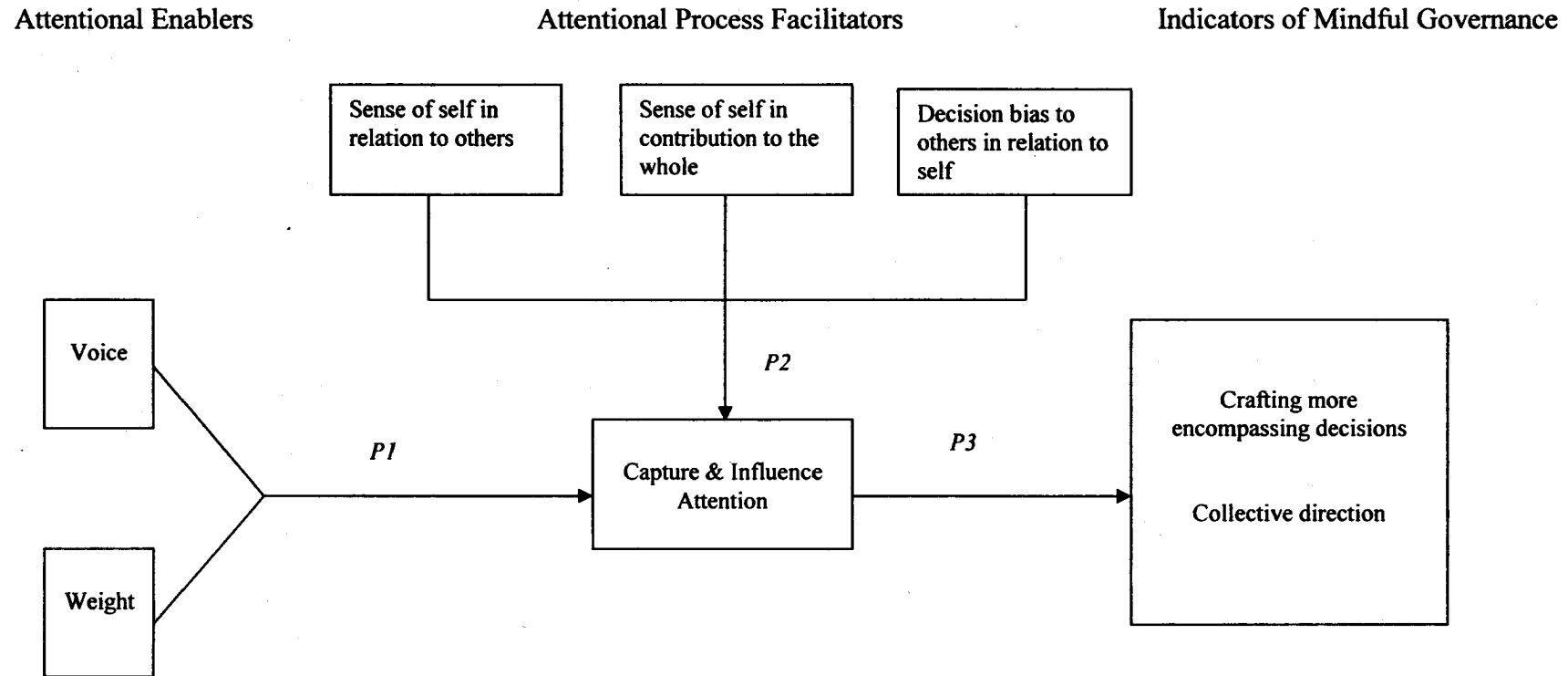


*"– There isn't a major thing that we do that we don't go over and use him as a sounding board because we know he does care for the family. He's just as straight as can be." (Telco -O)*

MTAs use their beliefs and values (voice) and their respective structural position (weight) to capture attention. This is similar to Ocasio's (1997:197) 'players' who affect attention through their beliefs, values, social influence, and 'structural positions'; the latter being "the roles and social identifications that specify...their interrelationships with other structural positions internal and external to the firm". Voice makes the MTA a player; weight gives them a structural position. Figure 5-1 is an overview of the conceptual model, beginning with voice and weight. These dynamics lead to the development of the first proposition:

*Proposition 1: Advisors will be better able to capture the attention of the decision-maker when they possess both a strong voice and a strong weight.*

**FIGURE 5-1**  
**CONCEPTUAL MODEL OF RELATIONSHIPS BETWEEN ENABLERS AND FACILITATORS OF MINDFUL GOVERNANCE**



## **5.2 Attentional Process Facilitators**

Three second-order themes emerged from my data analysis; in aggregate, I call them 'attentional process facilitators'. These processes embody how the MTA is able to direct and influence attention. There were three sets of attentional process facilitators: "sense of self in relation to others", "sense of self in contribution to the whole", and "decision bias to others in relation to self". These findings contribute to existing literature on Weick and Roberts' (1993) work on heedful interrelating and the collective mind. I use the analogy of a violinist in an orchestra to illustrate these dimensions.

First, the violinist must understand that the orchestra is made up of many musicians; they must appreciate how the music of all the instrumentalists interrelates. They understand how the orchestra should function, and they are familiar with the roles, competencies, and limitations of the players. Similar to Goethe's description of a string quartet, the violinist listens to the discourse between the instruments and becomes familiar with the peculiar properties of the instruments (Goethe as quoted in Barzun, 1977). This understanding is what I call "sense of self in relation to others."

"Sense of self in contribution to the whole" refers to the violinist's own contribution. Their notes are but one part of the orchestra's body of sound, and the violinist plays accordingly. Sometimes they are the soloist; sometimes they guide the other violinists in the violin section; but most often they contribute individual coordinated actions to support the group.

Lastly, in "decision bias to others in relation to self", the violinist will subordinate their playing to support the group. This is where the violinist must make decisions based on the conductor, not their own preferences. The violinist listens to and supports the

melody of the other musicians. The result is a personal exchange of styles and interpretations that produces a body of sound made up of all of the various instrumentalists playing either in unison or in parallel harmonic structures.

The process of influencing attention begins with the theme of understanding "self in relation to others". Weick and Roberts (1993) call this process representation. Asch (1952:251) argued that it is individuals who "actually create social forces" of the collective; further, collective action is only "possible when *each* participant has a representation that includes the actions of others and their relations" (italics added for emphasis). Thus, we must comprehend how the individual understands the group and its interrelations in order to understand how the collective interrelates. As described by Bereiter (2002:104): "Understanding is an attribute of the person's relation to the thing that is understood. To behave with understanding is to act in ways attuned to relevant properties of the thing. To have deep understanding means one is attuned to non-obvious structural or causal properties of the thing and to that thing's relations to other things".

Weick and Roberts (1993:370) describe the role of the bos'n on an aircraft carrier, the individual responsible for deck operations: "The bos'n is dealing with collective mind when he represents the capabilities and weaknesses of imagined crewmembers' responses in his thinking, when he tailors sequences of activities so that improvisation and flexible response are activated as an expected part of the day's adaptive response, and when he counts on the interrelations among crewmembers themselves to "mind" the day's activities".

Similarly, in my study I found that the MTA envisions where the family should go and the competencies they need to develop. When the MTA pictures the system of

interrelationships s/he is visualizing the strengths and weaknesses, emotional dynamics, capabilities, and interactions of the family and business members within the system. The MTA is able to do this because s/he is meaningfully engaged with the group and has a deep understanding of the issues, interpersonal dynamics, strengths, and weaknesses of the family members, and how they interrelate. As one MTA from a workshop I attended noted *"when you understand the narcissistic tendencies of the CEO (owner), you can begin to anticipate their needs"*. Having a deep understanding can therefore help to limit social uncertainty (Arendt et al., 2005); that is, the inability to predict another's behavior or motivation (Snizek & VanSwol, 2001). In another example, the MTA from Global Inc. commented that he was able to envision how the family should evolve:

*"Often there's a situation that exists and because of your personality, because of your training, you sort of see it or you know how it is going to evolve. You know that the structure is the way that it is now and you can picture where it should be in three years, and the client often will have no clue even as to where he is, let alone where he should be. I am not saying the person is not intelligent, the person may have a great understanding about different aspects of his life and his business and his family, but he doesn't see how this particular thing will evolve."*

Similarly, Dutton et al. (2001) found that relational, normative, and strategic knowledge are all important in issue-selling. Knowledgeable MTAs know the right time to give advice – when it is appropriate to speak up and when it is best to refrain from voicing an opinion. Knowledgeable MTAs also know how to communicate with others and when. As one MTA suggested, it is important to know when the family is ready and not ready to hear about and/or act on an issue. In fact, several MTAs said that knowing when to be silent is often more important than speaking up. For example, the MTA of Global Inc. stated that the most important characteristic of an MTA was knowing when to keep *"your mouth shut"*.

Thus, the MTA needs to have the knowledge that Dutton et al. (2001) refer to, and they need to understand firm dynamics and their role in relation to others. In this way, MTAs can bring the right people together at the right time to discuss the appropriate issues. Simon (1947) noted that decisions are not made in isolation but evolve through interrelations. Further, Ocasio (1997) suggested that procedures and communication processes in organizations are important for channeling the attention of decision-makers – the tangible activities that make up these channels include the interactions and communications among members. Players can influence attention by affecting procedural and communication channels (Ocasio, 1997:197). In this way, individuals who better understand the interrelations, and their role with respect to those interrelations, will be better able to influence attention.

Weick and Roberts (1993) focused on the form of the connections in mindfulness, but I assert that the strength or quality of the connections that emerges through intimate knowledge is integral to understanding family dynamics. The quality of the connections is revealed through strong relationships that are developed over time by establishing voice (e.g. trusting the MTA as a confidant) and meaningful engagement, and by understanding family dynamics. All of the owners in my case studies said that they had a very strong relationship with their MTA.

The second process facilitator was “sense of self in contribution to the whole”. This process refers to how MTAs tailor their independent contributions based on their awareness of the interrelations and dynamics of the group. I found that the various contributions of the MTA could be grouped into four themes: “providing independent objective advice”, “acting purposefully”, “acting with suspicious trust”, and “facilitating”.

MTAs made their contributions in the full knowledge that they were affecting the group; they also recognized that their role was to challenge the group's thinking to ensure that the decision-maker(s) understood all the potential implications in order to make the best possible decision for the whole.

MTAs most frequently contribute independent objective advice. In this regard, the role of the MTA is similar to that of devil's advocate, who adds noise to the system by offering countervailing models, ideas, and assumptions (Miller, 1993). The MTAs in my study provided guidance and counsel based on their own past experiences, but they also provided an outside perspective with alternative viewpoints—they "said it like it is". This is in contrast to Dutton et al.'s (1997) study on how middle managers assess the context for issue-selling. These authors found that managers considered actions like those of the MTA to be very risky. To illustrate, the MTA2 of BioLife describes a scenario where he "foisted" an external board member onto one of the holding company's firms: *"... what I am saying is that in a lot of places (it) could be a career-limiting move to take on the CEO who is a family member, and a very important family member, and foist a board member on him, and there was some friction over that and he knew I was doing it but he also – I think at the end of the day he respected it."*

The next second-order theme, "acting with suspicious trust", is different to the traditional view of trust. I define suspicious trust as depending on another to see, interpret, and/or believe events, circumstances, and the environment differently. Acting with suspicious trust includes preliminary sub-categories such as questioning assumptions, constant vigilance, critical thinking, and acting outside of norms and practices (see Appendix 5 for a full list of preliminary sub-categories that make up the first-order codes).

Weick et al. (1999:96) noted that "trust has a problematic stature" in the literature on mindfulness, but I found that suspicious trust is an important part of sense of self in contribution to the whole. In support of this view, Bierly and Spender (1995:644) suggested that the trust developed within a collective is: "...more precise than the commonplace or lay use of the term 'trust'. The isolate's chronic suspicion that all is not well is combined with an unquestioning respect for, and trust in, the other members of the collective. As the collective bonds form between such suspicious individuals, so a shared sense of social context and of the meanings to be attached to each individual's actions emerge. Thus the existence of a culture indicates shared knowledge about the collective and its context. But individuals are only aware of their culture when they maintain the isolated dissenter's critical awareness."

The key to suspicious trust is that I trust another to see what I do not. I rely on another to be critically aware, and to not see or necessarily believe what I see and believe. I trust another will see things differently; for, "when others see what they believe, both their seeing and believing miss a lot" (Weick et al., 1999:96). With suspicious trust, the MTA is preoccupied with potential failure, and is vigilant, intuitive, and dissenting. To illustrate, the MTA of the second generation of Telco described her efforts to look out for potential consequences:

*"I think it's (to) help them realize that it could go wrong for some reason because in my role it's always also to help them realize what are the consequences, the implications that you see that they might not think about and then they'll take that into consideration also as opposed to not thinking about it or not considering it in the decision. So I think it's really bringing to them all the things that you think might have an implication that they might not realize at the moment."*



The MTA constantly tries to prevent the worst from happening – family break-up, business collapse, fraud, or succession problems. MTAs accomplish this by acting with suspicious trust and by “acting purposefully”. In a sense, the MTA tries to anticipate the future as depicted by the preliminary sub-categories of helping to define and articulate the family’s vision, capture future opportunity, and anticipate and identify future needs and concerns. For example, several of the MTAs discussed how they engaged the family in developing a vision; because the MTAs have a sense of self in relation to others, they are able to contribute accordingly through acting purposefully. The MTA to the second generation of BioLife described how the process began and then in a subsequent quote described how the process was evolving. I have combined the two quotes below:

*“When I put this together (mission/vision statement), I don’t think they really engaged so much on it. I think I engaged in it more than they did which may not be so surprising because I am the one that is spending the time but also because I don’t think they had such a clear sense of what they wanted out of their holding company. I think they recognized that they needed some help, but I don’t think, this is my opinion, I don’t think they had a clear vision of what they wanted it to be so they certainly looked at it and provided some input, but if I look in hindsight and say ‘did you really turn your minds to it’, I think it was more ‘yes, yes, yes and by the way, tweak this over here’ but it wasn’t like a real soul searching what do we really want to be when we grow up” ..... “I probably had a clearer vision for what a family office might be than they did at the time. They’ve probably got a better sense of it today, but I am not trying to be so presumptuous that I know better than they do or that they have not influenced the direction it’s taken. In fact, the discussions that we have had over the past couple of months, they have sent some clear signals that there are certain things that they consider more important than others, which is a good thing.”*

Lastly, the MTA is able to bring in experts act as a facilitator because s/he has a deep understanding of his/her own sense of self, the group dynamics, and how they interrelate. The MTA is often the “bridge” or the “honest broker”. The spouse from Telco

who had also worked with other family-controlled firms noted that the MTA acted as a “quarterback” in this regard:

*“What we called it was that this person would act as sort of a quarterback, that they would coordinate between different disciplines because too often what was happening within families because from the families point of view and the families told us horror stories about the lawyer told them you absolutely had to do it this way, the accountant said you absolutely have to do it a totally different way, so that’s why they were always caught betwixed and between not knowing which way to turn whereas the most trusted advisor for us was the quarterback who would bring everybody together and get the best advice from each of them but he or she would be the only person that would know all of the issues and therefore could make sense out of it.”*

Deferring to expertise is one of the processes that Weick et al. (1999) found to be important for collective mindfulness in high-reliability organizations. Several interviewees noted that professional advisors were reluctant to defer to other experts, which differentiates them from the MTA. Research on advisors from the psychology literature has found that having multiple advisors increases the confidence of decision-makers, provides more information, and increases the accuracy of advice (Budescu et al., 2003). Integrating advice also increases decision quality and accuracy because it decreases complexity (Yaniv, 2004; Yaniv & Kleinberger, 2000). Smaller family-controlled firms cannot afford to retain a large workforce (Cohn & Lindberg, 1972), so it is critical that they be willing to bring in experts as needed. Thus, MTAs must be open to other professional advisors. The MTA to the founder of BioLife commented on the importance of including others:

*“Listen, an advisor also has to be willing to see other people there as well. You can’t – as I said with age, these are things that you only get with age. You don’t have all the wisdom in the world. There are other people who can come to the table. When I was in my 40s, I thought I knew everything that had to be known about anything. I didn’t need anybody else around advising me or even when I was doing this job because I knew....that’s*

*stupid. The more people that you can bring around to help you and formulate thinking, why do you think you have a monopoly on wisdom. Bring other folks in to this thing."*

The danger of ignoring expertise and excluding other advisors is that power concentrates in the hands of too few. Many of the MTAs spoke about the importance of ensuring there are checks and balances in place so that one person does not have too much power. Fraud is a real risk to family-controlled firms that lack diffused governance. Including advisory boards and external experts in the governance circle mitigates this risk. To illustrate, the MTA1 from BioLife cautioned about concentrating power in one individual:

*"Well, I think again there my thinking has evolved over time in the sense that I think the person who plays that role has to be a very trusted person or a very trusted advisor. I think that person also has to be open himself to having an advisory group around him. You have to be very – where things fall apart is where one guy concentrates too much power in his hand. I've seen another family group as well where the guy who has a (MTA2) role is telling people in the family what they can do and what they cannot do and it just sort of evolved – the family just got so weak, if I can put it that way, because they were not doing anything that the second or third generation were being bossed around by the office. The office wasn't there to serve them; they were there to serve the office almost. So there was a growth and power in the office that was disproportionate to what it should have been vis-a-vis the beneficiaries or the actual family. I think the guy who occupies the role like (MTA2) if he is an open-minded person is going to have an advisory group around him where he will allow different advisors to interface with the family as opposed to him being the only interface. An insecure person is going to try to keep that interface as much as he can to himself as opposed to having other people around....It happens – it's a generational thing because again when the entrepreneur is around, no one is going to tell him what to do. The next generation, if they are involved in the business, no one is going to tell them what to do. But if that generation is involved in the business, though, and just sort of hangs around if I can put it that way, all of a sudden there's a weakening of who is really on top, the office or the family. If it goes down another generation and they have the work of that generation, if I can put it that way, they don't have a real independent feeling of that generation, then it weakens even more so they become very dependent on the office to literally write their cheques. You know, a Bell cheque needs to be written every month type of thing; really*

*you have this fundamental diminishment of the ability to function in normal society. The bigger the wealth is, unless you've never worked in your life, the less you are able to function in a normal world where you have this office taking care of you, and that's why you get this concentration of power sometimes in these presidents, in these family offices because the family's role keeps diminishing and the office role keeps increasing at a point in time almost all the office is dictating to the family as opposed to the family dictating to the office. Part of that is because they don't allow anybody into that little cocoon."*

If the MTAs actions are not transparent or if s/he is averse to bringing in outsiders, external advisors, or other experts, then power may become too concentrated, to the detriment of the family. For example, Weick and Roberts (1993) discuss a 2x2 matrix made up of a developed/undeveloped group and a developed/undeveloped collective mind. The authors propose that groupthink or a cult environment can exist in the developed group/undeveloped mind cell, as a result of heedless interrelating. If the MTA encounters such an environment, s/he may positively affect the group by encouraging heedful interrelating. Alternatively, the family may be more vulnerable to an unscrupulous MTA whose presence impedes the evolution of a developed collective mind. To illustrate, the owner of Invest 4U described why he thought a family was "scammed" by their MTA: *"It's a lot of naiveté on the part of the family. A lot of families start off (that) they don't really know what they are doing. They don't have the skill sets to know how to run the family office properly or how to put the checks and balances in and put people in place that they really can trust. They trust the wrong people. That's just a judgment error in people."*

The third process facilitator was "decision bias to others in relation to self". This concept refers to accepting and supporting the decisions and goals of the decision-maker. Decision bias to others in relation to self is similar to Weick and Roberts' (1993:357)

concept of subordination, where individuals "interrelate their actions within the system". The MTA submits to the will and needs of the decision-maker; s/he carries out whatever actions are necessary to support the decision-maker, even if s/he does not fully agree with the decision

Interestingly, I found that both the owners and their MTAs acknowledged that the final decision belongs with the decision-maker. In other words, the MTA understands how the group interrelates and his/her role within that group. To illustrate, the MTA of Telco commented: *"I take the approach that my view is to give them – my job is to give them my view, make sure they hear it, make sure they understand it, and then the decision is theirs. It's their money; it's their company; it's not mine."* As Asch (1952:252) stated, only when the first two concepts of representation (sense of self in relation to others) and contribution (sense of self in contribution to the whole) are present "can individuals subordinate themselves to the requirement of joint action" (Weick and Roberts, 1993).

The MTA cannot assist and support the group by accepting and committing to a decision unless they understand the group, the role they play in it, and how their individual contributions interrelate with the group. This finding has not been explicitly explored by the issue-selling literature (Dutton & Ashford, 1993; Dutton et al., 1997; Dutton et al., 2001), yet I found it was critical to the continuing success of the MTA. The owner of Telco described how he always went back to the MTA, because the MTA would accept and commit to the decision: *"He knows how to get me - he used to.... But I always went back. That's what I told you 'what's the measure?' I went back. – That is the most important."*

Dutton et al. (1997:418) found that if an issue-seller failed to sell an issue they lacked "the political protection that comes from successful past selling attempts". In contrast, an advice-giving MTA was able to "recycle" themselves by accepting, committing to, and supporting decisions. The son of the owner of BioLife noted that the MTA didn't always have to "win"; in fact, occasionally losing an argument gave the MTA more credibility, not less. This interviewee said: *"He backed the decision. He says 'I disagree with it' but the decision still was open but I'd say that aspect of the professional part of listening to the thing, making his opinion, keeping it, being true to himself, he didn't change his mind but without getting too attached or too emotional to it. The point was very strong and I think made him I'd say recyclable for other decisions."* Similarly, the MTA for Telco referred to this concept as being "a good soldier":

*"Once you've done that process and they've heard you and they understand you, then they make a decision that is contrary or different than what you've felt is right, if you are going to be a really good advisor, you then have to be prepared to go with whatever they decide and make it work, even if it's not what I believe. And I work on a lot of stuff that I don't believe is the right thing to do but because you have to kind of be what I call a good soldier. Once you have made your position clear and they understand it and they've heard it and they make their decision, they now pay you to implement their decision. And I've been good at implementing stuff even though I didn't think it was totally the right thing to do."*

The MTA is able to influence the attention of the decision-maker by combining these three attentional process facilitators. Focused attention emerges through interrelations (Ocasio, 1997). My findings have strong parallels with the five processes associated with organizing for high reliability, as described by Weick et al. (1999). The MTA is sensitive to operations (sense of self in relation to others), preoccupied with failure, reluctant to simplify, defers to expertise (sense of self in contribution to the

whole), and is committed to resilience (decision bias to others in relation to self). These five processes are critical for achieving collective mindfulness (Weick et al., 1999). My findings above then lead to the second proposition:

*Proposition 2: Advisors will be better able to influence the attention of the decision-maker when they possess a sense of self in relation to others, sense of self in contribution to the whole, and a decision bias to others in relation to self.*

### **5.3 Indicators of Mindful Governance**

Through my data collection and analysis, I found that MTAs help decision-makers craft encompassing decisions that affect both the family and the business, via attentional enablers and attentional process facilitators. MTAs also help establish collective direction; that is, they facilitate an environment of unifying structures to connect members to one another. I label this “mindful governance”.

Mindful governance consists of two parts: *mindful* and *governance*. To be *mindful* is to be aware of one's thoughts, actions, or motivations (Langer, 1989). It “requires two basic elements: attentiveness to one's context and the capacity to respond to unanticipated cues or signals from one's context” (Levinthal & Rerup, 2006:540). Individuals who are mindful anticipate weak signals (Weick & Sutcliffe, 2001) and they attend to subtle cues (Levinthal & Rerup, 2006) resulting in more critical thinking. There is also a performative element to being mindful. It is an act of processing information (Fiol & O'Connor, 2003; Weick & Sutcliffe, 2006). Being mindful “broadens environmental scanning, generates interpretations that are more context relevant, and produces decision behavior that is more discriminating” (Weick & Sutcliffe, 2006:516).

I define *governance* as the process of making decisions, and the methods by which those decisions are implemented or not implemented. Many researchers use the term *governance*, but few actually define it (e.g. McDonald et al., 2008). This suggests there is an underlying assumption or understanding of the meaning of *governance*. My search did not unearth a single, generally agreed definition; however, most researchers concur that the central element in *governance* is decision-making. I returned to the Latin roots of the original meaning of *governance*—steering—and I interpret steering to mean navigating or guiding. In order to navigate, one must necessarily make decisions about which direction to take.

I define mindful *governance* as an increased awareness of the thoughts, actions, and motivations of the decision-making process and the methods by which those decisions are implemented or not implemented. There were two main second-order themes that, in aggregate, make up the dimension “indicators of mindful *governance*”. These were “crafting a more encompassing decision” and “collective direction”.

In an environment of mindful *governance*, the key decision-maker’s schema is challenged, resulting in more encompassing decisions. Schemas comprise the range of issues and answers the decision-maker perceives and attends to (Ocasio, 1997). Ocasio’s (1997:188) attention-based view argues that what decision-makers attend to depends on their focus of attention (what issues and answers they focus on), situated attention (the context decision-makers find themselves in), and structural distribution of attention (how decision-makers attend to the situation is shaped by the firm’s rules, resources, and social relationships). The role of the MTA is much like the attention-based view; however, Ocasio (1997) concentrates on organizational attention in the context of the firm’s



procedures and activities. I add to Ocasio's (1997) work by developing a model based on grounded theory that teases apart the role of the individual and explores 'how' attention is captured and influenced.

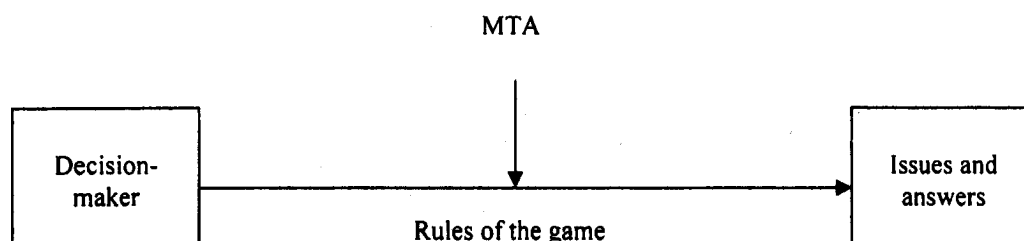
Decision-makers can only attend to a limited number of issues and answers because they have selective attention focus (Ocasio, 1997; Simon, 1947). The MTA expands the consciousness of the decision-maker by directing that attention to critical issues that impact both the firm and the family. For example, several of the MTAs I interviewed suggested that decision-makers often concentrate on the business first. Their identity is intertwined within the firm. In this scenario, the role of the MTA is to ensure the decision-maker understands the implications that his/her decisions may also have on the family. The MTA challenges the decision-maker's repertoire of issues so that they have a larger consciousness of answers from which to draw. To illustrate, the MTA1 of BioLife discusses how he directs the attention of the decision-maker to matters beyond the firm:

*"So you sit down with the father and you say 'what's more important to you, your business or your kid because if your kid is more important to you then you'll leave him alone and let him run the business'. And of course the father is always going to say 'the kid's more important, the kid's more important, the kid's more important' but deep down you know it's not true. Deep down it's not true. Deep down these guys who are great entrepreneurs, that business is more important than their kid really is. They will never say it to you, but you know they will never admit that, but the business is a creation of theirs. It's their identity. Their kid although is an identity but it will come down to the business guy, the entrepreneur is going to make the decision that is actually probably better for the business in his own head, obviously, than is better for his kid. So where does the advisor fit in. The advisor tries to take them both into a separate room, if I can put it that way, or separate spaces, and say 'look this is not good on either side of the coin here. We've got to find a way to make this work because a) it's not good for your business and b) it's worse for your family'."*

In situated attention, the decision-maker's focus is triggered by the characteristics of the situation, which in turn influences their actions (Ocasio, 1997). In a family-controlled business context, there are often emotional conflicts that may trigger reactions that have been learned through historical path-dependencies. The MTA helps mitigate and deflect that focus of attention. I found that MTAs encourage decision-makers to "reflect", "go slower", and "stop and think". They help them "get out of this panic", "held them back", and assist in "removing blinders". The MTAs do not change the situation context, but they help decision-makers step back and "see the big picture".

In the structural distribution of attention, the decision-maker concentrates on a set of issues and answers using established procedures and communications (Ocasio, 1997). Decisions evolve through the interactions of the group (Simon, 1947) that result "from the organization of communications and procedures" (Ocasio, 1997:192). These communication and procedural channels, also called attention structures, are based on the firm's rules, resources, and social relationships. Ocasio's (1997:196) "rules" emanate from, and are shaped by, the history and culture of the organization; they constitute "assumptions, norms, values, and incentives" that both guide and constrain what decision-makers attend to and how they respond. I found that even though MTAs share the same values or principles as the decision-maker, they are not necessarily constrained by the rules. Instead, they question underlying assumptions and often operate outside the norms of the firm, thereby acting as a moderator (see Figure 5-2) and helping to shape the enactment of issues and answers. The MTA is able to positively influence the decision-making process, by challenging the norms of the organization and the attention structures of the decision-maker.

**FIGURE 5-2**  
**MODERATING ROLE OF THE MTA**



My findings differ from those of studies on issue-selling that also draw on the attention-based view. For example, Dutton et al. (2001:728) found that not adhering to norms or standards “was viewed as potentially jeopardizing one’s case”. Issue-selling research tends to involve a different hierarchical structure that may affect how the process unfolds. For example, managers with an issue to sell may have their careers on the line. In contrast, the MTA’s job is not in jeopardy when s/he is providing objective advice; this is part of his/her role. MTAs are attuned to the norms of the organization, but they can work around them when giving advice. To illustrate, the MTA2 of BioLife described how he works outside the norms of the firm:

*“But you see I am not in a corporate – like I am a bit of a one-off. What I do around here doesn’t really – because I have a different kind of role. I am physically in the building but I don’t work within the (firm) norms and practices so I can do things and say things that they may or may not want all their employees – it’s kind of like the question of how many A-types do you want...”*

Advice that challenges organizational norms pushes the decision-maker to reflect on the decision and the decision-making process, and think about the issue from a different perspective. The result is a “better decision”. The owner (O) and spouse (Sp) of Telco describe this process:

*"I move fairly quickly. I move too fast sometimes. I am an entrepreneur. What I've done today, I've made mistakes but it has helped me in the past. I don't pussyfoot around. If I have a good idea, we phone now. We pick up the phone, we phone the people. If you would talk to me about (business colleague) or something, I'd phone (business colleague) right now. And people say 'wait a minute. You've got to take a little bit of time and think about the consequences' and the things of that nature. So if I wanted to hire somebody because it met my profile and made a lot of sense, and (MTA) would say 'I wouldn't hire that person'. I may decide not to proceed with the hiring of the person, not doing what (MTA) told me but because there's a different opinion, that makes sense there's more to this than I thought. He's opened another door. 'My god, (owner), easy does it'. (O) You'd better re-think. (Sp) So in that sense, I wouldn't take his advice but because he said that, it got me to do better. I did a better decision. (O)"*

Governance channels are another type of attention structure that focus the attention of the decision-maker (Ocasio & Joseph, 2008). These channels help to structure attention by facilitating communication, planning, and coordination, and by formulating, implementing, and monitoring strategic decisions (Ocasio & Joseph, 2008). Ocasio (1997:195) noted that "attention structures regulate (control) the valuation and legitimization of issues and answers, the creation and distribution of procedural and communication channels, and the interests and identities that guide decision-makers' action and interpretations". Family-controlled firms are often privately-owned and they frequently lack the formal governance channels that direct the attention of CEOs in widely-held corporations, such as a board of directors. Further, the governance channels that do exist in family-controlled firms tend to primarily address business matters, and neglect the impact that key decisions have on the family.

I found from the MTAs I interviewed that only two of them had a formal role on the board of directors or advisory board. Both of these were MTAs who were not employed full-time by the family. The reasoning to not having a formal role on the board

was a concern regarding potential conflicts of interest between balancing the business and family interests. Instead, MTAs serve as a primary governance channel in the family-controlled firm with a less formal role, by capturing and influencing the attention of the decision-maker. They challenge the decision-makers' schema and keep them focused on the critical issues that have potential implications for *both* the business and the family.

The other indicator of mindful governance was that the MTA encourages "collective direction". The MTA tries to improve the family members' understanding of themselves in relation to the others. Parallels can be drawn to Bigley and Roberts' (2001) work on Incident Command Systems (ICS). The ICS-based approach is used by organizations, such as fire departments, to respond to emergency situations. ICS are highly formalized with hierarchical structures, rules, and routines; but, they are also characterized by flexibility and improvisation that allows them to respond quickly in disaster situations. The incident commander is responsible for all activities, including developing and deploying strategic decisions and coordinating necessary resources. Yet, the organization's response to emergencies will depend on the decisions of both the incident commander and the collective. Depending on how individuals within the collective relate to one another, the emergency response will either be flexible or chaotic. Both individual level and organizational level factors affect one's understanding and interrelations. Therefore, developing and communicating individual representations, or senses of self in relation to others, is important in facilitating collective direction. Similarly, the MTA helps the group members understand one another and improves the quality of their relationships (also referred to as cognition management by Bigley &

Roberts, 2001). In this regard, the MTAs facilitator role can improve collective direction-setting and subsequent action.

The output of the attentional process facilitators is enacting collective direction. However, if the processes are highly centralized (e.g., concentrated in the hands of the MTA) group members can lose the ability to respond to collective direction at the group level (Weick et al., 1999). In other words, centralization and decentralization must be finely balanced, as they are in high-reliability organizations (Weick, 1987). Indeed, there are similarities and differences between collective direction and the role of the MTA in a family-controlled firm, and the collective mind in high-reliability organizations. The MTA is not focused on the daily operations of a business, like the bos'n responsible for deck operations on an aircraft carrier. However, both the MTA and the bos'n concentrate on the operations of the family (group), the high-level strategic decisions of the firm (aircraft carrier), and the interaction of the two.

MTAs often manage a family office and concentrate on the daily operations of the mini-organization that exists at the top of the pyramid. In this role, MTAs are often responsible for 'quality control'. A balance needs to be achieved in this 'quality department' between decentralization and centralization. For example, Weick et al. (1999:116) argued that "excess centralization may weaken local containment and resolution of problems, while excess decentralization may weaken the comprehension of wider threats and of the capacity to coordinate responses". The MTA coordinates interactions at the group level and directs attention to potential issues and answers based on core values, yet s/he must acquiesce to how those values are realized (e.g. Weick et al., 1999).

It is important to note that the MTA can only create an environment for collective direction-setting as far as the members assume responsibility for their own interrelations, which is linked to the members' capacity for mindful governance. When individuals in a group attend to "the local situation rather than the joint situation", they act less mindfully towards one another (Weick & Roberts, 1993:371). "To act with care, people have to envision their contributions in the context of requirements for joint action" (Weick & Roberts, 1993:372). For example, the owner of BioLife described how the MTA helped the family to think about themselves as a group: *"And also the other thing is the family itself, the siblings have to think of themselves not what's good for themselves individually. They have to think of the group, what's good for the group, and once they start thinking just for themselves, everything is gone anyhow. The day they don't want to be together, they won't be together."*

My data analysis suggests that mindful governance is a process consisting of a set of interrelated activities. Mindful governance is not accomplished by the MTA alone, but by the interrelated activities and the degree of mindfulness and heedful interrelating of the members. It is through the interrelations of members that decision making occurs (Ocasio, 1997). As portrayed in Figure 5-1, the enablers (voice and weight) capture attention, attentional process facilitators influence that attention, and together they interact to shape the outcomes of mindful governance. The model represents the role of one individual in the collective – the MTA. One can envision many such interrelated models for individual members, each capturing and influencing attention that either leads to, or detracts from, mindful governance. What the decision-maker pays attention to will vary on the procedural and communication channels (Ocasio, 1997). Those who better

understand and enact the three process facilitators will be more likely to influence attention.

Weick and Roberts (1993) argued that actions need to be reciprocated or interrelations will be undermined. The actions that Weick and Roberts (1993) refer to are contributions, representation, and subordination. These are similar to the three attentional process facilitators described earlier, that are the underlying phenomena of the collective mind. It is the interrelations that "induce organization decision-makers to action" (Ocasio, 1997:194). Mindful governance is therefore centered on the interrelations in the process of decision-making – the important connections are those that link shared activities. Because family-controlled firms are so tightly intertwined, with dense interrelations, they are tightly coupled and interactively complex. The processes described in the model contribute to, or detract from, the interrelations. For example, a shared situation of interrelations emerges when the MTA acts with suspicious trust and the owner knows s/he has the full support of the MTA, regardless of whether s/he heeds the MTA's advice. Mindful governance is made up of interrelations that affect one another and are affected by one another; mindful governance is therefore enacted collectively. The result is an environment of increased collective mindful governance. This leads to the development of the third proposition:

*Proposition 3: Advisors will be better able to encourage an environment of mindful governance when they possess both attentional process enablers and attentional process facilitators.*

#### **5.4 Differentiating Between Most Trusted Advisors and Other Advice Contacts**

I have reflected long and hard on what differentiates a successful MTA from an unsuccessful MTA, a professional advisor, or any other advice network. My research



findings are based on data collected in both initial and follow-up interviews. I did not interview MTAs who did not have good relationships with their family-controlled firm, but four of the five cases were able to tell me about previous unsuccessful MTA relationships and/or give me their opinion on what made a successful MTA.

According to my findings and model, a good expert advisor possesses weight or depth of competency. A good trust catalyst possesses voice, some element of weight, and an understanding of "sense of self in relation to others" (LaChappelle & Barnes, 1998). Those in a peer advice network possess a strong element of voice, but do not necessarily carry significant weight. An unsuccessful MTA must possess some weight (or they would not have made it to the role of an advisor), yet they do not genuinely possess voice, or they have misplaced or taken advantage of the trust bestowed upon them by the decision-maker and the family.

What differentiates a successful MTA from these others is voice, weight, and the combination of the three attentional process facilitators – "sense of self in relation to others", "sense of self in contribution to the whole", and "decision bias to others in relation to self". If one were to graph the development of an MTA versus other types of advice contacts, their respective development lines over time would not even be on the same plane, but run in parallel. I begin by unpacking the two attentional enablers – voice and weight.

Successful MTAs are those that have both high weight and high voice; they are more likely to be able to sustain a relationship with the decision-maker and the family in the long-term. The MTAs I interviewed all had long relationships with the decision-maker (9 to 31 years) and were considered to be successful in their role by the decision-

maker and family members. They all had expertise within a particular area, they all had functionally diverse backgrounds, and they all had prior experience with another family-run or entrepreneurial firm. What they were able to do is transfer that experience mindfully, so that they successfully transmitted their knowledge across organizational boundaries.

Advice contacts with high voice and low weight may be able to capture the attention of the decision-maker, but without the necessary depth and breadth of experience, they may not be able to provide the necessary business knowledge and skills. As the son of the owner of BioLife put it: *"Well, I think the person has to be knowledgeable. If he's not knowledgeable about the subject...If you are in business, the person has to understand finance, the person has to understand control, the person has to understand budgeting. I think those simple organizational things of understanding your mission, your vision. They need to understand all of those aspects."* Those with high voice and low weight support, but may not challenge the decision-maker – the result is an advice-seeking bias. For example, when an individual's beliefs are challenged they are likely to seek information from sources that affirm those beliefs, such as friends and peer networks (McDonald & Westphal, 2003; Swann, 1996).

Advisors who possess low voice and low weight are unlikely to develop a successful, sustainable relationship with the decision-maker and the family. They may be general advisors, who lack depth and breadth of competency and have little value to offer the firm or family. Low voice-low weight advisors could also be advice contacts who perform specific tasks for a firm; such as the consultant (Chrisman & McMullan, 2004) who has certain technical skills but lacks deep and broad competencies.

All advisors have weight, to some degree. All the advisor types in my data had expertise in a particular area, either through work experience or professional designation (e.g. lawyer, accountant); that is, they all possessed depth of competency. What differentiated MTAs from professional advisors was the breadth of competency. Advisors who do not have a wide span of experience in other industries, can become very insular. This does not mean they do not bring value to the firm, but they simply may not recognize how their particular area of expertise impacts other areas of the business and the family. For example, the spouse of the owner of Telco spoke about their former tax lawyer: *"And he also didn't know the whole picture. He knew a little tiny piece....Silo thinking."* What is noteworthy is that all of the MTAs in my study were tax specialists – either law or accounting – but they all also had *breadth* of experience. The spouse went on to explain how her former advisor had only possessed depth of competency, not breadth, so he did not recognize the wider implications of decisions on the family:

*"Tax lawyer, and that was his specialty but one of the great problems that you have in family business is because it's such a small narrow segment and they are speaking, if they are talking tax, they are going to talk tax for the business, for the CEO but nobody in the rest of the family knows anything about it..... So when the whole family would hear these things, obviously then they were in the position to say 'hey, lawyer', 'hey, accountant, 'you are talking about one little piece. You are not talking about the whole piece. We are a family here. We want to know how does this affect us, the family, how does this affect the children, how does this affect the grandchildren'."*

The model describes voice as integral to the role of the MTA. And each of the characteristics of the MTA – "self-awareness", "being true to one's values", "absolutely trustworthy", and "selflessness" – are also critical. I asked interviewees to rank the attentional enablers and process facilitators and, in general, they could not: the interviewees believed they were all equally necessary. For example, the owner of Invest

4U described why some relationships with professional advisors failed and some advisors were just not MTA material. He believed that a MTA must be secure in themselves, but without ego, because the MTA must be comfortable enough to surround themselves with other experts:

*"Well, a lot of people are pretty arrogant, too, and maybe they are insecure deep down. They tend to go together – arrogance and insecurity – they don't look like it but they always go together. So people are really arrogant and they are insecure, they are going to say 'I don't want to hire someone who is smarter than I am because they are going to make me look like an idiot and they are going to challenge me', so they don't like to have smart people around them."*

He went on to suggest that if the advisor had a strong ego, then trust was unlikely to develop: *"... and there isn't an ego involved in it, like 'I'm right, damn it all I'm right' and you can't have that situation because that means there can't be trust if egos start getting in the way."*

The MTA1 of Telco also described why some MTAs were not successful in their role. *"They had egos, they wanted to dress, they wanted their pictures in the paper, they wanted the flamboyant exposure, they always wanted to be with the family. They didn't – the backroom thing wasn't for them. You can't have a big ego because if you have a big ego, you can't get past that, you see. You can't implement what you don't believe is right if you've got an ego."* This quote also indicates how the characteristics of voice are important in developing the process facilitator "decision bias to others in relation to self".

Professional advisors and successful MTAs also differ in where their loyalties lie. To illustrate, the owner of Telco suggested that professional advisors may not always put the family's interests first: *"And that's why very few people make it to the most trusted advisor because they are too much a slave to 1) their own discipline, 2) to making money,*

and they say 'if I bring these other people in they're going to take a piece of it and there's going to be less of it for me' and therefore the economic reason prevents them from really becoming a most trusted advisor. They are good advisors and they have a role to play, but they are not the most trusted." The MTA1 of BioLife also observed that if the family's interest was not placed first, the relationship would not be sustainable:

*"Pretty smart people can see pretty quickly whether their guy is giving advice that is for his benefit or for their benefit, and it's not – the guy is not going to stay with an advisor very long if a guy thinks he can put either himself or his firm on top of that pyramid as opposed to what the client's interest is or what the advisee's interests are. They are not stupid people you are dealing with. They can see right through bullshit real quickly so keep everyone on the same level...but the guy who is getting the advice, he knows, he doesn't want everybody on the same level. He is asking you for advice because that's what he wants. He doesn't want what's good for you or what's good for your firm. He wants what's good for him or for her."*

The MTA of Invest 4U said that *"the inability to gain trust"* was crucial. If there was no trust, then it would not matter if the other elements of voice were present. One factor that played into this, and that differentiated MTAs from professional advisors, was the issue of billing. The relationship between the professional advisor and the family is based more on an economic transaction than a deep relationship. The MTA from Invest 4U noted that economic realities made it harder for the family to trust the professional advisor as much as the MTA; often the family was left questioning whether their own interests were a priority: *"Another factor that may affect the MTA's role is the effect of billings. When a situation involves an hourly fee, I believe that this puts a stress on the relationship. When money enters the mix, it often gives rise to issues of trust/priorities and I question whether there can be a free flow of ideas between the MTA and family/decision-maker."*

Absolute trustworthiness was therefore a key first-order code differentiating successful MTAs from unsuccessful MTAs. One owner suggested that the MTA grew into his/her role through "*blunt honesty*". Family-controlled firms are often at a risk of fraud because of their wealth and private nature. As a result, it is imperative that the MTA be extremely honest and trustworthy. The owner of Invest 4U described an MTA who defrauded the family he worked for:

*"There's another family – they are in (continent) and I am on the board of their family office, and through a different connection, it was a guy who is a client of mine, was an advisor to this family a long time ago and then I didn't see this guy for a long time and then I bumped into him and we got talking about this mutual friend. He was a (nationality) and this guy started twitching – did you ever see the Pink Panther movies.... ...you know Peter Sellers was the guy, the detective, and every time he would see Peter Sellers he would start to get these twitches, this guy started twitching like that and he said 'I don't even want to talk about this guy', so it turned out that he fleeced him out of a huge amount of money to get a bank set up in the (country) and he was doing foreign exchange trading for him and he was putting all the losses into this guy's account, the wealthy family, and taking all the profits and putting them in his. He was controlling everything. It was a real classic sort of a scam."*

Advisors with high weight and low voice are often brought in for their particular expertise, for the short-term. They have value to bring, through their expertise and experience, yet they do not have all of the components of voice that would allow them to develop a sustainable MTA relationship with the family.

The three process facilitators further differentiate successful MTAs from unsuccessful MTAs and other types of advice contacts. "Sense of self in relation to others" was the first facilitator that differentiated MTAs from their counterparts. In follow-up correspondence, the MTA of Invest 4U suggested that MTAs cannot work effectively with the family if they do not understand the group: "*...the inability to understand critical relationships or even perhaps the lack of appropriate communication*

*(designed specifically for the decision-maker) can cause obstructions to developing a MTA relationship.*" Previous research on prior experience has suggested that experts may bring in conventions and assumptions that are not usefully transmitted across organizational boundaries (Dokko et al., 2008). Decision-making may be impaired if professional advisors do not understand or appreciate the dynamics of the group, and there is no MTA to facilitate that process. Successful MTAs are able to transfer knowledge because they understand "self in relation to others". To further illustrate, the owner and spouse of Packers Plus discussed a past member of their board. This individual had weight, based on his expertise and past experience, but he did not understand "sense of self in relation to others":

*"He wanted to run the show. He really wanted to take on a broader role on the board than he was there to play and he was highly structured, there was just no flexibility at all in terms of his approach. He certainly wasn't anybody we would ever have gone to for advice outside the board meeting dialogue."*

"Sense of self in contribution to the whole" also distinguished successful MTAs from unsuccessful MTAs. The owners of Packers Plus noted that one of their board members did not understand or appreciate the dynamics or interrelations of the group, even though he had a long tenure in business and experience in their particular industry. He simply did not recognize how the group would relate to his actions:

*"Certainly it was a very stilted relationship and I think because of his tenure in business, not in our business, but in business and he was retired and we were new to the industry, even though I had been at (the firm) for a few years, we were really new to this industry, we were young in comparison to him and there was that whole 'I've been there and I know that' and you're..."*

While a professional advisor may bring expertise and facts, "facts by themselves are of no help if they cannot be communicated or heard or applied or interpreted or

incorporated into activities or placed in contexts, in short, if they are not addressed mindfully" (Weick & Roberts, 1993:373). The MTA who understands the group dynamics, as well as his/her role within the group, contributes mindfully because s/he *can* communicate, hear, apply, interpret, and incorporate facts to the appropriate context. To illustrate, the MTA of Invest 4U suggested that professional advisors differed from MTAs in that they did not contribute to the group as effectively as MTAs because they did not understand the group dynamics and interrelationships: *"Too often we have seen professional advisors develop a plan that is obviously not tailored to our business, but is just an adaptation of plans developed for another client."* And, as discussed previously, the interviewees noted that professional advisors were often reluctant to bring in other advisors. In contrast, MTAs understood their own limitations and were not averse to deferring to expertise; in fact, they often encouraged the decision-maker to obtain additional advice.

Lastly, unsuccessful MTAs lacked "decision bias to others in relation to self". The board member from Packers Plus was not willing to accept that a decision belonged with the owner and, consequently, he did not accept or commit to the owner's decision:

*"And we were looking – one of the examples – we bought not an insignificant priced piece of equipment for our business and we were – this was somewhat being pushed by our major account to go this route so it was important we do it bang bang, now we didn't do it without the board's approval but he wasn't entirely happy that the process we went through, the due diligence, the notification. We knew it was right. In essence, we were saying we know it's right, this is our business, we own the company..."*

The Packers Plus family did not retain the services of this individual much longer.

In comparison, the MTA1 of BioLife understood his role, purposefully



contributed with objective advice, and ultimately respected and supported the decision of the owner:

*"If you see that he's going on a direction that you think is cock-eyed and cockamamie, you'll say this is cock-eyed and cockamamie, stop going there but if he's telling you 'I'm going to open up a plant in (remote location) or whatever and you think that's just the stupidest idea you've ever heard, nine times out of ten he's going to be right and you're going to be wrong because he's gotten to where he's gotten to by making those kind of decisions so sometimes you say 'I don't agree with you on this. I don't think that's what I would do but you know what, you're the guy that's building this business, not me, so you've got to – if it's in your gut that it's right, then go for it'."*

These three attentional process facilitators are therefore important differentiators between successful MTAs, unsuccessful MTAs, and other advice contacts. The MTA is able to influence the attention of the decision-maker by bringing together "sense of self in relation to others", "sense of self in contribution to the whole", and "decision bias to others in relation to self". This degree of influence was illustrated in a discussion between the owner and spouse of Telco:

*"What do we say? The only person that can serve you your own drink about your own life is you, and what you do is you've got a cocktail shake and you put all kinds of things that come from other people but the shaking up of the drink and making it new, it's only you that can do that. So you get input from a lot of people but in the end you take that and think about it and it becomes you and you decide. (O) But some people have more influence on that drink you are going to serve. (Sp) Well, that's the difference between the advisor and the most trusted advisor. (O) That's my point. (Sp)"*

## CHAPTER 6: CONCLUSIONS

Chapter 6 concludes this dissertation. In Section 6.1, I review the theoretical and practical contributions of the work; Section 6.2 discusses the limitations of the study; and Section 6.3 describes possible future research directions.

### *6.1 Contributions*

The original three, phenomena-driven research questions were: What is the role of a Most Trusted Advisor? How does a Most Trusted Advisor provide useful advice to family-controlled businesses? How does a Most Trusted Advisor add value to the family-controlled business? From a narrow perspective, this research contributes to our understanding of the role, characteristics, and competencies of the MTA in family-controlled firms.

More broadly, my research develops insights into the enablers of capturing and influencing attention; my findings differ from previous work on the attention-based view (e.g. Bouquet & Birkinshaw, 2008; Ocasio, 1997) and issue-selling (e.g. Dutton & Ashford, 1993; Dutton et al., 1997; Dutton et al., 2001). My study also begins to unravel some of the micro-processes that comprise the concepts of representation, contribution, and subordination in Weick and Roberts' (1993) work on the collective mind and heedful interrelating. Lastly, this study provides an alternative view on the antecedents of effective and efficient governance. The MTA adds value by encouraging an environment of mindful governance through helping the decision-maker to craft more encompassing decisions and to develop collective direction. In this way, my work is situated at the interface of attention, collective interrelating, and governance.

From a theoretical perspective, I contribute to the literature on attention (Bouquet & Birkinshaw, 2008; Ocasio, 1997) and heedful interrelating (Weick & Roberts, 1993).

Table 6-1 depicts how I position my study in reference to these literatures.

**TABLE 6-1**  
**COMPARISON OF KEY LITERATURES**

	<b>Bouquet &amp; Birkinshaw (2008)</b>	<b>Weick &amp; Roberts (1993)</b>	<b>Ocasio (1997)</b>	<b>Current Study</b>
<b>Capturing attention</b>	Voice Weight		Focus of attention	Enablers <ul style="list-style-type: none"> <li>• Voice</li> <li>• Weight</li> </ul>
<b>Environment of attention</b>	Subsidiaries of MNEs. Moderated by subsidiaries': <ul style="list-style-type: none"> <li>• Geographic distance</li> <li>• Downstream competencies</li> </ul>	Aircraft carriers	Situated Attention	Family-controlled business
<b>Influencers of attention</b>		Heedful Interrelations: <ul style="list-style-type: none"> <li>• Representation</li> <li>• Contribution</li> <li>• Subordination</li> </ul>	Structural distribution of attention	Process Facilitators <ul style="list-style-type: none"> <li>• Sense of self in relation to others</li> <li>• Sense of self in contribution to whole</li> <li>• Decision bias in relation to others</li> </ul>
<b>Outcomes</b>	Attention paid to subsidiaries: <ul style="list-style-type: none"> <li>• Relative</li> <li>• Supportive</li> <li>• Visible</li> </ul>	Collective Mind	Organizational Moves	Mindful Governance <ul style="list-style-type: none"> <li>• Crafting more encompassing decisions</li> <li>• Collective direction</li> </ul>

I refer to Bouquet and Birkinshaw's (2008) work on attention, voice, and weight by returning to the individual level roots of voice and by teasing out the individual level attributes of weight. Bouquet and Birkinshaw (2008) studied how subsidiaries capture the attention of the parent organization, but they did not distinguish between capturing and influencing attention. I separate these two phenomena and identify the processes whereby attention is captured and influenced. My study is focused at the individual level, but my findings might also have implications for how subsidiaries influence a parent organization. I leave this to future researchers.

I contribute to Weick and Roberts' (1993) concept of heedful interrelating and the collective mind by a) applying their concepts in an environment other than hazardous settings, b) recognizing the importance of individual relational and structural characteristics in the process of capturing attention, c) teasing out the individual level attentional process facilitators that influence attention, and d) identifying outcomes (mindful governance) that differ from previous work on interrelating. The processes of sense of self in relation to others, sense of self in contribution to the whole, and decision bias to others in relation to self, correspond closely with the concepts of representation, contribution, and subordination. This study highlights how these three concepts can be utilized to result in more mindful governance. The MTA actively uses the attentional process facilitators to bring the right people together at the right time to discuss the right issues. By deliberately developing and enacting these attentional process facilitators, individuals and organizations may be able to govern more mindfully. Outcomes vary as a function of the degree of the attentional process facilitators. When the mindful governance system is working well, it helps craft more encompassing decisions, provides

clear direction, anticipates needs and failures, encourages open heedful communication, and guides collective direction. This occurs through vigilance, continually scanning for and interpreting information, and assessing the shared situation, so the organization can adapt, take actions, and quickly re-navigate when issues arise. To the best of my knowledge, this is the first empirical study that captures these three concepts and their respective outcomes.

My study contributes to Ocasio's (1997) work on attention by identifying two separate phenomena: (i) attentional enablers that capture attention, made up of relational characteristics of the MTA (voice) and structural characteristics of the position (weight); and (ii) attentional process facilitators that help influence attention, comprising of sense of self in relation to others, sense of self in contribution to the whole, and decision bias to other in relation to self. These enablers and facilitators differentiate the MTA from other types of advisors. This dissertation extends Ocasio's (1997) model of situated attention by studying how the attentional process facilitators are able to influence attention, at the individual level. First, individuals must understand their role in relation to others; second, they must contribute with an understanding of the interrelations of the group; and third, they must subordinate their decision in support of the group. Ocasio (1997) argued that interactions are important in affecting attention and that they have a central role in formulating corporate strategy. My study begins to show empirically how interrelations, and how they are shaped and conducted, are critical in influencing that attention. Therefore, whether attention is influenced depends upon the attentional process enablers and the attentional process facilitators and how well they are carried out. In this study, I

have argued that capturing and influencing attention are central to formulating a model of mindful governance.

This study also contributes to the research on issue-selling; although it not included in Table 6-1, my findings both agree with, and differ from, past studies in this area. For example, I found that relational, strategic, and normative knowledge are all important for influencing attention (Dutton et al., 1997); but I also found that MTAs act and think outside of organizational norms. They are able to influence attention by playing devil's advocate and pushing norm standards. This is not only because they possess voice and weight, but because they also engage in the three attentional process facilitators – sense of self in relation to others, sense of self in contribution to the whole, and decision bias to others in relation to self. Their motives are not selfish, but focus on the best interest of the family. My findings further extend the research on issue-selling, because I found that the MTA does not necessarily lose political protection if they fail to sell an issue. This is in contrast to Dutton et al.'s (1997) argument. Instead, by accepting, committing to, and supporting the decision, MTAs gain credibility and increase their ability to capture and influence attention – they 'recycle' themselves.

This study has several implications for managers. First, it highlights the importance of the MTA role. The MTA helps make more issues and answers available to the decision-maker; s/he questions assumptions and norms and encourages the decision-maker to craft encompassing decisions. MTAs also help manage family dynamics and the interrelations between group members, assisting members to understand their respective roles and interactions, resulting in collective direction. If difficulties in interrelating are partly to blame for family-controlled firms failing after the first generation, then the MTA

role may be an important resource. When individual members understand their role within the larger collective in relation to one another, they are more able to efficiently and effectively interrelate with one another, and thereby make decisions that are in the best interest of the whole.

Second, MTAs observed that my model is a good profile of the ideal MTA. One MTA said: *"I don't believe I do all of these things well as I should; I'm not good at always reading the family, not always swift on the pick-up"*. This not only suggests that families need to look for certain qualities and competencies in their MTA, but also that these skills may be learned. If processes such as sense of self in relation to others, sense of self in contribution to the whole, and decision bias to others in relation to self can be taught and developed, the effectiveness and efficiency of the MTA can be enhanced.

A third managerial contribution is my insights into why some family-controlled firms are more successful than others at managing interrelations between the firm and the family, and at passing the firm to the next generation. Research on the challenges of merging business and family systems suggests that family-controlled firms need some sort of linking mechanism to facilitate that integration. Ward (1987; 1988) recommended firms not focus solely on business issues, but also on family dynamics, and on merging these two systems. Successful MTAs may be able to do just that, by employing the attentional process facilitators that influence attention.

My findings may also be extended to other types of governance structures, such as the advisory board, board of directors, or even peer advice networks. In a board setting, board members with more voice and weight, who enact the three process facilitators, may be better able to capture and influence the attention of CEOs and other decision-makers.

There is another implication for board members. MTA1 of Telco noted that *"people are reluctant to deal with family and family members in front of other representatives; those type of contribution are done through the MTA and/or one-on-one with the family."* He went on to say that *"board members don't want to create embarrassment for the family and they find another way to do it"*. Thus, we need to recognize that boards often don't want to deal with family issues, even though they may be tightly intertwined with business issues. Instead, firms could encourage their board members to privately raise family concerns with the MTA, owner, or other family members.

## 6.2 Limitations

This study is not without its limitations. First, the case study data comes from a single type of ownership structure – the family-controlled firm. As a result, my arguments about how to capture and influence attention, outcomes, and theoretical implications are most readily generalized to similar ownership structures. This limits the external validity of the findings. I do not believe though, that it diminishes the study's findings with respect to conditions that capture and influence attention and affect mindful governance.

Second, I made many attempts to speak with families and MTAs who had had an unsuccessful relationship, but firms were hesitant to discuss negative outcomes. Four of the five cases described negative MTA relationships that they had either experienced personally or heard about through other colleagues, but I was not able to speak with these MTAs directly. I tried to minimize this difficulty by being cautious when interpreting my results and by going back and conducting member check interviews of my findings. For example, I asked interviewees to review my model and identify the elements that were



lacking in unsuccessful MTAs and other types of advisors. The interviewees thought that unsuccessful MTAs had weight, but they often lacked some of the characteristics of voice, such as having self-awareness (no ego) and putting the family's interest first. In addition, they did not act with the three attentional process facilitators in mind. Despite these limitations, I believe that this study points to important future directions for the role of the MTA and the process of mindful governance.

Third, Eisenhardt (1989a) suggests the use of four to ten cases. I used five cases in my study which is on the lower side. It should be noted that it is very challenging to gain access to both the MTAs and their families, which may be one of the reasons this role has not previously been studied. Acquiring access to five cases is then indeed an accomplishment. Researchers should continue collecting data until no new information is uncovered; after interviewing and analyzing the five cases, it was felt that theoretical saturation was reached. Through the course of this study I have developed relationships with both MTAs and their families and there has been considerable interest from the family-controlled business community. As I continue to develop this network, I will expand the current research and pursue new questions with additional cases.

### ***6.3 Future Research Directions***

The data revealed that an MTA needs an appropriate environment to carry out their role effectively and efficiently, but investigating this issue was beyond the scope of this study. Interviewees noted that it takes time to build a relationship with the family, time to establish voice and weight, and time to develop trust. The MTA1 of Telco said, *"if the family takes too long to develop trust in the MTA or provide the right kind of environment, then the person might get discouraged; both sides must work in harmony*

*and react appropriately. One can only move things that want to be moved*". A possible area for future research is the conditions that need to exist for the MTA to function effectively and efficiently to ensure the family's interests are met. What can the owner/family do to create such an environment? And, what effect does time have on developing these conditions?

Each of the themes and constructs identified in the model could also be explored further by developing surveys, participant observation, and in-depth interviews. For example, one of the first-order themes identified was "acting with suspicious trust". Weick et al. (1999:96) argued that "trust has a problematic stature" in the literature on collective mindfulness, but I found that acting with suspicious trust was integral to the role of the MTA. The preliminary sub-categories that make up suspicious trust are "critical thinking", "constant vigilance", and "intuitive", but there is more work to be done on how suspicious trust is developed. For instance, we need to identify other contexts where suspicious trust could be relevant and define the characteristics of environments that foster suspicious trust.

The original scope of this dissertation was to explore the role of the MTA in family-controlled firms, but what emerged from the data analysis was a model of mindful governance that identifies attentional enablers, attentional process facilitators, and subsequent outcomes of mindful governance indicators. The result is a dissertation that tells the story of the MTA. My work has gone far beyond my initial idea of studying the MTA role, to include a conceptual model of mindful governance with theoretical implications.

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## **APPENDIX 1**

### **CASE STUDY PROTOCOL\***

#### **A. Introduction to the case study and purpose of the protocol**

##### **A1. Overview of the study**

- Purpose: Introduction
- Features of the methodology: Section 3
- Appendix 8 Letter of Introduction for interviews

##### **A2. Research questions**

- Section 1

##### **A3. Role of protocol guiding the case study investigator**

- This protocol provides an agenda for the researcher and will be used in training the researcher(s) prior to beginning data collection

#### **B. Data collection procedures**

##### **B1. Names of sites and contact person to be visited**

- Determination of persons to be interviewed
  - i. Most Trusted Advisor
  - ii. Family members
  - iii. CEO
  - iv. Top management team
  - v. Board of Advisors
  - vi. Board of Directors

##### **B2. Data collection plan**

- Figure 3-1
- Supporting devices: digital recording device, laptop computer

##### **B3. Preparation for site visits**

- Review screening survey data
- Verification of access procedures
- Review archival documentation of the firm and contacts (public report, media coverage, organizational charts, etc.)

#### **C. Case study questions**

##### **C1. Definition of a family business: Section 2.2**

##### **C2. Semi-structured interview question prompts: Appendix 2, 3, 4**

#### **D. Outline of analysis plan and case study report**

**D1. Individual case studies**

- Descriptive information
- Exploratory information
- Explanatory information
- Individual case study reports

**D2. Cross-case analysis**

- Descriptive information
- Exploratory information
- Explanatory information
- Cross-case study reports

\* Developed based on the guidelines provided by Yin (1989:70-79).

## **APPENDIX 2**

### **INTERVIEW GUIDE PROMPTS - CEO**

#### **A. Background Information**

- Would you tell me about your family business?
  - Firm: age of firm, industry, size
  - Generation running business
  - Family involved in business, roles
  - Boards
  - Request for organizational chart

#### **B. Role of the Interviewee**

- What is your title?
- Would you describe your role in the firm?
- Would you describe your role in the family?

#### **C. Role of the Most Trusted Advisor**

- Do you have someone inside or outside of your firm who you trust and rely heavily on for confidential advice?
- How would you define this advisor?
- How does this differ from other types of advisors?
- How did this role develop?
- Did you explicitly seek out someone to fulfill this role?
- What type of experience does your advisor have?
- Would you describe the role of this advisor?
- Is it a full-time role? On an as needed basis?
- Who does your advisor interact with directly? Indirectly?
- How would you describe your relationship with your advisor?
- How would you describe the relationship with respect to other roles in the family?
- Is your advisor involved with your Board(s)? Does he/she have a formal position on your Board(s)?
- What is the nature of the interactions between the Board(s) and your advisor?
- What type of advice does your advisor provide?
- What areas of the firm/family does your advisor advise on?
- Are there any key events you could describe when you sought advice from your advisor?
- What characteristics are critical in an advisor?
- Who does your advisor report to?
- Is your advisor an employee of the firm?
- Can you describe the interactions with your advisor?
- Are interactions with your advisor formal? Informal? Both?
- Who in the family/firm would most likely seek assistance from your advisor?

- Succession is an important consideration in family businesses – do you plan to pass on your business to the next generation?
- Is your advisor involved in the succession planning? If so, would you describe their role in the succession planning process?
- What other issues does your advisor assist with?
- Could you describe the advisor's relationships with other generations in the family?
- Do other generations have their own advisor?
- Could you describe your advisor's relationships to those family members not directly involved in the family business (e.g. family with ownership but not involved in management of firm, family with no ownership or involvement in the firm)?
- Can you describe the social dynamics between the advisor and yourself? Family members? Employees? Board(s) members?
- How do you handle the process when there is a controversy with your advisor? How did the controversy happen?
- Is this your first advisor?
- Have you planned for the succession of your advisor? If so, would you describe this process? If not, would you seek another advisor?
- Could you describe the agreement between the family and the advisor if the family wishes to terminate his/her employment, or if the advisor decides to leave?
- What type of impact do you think your advisor has had on the family business? The family?
- How does an advisor become an expert on so many issues?

### **APPENDIX 3**

#### **INTERVIEW GUIDE PROMPTS - MTA**

##### **A. Role of the Most Trusted Advisor**

- What is your title?
- Would you describe your role in the firm?
- Would you describe your role in the family?

##### **B. More Specific Prompts on the Role**

- How would you define an advisor?
- How does this differ from other types of advisors?
- How did your role develop?
- What type of background experience do you have?
- Is it a full-time role? On an as needed basis?
- Who do you interact with directly? Indirectly?
- Could you describe your relationships with the Board(s)? Do you have a formal position on the Board(s)?
- What is the nature of the interactions between the Board(s) and yourself?
- What type of advice do you provide? To whom?
- Could you describe the type of interactions you have. Are the interactions formal? Informal? Both?
- What areas of the firm/family do you advise on?
- Are there any key events you could describe where your advice was sought?
- What characteristics are critical in an advisor?
- Who do you report to?
- Are you an employee of the firm? Full-time? Part-time?
- Who in the family/firm would most likely seek your assistance?
- How would you describe your relationships with the CEO? Other family members? Other employees? Board members?
- How would you describe the relationship with respect to other roles in the family?
- How do you handle the process when there is a controversy with your advisees? How did the controversy happen?
- Succession is an important consideration in family businesses – will the firm be passed on to the next generation?
- Are you involved in the succession planning? If so, would you describe your role in the succession planning process?
- What other issues do you assist with?
- Could you describe your relationship to other generations in the family?
- Do other generations have their own advisor?
- Could you describe your relationship to those family members not directly involved in the family business (e.g. family with ownership but not involved in management of firm, family with no ownership or involvement in the firm)

- Can you describe the social dynamics between yourself and those you interact with? Family members? Employees? Board(s) members?
- Is this your first role as an advisor?
- Is there a succession plan for your role? If so, would you describe this process?
- Could you describe the agreement between the family and yourself if the family wishes to terminate your employment or you decide to leave?
- What type of impact do you think you have had on the family business? The family?
- How did you become an expert on so many issues?

## **APPENDIX 4**

### **INTERVIEW GUIDE PROMPTS - OTHERS**

#### **A. Role of the Interviewee**

- What is your title?
- Would you describe your role in the firm?
- Would you describe your role in the family?

#### **D. Role of the Most Trusted Advisor**

- Do you have someone inside or outside of your firm who is trusted and relied heavily upon for confidential advice?
- How would you define this advisor?
- How does this differ from other types of advisors?
- Would you describe the role of the advisor?
- Is it a full-time role? On an as needed basis?
- Who does the advisor interact with directly? Indirectly?
- Would you describe your interactions with the advisor?
- How do you handle the process when there is a controversy/disagreement with the advisor? How did the controversy happen?
- How would you describe your relationship with your advisor?
- How would you describe the relationship with respect to other roles in the family?
- What type of advice does the advisor provide?
- What areas of the firm/family does the advisor advise on?
- Are there any key events you could describe where you sought advice from the advisor?
- What characteristics are critical in an advisor?
- How would you describe your interactions with the advisor? Are they formal? Informal? Both?
- Who in the family/firm would most likely seek assistance from the advisor?
- What other issues does the advisor assist with?
- Can you describe the social dynamics between the advisor and yourself? Family members? Employees? Board(s) members?
- Could you describe any prior experience working with advisors?
- What type of impact do you think your advisor has had on the family business? The family?

## APPENDIX 5

### CODING TABLES WITH PRELIMINARY SUB-CATEGORIES

*Following the suggestion of past researchers (Van Maanen, 1988) preliminary sub-categories and 1<sup>st</sup> order concepts incorporate language used by the interviewees.*

Preliminary Sub-categories	1 <sup>st</sup> Order Concepts	2 <sup>nd</sup> Order Themes	Aggregate Dimensions
“Etre bien dans sa peau” (comfortable in one’s own skin)	Self-awareness	Voice	Attentional enablers
There isn’t ego involved			
Don’t take it personally			
Don’t always have to win			
Know you’re not always right			
Low profile			
Integrity	True to one’s values		
Not going to bend principles			
Character			
True to values			
Get him/her as s/he is			
No hidden agenda			
As straight as can be			
Someone you can’t buy			
Trust	Absolutely trustworthy		
S/he’s very honest			
Keeps confidentiality			
Faith; complete confidence			
Best interest of the family; best interest at heart	Selflessness		
Family’s interests over one’s own			
Loyalty to the extreme			
Element of selflessness; not self-serving			
Good beyond self			
Never do anything to embarrass you			
Dedicated			
Emotional bank account			
Higher level of fiduciary duty			
Really competent in what they are doing	Depth of competency	Weight	
Do some things right			
Have some ability			
Experience working with family enterprises			
Expertise			
Credibility			
Respect his/her judgment			
Education			
Professional designation			
Exceedingly bright			



So rare the common sense			
Nobody takes his place			
A good head on his (her) shoulders			
Nobody has a head like him (her)			
	Breadth of competency		
Really good broad experience we can count on			
Can do so many different things			
Breadth of knowledge			
General knowledge of business			
Diverse background			
Sees the forest through the trees			
Not in our business			
Strategic view			
Knowing the questions to ask			
Knowing what you don't know			
School of hard knocks			
Understanding of family dynamics	Understands issues and interpersonal dynamics	Sense of self in relation to others	Attentional process facilitators
Understands psyche			
Knows the players; understands all the people			
What are the consequences, implications?			
Very intuitive			
Not rush the decision, patience			
Tactful			
Sensitive to nature of advice			
Only one cog in the wheel			
All intertwined			
Long-term relationship; stay with you for decades			
Ongoing collaborative communication			
Mindful communication			
S/he can hear you and feedback what s/he's heard			
Mutual pushback			
Timing			
Always involved him/her			
Knows everything			
Emotional intelligence			
Shares all			
	Meaningful engagement		
A personal interest			
Engaged in what they (the family) are doing			
We did pretty well on that one. We didn't do so well on this one.			
Want to help them succeed			
Grows with our family			
As close as can be without being family			
Member of our extended family			
More than just professional			

Shared experiences			
Shared values			
Caring; attached			
Close relationships			
Part of making the company successful			
Lives with the results as much as we do			
Provide objective advice	Providing independent objective advice	Sense of self in contribution to the whole	
Giving guidance, counsel			
Bring outside perspective			
Says it like it is			
Communicates outside of norms and practices			
Define and articulate the vision, goals, and objectives	Acting purposefully		
Anticipate and identify potential future needs and concerns			
Capture future opportunity			
Skating to where the puck is going to be			
Follows up			
Do anything that needs to be done; going beyond the role			
Acts & thinks outside of norms and practices	Acting with suspicious trust		
Reflective			
Thinks about everything he does			
Mitigate risks			
Critical thinking			
This doesn't make sense			
Did you think about this?			
Inquisitive			
Intuitive			
Probes			
Asks a lot of questions			
Constant vigilance			
Brings in and coordinates outside expertise	Facilitating		
Interface with other advisors			
Quarterback			
Defer to expertise			
Has to be their decision	Decision belongs with the decision-maker	Decision bias to others in relation to self	
Know their role			
Respect the person who has final authority			
This is our decision			
Backs the decision	Accept and commit to the decision		
Soldiering; being a good soldier			
Makes themselves recyclable by backing decisions			
Support the decision			
Get behind it and make it happen			
Share the goal			

Went slower	Reflecting on the decision making process	Crafting more encompassing decisions	Indicator's of Mindful Governance
Stop and think			
Gets us to think			
Get me to look at the risks			
Hold me back a little			
Let's get out of this panic			
Getting caught up in the deal			
Helping us focus			
Makes me reflect			
Another opinion	Challenging the key decision- maker's schema		
Thinking about issues from a different perspective			
Come to new solutions			
Help them realize and prevent implications and issues			
Helps to remove blinders			
Helps to see the big picture			
I changed my mind about what I was going to do			
Talked to somebody else			
Changed direction			
Helping define what they want to do	Helping family to understand self in relation to one another	Collective direction	
Prioritizing what is important			
Getting us to understand the issues			
Picking roads; developing competencies			
Think of the group, what's good for the group			
Helps process of getting to a decision	Helping family to interrelate in relation to one another		
How to make decisions			
Helps process to build consensus			
Sustaining balance in the family			
Being an honest broker			
Refereeing between competing interests			
Eases tensions			

## APPENDIX 6 ETHICS APPROVAL



Richard Ivey School of Business  
The University of Western Ontario

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### Use of Human Subjects – Ethics Approval Notice

Principal Investigator: Eric Morse	Review Number: 030/07(BREB)
Re: PhD student Vanessa Strike	
Protocol Title: The Intimate Enemy: the Interrelationship between Mindfulness and Strength of Ties in Advicegiving in the Family Owned Business	
Approval Date: October 18, 2007	End Date: October 18, 2008

This is to notify you that the Ivey School of Business Expedited Research Ethics Board (BREB) has granted expedited approval to the above named research study on the date noted above.

The BREB is a sub-REB of the University of Western Ontario's Research Ethics Board for Non-Medical Research Involving Human Subjects (NMREB), which is organized and operates according to the Tri-Council Policy Statement and the applicable laws and regulations of Ontario.

This approval shall remain valid until the end date noted above assuming timely and acceptable responses to the BREB's periodic requests for surveillance and monitoring information.

During the course of the research, no deviations from, or changes to, the protocol or consent form may be initiated without prior written approval from the BREB except when the change(s) involve only logistical or administrative aspects of the study. Subjects must receive a copy of the signed information/consent documentation.

Investigators must promptly also report to the BREB:

- a) changes increasing the risk to the participant(s) and/or affecting significantly the conduct of the study;
- b) all adverse and unexpected experiences or events that are both serious and unexpected;
- c) new information that may adversely effect the safety of the subjects or the conduct of the study.

If these changes require a change to the information/consent documentation, and/or recruitment advertisement, the newly revised information must be submitted to this office for approval.

Members of the BREB who are named as investigators in research studies, or declare a conflict of interest, do not participate in discussion related to such studies when they are presented to the BREB.

Signature: \_\_\_\_\_

Craig Dunbar, Associate Dean, Faculty Relations & Research  
Chair, Business Expedited Research Ethics Board (BREB)

*This is an official document. Please retain the original in your files.*

## APPENDIX 7 CONSENT FORM

My name is Vanessa Strike and I am a PhD Candidate at the Richard Ivey School of Business at the University of Western Ontario with Dr. Eric Morse as my supervisor. I would like an opportunity to discuss with you the role of trusted advisors in your firm and the process of advice giving. The information I am collecting will be used in my thesis.

You are being invited to take part in a research case study, as one of only four family-owned firms, looking at *Advice giving in the Family-Owned Business*. The purpose of this letter is to provide you with the information you require to make an informed decision on participating in this research.

The case study would consist of open-ended interviews. I would like to begin the interview by describing my topic of interest in regards to my thesis and solicit feedback from you on its relevance in practice as well as any general insights you may have. The type of questions I would ask will help me to obtain a better understanding of the role of trusted advisors and the process of advice giving. Questions would include asking you to describe the role of a trusted advisor, how the role evolved over time, and the type of issues on which advice is provided. The interview would take place at your firm, or another location where you would be comfortable for the interview. The interview will be digitally recorded and will take approximately 90 minutes to complete. It will be very open-ended in nature and there are no known risks to your involvement in this study. Please note that **your responses are strictly confidential** and that your participation is completely voluntary. While there are no direct immediate benefits to you from the study, you will be contributing to a larger body of knowledge that will result in long-term benefits to trusted advisors, advice giving, and family firms overall. You may refuse to participate, refuse to answer any questions or withdraw from the study at any time. Should the results of the study be published, your name will not be used without your explicit consent.

Should you have any questions or concerns about this study, please contact either my advisor, Dr. Eric Morse at [REDACTED] or me at [REDACTED]. If you have any questions about the conduct of this study or your rights as a research participant, you may contact the Office of Research Ethics, the University of Western Ontario (519-661-3036 or email at: [ethics@uwo.ca](mailto:ethics@uwo.ca)). Signing the consent form indicates your consent to participate in the study.

I will follow up with you within the next week to ensure you have received the letter and to answer any questions you may have. We look forward to hearing from you, and wish to thank you again for considering your time and participation.

Yours sincerely,

Vanessa M. Strike

**Consent Form**

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**Research Project Title: Advice giving in the Family-Owned Business**

I have read the letter of information, and agree to participate. All questions have been answered to my satisfaction.

Name (please print) \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Person Obtaining Consent: Vanessa Strike

Signature \_\_\_\_\_

Date \_\_\_\_\_

Please return consent form to:

Vanessa M. Strike  
Richard Ivey School of Business, ON44  
University of Western Ontario  
1151 Richmond Street North  
London, ON N6A 3K7

## APPENDIX 8

### LETTER OF INTRODUCTION FOR INTERVIEWS

Dear \_\_\_\_\_,

I hope this letter finds you well. I am currently working on my dissertation as a final requirement for graduation from the PhD Program at the Ivey Business School. The topic of my dissertation is on Most Trusted Advisor in Family Businesses.

At this time, I am writing to ask you for assistance with my dissertation by participating in an interview. Results from these interviews will help us to understand the role of advisors in family businesses, in particular, the role of the Most Trusted Advisor.

We know that family businesses are crucial to Canada's economy, and on-going research is an important factor to their continued success. Ultimately, by means of this case study, I hope to identify and document answers to questions such as: *What is the role of a Most Trusted Advisor?* *How does a Most Trusted Advisor provide useful advice to family-controlled businesses?* *What is the relationship between strength of ties and mindfulness in the process of advice giving?*

This letter is being directed to a small number of family businesses (four) to conduct case studies that will help to answer the above questions. I also ask if I could interview other members of the family, business, and board who have direct and/or indirect contact with your Most Trusted Advisor, as well as your Most Trusted Advisor him/herself. We can discuss together at a later date who would be the appropriate persons to include in this process.

Upon your consent, a group of highly trained researchers will visit you and interview you at your convenience. The interview will take approximately three hours. Your answers will be completely confidential, and information will only be published or released in summaries from which neither individuals nor firms can be identified. No material will be connected to you personally, and responses will be linked to firms only to allow averages to be calculated.

The participation in the interviews is voluntary. However you could help me greatly by taking a few hours to share with us your experience and insights. If you wish to have an executive summary of the research findings and future publications that arise from the research, we will be pleased to send copies. If for any reason you do not wish to participate in this interview, please send a brief note by return e-mail indicating this.

If you have any questions about these interviews, please contact me by return e-mail, telephone, or in writing at the above address. Thank you very much for considering my request for help with this study. I eagerly anticipate your participation.

Sincerely,