

Family Learning is about the Future

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“My first insight is quite elemental. There are two different sources of learning: (1) learning by reflecting on the past and (2) learning by sensing and actualizing emerging future possibilities.”

C. Otto Scharmer

The Essentials of Theory U, Core Principles and Applications

What is the wealth of a family?

According to James E. Hughes Jr., in the classic book, *Family Wealth, Keeping it in the Family*, the wealth of a family comprises of its human capital, intellectual capital, social capital, spiritual capital, and financial capital. Families with significant financial capital should consider how they can use that financial capital to invest in the growth of the qualitative capitals of the family.

What do we mean by the intellectual capital of the family and how do we invest in and grow that specific capital? According to Hughes, when we think about the intellectual capital of the family, the question becomes: *“Is this family a learning organization, and do they know how to learn together?”*

What is a “Learning Family”?

In *The Fifth Discipline, the Art and Practice of the Learning Organization*¹, Peter Senge says a Learning Organization is one *“..where the people continually expand their capacity to create the results they truly desire, when new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together”*. According to Senge there are five disciplines of a Learning Organization:

1. **Personal Mastery**, which is the discipline of personal growth and creation;²
2. **Mental Models**, surfacing, testing and improving our internal pictures of how the world works;
3. Building **Shared Vision**;
4. **Team Learning**, mastering dialogue and discussion, deep listening skills, suspending one’s own views; and
5. **Systems Thinking**, considering how things are interconnected, getting on the balcony, and being aware of our role in the system.

¹ Doubleday, 2006.

² The chapter on Personal Mastery talks about understanding and managing creative tension. It also refers to becoming aware of limiting beliefs that can hold individuals back from creating the kind of future that they really want. Compare this to the Immunity to Change process described in Robert Keegan and Lisa Laskow Lahey’s *An Everyone Culture; Becoming a Deliberately Developmental Organization*.

This concept can then be expanded to the family enterprise. Barton Parrot in his article *The role of Lifelong Learning in Family Leadership and Managing Family Wealth*³ recommends families adopt practices such as:

- providing honest feedback;
- creating experiments and looking for low risk learning;
- holding after action reviews;
- identifying and questioning assumptions;
- carving out time for reflection;
- using appreciative inquiry;
- having family members become the teacher in order to learn; and
- always supporting family members to individuate.

Learning is about creating the Future

If you think about the word “learning” does your mind take you to the past, the present or the future? In the context of a family enterprise:

- Learning about the past, might involve learning the family history, the family stories, the principles that have made the family successful to-date; and the values and the virtues that make the family unique.
- Learning about the present includes sense making practices to understand what’s going on in the external environment. It can also involve a stock-take of the strengths, experiences and capabilities that the rising generation can already contribute to the family enterprise.

But when we talk about learning - and development - it is the future that is the most important. It is about building the capacity of the family as owners, directors and managers to create a new future for the family and its enterprise. It is not about “downloading” the past - it’s about building the capacity to be open to the new future that is emerging for the family members and their enterprise.⁴

What are the tools that can support the Learning Family?

The tools to support learning family practices can be simple:

- At the individual level, tools include:
 - practicing mindfulness,
 - keeping a journal,
 - asking for objective feedback,

³ Barton Parrot, , Investments & Wealth Monitor 2017.

⁴ Otto Scharmer. See section below on Learning to Listen.

- working with a coach,
 - finding your own “learning buddies”, and
 - there are coaching tools including the Immunity to Change process of Robert Keegan and Lisa Lahey.
- At the group level:
 - engage one or more coaches to work with all of the adult family members both individually and in their governance work together; and
 - ensure that meetings are facilitated.
 - Integrate learning organization principles and practices into the design of the family’s family governance system and into the family, ownership, and board meetings.
 - Get organized by forming a learning and development committee. Family learning should be “Governed Learning” – there should be some intentionality about it, and coordination.⁵

Finally, develop a **Family Learning & Development Curriculum** together covering:

- (i) Learning Organization practices;
- (ii) How to be a responsible stakeholder owner (or beneficiary); and
- (iii) How to grow the qualitative capitals of the family.

The Family Learning Curriculum

Here are some important topics to include in a Family Learning Curriculum⁶.

1. Learning to work together

It’s very helpful to have a structured process for handling group projects and working through issues collectively together. The following framework comes from the book *About Learning*, by Bernice McCarthy, and is simple and effective⁷.

It’s normal that different family members will have different ways of doing group work.

- Some family members will be focused on the question of *How?* How do we do things, when can things get done, how can we be practical? Family members who are How people want to dive in and finish things and often don’t have the patience to wait for everyone else.

⁵ Jeremy Cheng.

⁶ Credit for this Curriculum is due to James E. Hughes Jr.

⁷ The 4MAT assessment and process is covered in Hughes’ book, *Family, the Compact among Generations*, in the chapter on Educational Assessment Tools.

- Others are going to be *Why?* persons. *Why?* persons are concerned about meaning and context. Why is it important for us to be working on this topic or project? What is the bigger picture here?
- Some family members will be conceptual thinkers and traditional, intellectual learners. For them the question *What?* is important. What is the right structure? What do the experts say, what do other families do?
- Finally, there are the *What If?* people. *What If?* is a creative question. *What If?* looks at the Why, What, and the How and says, What if we do that slightly differently? What if we were to adapt that slightly? *What If?* is actually about integrating everything you've learned from the *Why? What?* and *How?*.

The questions of *Why?* and *What If?* are leadership questions. The questions of *What?* and *How?* are management questions.

The key is to do group work in the order of:

1. Why?
2. What?
3. How?
4. What If?

It's the job at the facilitator to make sure the family do their work in this order. Each family member will know that they will get their turn but it's got to be in this correct order. The process can be iterative. If you've been through the Why? What? How? And What If? on your issue or project once and there's still more work to be done, then repeat the cycle again. But following the order is important.

2. Learning to Listen

The family owners and especially the family leaders, should learn how to listen. According to Otto Scharmer, senior lecturer from MIT "*Listening, is the most underrated of leadership skills*". And you want to think of all of the family members in the ownership role as being leaders within the family enterprise.⁸

Again, the whole purpose of being a learning family is so that you can evolve and create something new together. According to Scharmer, creating something new only occurs once the family or their leaders manage to attain a certain level of listening.

⁸ Greg McCann.

According to Scharmer, there are four levels of listening⁹.

1. The first level of listening is Downloading. At this level, you're not really listening, you're just listening for what you already know and filtering out everything else; you're just replaying your own stories in your head.
2. The second level of listening is called Factual Listening. Factual Listening means that you start to listen like a scientist, you listen for disconfirming data. You are listening for exceptions to what you know. You tell yourself: "*keep listening to this because what if my view is actually wrong*". To do this you have to have an Open Mind and give up your Voice of Judgement.
3. The third level of listening is Empathic Listening, which means listening from the other person's frame of reference. Putting yourself in the other person's shoes. Listening at this level requires *opening your heart* to the other. It requires suspending the Voice of Cynicism.
4. The fourth level of listening is called Generative Listening. This is listening for the highest future potential that wants to emerge. This is when wisdom emerges from the group. This could come from anyone in the group. Ego boundaries start to dissolve and there is a sense of flow. This requires an Open Will and suspending the Voice of Fear.

According to Scharmer, a group is only capable of creating something new if it can reach the stages of Empathic Listening and Generative Listening. This is not to say that there won't be times when Downloading and Factual Listening are appropriate. But to be open to the future, the capacity to reach the deeper levels of listening need to be cultivated.

3. Learning to give and receive Feedback

A core purpose of the recommendation to hold regular family meetings is to provide a communication platform for the family. Family meetings can be used as a forum for resolving conflicts amongst family members, especially if they are facilitated. It makes sense to periodically include time in family meetings for the family members to give each other feedback. This should be facilitated and the family taught a framework or a process for giving each other feedback.

⁹ The essentials of Theory U, Core Principles and Applications, by C. Otto Scharmer;

The feedback process that I've learned about¹⁰ is to give feedback using the following simple formula:

1. Increase [X];
2. Decrease [Y]; and
3. Continue [Z].

This is a safe formula to use whether it's a one to one feedback conversation, in a structured feedback session or in a family meeting where each person takes a turn at being the one to receive the feedback, and with the other participants each going around and saying what to increase, decrease, or retain for that one person (then you move on to the next person etc.).

If you're going to initiate a feedback process amongst the family members then at the same time it also is critical to talk to them about what it means to receive feedback. On this topic you can refer to the book *Thanks for the Feedback, The Science and Art of Receiving Feedback Well*, by Doug Stone and Sheila Heen¹¹. The question is to consider whether there's something that can be taken away from the feedback that is valuable or some part of it that is true, but this needs to be reflected on for a while. You have to let the feedback through your defences in order to be able to sift through what is helpful and what is not.

4. Learning to have Difficult Conversations

In a family enterprise there will always be conflicts and difficult conversations. The book *Difficult Conversations, How to Discuss What Matters Most*¹² offers a process for preparing for and conducting difficult conversations, including worksheets. It teaches how to move from a "battle of messages" to a "learning conversation".

In any difficult conversation, there are always three underlying conversations going on:

- The "what happened?" conversation: each party will have their own story of events; each party will have made a contribution; you need to separate intentions (you can never know what their intentions really were) from the impact of what happened.
- The "feelings" conversation: there are always feelings present in such conversations and these need to be brought into your awareness; and
- The "identity" conversation: it is very easy to be knocked off balance if your identity is challenged during a conversation. The key to is to reflect in advance on how the conversation might impact on your identity so you can remain grounded.

¹⁰ The source of this framework is Monica Sharma, author of *Radical Transformational Leadership, Strategic Actions for Change Agents*, North Atlantic Books, 2017.

¹¹ Penguin Books 2015.

¹² Douglas Stone, Bruce Patton, & Sheila Heen, 1999, Penguin Books.

The process includes thinking through and choosing your purpose in planning to have a difficult conversation, in choosing whether to raise the issue or not.

5. Learning to Trust

You also want your family to become adept with the topic of trust. Include the elements of trust, how to build trust, and what to do when trust has been broken, in the curriculum.

Is there anyone in your family that you would say you “don’t trust”? To say that you “don’t trust” a person is a very broad statement. It is important to be able to narrow down what you mean when you think you don’t trust someone. A useful practical tool for being more precise is the Trust Matrix.¹³

<i>Trust Matrix</i>				
(Name)	Individual	Team	Family	Company
Honesty				
Intentions				
Skills & Abilities				
Communication				

The Trust Matrix shows the need to be specific about both the different elements of trust and the context that you referring to.

‘Honesty’ refers to being truthful. ‘Intentions’ refer to whether the other person has their own interests at heart or the interests of others. ‘Skills & Abilities’ means do they have the skills and abilities to do their job or function effectively in the relevant group they are in. ‘Communication’ means do they tell you what you need to know when you need to know it. Your family can learn about the Trust Matrix together and use it to skilfully provide each other with constructive feedback.

6. Learning Family Systems Theory

A family is a multigenerational emotional system. It’s an anxiety management system. The more the members of a family can learn about family systems theory, the better they will be able to manage themselves productively inside the family emotional system especially at times when anxiety levels go up. One time when it is predictable that anxiety levels will go up is when it is time for a transition in the ownership of the enterprise.

¹³ Conflict and Communication in the Family Business by Joseph Astrachan and Kristi McMillan, 2003, Family Business Leadership Series, No 16.

The family system passes on messages and patterns from one generation to the next. An important, lifelong goal for the individual is to work on improving your own level of differentiation from your family of origin - while at the same time being able to keep connected to your family members. Family enterprises can be a very challenging environment emotionally because the family members remain connected through shared ownership or management roles, arguably, making a knowledge of family systems theory even more urgent than families that are not tied together to the same extent.

Learning about the family as an emotional system has to be done experientially¹⁴. Find a coach or counsellor who is qualified in Bowen Family Systems theory to work with the family members and/or find a Bowen Family Center family members can visit¹⁵.

Family Learning Capital

In conclusion, this topic is not just about learning - it is about learning, development & capacity building. The above Family Learning Curriculum shows it is also time to consider changing the term “intellectual capital” – which tends to take you towards abstract, “head” knowledge - to a new term (perhaps “learning capital”?) while retaining the core question of: *“Is this family a learning organization”?*

Author

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¹⁴ However one accessible written source is the series of books written by Roberta M. Gilbert MD, for example her book *Extraordinary Relationships*, Wiley, 1992.

¹⁵ There are other schools of family systems theory, but that of psychiatrist Dr. Murray Bowen is popular in the world of family enterprise advising.