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Business succession and its impact on change management in family businesses

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**Business Succession and Its Impact on Change Management
in Family Businesses**

Julius Wilhelm Bornschein

A thesis submitted in partial fulfilment of the requirements of
Sheffield Hallam University (SHU) in collaboration with Munich Business School
(MBS)
for the degree of
Doctor of Business Administration

May 2021

Candidate Declaration

I herewith declare that:

1. I have not been enrolled for another award of the University, or other academic or professional organization (except for the partnering Munich Business School), whilst undertaking my research degree.
2. None of the material contained in the thesis has been used in any other submission for an academic award.
3. I am aware of and understand the University's policy on plagiarism and certify that this thesis is my own work. The use of all published or other sources of material consulted have been properly and fully acknowledged.
4. The work undertaken toward the thesis has been conducted in accordance with the SHU Principles of Integrity in Research and the SHU Research Ethics Policy.
5. The word count of the thesis is 51,683

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Date	May 2021
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Abstract

The thesis “Family Business Succession and Its Impact on Change Management” aims to discover whether business succession and the business transition accompanying it has an impact on the implementation and management of change in family firms. It focuses on medium-sized family businesses in the wholesale building materials and home improvement retail industry in Germany. Although there is a plenty of research into the two study fields—change management and family business succession—research into the combination of both topics, especially the impact of one on the other, is rather limited. Therefore, this thesis aims to contribute to theory by reducing the gap in research into the combination of the two study areas. Furthermore, it addresses additional research needs and aims to enlighten the research gap by providing ideas with additional research needs.

Especially in family businesses, business transition and internal changes are significant due to high failure rates in family business successions. Change management, however, is mainly connected throughout the research to changes resulting from changing markets and changing customer demands. Nevertheless, external change also requires internal adaptation in companies. With a focus on the wholesale building materials and home improvement retail industry in Germany, interviews are conducted with family business successors and predecessors concerning the business succession process and the implementation of change within the company over the period of the succession process. General ideas and findings from the data collection section are cross-checked with existing literature for the two fields individually first. Then, the results are merged in a chapter about the impact of business succession on change management in the final part of this research.

The research results show that a differentiation between propensity towards change implementation and the actual change implementation must be made. There is a higher propensity towards change implementation among family business successors. Thus, the actual change implementation and the success of implementing change is furthermore dependent on other variables, such as employee base and culture, the predecessor’s and successor’s visions and ideas, financial aspects, and the successor’s human capital.

Keywords: business succession, change management, family businesses, business transition

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Introduction and Personal Background

Today's economy is fast-paced, and markets are changing quickly. Technological change creates new information, communications technologies, and production technologies that then lead to shifts in comparative competitive advantages (Herstatt & Lettl, 2000). However, markets in different industries change at different paces. The less conservative an industry sector is, the faster it adapts to change (Later, Adams, Gates, & Snowdon, 2009).

Compared to other industries, the construction industry is rather conservative and reluctant to change (Babic & Rebolj, 2016). As a result, not many wholesale construction materials companies have taken incremental steps toward new technologies and change (Spreitzer & Zwielehner, 2019). With growing digitalization, however, customers in this sector are asking for more flexibility and speed throughout the supply chain (Walker Information, Inc., 2015). This could be a major opportunity for companies in the industry to generate a competitive advantage and overtake the competition (Leydecker, 2008). However, it also implies incremental changes in the value chain that lead to company turning points.

As I grew up in a family business, family businesses have been of special interest to me throughout my life. The wholesale building materials industry and home improvement stores are facing a great many changes. At the same time, many company owners in this sector are now at an age where they have either handed the business over already or are in the succession progress. In multiple conversations with business successors and potential business successors, I tried to discover more about how to manage outside changes while dealing with

company internal changes, such as a business succession process. I tried to answer the question whether there are synergies between business succession and managing internal and external change or whether there is a negative impact of one on the other but could not find much research about this topic. Therefore, these gaps are further explored in this thesis.

The thesis “Business Succession and Its Impact on Change Management in Family Businesses” takes a deeper look into two study fields: “business succession” and “change management.” With a focus on the wholesale building materials and home improvement industry in Germany, the thesis investigates family businesses that are in the process of business succession or went through a business transition within the past five years. The thesis aims to answer the question of whether business succession has an impact on change management in family businesses. As the succession process is often connected to internal change, a special challenge for companies is the combination of both: company internal changes that are driven by the business succession and external changes driven by the market. Therefore, this thesis aims to identify the impact of the business succession process to combine with these changes.

1 Research Structure

1.1 Research Problem

In Germany, there is a total of around 3.74 million companies of which almost 95% (3.54 million) can be considered family firms. They are accountable for about 60% of jobs and 40% of GDP in Germany and can be considered as the economy's backbone. Therefore, they play a pivotal role in the German economy. However, it is estimated that about 135,000 family businesses were taken over between 2014 and 2018. This equals almost 4% of all family firms (Kay & Suprinovic, 2013). Although family firms play such a major role in the economy, many companies fail during the business succession process. This is especially the case when looking at family-internal business succession. In Germany, about 54% of all family businesses are taken over by family members, while the rest are taken over by external parties (Kay & Suprinovic, 2013). However, when it comes to family-internal succession, only 30% of companies survive the handover to the second generation and, with a failure rate of 85–90%, even fewer family firms survive the handover to the third generation (Günterberg, 2012).

Often, the reasons for failure are not grounded in external factors, such as a lack of money or market change. About 60% of the reasons for a company failing during the succession process are people related. This shows the importance of social skills and the personal challenges (Williams & Preisser, 2003). Business succession is also a leadership topic. As a firm and its strategy develop over time, employee requirements may change as well. Therefore, leadership styles must be adjusted according to the company's strategy, its employees, and the person in

charge (Johnson S. M., 1996). Especially in times of business succession, changes within the company strategy and the leadership style are likely. Therefore, business succession demands a high level of preparation and flexibility in terms of leadership. The high failure rates during takeovers underline the importance of a well-planned business succession process (Dahlke, 2012).

According to a study (Liphadzi, Aigbavboa, Thwala, & Kwofie, 2019), succession in the construction industry is a crucial topic that requires a great deal of preparation. Developing a succession plan can take two years or more and implementing it can take up to 10 years (Hillstrom, 2017): 12 years in total. However, today's economy is fast-paced and is continuously confronted with complex changes: New information, communication technologies, and product technologies are developed constantly. These innovations can lead to competitive advantages, can threaten the existence of companies, and can shift markets completely. Planning 12 years ahead is not always easy (Herstatt & Lettl, 2000). This does not only apply to technological change, but it is most present in the technological context. For example, the first iPhone was introduced in the United States on June 29, 2007. Until then most people did not even think about a product that had become part of most people's daily lives 12 years later and greatly influences daily business (Sharma, Sarrab, & Al-Shihi, 2017). Product life cycles have become shorter, and the number of incremental changes has grown exponentially over the past 10 years (Antonelli, 2012). This development is expected to continue over the next years (Ferreira, Faria, Azevedo, & Marques,

2017). Taking this into account makes it even more difficult to plan long in advance.

However, what does change mean for companies, employees, and business owners? Can a business succession process and the changes in the firm's structures accompanying it also led to a higher acceptance rate for other changes in the company?

To successfully plan and implement a business succession, much time is needed. To keep up to date, however, companies must be fast and flexible to stay competitive and achieve their goals (Laforet, 2008). This leads to a potential clash between long-term succession planning and flexible short-term adaptability that has not been the subject of much research. The question of whether business succession has an impact on change management in family firms remains unanswered, and it is also unclear whether there are differences in the different stages of the succession process. Since many family firms will face a succession process within the upcoming years (Kay & Suprinovic, 2013), and market development and change occur regularly, it is critically important that not much research has been conducted on the impact of business succession on change management.

This thesis therefore takes a deeper look into the wholesale construction materials industry in Germany. The topic may also be relevant for other industries that are facing similar changes (Raap, Buys, Corbishley, & Mason, 2020). Not only the wholesale building materials industry but also many other industries are facing change, fast-paced environments, and many other kinds of change. Therefore, the

topic of the thesis is not only current, but also highly relevant for company owners, soon-to-be-predecessors, and potential family business successors in the coming years, regardless of the industry sector (Babic & Rebolj, 2016).

1.2 Research Objectives

Although a great deal of research has been conducted on business succession and on change management as separate topics, there is not much research on the impact of one on the other, and this question has remained unanswered until now. In 2004, Brockhaus (2004) has already suggested future research in this field, but apart from Ahrens (2013) who has partially addressed the combination of the topics with a quantitative approach, not much research about the combination of the two study fields can be found. However, since this could be crucial for successors and for the economy, there is a need to dig more deeply into the combined study areas of business succession and change management to bridge this gap. The fact that many medium-sized family firms in Germany will be facing a business succession within the upcoming years underlines the importance of determining if succession in family firms has an impact on change management. This thesis aims to answer the question of whether there is an impact and, if so, which areas are impacted and how these areas can be managed.

As it is unclear at this point whether business succession has an impact on change management, the research question of the thesis is the following: *Does business succession in family businesses have an impact on change management in family firms?*

As it considers two separate study areas (business succession and change management), these fields are illuminated in the context of the thesis. Answering the research question aims to achieve the following objectives:

1. Business Succession in Family Businesses: Provide an overview of specific family business characteristics and business succession preferences in family firms.
2. Change Management: Identify and analyze characteristics of change management, with a focus on the building materials and home improvement sector.
3. Implementing Change as a Family Business Successor: With a focus on family business successors in the building materials and home improvement sector, determine the characteristics and special challenges of implementing change throughout the business succession process.

In summary, the two study fields are researched in the relevant sector separately before the overlaps are combined. This permits a deeper understanding of the two study fields and the potential impact of the business succession process on managing change. As the two study fields are both extremely broad, only relevant subtopics are considered. The overlap is researched in more depth and linked with cross-references to the literature.

Since there is not much research into the combination of the two individual study fields, especially not on the impact of one on the other, a contribution to theory can be made. This will close or at least reduce the gap in this field and

provide more research opportunities in the areas, which can be researched in more depth. Furthermore, this research aims to provide ideas for succession planning and change implementation in family firms that can be taken into consideration when facing the situations. These ideas should allow family business successors in the wholesale building materials and home improvement retail industry to consider possible treats at an early stage of succession planning and successfully steer through the transition process while considering the implementation of new market requirements or the chance to change market positions. As the literature review section is mainly detached from the industry, the findings may be of interest for business owners and successors in other industries, as conclusions can be drawn for other industries and situations.

1.3 Research Design

The combination of the two study fields and the question of whether business succession has an impact on change management in family businesses reveal a research need. Personal experience and conversations with business successors have shown that every succession process is unique, and it is difficult to compare one business succession to another one. Business succession cannot be accomplished multiple times and tested in a company. Usually, a company has one attempt: either it is successful, or the company fails.

1.3.1 Research Method

For classic cause-and-effect research, a quantitative research method, as used by Ahrens (2013), might be more applicable (Arghode, 2012). Thus, although the impact of one study field on the other study field is researched in this paper, no

classic cause-and-effect scenario is investigated. Moreover, the question of whether there is an impact of one on the other and what is the nature of that impact should be answered. This thesis searches for ideas, narratives, and themes to be cross-checked with existing literature in the two study fields. To be able to compare findings, qualitative details must be ascertained instead of tests, fixed figures, and other quantitative numbers. Thus, to answer the research question and the objectives, qualitative data was used. This data was mainly collected through interviews in family businesses in the building materials and home improvement industry in Germany. Hence, the data was collected from primary sources.

As the research aims to find out whether there is an impact of business succession, a qualitative research approach with elaborating expert interviews allows the development of ideas while getting insights from interview partners who are currently experiencing the influence of the two separate study fields. A business succession process is a unique process that cannot be accomplished and tested repeatedly. Therefore, multiple expert interviews for the primary data collection allow a developing elaboration of the impact of business succession on change management and are applicable in aiming to address the research objectives.

Business succession is highly people related and the thesis therefore focuses on qualitative research aspects instead of tests, fixed figures, and other quantitative numbers. Drawing the thesis down to a specific industry, however, makes the different findings more comparable and supports the idea collection of the qualitative research approach.

Since there is already plenty of research on the two topics of business succession and change management, the first part of the thesis is grounded in a preliminary literature review of the two topics. This part of the thesis briefly considers the two individual study fields, but this literature review remains relatively short and simply explains the key definitions and the main ideas behind the topics. To avoid becoming biased before conducting the interviews, the first part generates a common understanding of the two research areas and provides a base of understanding for the rest of the thesis. This part covers definitions and common understandings and narrows the research fields to those aspects that are important for further understanding the thesis. Once the definitions of the key parameters are clear, a deeper background of industry-related challenges and outside changes is established. These changes are part of all company interviews. The fact that they are all going through similar outside changes makes it possible to draw conclusions and comparisons of different actions and reactions between the different companies interviewed.

The fact that not much research or literature review was initiated before conducting the interviews limits the amount of bias in the research and permits the consideration of many different outcomes. It allows the interviews to guide the research toward possible findings, and the findings can be identified and progressed after each interview. Interviews with successors and predecessors of wholesale building materials companies were performed. To stay comparable, the companies had similar backgrounds. Only family businesses that went through a business succession process in the past five years or are currently in the business

succession process were interviewed to ensure that they were affected by similar market developments and outside changes. This makes it possible to compare the differences in managing the change throughout the different business succession scenarios. Then, in-depth interviews were conducted, and the combination of both topics was founded on these interviews and other real-case examples to determine whether one has an impact on the other and whether these impacts differ over the different stages of a business succession process.

1.3.2 Research Methodology

As the aim of the research is to generate ideas and findings through multiple data sources and multiple potential outcomes should be allowed, there is no theory to test. Moreover, the forming of ideas and patterns through multiple data sources should conclude in a theory which describes an inductive research approach (Woiceshyn & Daellenbach, 2018). Grounded theory is an applicable research methodology and is therefore used for the data collection. It is an inductive research approach and can be considered as a classic theory-building research method, mostly used when there is a sociological background (Egan, 2002). This is the case in this thesis, since business succession and transition failure are often people- and behavior-related topics. An inductive approach collects data first, analyzes it, and builds a theory while considering categories and other comparative procedures (Hodkinson, 2008). Grounded theory's purpose is to make sense of people's words and actions and to generate credible descriptions arising from them (Kempster & Parry, 2011). The key element of grounded theory is the constant comparison and analysis of the data and the permanent development of the data

collection. For these purposes, a higher, more abstract, level must be reached. Throughout the interview phases, the researcher gains new knowledge from the data, creates concepts, and compares findings with other interviews. Besides the findings from the interviews, grounded theory makes it possible to use findings from other sources and allows the development of findings and ideas through experiences and observations throughout the research process. These findings can then lead to slightly adjusted interviews that may close the gaps arising from previous ones. Findings can be supported through cases and actions from the researcher's own business or conversations with other people in similar situations (Corbin & Strauss, 2014).

Grounded theory is mainly used to analyze and evaluate qualitative data, such as interview transcripts or observing logs. However, every concept developed through the data collection phase is temporary as it keeps developing throughout the research. The processual approach tests for deviant cases because these cases help to develop the theory (Urquhart, 2013). To constantly develop the data collection and the outcome, the writing of memos is essential as these memos help build the theory. Memos "are records of the researcher's developing ideas about codes and their interconnections (Glaser, 1998). Memos are a documentation of the researcher's thinking processes rather than a description of a social context" (Montgomery & Bailey, 2007). This creates transparency while allowing reflection on previous findings (Birks & Mills, 2015).

When it comes to data collection, there is a distinction between the Glaserian school and Straussian grounded theory. Both Glaser and Strauss have

major roles in the development of grounded theory. However, Glaser's approach is less prescriptive and focuses more on the idea of developing theories than does Strauss's theory (Glaser B. , 1992). While Glaser's grounded theory has not changed significantly over time, the Straussian one has changed (Bryman, 2016). In contrast to Glaser, who does not allow preliminary literature review, conducting basic research to obtain a better understanding of the topic is permissible according to Strauss. Due to this, the Straussian theory makes it possible to further focus the research field on the areas in which to search for data (Thai, Chong, & Agrawal, 2012). Since the two topics, family business succession and change management, are already broad study areas, they need to be narrowed down for the broad research field of this research. Therefore, Straussian grounded theory is more applicable for this research paper.

This type of data collection is beneficial for the finding and development of ideas regarding the research question. As the researcher is well-connected in the industry, he participates regularly in meetings with other business successors and potential business successors in the industry and obtains insights from multiple sources. By constantly comparing new "data slices" to the existing constructs and concepts, this research method makes it possible to develop a theory step by step. This means that data and ideas generated through the interviews can be cross-checked in observations and conversations throughout the data collection process. Each new slice of data can either lead to the enrichment of the current state, the formation of a new one, or lead to new relations (Urquhart, Lehmann, & Myers, 2010).

Grounded theory works pass through the following phases during data collection (See Figure 1: Phases of Grounded Theory):

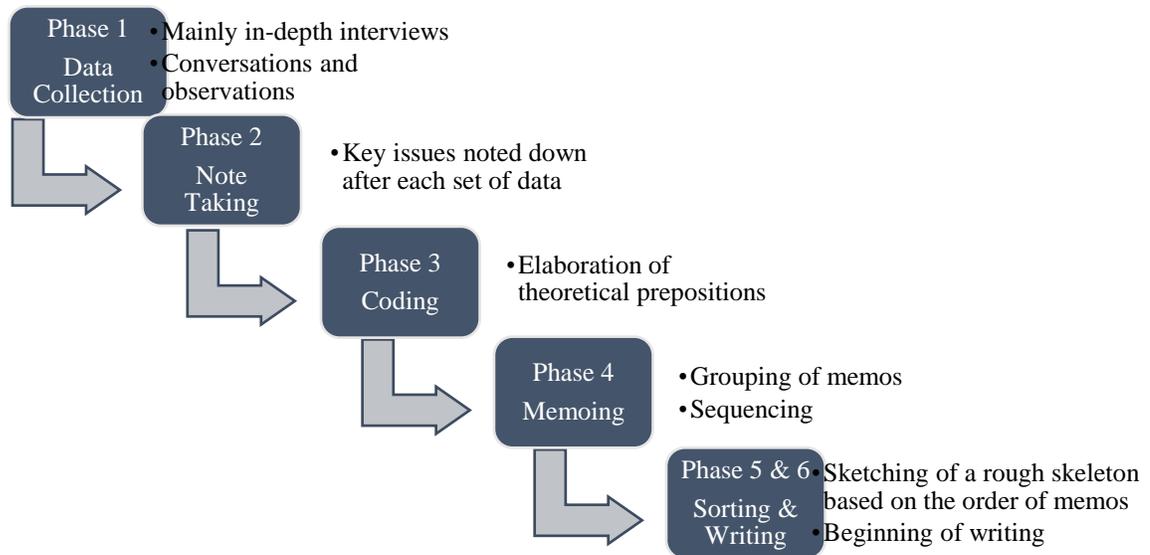


Figure 1: Phases of Grounded Theory (Kempster & Parry, 2011)

As can be seen, the phases are mostly overlapping and are not completed phase by phase. In grounded theory, data can be generated through many different channels, such as interviews, observations, newspapers, and anything else that appears relevant. This data is then constantly compared, out of which concepts arise. From the different data sets, multiple concepts appear (Egan, 2002). Then, categories are derived from the comparison of the different concepts, and all the concepts from the data are organized into the categories. These categories are also called codes. In the next step, the codes are linked to certain properties, such as conditions or consequences, and through the linkage of the different categories, relations or theses arise. This step is called “memoing”. Finally, out of the different categories the most important category, which is called

the core category, is chosen. The storyline around this core category emerges as the new theory (Corbin & Strauss, 1990).

Concerning sampling, there are major differences in grounded theory compared to other methods, such as survey research. In survey research, small samples are taken, from which a general conclusion about the population is sought. In grounded theory, however, a small sample is taken to build a new theory. Therefore, grounded theory strives for theoretical saturation instead of representation. “*Saturation* means that no additional *data* are being found whereby the sociologist can develop properties of the category” (Glaser & Strauss, 2017, p. 61). Therefore, the theoretical saturation is reached when new data no longer creates more refinements in the theory. Once this is reached, a new theory can be created that is grounded in data (Kempster & Parry, 2011).

Corbin and Strauss (2008, p. 12) describe the data analysis process as “relaxed, flexible and driven by insight gained through interaction with data rather than being overly structured and based only on procedures”. Grounded theory provides guidelines to identify categories through links and relationships. It also provides key strategies, such as constant comparative analysis, theoretical sampling, coding, and memo writing. Furthermore, it makes it possible to generate a theory from the coding process. The theory provides the framework that then helps to explain the concept that is being studied (Kelle, 2007).

In summary, the data collection in grounded theory is especially time-consuming. However, this methodology is beneficial when aiming to generate ideas and when the researcher can collect data from multiple sources. Grounded

theory not only makes it possible to use the findings from the different interviews, but also to develop these findings through the experiences and observations of the writer throughout. Findings can be supported through cases and actions undergone in the researcher's own business or observations made in other businesses. For this thesis, grounded theory not only makes it possible to cluster the different interview partners, but also to compare findings with personal experiences from the researcher's path through the process and conversations throughout the process.

1.3.3 Ontology and Epistemology

Ontology is considered as the study of being and consists of basic assumptions, which people are usually not aware of since they are taken for granted. Since these assumptions and perceptions vary between individuals there are different ontologies. Ontological extremes can be objectivist or subjectivists. From an objectivist ontological point of view only things that can be sensed (for example touch, hear, smell, taste, etc.) exist, while on the other hand a subjectivist ontology also takes individual understanding and interpretation into account. This can lead to totally different outcomes when researching the same topic. Ontology explains how reality is understood while epistemology distinguishes what is real from what is mistaken in our own reality. The different perceptions are just as broad as from an ontological point of view and as in ontology, in epistemology the extremes can be objectivists or subjectivists. An epistemological objectivist takes knowledge from data and facts while an epistemological subjectivist analyzes

social factors and people's behavior and gives meaning to the different terms (Fleetwood, 2005).

Just as in ontology, many different mixes also exist in epistemology. Various mixes of ontology and epistemology will lead to different positions in research and can lead to totally different outcomes when analyzing the same topic (Spirkin, 1983). The different positions in an Ontology-Epistemology-Matrix can vary and can either be ontological objectivist or subjectivist and either follow a subjectivist or objectivist epistemological approach (Searle, 1995). The only combination which is not possible is a subjectivist Ontology with an objectivist Epistemology since interpretation and understanding cannot be measured objectivistically (Hathcoat, Meixner, & Nicholas, 2019). Besides the three extremes, the various mixes of epistemologies and ontologies lead to many possible paradigms which can be amongst others: Pragmatism, critical realism, conventionalism, Interpretivism of Alethic Pluralism (Johnson & Duberley, 2000).

Considering the aim of this research topic it is beneficial to combine features of two different paradigms: Positivism and Interpretivism. When it comes to Interpretivism the most common way of gaining knowledge is through interviews which lead to a quite subjectivistic outcome (Fleetwood, 2005). To validate the findings furthermore a more objectivistic approach, such as positivism, is beneficial. With an objectivist ontology and a mixed epistemology, critical realism combines these two paradigms of Positivism and Interpretivism (Oliver, 2012).

As Archer et al. state:

“Defining critical realism is not an easy task. While there is a pool of scholars that critical realists often draw upon (e.g., Archer 1982, 1995; Bhaskar 1975, 1979; Elder-Vass 2010; Gorski 2008, 2013a; Lawson 1997; Little 2016; Porpora 2015; Sayer 2000; Steinmetz 1998, 2003, 2014; Vandenberghe 2015) there is not one unitary framework, set of beliefs, methodology, or dogma that unites critical realists as a whole. Instead, critical realism is much more like a series of family resemblances in which there are various commonalities that exist between the members of a family, but these commonalities overlap and crisscross in different ways” (Archer, et al., 2016, p. 4).

The critical realism approach addresses issues of macro-contexts (STEEPLE¹) and the hidden and destabilizing aspects of culture (Cadle, Paul, & Turner, 2010). It focuses on evaluating data and suggesting appropriate changes to address a problem. Understanding and researching cultural differences and their reasons cannot be achieved without paying attention to macro-contexts, in which differences are ascribed, refiled, or ignored (Kempster & Parry, 2011; Price & Martin, 2018). To understand problems more deeply, critical realism distinguished between transitive objects, which is considered changing elements and theories, and intransitive objects, which are the real entities that make up the social world. In critical theory reality consist of three levels: empirical data that can be measured, actual data that can be observed but does not necessarily be measurable and the structures behind both. These structures are mainly based on causal relations of empirical and actual data. Critical realism aims to demonstrate the existence of those explanatory mechanisms (Breese, 2015).

¹ Social, technological, economic, ethical, legal political, environmental.

Furthermore, critical realism offers a variety of options when conducting research: multiple methods are possible and while implications can be extensive or intensive, critical realism aim is to look for causality and the validation of it (Levers, 2013). Potential research methods compatible with critical realism can be (comparative) case studies, surveys, action research or policy evaluation (Ackroyd, 2009) depending on whether the researcher is detached or engaged. A critical realism approach therefore goes in hand with grounded theory and this paradigm complements the structure and approach of this thesis and is suitable for the research and its aims and objectives.

In the context of this research, causality does not only refer to the causality between business succession and change management, but also to causalities arising from similar findings throughout multiple interviews. The critical realism approach is therefore a good research methodology that complements the grounded theory approach and the aim of the research. Critical realism provides an ideal way of identifying ideas and patterns in practice while reflecting and enriching these ideas with theoretical background through a deeper literature review afterwards.

In accordance with Corbin and Strauss' grounded theory approach (Corbin & Strauss, 2008), the research starts with a brief chapter about the specifics of the two study fields: family business succession and change management. This chapter includes the main aspects and definitions, enabling understanding of the background of the data collection. Then, the data collection follows. The main data source was open interviews with family business owners in the wholesale building

materials and home improvement retail industry. To narrow this broad topic down and to make it possible to comprehend the findings, only family businesses in Germany were interviewed. Interview partners were successors and predecessors of companies that are currently undertaking a business transition process or went through one over the past three years. Therefore, all interview partners went through the same external changes within the timeframe of the study. In addition, memos were written after meetings and discussions with other business successors during conferences and other gatherings and were used to adjust the following interviews accordingly. After each interview, the findings and ideas resulting from the interviews were given structure in memos. The memos included general ideas and ideas clustered in groups. Findings from interviews were discussed and cross-checked in further interviews, meetings, and experiences from the researcher's own business. At first, the memos were structured as open notes. Once completed, memos were written as bullet points and guidelines for upcoming interviews that were to be part of the interview section. There was more follow-up after each interview to adjust the bullet points for the upcoming interviews.

The evaluation and coding of the interviews occurred after each interview individually. In regard to the phases of grounded theory (Kempster & Parry, 2011), phases one to four were repeated until specific clusters were observed (e.g., through more data gathered in more interviews or confirmed data through experience exchange). The memos clustered the findings and enriched the content of further interviews, conversations, and experiences. This allowed the next

interview to lead in a new direction until information saturation appeared. This step was repeated until saturation was reached in both, the different clusters, and the information about the clusters. Saturation was reached when findings were confirmed by multiple participants and no further findings could be worked out throughout the following interviews.

Once this data saturation was reached, the findings were sorted.² The sorting process was supported by MAXQDA³ which is a qualitative data analysis software. The interviews were transcribed and uploaded to the MAXQDA program, where the different clusters were marked, sorted, and evaluated. The transcribing allowed a deeper analysis of the words and the usage of MAXQDA and the sorting, structuring, and validating process. As the transcribing and coding took also place between interviews, codes that arose from the MAXQDA coding process also supported the guiding of upcoming interviews and supported in reaching data saturation. The coding and the structuring in MAXQDA eventually ended in a deep literature review of both individual topics. Finally, a literature review was conducted into the combination: the impact of business succession on change management in family businesses in the wholesale building materials and home improvement retail industry.

1.4 Course of Work

The following chapter starts with a brief literature review of the two study fields—family business succession and change management—to get a deeper understanding of the topics. This part is key, as definitions are made clear and a

² Phases of Grounded Theory: Phase 5 (Kempster & Parry, 2011).

³ Max' Qualitative Data Analysis

base knowledge for the interview section is formed. This is required for understanding the data-collection section. The brief literature review covers the definitions and the key theories of the individual topics. At this stage, the literature review is not in-depth but rather brief, as it should not bias the interviews. As the research is limited to one industry, the next chapter specifies the industry. This is also important to explain the challenges and specifics of the industry that are part of the data-collection section.

Once this section is complete, and the definitions and important background information are clear, the data-collection section starts.⁴ As described in the previous chapter, the data collection was mainly conducted through interviews but was enriched through memos written after conversations and experiences throughout the period of the research. The first interview was semi-structured. Although the aim was an open conversation about the business succession process, inside and outside challenges and how they were managed, some bullet points from previous memos were written to lead the conversation where needed. Findings were then elaborated in further memos for the next interview. The memos were a collection of ideas of how business succession may possibly have an impact on change management in family businesses in the specific industry sector. This was repeated until data saturation was reached and clusters could be formed (Aldiabat & Le Navenec, 2018). Once this part was completed, the data, clusters, and sub-segments were transferred to MAXQDA, where the transcripts were also uploaded.

⁴ Phases of Grounded Theory: Phase 6 (Kempster & Parry, 2011).

The data was sorted and gained a clear structure throughout chapter 5. According to the structure of the data, it was clustered according to the two study fields and the combination of both. The points raised in chapter 5 were then elaborated and cross checked with literature and other research in the study fields in the following chapters. Therefore, the main part of this thesis is also organized in three parts throughout chapter 6, 7 and 8. The first part takes a deeper look into the findings regarding family business succession and specialties that have an impact on the combination of the two study fields. The next chapter consider similar points in change management. The two chapters finally merge in a chapter that describes the impact of business succession on change management in family businesses in the wholesale building materials and home improvement retail industry. All three chapters include a more detailed literature review to cross-check the findings from the interviews with the existing literature and check if these parts are complementary or contradictory.

Afterward, the thesis flows into a conclusion and an outlook on the topic. As the aim of the thesis is to identify valid points regarding the research question, it also closes with a consideration of potential further research needs.

2 Preliminary Literature Review

2.1 Family Business Succession

2.1.1 Relevance

Family businesses have a significant economic impact, not only in Germany, but all over the world. The importance to the economy differs between countries and industries (Gomez-Mejia, Cruz, Berrone, & De Casto, 2011). Constituting 60% of the total jobs and 40% of the country's GDP, family businesses in Germany are often described as the economy's backbone. Family businesses also have a high place-value in other countries all over the world. In Asia and Middle East, the percentage of family businesses reaches the same level as in Germany (Gomez-Mejia, Cruz, Berrone, & De Casto, 2011) while in the United States around, 60% of publicly traded companies are considered to be family businesses (Efendioglu & Musat, 2009). Family businesses have a wide range, from small one-person companies to international players with thousands of employees. In general, their proportion declines with company size. Nevertheless, around 30% of all S&P 500 and Fortune 500 companies (Zhou, He, & Wang, 2017), and almost 50% of all Fortune 1000 companies, are family firms (Anderson & Reeb, 2003).

Despite their importance, family businesses were not the focus of academic research until the end of the last century (Yu, Lupkin, Sorenson, & Brigham, 2012). Since 1990, family business studies have officially become a separate academic research area (Astrachan, Klein, & Smyrnios, 2005). Ever since, there has been a special focus on the influence and impact of the founding family on the company, as multiple studies have concluded that the influence of the founding family plays a

significant role in their success (Bergfeld & Weber, 2011; Tokarczyk, Hansenn, Green, & Down, 2007; Porfírio, Felíciob, & Carrilhoa, 2020; Ward, 2004).

2.1.2 Definition of Family Businesses

A general problem when conducting research into family businesses is to define the term clearly and consistently. There are many definitions of the term “family business”. According to Anderson and Reeb (2003), it is a business owned, managed, and controlled by family members. Often more than one generation is incorporated. According to Chua et al. (1999), a

“family business is a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families” (Chua, Chrisman, & Sharma, 1999, p. 25).

Miller et al. (2007) however define a family business as a company “in which multiple members of the same family are involved as major owners or managers, either contemporaneously or over time” (Miller D. , Le Breton-Miller, Lester, & Cannella Jr., 2007, p. 836).

This extract of examples provides only an impression of the number of different definitions of the term “family business.” There are structure-oriented and impact-oriented definitions (Casillas & Moreno-Menéndez, 2017). The main criteria of structure-oriented definitions are family ownership and the involvement of family members in control and management bodies, although some definitions consider

only one of the two aspects (Steijvers & Voordeckers, 2009; Allen & Panian, 1982; Daily & Dollinger, 1993).

A main limitation of purely structure-oriented definitions lies in the fact that they do not answer the question of why the objectively measurable family impact leads to management that is specific to family businesses and not to non-family businesses. As this fact is important in many research papers, many researchers do not focus solely on family ownership and involvement but also on structure. They classify family businesses according to whether and to what extent family ownership and involvement have an impact on the business. Thus, according to Chrisman et al. (2005), a family business is only considered to be such if the family has an important influence and impact on the company's strategy and intends to stay in control. In addition, the conduct must be significantly different compared to a non-family business, and unique resources and synergies must arise from the family's input.

It is difficult to demarcate and complex to objectively measure impact-oriented aspects. These factors are also not essential to conduct the research and answer the research question. Therefore, this thesis focuses on the structure-oriented approach of the European Family Businesses federation (European Family Businesses, 2012):

“A firm, of any size, is a family business, if:

1. The majority of decision-making rights is in the possession of the natural person(s) who established the firm, or in the possession of the natural

person(s) who has/have acquired the share capital of the firm, or in the possession of their spouses, parents, child or children's direct heirs.

2. The majority of decision-making rights are indirect or direct.
3. At least one representative of the family is formally involved in the governance of the firm.
4. Listed companies meet the definition of family enterprise if the person who established or acquired the firm (share capital) or their families or descendants possess 25 per cent of the decision-making rights mandated by their share capital." (European Family Businesses, 2012, p. 3)

This definition provides a clear structure while focusing on the three key components of family businesses: family, ownership, and management (Walsh, 2011). Although, the definition of the European Family Businesses federation makes allows to consider many different companies it narrows it down sufficiently to stay comparable throughout the thesis. This definition is therefore an adequate fit for the development of the thesis and is applicable in pursuing the research objectives and goals.

2.1.3 Definition of Business Succession

As for the term family business, the literature provides several different definitions for the term "business succession." In general, the literature differentiates between two types of business succession: ownership succession and managerial succession. However, further differences also arise in considering whether "succession" only refers to the process of a family member taking over a

business or also applies to an external manager gaining control (LeCouvie & Pendergast, 2014). In general, this thesis differentiates between family-internal and family-external business succession. On the one hand, family-internal business succession describes the process of moving the firm's ownership from one family member, the predecessor, to another family member, the successor (Walsh, 2011). Company-external business succession, on the other hand, defines the takeover of ownership by a family-external third party (Hellerstedt, Nordqvist, Wennberg, & Wiklund, 2011). Hybrids are also possible (Shepher & Zacharakis, 2000), but they are not the focus of the thesis as they would add more complexity in the comparison of the findings and would lead to a greatly increased need for data collection.

Most of the time in family businesses, ownership succession and managerial succession coincide. However, analysis has shown that ownership succession is linked to a higher degree of attachment to the company, and family owners therefore show greater passion and discipline compared to successive external managers (Martinez Ferrero, Rodríguez-Ariza, & Bermejo-Sánchez, 2016). Since personal attachment and passion play important roles in the further steps of the thesis, business succession is referred to as ownership succession.

Sooner or later, every family business must face business succession. To keep the company running well, an effective succession process is key (Aleem & Islam, 2009). According to Handler (1991) the succession process consists of three steps (see Figure 2):



Figure 2: Steps of the Succession Process (own figure)

Handler (1991) introduces the three common stages of a business succession process. First, before taking an active part in the succession process, the (potential) successor passes through an intense personal development and preparation phase. As a second step, the successor must become an involved and active part of the family firm. Usually, the first active role for the successor in the company is a lower position rather than a leading one. In the third stage, after the learning process, he or she might be ready to take over the leadership position (Handler, 1991). This thesis considers these steps further and distinguishes them at a later stage since, according to the research design, not too much research into the study fields should be reviewed before the data collection.

2.2 Change Management

Change management refers to ongoing changes in an organization's structures to adapt to changing environmental and general conditions. It can be a planned management of change processes from an initial state to a target state or can emerge from an unplanned, outside event (Cameron & Green, 2020). Either way, change management includes all aspects of the implementation process. The main task of change management is to intervene purposefully, actively, strategically, and effectively in the adjustment processes. In successful change processes, the individual steps are strategically planned, controlled, and stabilized.

Change management thus describes the implementation of a strategic orientation using various methods, concepts, and instruments (Lauer, 2010).

According to Tidd et al. (Tidd, Bessant, & Pavitt, 2005; Tidd & Bessant, 2020) there are technological, market, and organizational change. While technological and market change represent company-external change, organizational change is that arising from inside a company. A company should always keep up with external changes and re-evaluate the business model to stay competitive (Sichel, 2019). Cameron and Green (2020) furthermore differentiate individual change, team change, organizational change, and leading change. Thus, in the context of the thesis, managing change refers to all change related acts throughout the organization, no matter if it is individually driven, driven by the organization or the person in charge or driven by external factors. Therefore, all types of changes that are implemented throughout the time of the business succession process are relevant.

Changes are often driven by innovations (Mohrman & Lawler, 2012). Innovation is a first-time commercial use of an improvement, new feature, or novelty (Schumpeter, 1972). In the context of this thesis, first-time use is defined as first-time use by the specific company (Liebermann & Montgomery, 1998), not as use by a first mover who is the first in the whole market (Frynas, Mellahi, & Pigman, 2006). An innovation can refer to a product, a process, or a service. Innovations can arise from a pull-market relationship, that is, from market demand, or from a push-technology relationship driven by a new technology that is introduced to the market (LaZerte, 1989). In this case, the innovator pursues the

intention of satisfying previously latent customer needs with a new idea. An innovation can be caused by a spontaneous idea, but it is often the result of targeted research (Godin, 2015).

Berndt (2005) distinguishes between four different types of innovation. Incremental innovations are improved applications of existing technologies in existing markets, while radical innovations describe the application of new technologies in new markets (Rayna & Striukova, 2009). Market innovations are the application of existing technologies to new markets, and technology substitutions are the application of new technologies to existing markets. The level of success achieved on the market depends on the level of innovation and, according to Albach and Kelle (1965), is not a technical parameter but is rather determined by demand. The level of innovation thus depends on knowledge of customer demand and the ability to satisfy it through research and development: through design, but also through other forms of knowledge.

From time to time, strategy and tactics must be changed to be able to reach the company's long-term goals. Tidd et al. (Tidd, Bessant, & Pavitt, 2005; Tidd & Bessant, 2020) differentiate four categories of innovations ("The 4 Ps of innovation"):

1. Product innovation: change of an actual product or service
2. Process innovation: change of the way a product or service is created or delivered
3. Position innovation: change of the way a product or service is introduced or its purpose

4. Paradigm innovation: change of the underlying mental models of a company

These innovations can have various dimensions (see Figure 3):

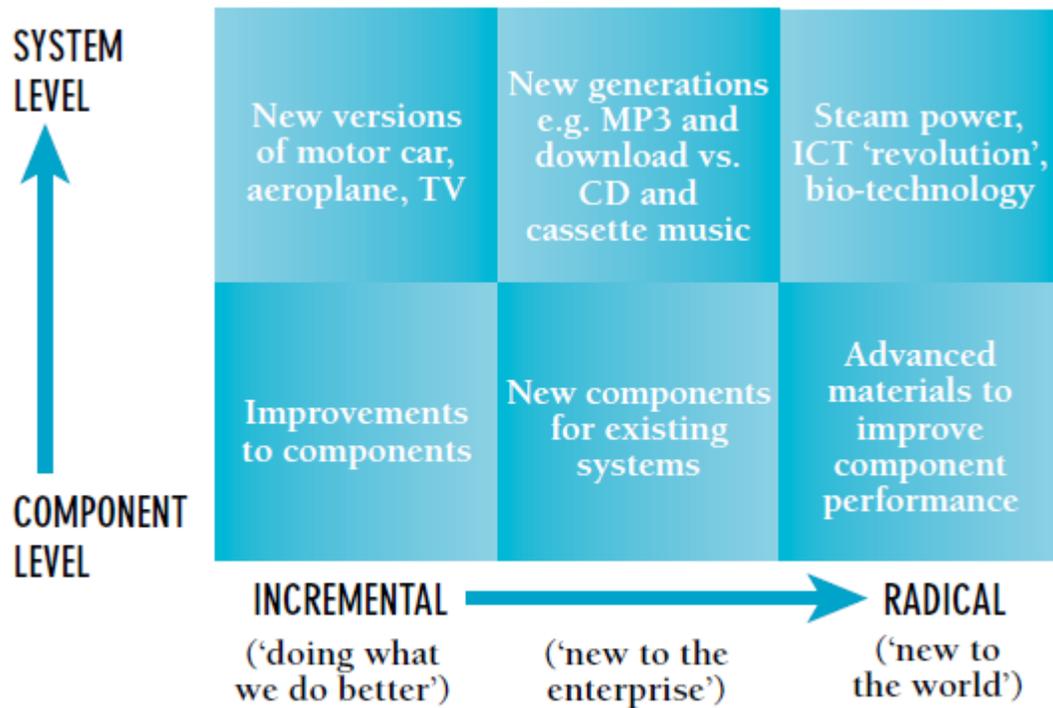


Figure 3: Dimensions of Change (Tidd, Bessant, & Pavitt, 2005, p. 12)

According to Schumpeter (1972), innovations can change markets in three different ways:

1. Innovations create new markets
2. Innovations develop markets
3. Innovations destroy markets

Internal, organizational changes must be implemented to be able to stay current with external changes (Dunphy, Griffith, & Benn, 2003). As with external change, internal change drives the rise, growth, and survival of a firm (Frey, 1981). However, according to Albach's theory of controlled growth-thrust, growth within a

firm occurs in thrusts. Therefore, it is dependent on shears and drawbacks. While a lack of financial assets and a lack of necessary changes within the organizational structure are responsible for drawbacks, innovation and change can be growth drivers (Albach & Krelle, 1965). Macro-economically, individual innovations unite the technological market's development. As a result, the growth efficiency of the economy as a whole is dependent on, and correlates positively with, the effectiveness of the different changes (Wieandt, 1994). Cobb and Douglas support this with their linear-homogeneous Cobb-Douglas production function (Blanchard & Illing, 2006).

In addition to all the opportunities connected to change, there are also two major drawbacks. First, there is the cost aspect. Driving change is always connected to preliminary work and advance payments (Askenazy, Cahn, & Irac, 2007). Second, there is uncertainty. Uncertainties can have various dimensions. There are technological uncertainties: whether or whether not the proposed changes are technologically possible. Second, there are market uncertainties: whether there is a market demand for the changes. Finally, there are organizational uncertainties: whether the organizational structures allow the implementation of these changes (Wieandt, 1994).

Second there are also people-related drawbacks to change management. Organizational resistance is of special interest in the context of this research (Lauer, 2010). Organizational resistance describes a situation in which planned actions or decisions that seem logical, useful, and factual from an objective point of view face rejection from individuals, groups, or whole business units (Doppler &

Lauterburg, 2002). It arises from participants' concerns and fears. There is no change process without rejection from anyone. Therefore, it is important for a leader to recognize the rejection and use it to drive the change process.

Organizational rejection of change can have multiple reasons according to Doppler and Lautenburger (2002). It can arise when those involved do not understand the change process, do not believe in the future vision of it, do not have the needed capabilities, or simply do not like the idea. However, the reasons are not always clear to leaders and may not be discovered correctly. This can then lead to absenteeism, to an increase in power struggles and micro-economic issues, to a lack of motivation and performance, or to a complete loss of the structure behind the process. If a change process is not implemented well, it can even lead to the complete failure of the company (Higgs & Rowland, 2011).

Moran and Brightman (2001) describe change management as the operation of constant renewal in a company's directional and structural organization and its competence level. The aim of change management is to follow the continual transformation of client requirements, both inside and outside the company (Doppler & Lauterburg, 2002). Systems and concepts designed to do so require the following steps (Van Oosten, 2006):

- Observation by the management and leadership levels
- Assessment and a proposal for change based on a quick response to environmental factors inside and outside the business
- Pattern-prediction regarding change on the individual, product, technological, and market levels

However, several variables in such a transformation can be deduced and connected. Environmental factors both inside and outside incentivize a company to change, which can manifest in two ways: proactive or reactive. The former occurs when environmental factors catalyze a change, while the latter occurs when the company induces the change (Hussain, et al., 2018). Therefore, the former is market-driven⁵, while the latter is technology driven⁶ (LaZerte, 1989).⁷

2.2.1 Market Development

Companies intend to generate profits and strive to maximize them. The profit measure is the index of the company's success (Schumpeter, 1972). The easiest way to maximize profits would be in a market that the company created itself and in which it had little or no competition and a high market share (Drucker, 1986). According to Schumpeter (1972), such markets can be generated through innovations. To do so, the innovating company must procure, store, and combine information along the three market dimensions of customer, technology, and function. In this context, it is not important whether the required information results from knowledge within the company, from experience, or from previous transactions. It is also unimportant whether it is developed internally or procured from outside. Individuality and being first to the market are the keys for successful implementation (Wieandt, 1994).

In most cases, the required information is not directly available in the company and must be generated through investments. Research has shown that the willingness to invest in new information is positively correlated to the human

⁵ Market-pull

⁶ Technology-push

⁷ See chapter 2.2

capital of the successor (Kimberly & Evanisko, 1981; Datta & P., 1994; Mirjana, Ana, & Marjana, 2018). Through this investment, the company gains factual and temporal room for maneuver and flexibility, which drives the ability to grow and adapt, and thus increases the overall company's ability to survive (Albach, et al., 2000). This is the prerequisite to achieving benefits and creating a new market.

Once the market has been created, other market participants can also benefit from an innovation and possibly even improve it further without having invested directly in the innovation beforehand since the development is now observable (Reinganum, 1989). Rogers (1983) refers to this observability and openness of the market to potential competitors as diffusion. The competitive advantage from the disclosure of the innovation is called the "spillover" effect. Spillover does not only allow the imitation of innovations but also the development of them (Operti & Carnabuci, 2011). To be able to achieve a spillover effect, however, potential competitors must invest in research and development in neighboring areas to reach a position with sufficiently large absorption capacities (Wieandt, 1994).

While the innovator sets the starting point of a customer relationship with a "first-to-market" transaction and can benefit from positive image effects, the market is positively influenced by potential competitors and their additional ideas and additional information (Rogers, 1983). This, in turn, leads to follow-on investments as companies strive to meet the functional and technological requirements of the customers, which constantly evolve. The intention here is to retain more customers than the competitors and deliver greater product benefits. A company can only

survive in an innovation competition and keep pace with competitors investing in the same market through follow-up innovations (Ferreira, Faria, Azevedo, & Marques, 2017).

Consumers also benefit from these positive side effects. Another external effect is gained by latecomer customers through the quality experiences of previous customers. The innovative company can profit from latecomers and retain them if it succeeds in internalizing the supposed external benefit. Usually, marketing is used to do so. In addition, switching costs can be generated to retain customers (Wieandt, 1994).

2.2.2 Cost Benefits

Throughout the market, competitors strive for either product or cost leadership (Berndt, 2005). In doing so, the innovator can save costs in its subsequent innovations by facing experience curve effects and thus reducing the transaction costs of potential buyers (Henderson, 2013). Curve effects occur when technology costs decline as result of technological experience that is gained through use and production (Samadi, 2018). All options for reducing transaction and production costs should be pursued. Process innovations ultimately offer considerable cost-saving potential in a competitive environment. This type of innovation transforms the execution process and can affect any business unit. The primary concern is the result, the cost saving, which ideally should be higher than that of competitors. According to Wienadt (1994), process innovations must be so radical that the cost-induced price advantage of the potential competitor more than compensates for the transaction cost disadvantage of the substitution contender.

However, innovation in a process does not always have to be in the process itself but can accompany other product innovations. Often, an innovation in a process, such as manufacturing machinery, can cause automation that involves a fundamental change in operating procedures. Then, the labor production factor is replaced by capital to ultimately increase profitability. The result is rising fixed costs and falling variable costs. An example is unit cost depression, from which a company can profit exponentially when sales increase (Schwenker & Bötzel, 2006).

2.2.3 Market Repositioning

Since a new market is usually associated with high investments, the barriers to market entry are correspondingly high (Lambkin, 1988). This is particularly the case if the innovative company can demonstrate an information advantage regarding the satisfaction of customer's functional needs and the technology. Once a company has decided to participate in a market and has overcome the market entry barriers, it is not always easy to leave a less lucrative market again due to sunk costs. Sunk costs are capital already invested in the market. The manufacturer's mobility in the market after market creation is also inhibited by exit barriers. As a result, if a company is trapped in a market, or if it fails to enter the market in the first place due to high barriers to entry, it must try to reposition itself vis-à-vis the competition in this market or destroy the market (O'Brien & Folta, 2009). One way to escape this situation is by innovating the market (Wieandt, 1994). While a target of companies in a market is often to keep market entry barriers and the competition accompanying them low, a radical innovation can

destroy markets and substitutions can drive suppliers out of the market or completely disrupt it (Schumpeter, 1972).

While the before-mentioned chances are driven through innovations (Schumpeter, 1972), these innovations drive change and the management of change (Mohrman & Lawler, 2012).

2.3 Summary

Summarized, it can be said that in the context of this thesis, family businesses are firms in which at least one family member is formally involved with at least 25% and takes either direct or indirect decisions in (European Family Businesses, 2012, p. 3). The business succession of family businesses is related to the ownership succession of that firm. Throughout thesis, change management refers to ongoing changes in an organization's structures to adapt to changing environmental and general conditions. These adaptations can either have company-external or company-internal reasons. Either way, change management includes all aspects of the implementation process. The main task of change management is to intervene purposefully, actively, strategically, and effectively in the adjustment processes (Lauer, 2010).

3 Industry Specifications

Owing to the fact the research thesis is industry specific, it is important to understand the industry, the sector, and the challenges that the industry is going through before conducting the interviews and merging in conclusions. This part should therefore help in understanding the industry, motives, changes, and challenges that are addressed throughout the further stages of the research. Just like chapter 2 the aim of this chapter is to provide a brief overview of the industry and industry-specific challenges.

3.1 Home Improvement Retail Industry

The home improvement retail industry or hardware stores are large-scale retail stores specialized in do-it-yourself (DIY) supplies. The home improvement retail industry consists of around 2,100 hardware stores and 2,800 gardening stores in Germany, which are mainly owned by family businesses. With around 1,700 locations in 2019, the hagebau Group has the highest store density in Germany, although Obi is the DIY store with the highest sales, ahead of Bauhaus, and is also the largest garden center operator in Germany. In 2019, the industry accounted for around 46.9 billion Euros that were almost equally split between gardening and hardware stores (Hohmann, 2002).

The poor financial situation of many DIY stores, inadequate market positioning, and fierce price competition are putting the sector under pressure. In 2005, a study by Ernst & Young predicted that, depending on the choice of future strategy, only seven of the then 14 large DIY store chains would remain in 2015 in the best case, and only three in the worst case (Ernst & Young, 2005). After the

insolvency of the Praktiker DIY store group in 2013 and the resultant almost simultaneous disappearance of three entangled DIY store chains (Praktiker, Max Bahr and extra Bau+Hobby), this forecast partially came true. While the development in the number of DIY stores has declined in recent years because of Praktiker's insolvency in 2013, existing locations have been enlarged and expanded. Ever since, the market has shifted and is undergoing a development that is creating many changes.

3.2 Wholesale Building Materials Industry

The builders' merchant business is a sub-segment of the overall DIY market and has a total sales revenue of around 14.6 billion Euros. Specialist retailers, both large-scale and small, are allocated to the DIY core market, as are DIY stores and garden centers. The overall DIY market in Germany also includes, for example, furniture retailers, electrical retailers, and craftsmen. The DIY sector in Germany is predominantly characterized by small and medium-sized companies. There are around 4500 SMEs in this sector and not even a handful of large corporations. SMEs are usually organized in trade cooperatives, such as Eurobaustoffe or hagebau. These "head corporations" concentrate sales volumes and provide marketing, structure, and other services. The Federal Association counts around 40,000 employees in the building materials trade in its member companies in Germany (Hohmann, 2020).

The building materials trade differs from DIY stores in that it stocks a wide range of building materials from all areas of the construction industry. In addition, building materials sellers usually have their own appropriate logistics in the form of

tipper and crane vehicles, which allow product and construction-site-oriented deliveries. Most articles sold by buildings material traders are not therefore stocked in DIY stores since customers for these products are adequately served by buildings material traders. Building materials include insulating materials, tiles, facade plasters, construction metals, natural stones, construction timber for interior and exterior drywall and civil engineering materials (Bunde & Falck, 2020).

Furthermore, the specialist trade provides extensive specialist advice and support to construction companies and other specialist firms. To this end, building materials retailers' employees receive extensive training on their products from the manufacturers. Business areas of the building materials retailers are divided into merchandise businesses, logistics, and external warehousing and services. In addition to warehouse sales, drop-shipment sales must also be included. The latter describes the direct distribution of building materials from manufacturers in the building materials industry to retailers, commercial customers, and private customers, such as building contractors. A new branch of the building materials trade is the sale of building materials via the Internet (e-commerce). Although e-commerce accounts only for around 1.5% of sales in the wholesale building materials industry, it is the sector that is growing the fastest, and therefore it is gaining attention (Statista GmbH, 2020).

3.3 Current Challenges

Although there are differences in the home improvement retail and the wholesale building material industry, the different industries related. In a larger scale, both sub-industries deal with building materials and are part of the building

material trade industry to supply construction-related projects. Family firms in Germany often represent of a combination of wholesale building materials and home improvement retail which underlines their relationship.

Compared to other industries, the construction industry is rather conservative and reluctant to change (Babic & Rebolj, 2016) and not many wholesale construction materials companies have taken steps toward new technologies and change (Spreitzer & Zwielehner, 2019). Thus, there are only a few sectors that have been affected by fundamental changes as much as the retail industry (Raap, Buys, Corbishley, & Mason, 2020). These include, among other points:

- Rising price pressure from a high level of competition and price sensitivity
- Changes in market share
- Changing consumer behavior: more price sensitivity and service orientation

To keep up to date and successfully run a business regardless of changes, it is vital to understand the changes the sector is experiencing (Dunphy, Griffith, & Benn, 2003). Therefore, it is pivotal to understand the challenges of the industry which are described in more detail in the following subsections.

3.3.1 E-Commerce and Multi-Channel Services

According to a study commissioned by McKinsey & Co (Begley, Hancock, Kilroy, & Kohli, 2019), those who understand the fundamental changes and react in the correct way can gain from the changing situation. The study shows that around

half of the activities in the retail industry can be automated with new and modern technologies. The authors place them in four clusters:

1. *Pressure on profit margins encourages automatization:* The market seems to be saturated. The large number of competitors and significant investments in e-commerce are reducing profit margins. At the same time, cost pressures, for example, through labor costs, are increasing. The cost pressure can only be decreased by a higher level of automation.
2. *Sluggishness of the industry:* Many technologies are not implemented due to a lack of a direct return on the investment and the inertia of the business, as most retail companies plan annually based on numbers from the previous years.
3. *Omnichannel:* Market pressure is rising as international players—such as Amazon, who entered the market online—push toward omni-channel models and may also enter the market locally.
4. *The focus on automation in the retail industry is mainly in operations:* While much focus is placed on the broad picture, smaller automations—such as supply-chain optimization, head-quarters functions, and analytic tools, are overlooked.

According to multiple conversations with business owners in the home improvement retail and wholesale building materials industries, some companies have added online channels to their portfolio. This could be beneficial, as trust and

satisfaction gained offline can be transferred to online loyalty (Frasquet, Descales, & Ruiz-Molina, 2017).

3.3.2 Flexibility of Organizational Structure

According to a study commissioned by Accenture (Watling, McCabe, & Seedat, 2019), long-established organizational structures and processes need to be reevaluated and restructured to comply with modern customer demands.

Besides the need to augment multi-channel strategies, the study emphasizes the need for a modern digital infrastructure and the improvement of customer trust and experience. A study commissioned by McKinsey (Begley, Hancock, Kilroy, & Kohli, 2019) builds on this and considers more deeply the adoption of new technologies throughout the value chain rather than only customer-based segments. According to the study, companies should focus on the two following major fields to react best to technological trends:

1. *Organizational structure*: Reorganize hierarchic structures to create more open structures with fewer layers. Incorporate real-time data analysis to permit faster decisions by both decision makers and workflow teams. To support this development, the organizational culture must be adapted. The supporting culture should also encourage failure as a potential result of innovation (Begley, Hancock, Kilroy, & Kohli, 2019).
2. *Skills and HR strategies*: As the “inability to source talent is the main reason for delaying the adoption of technologies” (Raap, Buys, Corbishley, & Mason, 2020, p. 13), companies need to invest in technological skills among their employees. For this purpose, time that

becomes available through automating processes should be redeployed.

With fewer, but more highly skilled, employees, companies can afford to outperform by paying higher wages.

In summary, it can be said that the fast-paced environment and the quickly changing market demand a higher degree in flexibility and more open structures among both B2B⁸ and B2C⁹ retailers. Current market challenges require multi-channel revenue streams, additional services, and process automation throughout the value chain.

⁸ Business to business (wholesale).

⁹ Business to customer (end-customer sales).

4 Interviews

Before conducting the interviews, information sheets were handed out. These included a privacy notice (Appendix 1) and major information about the research (Appendix 2). A participant consent form was signed before conducting the interview (Appendix 3). All interviews were completed face-to-face, and each interviewee was interviewed separately and solely. The interview audios were recorded and digitally stored on a hard drive afterwards. They were also backed up in a cloud before they were transcribed.

As the interviews contained confidential information about company- and family-internal matters, all interviews were anonymized and sequences that allowed conclusions to be drawn about the people or companies involved were anonymized. Due to the anonymization, the signed consent forms with names and addresses of the participants should not be accessible and are therefore not attached as an Appendix. Thus, to proof the participants' receiving of necessary information about the study and consent, the signed consent forms are handed in confidentially in a separate file along with the thesis.

4.1 Interview Guidelines

In-depth interviews were conducted with family businesses in the building materials trade industry across Germany and the industry specifics were pointed out throughout chapter 3. Since no business succession is identical to another, one challenge was to find commonalities. Thus, the study and the interviews focused on family businesses in the building materials industry that are owned and managed by family members. Although there are differences of the home

improvement retail industry and the wholesale building material industry they are related and most family businesses in the sector combine the two industries. Therefore, there is a comparability. The interviews were furthermore held with predecessors and business successors who are currently in the succession process or who have been in a succession process within the past five years. Therefore, all companies are going through and went through similar external changes, and the way the companies adapted to the changes and managed them are comparable. However, since differences may occur based on the location and size of the company, and these findings may be of interest, different company sizes and locations were researched.

All interviews were held in one-to-one interview sessions to foster an open conversation. This way certain changes and the participants individual impressions in the same company could be gathered from the predecessor's and the successor's point of view. Some semi-structured notes and questions guided the first interviews to generate a foundation. The notes, guidelines, and questions were adjusted based on the interviewee and findings from previous interviews and interview partners as part of the data collection, note taking, coding and memoing process of grounded theory (Kempster & Parry, 2011).¹⁰ Throughout the first interviews, questions regarding the company, the family history, and the company structure supported an easy and relaxed start to the conversation. Later, the conversation addressed topics such as the succession process and changes made throughout the succession process. The conversations ended with a discussion of alternatives to the current scenario and the outlook for the future. The goal was to

¹⁰ See chapter 1.3.2

have a good conversation instead of answering structured questions. Open conversations allow the research to go in different directions and therefore go in line with the research structure (Vollstedt & Rezat, 2019). Thus, the flow of the interview conversations was highly dependent on the interviewee. Therefore, some open questions, according to the before-mentioned aspects, were prepared for the different interviews. The guidelines and notes evolved from interview and interview and were adjusted throughout the entire interview process as an important step of data collection in grounded theory (Corbin & Strauss, 2014). The open conversations with the interview partners aimed to permit all different potential outcomes and helped in generating ideas which then were cross-checked and tested with other interview partners in following interviews. Although the business succession processes were unique to the individual companies, they have faced similar type of changes since they were all part of the same industry (Poza & Daugherty, 2018).

4.2 Ethical Aspects

While conducting the interviews, the quality and integrity was assured. To make this sure that the interview process goes in line with the University's ethics policy and procedures (SHU University Research Ethics Committee, 2017), the following points were explained in detail and signed by the participants before starting the interview:

Everyone participating in the interview section was asked for their participation first. There were no incentives for participating in the interviews or providing specific information. Only people who participated in the study voluntarily

were interviewed. Information about the study was handed out, and the study did not start until the participant confirmed that his or her questions regarding the study had been answered. This confirmation was recorded on a signed consent form by each participant before starting the interview. Interview partners had the option to omit questions or topics that they did not feel comfortable discussing or to end the interview. All information provided by the participants was handled confidentially and anonymously to protect personal and company data. Except for certain excerpts that are important for the research and do not allow inferences about the interviewee, the data of the study (recordings of the interviews, memos, etc.) will not be part of the publication and will be used exclusively for the purposes of this study. It will be destroyed at the end of the retention period. Before adding any of the information from the interviews into the thesis, the interviewees had the opportunity to review the notes of their interview and ask questions regarding them. This goes in line with the University's ethics policy and procedures (SHU University Research Ethics Committee, 2017).

4.3 Interview Partners

Interview partners were business successors and their predecessors in medium-sized wholesale building materials and home improvement family businesses. All companies were in Germany and were at least in the third generation. Therefore, not only the successors that were interviewed but also the predecessors had experienced a succession process and were able to discuss key lessons from their succession process for the next generation. The selection of the participants was made through networking events for business successors and

potential business successors as well as recommendations from large head cooperatives mentioned in section 3.1 and 3.2. The personal network allows a better selection of the participants, and the personal connection allows a trustful and open interview (Schneegg & Lang, 2001). This is especially beneficial as some aspects of the research include sensitive topics and sensitive information.

In total, there were 14 interviews in 8 different companies. Except for the interviews with company 5 and 7, all interviews were held with one predecessor and one successor of that company. However, in each company, the interviews with the predecessor and the one with the successor took place separately. The predecessors of company 5 and 7 did not want to participate in the study and therefore, only the business successors of these 2 companies were interviewed.

As a business succession is a unique and individual transition process, a comparison between different succession processes is difficult. Nevertheless, the interviews were taken in similar companies with pertinent characteristics to ensure they were comparable. In essence, the companies' characteristics differed in the company size, the number of successors, and the entry time of the successor. While the number of employees show the size of the company, the entry time provides of brief hint of the background, the experience, and the knowledge that the interviewed successor had gained before entering the family business. The entry time of the successor is particularly of interest since Ahrens (2013) mentioned this in his quantitative research approach on the combination of business succession and change management and refers to a combination of age, educational background, and experience as "human capital".

The differences underline the fact that no two companies are alike.

However, the differences were also used to generate information and determine if these slight adjustments remained in relation to the topic and the potential outcome of the thesis. The characteristics were the following (see Table 1):

Company	Number of successors	Number of employees	Entry time of successor	Particularities
1	2	~30	After Bachelor's degree studies	
2	3	~80	After studies and apprenticeship in the same sector	
3	1	~70	Currently semi-active	Partly working for a different company
4	1	~500	After apprenticeship in the same sector	
5	1	~320	After school	No university degree
6	1	~370	After working in different sectors for other companies	Initially did not want to join the family business
7	1	~20	After working in different sectors for other companies	Female successor
8	2	~120	After working in different	

			sectors for other companies	
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Table 1: Details of Interview Partners

The table shows the characteristics of the interview partners. The company sizes varied from a rather small family business with 17 employees and one branch to family businesses with 500 or more employees and multiple branches in Germany and abroad.

In seven out of the eight companies, the business succession process was ongoing. In the eighth company, it has not started yet, and the business successor is remotely semi-active in the company on a project base. In three of the eight companies, the succession process was almost finished, and the managing director position had been passed on to the next generation. In two cases, the interview partners said that they intended to complete the handover of the managing director position at the end of the year¹¹.

The following chapters should provide a better overview of the different companies and provide background information that is important to understand in the further context of the data evaluation.

4.3.1 Company 1

The first interview was with a medium-sized home improvement retail and wholesale construction materials company with more than 100 years of history. With two sons in the succession process, it is now operating in the fourth generation and solely owned by operating family members. This is a rare combination (Ward, 2016). One of the succeeding sons explained how proud he

¹¹ Leadership succession according to Figure 2: Steps of the Succession Process (own figure)

was of the family company, the family history, and the way the company had developed over the generations. The company had experienced tough times, and parts of the company had to be sold for economic reasons. This was a topic the interview partner did not enjoy talking about, but he also added that this had molded the company, and it would not have been the same if they had not been in this situation.

On the question of whether it had always been his plan to take over the company one day, he replied that he had had some thoughts of doing something different, but he never seriously considered doing anything other than taking over the family business. “We are now leading and managing the company in the third and soon in the fourth generation. You simply do not want to give up on anything that has been part of the family for so long,” he said. The family business has always played a vital role in the family. This leads to the conclusion that although there is no obligation to carry on the legacy there may be an unexpressed and subconscious obligation.

The interview partner said that he grew up in the company and even played there as a child. As the company excels in having an extremely low employee turnover and any employees with high seniority, some employees have known the successor since these days. He mentioned that these loyal employees are the ones he can deal with best in his new role in the company.

However, his goals clearly were not only to continue the legacy but also to develop the company into new business areas and develop the business model. Therefore, when he entered, he started in a new business field instead of taking

over responsibilities from the predecessor. The business field is related to the core business but is infrequently incorporated by other home improvement retailers or wholesale building materials companies. Therefore, he is now offering this niche product and the accompanying service to customers in a radius of up to 600 kilometers. After a short period of time, he had already employed two people and he seemed to be very keen to improve this niche. There are even thoughts about expanding internationally.

When talking about the industry, the successor mentioned that the construction industry in general and the home improvement industry in particular are considered to be conservative and to react slowly to change (Miozzo & Dewick, 2004). This is especially the case in the rural area where the company is located (Koschatzky & Kroll, 2019). However, he said that there had been recent changes that and customers were requesting more flexibility and a higher level of service. They were addressing these requests with investments in their IT, online sales, and marketing and offering services that were complementary to their products and other small and medium-sized developments. Nevertheless, the company is focusing on their core business, which the interviewee believed will not change incrementally over the next 10 years.

Company internally, the interview partner mentioned that employees, employee behavior, and expectations have also changed. Working hours, in particular, are a major issue that is being addressed through a flexible-working-hours model. Nevertheless, working hours can only be flexible to a certain extent:

opening hours need to be considered as well as the customer service level and customer traffic.

4.3.2 Company 2

The second interview was conducted in a company that was built around 1950 and is now in the third generation, with three sons in the succession. With three branches in two companies, they are located in a large city in Germany and employ around 140 employees. In common with the predecessor, the current successors studied and went to different companies in the same sector to gain knowledge about the industry and the sector. None of the successors entered the company immediately. The predecessor claimed that when he entered, his father transferred responsibilities and equity quite quickly, which he was now replicating with his sons. He describes this as very pleasant. The interviewed successor claimed the same.

The successors talked about the impact of the family business on the family and stated that the family business has always been a part of the family and vice versa. From a young age, all three successors joined company events and represented the family business. The large impact of the family business may explain why all three sons entered the same field and took over the succession.

An interesting fact about the company was the open work atmosphere and a unique culture arising from it. All office spaces were kept open to boost communication between employees. Not even the managing directors had closed offices. The large office included both employees with employee contacts and the back office. Even the managing directors did not have doors to close. Separate,

closable rooms were there only for meetings and other confidential communication. The managing family did this on purpose to boost communication and create an open and innovative work culture. The predecessor was very enthusiastic about innovation and had tried many new things. One of the innovations included a trial that was one of a kind in Germany.

4.3.3 Company 3

With one branch and about 70 employees, the third company was in a city in southern Germany. The company was founded about 150 years ago and has ever since been owned by the family. The predecessor marked the fourth generation, and the successor would be the fifth generation. Although he has two siblings, one brother and one sister, he is the only one who is interested in taking over the family business. The potential successor is not fully active in the company yet, as the succession process has not yet been completely planned. The former predecessor, the grandfather of the potential successor, is also still active in the company and the successor shares the idea that there should never be more than two generations in the company at the same time. He is taking over a rather unique role as he works for a different wholesale building materials company while he supports the family business remotely on project-based tasks and developments. This uncommon combination and the fact that the rest of the company is similar to other companies in the industry mean that assumptions can be made about the impact of full involvement in certain developments compared to partial involvement. One project was the implementation of a new ERP system¹² with many changes.

¹² Enterprise resource planning system (including inventory control)

This is a state-of-the-art system that includes all kinds of inventory information. It is not easy to implement because it touches many different areas within the company. As one of the first movers for the new IT solution, the company faced major issues. After failing to communicate the changes beforehand, he was facing resistance from the employees that were affected by the changes. As the potential successor, the project leader, was not always available during implementation, there were even more difficulties. The successor said that the situation was chaotic until he asked another employee in charge to manage it. Nevertheless, the changes were connected to remarkably high fluctuation rates within the areas that were affected by the changes. Due to longer processing times, some customers also decided to shop elsewhere. At the present time, the system works well and most of the lost customers have returned.

4.3.4 Company 4

Company 4 had an interesting history. Now in the third generation, they started off rather small. The founder had two sons. While one son took over the small family firm, the other decided to study law. Later, the successor realized that the family business was not for him, so he decided to set up an IT company. Therefore, the brother who was already working for a tax consultancy firm returned to the family business. He started managing it while working in the tax consultancy company until he left his employer to completely take over the family business. He hired an external manager who took care of the daily business while the successor pushed for expansion. The company grew from about 10 employees to become one of the largest companies in the industry with more than 500 employees with a

focus of approximately 20% wholesale building materials trade and the remaining 80% on home improvement retail.

Now in the third generation, the son of the brother who left the company has joined the company. At this point he did not have a university or business school degree and his uncle told him that this was mandatory if he wants to take over an executive role in the company. Therefore, he studied part-time and is now managing director. While his uncle focused more on home improvement store expansion, the succeeding nephew is now exploring expansion potential in the wholesale construction materials area. In addition, he oversees the implementation of changes developing online channels, such as Facebook, Instagram, and an online shop, and other services. These services have not been a focus in the past despite the company's size.

4.3.5 Company 5

In the fifth company, the predecessor did not want to participate in the interview. The company has around 300–400 employees and has additional shares in other related companies. The interview took place with the current business successor, who was the only successor interviewed who did not have a university degree. The business successor grew up in his mother's household. His parents are divorced, and he got in touch with the company at a late age. Interestingly, the interviewee of Company 4 also did not grow up in the predecessor's household and went to university after entering the family business. His uncle encouraged him to gain a university degree after he entered the company. This could be an

indicator that business successors are pushed toward high educational degrees to prepare them for the business succession.

Nevertheless, the successor of Company 5 went through multiple different stages within the company. He started in the warehouse, went to sales, and “fought his way through the company while asking for more demanding tasks.” As there are multiple younger siblings and cousins who might want to enter the company at a later stage, the company has not set up a business succession plan yet.

While discussing developments and changes within the company, the interviewee claimed that he has had many ideas but his father and uncle, who are the shareholders and current managing directors of the company, do not necessarily have the same drive for change as he has. Thus, he has implemented some ideas regarding digitalization himself and wants to implement more change-related projects as he has no fixed position in the company yet.

4.3.6 Company 6

Company 6 was heavily structured toward all different succession scenarios. In fact, from all companies interviewed, this one had the most structured succession scenario. The company structure allows different business succession types, both internal and external, with a remarkably high level of flexibility. The reason for this may be that this was also the only company in which the successor did not initially want to join the company. He rather said that he “could not even imagine taking over the family business” when he was younger. He said that he

would rather establish his own company, which he did during his studies. He also worked for other companies that had nothing to do with the construction industry.

After finishing this chapter of his life, he decided to join the family business. The main reason for choosing the family business was that he wanted to be able to generate an impact on the company that he is working for. He entered the company project team but, in contrast to most other interview partners, he did not start with digitalization, but with the company's real estate. Later, he took over responsibilities in digitalization until he became more involved with the daily business.

The company has an interesting strategy for digitalization, especially online sales. Their level of flexibility is just as high as for the different succession scenarios: they have invested in three different online shop solutions. They opened their own online shop at a relatively low cost at an early stage. This shop has covered its investment and could be shut down at any time. In addition, they have implemented an B2B¹³ online shop on the platform of the cooperative to which they belong and, as a third tier, they have merged with other wholesale construction companies all over Germany to form one large online platform.

The high level of structure and flexibility in this company was outstanding as it allows them to react to changes quickly. However, it also leads to greater investments compared to other companies in the industry.

¹³ Business to business (wholesale)

4.3.7 Company 7

The interviewee in Company 7 was the only female interviewee throughout the interview sessions. The interview took place with the business successor only, as the predecessor did not want to participate in the study. The business successor worked in a different area (IT) after her studies but decided to return to the family business. She talked a great deal about the company's history and family background, and she seemed to be immensely proud of it.

With around 20 employees, the company was comparably small. Due to the size and the monetary possibilities connected to the company size many investments in digitalization and other market developments seemed to have been postponed. Another reason for these postponed investments was the seemingly strong, patriarchal business owner, who preferred investments with a more direct ROI.¹⁴ Despite the ideal background and the ideas for technical developments, most ideas in this field had not come to implementation. The interviewee said that she "came with many ideas and thought that that she would change everything in the company, but once she was in and had to take care of the daily business, there was not much room left for innovations." According to her, this was also correlated to the company's size as "in a small family business, customers expect to be served by the owners as well and that eats up a lot of time."

4.3.8 Company 8

The last interview was conducted in a family business with about 120 employees. The two brothers who had been in charge had just handed over their

¹⁴ Return on investment.

position as managing director to their successors. Within the company, there were two predecessors and two successors. Each predecessor had appointed one successor. Thus, only one predecessor and one successor were interviewed. The predecessor was interviewed first and seemed to have patriarchic traits. He claimed that he had preferred to sell the company, as he believes that the current successors are not ready to take over the family business yet. Thus, a potential sales price would not have been considered his personal property but would have stayed in the family as well. For him, it was important to hand something over to the next generation.

Nevertheless, he left the decision towards the successors who decided to keep the family business. The interviewed predecessor seemed to be mainly sales-driven and therefore did not invest much in new technologies or developments. However, with one successor having an IT and management controlling background some reconciliations occur from time to time when technology-related change implementation projects with no direct ROIs are discussed.

5 Interview Analysis

5.1 Coding

As described in Section 1.3, grounded theory was used throughout the interview and coding process. Semi-structured bullet points were used as a golden thread for the first interview. All interviews were reviewed throughout the interview period, as findings from previous interviews were used as input for upcoming interviews. In addition, memos and notes from other conversations and events were written throughout the process. These memos were then formed into clusters (See Figure 4):

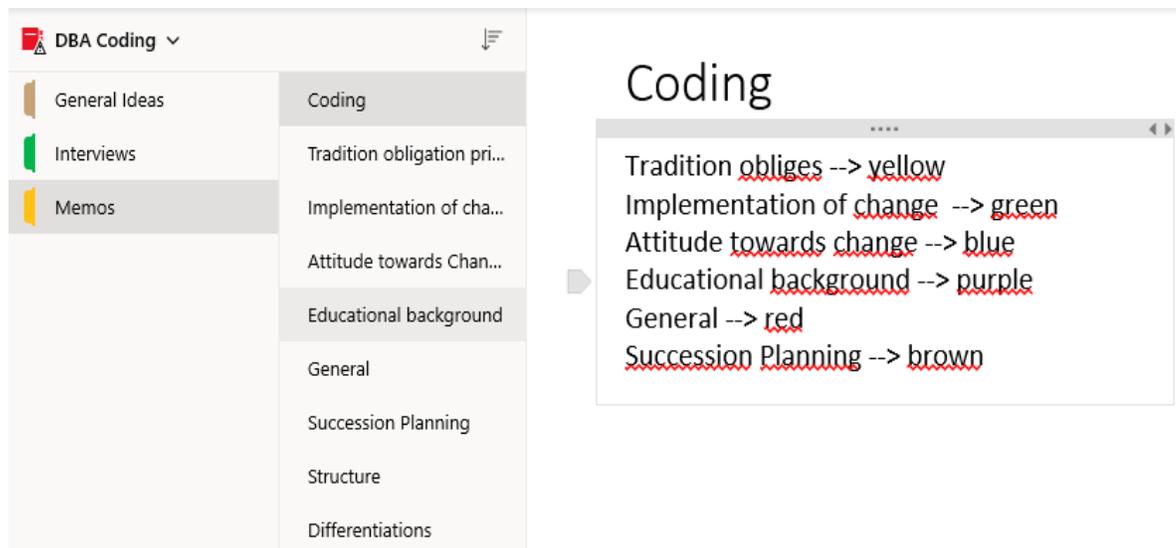


Figure 4: Memos

The memos started with some notes of important and interesting points that were raised throughout the first interview sessions as “general” aspects. Whenever there was an interesting point or finding within the same aspects, a new cluster was built. All general points that fit into that cluster were moved from the general cluster to the specific cluster and points raised in the following interviews that were

in the same cluster were assigned to that cluster. Links within the clusters and between the different clusters were also structured down in the memos.

After the memos showed some good and valid findings, all interviews were transcribed. The transcribed interviews were then coded once again using MAXQDA. This allowed to take points into account that might have been missed throughout the first interviews since the coding cluster did not exist back then and the points were not identified adequately in the first place. The clustering and coding in MAXQDA furthermore provided a better overview of the clusters and allowed a better evaluation of the points. An example excerpt of coded interviews can be found in Appendix 4. The codes were marked with different colors and included the following main topics as sub-segments:

- Educational background
- Tradition, obligation, and pride
- Attitude to change
- Succession planning
- Employees and culture
- Implementation of change
- General and other findings

The first code “educational background” arose from the brief literature review. According to Ahrens’ (2013) research on family business succession and change management, family internal business successors have a lower human capital, which is also related to their educational background¹⁵. The remaining codes emerged throughout the interviews. Findings from the sub-segments were

¹⁵ Compare chapter 4.3

used for upcoming interviews, which were coded in the same manner to permit comparison.

The first interviews showed that the special pride of family firms had influence on both, the decision towards family-internal business succession as well as decisions regarding change. Another major aspect for the propensity of change implementation was the individual attitude of the business successor towards change which therefore evolved into a separate code.

Furthermore, the interviews showed that there was a difference in the propensity towards change implementation and the actual change implementation. In this context the interviews showed that there was a difference in companies that had a succession plan and those that did not have a succession plan. The (missing) succession plan had an influence on both, the propensity towards change implementation as well as the actual change implementation. The discrepancy between propensity towards change and actual change implementation was furthermore influenced by employees, culture, again the attitude of other people involved as well as some general other findings such as company size and budget. Therefore, these additional codes emerged throughout the interviews.

All codes started as “general findings” throughout the interviews and once a phenomenon occurred multiple times, a new code was generated and named accordingly. To track the developments, MAXQDA was used, and comments were added on the different findings throughout the interview phase (see Table 2):

Color	Code	Coded segments	% Coded segments	Coded interviews per code
●	Educational background	39	7.78	13
●	Attitude to change	99	19.76	14
●	Tradition, obligation, and pride	65	12.97	13
●	General	51	10.18	13
●	Employees and culture	38	7.58	11
●	Succession planning	81	16.17	13
●	Implementation of change	128	25.55	14

Table 2: MAXQDA Coding

After the interview phase, MAXQDA provided a list of all codes and coded segments with the associated comments, which was then filtered for the sub-segments and the associated comments. Within the colored sub-segments, the findings were compared and cross-checked according to the following table (see Table 3):

Interview	Succession planning	Employees and culture	General	Attitude to change	Educational background	Implement-ation of change	Tradition, obligation, and pride
01	0	0	2	10	1	10	2
02	1	1	2	4	0	3	5
03	8	0	7	3	1	8	3
04	2	5	3	2	4	11	2
05	11	6	4	4	4	13	8
06	7	5	2	9	1	8	6
07	4	1	5	7	6	14	5
08	1	1	2	10	6	12	3
09	8	4	7	8	2	13	5
10	18	2	6	8	4	7	8
11	5	0	3	10	3	6	0
12	1	5	4	7	4	9	7
13	9	3	4	12	1	2	8
14	6	5	0	5	2	12	3

Table 3: Interview Code Matrix

As the multiple documents that arise from the coding process are too extensive to incorporate in the body of the research, they are attached as Appendix (Appendix 5).

5.2 Interview Findings

As structuring all steps of the entire coding process would be too lengthy, only the main findings are summarized in the following subsections. Details of the findings and the steps to get there can be extracted from the information in the coding tables, transcriptions and analyzed interview excerpts in the Appendix. These points were the findings from 14 interviews in eight companies and multiple memos from business succession events and are compiled in the following sub-chapters. The conversations regarding family business succession planning and change implementation brought out multiple impressions and lead to findings that evolved throughout the interviews and are described in more depth throughout the following chapters.

5.2.1 Age of the Companies

In Germany, about 54% of all family businesses are taken over by family members, while the rest are taken over by family-external parties (Kay & Suprinovic, 2013). However, when it comes to family-internal succession, only 30% of companies survive the handover to the second generation and, with a failure rate of 85–90%, even fewer family firms survive the handover to the third generation (Günterberg, 2012). In the wholesale construction materials industry, however, this phenomenon seems to differ. None of companies interviewed were in business for less than three generations and most of them were in business for

more than four generations. A reason for this could lie in the characteristics of the industry. However, the interviews have proofed the point, that the construction industry is rather conservative and reluctant to change. Less change in the industry leads to fewer necessary critical decisions and therefore a reduced risk of failure (Audia & Greve, 2006) which could be a reason for the long-lasting businesses in comparison to other industries.

Thus, customer expectations have meanwhile changed, and customers are asking for more flexibility and speed throughout the supply chain (Walker Information, Inc., 2015). Interestingly, changes toward digitalization and additional services were not viewed critically by most interviewed successors, and none of them expected disruptive changes in the industry throughout the talks regarding the outlook.

5.2.2 Employee Fluctuation

The general talks about the company history showed that most of the companies were in the business for a long time with an extremely low employee fluctuation which the interview partners were enormously proud of. All companies interviewed had long-term employees, some of whom had been employed for over 40 years. The general employee fluctuation was exceptionally low in most of the companies compared to non-family firms. One interview partner said: “We have always had a good relationship with our employees. We also have mostly long-term employees. The longest has now been with us for 48 years. That is why we had a close relationship with many of our employees. Both privately and at work.”

These findings are backed by various human resources studies of family and non-family firms (Reid & Adams, 2001; Querbach, Waldkirch, & Kammerlander, 2020; Astrachan & Botero, 2018). Thus, the average age of the employees was also relatively high in many companies that were interviewed. When talking about the employee base, all interview partners claimed that attitudes to the employer has changed over the years. Employees are not as salary driven as they were in the past, according to the interview partners. They claimed that employees are asking for more flexibility in working hours and more vacation. The successor of company 1 for example said: "Work-life balance is becoming more and more noticeable. Here, even the younger ones are insisting more on free time than on financial aspects."

As the companies interviewed were in retail and therefore bound to opening hours, they could only react to these changing employee demands to a certain extent. This combined with a general change in the attitude to switching jobs to boost careers (Light & McGarry, 1998), has led to a higher employee fluctuation rate over the years. Nevertheless, compared to non-family firms, the employee fluctuation was still extremely low in all the companies interviewed.

A noticeable finding was that one business successor said that he or she had to replace almost the entire employee base in a sector where they implemented innovations due to multiple errors during the implementation phase: "So, that is how we had done it and we have definitely learned from it, but we completely replaced our employees in the storage at that time." (Interview 6).

5.2.3 Business Successors

Before even starting the first interview and while searching for interview partners, one fact stood out: There were hardly any women in the succession of family businesses in wholesale construction materials and home improvement companies in Germany. Only one female business successor participated in the study. The interviews showed that the lack of women in the succession of construction material trade company was not due to a lack of females in the owner families: Within the 8 companies that participated only 2 predecessors did not have a daughter in the family. Thus, only one was taken over by a daughter. Interestingly, that one female successor did not have a brother and was the only potential business successor in the family. The remaining daughters did not take any steps towards the succession of the company. Most interview partners claimed that their daughters/ sisters did not have ambitions towards taking over the company and mostly worked in different industries. Interviewee 10 said for example: "I have two daughters. One of them used to work here during her senior classes, but then somehow changed her mind after summer break. The other one has always had her mind on pedagogy, she's a special educator."

Currently, the wholesale construction materials industry and the home improvement retail industry seem to be mainly male dominated (Ness, 2012). This was the case for the predecessors as well as for the successors. This phenomenon could be particular to the sector. However, it could also be a general occurrence in family businesses, which is considered in more depth later. Regardless of the reason for this occurrence, this fact was prominent and could be

relevant for the further implications of this thesis. Multiple papers have addressed differences between males and females in the implementation of change (Lane, 2005; Linstead, Brewis, & Linstead, 2005; Robert & Dempster, 2002; Ely & Meyerson, 2000). In addition, women are considered to be more risk averse than men (Chien, Cole, & Lustig, 2014; Sapienza, Zingales, & Maestripieri, 2009; DellaVigna, List, Malmendier, & Rao, 2013). Therefore, the lack of female successors could have an impact on the type of changes and the ease of implementing change during times of business succession.

Research has also shown that, on average, female successors have greater human capital compared to male counterparts (Ahrens, 2013). This could also have an impact on the study field of the research paper and is therefore addressed in the thesis.

5.2.4 Obligation Through Tradition

Another finding from the interviews was that family history and legacy played an outstanding role in all businesses that were interviewed. All interview partners seemed to be immensely proud of the family business and the legacy behind it. Without exception, all those interviewed talked with pride in their voice about the company history and the family history behind it. Two companies had even prepared pictures and sketches of the company history. One interview partner said that the family business had always been part of the family and vice versa. Within the family business, they liked to highlight the fact that they are a family business by having various members of the family attend company events.

All interview partners claimed that there had never been an obligation to continue the family legacy, for example Interview 5: "Our parents never pressured us". However, 37.5% of the interview partners said that they would have been less likely to take over a family business if it had not been their own family business that had been part of the family for multiple generations already. "You simply cannot give up on that," one successor said. The predecessor of that same company, however, said that throughout his succession planning process he also considered selling the company. Although there was no spoken obligation for the successor to take over the family business, the strong family history behind it and the pride connected to it made him return to the company immediately after his studies.

Other interview partners also said that there was no obligation, but the family business had always been part of the family, and they talked a great deal about growing up in the family business. It seemed that the stronger the history behind the company and the stronger the family involvement in the company, the more the successor felt the need to continue the proud tradition.

In 62.5% of the companies that were interviewed, the owner either lived in the same building as the family business or next to it. The successors therefore had spent much of their time in the family business and even "played in the company's sandboxes." Growing up in the company led to a special bond with the family business. Those interview partners with a clear differentiation between private life and the family business at least considered options other than family-internal business succession.

5.2.5 Succession Planning

Even though there was no spoken obligation or wish on the part of the predecessors to pursue family-internal succession, this was the preferred option in 87.5% of the companies interviewed. Participants said amongst others: “It’s better to keep thing in the family” (Interview 10 with a predecessor). Not even half of the predecessors interviewed had a written succession plan, and even the ones who had a plan prioritized family-internal succession and said for example “The succession was nothing that was strategically planned” (Interview 3); or “and it is not yet clear what will happen to the other 50% of the other side [...] maybe someone will do it as a silent partner, or we will come to some other agreement if no one wants to do it at all.” (Interview 5).

For all parties involved, passing the company to the next generation seemed the rational and normal way of continuing the company: “I thought about other options, but the succession within the family was always preferred” (Interview 2). Participants talked about other options, but passing the company on to the next family generation seemed to be the most favored one. The predecessor of company 3 said for example: “Then, we thought about bringing in an external manager, but it made much more sense to keep it within the family.” (Interview 6) and throughout Interview 4 the predecessor said: “I have always hoped that one day one of my kids wants to take over”. Participants claimed that trust in family members is much higher than trust in external successors. As a result, the predecessors were more relaxed about the future of their companies.

The interviews furthermore showed that except for one predecessor who said that he had preferred to sell to a third party, all other business owners claimed that their preferred option was to pass the company to the next generation. Even for the business owner who claimed that his preferred option was to sell the company, the focus was passing something (in this case money) to the next generation so that they could live freely. This predecessor wanted to retire. He showed patriarchic traits and did not believe that the successor was ready to take over yet. Nevertheless, the predecessor left the decision to the successor.

For many participants, the fact that they had children at a relatively early age was useful. Interviewee 3 said for example: “I was in the comfortable situation that I wasn’t even 50 years old when my first son entered the company”. Three more interviewed predecessor claimed similar things and said that their heirs were at an age that allowed them to enter the family business when the predecessors were still young enough to spend some years in the company with them.

5.2.6 Educational Background

The subconscious obligation to continue the family legacy on the successor’s side¹⁶ paired with the unspoken wish of the predecessor for a family-internal successor¹⁷ led to exceedingly early preparation of the potential successors. The way children of family business owners were raised subconsciously underlined the predecessor’s wish for family-internal succession.

All business successors who were born and raised in the same household as the predecessor were prepared to be the business successor from childhood

¹⁶ See chapter 5.2.4

¹⁷ See chapter 5.2.5

on. “Big company events were always something where the whole family was present. As a family business, we always attached importance to showing that we are a family business and accordingly we, the whole family, were always present at Christmas parties and other events,” one business successor said. Another one said: “In entrepreneurial families like ours there are often talks about business, so you learn some basic knowledge quite early.” The interviews furthermore showed that two-thirds of the business successors who grew up in the family business worked for other companies in the same field sooner or later in their careers, and all of them went to universities or business schools in related areas to prepare them for their position as business successor¹⁸. In over 70% of the cases, external management expertise was gained in other companies. In comparison, none of the business successors who did not grow up in the same household went to a university or business school before entering the family business. One of them went to university after entering the family business, because the predecessor made it a condition to do so before taking over the family business. The predecessor told him: “if you really want to join the company as an executive or as managing director, you have to get your studies. If you have not studied anything, you can work for us, but will not be considered as a potential successor.” (Interview 7).

In summary, it can be said that due to the combination of family and business in family businesses, potential family business successors who grew up in the family business were also in contact with the business environment at a noticeably young age. This connection towards the business environment and the

¹⁸ Compare table 1, chapter 4.3

industry, led to a special interest in the family business. The predecessor's wish towards family internal business succession encouraged them to train the potential successor for the leadership position at an incredibly early stage and invested in the business successor's education. Hence, most business successors enjoyed a particularly good education, and were in contact with the business environment at a particularly young age. The potential successors were trained and educated for their potential future position, leading to high levels of technical skills, business management knowledge, and company experience.

5.2.7 Mindset and Motives

Although a company owner may do whatever he or she wants with his or her company, a family business is often not seen as personal property but rather as something that is owned by the entire family. As a result, not only the company owner's or predecessor's opinion is key but also the opinion of the entire family, especially the opinion of potential business successors. Every interviewee said that the family, or at least multiple family members, were involved in the decision regarding the family-internal succession. Since many interviewed business successors felt that taking over the family business was not only a matter of pride and legacy but also a "safe haven," they voted to taking over the family business themselves.

Only one of the successors claimed that he did not initially plan to take over the family business. Thus, after building up an own startup, he joined the company for a new construction project, realized the potential of the company and the joy he had working there and finally decided to join the family business.

For other business successors, taking over the family business was also a much easier alternative compared to progressing through the hierarchy somewhere else or starting a new company from scratch. One interviewee for example said:

“The topic of home improvement and wholesale construction materials has always played a big role in our family. Therefore, it had an impact when I thought about my future. Nevertheless, at an early age I had already started thinking that I would love to have my own company, and, at this point, it did not matter to me what I would be selling – no matter if its dessoos for women or hammers and nails. In the end, it comes back to the same problems you are facing and the same steps you must take. And since I was not creative enough to find a better solution, I aligned myself with home improvement and wholesale building materials.”

As a result, many business successors of family firms tend to enter the “safe haven,” because it is usually connected to low entry costs and a better financial outlook.

5.2.8 Entering the Family Business

Most of the successors entered the company without a specific task and had to find their own way. Only one of the successors said that he started in sales. This exception must be considered differently as he did not grow up in the company and therefore had to learn from scratch. Therefore, he was partly missing the attachment and the knowledge other successors have gained (subconsciously) while growing up with the family business. A second said that, together with his

predecessor, he had set up a multi-step plan for his entry into the company. The remaining business successors entered the family business with a project-based task or no task. One of the successors even said:

“I mean, I knew our company already as I had worked there during my summer breaks. However, when I arrived on my first day, there was an office with a desk and a computer. Someone had put some pencils and markers and some sheets on the desk for my start, but that was it. I really hope that regular employees are greeted differently as it was a bit strange for me. I had no task and did not know what to do or where to start.”

Most successors therefore started with projects that the predecessor did not feel comfortable with, because they mainly included new technologies. “My father admits himself that he no longer understands everything, but he knows that it is important. And when I tell him to check that things are working properly”, one successor said. Most new projects that business successors took over were in technology related areas as these seem to be the areas that the predecessor did not feel comfortable about anymore as they did not grow up with the technologies. These included, among others, the implementation of web shops, technological sales support such as planning tools and remote access to the sales system, IT supported, paperless bookkeeping and accounting and new technology driven ERP systems. The predecessor of the first company for example said: “It is easier for the junior to handle topics like internet, computer, WhatsApp and so on. They are so much faster and have a lot more knowledge about it than I have.”

Half of the predecessors interviewed noted specifically that they had left certain development areas that they did not feel comfortable with anymore for the business successor. “At a certain age it becomes more difficult to follow trends and market developments. Therefore, a business transition with new energy and new drive toward trends and market developments can be greatly beneficial for a company,” one predecessor said. Another also noted how beneficial it is for the company’s development to have fresh new inputs from the younger generation. This phenomenon is useful for most business successors who in any case wish to find their own way when entering the business.

On the one hand, it can be said that some investments are held back for the start of the successor and in return more projects and more changes are implemented by the successors compared to in other companies. On the other hand, the business successors have a task and the opportunity to prove their capabilities in preparation for future challenges in the family firm.

Summarized, it can be said that there was a technology related investment backlog in most companies that were interviewed. This came in handy for the business successors who mostly had no fixed task when entering the business and had to find their way in the company. Although the investment backlog showed missed opportunities in the past, it often allowed the young and unexperienced successors to find their own way into the company.

5.2.9 Technological Change

The online research of the companies showed that all eight companies have a website with major company information. However, three of them were rather old

and outdated based on their appearance. Interestingly, the website of the biggest company interviewed did not have a very modern appearance. Three companies had incorporated their own B2B web shop and additional web services. The interviews as well as talks with further industry-internals showed that web services and B2B web shops are not yet well-established in the industry. The fact that 37,5% of the companies that participated in the interview had recently opened a web shop and additional web services is a sign of a high level of change implementation among the participants. According to the interviews and additional conversations with industry-internals, the topic of web services is gaining more and more attention in the industry and is becoming more important. Through establishing an extensive online store product range, the sales range can be extended, and new business partnerships can be established. Electronic purchase and sales activities between companies (B2B) and web services (e-procurement) are used by four companies while only three of them have a direct platform on their website and one uses external web-shop services. The fourth company has implemented other web services, such as planning tools, without a B2B web-shop service.

Regarding the further application of new technologies, five companies related varying degrees of use in internal processes. These included paperless accounting, internal mail communication, integrated image data processing, and various information and merchandise management systems. Three companies have intensively stored many marketing and sales functions electronically as part of a customer relationship management (CRM) concept. Six companies use

electronic data exchange with external partners; in three cases, even complex data structures are exchanged via web services. These companies are also partially connected to suppliers in terms of warehousing technology and are thus part of an electronic supply chain (e-supply chain).

Since some of the above-mentioned technologies are used by the same companies, in summary, only three-quarters of the companies intensively use new technologies in multiple areas throughout the company. Nevertheless, all eight companies have recently invested in new technologies or intend to invest in the next two years, which underlines the importance of the management of changes during business succession. In fact, those companies that had a high level of technological implementation had invested in it when the successor was already assigned, and in most cases these changes were also implemented by the successor on a project base.

5.2.10 Individuality

Although all interview partners were part of a large cooperative¹⁹ and some also part of a franchise system, they seemed to be very individual. This was not only the fact in regard to their appearance, but also in their way of doing business and implementing changes. Since even similar changes, such as introducing e-commerce and online marketing, were adopted differently, the success of the development activities was difficult to compare. According to the interviewees, especially in the rural areas, the customer base seemed to be rather conservative

¹⁹ See chapter 4.3

in many cases and the acceptance of new services was slow. The successor of company 1 for example said:

“We are now active on Instagram daily. But it is still a bit slower for our rural region compared to larger cities, but we have already had some small successes. We do not have the high coverage yet, but it's still developing on a small level.”

It transpired that most of the individual developments were not causally related to the success of the companies. For example, three companies had implemented the same B2B web-shop solution with service tools that allowed the customer to see their online and offline purchases, invoices, and signed delivery notes, amongst other things, on the same data platform. Nevertheless, the acceptance and usage of these services among customers varied a great deal. While one company claimed that the usage among the customers is rather slow, two said that it had recently picked up and is highly appreciated by some customers already. Another company (company 1) used a minor, self-designed web-shop, and service solution actively with his sales representatives and said that these services were highly appreciated by the customers.

Even though they were all part of the same cooperative, the different companies approached the changing customer demands and needs individually with different approaches according to their company structure, budget, and human capital.

5.2.11 Implementation of Change

The interviews showed that for all companies at a certain point, the predecessor did not feel comfortable following market developments and trends fully anymore.²⁰ As a result, the implementation of changes regarding market developments and trends was postponed until business transition:

“Internet, computer and WhatsApp are topics in which the juniors are faster and know better. You cannot close yourself off these technologies, and that is why I think it is also good if after 20 or 30 years at some point new ideas and new energy comes into the management or leadership to initiate new things again and not just get stuck in old hierarchies.” (Interview 2)

When talking about new technologies such as web shop and online marketing another predecessor said: “I do not care about these topics anymore. This is what my successor has to take care of.” (Interview 7).

In addition, the successor tries to find their way in the company and pushes for changes and the implementation of change. From their educational career, they may introduce a great deal of theoretical knowledge, but this does not necessarily provide them with the needed capabilities for complex change projects. At a young age and with a great deal of enthusiasm, they are more likely to take risks. This phenomenon is supported by the fact that the entry costs of the successor in the company, and therefore the potential losses, are relatively low (Finke & Huston, 2003).

Summarized it can be said that there is an increased level of change implementation throughout the business succession process. This high level of

²⁰ See chapter 5.2.5

change implementation is driven by investments that were left for the successor to enter the company paired with their enthusiasm and willingness to take risks and drive worth changes.

Especially in the wholesale industry, some predecessors refused to make large investments in online and IT-related projects as they do not see these additional channels as sufficiently value-adding to justify the needed investment.

One predecessor said for example:

“You have to focus on the areas in which you make money. We have had a GPS-supported fleet management system. Although you were able to track deliveries, it did not lead to monetary return, so I canceled it.” (Interview 13)

Compared to the predecessors, who mainly made investment decisions based on financial factors, such as ROI, business successors seemed to have a different view of the implementation of change. The interviews showed that business successors were more willing to implement changes that did not lead to a direct financial return. These included mainly additional services that they said were what they would expect from a modern company. The most common example was the B2B web shop solution which was implemented by three successors. Although they had invested six-figure sums into the B2B web shop solution, the successors did not expect any additional revenues from it:

“Our customers use it, they check their deliveries, their invoices and our inventory availability, but most of them do not order through it.” (Interview 3)

“I have always seen the web shop as a service tool that our customer expects to get. The focus is not so much on the order option, but more on the information aspects.” (Interview 11)

The fact that in contrast to many predecessors, the willingness to invest in technology and digitalization is high among the successors shows the movement towards a more modern view and an eagerness to implement changes among the companies in the industry.

The implementation of change was also very much dependent on the company's size. While bigger companies with a broader employee base had the financial and structural capabilities to try new projects and changes, smaller companies rather declined costly changes and focused on the core business, even though the successors came up with similar ideas. Larger companies had clearer structures, which were seen as beneficial for the implementation of changes: a clear structure and open atmosphere seem to be beneficial for the implementation process.

Another factor for change implementation was the attitude towards change of both, the successor, and the predecessor. As mentioned earlier, the interviews showed that the majority of the interviewed business successors entered the company with a great deal of enthusiasm and willingness to implement change. However, when talking about implemented projects, there were more change implementation among the companies with a similar minded predecessor. A predecessor of a company with a high degree of implemented change projects for example said: “I have always enjoyed changes in the company and always try to encourage my

children to try new things.”, while a successor of a company that had recently finished a big digitalization project said: “my father is very tech-savvy as well. He is now 67 years old, and he still has an interest in pushing digitalization.” In contrast, a successor who had “many ideas in mind in the beginning” (Interview 12), did not implement much change as the predecessor had patriarchic trait according to the interview partner:

“He is on first name terms and only wants to be addressed in urgent cases. For him sales always come first. [...] If ideas concern the daily business, it is important for him, then we also get a decision quickly, but if it has nothing to do with daily business, it gets postponed.” (Interview 12)

Therefore, the mindset of the successor and the predecessor also influenced the implementation of change. Another interviewee said:

“The head of a different company never trusted his son with anything. He constantly said, ‘No, he could not do this’ and that he would also say that to third parties. And the successor is not bad at all: Meanwhile he has his own quite successful construction market. So, he has found his area, where he could apply himself, despite what his father said.” (Interview 10)

Although the interviews showed that more change was implemented by the successors who mostly entered the company with a change project, the fact that more change was implemented does not answer the question of whether the business transition has an impact on the ease or the success of implementing change. During the study there was no consensus opinion when it came to the ease of implementing change as a business successor. The ease of implementing

change was related to several other factors that will be considered more deeply in the thesis.

With a new successor in charge, most employees expected change to occur. When the successor was highly skilled, and the employees were integrated into the process, the degree of reluctance was much lower than when these factors were not at present. In general, the employee base of the family businesses that were interviewed was different compared to non-family businesses. On average, employees tended to stay longer, which may be an asset but also a hurdle when implementing change.

When talking about company development, 6 of the 8 companies interviewed claimed that the company had developed positively since the successor entered. In contrast, one said that there had been no difference, and the remaining one did not implement major changes. Of the first 6 companies, two-thirds had used external advisors or special work groups for change implementation while none of the 2 companies that had not developed positively had done so. However, according to the interviewees, in most cases positive company development was not correlated to higher profitability but the number of implemented changes, the company growth, and the ability to comply with future developments. One interviewee, for example said, that their company had developed extremely well, although the profitability was significantly lower compared to previous years. Therefore, the development judgments of the predecessors were not necessarily made according to financial goals:

“Our operating result was below average, but we are still doing good. We have invested so heavily, so that anything else would have been strange. In terms of customer and employee loyalty, some things have been easier for us compared to other companies in the industry. We notice that others tend to lose customers and employees while our employee base grew. However, we have never had any major problems in this area.” (Interview 3)

5.2.12 Advisory Services, Consultancy, and Family-External Management

Another prominent fact was that those companies who had external management also tended to develop faster and better. In 25% of the companies, the owners had a focus on the company’s development while external staff cared for the daily business. The business owners were able to focus mainly on company expansion and the implementation of projects, and therefore the company grew faster. However, this contrasts with other family businesses who said that they wanted family-internal people who they trusted in key positions, such as general management. The same applied for project-based consultancy services.

Half the companies that were interviewed stated that they use external advisors regularly to stay up-to-date or to manage certain projects. However, another predecessor said that projects and the markets are developing so quickly that a company-internal employee solely responsible for project-based developments is needed. Those companies who worked with external advisors or work groups that had no task other than the implementation of a certain project tended to finish the project more quickly and more successfully. Acceptance within the employee base seemed to be higher. In contrast to their predecessors, the

business successors seemed to be more likely to hire external advisors or build special project-based work groups. Their older counterparts partially claimed that they knew their companies better than anyone else and therefore were the best advisors themselves.

5.3 Summary of interview findings

Summarized it can be said that family businesses show special characteristics. Most of the interviewed companies have had a long history and a special connection towards the employees that fulfilled the owner family with pride. This pride seemed to provide a non-monetary return for the owner family. This pride is passed on to the next generation when growing up in the family business and although in none of the interviewed companies there was an obligation towards taking over the family business the pride of continuing the family legacy played an important role for the successors when making the decision towards taking over the family business.

However, although there is no outspoken obligation of taking over the family business, the wish that a family member continues that family legacy is also shared by the predecessor. The predecessors therefore seem to prepare their children already at an incredibly early age. They often join company events already as kids, start working temporary in the company during their vacation and free time and constantly receive business insights. After school they often either start in related companies or go to business schools or universities before returning to the family business. Some successors take “detours” in other industries to get other impressions as well.

When returning, the business successors often have ideas of how to improve and shape the family business and start to work on projects to implement these ideas. In many cases this seems to come in handy as many of these ideas contain changes in areas in which the predecessor does not feel comfortable anymore. Therefore, there is a certain investment backlog among these companies anyways which decreases due to a higher implementation of change projects by the successor. In the specific case of home improvement retail and building material wholesale, these mainly include web services and IT related projects such as paperless accounting or new ERP systems (See Figure 5):

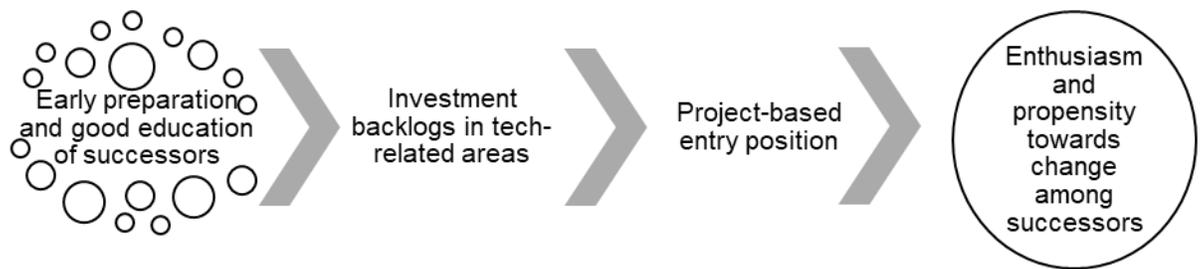


Figure 5: Drive towards change implementation (own figure)

When it comes to the implementation of change, there are certain factors that play an important role (See Figure 6):

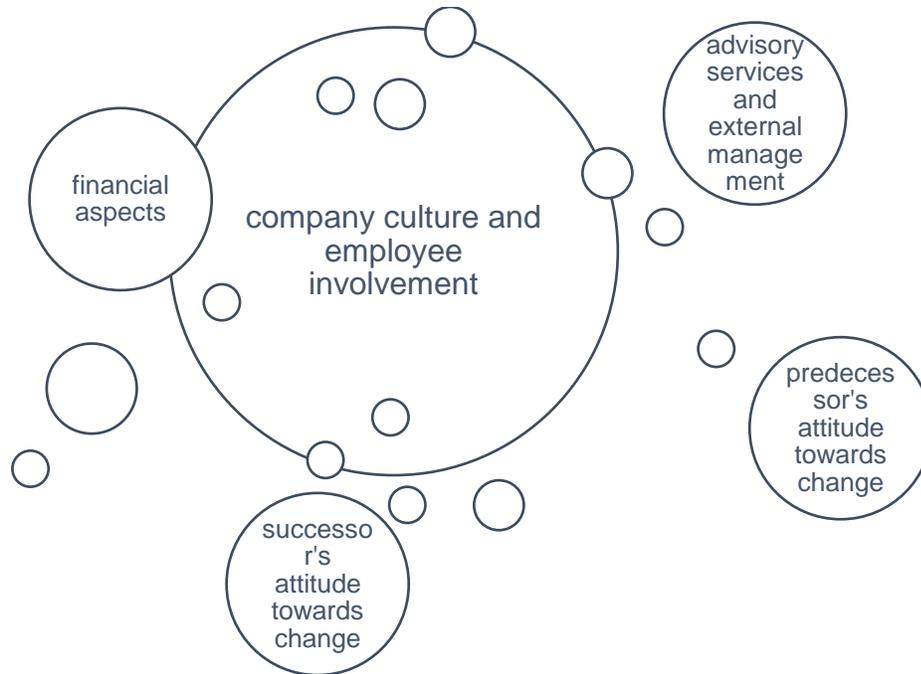


Figure 6: Factors influencing change implementation (own figure)

There are financial aspects, as well as personal aspects of the predecessor and the successor that can either push or hinder the implementation of change and the accompanying success of the change implementation. Moreover, one of the most important factors seemed to be the inclusion of employees throughout the change implementation process. Advisory services, consultancy and external management had an impact on the implementation of changes as well. Although some aspects might have a bigger level, in the end, the success of the change implementation was highly dependent on all variables.

To which extent the lack of female business successors had an impact on change management can only be anticipated according to literature.

The following chapters aim to cross-check the findings from the interviews with findings from literature and provide a more profound and explicit presentation of the findings by outlining the special characteristics of family business succession

at first, followed by an elaboration of change management in family businesses before finally uniting the two topics and outlining the impact of business succession on change management.

6 Family Business Succession

6.1 General Characteristics of Family Businesses

To gain a better understanding the characteristics of family businesses and the differentiation towards non-family businesses must be elaborated in more depth. The characteristics shown throughout the chapter are part of a literature review, however, all points raised have been addressed at least once throughout the interviews.

Both the strategic and operational corporate focus are different in family businesses, forming the difference between family firms and non-family firms. These factors also have an impact on the company's performance (Chua, Chrisman, & Sharma, 1999). Often, family-controlled companies have higher operational margins and higher ROIs²¹ compared to non-family firms. This was also partly the case in the interviewed companies that however had decreasing ROIs due to the rising investments in change and additional services. Furthermore, on average they have higher growth rates in both revenue and assets (Jaskiewicz, Combs et al. 2017), and they frequently have a higher market-to-book value (Miller & Le Breton-Miller, 2005). These benefits often rise from a preferred status and competitive advantage gained through different factors (Walsh, 2011) and were often mentioned throughout the interviews:

1. Loyalty: Compared to non-family members, family members have a higher degree of loyalty to the business, which makes them more attached and passionate about the company and its values.

²¹ Return on equity.

2. Legacy: Building on the efforts of their ancestors fills successors with a special sense of pride and accomplishment and motivates them to reach for new heights.
3. Key employees: Even non-family employees feel more integrated and personally attached to the leaders in a family-business, which allows them to build a strong bond and a unique work environment.
4. Patience: Compared to non-family businesses, family businesses are less driven by short-term results and therefore consider long-term strategy.
5. Values: The culture of family businesses is often created through the strong values of the leader. In family businesses, the leader may pass on these values to the next generation, who often proudly uphold them.
6. Relationships: Bonds between family members can be extraordinarily strong. Effectively managing these relationships and pursuing common goals can be extremely rewarding and lead to long-term success.
7. Financial rewards: Family businesses may provide good opportunities for financial success. Especially for family members in non-leading positions, these financial rewards may be higher than in other companies.
8. Succession: The option of taking over a lucrative family business may be an extraordinarily strong motivation for ambitious potential successors.

9. Community and philanthropy: Many family businesses support their communities in different ways. Communities tend to return the support in the long-term by providing opportunities.

All the 9 points could also be found among the interviewed companies and were mentioned throughout the interviews. However, despite all the benefits that family businesses may have, there are also challenges that are unique to family businesses (Aronoff, McClure, & Ward, 2003). These include:

1. Conflicts in goals and values: Among the family members, there may be different personal and business goals and values, which may lead to conflicts when these family members work together.
2. Conflicting personalities and expectations: All the benefits of relationships may turn into business-harming factors when the personalities and expectations of the different family members involved are not in harmony.
3. Employment of family members: Not everyone in the family may be equally qualified for a job in the company. If a family member wants to be employed although he or she is not qualified, this may harm the business and family relationships.
4. Compensation: Compensation for family members for non-business achievements can often lead to resentment among family members. Once this topic becomes emotionally charged, it can be harmful for relationships and the business.

5. Reluctance to plan: Family-business owners often do not articulate their plans and long-term visions for the business well, which makes it difficult for other family members to follow. Boardroom meetings are rather informal, and plans are often not written down properly, which is especially difficult for a business successor.
6. The element of time: Often, time plays an important role. The succession process is often not planned sufficiently well, and timing is underestimated (Walsh, 2011, pp. 9-12).

Although family businesses may bring many benefits, there are also many challenges that need to be faced that were also partly addressed throughout the interviews. The family element is not easy to handle and should not be underestimated by the parties involved (Aronoff, McClure, & Ward, 2003). In addition, communication, and good planning of crucial steps, such as the business succession process, are key for the long-term success of a family business (Miller & Le Breton-Miller, 2003). The family itself can be the biggest benefit, but it can turn into the biggest challenge and lead to failure when mismanaged (Jaskiewicz, Combs et al. 2017).

Although one interviewee talked about failed projects and a failed change implementation, none of the interviewed companies had completely failed during the business succession process, for a deeper understanding of the research, it is also important to be aware of the potential threats of failure. Besides the outside changes and the changes arising from the transition process itself, the above-mentioned points must be considered by the parties involved. Therefore, these

points should outline and illustrate the complexity of the transition process and the threats of failure connected to the family business and are important for the further understanding of the research.

6.2 Socioemotional Wealth

The interviews provided evidence that non-financial, emotional factors played an important role in the decision-making process of family firms. These were among others especially the pride they were experiencing as family business owner as well as the special connection towards their employees. Especially the pride that business successors were experiencing seemed to have an impact on both decisions regarding the business succession itself, but also decisions regarding change implementations. Therefore, this finding is relevant regarding the research question and needs to be addressed in more depth to understand the reasoning of business succession and change decisions in family businesses.

An in-depth literature review about the finding led to an approach called Socioemotional Wealth approach or SEW approach (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007). The following chapter aims to address and explain this approach in more depth and provides a deeper understanding of this special characteristic in family firms.

When defining its value, a family firm is not only valued according to its assets and potential future returns but also by emotional factors. Emotional values can either increase or decrease a company's value. The value is decreased when the emotional costs transcend the emotional benefits and increased in the opposite situation (Astrachan & Jaskiewicz, 2008). Family businesses are primarily

characterized by the overlap and integration of family and business within an organization (Koenig, Kammerlander, & Enders, 2013). At the interface of family and business, typical strategic and operational behaviors emerge that are fundamentally different from the behavior of non-family businesses. This divergent behavior is key in change and development decisions.

A central finding explaining the behavior of family businesses is the fact that family businesses, unlike all other businesses, tend to be guided by non-financial motives (Fletcher, Melin, & Gimeno, 2012). While the interests of the shareholders of non-family businesses are primarily financial in nature, the dominant party in a family business, which usually is the family behind it, pursues goals that cannot be conclusively explained by purely economic criteria (Williams, Pieper, Kellermanns, & Astrachan, 2018). The most important goal of the entrepreneurial family, which determines the overall strategic direction of the company, is the preservation and expansion of non-financially driven benefits that business owners experience (Hernández-Perlines, Moreno-García, & Yáñez-Araque, 2019).

The interviews showed that the willingness to make investments with low or even negative returns has even increased in many cases and the family businesses invest more into additional services and IT. Most changes implemented by the next-generation leaders were connected to additional services that did not have a direct monetary return. However, this does not mean that family businesses make irrational decisions. Moreover, it shows the alternative approaches and deviating behavior of family businesses, which question and integrate atypical criteria for evaluating the quality of business decisions towards the future:

“The web shop will probably never have a positive return, but that is ok [...] Our customers use it, they check their deliveries, their invoices and our inventory availability, but most of them do not order through it.” (Interview 3)

“I have always seen the web shop as a service tool that our customer expects to get. The focus is not so much on the order option, but more on the information aspects.” (Interview 11)

Throughout multiple investigations, Berron, et a. recognized that business decisions of family business owners are often influenced by non-financial benefits that arise from an endowment effect²² and developed the SEW approach from it (Gomez-Mejia, Cruz, Berrone, & De Casto, 2011; Berron, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010; Berrone, Cruz, & Gomez-Mejia, 2012). The SEW approach is a relationship theory that originates from the research field of family businesses and is also influenced by behavioral and management theory. It is an extension of the Behavioral Agency Model²³ (BAM) developed by Wiseman and Gomez-Mejia (1998) and Gomez-Mejia et al. (2000). Looking further back, the BAM arises from elements of Agency Theory (Ross, 1973) and Prospect Theory (Kahneman & Tversky, 1979) as Figure 7 illustrates:

²² Biased emotional attachment that leads to a higher and often irrational valuations of owned objectives (Shu & Peck, 2011)

²³ Also called the Behavioral Agency Theory

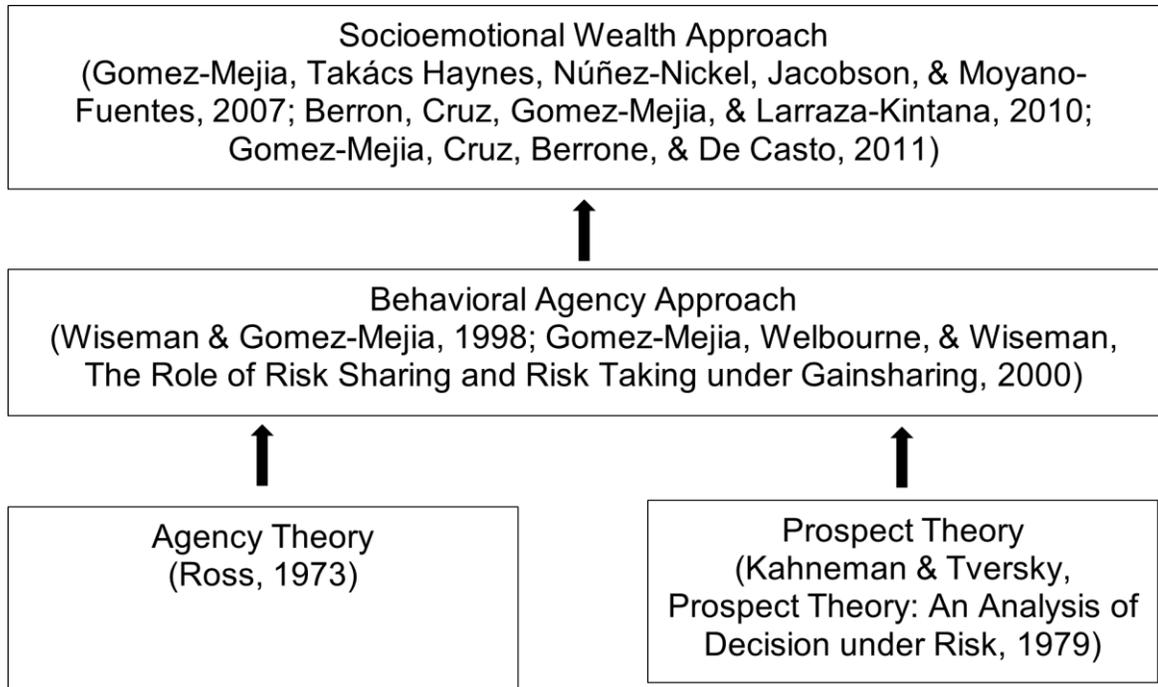


Figure 7: Development of the Socioemotional Wealth Approach

The SEW approach considers the decision-making behavior of entrepreneurial families and the resulting strategic and operational orientation of family businesses. Therefore, it is of relevance for this topic. In their study, Gomez-Mejia et al. (2007) introduce the term “socioemotional wealth” for all non-financial benefits and services that entrepreneurial families experience from their leading and monitoring position in their company and that contribute to the satisfaction of their emotional needs. These include, among others, the following:

- Satisfying the owner family's desire to have a decisive influence on the future of the company or to exercise decision-making power over the company (Schulze, Lubatkin, & Dino, 2003)
- Having the power to appoint trusted family members to key decision-making positions (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007)

- Satisfying the human need for belonging, intimacy, and emotionality (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007)
- Maintaining a family identity shaped by core values (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007)
- Supporting the family legacy and the dynasty, built over multiple generations (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007)
- Preserving the family's social capital²⁴ (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007)
- Having the possibility of altruistic actions toward family members (Schulze, Lubatkin, & Dino, 2003)

Gomez-Mejia et al. (2011) show in their study that entrepreneurial activity generates socioemotional wealth for the founding family in addition to traditional financial wealth. The maintenance of this wealth transcends all the economic and financial goals of a family business. The socioemotional capital is created at the unique intersection of the family and the business. The identities of all members of entrepreneurial families are intricately linked to the company, which often bears the family name (Ward, 1997). Due to the overlap between family and company, the image of the company is projected onto the owning family. Nevertheless, the reputation and standing of the entrepreneurial family is primarily dependent on how outsiders perceive the company (Ward, 2016). As a result, the self-perception of

²⁴ The “sum of actual and potential resources embedded within, available through, and derived from the network (often individual-based relationships between individuals or between organizations)” (Nahapiet & Ghoshal, 1998, p. 243)

family members is also significantly influenced by how others perceive the company. If a company enjoys a good reputation, this is transferred to the entrepreneurial family.²⁵ In turn, this provides emotional satisfaction for the family members. The exercise of decision-making power and control over the company represents an important source of emotional satisfaction and socioemotional prosperity for the family members (Sharma, Chrisman, & Chua, 2003). In contrast, loss of control over the company and the associated loss of SEW is conterminous to a loss of identity, reduced social status, and failure to meet family demands (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007).

6.2.1 Theoretical Approach

The SEW aspect must be understood in more depth as it helps in understanding some of the research findings. To gain a deeper understanding of the SEW approach, the roots must be explained in more depth: The Behavioral Agency Model (BAM) is used to explain the decision-making behavior of economic entities under uncertainty. Gomez-Mejia et al. (Wiseman & Gomez-Mejia, 1998; Gomez-Mejia, Welbourne, & Wiseman, 2000) combine findings from Agency Theory and Prospect Theory, which both deal with the risk behavior of individuals. The SEW approach is an extension of the BAM, which specializes in explaining the behavior of family businesses and associated individuals. To understand the SEW approach and the behavior of family businesses, the SEW approach is derived and

²⁵ During the interview sessions, one of the interview partners confirmed this by saying: “As a family business, we always liked to show that we are a family business by attending major events with the entire family.”

explained in the following sections, based on the underlying theories.²⁶ To understand the base of the SEW approach, the underlying theories are explained in the following sub-chapters.

6.2.1.1 Agency Theory

Agency relationships arise between two or more parties when one party (agent) decides and acts on behalf of another party (principal) within the scope of a certain decision (Ross, 1973). Principals delegate tasks and decision-making powers to their agents in the expectation that the agents will perform the tasks in the principal's place. However, conflicts of interest can arise within such agency relationships due to information asymmetries and the different risk preferences of both players. Further conflicts can arise from opportunistic behavior on the part of the agent. The differing risk preferences and risk behaviors of both parties are of particular interest in this thesis.

In the corporate context, agency relationships exist, for example, between the shareholders (principals) and the top management team of the company (agents). Principals are characterized as risk-neutral regarding entrepreneurial actions, as principals usually have the possibility to diversify their shareholdings and thereby secure their assets (Fluck, 1999). Agents, on the other hand, act in a risk-averse way to protect their private assets. Their job security and income usually depend directly on the success of the company in which they are employed and thus on their own decisions. This phenomenon is even intensified in family

²⁶ See Figure 7: Development of the Socioemotional Wealth Approach

businesses, where the firm often represents by far the most significant personal asset (Bennedsen & Foss, 2015).

6.2.1.2 Limitations of Agency Theory

According to Wiseman & Gomez-Mejia (1998), Agency Theory does not provide a sufficient explanation for the decision-making behavior of managers under uncertainty (Wieandt, 1994). Since uncertainties occur often in times of both internal and external change, which this research paper is focused on, the contribution toward the research is limited. In this context, three limitations are cited that are closely related and restrict the validity of Agency Theory:

1. Different actors can face the same business decisions while having different risk preferences. Wiseman and Gomez-Mejia (1998) share the view that other corporate governance structures can also have a significant influence on decision-making behavior. This phenomenon can change, particularly under risk, when it is called "problem framing" and "risk bearing."²⁷
2. Agency Theory also limits the risk behavior of decision makers (agents) to either risk aversion (the preference for low-risk decisions, accepting reduced success) or to risk neutrality (the preference for decisions where the risk is fully compensated). The option of risk affinity (the preference for decisions in which the risk is not fully compensated) is non-existent (Cuevas-Rodríguez, Gomez-Mejia, & Wiseman, 2012).

²⁷ The meaning of the two terms will be described in the next section

3. Agency Theory assumes stable risk preferences among the actors and neglects the possibility that the risk behavior of all parties can change from case to case (Wiseman & Gomez-Mejia, 1998).

To overcome the above limitations and to better explain the variability of risk behavior, Wiseman, et al. (Wiseman & Gomez-Mejia, 1998; Gomez-Mejia, Welbourne, & Wiseman, 2000) supplement Agency Theory with findings from Prospect Theory.

6.2.1.3 Prospect Theory

At the core of Prospect Theory is the assumption that the risk behavior of individuals is dependent on the problem framing and subjective risk perception or tolerance of the decision maker, called “risk bearing” (Kahneman & Tversky, 2013). Accordingly, the risk preferences of individuals are variable, depending on the above-mentioned factors, and can be expressed in the form of risk-averse, risk-neutral, or risk-affine behavior.

According to Prospect Theory, the risk preferences and corresponding risk behavior of decision makers change depending on how the problems are formulated. The different formulations of problems are called “problem forming.” Formulation is achieved by comparing the anticipated results of available decision alternatives with a neutral reference point. If problems are formulated positively, the decision maker chooses between potential profit-making alternatives. If problems are formulated negatively, however, one of the probably loss-making alternatives is chosen. The current state of the object to which the decision refers or the level of ambition of the decision maker may serve as a neutral reference

point. Problems are therefore not formulated as absolute states but as potential gains or losses relative to the reference point (Kahneman & Tversky, 1979).

When selecting from positively formulated decision alternatives, also called gains, decision makers are more likely to take risks; their behavior is risk-averse when the same (loss) problem is formulated negatively. These statements are based on the concept of loss aversion (Tversky & Kahneman, 1986). Loss aversion describes the active avoidance of losses, even if a higher risk must be accepted. For loss-averse decision makers, the avoidance of losses is more important than profits. As a result, individuals take a far greater risk to avoid a loss than to achieve a profit of the same magnitude. This explains why loss-averse decision makers prefer riskier decisions to avoid losses to less risky decisions that merely reduce the loss.

Risk bearing or perceived risk is another important aspect in explaining how the problem of framing influences the risk behavior of individuals (Mitchell, 1999). It describes the relationship between the subjective risk perception of an individual and his or her risk behavior and concerns the perception of risk that results from decisions made. Compared to the beforementioned aspects, risk bearing, and perceived risk are more concerned with the effect of the personal wealth of the decision maker. In a company, job security and private assets are examples of this (Wiseman & Gomez-Mejia, 1998). Since in family businesses the decision maker is often the owner family, and the company is correlated to their personal wealth and private assets, this is highly relevant in the context of this thesis (Bennedsen & Foss, 2015). If, for example, a promising forecast of the company's performance is

available and a profit foreseen, decision makers receive increases in their personal wealth through bonuses (when external) or higher cashflow (when they are shareholders) and subsequently act conservatively to avoid jeopardizing the anticipated profits. In contrast, if problems are formulated negatively, in terms of losses, decision makers perceive a lower risk or take a higher risk because the loss has already been anticipated. If the forecast is poor, the decision maker must suffer losses and therefore takes a higher risk in business decisions to compensate for the loss (Mazzi, 2011).

The before-mentioned theories do not only build the base for the understanding of the SEW approach, but also help in understanding decision making and risk positions throughout the course of the research, particularly chapter 7.3.

6.2.1.4 Behavioral Agency Theory

From the combination of the findings of Agency Theory and Prospect Theory, Wiseman et al.²⁸ form the BAM (Wiseman & Gomez-Mejia, 1998; Gomez-Mejia, Welbourne, & Wiseman, 2000). According to their model, under uncertainties the decision behavior of a decision maker depends, among other factors, primarily on problem framing and risk bearing (Munie & Machina, 1994). Decision alternatives are formulated as possible gains or losses in relation to a neutral reference point. The respective risk preference of the decision maker arises from the problem forming and the subjective risk perception and can vary from problem to problem. Therefore, it is not unchangeable. With positively formulated

²⁸ In different combinations

problems, individuals tend to act risk-aversely; with negatively formulated problems, they tend to act risk-affinely. According to the concept of loss aversion, losses have a greater significance in the perception of individual than profits, and decision makers are therefore particularly willing to take risks if a loss can be avoided by means of the decision (Wiseman & Gomez-Mejia, 1998).

6.2.2 Empirical Evidence for Socioemotional Wealth

Since the formulation of the SEW approach, studies by Gomez-Mejia and others have provided evidence that family entrepreneurs formulate problems negatively, as loss, in relation to SEW, and are consequently inclined to make risky business decisions (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Gomez-Mejia, Cruz, Berrone, & De Casto, 2011; Berron, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010; Berrone, Cruz, & Gomez-Mejia, 2012). For example, Gomez-Mejia et al. (2007) demonstrate that family olive oil mills refused to join cooperatives and preferred to remain independent, even though joining would have brought financial benefits to the companies and a significant reduction in entrepreneurial risk.

Other studies contribute to the explanation of the strategic decision-making behavior that is characteristic of family businesses. Gomez-Mejia et al. (2010), for example, show that family firms that are managed by the owner family diversify their business portfolio less, even if this is accompanied by an increased business risk. A reason for this lies in the fact that a higher degree of diversification would lead to more key management positions for the diversified areas, which would then lead to decision-making powers having to be assigned to non-family members.

This would reduce the family's influence over the business units, and part of the SEW would be lost (Gomez-Mejia, Makri, & Kintana, 2010).

Gomez-Mejia et al. (2014) provide similar findings and arguments in their study of family businesses in the high-tech sector. The study shows that family firms that are managed by family members are also less diversified in new technologies, although this could reduce risks. The reason lies in the same roots as for other forms of diversification. Other studies, however, have shown that this changes once the family image is affected (Berron, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010). Family businesses in environmentally unfriendly industries, for example, cause less pollution than other firms to preserve the positive family image and the family's SEW. Such efforts to protect the environment can be observed even if they do not result in economic benefits.

The risk behavior of family firms and the socioemotional wealth aspect will be considered in more depth in Section 7.3.

6.3 Tradition

The interviews have shown that tradition and carrying on a legacy had a major impact on making the decision towards taking over the family business instead of becoming an employee elsewhere for all the participants in the study. Of the 14 people interviewed, 13 talked extensively about the company history and the family legacy. There was clearly a lot of pride in the discussion of company history and the family legacy behind it. All companies interviewed were at least in the third generation. Some of them had owned the company for over four generations. This is an exceedingly rare occurrence (Ward, 2016). Even though all participants claimed that there was no outspoken obligation to enter the family business, most participants gave the impression that there was a subconscious obligation to continue the legacy.

The emotional aspects in a family business succession are not only important from the predecessor's point of view but also from the successors. According to Schröder (2017), the emotional motive in family business succession plays a remarkably important role in the decision-making process. In one study (bundesweite gründerinnenagentur, 2005), the male respondents considered family tradition to be even more important than the female ones did.

This leads to the conclusion that emotional aspects, such as tradition and family business legacy, may have a crucial impact on the entire business succession process (LeCouvie & Pendergast, 2014).

6.3.1 Definition of Tradition

Tradition can be determined in multiple ways and in different contexts, such as economic, family, religious, cultural, or philosophical contexts. This diverse use suggests that the term tradition may also have different connotations (Bronner, 2011). From the perspective of the meaning of the word, "tradition" derives from the Latin words *tradere* or *traditio* that can be translated as "handover," "delivery," or, in this case, "succession." Thus, tradition and (business) succession have a similar origin (Quinn, 1997). Eisenstadt (1973) provides a first approximation of this complex term, listing five ways of understanding tradition:

1. Tradition as an accumulation of all customs: Something that has been gathered, a collection of what is or should be valid.
2. Tradition as a link to the past: This is linked to the validity of the past, which provides orientation and through which the present is considered in retrospect.
3. Tradition as an unquestionable acceptance of customs and symbols: Because they are accepted and one almost automatically aligns oneself with them and appeals to them, they are hardly ever explicitly questioned. They are functional and largely not reflexive.
4. Tradition as the legitimation of these customs and symbols through the past: The behaviors developed, and the symbols used, are justified by their use in the past.
5. Tradition as a decoration of the past under the sign of holiness: The problem lies in the unreflective handling of traditions, for example, that

they are insisted on out of firm conviction with the result that even their discussion is socially undesirable, and they are immunized against criticism, becoming inviolable.

6.3.2 Tradition in Family Businesses

Besides the common origin of the terms “succession” and “tradition”, family businesses are characterized by the fact that the entrepreneurial family plays a formative role in the way in which entrepreneurial thinking and acting occur (Hnátek, 2015). This influence clearly distinguishes them from other companies (Bettinelli, Sciascia, Randerson, & Fayolle, 2017). Despite all the ambivalences that must be overcome, it makes them more competitive and more durable. Because tradition in family businesses is also very much about their own history as an entrepreneurial family, it can be assumed that tradition in medium-sized family businesses plays a significant role in self-image and self-portrayal (Carlock & Aronoff, Strategic Planning for the Family Business: Parallel Planning to Unite the Family and Business, 2001). This shows a conscious handling of the past. From the beginning or throughout the company's history, values and practices have developed that have become principles of thought and action for "proper corporate management" (Beckers, Boni, Fenton, Gil-Casares, & Vad, 2020). In family businesses, they are strongly tied to the founder or the entrepreneurial family. The achievements of individual founding and entrepreneurial personalities and the previous generations are used as emotionally high benchmarks for the present and future, which must be maintained and updated (Bettinelli, Sciascia, Randerson, & Fayolle, 2017). In this context, tradition-oriented awareness means that it is known

and recognized that tradition is particularly important as a commitment to one's roots, with all its conceivable manifestations on the value and action level and is acted upon accordingly (Carlock & Aronoff, *Strategic Planning for the Family Business: Parallel Planning to Unite the Family and Business*, 2001).

Family businesses develop an extraordinary awareness of what makes them special regarding their identity: their company history, from which tradition and traditional patterns of thought and action have developed. Family awareness and awareness of tradition are intricately linked (Chapman & Sisodia, 2015). This reflexivity is, among other things, reflected in corporate principles. Guiding principles can be read from them, from which certain patterns of action are established that sometimes make the corporate culture unique (Poza & Daugherty, *Family Business: Fifth Edition*, 2018). Tradition in family businesses is about a lived heritage, something that has survived for a long time and runs through the company's history in its evolutionary steps for good reason and with conviction (Daliborka, 2017).

Within family businesses, tradition is often perceived and lived as the preservation of something that has been tried and tested. Reflecting on its beginnings in the sense of a retrospective, constant perception of roots adjusts the current spotlight when dealing with an uncertain future. Tradition can set the course for the future and set a target as well as being bound by iron "laws" (Dyer G. W., 1988). Regardless of how strong the traditional core of the individual family company is, this results in a focus that predetermines options for thinking and acting. This serves as self-insurance of one's own thinking and actions and is

therefore strategically relevant (Chapman & Sisodia, 2015). What has been achieved, which can be characterized as success even if the company only continues to exist (perhaps over several generations) extends into the present and, as a basis of trust, significantly frames behavior. This can be equivalent to a standardization to which one feels permanently committed. On the one hand, acting in conformity with tradition ensures legitimacy. This rule-compliant action, on the other hand, guarantees uniformity and stability because it secures continued existence adhering to certain enduring principles that are firmly anchored in consciousness (Dyer G. W., 1988).

For successful corporate growth to be secured in the long term requires a conscious and precisely planned handling of the established values and patterns of action within the company. It is of great importance that not only the owner of a family company and all family members but also all members of the company, for example, the employees, and the immediate social and regional community are aware of the topic of tradition (Chua, Chrisman, & Sharma, 1999). This is where the socially integrative function of tradition comes into play. Family relationship patterns characterize the corporate culture, which can promote identification with the company (Barnett & Kellermanns, 2006). It can be assumed that family businesses in which tradition is lived authentically with and toward customers and suppliers are particularly successful over the long term. They distinguish themselves through the fact that tradition has a level of values and actions both internally and externally (Bettinelli, Sciascia, Randerson, & Fayolle, 2017). In this respect, one could want to understand tradition and thus the entrepreneurial family

as a strategically and operationally relevant resource, power, source and, perhaps, a strategic success factor. Family businesses potentially gain a comparative competitive advantage from these specifics, including the unique selling point (USP) (Astrachan & Botero, 2018). The difficulty or the landmine lies in living tradition and at the same time promoting the progress and development of a company in family hands with the aim of continued existence and further success and growth. Flexibility and creativity must not be hampered or prevented by an overly rigid corset of traditions. Family businesses gain strength from experience but certainly not from the fact that they cannot be changed. This is the only way to maintain well-tried traditions over several generations: to use them as a competitive advantage for the future and to use them to survive in the market over the long term (Zachary, 2011).

The understanding of sustainability and continuity is developed differently from the perspective of the family as a social system (Barnett & Kellermanns, 2006). The continued existence of the company is ideally tied to the handover of responsibility to the next generation. As the succession of the company management is usually clarified and regulated within the family, a long-term perspective of thinking and action is provided almost automatically. Dealing with time and change is measured by the generation of the entrepreneurial family, not by the market volatility of the current competition. The family heritage includes the management of the family-run company according to proven principles (Carlock & Aronoff, *Strategic Planning for the Family Business: Parallel Planning to Unite the Family and Business*, 2001). The handover, as an already difficult transformation,

also calls into question tradition and its validity, which should be passed on and continued. If the handover happens and succeeds, it shows a special awareness of traditions, which continue to prove themselves as success principles on the level of values and actions. Even if the business concept is put to the test, the foundations are not or only rarely shaken. However, this causes irritation for the well-rehearsed, well-established system of action (Astrachan & Botero, 2018).

6.3.3 Relevance in Family Business Succession

All parties interviewed talked a great deal about tradition and their pride in the family history of their companies. Although with no exception they all claimed that there was no obligation for the successor to take over the family business, this factor played an important role when making the decision whether to take over the family business or not. As the management of change and the development of the company is highly dependent on the person in charge, the reasons for taking over that position are also highly relevant (Mandl, 2008). The reason why the family business is taken over shows the attitude of the successor to change and defines his or her actions and interactions about change and company development (Barki & Huff, 1985).

Company-specific tradition also provides significant information about these issues. Certain lived values, entrepreneurial patterns of action, rituals and customs, beliefs, proven production methods, processes and, for example, recipes can be hidden behind the tradition (Aleem & Islam, 2009). The transmission of tradition takes place within a social structure or between generations, mostly the predeceasing and succeeding parts. In these ways, the relationship between the

successor and the predecessor is also key, which is discussed in more depth in a following chapter (King, 2003).

6.4 Female Business Successors

Although there were no outspoken obligations, the interviews have shown that there is a clear preference of family business successors towards family-internal business succession²⁹. In the building material trade industry, female business successors were of rare occurrence and most businesses were handed over one or multiple sons of the family business owner.³⁰ Multiple research papers (Ahrens, Landmann, & Woywode, 2015; Dahl & Moretti, 2008; McGowan, Cooper, Durkin, & O'Kane, 2015) have shown that this observed lack of female business successors could have an impact on the succession process in family businesses. The topic is therefore relevant in regard to this research as well. Since not many female business successors could be found in the industry, no comparison could be drawn at this point. Thus, the possible impact justifies a deeper literature about the topic at this stage of the research.

A study by Dahl and Moretti (2008) demonstrates a clear preference for sons rather than daughters as business successors. This study is confirmed by Ahrens (2013) and the interviews showed a similar direction. According to the study, on average, a predecessor is more likely to hand over the business to family members if there are sons involved. There are even indicators that senior entrepreneurs are already considering these aspects when planning a family. In these cases, they continue to have children until a son is born (Dahl & Moretti,

²⁹ See chapter 5.2.4

³⁰ See chapter 5.2.3

2008). A rise in nepotistic behavior among predecessors is also observed when sons are involved. However, it is noted that when a woman is considered as a business successor, she is likely to have higher human capital on average compared to successor sons. As a result, companies with women as business successors show a better business development on average, which leads to another conflict that needs to be analyzed (McGowan, Cooper, Durkin, & O'Kane, 2015).

Female leaders tend to take fewer risks and invest less compared to male counterparts. Multiple papers (Lane, 2005; Linstead, Brewis, & Linstead, 2005; Robert & Dempster, 2002; Ely & Meyerson, 2000) have addressed the differences between males and females in the implementation of change. Women are also considered to be more risk averse than men (Chien, Cole, & Lustig, 2014; Sapienza, Zingales, & Maestripieri, 2009; DellaVigna, List, Malmendier, & Rao, 2013). The lack of female successors could have an impact on the type of changes and the ease of implementing change during times of business succession.

Although these findings underline the importance of objective selection and evaluation criteria during the succession process, they do not explain why family businesses often show higher operational margins and higher ROIs and are therefore considered to be more successful (Miller & Le Breton-Miller, 2003; Bozer, Levin, & Santora, 2017; Miller D. , Le Breton-Miller, Lester, & Cannella Jr., 2007).

Especially in the business areas covered by this research, female business successors were rare. The lack of female business successors in the wholesale building materials and home improvement retail industry is partly occasioned by

the norms of society. The widespread traditional views of the senior entrepreneurs who are transferring their power and the barriers that potential female successors face are further reasons (Vera & Dean, 2005). Thus, due to a lack of (potential) female successors, this topic could not be addressed throughout the interviews. However, the topic is addressed in this research as the literature showed that it is an important factor regarding the impact of business succession on change management.

The most effective support that a predecessor can provide a successor is absolute confidence and trust (Ahrens, Landmann, & Woywode, 2015). Since this trust was apparently not present in many cases, doubts of their own abilities were raised in many of the interviews with female successors in Ahrens et al.'s study (Ahrens, Landmann, & Woywode, 2015). It remains the case that, despite successes in achieving occupational equality, only a few entrepreneurs consider transferring their company into the hands of their daughters (Moog & Soost, 2014). For many entrepreneurs, this is only an option when no suitable male successor is available. Even when a female successor was an only child, the transfer to the daughter was first denied by the senior manager in many cases. This occurred primarily in industry sectors that are traditionally dominated by men (Kay & Güterberg, 2019).

In cooperation with the BMFSFJ,³¹ Haubl and Daser (2006) examined 53 extensive interviews with entrepreneur daughters who either successfully took over a family business or who have strong intentions to take over the family business within the next few years. The interview partners came from families with

³¹ Bundesministerium für Familie, Senioren, Frauen und Jugend

companies of all sizes in different industries throughout Germany. The aims of the study included finding the success factors in the transfer of companies into the hands of daughters and identifying better ways to design the succession process and to improve the daughters' chances of success. One of the results of the interviews revealed that both a persistent conflict with the preceding generation and a too close father–daughter relationship can threaten the takeover and the successful management of the company. Overall, it was shown that female successors at the management level are equally successful as succeeding sons, even in sectors that are generally dominated by men. However, in relative terms, women are chosen less often than men when it comes to the succession within a family-owned company. This even applies when the women have higher qualifications than their male competitors. Haubl and Daser (2006) highlight that family-owned companies are often still organized as male associations, in which women operate in the background and defuse conflicts between male family members.

Based on an analysis of secondary statistical data, Isfan (2002) found that, compared to men, the potential for a company takeover by a woman are limited to the very restricted professional specialization of female workers in commerce and service-provider sectors. Since founding or taking over a company is generally associated with a learned profession, the small proportion of women, who make up around 30% of all self-employed persons and entrepreneurs, is limited to few sectors (Röhl & Schmidt, 2010). These sectors also exhibit a lower development potential compared to, for instance, companies founded in the processing sector,

which can grow quickly and exploit transregional markets. Isfan (2002) therefore suggests that the typical female-specific employment selection limits the circle of potential female successors. For several years, in Germany, ranking lists for female and male apprenticeships and preferred study programs have consistently provided little encouragement that anything has changed since the study was conducted in 2002 (Schulte, 2019). Exacerbating the situation, women tend to show less variation in their occupational choices than men, who scatter into the numerous existing professions. Notably, women much more rarely select professions in the industrial-technical sector.

Another finding of the literature review was that women more often aim for self-employment with a more manageable lateral load, particularly when leading a smaller company: Part-time or full-time self-employment is still typical for women (Kay, 2020). This is due to the family situation: Employment histories of women are marked by more frequent interruptions compared to those of men. The main factor is the birth of children (Jäkel-Wurzer & Ott, 2014). Women with children use the flexibility that a self-employed occupation offers much more often than men, since their goal is to better reconcile work and family (Röhl & Schmidt, 2010). It is important for them that the total number of work hours within the company still leaves time for the family.

According to an analysis by the German Economic Institute (Röhl & Schmidt, 2010), family time is restricted when leading a larger company. Particularly for male successors, who tend to lead larger companies than women on average, the workload in the case studies is remarkably high. The possibility of

using all-day child-care facilities can at least partially alleviate the load for both women and men. In addition, quality time can be increased by effective time management and by using opportunities to delegate tasks while leading the company.

6.4.1 Human Capital and Success

The interview section showed that mainly sons took over the family firm, although some of the succeeding sons claimed that they had sisters³². A study by Ahrens (2013) has shown that in 79% of the cases where the predecessor had at least one son and one daughter, a son took over the family firm. This preference toward male business successors could be detected even more clearly when the predecessor had either only sons or only daughters. When there were only sons in the family, in 94% of the cases, the son took over the family business; when there were only daughters, a daughter took over in only 21% of the cases. The chances of a family internal business succession were significantly higher when male children were involved. The study also supports the thesis that family business owners who wished to hand the business over to their children planned the family structure accordingly and “increased the number of children until at least one son was born” (Ahrens, 2013, p. 103).

At the same time, compared to male business successors, the female business successors were equipped with significantly higher human capital. Apart from being older by 11 years on average, female business successors had a significantly higher mercantile education. The higher human capital led to 14%

³² See chapter 5.2.3

higher profit margins for the family firms that were taken over by female successors, while their male counterparts decreased profit margins by more than 7%. This observation remained even when taking industry and performance trends into account and neutralizing external industry factors (Ahrens, 2013).

However, Ahrens' (2013) findings must be contextualized, as his study also states that the general CEO labor market for family businesses is limited to family members. The fact that mostly men take over the family firm leads to the fact that there are more men in the sample compared to women. While the low percentage of women suggests that the selection of a woman for the position as business successor is more selective (cherry picking), it is likely that there are more weak male candidates in the sample pool (Akerlof, 1970). This would in turn lead to higher human capital among the female business successors compared to the male counterparts (Kay, 2020).

According to Pahnke et al. (2017), the gender of the business successor has no impact on the sales development and accompanying success of a family firm. This thesis is supported by Moos and Soost (Moog & Soost, 2014), who have considered multiple factors such as sales, employment, and satisfaction as possible success factors.

In summary, it can be said that the gender of the business successor has no to little impact on a company's performance after finalizing the succession process. Female business successors were on average at least as successful as their male counterparts. There is slight evidence of higher human capital and better company performance for females in family businesses when the pool of potential

successors is strictly limited to family-internal business successors. However, this must be contextualized, as there is a clear preference for male business successors in this case. Although there is no clear conclusion whether female business successors have a positive impact on the company's performance, there is enough evidence to show that, on average, female business successors do not affect the company's performance negatively when compared to their male counterparts.

6.4.2 Change Management with Female Business Successors

The preference for male business successors over female ones might have little to no negative impact on the company's performance, but it could have an impact on the management organizational change. Research has shown that there is a difference between males and females when it comes to change management (Lane, 2005; Linstead, Brewis, & Linstead, 2005; Robert & Dempster, 2002; Ely & Meyerson, 2000). In addition, women are more risk averse than men (Chien, Cole, & Lustig, 2014; Sapienza, Zingales, & Maestripieri, 2009; DellaVigna, List, Malmendier, & Rao, 2013). Since the lack of female successors could have an impact on the type of changes and the ease of implementing changes, it is highly relevant for the research area of this paper and is considered in more depth in section 7.3.2.

6.5 Educational Background

The interviews showed that even though there was no outspoken obligation for the successor to take over the family business, they often wanted to continue the family legacy. This goes in line with the predecessor's favored family-internal

business succession and was underlined by an early preparation of the potential business successor for their role in the family firm.³³ According to Ahrens (2013) this preference towards family-internal business succession however leads to a limited pool of succession candidates and can have an impact on the company's implementation of change. The study shows that on average family-internal successors have lower "human capital, such as academic degree and leadership experience" (Ahrens, 2013, p. 11) compared to external successors due to a less strict selection process. Thus, especially regarding the academic degree, the interviews of this research showed different findings. Except for one business successor all interviewed successors went to business schools or universities and had at least a bachelor's degree.

Apart from the fact that business successors in family businesses grow up with the company, they often start working in the family business at an early age. With no exception, all interviewed business successors claimed that they started working in the family business at an early age, started at the bottom of the company hierarchy, and went from there through different stages of the organization. This led to a high level of acceptance among employees. Combined with positive relationships to the family members in the business, the level of conflict was reduced in this way and a trust base with shared values was generated among all individuals. Morris et al. (1996) report similar findings in their study.

For a successful business succession, a high level of education and training is fruitful (Davis & Harveston, 1998). A high level of training paired with a good

³³ See chapter 5.2.5

educational level correlated positively with company performance after the transition process (Morris M. H., Williams, Allen, & Avila, 1997) and may lead to an increase in company profits (Rowe, Cannella, Rankin, & Gorman, 2005). More company involvement and education also improved the picture regarding the succession process and may lead to better understanding among the individuals affected, even when no formal succession plan has been written (Handler, 1994).

Although there is only limited research on the impact of the successor's age on the succession process, in Ahrens study (2013), human capital was not only correlated to the educational background, but experience was linked to the successor's age. However, Ahrens addresses multiple indications that might explain this conclusion. In contrast, the age of the predecessor is often linked to succession planning (Murphy & Lambrechts, 2015), which is mainly linked to the predecessor's and company's life cycles (Nordqvist, Wennberg, Bau, & Hellerstedt, 2013). The age of the predecessor, in turn, is linked to specific business succession characteristics (Morris M. H., Williams, Allen, & Avila, 1997).

The limitation of the pool of potential succession candidate in family businesses is one of the main points raised by Ahrens (2013) in his quantitative study on the combination of business succession and change management and in therefore also addressed in the course of work of this research. Summarized it can be said that the limitation of the pool of potential candidates could have an impact on the business succession and on the implementation on change (Ahrens, 2013). However, in this study, the interviews showed different results. Although the

business successors entered the company at a relatively young age, their academic degree and their level of training was remarkably high.

6.6 Financial Aspects of Family Business Succession

The interviews showed that besides the subconscious obligation to continue the family legacy and fulfill family pride and the early education and preparation of the successor, there were other factors that influenced the decision to take over the family business. According to the interviews, the decision towards family business succession was also based on financial aspects.³⁴ Family businesses in Germany are often more profitable, stable, and viable than all other forms of business (Miller & Le Breton-Miller, 2005). Especially in the building material trade industry, mostly family businesses are leading the industry.

Many research papers focus on reasons for family-internal business succession (Bennedsen, Meisner Nielsen, Perez-Gonzalez, & Wolfenzon, 2007; Miller, Steier, & Le Breton-Miller, 2003; Sharma, Chrisman, & Chua, 2003; Aleem & Islam, 2009). Most analyze the predecessor's decisions and attitude toward the succession process of the company. However, throughout the interviews it became clear that the succession process in family businesses is highly dependent on the family of the predecessor (Aronoff, McClure, & Ward, 2003). According to the interviews, not even half of the predecessors interviewed had a written succession plan, even those who had prioritized family-internal succession.³⁵ For all parties involved, passing the company to the next generation seemed the rational and normal way of continuing the company. To be able to do so, the willingness of the

³⁴ See chapter 5.2.7

³⁵ See chapter 5.2.5

children, nephews, and other relatives was needed. Even though some predecessors had thoughts about other succession scenarios and took them into consideration, with no exclusion they all stated that the family-internal succession was the most favorized solution.³⁶ After developing the family firm for many years and putting in a lot of work and effort, the interviewed predecessors seemed to have the wish to hand it over in caring hands. For them it seemed to be important to hand the business over to someone they have the trust in that the company is further developed in their interest.³⁷ Since the trust in the own family is often higher than the trust in external third parties this underlines the wish of the predecessor towards a family-internal successor (Sundaramurthy, 2008).

In most of the cases the family firm was not seen as the company of the predecessor, but more like an asset that is owned by the entire family. According to Isaac (2014), a family firm can either be seen as an “investment asset” or as an “operating entity.” In many family businesses, the family firm is not only the biggest asset but also the greatest investment (Bennedsen & Foss, 2015). It is often not only seen as an investment of the managing family member but of the entire family and, therefore, also the potential business successors. As a result, not only the company owner’s or predecessor’s opinion is key, but also the opinions of the entire family, especially those of potential business successors (Shepherd & Zacharakis, 2000).

³⁶ For example, Interview 6: “Then, we thought about bringing in an external manager, but it made much more sense to keep it within the family.”

³⁷ For example, Interview 4: „It would be really nice if someone from my family continues where I leave.”

Although the firm often represents the largest financial asset, the owners often do not pay attention to the value of this asset. However, a (potential) business succession process, no matter if it is a family-internal generational transfer or an external sale, makes considering the value of the asset inevitable. Reasons for this can be multi-dimensional. In family-internal evaluations, reasons are often tax-related, while externally the evaluation is inevitable when discussing a potential sales price (Csákné Filep & Karmazin, 2016). Tax-related aspects, for example, were often addressed by the interviewee and will be readdressed in more depth in the course of work of this research.³⁸

During the interviews, all interview partners said that the family, or at least multiple family members, were involved in the decision to pursue a family-internal succession or a divestment process. While considering these matters, it is inevitable to be confronted with the company's value and its accompanying future financial possibilities (Gallo, Tàpies, & Cappuyns, 2004). Many interviewed business successors felt that taking over the family business was not only a matter of pride and legacy but also a "safe haven," so they voted to take over the family business themselves. Besides the emotional aspects linked to tradition and pride, financial aspects played an outstanding role in the interviews. The more financial freedom and future are expected when taking over the family business, the more appealing the firm becomes and the more eager and willing a family member will be to take over the family firm. Therefore, family members are more likely to strive for a position in the family business when the family business is highly profitable (Björnberg, Dias, & Elstrodt, 2016).

³⁸ In chapter Fehler! Verweisquelle konnte nicht gefunden werden.

6.7 Conclusion

Summarized, it can be said that family businesses and the succession of family businesses show some unique characteristics. The interviews showed a special pride among family business predecessors and successors. This pride is described as Socio-emotional Wealth or SEW aspect in the literature (Gomez-Mejia, Cruz, Berrone, & De Casto, 2011; Gomez-Mejia, Makri, & Kintana, 2010; Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Gomez-Mejia, et al., 2014; Gomez-Mejia, Welbourne, & Wiseman, 2000; Berrone, Cruz, & Gomez-Mejia, 2012) and has an influence of both, the decision towards the family business succession of the aspiring business successor as well as decisions made by the person in charge. Although the SEW aspect is not the only driver for business successors towards family business succession, it was mentioned by most interviewed successors as the main reason for family business succession.

SEW aspects can not only be found among the business successors. They also play an important role for predecessors whose underlying wish is often the family internal business succession. Although this underlying wish is often not outspoken and there is no obligation for the business successor to take over the family business, predecessors start to prepare the (potential) business successors already at an incredibly early age. Business successors often start joining company events as children and work in the company in their vacations while predecessors finance their yet potential business successor's educational career. Family life and business are often considered as something that cannot be separated as the family

is part of the family business which strengthens the drive towards the family business.

However, the SEW aspect is not the only driver of family business succession. The interviews showed that financial aspects and the possibility to develop and shape a company that is facing various investment opportunities are also important drivers for the aspiring business successors. These aspects boost the propensity towards change among the family business successors and are therefore important for the further development of the thesis. Figure 8 provides an overview of these family business succession drivers:

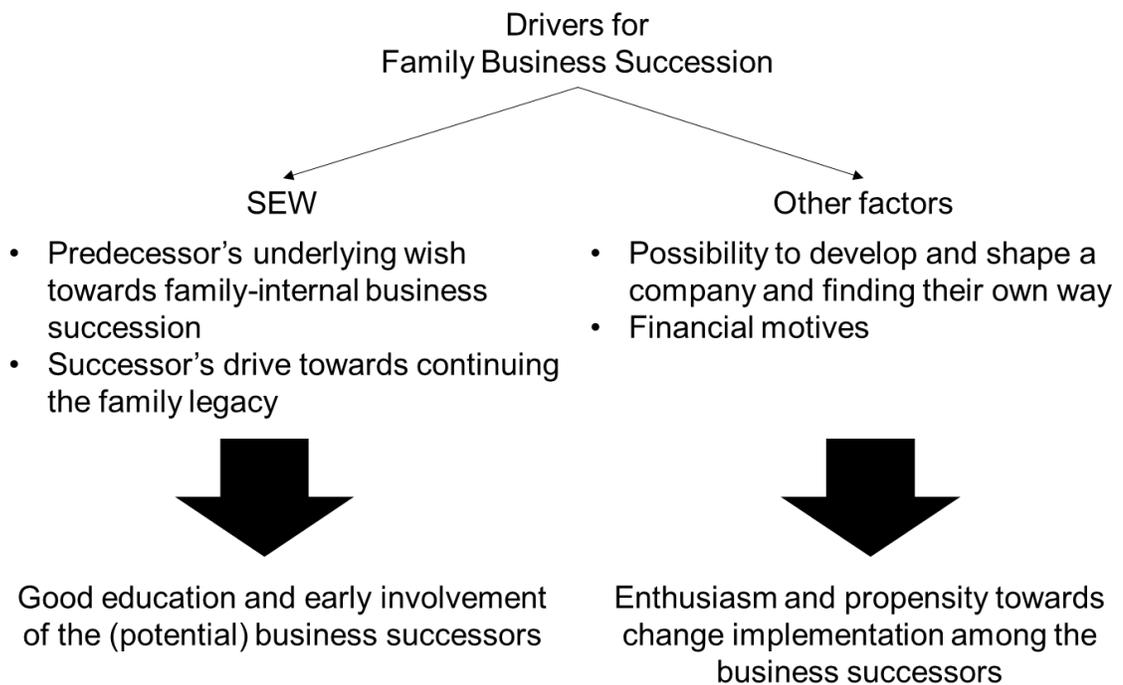


Figure 8: Drivers for Family Business Succession (own figure)

7 Change Management in Family Firms

This chapter aims to provide a deeper understanding of change management and characteristics of family businesses regarding change implementation. It addresses key aspects of change management in family businesses and provides the foundation for the combination of the change management and business succession and the elaboration of the impact of business succession on change management.³⁹ It addresses characteristics of family businesses regarding change management from interview findings.

In order to get a better understanding of change management the base is addressed throughout this chapter. As described in chapter 2.2 change management refers to ongoing changes in an organization's structures. The change can arise out of changing environmental or general conditions, while the management of it can either be a planned process to adapt to these expected changes or emerge unplanned as a reaction of the change (Cameron & Green, 2020).

While family businesses are often perceived as sluggish, old-fashioned, and plagued by nepotism and family disputes, systematic studies have shown them to be extremely successful (Miller & Le Breton-Miller, 2005). In 2019 alone, the largest family businesses in Germany grew by 4.8%. In addition to flexibility and speed in adapting to markets, research and innovation are the cornerstones of the success of German family businesses. With 6.1%, the top 1000 family companies reported a high average research and development share to the German economy ranking editors. In addition, 44% of the companies stated that they are active in

³⁹ Following in chapter 8

research collaborations, and as many as 61% have university partnerships (DDW Redaktion, 2020). This provides an overview of how innovative family businesses in Germany are in general.

7.1 Financial Aspects

On average, family businesses have a higher equity ratio compared to non-family businesses (Gallo & Vilaseca, 1996). A reason for this is rooted in the fact that family businesses have a strong desire for financial independence want to prevent the loss of their business at all costs. Therefore, they drive for autonomy. Some interview partners confirmed that drive towards autonomy, for example by investing in own IT structures, or by putting family members in key positions to stay independent of family-externals. This striving is highlighted as one of the most important goals of family businesses (Achleitner, 2010). Conversely, this means that external shareholders do not represent an alternative to external capital for family businesses (Achleitner, Braun, Engel, Giffe, & Tappeiner, 2010). These self-imposed financial restrictions have negative impacts on the implementation of change and investment in innovation and could mainly be found among patriarchic predecessors and decrease in the following generation (Blanco-Mazagatos, de Quevedo-Puente, & Castrillo, 2007).

According to a study by Lichtenthaler and Muethel (2012), which took place in 119 family businesses in Germany, the ability to innovate increased the higher the family influence. However, family businesses were not able to successfully use these advantages in the further implementation process. An explanation could lie in the fact that different financial capitals are needed in different phases of the

innovation process (Milling, 2002). The upstream phase—the observation of the market to discover new developments, the assessment of their relevance, and possibly necessary modifications to the company—does not require a high capital input. It can be realized to a large extent using existing work processes. The implementation from idea to marketability, however, is more resource-intensive and therefore additional manpower and financial capital are needed. Due to the financial independence requirements of family businesses, innovation projects are often not progressed to the next development phase (Milling, 2002).

7.2 Specific Human Capital

The knowledge base is one of the most important factors when implementing changes. Besides existing knowledge gained through training and experience, this includes the ability to share specific knowledge within the company and to absorb new knowledge (Wang, He, & Mahoney, 2009). Often, the culture in family businesses leads to a closer relationship between the owner⁴⁰ and the employees, which leads to a higher degree of communication and knowledge transfer and subsequently increases the ability to innovate (Olson, et al., 2003). This was also confirmed throughout the interviews. All companies had a low employee fluctuation, exceptionally high length of service among the employees, and a good relationship towards the employees.⁴¹

An empirical study by Georg and Rösen (2011) confirms that young professionals rate the general work atmosphere in family businesses higher than in public companies. It is in the interests of the owner to create this culture and invest

⁴⁰ In many cases, even the owner family

⁴¹ See chapter 5.2.2

in the specific human capital of the employees as it leads to higher employee satisfaction and less employee fluctuation. In turn, this low employee fluctuation leads to the amortization of investments in training and strengthens specific knowledge in the company. In this context, specific knowledge is referred to as tacit or implicit knowledge and describes knowledge employee or company knowledge that is transferred and expressed through behavior or actions. In contrast to explicit knowledge that can be expressed and learned, implicit knowledge cannot be expressed or learned easily (Williams & Mullane, 2019). Since innovation activity is positively correlated to specific knowledge and the company culture, companies with specific knowledge and low employee fluctuation have a higher grade of innovation activity (Wang, He, & Mahoney, 2009).

On average, family businesses tend to employ fewer short-term employees and rely on permanent staff, which also give rise to investments in specific knowledge. Therefore, they have advantages when developing innovations or individual customer solutions. In summary, it can be said that family businesses tend to have a larger core employee base and invest more in specific knowledge, which leads to an increased level of innovation capabilities (Werner & Mohr, 2013).

7.3 Risk Behavior of Family Businesses

The success of change implementation is highly correlated to risk taking and risk behaviors (Decker, et al., 2012). As the interviews and the literature review have shown special risk behaviors in family firms, this aspect is elaborated in more depth throughout this chapter.

Besides the common company goals, (personal) “family goals” also play an important role in family businesses⁴². Family goals are goals that are exclusively related to the family business and can only be pursued by them. The importance of family goals is positively correlated to the family impact in a family firm and can even overwhelm common company goals, such as increasing net revenue or growth (Schömer-Laufen, Schröder, Kay, & Lamsfuß, 2013). One major family goal is the handover of the company to the next generation (Williams, Pieper, Kellermanns, & Astrachan, 2019).⁴³ Planning for the next generation implies a long-term orientation, especially toward the employee base and market strategy (Aleem & Islam, 2009).⁴⁴ As a result, family business decisions are often not only rationally inspired, but also take family goals into account (Gersick, Davis, McCollom, & Lansberg, 1997). Especially, when these family goals are at present corporate strategy can differentiate between family and non-family firms (Carlock & Ward, 2001).

Due to this special behavior of family business owners, different risk behaviors in companies managed by owners and those managed by external parties occur (Sharma P. , 2004). In many family businesses, the family firm is not only the main source of income but also the biggest financial asset. Riskier investments are not only correlated to employment risks but also to substantial asset risks. A failing innovation process could threaten the economic existence of

⁴² See chapter 6.2 and 6.3

⁴³ See chapter 5.2.1 and 5.2.4; and for example Interview 3: “I would not have invested that much if I did not know at this point that my children will enter the business”

⁴⁴ Interview 5: „When my father asked me, he was 50 years old. It was foreseeable that he would continue for another 20 or 25 years, but in a family business you tend to plan more prospectively in 50 or 100 years. That is quite a difference.”

the owner's family, which leads to more conservative investment decisions.

Therefore, the family business owner will carefully weigh in advance what risks are associated with an investment (Rondi, Massis, Alfredo, & Kotlar, 2019).

7.3.1 Socioemotional Wealth Aspect

The SEW approach states that the risk behavior of decision makers in family businesses depends on problem framing and risk bearing.⁴⁵ The neutral reference point is the current SEW of the company or family (Berrone, Cruz, & Gomez-Mejia, 2012). Before deciding, family members formulate and evaluate all entrepreneurial problems either positively, as possible profits, or negatively, as possible losses, in terms of SEW. In the case of positively formulated decision alternatives, family members tend to act conservatively; they are prepared to accept higher risks in the case of negatively formulated problems. In addition, decision makers perceive the loss of socioemotional capital as a personal loss, which increases their willingness to take risks in a neutral way. Under certain circumstances, this can lead to the founding family accepting poor company performance or even risking business failure to prevent a loss of emotional capital (Csákné Filep & Karmazin, 2016). The risk that the failure of the company could result in the loss of the entire SEW seems to be accepted by entrepreneurs.

According to the concept of loss aversion, losses are of greater importance to the decision maker than profits. As a result, the preservation of the SEW (or rather the avoidance of losses of SEW) becomes the most important goal of the decision maker, while financial aspects are neglected. The BAM has developed the

⁴⁵ See chapter 6.2

idea that the strategic orientation of a company is significantly influenced by the goals and ideas of the most important decision makers (Berrone, Cruz, & Gomez-Mejia, 2012). Since such positions in family businesses are usually filled by family members, their primary goal, the preservation of the SEW, also becomes the primary goal of the company. As a result, the entire strategic orientation of the family business is based on this maxim (Gomez-Mejia, et al., 2014).

In addition to the factors influencing the behavior of decision makers as explained above, family businesses have another special feature. Due to the overlap between family and company, there are particularly frequent cases in which principals and agents are embodied in one person. This is the case, for example, when the owner is also the head of the organization. In contrast to the shareholders of listed companies, the owners of family-owned companies generally do not have the opportunity to secure their assets by diversifying their investments or to reduce their personal investment risk. Their private wealth normally depends exclusively on the family-owned company.⁴⁶ This special situation also influences the risk behavior of the participants in a family business. However, the assumption often presented in the literature that exempt private companies are, due to these special conditions, always more risk-averse than other enterprises (Hernández-Perlines, Moreno-García, & Yáñez-Araque, 2019).

7.3.2 Gender Aspect

Apart from financial and socioemotional aspects, there are also gender-related aspects that must be considered. This is of relevance since the preference

⁴⁶ In 7 out of the 8 interviewed companies, the family business represented the by far the biggest asset.

toward male business successors could have an impact on the implementation of change throughout the business succession process in family businesses.⁴⁷

According to a study by Paton and McCalman (2008), females tend to have a higher degree of multi-tasking abilities and prefer less systematic mapping and analyzing techniques, while having a broader view of change management approaches. In this study, men appeared more straightforward, with stronger empowering approaches. Therefore, the management of change differs between female and male leaders regarding their ways of working, socializing, and thinking. Nevertheless, both male and female approaches can be beneficial depending on the change scenario (Paton & Dempster, 2002). This study is supported by Linstead et al. (2005). According to the study, female values and female management styles are mainly adopted by women; however, they can equally be adopted by men. In the same way, male values and management styles are mainly found among men, but they can also be found among women. Therefore, it is difficult to draw a conclusion regarding the gender perspective on change management.

Summarized it can be said that the gender does not necessarily allow a conclusion towards the likeliness of taking risks. However, when managing change, most men tend to take riskier decisions compared to most women (Chien, Cole, & Lustig, 2014; Sapienza, Zingales, & Maestripieri, 2009; DellaVigna, List, Malmendier, & Rao, 2013). As men often appear more straight forward, they tend to make decisions faster which leads to greater investments in riskier assets.

⁴⁷ See chapter 6.4

Women in contrast tend to weight-out more and therefore are often more risk-averse (Charness & Gneezy, 2012).

7.4 Conclusion

Summarized, it can be said that change management and the decision towards change implementation in family firms show some special characteristics that stand out from non-family firms. These characteristics are pointed out in the following Figure 9:

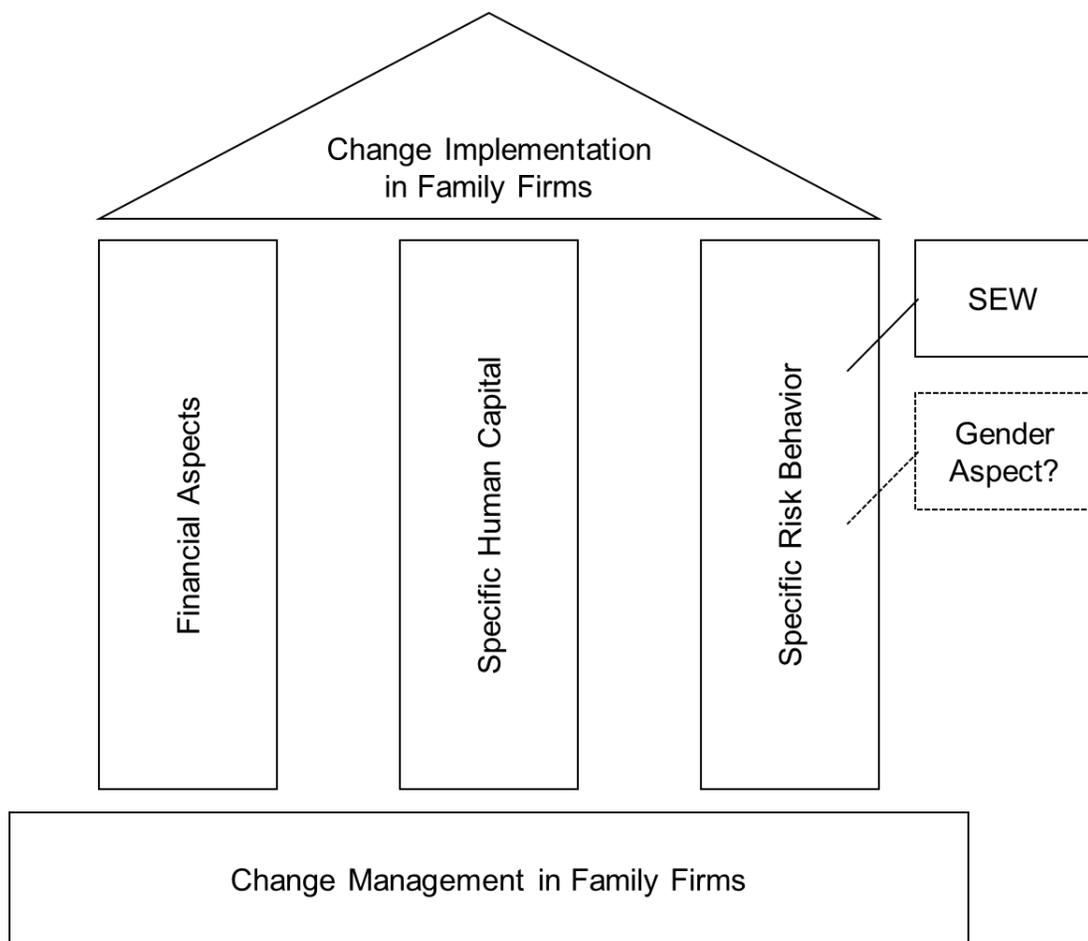


Figure 9: Change Management Characteristics in Family Firms (own figure)

The first pillar describes the financial aspects of family firms. In general, family firms have a higher equity ratio compared to non-family firms. A reason for

that is arises from the pursuit of financial independence. However, this pursuit of financial independence can hinder the change implementation process if the financial restrictions predominate the propensity towards change implementation. A good financial basis on the other hand and the aim to develop the family firm for the next generation can boost the change implementation.

The specific human capital in family firms represents another pillar that partly support the first pillar. Specific knowledge describes employee or company knowledge that is transferred and expressed through behavior or actions. Family businesses tend to have a lower employee fluctuation and a higher degree of communication and knowledge transfer. Therefore, the investment in training and knowledge is more likely to amortize which fosters the decision towards the investment in potentially beneficial changes. The knowledge exchange and the high communication among the employees as well as between the employees and the company owner triggers improvement ideas and fosters the implementation of change.

As a third pillar, family firms show special characteristics regarding their risk behavior. In many family firms, the company represents by far the biggest family asset which can be endangered when major changes occur, or changes are poorly implemented. Therefore, family businesses are often more conservative when it comes to change implementation and the acceptance of risks going in hand with it. However, apart from company goals, family businesses also peruse personal family goals which are related to the family. One major family goal can be the handover of the business. These family goals are sometimes ranked higher than

the common company goals and family business owners are willing to take extra risks to achieve these goals. In this context, SEW plays an important role as well as the potential loss of SEW can also lead to a higher acceptance of risks.

Whether gender has an impact in this context stays unanswered and can be developed in more depth in a separate research. Some literature indicates that there are differences in risk behavior between female and male decision makers, but apart from a brief literature review this topic is not further developed in this research.

8 Impact of Business Succession on Change Management

An important observation throughout the interviews was that, in many business succession scenarios, there was a high level of potential for success-driving developments within the company. These include, among others, online strategies to extend customer range and IT supported ERP systems to reduce costs. In many cases, this potential is simply due to opportunities or developments missed by the retiring senior entrepreneur who did not feel comfortable following these developments anymore. Business successors often entered the family business without a specific task and made use of these missed opportunities by tapping into them and finding their way in the company through project implementation.⁴⁸

In his essay “Some Organizational Consequences of CEO Succession”, Miller (1993) shows that organizations experiencing times of business succession are more likely to implement change. Especially when considering a succession process during a crisis, such as a turnaround or restructuring, companies with relatively low profit margins or in recessing markets demonstrate a higher degree of organizational change. However, relatively little is said about the nature of the change and the effect on the business’s success.

Thus, studies have shown that the implementation of change is not only inevitable for the long-term survival of a company but also has a positive effect on the company’s success (Bhasin, 2012; Smith, 2007; Applebaum, Profka, Depta, & Petrynski, 2018; Lefort, McMurray, & Tesvic, 2015). This is especially the case when the business successor has a high level of human capital that allows him to

⁴⁸ See chapter 5.2.8

spot the necessary implementation of change and implement the right steps accordingly (Ahrens, 2013). At the same time, however, the intensity of change and its implementation are also dependent on the company itself and may vary in different scenarios: In times of turnaround, for example, the intensity of change implementations is significantly higher compared to in normal conditions (Kim & Choi, 2020; Ford, 2009). The interviews have shown that the intensity of change also rose during the business transition process⁴⁹.

8.1 Business Transition

The business transition process is often understood as a change implementation and has therefore been delineated. The transition process is multi-dimensional and affects not only people who are directly involved, such as the predecessor and the successor, but also company internals, such as employees, and even externals: business partners such as banks, customers, and competitors (Barnes & Hershon, 1994).

8.1.1 Theoretical Background

A business transition can be seen as a process with multiple stages (McCann & Gilmore, 1983; Vancil, 1987). Throughout the stages, problems with different characteristics can occur. To be able to overcome the problems and reach the next stage different skills, family developments, and organizational developments must be achieved (Davis & Harveston, 1998). Handler (1994) considered findings from other researchers (Kelly, 1955; Longenecker & Schoen, 1978; Churchill & Hatten, 1987; Lansberg, 1983), combined them with the findings

⁴⁹ See chapter 5.2.11

from interviews with thirty-two predecessors, and formed a model to illustrate the succession process (see Figure 10):

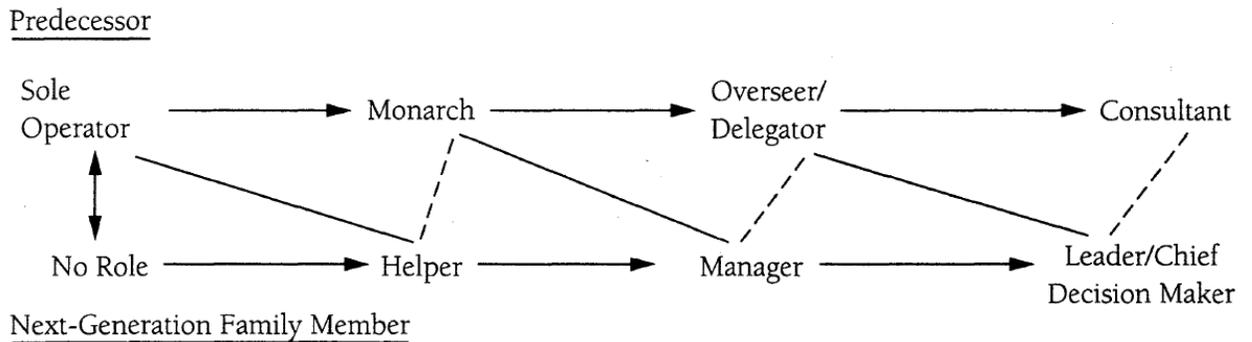


Figure 10: The Succession Process: Mutual Role Adjustment Between Predecessor and Next-Generation Family Member(s) (Handler, 1990)

The predecessor develops from sole operator to monarch to overseer or delegator to consultant. At the same time, the successor moves from having no role to helper to manager and finally to leader and decision maker. The interviews have confirmed that the business successor often enters the family business without a specific task or role and takes over project-based tasks. Except for one interviewee⁵⁰ who remotely takes over projects in the family business while working for another company in the same industry, all interviewed business successors followed the way as described in Figure 10 and have either reached the “Manager” position or even the “Leader/ Chief Decision Maker” position already.

Thus, it is essential that both parties understand their respective roles and act accordingly. If roles overlap, conflicts arise. At the same time, if a gap between roles emerges, certain tasks will not be fulfilled and, as a result, the company’s performance will suffer. At a certain point in time, the predecessor must be willing to relinquish responsibility and the successor should be ready to take it over. In

⁵⁰ Company 3

addition, the family's role in the succession process must not be underestimated. They might not be directly involved in the process but still have a huge influence on both predecessor and successor. Problems within the family usually affect a firm's performance and vice versa (Handler, 1991).

With the illustration, Handler (1994) describes the transition process as a mutual role adjustment process between the predecessor and the successor. He states:

“This role adjustment process typically influences, while lagging behind, the parallel process of the next-generation family member(s), who move through phases of increasing involvement. The lag—the fact that it takes the predecessor longer to move into his roles than the heir—means that the founder or owner may hold onto a former role while the next-generation family member moves into a new role” (Handler, 1994, p. 136).

Key for the success of the transition process is not only the transfer of the equity but more importantly the transfer of decision-making power and experience. The transition process for the predecessor⁵¹ can be as challenging as, or even more challenging than, the transition process of the successor⁵² (Barnes & Hershon, 1994). Nevertheless, both transitions must occur in parallel to finish the transition process successfully. Some companies fail to complete the transition process due to the inability of the predecessor to relinquish control, as the successor can only take over the new role once the power exchange⁵³ is authorized by the predecessor. Although both parties must work through the

⁵¹ From sole operator to consultant

⁵² From no role to leader

⁵³ Dispensed from the predecessor to the successor.

transition process together, in Handler’s study (1991) most successors shared the impression that the predecessor’s influence on the process is stronger. This is why in the illustration the lines from the predecessor to the successor are solid while they are dotted in the other direction.

The transition process is complex and requires complex management abilities combined with multiple financial aspects. It can be an exceedingly difficult process with multiple steppingstones (Williams & Preisser, 2003). Especially in family firms, not only company goals, but also family goals and interests of other family members can play an important role (Williams, Pieper, Kellermanns, & Astrachan, 2019).⁵⁴ Throughout the interviews, family goals and interests of family members were mostly mentioned and played an especially important role throughout the business succession.

8.1.2 Transition versus Change

While a change is an event, transition describes the process from start to finish. In the business succession context, the succession event itself is considered as change while the process of the succession is the transition (see Table 4):

Change	Transition
- External	- Internal
- Situational/physical	- Psychological
- Event-based	- Experience-based
- Defined by outcome	- Defined by the process
- Can occur quickly	- Takes time

Table 4: Change versus Transition (Luecke, 2003)

⁵⁴ Compare chapter 7.3

On the one hand, change is often externally forced: the people affected have only a limited choice in participating in it. Therefore, change can lead to resistance (Zafar & Naveed, 2014). Sometimes, however, it can be planned in a rational manner. Transition, on the other hand, is an internal process. It may lead to change as an outcome, but transition is the psychological process of reaching that point. While change is defined by an event that may occur quickly, transition describes the process before that event (Luecke, 2003).

According to Bridges (1991) transition consists of three stages:

1. Endings
2. Neutral zone (explorations)
3. New beginnings

It may sound contradictory to start with endings, but to start a new chapter and begin the transition process, specific processes, habits, ways of engaging, or ways of accomplishing tasks must be ended (Bridges & Mitchell, 2000). In the business succession context, this means that the predecessor must relinquish not only the company or his or her shares but also the way he or she has lived for probably a major part of his or her life. One interviewed successor said: “My grandfather still comes to work every day at the age of 91 [...] My father and him had many conflicts of authority in the past, because my grandfather could not let go”.⁵⁵ During the interview session, more predecessors talked about this process and the difficulties connected with it. Most of them grew up in the family business, started their professional career there, and had never seen anything else. Some claimed that the company was part of their life and daily routine, so although it

⁵⁵ Interview 5

sounds logical that an old path must be left to be able to start a new one, it can be exceedingly difficult to implement (Aronoff, McClure, & Ward, 2003).

Bridges says, “Even after people have let go of their old ways, they find themselves unable to start anew. They are entering the second difficult phase of transition. We call it the neutral zone” (Bridges & Mitchell, 2000, p. 2). The neutral zone is the intermediate zone that contains many uncertainties: the old path has been left, but the new route has not yet been defined. As this in-between state conceals many uncertainties, it consumes a great deal of energy, and individuals in the process try to escape as quickly as possible. In some cases, they try to go back to old practices and in some cases, they rush into any new situation that occurs without the necessary thought. However, the exploration of creativity is key to successfully steering through the transition process (Luecke, 2003).

The final step is moving forward on the new path. When the change is applied, the new beginnings step is reached. However, it is only successful when subsequently maintained. The entire transition process fails when individuals involved fall back to old manners or processes and do not follow the new path (Bridges & Mitchell, 2000). According to the marathon effect, the higher the management or leadership level of an individual, the faster they go through the transition process, as their experience and goals allow them to see the destination before others even understand the importance of it, as Figure 11 illustrates (Bridges & Mitchell, 2000):

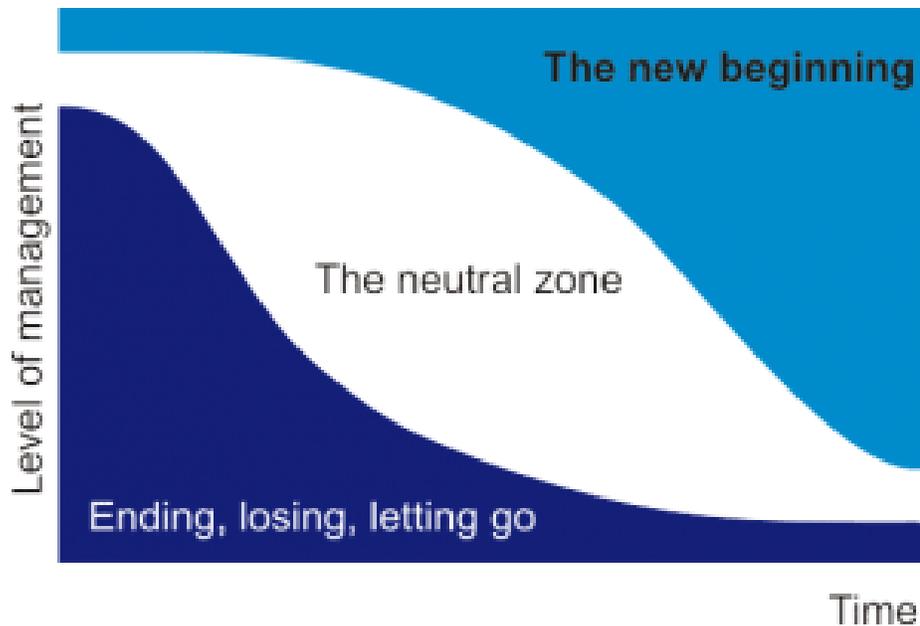


Figure 11: Transition: The Marathon Effect (Morrison, 2012)

Change is inevitably the result or endpoint of a transition process (Bridges, 1991). With an increased level of change implementation among the family business successors, the interviews have confirmed this.⁵⁶ Therefore, the business succession process is positively correlated to change. Regarding the research topic, however, this does not answer the question regarding the impact of business succession on change management. This is therefore elaborated in more depth throughout the following chapters.

8.1.3 Business Transition Process

To be successful, a requirement for every individual involved in a business succession or business transition process is to understand the process (Bridges & Mitchell, 2000). However, predecessors often note the lack of room for maneuver caused by the requirements of daily business as the reason for insufficient strategic planning and inadequate succession planning (Bozer, Levin, & Santora,

⁵⁶ See chapter 5.2.11

2017; Besel, Flores, & Chang, 2021). Waiting usually is the worst solution, while an early, clear definition offers advantages for all parties involved. As unexpected events can occur at any time, the transition and different succession scenarios should be planned and reevaluated regularly, regardless of the predecessor's current stage (Morris M. H., Williams, Allen, & Avila, 1997).

One of the problems of handing over family businesses is the link between succession in the shareholder role and succession in the management of the company (Aleem & Islam, 2009). In smaller family businesses, and especially in the first transition from the founder to his or her heirs, the two roles are usually interlinked, which can become a particular threat to the survival of the business. The founder's interest in fairness—that all children should be treated equally and thus have an equal share in the company inheritance—and the interests of the company—that there must be a clear succession plan—cannot always be reconciled (Handler, 1991). Often there is a lack of comprehensive and well-functioning communication within the family to discuss this conflict with those affected and thus find a solution.

For a successful transition process, it is beneficial to ensure continuity within the company against threatened structural breaks. A one-sided orientation of succession planning to the interests of the company is as inadequately goal oriented as a sole orientation to family matters (Wang, He, & Mahoney, 2009). Both must be considered, as both can lead to structural breaks in the handover phase that endanger the company (Letmathe & Hill, 2006). A pure focus on family matters leads to an undervaluation of company goals which in turn can lead to

modernization and investment backlogs and threaten the long-term survival of the company (Miller, Steier, & Le Breton-Miller, 2003). Leaving family matters completely out, can in turn lead to disparity within the family and among the shareholders which is the most common reason for failure in many family firms⁵⁷.

To reduce the risks associated with the transition process, a well-prepared and structured succession plan is needed. The predecessor needs to be aware of the importance of a succession plan to make time available. The succession plan should incorporate company goals and personal goals (Miller & Le Breton-Miller, 2005). A CEO should start thinking about the succession process at the age of 50 if he or she plans to retire aged 65. Developing a succession plan can take two years or more and implementing it can take up to 10 years (Hillstrom, 2017). This is a total of 12 years and, especially when facing a lot of external changes, planning 12 years ahead is an exceedingly difficult task (Herstatt & Lettl, 2000).

Despite the importance of a succession plan (Besel, Flores, & Chang, 2021), most interview partners did not have a succession plan and preferred the family-internal succession. Therefore, they invested in the successor's education. Investing in the educational background of their children and hoping that one of them will take over one day seemed to be the most common "succession plan." Except for one business successor, all had studied at universities or colleges and worked in the family business part-time.

Thus, the theoretical knowledge gained through education does not necessarily provide the needed capabilities to manage complex change projects (Finke & Huston, 2003). Since family-internal handovers usually do not require a

⁵⁷ See chapter 6.1

payment by the successor, the entry costs are low. The low entry costs lead to a low potential loss and a higher likelihood of taking riskier decisions (Forlani, Parthasarathy, & Keaveney, 2008) that is also reinforced by their enthusiasm to drive changes within the company (Finke & Huston, 2003). A higher enthusiasm towards change implementation and a greater willingness to take risks could therefore also be observed among the interviewed successors.

8.1.4 Challenges in Business Transition

The transition process is extremely complex and requires a complex mix of both management abilities and financial aspects, regardless of the type of business succession (Center for Family Business at the University of St. Gallen, 2009). Thus, a family-internal transfer requires more creativity, financial planning, and foresight than a sales process (Csákné Filep & Karmazin, 2016). Nevertheless, in Germany, about 54% of all family businesses are taken over by family members (Kay & Suprinovic, 2013) and only 30% of them survive this handover (Günterberg, 2012). Business successions to the third and following generations have even higher failure rates (Kay & Suprinovic, 2013). Therefore, in the further context of this research, a business succession process is assumed to be successful if the company does not fail (Walsh, 2011). There have been various studies into why company transitions within family businesses fail (Cespedes & Galford, 2004; Miller, Steier, & Le Breton-Miller, 2003; Aronoff, McClure, & Ward, 2003; Long & Chrisman, 2013; Besel, Flores, & Chang, 2021).

Since managing a family business is a very people-related topic, most of the reasons for failure are also people-related (Schwass, 2013). According to Williams

and Preisser (2003), more than half of the failures (about 60%) are grounded in a lack of communication and trust, and another quarter are attributable to the successor's wrong or missing preparation. Only 15% of the failures have less people-related reasons, such as a lack of capital or poor financial planning (Williams & Preisser, 2003).

The thesis considers eight of the many different reasons more deeply since they are highly linked to the topic in general. The first major problem in the succession process is that the involved parties often have no clear understanding of their roles in the process (Aronoff, McClure, & Ward, 2003). Thus, it is necessary to understand the different functions of the predecessor, the next-generation family member, and the other family members who are not actively involved in the process (Bozer, Levin, & Santora, 2017). These relational influences mainly occur between the incumbent, the successor, and other family members (Besel, Flores, & Chang, 2021). Mutual respect and understanding, trust, and commitment to family-business perpetuation particularly influence the effectiveness and quality of a succession (Handler, 1990).

A second reason is a lack of planning and preparation on the part of the incumbent. Planning is a key requirement for an effective succession process.⁵⁸ It is never too early to start planning for a business transition (Gilding, Gregory, & Cosson, Motives and Outcomes in Family Business Succession Planning, 2015). In case of unexpected health problems or the sudden death of the incumbent, a

⁵⁸ Especially the missing succession plan was mentioned throughout multiple interviews (see chapter 5.2.5)

succession plan is essential to ensure the continuity of the organization. This plan should be generated according to the following steps (Barnett J. J., 1999):

1. Define the incumbent's and the family's objectives and their importance
2. Collect the relevant business and family information
3. Include current organizational and personal circumstances
4. Choose and analyze the tools required to meet the objectives
5. Develop an integrated plan
6. Implement the plan

A third reason deals with missing commitment on the part of the successor (Long & Chrisman, 2013). Since a committed family member is more likely to take over responsibility in the family business and to experience succession in a positive manner, both the quality and effectiveness of the succession are enhanced. Therefore, the potential successor should have four types of commitment (see Figure 12):

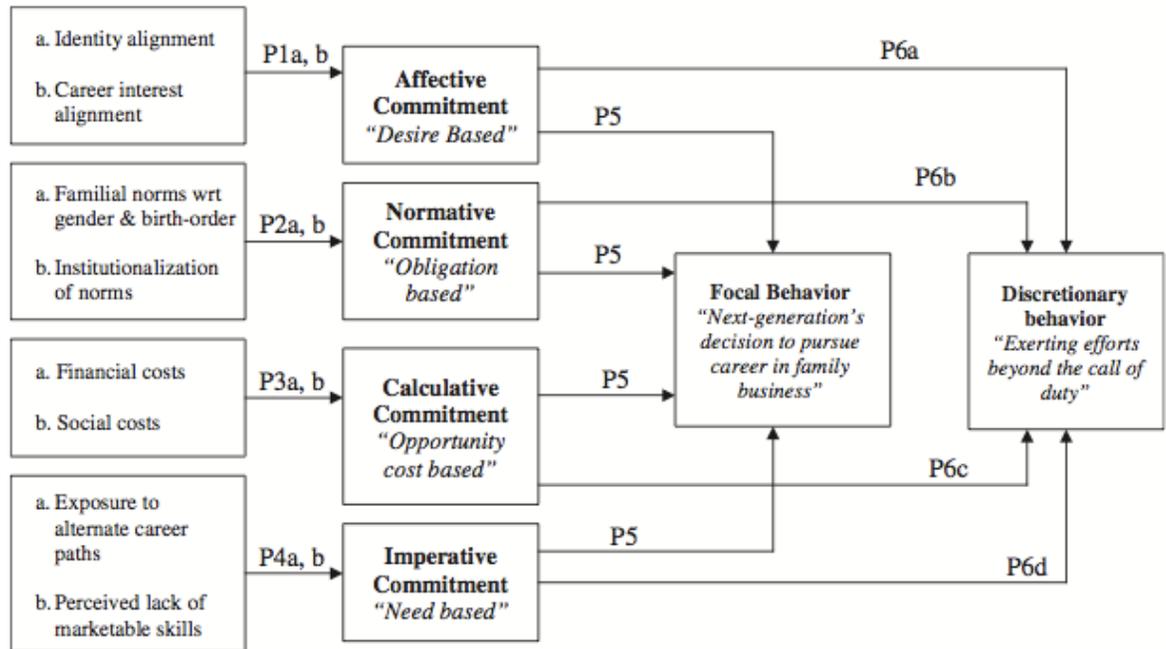


Figure 12: Four Bases of Family Business Successor Commitment (Sharma & Irving, 2005)

1. Affective commitment, which is based on the perceived desire
2. Normative commitment, which is based on the perceived sense of obligation
3. Calculative commitment, which is based on the perceived opportunity costs involved in leaving the company
4. Imperative commitment, which is based on the perceived need due to a lack of external opportunities

If these types of commitment are encouraged, the potential successor is more likely to pursue a career within the family business and, thus, is more likely to take over the leadership role in the company (Sharma & Irving, 2005).⁵⁹

A fourth issue in business succession failure concerns insufficient training and preparation for the successor (Besel, Flores, & Chang, 2021). Throughout the

⁵⁹ See chapter 5.2.4

interviews this was not the case.⁶⁰ Thus, one of the key elements in a successor's preparation is also the transfer of knowledge (Ward, 2004). The business owner's knowledge and experience are two of the most important assets in a family business and can even lead to a competitive advantage. Therefore, it is essential that this knowledge is transferred to the successor before the predecessor leaves the company. A helpful model for successor preparation was developed by Lambrecht (2005). His six stepping-stones are entrepreneurship, studies, formal internal education, external experience, an official start in the family firm at a low level, a written plan, and a written agreement.

Neglecting transaction costs and agency costs is the fifth error in the succession process (Lambrecht, 2005). Most business owners wish that a family member continued their company.⁶¹ Therefore, they often disregard the competencies and skills required to take responsibility for the organization. In some industries, a high degree of technical knowledge is required, and family-internal knowledge is only second rate. In these cases, it is usually preferable for the owner to hire an external successor who already possesses this type of knowledge. Transferring this type of knowledge to a next-generation family member who may not have any experience in the field may be extremely costly in time and resources. Therefore, succession is likely to be unsuccessful if the incumbent ignores the requirements for his or her successor (Sund, Melin, & Haag, 2015). This issue could not be confirmed throughout the interviews as no such tacit knowledge was needed in the interviewed companies. Thus, Ahrens (2013) has

⁶⁰ See chapter 5.2.6

⁶¹ See chapter 5.2.4

mentioned similar findings in his research. As they are important for the topic in general, they are mentioned even though they were not confirmed throughout the interviews.

A sixth major reason for failure⁶², which is highly relevant in the context of the thesis, is an inappropriate change of business strategy after the successor has taken over responsibility (Lambrecht, 2005). The three typical types of problematic succession are conservative succession, rebellious succession, and wavering succession (Miller, Steier, & Le Breton-Miller, 2003). Conservative succession implies that the successor is afraid to implement changes. This type usually occurs if the predecessor has an extremely dominant personality, and the successor is still somewhat dependent on him or her. Rebellious succession is characterized by dramatic changes in business strategy, objectives, or values. The successor wants to enforce his or her own ideas regardless of the company's previous strategy and objectives. Wavering succession denotes the combination of both types in an inappropriate manner. The successor tries to hold on to the former strategy and structure but at the same time implements changes that cannot be combined with the old structure (Miller & Le Breton-Miller, 2005). For succession to be successful and to secure the company's continuity, existing values, objectives, and structures need to be linked to new innovations and ideas in a reasonable manner. Family dynamics, personality and experience, firm context, and market context influence the type of succession chosen (Poutziouris, Smyrniotis, & Klein, 2006).

Seventh, besides the already mentioned managerial issues, ownership issues also have an essential impact on the success of the succession process

⁶² That could not be confirmed throughout the interviews either

(Letmathe & Hill, 2006). It is assumed that ownership succession within the family enhances the value of the firm. In this case, country-specific inheritance and gift taxes must be considered. The tax issue was addressed multiple times throughout the interviews and were one of the rare acts that were planned by most family-businesses from beginning.⁶³ If ownership succession within the family is not possible, MBO,⁶⁴ MBI,⁶⁵ and BIMBO⁶⁶ are some alternatives worth considering (Odefey, Prinzenberg, & Günther, 1998). In any of these cases, the value of the company must be determined. The two most common methods to do so are the gross rental method and calculation of the net asset value (Walsh, 2011). However, most interviewed predecessors claimed that “although they have thought about other solutions, the family internal business succession is the preferred one.”⁶⁷

The eighth problem hindering effective succession focuses on the demographic situation. In many Western countries, birth rates are decreasing while life expectancy is increasing. This leads to an overall aging of the population. For family business owners, this may imply that there are no children within the family and, thus, no potential successor available. In numerous cases, potential successors are too young to take over the firm by the time the predecessor wants to retire (Stavrou, 1999). This is another issue that might be at present in general, but could not be confirmed throughout the interviews as only businesses were interviewed that had a family-internal business successor already. Two

⁶³ See chapter 5.2.12

⁶⁴ Management buy-out.

⁶⁵ Management buy-in.

⁶⁶ Buy-in-management-buy-out (mix of MBO and MBI).

⁶⁷ For example, Interview 2

predecessors even claimed that they were “in the lucky situation that they are still young enough to work together with their business successors since they became parents at a relatively young age.”⁶⁸

In summary, succession is likely to be successful if the roles of the predecessor, successor, and family are clarified (Cespedes & Galford, 2004). Apart from considering a succession process as successful, when the company does not fail,⁶⁹ an additional evaluation of a succession process can be made based on two factors: quality and effectiveness. Quality focuses on the involved parties’ satisfaction with the process, while effectiveness depends on independent observers’ opinions about the outcome of the transition (Handler, 1990). Many business owners underestimate the importance of business succession planning, and therefore the firm fails during the succession process (Lollitt, 2005). In these cases, the succession process fails in at least one of the two factors as well and the factors are therefore connected (Gilding, Gregory, & Cosson, *Motives and Outcomes in Family Business Succession Planning*, 2015). The interviews showed that especially the succession planning and the planning of specific tasks of the people involved had direct or indirect impacts on change management in family businesses and are addressed in more depth throughout the following chapters.

8.2 Change Implementation

8.2.1 Findings from the Interviews

The interviewed predecessors mentioned that at one point they could not follow certain market developments and trends anymore. Therefore, they often

⁶⁸ For example, Interview 2 and 3

⁶⁹ As mentioned earlier in the chapter

postponed the implementation of modern and trend related projects to the point when the business successor entered the company so that he or she could take over these responsibilities.⁷⁰

Young business successors often entered the company without specific tasks. In the cases where the successors entered with project-based tasks, these were tasks that the predecessors did not feel comfortable with, mainly because they included new technologies. Half of the predecessors interviewed noted specifically that they had left certain development areas for the business successor that they did not feel comfortable with anymore: “At a certain age it becomes more difficult to follow trends and market developments. Therefore, a business transition with new energy and new drive toward trends and market developments can be greatly beneficial for a company,” one predecessor said. Another noted how beneficial it is for the company’s development to have fresh new inputs from the younger generation. This phenomenon is useful for most business successors who are in any case hoping to find their own way when entering the business.⁷¹

Besides the business transition, which can be understood as an internal change process,⁷² other change-related projects were initiated in almost all companies interviewed.⁷³ This contradicts the need for continuity that nourishes the success of the business transition process (Morris M. H., Williams, Allen, & Avila, 1997). In addition, the successor in any event tries to find his or her way in the

⁷⁰ See chapter 5.2.5

⁷¹ See chapter 5.2.8

⁷² See previous chapter.

⁷³ See chapter 5.2.9

company and pushes for changes and the implementation of change.⁷⁴ In general, it can be said that some investments are held back for the start of the successor and in turn more projects and changes are implemented by the successors compared to other companies. Compared to the predecessors, who mainly made investment decisions based on financial factors, such as ROI, business successors seemed to have a different view of the implementation of change. They were more willing to implement changes that did not lead to a direct financial return. These included mainly additional services that they said they would expect from a modern company. This shows the movement of a conservative sector toward a more modern view and an eagerness to implement changes.

These findings from the interviews validate Miller's (1993) research findings, according to which the business succession process has an impact on the way a company evolves. According to the study, the succession process is associated with change in both directions, depending on the company. Although business successors seem to be more likely to disperse power and to analyze data, in some companies the level of these activities decreased according to Miller et al. (2003). The phenomena of an increased power dispersion could partially be found among the business successors interviewed, who were more likely to include external advisors or project-based teams compared to their predecessors.⁷⁵ Fewer data analysis, however, was not found in the interview section of this research. Nevertheless, with varying intensities all interviews showed that the company development has changes throughout the transition process. "Succession seems

⁷⁴ See chapter 5.2.8

⁷⁵ See chapter 5.2.12

to break organizational momentum [...] [so] may be most useful when organizations are experiencing dangerous strategic stagnation, when their environments are changing, and when performance is deteriorating” (Miller, 1993, p. 656).

Another interesting finding from the interviews was the fact that multiple successors within a family firm led to more diversification of the business.⁷⁶ According to the SEW aspect, family businesses tend to diversify less than non-family firms. This is because a higher degree of diversification would lead to more key management positions for the diversified areas, which would then lead to decision-making powers being assigned to non-family members. This would reduce the family’s influence over the business units, and part of the SEW would be lost (Gomez-Mejia, et al., 2014).⁷⁷ Nevertheless, this aspect is voided when these key positions can be filled with family members. This finding from the interviews was also addressed in quantitative research by Muñoz-Bullon et al. (2018). Besides the validation of the finding that more family members lead to a higher degree of diversification and therefore more change implementation, the study also found that over the generations the willingness to diversify rises.

In summary, it can be said that at a certain point, predecessors do not feel comfortable following up trends and market developments anymore which leads to an investment backlog and lots of improvement potential. These included mainly IT related changes. For the highly motivated and mostly well-educated business

⁷⁶ The first company, for example had two business successors and diversified the business into new fields. Similarities could be found in the second company with 3 successors while the company with only one successor seemed to diversify less.

⁷⁷ See chapter 6.2

successors this comes in handy as they often enter the family business without a specific task. Therefore, they start with project-base change implementations and the business transition therefore leads to an increased number of implemented change-related projects. As a result, the business succession process fosters the implementation of change projects in family businesses in the wholesale building materials and home improvement retail industry.

8.2.2 Influencing Factors and Problems

Ahrens states that during times of business succession, a restructuring of the company organization is necessary:

“Since after a long reigning period of a CEO companies run the risk of falling into a competency trap. When optimal solutions to organizational challenges change over time, change may become necessary. This is particularly true in old organizations which respond more slowly to necessary change. The older the organization, the stronger the inertial forces and the more complex and hazardous becomes its reorganization (Hannan and Freeman, 1984, and Amburgey et al., 1993). In this context the successor serves as a reset in the organizational learning process and must assess the contemporary fit of the organizational equilibria.” (Ahrens, 2013, p. 20)

Although, generally, more change was implemented throughout the business succession process, the level of change implementation was also influenced by other characteristics. Besides the general willingness of the successor to implement change, these include the following:

- The size and budget of the company

- The predecessor's human capital

8.2.2.1 Size and Budget of the Company

The fact that more change was implemented by the business successor was amplified the bigger the company's budget. Smaller companies tended to implement less change and tended to make smaller investments due to their limited financial abilities. For example, Company 7, with 17 employees, had not made any moves toward online channels due to the high costs as the implementation costs were too high according to the business successor. Company 2, on the other hand with approximately 200 employees had invested six-figure sums in online channels and other services and Company 6, with over 300 employees and high cash reserves, had even invested in three different online strategies.

In general, change projects and innovations can be financed with the company's liquidity, such as retained earnings or equity, or alternatively with borrowed capital, such as bank loans and other debt contracts (Ghosh & Moon, 2010). In a fictional market without taxes, bankruptcy costs, or information asymmetry, investments would be indifferent to capital structure and there would be no differentiation in the sources of financing (Modigliani & Miller, 1958). However, since this is not the case, investment decisions are influenced by these factors (Brown, Fazzari, & Petersen, 2009; Kerr & Nanda, 2015; Hall, 2008; Stiglitz & Weiss, 1981).

Specific characteristics of innovations cause information asymmetry, which leads investors and lenders to demand a premium on their anticipated return

(Akerlof, 1970). Since investments in innovations or other change-related projects are usually intangible, lenders cannot redeploy sunk investments in case of failure, and therefore costs for borrowed capital rise. A second drawback is the fact that servicing debt requires a stable cashflow, and payback reduces the cash flow and therefore limits the opportunity to invest in other innovation projects (Hall, 2008). As a result, companies tend to prefer internal funds generated through retained earnings or new equity (Brown, Fazzari, & Petersen, 2009).

Hottenrot and Peters note, “Internal funds, however, are naturally limited, and raising new equity may be costly and often unwanted. Consequently, the extent to which financial constraints are binding depends on firms’ ability to raise funds under the conditions of imperfect capital markets” (Hottenrott & Peters, 2012, p. 1127). Although family businesses may have a better availability of external funds than non-family businesses through good and long-established partnerships with their house banks, they prefer to stay independent (Müller, 2013). Therefore, they tend to discard projects that cannot be funded with internal funds (Kerr & Nanda, 2015). The interviews showed that especially companies with greater internal funds, such as company 2 or 6, made bigger moves towards online channels and additional service investments compared to companies with fewer cash reserves, such as company 7 for example.

8.2.2.2 Predecessor’s Human Capital

Apart from monetary aspects, the impact of the predecessor played an outstanding role in some of the interviewed companies. While a predecessor with an innovation and change-oriented mindset influenced the change implementation

of the successors positively, a less innovative mindset or patriarchic trait also led to fewer change implementations among the business successors.⁷⁸

According to a research by Ahrens (2013), in two out of three cases, the predecessor retains an active part in the company during and even after the succession process. This is especially the case when the successor can be characterized as nepotistic, or the company is conducting business in an industry that is highly dependent on specific or taciturn knowledge. However, a significantly lower retention probability is demonstrated for cases in which the successor is endowed with high human capital.⁷⁹ At the time of managerial succession, the ownership succession also appears to be prolonged by the activity of the predecessor (Ahrens, 2013).

The ongoing activity of the senior entrepreneur also has an impact on the company's success: Further activities of senior entrepreneurs have a positive impact on the company's success if the successor's human capital is low. However, this effect diminishes the higher the human capital of the successor is and becomes a negative effect due to potential conflicts between the business successor and predecessor. The intensity of the predecessor's influence on the successor also plays an important role in this scenario. Therefore, the senior entrepreneur's influence must be adjusted accordingly for the company to be successful (Ahrens, Topics in Entrepreneurship and Family Business Management, 2013). These findings are also a validation of Handler's (1990)

⁷⁸ See chapter 5.2.11

⁷⁹ such as academic degree and leadership experience" (Ahrens, 2013, p. 11)

theory of the dance of succession, in which the succession is described as a process of gradual role adaptation.

However, when the predecessor has patriarchal traits, this hinders the implementation of change (Cabrera-Suárez, 2005). During the interview session, one successor said that he entered the business with many ideas, especially regarding digitalization; however, he did not implement these ideas. Apart from the daily business that seemed to consume a great deal of the time needed for the implementation of the project, a major impediment was the strong influence of the predecessor, who did not believe in some of the proposed projects. In other companies where the predecessors said that they allowed their successors more space to implement projects and only commented when asked for feedback, more change was implemented.

In a family-internal business succession, the bonds between the predecessor and the successor and the successor and company traditions are especially strong (Filser, Kraus, & Märk, 2013). This was also the case for all interviewed predecessors and successors. One predecessor said for example that they have “a very tight and strong relationship within the family and constantly exchange ideas”.⁸⁰ Respect for the predecessor’s achievements and more constrained behavior may lead to a reduced drive to change the status quo (Ahrens, 2013) and could be found in company 7 where the business successor entered the firm with “many ideas, but eventually did not implement them” as they did not meet the expectations of the predecessor.

⁸⁰ Interview 3

As described by Barnes and Hershon (1994), letting go and leaving the successor space is a difficult task for many predecessors. Two interviewed predecessors said that this has been a difficult part as they did not have “have many hobbies apart from the company”. Apart from the power a predecessor must give up, the SEW aspect plays an important role, as this is not only connected to the founding family but also to the business leader (Gomez-Mejia, et al., 2014).⁸¹ If the predecessor fails to let go and can be described as rather patriarchal, respect for the predecessor’s achievements and the special bond between successor and predecessor can lead to a lower level of change implementation (Filser, Kraus, & Märk, 2013).

If the willingness of the successor to implement change conflicts with the patriarch’s ideas, this may lead to a clash. Although this was not the case throughout the interviews, two business successors who have described patriarchic traits among their predecessors mentioned conflicts. These two business successions were still in the transition process and therefore not successfully finished. Therefore, in this context, three common types of problematic succession that arise are to be mentioned: conservative succession, rebellious succession, and wavering succession. Conservative succession implies that the successor is afraid to implement changes. This usually occurs if the predecessor has an extremely dominant personality, and the successor is still somewhat dependent on him or her. Rebellious succession is characterized by dramatic changes in business strategy, objectives, or values. The successor wants to enforce his or her own ideas regardless of the company’s previous strategy and

⁸¹ See chapter 6.2

objectives. Wavering succession denotes the combination of both types in an inappropriate manner. The successor tries to hold on to the former strategy and structure but at the same time implement changes that cannot be combined with the old structure (Poutziouris, Smyrniotis, & Klein, 2006).

8.3 Impact on Change Management

Different methods of business succession can lead to different impacts on the implementation of change. It can be said that more change was implemented during the business succession process. This higher degree of change implementation was enforced by postponed investment decisions and projects.⁸² While money was often a driver for change implementation, a continually active and patriarchal predecessor was an impediment. Nevertheless, the fact that more change was implemented does not imply anything regarding the ease of implementing change.

All interview partners stated that the employee fluctuation in general was low and that employees in family businesses tend to remain longer than those in non-family firms.⁸³ This creates stability in many family businesses; however, it also means that the average employee age rises over time. In general, older people tend to be more reluctant to change, which can lead to clashes when implementing change (Scase & Goffee, 2017). Generally, the interviews showed that the business transition process itself has no direct impact on the ease of implementing change. The ease of implementing change is moreover influenced by the people involved in the process, the company's size, and the succession plan. It

⁸² See chapter 8.2

⁸³ See chapter 5.2.2

is greatly influenced by the way change is implemented, the employees' attitudes to change, the average age of the employees, and the attitude of the successor to change. The most significant factor in implementing change, however, remained the attitude of the predecessor to change. When the predecessor had a great deal of trust in his or her successor and was also willing to try new ways, many more changes and company-changing projects were implemented successfully.

Throughout the coding of the interviews, some sections were assigned to more than one code as the topics and therefore the codes mentioned in these sections overlapped. The amount and the relation of the overlapping codes are mentioned in Table 5:

Codes	Succession Planning	Employees and Culture	General	Attitude to Change	Educational Background	Implementation of Change	Tradition, Obligation, and Pride
Succession Planning	0	0	0	2	0	0	3
Employees and culture	0	0	0	0	0	3	0
General	0	0	0	2	0	2	0
Attitude to Change	2	0	2	0	0	4	0
Educational Background	0	0	0	0	0	0	1
Implementation of Change	0	3	2	4	0	0	0
Tradition, Obligation, and Pride	3	0	0	0	1	0	0

Table 5: Transcript Code Relationships

Table 5 shows some relationships between the implementation of change and the employee base, the culture, and the attitude of the business successor to

change. A deeper analysis of the coded segments of change implementation⁸⁴ leads to the conclusion that, apart from the fact that more change is implemented, the ease of implementing change and the success of change implementations is rather individual and highly impacted by other variables. While the analysis of the coded segments shows that the general comments are related to an open culture and employee involvement, the attitude to change shows a relationship with the successor's human capital.

8.3.1 Successor's Human Capital

With regard to their possible future as business successors, many successors enjoyed a high level of training and education from a young age.⁸⁵ This higher educational level may lead to a greater willingness to make investments. It can therefore boost change (Kimberly & Evanisko, 1981; Datta & P., 1994) and increase the level of project implementations through entrepreneurial intentions (Mirjana, Ana, & Marjana, 2018). In this context, entrepreneurship is related to the willingness to invest in innovations.⁸⁶ Thus, different factors, such as market-pull and technology-push (LaZerte, 1989), must be considered. Belda and Cabrer-Borrás (2018) have confirmed Le Breton-Miller et al.'s (2004) observation that there is a higher probability of survival among companies that push technologies compared to those that react to the market.⁸⁷ The educational background and

⁸⁴ For more details, refer to Appendix 5, Change Implementation (page LXIII et seq.)

⁸⁵ See Section 6.4.1

⁸⁶ See Section **Fehler! Verweisquelle konnte nicht gefunden werden.**

⁸⁷ Also called market-pull

strong willingness to implement changes among successors may therefore be beneficial for a company's development.⁸⁸

The successor's attitude to change implementation "is closely linked to entrepreneurial motivation (which in turn is determined by entrepreneurial cognitions, entrepreneurial intentions, and the personality traits of the entrepreneur or successor) and its conversion into entrepreneurial behaviors (Le Breton-Miller, Miller, & Steier, 2004; Carsrud & Brännback, 2011) and self-efficacy (Porfírio, Mendes, & Felício, 2018)" (Porfírio, Felício, & Carrilhoa, 2020, p. 252). The best basis for predicting future actions is therefore the general attitude of the predecessor, and, according to Porfírio et al. (2020), family business succession provides a good basis for determining that.

Nevertheless, in this context, not only the attitude to change but also the general human capital of the successor is important. The successor must be able to generate a technology-push strategy rather than a market-pull strategy (Belda & Cabrer-Borrás, 2018). Other factors, such as company culture, must be in harmony with the innovation, as resistance can arise when the successor pushes in a direction that conflicts with it (Doppler & Lauterburg, 2002; Zafar & Naveed, 2014). Through their early involvement in the company and their progress through different positions within the family firm, family business successors often have a good connection with employees and therefore can mold the culture accordingly (Morris, Williams, & Nel, 1996).

In summary, it can be said that, in general, family businesses show good potential for a successor's change implementation plans. This is a multi-

⁸⁸ See Sections 6.4.1 and 8.1.4

dimensional process that requires specific capabilities. High human capital in the person in charge supports successful change implementation. Due to their intense training, educational background, and professional experience, which are gained from a young age, family business successors are often equipped with the required human capital. Nevertheless, other factors, such as company culture and employee involvement, must be considered, as they have an essential impact on the entire implementation process.

8.3.2 Employee Involvement

While the successor's human capital is important regardless of whether the change event is planned or unplanned, employee involvement is only possible to a certain extent when unplanned changes occur (Fugate, 2012). Therefore, in the context of this section, the term "change" refers to planned, project-based change implementation.

A major influential factor on the change implementation process is the involvement of employees and the sharing of knowledge. One interviewed business successor for example described a failed change project in which he lost almost 80% of the employees working in the sector affected. The company has implemented changes throughout the entire ERP system that affected many employees. According to the interviewee, a lack of employee involvement and information-sharing before and throughout the implementation process led to the complete failure of the project: I must admit that we failed to communicate and to train the new system in time. By implementing a new hardware, a new software, and new processes as well, we had massive problems" (Interview 5)

The affected employees developed resistance and rejected the change. At a later stage, the same project was successfully implemented after involving affected employees, building implementation teams, and constantly sharing information. This example shows how employee involvement can change the outcome of a change process. This phenomenon has also been observed by other researchers who have confirmed similar findings (Luecke, 2003; Kotter, 2012; Gong, Pierce, & Fox, 2009; Glew, O'Leary-Kelly, Griffin, & Van Fleet, 1995; Morgan & Zeffane, 2010).

8.3.2.1 Process Model

According to the process model, organizational change is described as the movement from the current, known state toward a desired future state that is yet associated with uncertainties. These uncertainties can lead to organizational resistance among the employees (Zafar & Naveed, 2014). Organizational resistance describes a situation in which planned actions or decisions that seem logical, useful, and factual from an objective point of view face rejection from individuals, groups, or whole business units (Doppler & Lauterburg, 2002). It arises from participants' concerns and fears. There is no change process without rejection from anyone. It can arise when those involved do not understand the change process, do not believe in the future vision of it, do not have the needed capabilities, or simply do not like the idea. To counteract this, motivational aspects must be considered and employee involvement in the change process must be sought (Worley & Feyerherm, 2003).

8.3.2.2 Lewin's Change Model

There are several models of change that identify different relational, cultural, and political implications (Peters & Waterman, 1984; Pettigrew, 1973; Burnes, Complexity theories and organizational change, 2005). Although, other models such as the complexity model might have outdated Lewin's approach (Burnes, 2004) it is still relevant for this research as it provides a good overview of the different steps of change implementation that were also observed throughout the interviews. The interviews have shown the special importance of employees in family businesses and due to the focus on employee involvement, Lewin's (1947) three-step model, which comprises unfreezing, changing, and refreezing, is central for this chapter (See Figure 13):

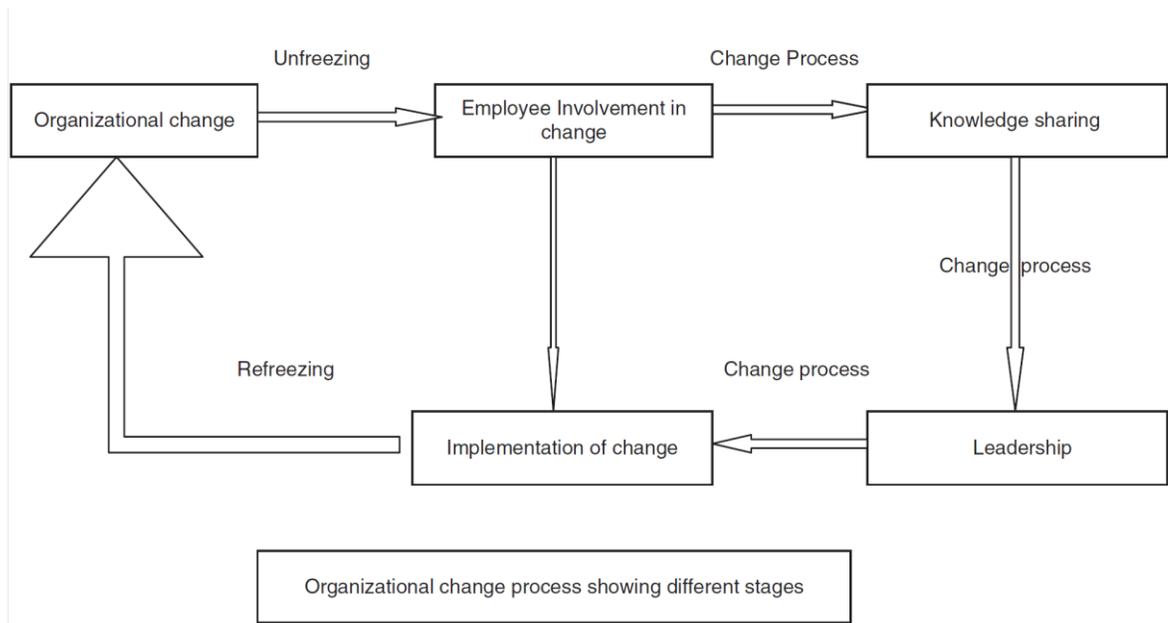


Figure 13: Lewin's Change Model (Hussain, et al., 2018)

Lewin's model states that the planning of effective change is possible and necessary and depends on the unfreezing of a company's systems and structures

(Lewin, 1947). This was one of the main challenges that addressed by interviewees, such as interview 5 after introducing a new ERP system:

“And now the employees in the warehouse, who most likely know the least about IT, must handle all the technical equipment. As the user interface functions like a smartphone, it is no problem for the younger employees, but the older ones are struggling.”

Such an unfreezing adds to the already mentioned transformational factors and complements a new dimension, as it heightens both group and leadership actions and leads to a smoother and more effective execution of the desired change. Increased pressure from the leadership level on the pre-existing condition of the company results in limited opposition and traction, in contrast to the previously mentioned factors (Hussain, et al., 2018).

Employee involvement attempts to elevate the degree and level of contributions employees can make to decisions relevant to the company's performance and their own welfare (Glew, O'Leary-Kelly, Griffin, & Van Fleet, 1995). The four employee involvement elements are power, information, knowledge or skills, and rewards. To effectively counter views opposing change, and to organize and execute the change, employee involvement has been shown to be not only the oldest but also the most effective approach, as it also results in high quality change (Vroom & Yetton, 1973).

The management level is responsible for supporting employee involvement to progress organizational change. Pierce et al. (2001) show in their study that the members of an organization must be educated about the desired change to

successfully implement it. The management level must transfer knowledge and enter a discussion with the staff, thus generating involvement, emotional and task support, and sources of motivation for change. Morgan and Zeffane (2003) show that transparency on the management level reinforces and increases trust at the employee level. Encouragement from the management level results in the employees being supportive and offering suggestions during a company change, thus benefitting the company with committed work and effectively implemented change (Higgins, Judge, & Ferris, 2003). Furthermore, active participation in a company's change results in more positive mindsets, increasing change acceptance and support for change implementation (Hussain, et al., 2018).

Lewin's (1947) change model presents a model of change universally applied in psychology. The execution of change, the transformation of a company's present state into a desired state, is not a rapid or instantaneous process. According to Beckhard and Harris (1987), there are three actions for the execution of change: action-based preparation, commitment-based preparation, and the creation of management structures for change. The first action relates to the creation of a guide toward the change, describing essential actions necessary for the effective implementation of the change. These include the integration of change-oriented assignments, which are temporally scheduled and connected to the changing of business priorities and goal setting. The second action concerns the identification of relevant individuals and groups for the successful implementation of the desired change. This identification makes possible the expression and reception of their support, which can either manifest itself politically

or in their determination to meeting the goal of successfully implementing the desired change. The last action concerns the structural and directional dimension of change management; this involves change-encouraging resources, the present management organization, advisors for change, and social and political competences to commence the process of change.

To be able to proactively manage human resources in the change process, an effective leadership and therefore specific human capital are needed. While organizational resistance (Doppler & Lauterburg, 2002) can affect the process of change negatively, a motivation toward change and the establishment of a change vision can have a positive impact on the change implementation process.

Employee involvement can lead to a higher degree of change motivation and generate a shared vision for change while organizational resistance is reduced (Cummings & Worley, 2013). The leadership level within the process of change is responsible for defining the present state and desired future state of the company and presenting an effective method to reach these goals. Furthermore, the management is responsible for the execution of change by developing a follower base over which it has influence, by generating motivation to pursue the goals effectively and industriously, and by mastering any complications that may arise. Therefore, the leadership level is essential to change within a company (Hussain, et al., 2018).

8.3.3 Employee Base and Culture

Apart from the required human capital and the involvement of employees that are directly or indirectly affected by the change, certain company-related

factors can positively or negatively influence the change management process. There are some company cultures that are open to change implementation and some that are not.

Although company culture is of particular importance, there is no common understanding of the term and its meaning. As early as 1952, Kroeber and Kluckhohn identified 164 different definitions of culture (Kroeber & Kluckhohn, 1952). As Schein's definition (1985) is most often used in the business context, and it also best suits the research field of this paper, it is applied. According to the definition, organizational culture is

“a pattern of basic assumptions – invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems” (Schein, 1985, p. 9).

From this definition it can be deduced that organizational culture is not causally linked to organizational structure. Nevertheless, organizational structure can have an influence on organizational culture and vice versa.

Cameron and Quinn (2011) differentiate four different types of culture based on the variables “flexibility and discretion” versus “stability and control” and “internal focus and integration” versus “external focus and differentiation” (see Figure 14):

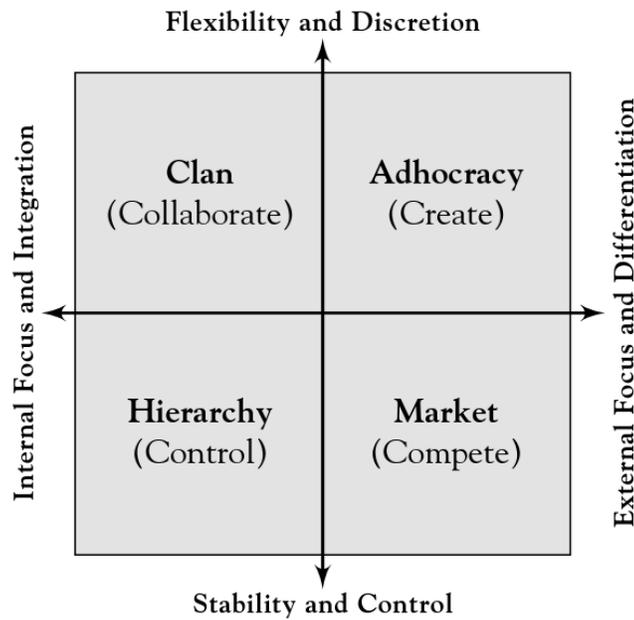


Figure 14: The Competing Values Framework in Organizational Culture (Cameron & Quinn, 2011, p. 39)

“Clan culture” describes a culture that is remarkably similar to a family. Members of the culture share much information between themselves, and the company leader is seen as a mentor. The level of loyalty and tradition is high. With an emphasis on teamwork, consensus, and participation, success is defined when customer satisfaction is achieved. Morale and long-term employees play an important role. “Hierarchy culture” describes a very formal culture with strict positions, jurisdictions, and an efficiency-minded leader. The goal is a stable and smooth operation with efficient processes that are managed top-down. “Market culture,” in contrast, is results-driven. Market leadership and competitive prices are the goal. The business environment is competitive and results-oriented, and the entire company focuses on a measurable emphasis on winning. In an “adhocracy culture,” the focus is on innovation, and product or service leadership is constantly pursued. There is no clear hierarchy, as everyone in the organization is encouraged to experiment (Cameron & Quinn, 2011).

While adhocracy enforces innovation across the company, a strictly hierarchical company culture reduces the capacity for innovation. Adhocracy culture is often found among companies with high technology dynamics but is independent of the technological standards in a company (Parikh, 2016). Although adhocracy drives the innovation capacities of companies, it cannot be classified as the most valuable company culture: the best company culture is dependent on the company itself with its company structure and goals.

In this context, the employee base and company culture play major roles as the commitment of the employees is an important prerequisite for successful change implementation (Ernst, 2003). A company culture is individual to every company and does not have to be or remain in one of the four sectors. The appropriate form of corporate culture may vary depending on the stage of development in which the company finds itself. It can be assumed that elements of adhocracy culture dominate in a newly founded company, that these are dismantled over time in favor of hierarchy cultures, and that they return in later phases to prevent too much hierarchy from inhibiting innovation (Cameron & Quinn, 2011).

Similar developments can be found in the interviewed companies. The interviewed family businesses had long-term employees, some of whom had been employees for over 40 years. The general employee fluctuation was low, and hierarchies were rather flat (Reid & Adams, 2001; Querbach, Waldkirch, & Kammerlander, 2020; Astrachan & Botero, 2018). The average age of the employees was also relatively high in many of the companies that were

interviewed. Therefore, the culture most closely resembled a clan culture. However, when discussing the employee base, all interview partners claimed that the attitude to the employer had changed over the years. Employees are not as salary driven as they were in the past, according to the interviewees. They claimed that employees are asking for more flexibility in working hours and more vacation, and that employee fluctuation was rising. This was especially the case when change was implemented. One of the interviewees changed the company structures to promote a more adhocracy culture.⁸⁹ When planning a new company building, they introduced a new workspace concept: There were no closed offices anymore, and employees from all different departments worked in the same open plan office. Innovation was encouraged among all employees and business areas by the owners. Nevertheless, hierarchies and responsibilities were communicated clearly to keep a focus on the daily business. Thus, among all the interviewed companies, this company had the highest rate of implemented change projects, and they were all successful and this company showed the highest differences in change implementation compared to companies with hierarchic traits.

In summary, a business culture is unique and individual to a company. It is a pattern formed by all individuals in the company and can therefore change with a changing mindset or a changing employee base and be managed to a certain degree by the company leader. There are certain company cultures that boost innovation and others that slow innovation and change implementation. The interviews have confirmed that finding and showed a higher degree of change implementation among companies with low hierarchies and an open and

⁸⁹ Company 2

communicative company culture, such as company 2 or 6 for example, compared to more closed structures as in company 6 and 7 for example.

8.4 Impact of Advisory Services and Externals

Medium-sized family businesses are subject to a tension between personal ties and market economy rationality, which may indicate a limited profit orientation and a higher level of orientation to other goals (Gomez-Mejia, et al., 2014). Thus, medium-sized family businesses are often economically more successful than non-family businesses (Miller D. , Le Breton-Miller, Lester, & Cannella Jr., 2007, p. 836). Especially in times of economic downturn, family firms are often able to show their strengths.⁹⁰ Since employees in family firms tend to commute for a longer period, there is a stronger and more solid employee base compared to non-family businesses. Through these long-term employees and a positive outlook, family businesses can release unanticipated reserves of work motivation among family members and among employees, who are then more willing to contribute extra work for “their” company (Kenyon-Rouvinez, 2017).

With a low employee fluctuation, medium-sized family businesses, however, often operate as "closed systems:" They try to generate the solutions to all their problems themselves for as long as possible and do not rely on external experts (van den Heuvel, Van Gils, & Voordeckers, 2006). In contrast to large corporations, which often seek continuous professional advice, consulting is not a matter of course in many family firms. The smaller the family firm is, the less likely it is to utilize advisory services. Often, small family firms behave in a manner that is

⁹⁰ See chapter 6.1 and 6.6

resistant to consultation (Melin & Nordqvist, 2007). In some cases, they only spend their resources on advisory services in times of crisis. Thus, this is mainly strategy consultancy, management consultancy, or project-based consultancy services. Medium-sized family businesses are most willing to receive tax advisory services (Strike, 2012). It is not uncommon for them to seek a tax consultant who is closely tied to their company and even to the owner family personally.

According to a study commissioned by Impulse (MIND - Mittelstand in Deutschland, 2005), 46% of the entrepreneurs surveyed said that there was nothing they could learn from external advisors in their business area. Another 26% considered entrepreneurial success a matter of luck. A similarly stubborn resistance to consulting can be found in many medium-sized family businesses regarding management tasks and strategy and were also mentioned throughout Interview 12 and 13. Thus, throughout the Interviews, this phenomenon only occurred among the patriarchic predecessors. Leading is not considered a key competence but a soft skill that management does not need to learn and certainly does not need to professionalize. As a result, its relevance is systematically underestimated not only for the working atmosphere but also for economic success. There is a widespread view in medium-sized family businesses that the organization of working relationships, especially those between family members, does not require any special attention (Impulse Medien GmbH, 2005).

The fact that many family firms try to suppress advisory services is connected to trust in externals and third parties. As for key positions within the

company, family business owners do not want to share their company internal information and trust in family-externals (Hennerkes & Kirchdorfer, 2015).

The theoretical approach behind this is called the Resource-Based View and was devised by Penrose (1959). According to this theory, a company can be understood as a compound of physical and human resources within the company frame. These resources can be used to explore and exploit opportunities and to repulse market threats. These resources are responsible for the company's performance and generate economic value. The higher the level of individuality and the more difficult they are to copy, the more valuable they become for a company, as they create competitive advantages (McIvor, 2009). These resources can be classified as tangible or physical and non-tangible or intellectual assets (Hafeez, Malak, & Zhang, 2007). While tangible assets, such as equipment and machinery, can be copied easily in most cases, intangible assets, such as the employee base, tacit knowledge, skills, expertise, and competencies, are often unique. Since these firm-specific resources build the foundation of the company's performance (Irwin, Hoffman, & Lamont, 1998), family business owners do not like to share them with external advisors (Hennerkes & Kirchdorfer, 2015).

Nevertheless, the interviews showed that companies with external advisors seemed to manage change better than those who did not. Companies that regularly used external advisors, such as company 2 or 5 showed a significantly higher change implementation throughout their IT structure, process automatization and online sales channels compared to those who refused to hire consultants (such as company 6 and 7). The closed system that can be greatly

beneficial during times of crisis can hinder the company's development as not many insights from external sources support the development process of the company (Dyer & Ross, 2008). Different studies (Kamyabi & Devi, 2012; de Brentani, 1989; Gebauer, Friedli, & Fleisch, 2006; Seewald, 2015) have supported the thesis that external influence and insights from consultants and advisors have a positive impact on the company performance of small and medium-sized companies. According to Kamyabi and Devi (2012), consultancy services can also have a positive impact on the relationship between complex decisions, knowledge among the owner family, and competitive intensity in small and medium-sized family firms.

8.5 Conclusion

The business transition process is already related to change but consists of a time-consuming process rather than a (quick) event.⁹¹ The interviews show that there is not only a greater propensity towards change implementation among the business successors⁹², but that employees are already expecting further changes going in hand with the transition process. Both, the successor's propensity towards change implementation as well as the expectation of the employee base are drivers of actual change implementation. A great company liquidity is another driver while a missing willingness of the predecessor to give up control and to support the change implementation can be a big drawback in the actual change implementation.

⁹¹ Compare Table 4 (page 149)

⁹² See chapter 6.7

Thus, additional change implementation on top of the change related transition process can endanger the company when poorly managed. The research shows that the success of the actual change implementation is furthermore dependent on the successor's human capital, the employee base and culture as well as the employee involvement. If the business successor tries to implement more change than he or she can possibly handle, it can not only endanger the change implementation itself, but in the worst case the entire company. The same can apply if the employee base develops resistance due to a missing involvement or change implementations that do not go in line with the company culture. Advisory services can be supportive for both steps, the actual change implementation as well as the success of the above mentioned.

The following Figure 15 provides a simplified sketch of the findings of chapter 8 Even though the impact of the different influencing factors may vary:

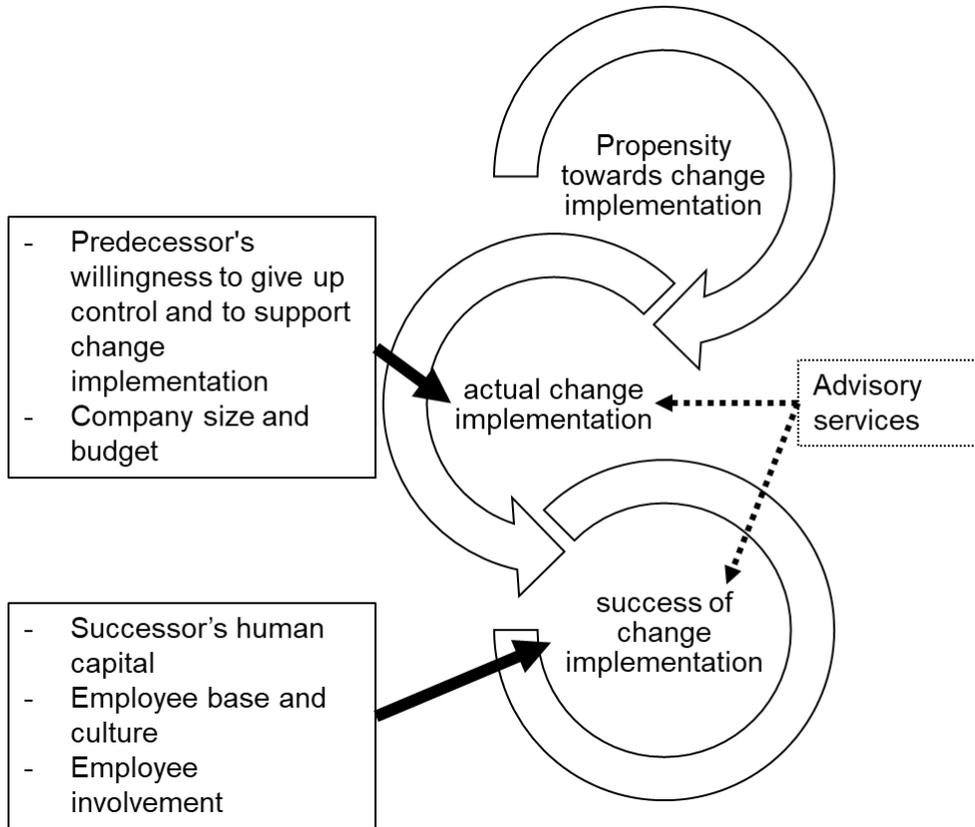


Figure 15: Simplified sketch: Impact of Business Succession on Change Management (own figure)

9 Conclusion

9.1 Summary

The business succession process is one of the most crucial transition processes in a family firm, and change management is important for the long-term survival of a company. Therefore, it is quite surprising that only a limited amount of research has been conducted into the combination of these topics, although both study fields have been researched in-depth individually.

Today's economy is fast-paced, and markets are changing quickly. Technological change creates new information, communication, and production technologies that then lead to shifts in comparative competitive advantages. However, markets in different industries change at different paces. The less conservative an industry sector is, the more quickly it adapts to change. Compared to other industries, the construction industry is rather conservative and reluctant to change, and not many wholesale construction materials and home improvement retail companies have taken incremental steps toward new technologies and change. However, there are only a few sectors that have been affected by fundamental changes as much as the retail industry. These include, among others, rising price pressures from a high level of competition and price sensitivity, shifts in market shares, and changing consumer behavior toward more price sensitivity and service orientation. Family businesses have a high economic significance. Due to the necessity of change implementation and the rising number of upcoming family business successions, compared with high failure rates in family business

succession, the impact of family business succession on change implementation is addressed in this research.

Failure rates in family business succession are extremely high: In Germany, only 30% of family firms successfully hand over the business to the second generation, between 10% and 15% to the third, and only about 3% to the fourth generation and beyond. Nevertheless, in family firms, family business succession remains by far the most favored succession type. Reasons for this lie in the special characteristics of family firms. While family firms are characterized by a strong bond with employees, high profitability, flexibility, and speed in adapting to markets, research and innovation are also cornerstones of the success of family businesses. The interviews have shown that SEW, pride, tradition, and continuing the family legacy were important factors in the decision-making process of the successor to enter a family business succession. However, financial motives were named as a close second factor as entering the family business was a reliable port of call with a high financial potential and independence for aspiring business successors.

The interviews showed that predecessors expressed their underlying wish for a family-internal succession by preparing the potential business successor at an early age. Some of the potential predecessors even received company shares already before actively working in the company. All interview partners started working in the family business at an early age, and most of them enjoyed a high level of education. While in the last period of business, many predecessors tended to lose their drive towards implementation of novelties. Therefore, the company

experienced a lack of innovations. These include mainly technological innovations and trends that the predecessor did not feel comfortable to pursue anymore due to increased age and a lack of knowledge in the specific field. Many business successors entered the family business right after their university degrees with no fixed task and a great drive towards project-based change implementation in the beginning. Therefore, their training from early age on came in handy. Among many business successors an eagerness to implement changes, a drive to address company developments, improvements, and innovations could be found. Compared to the predecessors, who mainly made investment decisions based on financial factors, such as ROI, business successors seemed to have a different view of the implementation of change. They were more willing to implement changes that did not lead to a direct financial return. These included mainly IT and additional services that they said were what they would expect from a modern company. This shows the movement of a conservative, ROI-oriented sector towards a more modern and service-oriented view.

So, *“Does business succession in family businesses have an impact on change management in family firms?”*

According to the findings of the interviews, it can be said that business succession has an impact on change management. One of the impacts of business succession on change management is that the business succession process leads to a higher degree of propensity towards change in general. Many business successors enter the family business without a specific position or task. In these cases, the successor usually picks a project-based task in a company field that has

improvement potential. In most interviewed companies there were plenty company fields with improvement potential, especially in IT and (web) service-related fields, as the predecessor has left areas that he did not feel comfortable with anymore untouched for the business successor. Most business successors tapped into these field and pushed change implementation. As a result, more change was implemented in times of business succession.

However, the type of impact of business succession on change management is multi-dimensional and must be differentiated. The actual change implementation throughout the business succession process is furthermore affected by other aspects. While more capital drives the implementation of change, the smaller budget of most small companies reduced the implementation of development projects. Similar observations were made regarding the predecessor's human capital. A patriarchal predecessor hindered the implementation of change, while a more open attitude to change encouraged the change activities of the business successors.

The impact of business succession on change management is consequently that due to a higher propensity more change is implemented. However, this does not answer the question of whether the timing of change implementation during the succession process is beneficial or harmful or has no impact on the implementation process and if there are further impacts of business succession on change management. Whether the company transition process is fruitful to the change implement process or whether it is not depends on multiple other aspects: the employee base, the company culture, the predecessor's ability to relinquish

responsibility, his or her attitude to change, the human capital of the predecessor, and his or her attitude to change and to the company. All these dimensions played significant roles in the ease of change implementation.

To achieve a better understanding, the characteristics of business succession must be understood. Business succession is not an event; it is rather a process with again many important aspects. The predecessor's ability to relinquish responsibility is important and his or her attitude to change must go in line with the successor's visions to be successful. The transition process of a family business succession is already a change process that benefits from continuity. Every further change implementation in the company could therefore impact the succession process.

Nevertheless, with a successor arriving, employees already expect change within the company. If the successor's human capital and abilities are high enough, and the employee base and the culture can be managed accordingly, the business succession in a family business provides a good foundation for the implementation of change. High human capital in the person in charge supports successful change implementation. Due to their intense training, educational background, and professional experience, which are gained from a young age, family business successors are often equipped with the required human capital. In this context, however, employee involvement in the change implementation process is key. While an early employee involvement is beneficial for the implementation of changes, a missing involvement can lead to resistance among the employees and lead to a complete failure of the process.

Throughout the research, it was found that those companies who hired external advisors tended to manage the transition and change implementation throughout the succession process better. Many family businesses tend to avoid consulting advisors, as they usually act as closed systems. Nevertheless, especially in projects or special transition processes, these outside influences were beneficial. This was particularly the case for strategic and managerial advisory services.

The research question “*Does business succession in family businesses have an impact on change management in family firms?*” can be answered as following: Yes, business succession has an impact on change management in family firms. The business succession process leads to a higher propensity towards change implementation and consequently to a greater degree of change implementation. However, the impact on change management and the benefit is multi-dimensional. As the business transition process is also a change process with many influencing steps, employees already expect change. If the predecessor’s visions go in line with the successor’s ideas and the successor has the needed resources⁹³, the succession process is a good turning point that drive change implementation positively.

9.2 Concluding Framework

The research findings lead to the following theoretical framework (Figure 16) of the research topic that addresses the beforementioned major findings of the research:

⁹³ Both financial and human

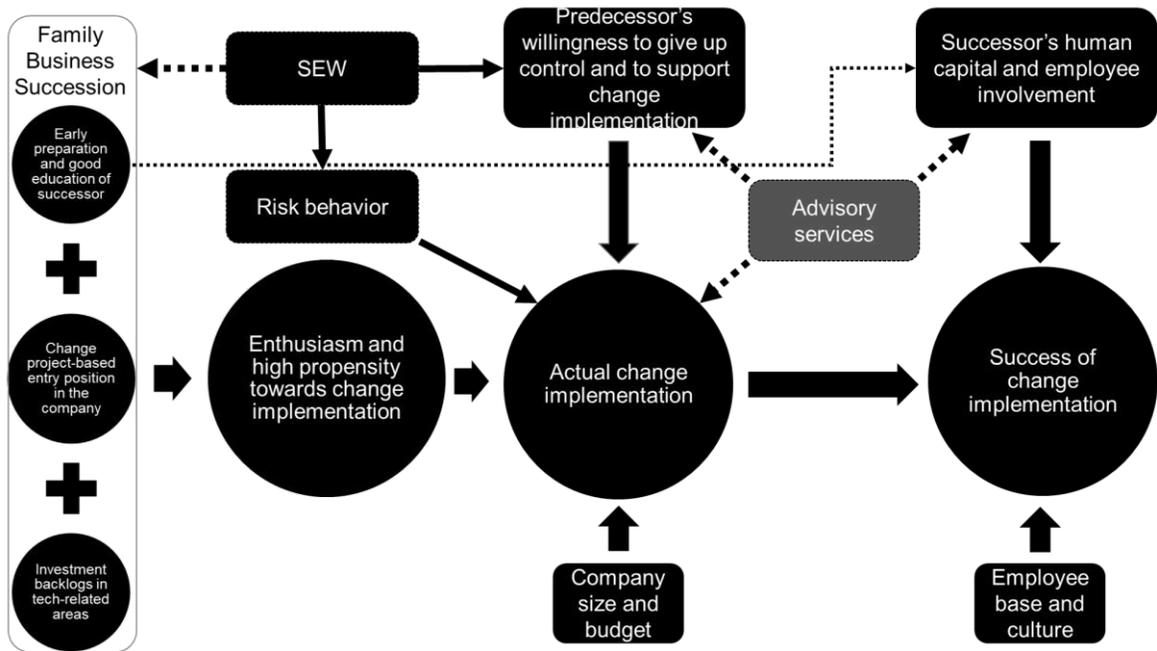


Figure 16: Theoretical Framework: Business Succession and Its Impact on Change Management in Family Businesses (own figure)

The family internal business succession is largely influenced by SEW aspects and the early preparation and good education of the family business successor often leads to a high human capital among the business successors. Investment backlogs (in tech-related areas) and a project-based entry position drive the enthusiasm and the propensity towards change implementation among the business successors.

Thus, the actual change implementation is furthermore influenced by the company size and budget, as well as the predecessor's willingness to give up control and to support change implementations in the family business. The actual change implementation is also influence indirectly by SEW aspects. SEW has a direct impact on the predecessor's willingness to give up control and influences the actual change implementation moreover through the impact on the risk behavior in family firms. The predecessor's willingness to give up control and to support

change implementation as well as the actual change implementation can be supported by advisory services.

The success of the actual change implementation is then dependent on the employee base and culture as well as the employee involvement and the successor's human capital. Regarding the successor's human capital, the early preparation of the good education can come in handy. Just as with the actual change implementation, advisory services can support the success or the ease of the change implementation by supporting the successor directly and equalizing missing human capital or by supporting employee involvement.

10 Research Contribution and Limitations

10.1 Contribution to Theory

10.1.1 General Findings

Family businesses have a significant economic impact. Due to their high place value a lot of research has been conducted about family businesses and there are plenty of definitions on family businesses and family business succession. A great amount of attention is also paid to change management. As a result, a great deal of research has been conducted into business succession and change management individually, but except for Ahrens (2013) qualitative approach on some combining aspects, not much research has been conducted on the combination of the two study fields. This research thesis therefore aims to tap deeper into this gap by combining the two topics with a specific industry and a specific succession type.

To do so, the specific characteristics of family businesses and family business succession were drawn up at first. The research has shown that compared to non-family businesses, family businesses tend to have higher operational margins, higher ROIs and higher growth rates in both, revenues, and assets. A reason for that phenomenon lies in the special connection of the managing family business owner towards the company and the employees of that company. Besides the fact that family members are more attached and passionate about the company, they are also more driven by long-term results and other family goals. This has also an impact on the business succession process which is often part of the long-term plan of the family.

10.1.2 Contextual Findings

The interviews provided evidence that emotional factors played an important role in the decision-making process of family firms. Especially the pride that business successors were experiencing seemed to have an impact on both decisions regarding the business succession itself, but also decisions regarding change implementations. This emotional, non-financial aspect is also addressed by Gomez-Mejia et. al (Gomez-Mejia, Takács Haynes, Núñez-Nickel, Jacobson, & Moyano-Fuentes, 2007; Gomez-Mejia, Makri, & Kintana, 2010; Gomez-Mejia, et al., 2014) in multiple papers as Socioemotional Wealth approach or SEW approach.

Although many predecessors do not have a written down succession plan, they prefer a family-internal business succession. This is due to an underlying wish of continuation of the family legacy, but partly is also influenced by non-financial benefits like SEW. This family pride and the will to continue the family legacy is also present among the potential family business successors. This is also confirmed in Ahrens (2013) quantitative approach on the combination of business succession and change management and described as limitation of the pool of potential candidates. However, in contrast to Ahrens (2013) who demonstrates a lower human capital among the business successors, this research has shown different findings. The interviewed business successors are prepared at an early age, often work in the family business part time during their educational career and get in contact with the business extremely early. As they grow up with and sometimes in the family business, they start to recognize the financial possibilities

connected with the family business and pick-up business-related topics and behaviors constantly.

When entering the family business, the trained and well-educated family business successors are trying to make their way in the family business and tend to take over change projects with improvement potential. The improvement potential arises from investment backlogs of market developments that predecessors do not feel comfortable with anymore at a certain age and in which the successors tap in. Therefore, this research comes to the conclusions that the business succession leads to an increase in propensity towards change implementation among the business successors.

The actual change implementation is influenced by other factors, such as size and budget of the company as well as the predecessor's willingness to give up control and to support the change implementation. In this context, SEW has a direct impact on the predecessor's willingness to give up control and an indirect impact on the actual change implementation through its influence on risk behavior.

Thus, although the business succession process leads to a higher propensity towards changes and consequently more change implementation on average, the success of the ease and success of change implementation is more dependent on other factors, such as successor's human capital, employee involvement and employee base and culture. Advisory services can be beneficial for the actual change implementation and its success, either directly or indirectly by supporting successor's capabilities, employee involvement or the predecessor's willingness to give up control.

Furthermore, the research delivers some interesting findings regarding the combination of the two research fields in a specific industry and a specific succession type and concludes with a theoretical framework. It also contributes to theory by addressing further research needs (see chapter 10.3)

10.2 Contribution to Praxis

The thesis “Business Succession and Its Impact on Change Management in Family Businesses” is targeted toward family businesses that are in a succession process or those that will be facing one soon. It delivers theoretical background and ideas for the correct timing of change implementation and notes some of the influencing factors on change implementation throughout the transition process. These ideas should allow family business successors in the wholesale building materials and home improvement retail industry to successfully navigate the transition process while attending to change implementation due to new market requirements or the chance to change market positions. As some findings from the interviews as well as most of the literature review is mainly detached from the industry, the findings may be of interest for business owners and successors in other industries. Conclusions can also be drawn for other industries and situations.

The entering family business successors showed a distinct drive towards change implementation, not only to fulfill their ideas of the company, but also to close the investment backlogs of their predecessors. This propensity towards change implementation consequently leads to a higher level of change implementation throughout the succession process. Thus, as the transition process is already a change-related process, additional changes can endanger the success

of that process. Therefore, all steps of the transition process and the implementation of change must be handled with care and planned well.

This starts with the preparation of the potential business successors. The research shows that for both, the business transition process itself, as well as further change implementations, a high human capital among the business successors is required. Therefore, a lot of knowledge and skills must be acquired before starting the business succession process. Then, the leaving predecessor must be willing to give up control and pass it on to the successor. For a successful business succession process, all parties must pull the same strings, not only regarding the transition process, but also for further change implementations of the business successor.

Thus, all parties do not only include the predecessor and the successor, but also the employee base. Therefore, it is important to involve employees throughout the process and note the employee base and the culture. If changes do not go in line with employees' expectations and the unique company culture it can lead to resistance among the employees. While an open culture can push change implementation, a missing employee involvement can lead to resistance among the employees that are affected by the implemented changes. Employees' resistance towards changes implemented by the successor can then lead to failure of the specific change implementation, endanger the business succession process, or even lead to a complete failure of the company.

As a result, the business succession requires a high level of preparation of all parties involved and can endanger the entire company, but also holds a lot of improvement potential for the company when carried out successfully.

Furthermore, the thesis addresses additional gaps that might be interested in praxis as well (see chapter 10.3)

10.3 Further Research Suggestions

As per the research aim, the research delivers some good findings and ideas regarding the combination of family business succession and change management, but also point out some gaps that need to be researched further and in more depth. While the first two research gaps arise from general findings, point three and four are contextual from interview findings.

10.3.1 Comparison to other Succession Types and Industries

Throughout the research, only a regular business succession process was considered which describes the business succession, because of a retiring predecessor. Furthermore, no comparison to external business succession was drawn. Additionally, the research was strictly limited to a certain industry.

Future research in the field could therefore address the same topic with a larger sample size among different industries. In a second step, future research could compare the findings to other business succession types, such as external business succession through mergers, management buyouts, and sudden, unexpected succession events, such as the sudden death or illness of the current business leader.

10.3.2 Female Business Succession

Apart from the limitation to one succession type there was a clear preference for male business successors in family internal business succession. Although the research was conducted in a mainly male-dominated industry, the literature review has confirmed this finding also in many other industries. Some papers show slight evidence of higher human capital among female business successors. This phenomenon could be caused by the fact that the sample size among female business successors is smaller. In addition, due to a favoring of male business successors over female business successors, females make it to the position only if they have a significantly higher human capital, while men are pushed into the position despite their low human capital.⁹⁴ In addition, the difference risk behaviors of man in women can be addressed.

10.3.3 Non-Financial Behavior versus Financial Motives for Business Succession

Another aspect that could be considered in more depth is the discrepancy between the non-financial behavior of family firms and the financially motivated decisions regarding business succession. While family goals and SEW aspects are mostly non-financially driven, the motives of the successor were financially driven in many cases. One interviewee said:

“The topic of home improvement and wholesale construction materials has always played a big role in our family. Therefore, it had an impact when I thought about my future. Nevertheless, at an early age I had already started

⁹⁴ Compare Ahrens et al. (2015), Moog & Soost (2014), and Kay (2020)

thinking that I would love to have my own company, and, at this point, it did not matter to me what I would be selling – no matter if its dessoos for women or hammers and nails. In the end, it comes back to the same problems you are facing and the same steps you must take. And since I was not creative enough to find a better solution, I aligned myself with home improvement and wholesale building materials.” (Interview 8)

Nevertheless, successors showed that in contrast to their predeceasing counterparts, they were more willing to invest in innovations and change that did not have a direct return on investment but focused instead on a higher service level. This mind changing in investment activities indicates a movement of the conservative business sector toward a more modern view and an eagerness to implement changes. This higher willingness to implement changes also indicates a higher willingness to take financial risks which could be correlated with the low entry costs the family business successor has when entering the family firm.

As these are non-financially driven, long-term goals, it is unclear whether there really is a discrepancy between the financial motivation of the business successor and non-financial family goals or not. Therefore, this could be analyzed in future research.

10.3.4 Tax Aspects

Another factor that played an important role in many interviews was tax. The avoidance of tax payments played an outstanding role in the transition process. It seemed some predecessors had planned the entire transition process around the tax topic. As taxes seemed to have a huge impact on the succession process and

the formation of the succession process, they may have an impact on this research and are therefore of importance. In company 2 and 6 for example, the predecessor had planned the succession process tax optimized. The major goal was the avoidance of inheritance taxes and therefore company shares were handed over before the business successor even entered the company. The interviews furthermore showed, that in more than half of the cases, the predecessors had not considered the start of the succession process and the further orientation of the company until all legal and fiscal limitations had been discussed. In family business succession, the optimization of inheritance taxes often has the highest priority. This leads to the risk that tax targets are ranked higher than company targets, which can hinder the company's development when lower ranked targets that usually benefit the company development are postponed or left out in order to reach tax goals.

In Germany, the charges for inheritance and gift taxes depend on personal allowances, tax rates, and the type of assets that are being transferred. Transfers of company real estate, business assets, and equity in corporations are treated favorably in inheritance tax (Lorz & Kirchdörfer, 2011). Thus, the structure of the assets to be transferred exerts a high influence on the tax burden.

In addition, significant savings in inheritance and gift tax can be achieved through anticipated succession. Anticipated succession describes a succession process that takes place in multiple stages (Tsoutsoura, 2015). In Germany, each parent has a tax-free gift allowance for heirs that replenishes every ten years. Since family businesses often have a value that is a multiple of this allowance, they

start early to hand over company shares in tranches. Each tranche amounts to the tax-free allowance and is handed over according to the replenishment period of ten years (Lorz & Kirchdörfer, 2011).

In these cases, family members often become shareholders regardless of their future in the company at an age when they probably have not planned whether they want to work in the company or not. Especially when there are multiple heirs, non-active shareholders can arise. Often non-active family members pursue intentions that differ from those of the leader or the actual successor (Sund & Bjuggren, 2013). Even when different shareholders follow the same goals and intentions, multiple shareholders can slow down the decision-making process and devastate the rapid decision-making that generates a comparative competitive advantage for family firms (Schulze, Lubatkin, & Dino, 2003). This may lead to a clash. Sometimes family members also join the company as employees instead of taking over the managing director seat. If they are working with other employees, their position as shareholder can also lead to difficulties (Mandl, 2008). Finally, the receipt of company shares at an early stage can strengthen the already existing subconscious feeling of obligation and can push successors into the position of taking over the family business although they do not have the required capabilities (Ahrens, 2013).

Predecessors are usually dependent on utilizing assets for their retirement. Since most family businesses have a high level of assets tied into the company and cannot be liquidated easily, the company's liquidity must be preserved (Tsoutsoura, 2015). When liquidation is possible, income tax effects arise due to

the disclosure of hidden reserves and taxation as profits in the case of non-targeted tax structuring. Hidden reserves are the difference between the current value of an asset and its value in the balance sheet. Hidden reserves are unintentionally disclosed, for example, when assets like real estate are withdrawn from business assets as part of inheritance arrangements. Incorrectly formulated transfers of assets for part consideration can have income tax effects, for example, if the business is transferred to the junior free of charge in conjunction with pension benefits, and the junior assumes the senior's liabilities (Schliessmann, Fandrich, & Bloehs, 2001).

In summary, it can be said that taxes and the avoidance of taxes, particularly inheritance taxes, play a significant role in family business succession and can therefore impact the succession process, the implementation of change, and the company's performance. The interviews showed that many predecessors ranked the optimization of tax structures high and partly handed over shares to family members at an extremely young age and before they even take over roles in the company. This high ranking of tax avoidance strategies bares the risk of prioritizing tax goals over company goals without sufficiently considering the impact on the company's long-term survival prospects. Anticipated succession holds huge tax-saving potential but introduces a high risk of false distribution of company shares. It is therefore a double-edged sword that should be handled with caution. Nevertheless, the general topic of taxes—the impact on taxes on the succession process, the implementation of change, and the long-term company performance—

is an extremely broad topic that can be researched in more depth in a separate study.

Therefore, the consultation of tax advisory services for the business succession process is a double-edged sword. While tax consultation is commonly used in family businesses, there is a risk of putting tax goals above family goals or company goals. Taxes and the avoidance of taxes play a significant role in family business succession and can therefore impact the succession process, the implementation of change, and the company's performance. There is a risk of prioritizing tax goals over company goals without sufficiently considering the impact on the company's long-term survival.

10.4 Limitations of the Research

Despite the findings that were made during the research, there are a few limitations that must be addressed. Business succession and the transition process in family firms is a unique process. Due to the individuality of the process and the companies, a direct comparison between companies is not possible. Thus, only leads and hints can be drawn from the interviews that might be indicators for certain findings. However, due to the relatively small sample size, 14 interviews, these hints may need to be tested on a larger scale. Therefore, the research is limited to the companies interviewed.

The interviews were only conducted in companies in one industry. This makes it possible to compare the findings at a certain level, as external factors are comparable. However, this limits the research to that specific industry. No direct conclusions can be drawn for other industries in the same situation; assumptions

can be made but must be researched in more depth. In addition, only a regular business succession process was researched. In this context, a regular business succession process refers to a business succession process in which the business successor enters the family business because of a retiring predecessor. Sudden unexpected events, such as the death of the predecessor, were not considered. In addition, no comparison to external business successions or management buyouts was drawn.

The fact that there was a personal contact with the interview partners is also a limitation that must be addressed. Thus, the personal contact could have an influence on the findings in two ways: On one hand, the personal contact with the interview partners generated a basis for a more trustful and confidential interview. It could lead to more information on the extremely sensitive topic of this research such as other business succession scenarios planned by the predecessor and is therefore beneficial for the course of the research. On the other hand, the personal contact could also lead to more disclosure when the interviewees did not want to address critical personal topics. The personal contact with the person interviewing could lead to a higher sense of shame among the interviewees when talking about critical points and therefore need to be addressed as a limitation.

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Appendix

Appendix 1 – Privacy Note



Munich
Business
School

DATENSCHUTZERKLÄRUNG FÜR FORSCHUNGSTEILNEHMER

Einführung

Ab dem 25. Mai 2018 ersetzt die Datenschutzgrundverordnung (DSGVO) das Datenschutzgesetz und regelt die Art und Weise, wie Unternehmen personenbezogene Daten verwenden. Personenbezogene Daten sind Informationen über eine identifizierbare lebende Person. Transparenz ist ein Schlüsselement des GDPR und diese Datenschutzerklärung soll Sie informieren:

- wie und warum die Universität Ihre personenbezogenen Daten für die Forschung verwendet,
- was Ihre Rechte unter GDPR sind, und,
- wie Sie uns kontaktieren können, wenn Sie Fragen oder Bedenken hinsichtlich der Verwendung Ihrer personenbezogenen Daten haben.

Ihre Rechte unter Datenschutz

Eines der Ziele der Datenschutzgrundverordnung (DSGVO) ist es, Einzelpersonen zu befähigen und ihnen die Kontrolle über ihre personenbezogenen Daten zu geben.

Die DSGVO gibt Ihnen die folgenden Rechte:

- Das Recht auf Information
- Das Zugangsrecht
- Das Recht auf Nachbesserung
- Das Recht auf Löschung
- Das Recht, die Verarbeitung einzuschränken
- Das Recht auf Datenübertragbarkeit
- Das Widerspruchsrecht
- Rechte in Bezug auf automatisierte Entscheidungsfindung und Profilerstellung

Bitte beachten Sie, dass viele dieser Rechte bei der Verwendung der Daten für Forschungszwecke nicht gelten, aber wir werden immer versuchen, auf Ihre Bedenken oder Fragen zu antworten. Weitere Informationen zu diesen Rechten finden Sie unter <https://www.shu.ac.uk/about-this-website/privacy-policy/data-subject-rights>.

Warum verarbeiten wir Ihre personenbezogenen Daten?

Die Universität forscht im Rahmen ihrer Funktion für die Gemeinschaft im Rahmen ihrer Rechtsform. Die Datenschutzgesetze erlauben es uns, personenbezogene Daten für die Forschung mit angemessenen Schutzvorkehrungen zu verwenden, die auf Basis der Rechtsgrundlage für öffentliche Aufgaben, die im öffentlichen Interesse liegen, bestehen.

Informationen über die Rechtsstellung, die Verfassung und die öffentlichen Aufgaben der Universität finden Sie unter: <https://www.shu.ac.uk/about-us/governance-and-strategy/governance/legal-status-and-constitution>.

Wir werden Sie immer darüber informieren, welche Informationen wir von Ihnen sammeln möchten und wie wir sie verwenden werden. Für die Erhebung und Verwendung Ihrer Daten in bestimmten Forschungsprojekten werden wir Ihre Zustimmung einholen. Für Kinder,

Jugendliche und andere schutzbedürftige Gruppen wird sich die Forschungsethik-Kommission auf ein geeignetes Zustimmungsverfahren einigen, um den Schutz der Teilnehmerrechte zu gewährleisten. Ausführliche Informationen erhalten Sie in einem Informationsblatt.

Die Forschung an der Universität unterliegt Richtlinien und Verfahren, und alle Forschungen werden einer ethischen Prüfung unterzogen, um sicherzustellen, dass sie so durchgeführt wird, dass sie Ihre Interessen schützt und auf einem hohen Niveau stattfindet.
<https://www.shu.ac.uk/research/ethics-integrity-and-practice>

Erhebung und Nutzung personenbezogener Daten

Alle Forschungsprojekte sind unterschiedlich und die Informationen, die wir sammeln, variieren. Die Forscher werden jedoch nur Informationen sammeln, die für den Zweck der Forschung unerlässlich sind. Forschungsdaten werden in der Regel so schnell wie möglich nach der Datenerhebung anonymisiert, so dass Personen nicht erkannt werden können und Ihre Privatsphäre geschützt ist. Nach diesem Zeitpunkt können Sie Ihre Daten nicht mehr widerrufen. Einige Daten, wie z.B. Umfragedaten, werden häufig anonym erhoben, so dass sie nicht mehr zurückgezogen werden können, wenn Sie die Erlaubnis zur Nutzung erteilt haben. Wenn Sie in einer Forschungspublication (z.B. durch ein zurechenbares Zitat oder ein Foto) identifizierbar sind, werden wir Ihre ausdrückliche Zustimmung einholen.

An wen geben wir Ihre Daten weiter?

Um unsere Forschung der Öffentlichkeit und der akademischen Gemeinschaft zu vermitteln, ist es möglich, dass Ihre anonymisierten Daten Teil einer Forschungspublication, einer Konferenzpräsentation oder eines öffentlichen Vortrags werden. Wenn Forscher Informationen verwenden möchten, die Sie identifizieren, wird eine besondere Zustimmung eingeholt.

Der Schutz Ihrer personenbezogenen Daten ist von größter Bedeutung und wird nur dann weitergegeben, wenn ein berechtigter Zweck erfüllt ist. Die Universität verkauft niemals personenbezogene Daten an Dritte.

Ihre Daten können an folgende Dritte weitergegeben werden:

- Direktes Projektteam, das berechtigt ist, an dem Projekt zu arbeiten und auf die Informationen zuzugreifen. Dies kann Mitarbeiter der Sheffield Hallam University oder Mitarbeiter anderer Organisationen umfassen, die zur Bearbeitung des Projekts berechtigt sind. Dies wird in Ihrem Informationsblatt deutlich gekennzeichnet.
- Wenn ein Student die Forschung durchführt, werden die Daten an seine Vorgesetzten weitergegeben.
- Unsere Recherchen können überprüft werden, und es kann ein Zugang zu den Daten erforderlich sein. Die Universität hat Vorkehrungen getroffen, um sicherzustellen, dass die Audits sicher und vertraulich durchgeführt werden.
- Im Falle von Beschwerden über ein Forschungsprojekt kann der Leiter der Forschungsethik im Rahmen unseres „Research Misconduct Procedure“ Zugang zu den Daten verlangen.

Lagerung und Sicherheit

Die Universität verfolgt einen robusten Ansatz zum Schutz ihrer Informationen mit speziellen Speicherbereichen für Forschungsdaten mit kontrolliertem Zugriff. Wenn Sie an einem

besonders sensiblen Projekt teilnehmen, setzt die Universität zusätzliche Sicherheitsschichten ein. Die Universität ist Cyber Essentials zertifiziert.

Neben diesen technischen Maßnahmen gibt es umfassende und wirksame Richtlinien und Verfahren, um sicherzustellen, dass sich die Nutzer und Verwalter von Hochschulinformationen ihrer Pflichten und Verantwortlichkeiten für die Daten, zu denen sie Zugang haben, bewusst sind. Standardmäßig erhalten Personen nur Zugang zu den Informationen, die sie zur Erfüllung ihrer Aufgaben benötigen. Neue Mitarbeiter, die an der Universität einsteigen, werden geschult, und die bestehenden Mitarbeiter verfügen bei Bedarf über Schulungen und Expertenberatung.

Aufbewahrung

Ihre Daten werden nicht länger als nötig aufbewahrt und in der Regel in einem anonymisierten Format. Die Dauer der Aufbewahrung Ihrer Daten hängt von einer Reihe von Faktoren ab, darunter die Bedeutung der Daten, der Finanzierungsbedarf, die Art der Studie und die Anforderungen des Herausgebers. Einzelheiten dazu finden Sie im Informationsblatt zu den einzelnen Projekten.

Nach der Anonymisierung können Ihre Daten im Forschungsdatenarchiv der Universität gespeichert werden, wo sie von anderen Forschern mit Erlaubnis der Universität abgerufen werden können.

Kontaktieren Sie uns

Sie sollten sich an den Datenschutzbeauftragten wenden DPO@shu.ac.uk, wenn:

- Sie eine Anfrage haben, wie Ihre Daten von der Universität verwendet werden
- Sie eine Verletzung der Datensicherheit melden möchten (z.B. wenn Sie der Meinung sind, dass Ihre personenbezogenen Daten verloren gegangen sind oder unangemessen weitergegeben wurden)
- Sie sich darüber beschweren möchten, wie die Universität Ihre personenbezogenen Daten verwendet hat

Sie sollten sich an die Leiterin der Forschungsethik (Professor Ann Macaskill) a.macaskill@shu.ac.uk wenden, wenn Sie Bedenken haben, wie die Forschung durchgeführt wurde oder wie Sie behandelt wurden.

Unsere Postanschrift lautet: Sheffield Hallam University, Howard Street, Sheffield S1 1WB

Unsere Telefonnummer lautet: +44 114 225 5555

Weitere Informationen und Unterstützung

Weitere Informationen zur Verwendung personenbezogener Daten durch die Universität finden Sie unter <https://www.shu.ac.uk/about-this-website/privacy-policy#this-section>.

Der Informationskommissar ist die Regulierungsbehörde für GDPR, und Sie haben das Recht, Bedenken gegenüber dem Kommissar vorzubringen. Das Information Commissioner's Office (ICO) verfügt über eine Website mit Informationen und Leitlinien für die Öffentlichkeit:

<https://ico.org.uk/for-the-public/>

Das Büro des Informationskommissars betreibt eine Telefon-Hotline, eine Live-Chat-Funktion und einen E-Mail-Auskunftsdienst. Sie können Bedenken auch online melden. Für weitere Informationen besuchen Sie bitte die Seite „Contact Us“ auf ihrer Website:

<https://ico.org.uk/global/contact-us/>

Appendix 2 – Participant Information



TEILNEHMER INFORMATIONSBLATT

1. **Titel: Family Business Succession and its Impact on Change Management**
Unternehmensnachfolge und ihr Einfluss auf Veränderungsmanagement in Familienunternehmen
2. **Rechtliche Grundlage für die Studie**
Es werden Daten zu Forschungszwecken erhoben. Persönliche Daten werden anonymisiert. Weitere Informationen zum Thema Datenschutz können Sie der beigefügten Datenschutzerklärung entnehmen.
3. **Forschungsgrund**
Um in einer schnelllebigen Wirtschaft konkurrenzfähig zu bleiben, sind permanente Anpassungen und Veränderungen im Unternehmen notwendig. Ob und in welcher Form sich eine Unternehmensnachfolge auf die Umsetzung von Veränderungen im Unternehmen auswirkt, soll im Zuge der Forschung beantwortet werden.
4. **Teilnehmer**
Die Studie richtet sich an Teilnehmer, die sich derzeit in einer Unternehmensnachfolge befinden oder eine Unternehmensnachfolge in den letzten 5 Jahren abgeschlossen haben. Teilnehmen sollten nach Möglichkeit immer Vorgänger und Nachfolger eines Familienunternehmens.
5. **Teilnahme**
Die Teilnahme an der Studie ist freiwillig. Teilnehmer können sich jederzeit ohne Angabe von Gründen dazu entscheiden von der Studie zurückzutreten oder bestimmte Fragen nicht zu beantworten.
6. **Hergang**
Im Rahmen der Studie wird ein einmaliges Interview geführt, in dem die/ der Befragte über seine Erfahrungen aus dem Unternehmensnachfolgeprozess erzählt. Die Interviews werden aufgenommen und transkribiert. Pro Teilnehmer findet lediglich ein Interview statt.
7. **Teilnahmeort**
Die Interviews finden am Unternehmensstandort der/ des Befragten statt.
8. **Dauer**
Da die individuellen Interviews im offenen Dialog stattfinden, kann die Dauer der einzelnen Interviews je nach Interviewpartner variieren. Die Dauer wird auf 20 – 45 Minuten pro Interview geschätzt.
9. **Anonymität**
Die geführten Interviews werden aufgenommen und transkribiert. Die Daten werden streng vertraulich behandelt und im Zuge der Arbeit anonymisiert, sodass keine Rückschlüsse zu einzelnen Teilnehmern erfolgen können.
10. **Informationszugang**
Nachdem persönliche Informationen anonymisiert wurden, wird die Studie im Rahmen einer Doktorarbeit veröffentlicht und somit öffentlich zugänglich sein.
11. **Rohdaten**
Die Rohdaten der Studie (Aufnahmen der Interviews) werden nicht Teil der Veröffentlichung und werden ausschließlich zu Zwecken dieser Studie verwendet. Sie werden mit Ablauf der Aufbewahrungsfrist vernichtet.

12. Ergebnisse

Die Ergebnisse der Studie werden allen Teilnehmern auf Anfrage mit Abschluss der Arbeit zugeschickt.

Teilnehmer haben jederzeit die Möglichkeit weitere Informationen zu der Studie zu erfragen.

Kontaktdetails bei Fragen oder Bedenken zur Studie:

Forscher/ Doktorand:

Julius Bornschein
Wildburgstr. 30
55469 Simmern

Tel.: +49 175 7505064
E-Mail: j.bornschein@wbsim.com

<p>Sie sollten den Datenschutzbeauftragten kontaktieren, wenn</p> <ul style="list-style-type: none">• Sie ein Anliegen haben, in welcher Form die Daten von der Universität genutzt werden• Sie einen Daten-Sicherheitsverstoß (z.B. bei verloren gegangenen oder missbräuchlich genutzten Daten) melden möchten• Sie sich darüber beschweren möchten, wie Ihre Daten genutzt wurden <p>DPO@shu.ac.uk</p>	<p>Sie sollten den Leiter der Forschungsethik (Professor Ann Macaskill) kontaktieren, wenn</p> <ul style="list-style-type: none">• Sie Bedenken haben, in welcher Form die Studie durchgeführt wurde und wie die Teilnehmer behandelt wurden. <p>a.macaskill@shu.ac.uk</p>
<p>Postalische Adresse: Sheffield Hallam University Howard Street Sheffield S1 1WBT England</p> <p>Tel.: +44 114 225 5555</p>	

Appendix 3 – Research Consent Form



Munich
Business
School

EINVERSTÄNDNISERKLÄRUNG DES TEILNEHMERS

SCHWERPUNKT DER FORSCHUNGSARBEIT: Unternehmensnachfolge

Bitte beantworten Sie die folgenden Fragen, indem Sie die zutreffende Antwort ankreuzen.

- | | JA | NEIN |
|---|--------------------------|--------------------------|
| 1. Ich habe das Informationsblatt zu dieser Studie gelesen und mir Details der Studie erklären lassen. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Meine Fragen zur Studie wurden zu meiner Zufriedenheit beantwortet und ich verstehe, dass ich jederzeit weitere Fragen stellen kann. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Ich verstehe, dass es mir freisteht, innerhalb der im Informationsblatt genannten Fristen von der Studie zurückzutreten, ohne einen Grund für meinen Austritt anzugeben, oder die Beantwortung bestimmter Fragen in der Studie abzulehnen, ohne Folgen für meine zukünftige Behandlung durch den Forscher. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Ich bin damit einverstanden, dem Forscher Informationen unter den im Informationsblatt festgelegten Vertraulichkeitsbedingungen zur Verfügung zu stellen. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Ich möchte an der Studie unter den im Informationsblatt genannten Bedingungen teilnehmen. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Ich bin damit einverstanden, dass die für die Zwecke dieser Forschungsstudie gesammelten Informationen, sobald sie anonymisiert sind (sodass ich nicht identifiziert werden kann), für andere Forschungszwecke verwendet werden. | <input type="checkbox"/> | <input type="checkbox"/> |

Name des Teilnehmers: _____

Kontaktdaten: _____

Datum und Unterschrift des Teilnehmers: _____

Name des Forschers:

Kontaktdaten:

Julius Bornschein
Wildburgstr. 30, 55469 Simmern
j.bornschein@wbsim.com
+49 175 7505064

Datum und Unterschrift des Forschers: _____

Bitte bewahren Sie eine Kopie der Einwilligungserklärung und des Informationsblattes zusammen auf.

Appendix 4 – Excerpt of Interview Transcripts (translated)

1 **Name of the file:** 02.06.20, 11-29

2 **I:** You never know what it is for.

3 **B:** Back then I did not really think about it. It always seems weird to see a builder's merchant, owning a doctor's title, standing at the counter. But it is always the question what your plans are.

4 **I:** I agree. I was quite young when I graduated from university, so I thought, I am young, uncommitted, and resilient, I can take the time.

5 **B:** We have a big competitor here in Southern Germany, his name is [company name]. And the boss is a very strange guy. So, I thought this might be a pre-taste for us. Above all, he insists on the "Dr". He also flies in a Japanese guy first class twice a year, who practices a Japanese philosophy to improve the production in the automotive industry. His name is Taketa, but I forgot the name of the philosophy. He does warehouse round tours to check everything. We have requirements around how many items are allowed on your desk. And on his tours, he sometimes throws items on the floor. Dr Kemmler believes in this 100 percent. And I am sure there is something right about this, but there are certain things in our industry which you can't compare to the automotive industry. When I worked at Woelpert, there were a few colleagues who had worked for Kemmler before, who told us a lot of strange stories. Maybe that is the reason, why I don't want to have a builder's merchant with a doctor's title.

6 **I:** How far is it for you to Ulm?

7 **B:** 130 kilometres.

8 **I:** And the employees still-?

9 **B:** No. They has his head office in Tübingen, the two I mentioned before here next to us and a big one close by. And he has another 10 offices in the whole area of Baden-Wuerttemberg. But he performed this madness everywhere. And the employees at my last employer have been working there before. Very strange. It costs about 50.000 Euro each time to fly this guy in, only for the tickets. And then you have his fees on top. But he likes it, he has worked in Japan for several years.

10 **I:** I would never do something like this, even if I had tons of money.

1/12

- 11 **B:** For this amount of money you could also have a huge party for the employees.
- 12 **I:** Yes, the employees would much more satisfied than with only being allowed to have three items on their desks.
- 13 **B:** Three weeks before he came, the employees checked the files from the last visit and reorganized their offices and desks according to those files. As soon as he had left, they removed everything back to the way they wanted it. I spoke to some managers. They wanted to move forward in their projects and then had to practice Zen Buddhism. They had trainings in Japan as well.
- 14 **I:** How can someone be that crazy? Okay, let's start. The topic has a lot to do with family and family succession, so it would be wonderful if you could talk about the company and the history of the family.
- 15 **B:** Okay. Like I said before, the company [company name] was founded in 1886, when my great grandfather as a professional builder moved from Lower Saxony to this area. There were a lot of building projects at that time and as a professional builder he also built his own storage facility for building materials and later started trading the materials he didn't use himself. Over time the building company became a building materials trade and even a forwarding company. With his first wife he had three sons and later another three sons with his second wife. The company was split, so that one son inherited the building company, another the building materials trade, the next one inherited the forwarding company. That went well for a while. Then the forwarding company was closed. The building company still exists and is being run by distant cousins. Then my grandfather's dad took over and lead the company through challenging times because of his father's early death. He supported his mother, who was also working in the company at that time. My grandfather married my grandmother after the war. She had the timber trade [company name] in her family. Her brother was a war invalid and because of his condition did not want to take over the company. He decided to follow are career in science and my grandmother brought the timber trade into the marriage. At first my grandfather managed the timber trade, while his father ran the building materials trade and later, he managed both companies. When my father joined the company, he also started in the timber trade because it was the smaller part of the company. And

Tradition/ Obligation/ Pride

when my grandfather had to spend some time in hospital, he also took over [company name]. From 1886 until around 2000 it went well quite well at three locations. It was a little bit inefficient, as they always had to drive back and forth between the warehouses, which were spread all over the city. Therefore, there have been efforts since the Sixties to unite the company at one location, which finally happened in 2005, after 40 years of planning. Since then they operate together under the name [company name], timber building materials.

16 I: But they have been independent companies before?

17 B: Yes. They were connected in an administrative limited liability company but operated independently.

18 I: And the systems are united since the merger?

19 B: No. We introduced Hibis at an early stage. My father joined the company in the Eighties at the age of about 30 and one of his first measures was to accelerate digitalization. Back then this meant switching from hand-written sheets to Hibis and MS-Dos. I believe, this happened in 1989 for both companies. Later we bought a third company, for which we adapted the system directly. When Prohibis was published, we didn't want to be the first ones, but we have been. We wanted to implement the new system right away after the move, so people would get used to it. In connection with the new location we had to suffer quite hard. We introduced a chaotic storage, which is possible with Prohibis. Logistics has always been important to us. We were among the first companies which pulled through with inventory ...##, because you must know the content of your storage to be a good merchant. And we made a huge effort to optimize the warehouse in order to minimize searching for items. In the end we decided that we need a warehouse management system. My father was already dreaming about such a system in the Nineties when the technical requirements were not ready yet. A few years ago, I saw it again at a trade fair, so we started planning together, but unfortunately forgot to inform the others involved. My father and I were 100 percent sure about it, but the others didn't really know what we were doing, so we had a conflict of interests and problems after the implementation as well. The logistic part worked well, but we underestimated the distribution.

Implementation of Change

20 I: And how did you solve the problem? It is an advantage if the vendor

Implementation of Change

knows the number of the bags of cement in the warehouse.

21 **B:** Our earlier system was not prone to error as well. The vendor was able to estimate the stock. The problem was that it became much more intricate to write or change a delivery note. I must admit that we failed to communicate and to train the new system in time. By implementing a new hardware, a new software, and new processes as well, we had massive problems with interfaces, between Prohibis and LVS. So, we did intensive trainings for distribution and we still do to fine-tune processes. We pushed Hagebau and the software developer to improve the systems, and we drove new developments, which will hopefully help the whole Hagebau if Hagebau as a general contractor offers these solutions to other partners too.

22 **I:** If you're involved from the beginning, you will suffer the most, but you will probably be one of the first to enjoy the benefits.

Implementation of Change

23 **B:** It works much better now. We are about to finish the second year. The first six months we spent in the Valley of Tears, lost a lot of customers, because they had to wait for hours to get a bag of cement and other problems like this. I spent three months of the implementation working in the warehouse for 10 to 12 hours, seven days a week, trying to get on top of the situation. It was very educational, and we finally made it through. We got customers back, who never wanted to come back again. We could have had it easier, but we have been too stubborn. It might have been better to have a pause in between, but as we put enormous investment into new hardware and software, we also wanted to follow through.

Implementation of Change

24 **I:** It is really hard to stop something I am convinced about and say, maybe I will continue at a later point. Do you have your own software or are you linked to Hagebau head office?

25 **B:** We are linked to the head office. We are a building materials dealer and not an IT company. We have no idea about IT, and it is not our job. We have a young lady, who knows her way around. She is in contact with the data centre and also capable to deal with some things locally. And there is also a substitute, who would be able to deal with these things too. But we don't employ an IT expert, as we can't use him to capacity and we could not pay him as well.

26 **I:** There are great advantages to outsourcing. Of yours you are

General

Employees/ culture

dependent and less flexible, but when an issue arises you know there are experts who do nothing else than taking care of this problem.

27

B: Exactly. That's why we focus on our competence as building materials dealer. Although we still must deal with the programming and the settings. And now the employees in the warehouse, who most likely know the least about IT, must handle all the technical equipment. As the user interface functions like a smartphone, it is no problem for the younger employees, but the older ones are struggling.

28

I: Do you use software and hardware from ...##?

29

B: Yes. We decided to buy this ...##. There was the possibility to buy the hardware ourselves but owing to our lack of IT knowledge we decided against it. Now that Hagebau is offering this as a prime contractor, it would be useful for them to take over buying with their IT department, because they get better conditions from suppliers and can buy larger quantities. For us as a smaller partner it was more practical back then. Probably we could have saved a few thousand Euros, but it would have been much more complicated. They delivered it complete with the service contract.

30

I: It is the same everywhere. When there are interfaces involved and problems arise, one always blames it on the other.

31

B: That is why we decided to purchase it from one source, including the recommended equipment. It has improved a lot in these two years. I have worked in the warehouse myself last weekend to give an employee a long weekend and to see how it all works now. It worked much more smoothly than I remembered. I also enjoy seeing that everything interlocks, it has a logic, I have no more paperwork and don't need to search for my slips of paper everywhere. Well, sometimes you misplace your device, too, but it will be much easier to find. And so far, only one time someone ran over the device with his forklift, which made everybody understand to never place the device on the floor.

32

I: You have taken an unusual path. You went to university and then went to a fellow partner, and later to the next one. But at the same time, you always had one eye on this place. Could you say a few words about this?

Tradition/ Obligation/ Pride
Tradition/ Obligation/ Pride
General

Tradition/ Obligation/ Pride
Succession Planning

Succession Planning
Educational Background

Attitude towards Change

33 **B:** Yes. As already mentioned, it became clear at the beginning of 2000 that the new building would come. At that time, it was clear that none of my two older siblings would be interested in joining the company. My brother helped out in the warehouse in his holidays, but always said it is not his thing. Our parents never pressured us. My sister had no ambitions, either, but she stepped a little bit into that direction by becoming an architect. She helped out in the tile department and of course was in contact with interior designers back then. Also, our grandfathers' brother was an architect, so there was a certain imprint through the family. When I was 15, my grandfather called me into his office and told me about the history of the company. And in the end, he asked me if I could imagine taking over the company in the future. Five minutes later my dad called me into his office, and we discussed everything as well. Then I took two weeks to think about it and finally told them that I agreed. More or less based on this statement they started the replanning of the location. If nobody would have taken over the company, they would have stayed in the old location for another 25 years and then would have sold it.

34 **I:** One of the smaller partners I worked with invested on a similar scale, and he said the same thing.

35 **B:** When my father asked me, he was 50 years old. It was foreseeable that he would continue for another 20 or 25 years, but in a family business you tend to plan more prospectively in 50 or 100 years. That is quite a difference. For me it then went clearly in the direction of the building materials trade. University entrance diploma, studies. My studies were also without pressure. My parents still said you can study whatever you want. I decided on the wood industry because pure business administration was not my thing. Wood industry was interesting because as a timber merchant we had access to the subject, and it holds a lot of natural science. I thought there would be enough business management included to make it all worthwhile. Afterwards I wished it had been more business management and less chemistry. Then I had to practice learning by doing.

36 **I:** If you are active in a business enterprise and have the basics, you can learn everything. And there is no doubt that you have them.

37 **B:** In an entrepreneurial family they often talk about business, so I had

Attitude towards Change

Educational Background

Educational Background

Tradition/ Obligation/ Pride

Educational Background

Implementation of Change

some basic knowledge. For the details I can ask for support. I actually completed my master's degree and worked in the sales department, in the warehouse and in the accounting department during the semester breaks. I did not want to go straight into the business after graduation, following the motto "I inherited". I then thought with my father about what would be interesting for the company and what would be interesting for me. One idea was to go into the industry on the supplier side, the other was to try a building materials dealer on my own. At the beginning I was very much taken with the industry idea of getting to know the other side and learning a few tricks. I could have also gone into production in certain industries. But I got away from that idea again because as a child of a customer it also seemed to me to be a strange situation.

38 **I:** The terrible thing is, even if you have worked in the family business, it is always said that this is the SON, who can do what he wants. And everyone looks at you, you have much more pressure and you must perform much more. I know this as well, I worked in the family business, too. So much more is expected of you and you must live up to expectations.

39 **B:** And you must be better than the others.

40 **I:** This does not make it easier, even if outsiders see it differently.

41 **B:** When I used to work on Saturdays, the employees were happy because they knew that all the dirty work would end up with me. Which was good because I have done everything that can be done here. If somebody says, this doesn't work, I can say, "Come on, I show you. I have done it." I did not want to be handled with velvet gloves in the industry after all. And since I wanted to take over a trading company anyway, it made sense to take a look at the trade. The first person to respond to my application was Woelpert in Ulm. I was supposed to spend three months in the branch office to see what I was capable of, and then I was quickly transferred to the head office and entrusted with various projects. That was always extremely exciting because I had different jobs from week to week.

42 **I:** That is very cool. You see an awful lot and can make the mistakes with others.

43 **B:** Exactly. That was part of my considerations. If I make mistakes,

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then rather where they cost someone else something and even without the son of the boss bonus. I then get the scolding I deserve, but also the praise I deserve. That was definitely a factor in finally being Mr [name] without emphasis. After two years it started to repeat itself. Here in [city name] the succession situation was not yet clear, it was still too wishy-washy for me. Then Johannes Richter from Richter Baustoffe called me by chance. He already wanted to talk to me when I finished my studies, but Mr [name] was faster. Now he got in touch again and asked, "How is it going? The two years are over". We met in Lübeck and quickly agreed, so I moved from Ulm to Lübeck exactly 2 years and 4 days ago. And there has been some development, there are new tasks.

44 I: Do you mainly do different projects there?

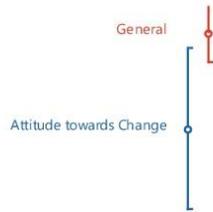
45 B: Yes, for a long time, I was logistics manager in terms of training because there was a change and no successor had been found yet. Since logistics is my hobby horse anyway, I started there. In the meantime, my successor has arrived, and I have trained him. And they want to introduce LVS here now, so I have a few shares in the whole project planning. And I have some projects running directly with Johannes. That's what I always wanted. I am not in the mood for a repetitive everyday job. I want to strategically advance a company, advance the markets, optimize processes. I can spend hours and hours on processes that many people do not understand. But if something works, we save a lot of time, even if it is only a small thing. Most people do not make this leap of thought.

46 I: If there are only three seconds in a process, but it is repeated 3000 times a day, this saves a lot of time.

47 B: I can also spend a long and intensive time with eliminating a source of error.

48 I: Then a tricky question: Why did you continue to work with Richter and not here? Wouldn't you also have the opportunity here to do projects and develop the company strategically?

49 B: It must be said that since the beginning of my studies I have always been involved in the company from a distance. Not in the day-to-day business, but my father and I agreed with each other in such a way that I was able to exert a great deal of influence on modern topics



such as hardware and software solutions and process optimization at an early stage. I also independently looked for new tools at trade fairs. Our tour planning software, our interior door planning software, our warehouse management system, and some other programs were all developed at my instigation. I have always instructed and supported this from a distance.

50 **I:** How did you do that from a distance? Fundamental decisions are no problem. But sometimes you must be close to the employees during the implementation phase.

51 **B:** That is correct. When I lived in Ulm, I had a nice employment contract and could simply drive to [city name] with one day's notice if there were projects that required my presence. And with only 130 kilometres to go, I would spontaneously drive to [city name] from time to time to check that everything was in order and then sit in the office in Ulm again the next day. This was more often the case with the new LVS. Of course, I had to be on site. With the smaller programs I always looked for a younger employee here on site, who was either already working in the area or whom I thought was capable of doing so, and then did this in close consultation with him. And I still took the time to come here for an on-site meeting with the provider to at least get the initial things going. I was not even there for the actual implementation because the employees must work with it and not me. I was always on site to get the ball rolling and otherwise I stayed in contact via phone. I often called two or three times a week. And that worked. Fortunately, my father is very tech-savvy as well. He is now 67 years old and he still has an interest in pushing digitalisation. He admits himself that he no longer understands everything, but he knows that it is important. And when I tell him to check that things are working properly; he gets right down to business. And so, it worked well from a distance. So, in terms of the development of the company, I am always on the front line. Of course, I did not have to do the day-to-day business from Hamburg, Ulm or Lübeck, but I have always enjoyed doing things like that.

52 **I:** But even if you did it from a distance, when we walk through the company here, I notice that you are remarkably close to the company, to the employees, to the customers. You know them all, although you said the last time you were here was four months ago. That is quite impressive. You would not expect it to be. When you told me that you

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sometimes work for your family business from another employers location on a task or project basis, I imagined it would be difficult. But it seems to work out.

B: You must know that we used to live across the street from the old site and even as a five or six-year-old child I was always running around in the warehouse, helping the employees. Most of the time I was annoying them, but I was allowed to fill some bags with the shovel. So since then I have always been in the company. That is why many employees know me, who have been working with us since then. When I was 13, I was allowed to help with the forklift in the warehouse and gradually took over more and more tasks. After my studies I got my truck driving licence. I told myself that if at some point I must tell a truck driver what to do, then I want to know for myself whether it is possible. That is why I got my driving licence. I also drive now and then when necessary, or I pick up new trucks from the factory. It was always important to me to have an idea of what I expect from other people. I do not have to be better than the other person, but I must at least have a feeling for whether something is realistic or not. The employees have always rewarded the fact that I really have been around since I was 13. And with the employees in the warehouse I have worked hard together for many years and they know that I can work twice as fast as they do when it counts.

54

I: And you are not above the trivial things.

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B: Right. When they implemented the LVS, I took a three-month leave of absence from my job. At first only one week was planned during the introduction, but it was too chaotic, so that I extended by two weeks. In the end I was down here for three months and was the first in the morning and the last in the evening. Of course, the employees noticed that too. And my father also worked in the camp from morning to night. It was great for the employees to see that we worked just as hard as they do. I have always tried to build a relationship both with the employees I know from the past and with the new ones. In the meantime, I myself have noticed that we have the first generations of apprentices with whom I no longer have a connection. During my studies I was there at least during the semester break, during my time in Ulm I was there every other week, but now that I work full-time, I am in the business maybe 10 times a year for one day. Except for Christmas, that is when I work, too. That means, the relation to them

Employees/ culture

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is no longer there like to the older ones. I could walk in here and they do not even know who I am. It was really weird for me the first time that I had to introduce myself to them here. But you just get older and it gets harder to stay connected.

56 **I:** But if your future plans call for you to come back, a healthy distance is not bad.

57 **B:** Absolutely. The very old ones will not start to address me formally. I call them "Sie" because I have done so since I was a child, but they address me informally and that is also right. I will not change that either. When I was 16 myself and the apprentices too, that was also okay. But now a healthy distance is definitely intended when the apprentices are 16 and I am 32. It must be said, my aunt is still a companion. She has three daughters, none of whom want to work here now. The youngest is 18, she could still make up her mind. My uncle is also a salaried manager. That is one of the reasons why I have not come here yet. There are four people from the close family working in the management. So, I am the successor from my father's side, so to speak. And it is not yet clear what will happen to the other 50% of the other side. It could be that my youngest cousin will do it, maybe someone will do it as a silent partner, or we will come to some other agreement if no one wants to do it at all.

58 **I:** But you are determined to get back into the business?

59 **B:** There would have to be an exceptionally good offer from outside for me to reconsider. Never say never, we are still dealers, you can still negotiate about everything, but from the basic planning I would say that when my father turns 70, I will slowly "kick him out". It must also be said that the transition between my father and my grandfather has never really succeeded because when my grandfather started here, he had full control of the main site and sent my father to the small site. Where he could actually become an independent CEO, but shortly after that my grandfather had a heart attack and was out of action for 8 weeks. My father then had to handle both locations at once. That worked, but after a quarter year he came back with ...##. Then it was kind of weird because it was not really clear who does what now and they never really defined it.

60 **I:** I find that difficult.

Succession Planning

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B: That's why it was important to my father to go a different way. My grandfather still comes every day at the age of 91, even if it is only two or three hours.

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I: He could not let go.

Employees/ culture

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B: They had many conflicts of authority in the late nineties because my grandfather had lost touch with the system in his early 70s. He could not operate Hibis and could not follow all the new features, but he still could not let go. This was often also difficult for the employees when the senior says this, and the junior says something else. That was also a reason why I wanted to work somewhere else, so that the conflict could not come up at all. We still work together productively, but at the end of the day I say to the employees, "The boss is sitting there in the front, you have to clear that with him." If he then asks me, then I have no problem.

Succession Planning

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I: There must be a clear assignment, I agree with you. I think your father wants to have lunch, right?

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B: No, but if you interview him now, he will be in time for lunch.

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I: Then I would do it right now. And maybe we can swap a few things around at lunch later. Then I would like to finish this.

1 **Name of the file:** 02.06.20, 12-26

2 **I:** I will try to keep it short, [name] has already explained most of it. We walked through the company once and he showed me the LVS. That is extremely good. And he also talked about his personal journey in the company and explained how it all happened in his view with the LVS. And that is what we are going to talk about: changes in the company at times. But with you, I would first like to take a step back (B: Okay.) and want to know about your journey in the company. At some point, you joined the family business. [name] said that you joined the other location and later, because of the illness of your father, you did (B: Both, yes.) both, yes. After that, the situation was a bit difficult, because your father came back at some point.

Succession Planning

3 **B:** Yes, initially, that. The next thing was that we bought a company back in 1999 and had three independent companies. And after 2006, they have joined in one company. After my studies and my military service, I had the intention to do an internship, similar as [name]. Because of the switch of the personnel, one retired and two others moved away suddenly, there was this big personnel lack. Then I directly slipped into the company. The first few years I have been working as a normal employee and it gradually developed into having a few shares and how these things go. My father was, at that time, the shareholder of 65% and his two older brothers, who were both independent - once was an architect and another was a lawyer, had each ten percent. So, my grandmother had the legal shares of my father, that she can manage too. With her death, the shares went directly to my father. And the second company of [wood-company] is owned by my mother and her brother, each fifty percent, who also was no company leader, but a nuclear physicist and lived in Berlin. My mother transferred me her shares relatively early and later, after my younger sister finished her education and her freelance career, because the companies grew, there was the idea to lead three companies parallel.

Educational Background

Tradition/ Obligation/ Pride

Tradition/ Obligation/ Pride

4 **I:** Wow, that is very high maintenance for administration.

Implementation of Change

5 **B:** Well, yes, but we consulted the administration at this point.

6 **I:** [name] said that even at that point, you have been into technology and computers.

Implementation of Change
Tradition/ Obligation/ Pride

Implementation of Change
Attitude towards Change

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B: Yes, well, we put all three companies under the same leadership and there were some people, like the predecessor of - they wanted different leaderships and then we did that. So, that is how it developed. My sister and my mother, because it was their inheritance, and the father because of the negotiations - so, we needed to decide whether we wanted to separate it for good or we let one do the woodwork, the others the building materials. My intentions always were to put it all under one roof, if that is possible, and the plan of my parents, or specifically my mother, was ... #00:05:25# the wood departments of my sister and had the building site negotiations. Then we agreed that it would make more sense to put all the materials for woodwork under one roof, which is very atypical in south Germany, there are almost none. Those are either only wood merchants or a building materials merchant. Some people say that the ratio is fifty-fifty, and the shares are also, for me and my sister, 45% each and ten percent for my father. (I: Nice.) He arranged it that way so that each of us can have fifty percent. Like everything else, there are advantages and disadvantages, but fifty-fifty means that you always have to compromise. Sometimes it works better, sometimes worse. Like in normal life.

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I: Yes, that is the case everywhere. Even though, when one person has 60% and the other 40%, you still have to compromise. You have to compromise always and there are surely situations where you do not agree and you have to take care of them in some way.

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B: That is exactly the way it is.

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I: And in 2005, you started working here -

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B: In 2005 we have had the opportunity - You have to imagine all those things [name] talked about, we had all these track lines here, it was a railway station from 500 years ago, with all the ramps and houses, everything. And at that point, or maybe before, the DB realized that the loading on one track would be - (I: Yes.) So everywhere in the cities, Stuttgart too, those are valuable places, so the community decided that they are not going to build any housings or similar, but we are going to use it as a mixed region. And years ago, we could have developed something in the outskirts, but a negotiation location, plus the area on the other side of the street was already sold. And if we are going to merge three locations into one, then it does not matter if you

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make a fourth one somewhere. But, if the one which contributes fifty percent of the volume stays, then there is definitely no downside.

12 **I:** No, and I have to say that it is a pretty good situation. It is directly in the middle.

13 **B:** Exactly, which lead to a competitor, and they have to locations in the city. One in the north and one in the south part. There is nothing like that in other cities, I think that the company has many costs.

14 **I:** But it definitely speaks for your strengths.

15 **B:** You could put it that way, yes.

16 **I:** And [name] was, as a youngster, always working, he said.

17 **B:** Yes, he and his older brother always worked together and with our children, more or less vis-a-vis, lived from that. So, we always kept an eye on the company, the interest was always there. (**I:** Yes, and earn something on the side.) Yes, earn something on the side, that interest was there also. Even though it was clear from early on that his older brother was not as much of an entrepreneur. He worked in the administration for many years and office manager for the house of parliament and found a sphere of activity. And all of our family was always into communal politics, so he inherited the political gene also. (**I:** That is nice.) And the siblings agreed at some point that it is going to be like that, but from every family only one can be in the company management.

18 **I:** That would make very much sense, because you later have so much on your plate...

19 **B:** Yes, and also the shares cannot be divided.

20 **I:** That is good.

21 **B:** So, the other children have to be bought out or whatever.

22 **I:** Yes. Like you said, everything has advantages and disadvantages, but I think this is a great solution. [name] has been active for a few years, but from a distance. How does that work?

23 **B:** My brother in law and I are both managers, my sister works in the company very actively as a partner and is very engaged. She takes

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care of all the problems with the employees and so on. It is a constellation that is not very easy, so to say. But, when it works well, it works twice as well. The engagement of a partner is another compared to other employees, which is reflected in the result at some point. If it was not like that, we would have to think about it. There is no reason to switch something which is still working and generating funds. So, our father is now 91 years old and is doing home-office because of Corona, but has been to the company every day for at least two hours. So, it could be, that with three generations under one roof - (laughter) (I: It definitely does not make it easier.) The main things are actually taken care of and the decisions, and have very much understanding for each other's decisions. The one to take action was always my mother and it was completely inconceivable to him that his wife died first.

24 I: Yes, then you also need something -

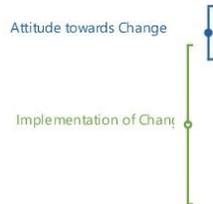
25 B: A structured day and all those things. You can imagine how things are like in a company, it got harder. It is just like that. And my brother in law has, parallel to this, built himself another location, it has always been a goal of his. He comes from an entrepreneur family where his father and his brothers ruined the company, so to say. He had suffered from that as a youngster. And because I was strongly involved in communal politics, I took another soul to do that with me, which cost me a lot of time. Then, we thought about bringing in an external manager, but it made much more sense to keep it within the family.

26 I: Yes.

27 B: And we are doing it together and I am approaching sixty, so I would be very glad if [name] could take over. That would be very easy. My brother in law also turning sixty, so he would like to retire too. We will see how that will go.

28 I: That is not an easy situation, even if [name] would take over, he can not know everything immediately. It will probably take a lot of work, even though he is very hard working, without any doubt.

29 B: Yes, I have really no concerns about his performance, but I am thinking about how he can join and where.



30 I: If everything comes at once, it can be too much.

31 B: That is probably true, too.

32 I: How was it when you first introduced the IVS? (laughter) There were surely ups and downs but how did this process pass off from your point of view?

33 B: I have to say that that is a topic that I have been involved in for almost ten years. It has to be doable, it cannot be that hard. The focus of this study of mine was to finally ensure continuity and that we develop a standardized continuity, so that a third of our employees are not busy with reordering, and that the purchases they make are more thought through. And at least regarding the storage, it has to be possible to be automatized and optimized. That was always the first goal. And after some time ...#00:19:11# and everything is so hard - There is a centre for your entrepreneurs in our neighborhood. There was one person who was very much into the topic storage logistics and then I met him coincidentally and we got together. And for such people, nothing is a problem. (laughter) And it had to work, it was a fundamental decision. I do not want to have a person in my company specifically for only ITV.

34 I: Also, when you have interfaces, then one person always pushes it always to the next and then they say that the problem is in our economic system.

35 B: Yes, that was the guiding experience then, too. The initiation date was, I believe, delayed two or three times, because diverse processes were not depicted enough, from my point of view. There were still a few things to discuss in the second meeting, but after we delayed it three times already, we decided to do it in late August. That is a vacation period for us and there is not a lot of going on, but also not too little. So we did it that way, did the stocktaking and it was a lot of work: Friday, Saturday and Sunday and then Monday it was on. (laughter) So, after almost two weeks, we decided to do it that way, but in the end, nothing really worked properly with the customers, employees and suppliers. So, because [name] has been present that day, he worked with his brother and parents everyday until 22:00 o'clock the first two weeks. And he prolonged his stay here because of that to two months, to be able to do it. So, that is how we had done it

Employees/ culture

and we have definitely learned from it, but we completely replaced our employees in the storage at that time, because two amazing employees of ours were already 62. (laughter) And there was another, who was already 63 and he did a great job.

36 **I:** That is very, very individual. One person wants it, the other does not and if you are already defensive about it, then it is not going to work out.

Employees/ culture

37 **B:** The 63-year-old was very eager, but he took it very well and he said in the end that everything has its advantages. There is also another employee of ours, who really has a good overview of his storage, that you always notice (s.l. stolen goods) #00:23:05# (laughter) But that is also a condition. And now we have many people. In the time we worked with Meininger, who studied Logistics in the School of Musbach, together with him, he introduced the logistics.

Employees/ culture

38 **I:** I think we just saw him up there.

39 **B:** That could be.

40 **I:** You were still in the teaching room.

Employees/ culture
Implementation of Change

41 **B:** Yes, yes. Without that, it would have gone completely wrong here. I can really recommend this to everyone, to have someone in-house who is familiar with the topic. [name] could have done it on his own -

42 **I:** If he had been there, yes.

43 **B:** Yes. But if you do not have someone like that, I would not recommend that to anyone, because it is much more complex than you imagine it to be.

44 **I:** I also talked to another partner and he also said that from a certain project size on, you need a project manager. And you cannot do it yourself or just pick some staff and make them do it. It is very complex and not just sticking etiquettes on the shelf and giving every article a number.

45 **B:** Exactly.

46 **I:** I have also been involved in this topic and we have just started doing it. And at this point we can really see how complex and versatile this is, because you think it should be simple: every article has its place

Attitude towards Change

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and you book it into the system upon arrival and it should be transparent. But it is not.

B: Well that is transparent and it works well that way. The complex thing is the unexpected and the unexpected is the customer who arrives and chooses. And if you have a central storage, everyone is ordering something and they get that at some point. Just like Amazon, you order something and it arrives at some point. There is no one that comes with a vague description of what they want, they probably pay cash, and the payed item is being given to the employee outside and he gives it away, and then the customer said that this was (not?) what they asked for. Because here, because of the circumstances, there was a miscommunication on some level.

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I: #00:26:32#

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B: A yellow jacket and a green jacket is what I wanted. At some point it changed. I mean, you could do it now, too, but the consequences of earlier actions are immense. You have to return everything, you have to make sure that it is put in the same place as before... That is the main complexity. The second thing is that you can only work as good and as successful as the employees that are working in the sales. If an employee is scared that the goods will not be delivered in time to the customer, he can decide whether the customer is going to have an appointment for the collecting or if it is going to be immediately. And if it is immediately, then you can already communicate everything there is and can possibly be changed when he arrives. But you never know when they will arrive, so they only to individual collecting if the customer is already there. Then, there can also be an appointment for it and he arrived two days late complaining about where his order was.

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I: Even if he understood it, he knows how big of a deal this is, and doing the return receipt and the correction and someone asks me what I did wrong - at this point, I leave it for a moment.

51

B: Exactly. But it can be avoided if the work here is done clean and correctly. We are currently defining these processes and to improve them and we are going to work very very hard to do this. But the new IT management accepted it well and they actually noticed that something was not right. And to be honest, which is the future, why would the digitalization not come?

Attitude towards Change

7/10

Attitude towards Change

52 I: You cannot avoid the improvements.

53 B: You do not need to.

54 I: Exactly. You need them and if you implement them right, then they are so helpful and simplify so much.

Attitude towards Change

55 B: The word simplify is unfamiliar to me.

56 I: (laughter) Okay.

57 B: But there is something else. You will not have many people who have deep product knowledge, which work in storages today. You cannot demand that from people, to know some information on the sixth floor.

58 I: For us, the most difficult task was finding employees in storages. Because, you have to have people who are ready to sweat a little, they have to have product knowledge and they have to be able to drive a forklift. And that is not a little. And like you said, you do not need that much of product knowledge, maybe you need to differentiate cement from pumice stone, but you have to be able to differentiate between different sorts of cement.

59 B: If you are differentiating... #00:30:42#

60 I: Amazing. We all have different terminology.

61 B: Because the product continuity is one of the biggest topics with us. We recently had a three-day conference regarding that topic, because when it is not right, then we can forget a functioning product system.

62 I: That is true.

Implementation of Change

63 B: That is a disadvantage of LVS, if the guidelines are not clean then it cannot be successful.

64 I: Yes. What kind of challenges do you have? From the point of view of employees and customers regarding the execution. So, were there employees that were not convinced or had too much work? What else?

65 B: The process was something they were not used to and it was complicated, I have to say. That is a small tool with a small display,

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they have strict guidelines on how to use it. Also another mistake we made - It is useless to educate for a long time prior to implementation. They should have intense education a short time before the implementation and then it works better. Four or even two weeks earlier, they will completely forget it.

66 I: Yes, you have to be present every step of the process.

67 B: Yes, when it starts, everyone in the team has to understand what is going to change. (laughter) And that is an important point, to do this education just before the implementation. They have to be able to work with that practically and have to see how the actual process looks like. They have to do it themselves, go to the products and not just click something on the screen.

68 I: Yes, like you already mentioned before and what [name] also said: It is a great advantage to do something practically, even if you have done it before. [name] is also very extreme, he did really everything. I have worked in our storage for a long time and have done many things, but I do not have a driver's license for heavy freight vehicles and [name] has really nothing he cannot do.

69 B: Yes, administration and everything. So, I am looking forward to every day. (I: I believe you.) Also in other spheres, for example we talked this weekend about ... #00:24:28# and such things. There is also a big part of having employees and when it is done good and thought through.

70 I: Yes, like the different price groups, so that the sellers also have an overview of them and can have the authenticity.

71 B: Exactly, because the manual part is out.

72 I: Exactly, because it is toxic. They look inside, see that they have not made a lot from it, and then they see a screw with a span of 40%. And then they manually change it to a 35% span and no one notices that it is eight cents per a box of screws more.

73 B: Exactly, that is the way it is.

74 I: [name] said that you have lunch at one, so we will wrap this up quickly. When did you start planning the successor process? And how do your future plans look like?

Succession Planning

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B: About three years ago I talked to my sister about how we imagined that she has three daughters and I have also three children. The two daughters of my sister had other plans, so the question is, since the third daughter has only finished high school, she said that she wanted to wait and see what she wanted to do and if she wanted to do this. If not, the shares can be transferred or something similar and we can discuss. So, we agreed upon the fifty-fifty split and then only one person can continue the next generation. (I: Yes.) And the constellation now is that me and my brother in law are managers and I would be glad if [name] would come, but I can still see that it could be hard for him. And on the other side, I would also be glad if he started in Ulm and was in the management. The only concern for me was that he would say ...#00:37:23# (laughter). And a truck driver! (laughter)

Succession Planning

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I: I think he does have the ambition.

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B: So, my sister, my brother in law and I, our primary goal is to keep this place up and the storage room I mentioned -

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I: I was just there, they said it was built two or three weeks ago.

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B: Yes, that is when it was finalized. Those are things we value very much, that it happens immediately -

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I: That there is no delay.

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B: That the staples would be replaced and how is the saying? The bride... #00:38:25# (laughter)

82

I: That is the way it is.

83

B: Yes, because the next generation has a company day and if they are not up to it...

84

I: Then you are there, nevertheless. That is nice. Then I would end it at this point.



1 **Name der Datei:** 08.06.20, 08-55

2 **B:** It has long been my desire to create an open, transparent successor process, but at first I wasn't sure how for quite some time, and then we began working with [person's name] at a time, when he hasn't yet had any experience with building materials. Moreover, he said, Dad, I want to do something myself, I can't imagine simply joining a long-established business. So, I've always seen two ways of this. It has to be possible for an employer to outsource a medium-sized company, which doesn't necessarily mean selling it, in case you want to keep the ownership structure. And under certain lucky circumstances, one might find a successor among one's family members. The probability of both cases is more or less equal, maybe it's even less likely to keep it within the family, but maybe it's just what you get to read in various analyses.

3 **I:** And when did you start exploring the topic? Finding a successor?

4 **B:** Let's say, openly, as I was 60 years old. [person's name] has just gotten his master's degree at that time. Then we had this joint project, where we had to build a location anew after an accident, in [name of a town], close to [name of a town]. That is, there already was a site, which me and my colleagues wanted to update, so we created a construction project. And it happened, that some family from [name of a town] joined the discussion. Because the topic of construction, real estate, and such, it's become important to me largely because my grandfather had a building company. Here in the village, where he worked with his hands, so to say, and so with his ten kids he built the company.

5 **I:** It's often the case, no? Either you come from the building trade, or as it was in our case, at first some farming, land trade, coal trade. Then it eventually came to building materials. The others slowed down somehow, while the building materials trade grew. But you now specialize in tiling work, right? How did it happen?

6 **B:** Yeah, I joined the company in 1979 upon finishing my business management studies at the university of [name of a town], as my father was still alive. He founded a building materials company [date] after the end of the World War II, it was a hundred meters from here. The 8th of May was the end of the war, and on the [date] the company

Tradition/ Obligation/ Pride

was founded.

7 I: Wow.

8 B: So, it's been around for 75 years. Over the years, under my father's management as well, there established this focus on the tiling work. He got to know a company, run by four brothers, who had a tiling department. It was a long-established company in the neighborhood, it doesn't exist anymore. He did an apprenticeship there during the war, and the way he came to that, is that his father was a builder himself, and he bought his supplies from that company. And his older sister also did an apprenticeship there, became one of the workers, and so he could also have his apprenticeship, and somehow that's how it all turned out. He then founded this company [company name] from scratch, which was located here, and, I think, it's quite a difficult situation to find a successor.

Tradition/ Obligation/ Pride

Succession Planning

9 I: That's true.

10 B: Yeah, so the question was about the focus on tiling, he had to do with tiling. At an early stage in his company he said, they'd only be dealing with the trade. And then he got involved in that tiling company, they invested their money, exchanged workers, and there was a lot of tiling in the trade. It used to be more systemized back then among all the colleagues now that they're distributed all over the country. By that time there was a professional tile business. I don't want to be imprecise, but I believe it constituted a 25% of the trade by the time I joined the company, however, I cannot say exactly anymore. We've fundamentally changed the company twice, or maybe three times. So, at first, there was a building and tiling business here on the premises, in the building where I began. And then at some point in the late 1980s-early 1990s we've had thoughts on the branch expansion, specifically in terms of tile business.

Attitude towards Change

11 I: And at that time, you were still together with your father in the business?

12 B: Yes, he died in 1992, and, as I said, we began considering the expansion in the late 1980s. I could say I felt the pressure from the people who were selling tiling here at the time, the authorized representatives and such, so I figured, Okay, we have to work it into our system. Even before I joined, during my studies, my father had his

Tradition/ Obligation/ Pride

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Tradition/ Obligation/ Pride

2nd or 3rd infarct and was ill and was actually merely active as an owner. He was, however, still there, has supported the process, was present as my cousin joined the company as well. And, I have to say, it also influenced me, I haven't ever managed the company on my own. At first, I was with my father, then my cousin joined us, and then later we merged with the company [company name], so were joined by their executives, and three of us ran everything for a long time since. In 2010 we subdivided the company – the building material department split off into the company [company name], and by the end of 2015 they took over all the business departments. So, since 2010 the building materials and the tiling departments were practically separate. Initially, the building materials trade was managed by [company name], our colleagues from [name of a town]. They were constantly quarreling, I'd say, so there's an outside manager there since 2013, at the [company name]. However, it belongs to [company name], just like [company name]. So, as a result, he only managed the tiling trade here, and the building materials there. Because as they still were under one company, we noticed, that one suffers from the neighborhood of the other one. The tiling one was overpowering because it was a bigger one. Both segments were successful though, I'd say. If we specialize even more than now, with the building materials and tiling, then each field gets better success chances, that has been established over the years.

13 I: Do you still use a joint bookkeeping system then, a common system of some sort?

Implementation of Change

14 B: Yes, we've outsourced the management during the fusion with the [company name], we've gone through each step, and [company name] is at least as renowned as we are, so we went through book keeping, EDP system, what would be separate, what would remain joint. We've considered various software solutions, so that neither of the companies would cut out the other one. So, we thought we'd create a separate managing system so that we could outsource all the management issues. So, we've outsourced them to this managing company [company name], it's a non-profit society, they split their costs into various field. They deal with human resources, bookkeeping, transactions, taxation, EDP support, so we've outsourced a lot. Since then it has also been involved with an unrelated third party.

Attitude towards Change

15 I: Oh, that's good.

16 B: It's more efficient. There are two more DIY chains involved, which we do not own, but they're managed by our system.

17 I: But you do not operate any DIY stores yourself?

18 B: Since we're a business family, me and my sister are involved in two DIY stores. And within the [company name] group there are also two of those.

19 I: This is very interesting. So, since you've taken over the company from your father, you've pushed the branch expansion forward?

Implementation of Change

20 B: The branch expansion was the first move, then there was this fusion, and then the disassembly of the companies. And then to own two parallel companies, one doesn't say, to run two parallel companies, it doesn't work like that. I'm of the opinion, that everyone should focus on their own task instead of dissipating. Specialization is always better for the business, as we've always believed with my cousin in our company. And by the time my son joined us, it was already pretty clear between us, who was in charge of what and so on, although we had similar roles, so it showed, one can get on pretty well with two people in charge. And so, my son took over the sales department. As I said, the building materials department was managed by an outside company, but it was still a family ownership. Which results in a trading turnover of approximately 100 million, I'd say.

Succession Planning

21 I: Very well.

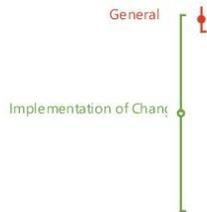
22 B: The management employs 300 people, or something around 400, so it's grown considerably.

23 I: Have you at first focused on the expansion, or on the company itself, would you say?

Educational Background

24 B: I've studied business management, and I did an apprenticeship in wholesale trade in a company, which was at that time active all over the country, and also in an international company, [company name]. Thanks to that, I was familiar with different structures. And in the beginning the sales responsibilities were very well staffed, my father had great executives, so I could really focus on the expansion, and

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also on the second pillar, marketing. Marketing was already managed and systemized, as I was still studying, and my father was already ill, so at first, I just took over a few responsibilities. For I didn't want the others or didn't yet know how to do those, although I then got to deal with those through my studies as well. And then expansion became the next topic. There was a bit of a personal experience, as we had a tiler at home, whom I first thought to be somewhat lacking solidarity, he'd always cook his own soups and say, he didn't know much, he came from a theoretical background, rather than a practical one. And it has long been a conflict field. Although I didn't make a big deal out of it. Just something like that, from everyday life. But I had to explore my potential influence and domain at first. It wasn't god-given.

25 **I:** Oftentimes, when a company has been moving in a certain direction for many years, it's not easy to introduce any changes. While you've been dealing with branch expansion, what were the crucial points, how did you manage to transform it into what it is today?

26 **B:** Using military language, I'd say, divide and rule. If you create many new branches, you suddenly get many new executives, you can offer new possibilities for people, for whom it may not have been possible under other structures. And as the successor processor began, or as I got involved in it openly, I'd watch out for young people who haven't yet dealt with big responsibilities, but who still stood out among the rest, business consultancy, who became quite big later on. It was with the first clients by [company name]. So, anyway, it was at that time, that we created our new structure concept, in theory, at first. The old one was still active. So, these are people, and I suppose, it's also the case for [company name], who ... ## overtaken from the other side. So, there was this tiler story, then I also worked transitionally at a marketing company for two years. So, that was a great contribution, and the [system name] system was further developed. He couldn't have been singly responsible; he had a great team behind his back.

27 **I:** That's very interesting, this structured approach, especially in the building trade, where there's a lot of one-off strategies.

28 **B:** Yes, in the beginning especially, but if you consider it retrospectively, then the structure in the beginning feel more like trial and error. We give it a try firstly. It was definitely an opportunity for me, to work with these constraints, that you encounter as a junior. And

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then that was the experience that became useful when [person's name] came into the picture, when I first created playgrounds for him. No, not created, they were already there, I mean, all the work around them. Modern marketing forms, online forms and so on, all that knowledge of the field, of which there was had no idea yet.

29 I: So also, for the next project-

30 B: -we created a marketing union with the clients, with franchising within [country name] and various system partners. So, then he began to move his career further, along this marketing line. Then there were three separate locations, that functioned under one logo, I've designed a CNS-system for them, they were under my mentoring for a while. And later they began looking for new young people, they could be working with. And then, after this step, which I mentioned, we had a large sales area. We had five distribution centers in large regions, and gradually they took over. There were further projects, whether in general distribution or else, which we did together where I assisted them. One had to do with facilities renovation, the other one had an exhibition with online media, counseling sessions and so on. So, with each one he had a separate connection, separate tasks which he took on, so that they get to know each other.

31 I: And then you-?

32 B: Yeah, I announced it after my 60th birthday. I said, at 66 I'm leaving, so that whoever wants to pick it up. 2019 would be my last year here. And here's [person's name], he's my chosen successor. And till then, everyone continues with their tasks, and I'll be slowly stepping back.

33 I: I only know [person's name]; do you have other children?

34 B: I have two daughters. One of them used to pop in here during her senior classes, but then somehow changed her mind after summer break. The other one has always had her mind on pedagogy, she's a special educator. Both are older than [person's name], and both has always been asking me, what will [person's name] be doing, whether he wants it or not, is it right for him as a young boy and so on. But they themselves have no ambitions in here, they have their own paths, their own families, and their children are all married. I also have a grandson, who's now six, he comes by more often. So, there were no disputes in that sense. But another thing, I have cousins working here,

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they have their children, at least two of them are either working here or have worked before. And the family [family name], [father of the family name] has three sons. So, these the examples that taught me something. And the story was, he told them about my company, and so on and so on, but he'd hold a grudge against me, because I haven't considered or offered a position for his sons. So, that has maybe taught me, that it's better to keep things within the family, where everyone is responsible for themselves. Everyone has their own experience to rely on.

35 **I:** That's true! You usually only get one chance. It either works or it doesn't. So, it's best that you try to take up, to absorb as much as possible beforehand, and also learn from others. You also mentioned [family name], it could be, that he misjudged the situation. It's often so with the building materials businessmen, who literally live by their trade, sometimes even on the premises, and so their children are also raised more or less within that business. How was it in your case?

Tradition/ Obligation/ Pride

36 **B:** It was the case for my father as well, but only until I was born. Then he moved into a family house, which was built by one of his master builders.

37 **I:** Nice.

38 **B:** And I still live there. It's 2km from here. Both me and my eldest cousin used to constantly play on the site, as I was told. On the weekend especially, we'd make a proper mess...

39 **I:** Playing in the sandbox and such...

Tradition/ Obligation/ Pride

40 **B:** Later we'd also mess with the vehicles that were there, we'd try to open them and so on. That's true, these were my teenage years as well. Probably, not for [person's name], though.

41 **I:** But these aren't necessarily bad memories?

42 **B:** No.

43 **I:** But you still took time for the family, when it was necessary, in case of someone's birthday or something?

44 **B:** Because it's only 2km away, I was the one coming home during lunch breaks almost every day, and so then my children would be

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Tradition/ Obligation/ Pride

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coming back from school, and we would meet together. So, with very few exceptions, we'd meet as a family at lunch every day. It still meant a bit of stress for me, despite it being relatively close, going back and forth. I know that my father had a very different approach. I'd be here in the office at 8am, 8.15am at the latest, then I'd be away for an hour during lunch, and after that I'd work as late as I could. While my father would arrive at about 10am. Then he'd have a little nap at home after lunch. He organized it differently for himself. And it also worked. He just used the time differently. He had these priorities, my mother was also always at home because of the children, just as my wife, however, later she'd assist me a great deal at the company. But it wasn't a full-time position. So, my family did have connection to the trade, yes. It affected the children when I leave on business trips.

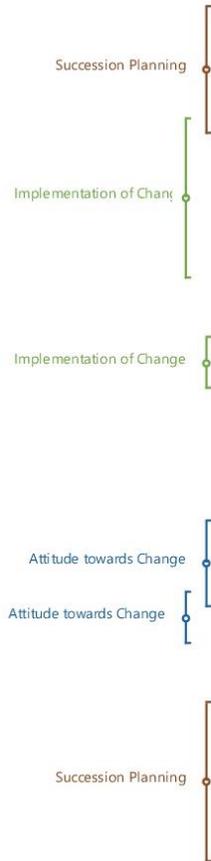
45 **I:** I think, there's no other way for family businesses, there always will be certain contact points. It depends, however, what you choose to do about it, how you explain it to you children.

46 **B:** Yes, so that at least they don't grow to hate the company, to view it as a competition and a reason for father to always be away. They have to see the good in it, too. Yeah, apart from that, just make sure to check if something's wrong, try to avoid that. But it was a pretty structured approach that we took. I can say, that due to that experience I've learnt at least as much as at a university.

47 **I:** So, now your company has a relatively complex structure. Could you please broadly describe it again? We've already discussed the stages of how it was built. But various companies with a similar ownership structure as yours.

48 **B:** [person's name] can definitely send the appropriate documents later. For the last three years my activity in the company was characterized by an attempt to simplify and clarify these structures, and to reduce the tendency to complicate things. We have quite a distributed management structure. Every individual business has at least two CEOs at work, and then further managers of smaller scale. This is done, so that everyone can focus on their tasks primarily. As for the outsiders, although it's tricky to tell, because of all the names involved, but it all boils down to marketing in the end.

49 **I:** So, you've never been the one to say, you wanted to have your name on the wall?



50 **B:** So, at that time [names of companies] were probably the most renowned ones, everyone knew them. And even if we wanted to focus specifically on tiling or building materials, it's always good to have some diversity. So, there's them, and there's us, and it's all fine.

51 **I:** So, this reduction of complexity.

52 **B:** Yes, we've been thinking, how could we secure that for generations to come? Due to natural lines of succession there appeared more and more shareholders, active and inactive, and their interests differ as well. So, we brought all trading companies and all service companies to a common line. We integrated the straying segments into the common process. What else-. The tiling industry has been growing from the beginning due to the development of its own locations. But the joint processes and clients would still be integrated. Eventually, we've distributed everything into these five sales regions. Also, through additional purchases, but always with its own management system. So, the complexity, the key areas now include trading, services, for example, management and marketing, which has always been a separate area. They all still belong together, but there's always been these three pillars of building materials trade, tiling, and services. And then the fourth would be, we have our 20% constituted by online building materials trade. That is then the fourth pillar, so to say, within this structure. But you've asked me about the complexity. Well, this approach makes these four-pillar concept pretty clear. But there's another aim to that. We know of the issues that concern the successionship within building materials companies, right? And often companies say, that either due to the scale or the succession issue, or something else, they can see no future of their own. One of the solutions could be for the companies of similar scale to consider various shareholding options. There's already been invested a lot of brain work into these questions, and the benefit of that, is that we're now a well-organized profitable mid-sized company, that could also be profitable for others and offer acquisition opportunities. Either way. We've bought out the smaller tiling traders, we've bought out the shares from the smaller companies. In the past two years we've also took over two building materials companies, [company names]. There have also been other acquisition option from willing buyers, which we declined. But we now have a structure where one can sort everything nicely. Lone fighters from single fields can then maybe support these

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existing pillars, right? And when new trends or materials appear, companies can join in to try out new directions and so on and so on. The whole system has definitely become more open. There are, for example, two more steps, that we're in the process of, for two more companies to be integrated.

53 **I:** And you are now out of the business? Do you still exchange news regularly or?

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54 **B:** I stepped back, once I made sure, I live a structured system behind. My cousin remained there longer, but he also had different priorities, and has maybe lacked responsibility for the whole management system. And me and [person's name] have managed the marketing department together for a long time. And he's definitely a bright creative mind, worthy of recognition, despite him being relatively young. But I can be sure, everything goes on functioning properly. So, what else are we doing now, [person's name] is managing [company name], and I'm part of the family council for [company name].

Attitude towards Change

55 **I:** Nice.

56 **B:** So, all our companies have councils, which to some extent are filled by external candidates. The chairman is always an extern. Apart from that, I do stay in touch, I discuss things with [person's name], when I'm curious about something, or he has a question. People have been wondering, how little they have been seeing me after my retirement.

57 **I:** It's not at all easy. I can't say personally, but my father told me once, he had to first find himself a hobby, so he plays golf now.

58 **B:** I've also started five years ago. But this year I've only had played for a week or so altogether. Haven't had time, I feel I have to start from scratch now. Last year I took it more seriously. I enjoy travelling with my wife now, although at the moment everything is a bit restricted. It has freed me somehow. I started on the 1st of March 1979, with exams behind me. And on the 28th of February forty years later I handed over my responsibilities. I believe, if we consider 25 years for a generation, then I've had my responsibilities for one and a half generation. I'm very satisfied with what we've accomplished. I've said it at very beginning, I know of many good and successful companies,

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but if they don't secure a proper successorship, then they've missed a crucial step as a business. There are enough examples of that. And I knew from the beginning, that I didn't want that.

59 **I:** How long did the planning take for you?

60 **B:** Well, I entered as a young co-director, so some things, such as associations etc, so all that. At that time, I got to know many successful companies, I've seen a lot, and I'd often think, Well, he's built such a great company, but what about the successors? There was one, [company name], the head never trusted his son with anything. He'd constantly say, No, he couldn't do this and that, he'd also say that to third parties. And he's not at all bad, meanwhile he's got his own quite successful construction market. So, he has found his area, where he could apply himself, despite what his father said. But it wasn't pretty, with him saying all that about his kin. And it's unnecessary, it costs you synergy.

61 **I:** Unfortunately, it's often the case. Especially if there's a strong patriarchal presence, the rest may not trust themselves to express themselves fully within the company, they may decide to take different paths. It's often the case within family businesses, unfortunately.

62 **B:** I've recently received a gift, a retirement gift of some sort. From my brother-in-law, although he had nothing to do with the business, but he cooperated with the old colleagues of mine.

63 **I:** That's nice.

64 **B:** And there were a few things mentioned, like, words from people who remember both me and my father, so there was like a common goodbye letter. And it made me think of what my father used to say to me, he'd say, you are so so young, a lot to learn, but please don't be too soft. But I realized, everyone has to find their own way. I'm pretty sure, one can't imitate or copy anyone. So, if I tried to fill someone else's shoes, it wouldn't work. You need strong emotional intelligence, of that I'm sure.

65 **I:** These are great closing words!

1 **Name of the file:** 06.08.20, 09-54

2 **I:** It's also more about this personal exchange. It's just a small talk conversation about company successors and changes. I have a few key points, but it's really just a short conversation on this topic. It took your father a little longer, because he had to talk about the general things about the company and stuff like that. We're probably going to finish quicker. We have just talked about these structures and outlined them roughly, but he said there are some documents or something like that. Maybe you can roughly outline the structures that you have in your company. It was all a bit confusing, because we started with the family history and gradually went to these structures. Could you maybe do a quick introduction on this again?

3 **B:** Okay, maybe I can come back to that afterwards and make it more understandable, more simplified. I'm trying to put it all together. Basically, it is about the fact that we have created a holding structure. I could probably do a rough sketch of it now, this way it is easier for me to have an overview. First we have a holding which, viewed from above, basically involves the two family partners, [company name] and [company name], and the holding then holds [company name]. The companies under the [company name] that we are now, but also a service company and the company [company name] that's is now a sister company for selling building materials. So everything was a wholly owned subsidiary of this work company in the past. These two families were partners in the [company name] and the [company name] was a joint daughter company of these two companies. The main idea behind it is that there are other companies like these two trading companies, [company name] and [company name] that are somehow looking for a connection to a larger company construct. On the other hand there are shareholders or potential shareholders which want to participate in a company because, for example, they want to contribute to society. That's why we said that it makes sense to build a structure where there is the possibility to add more companies under this holding company and then, for example, disturb the shareholder from company X via the holding company and then take them here.

4 **I:** That's interesting. This brings a lot of flexibility to the company. It sounds complex at first but it is open in almost all directions.

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5 **B:** Exactly. These two companies, [company name] and [company name], are as companies very much alike and on the same wavelength, so that works and operates very harmonically. If you take somebody in, at the highest level, it has to fit really well regardless of the fact that the company that comes here has to harmonize with the overall portfolio of the other companies in this holding.

6 **I:** I understand the point of view of the subsidiaries, but then they all act independently, i.e. more or less independently.

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7 **B:** Exactly. So I also have conflicting external managements. Internet companies can find other companies. [Company name] there are now two [family name]'s who are operating. The [company name] has their own management and are all independent of one another. Then there is a peculiarity mentioned in the margin. The holding company still has a stake in an online building materials trade, again it has nothing to do with the companies up here but in principle it is a third component belonging here [points at one end on the sketch].

Implementation of Change 

8 **I:** Then maybe I would anticipate that. So because the topic is online, there is definitely one more thing that I have here in my key points. You have now decided on a different approach. By saying that we are not creating our own online shop or going to this normal [company name] concept building, but rather participating in an online shop together with other shareholders. How did this decision come about and what were the considerations before?

9 **B:** Basically, partly correct as you said. We have this participation, but we also have the two other aspects that you just mentioned. All of them have a completely detached meaning both in [company name] and this participation and this participation [points somewhere]. Basically, that's maybe a factor in the topic of succession, we are digitally and in e-commerce on different wavelengths. We have a [company name] Webshop we call it „profiportal“ and there is more than just a way to order the products. You can see all of the product information, prices for the customers individually and availability. The focus is not so much on the order option, then more on the information aspects.

Implementation of Change 

10 **I:** I've always seen it as similar. I believe that one does not necessarily generate more sales through this web shop. This is a pure service

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tool, but a service which the customer expects to have. This is incredibly great because you have the price transparency and that you can also call up delivery notes and invoices for all of this.

11 **B:** So the more sales in the first step can definitely not help to prevent sales from migrating. With our range of tiles in particular, there are a relatively large number of direct shippers in accessories or areas. Suddenly it is a problem for the customer to order online. Our thought process, most of the time, is set as „Our customers do not order online“. That is the negative side. If you want to see changes you have to set the attitude away from it. So that is the pure focus on the existing commercial-customers. Then the second is our own online shop where we have set it up for end-users, where we sell a selective range of tiles and accessories online. Shipping on your own and then accordingly from here and it is called [company name]. This is a classic end-user e-commerce shop that we have set up ourselves.

12 **I:** Since when?

13 **B:** We went online at the end of 2018. It took us a long time because we had to do a few extra loops beforehand. We wanted to change our minds and then we said „Okay now we have to do all these eventualities“. Somehow you try to conjure up what means, which will come with returns, what to do about direct complaints? That you don't suddenly say „We don't know“. We have to flip the switch, just say „Now“ and put the thing online, then just give it a try. We have been online for almost a year and a half now. Basically, we are very satisfied with the way it works, and in principle all of these possible difficult points with returns have not proven to be particularly relevant to us, but the volume is still manageable. With how things are going now we have nice orders. This is a very important aspect in the tile-shop sample shipping, because customers just want to see what they have afterwards on the wall or on the floor. This works well and in principle you notice that you still have to put active sales workers.

14 **I:** You then sell the samples to your end customers with an original document when they order or how does it go down?

15 **B:** Yes exactly. It works the same way, so it would be to send out a sample which is subject to a charge. That is also how the costs for the shipping are covered and if someone orders then this will be

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credited. The process is a bit bumpy, I say, or the customer who may not be in direct contact with us now does not understand 100% what costs he will get back, because he has ordered several samples beforehand, but then only one choses to purchase one tile. Well we try to develop it again and again, redesign it. I will now come to this participation part. Otherwise these are the two things that we do ourselves. Coincidentally, still important, we do not have our own e-commerce shop that of the [company name]. We have shown it as our own professional center to see what is going on and what it also entails for costs. In the case of the [company name] Webshop, the sales run to where the customers have previously distributed their sales. Then we have that involvement and that's basically it. The consideration came in parallel with all the [company name] and [company name] that we set up ourselves. In the end led to the fact that we said that one does not contradict the other and we want to participate in it, namely that the companies have building materials in an online shop. That originally started the [company name] from [town name]. I do not know if the young forum of-

16 **I:** Exactly, yes. At that time I was also in [town name] at the young forum.

17 **B:** They came up with the idea at some point. After we designed it similarly to our [company name] that on the one hand it works well, that the market is there but on the other hand they, as the sole operator, cannot put the power and the money in that. You can really use it and become a really big number. Since he had competition with the platforms from the very big companies in that branche and which may also have their own online area for selling building materials. That was when they thought „Okay, alone it won't work“. Even less from Lübeck which is not exactly the center of the republic, because they could have difficulties pushing ahead alone. That was when they went in search of four to five colleagues who want to be involved them and continue to develop the business together. Then they came to us and explained to us what they were doing, what they wanted to do in the future, how they wanted to set up the business and how they would like to see us as their partner. The main factor in the selection for us, so to speak, the organizer's point of view, above all, was the topic of regionality. Which of course it makes sense for us to use or involve five partners who are relatively well distributed across [country name],

Attitude towards Change

this way one can also exploit the logistics options. On the other hand, the topic of tiles that we as specialists can bring in is still missing. Then it was not an easy decision for us because it was not a very small investment. Ok, we want to be part of it, but basically this consideration of what can we do on our own? What can only be obtained as a larger association? Then there were three other medium-sized companies, plus a group ultimately with the [company name] and [town name] backing them up, and it was a good middle position. We agreed to a union, joined forces to do so and are part of it. Not in a way that somebody else does our job for us, but to learn and gain experience from this. Ultimately, let's say we have three pillars in e-commerce this way.

18 **I:** Impressive. Do not jump in with two legs but with three legs, but that's the future. But you don't know what the right future is.

19 **B:** No, I'm going to say the first one. Theoretically, we could switch off the [company name] overnight. That would have been a nice attempt. It probably also paid in terms of cost, so we didn't have to invest too much and we earn cheap money on every single order. So the statement that online shops, only price can do is not true, we create good money. The [company name] webshop is expensive in itself. You have to say it very clearly and especially if you don't have 10-year sales or seeing it more like the purchase of a telephone system. The platform must generate the same costs, probably. If building materials don't work then that was relatively expensive, I have to say, but again it's a separate company. The money that we put in there, so to speak, is gone and is being used up at the moment and maybe something positive will come out at some point and if it is not so we can continue to do our things as the [company name]. Insofar we can say it's as risk-free, expensive and to this date, a very uncertain version.

Attitude towards Change

20 **I:** Interesting that we are comparing the web shop and the telephone system. I have always compared it to buying a truck because they are similar sizes, in running costs, but of course with a truck you also have at least partially revenue-generating income. That with the telephone system is perhaps an even better comparison, because that is when the service aspect arises.

Attitude towards Change

21 **B:** I think that's a good thing with a truck. It is not known whether he is

generating his costs there, but it will not work without it.

22 **I:** It is. Do you still ship nationwide or?

23 **B:** Yes. Sure there are no restrictions, with [company name] we send nationwide. There is a lot of such parcel delivery accessories concerns, but of course if someone now orders 40 square meters of tiles to Bavaria then it goes by freight carrier from here. This usually works quite well. In shipping this is a mixed calculation. We calculated it purely on weight and then it depends, if the customer happens to be in North Rhine-Westphalia then we are lucky and if he somehow sits in the courtyard or something or in Brandenburg then we sometimes pay extra.

24 **I:** Yes, but I mean if on average it starts somewhere then that's fine. How was it with this whole topic online web shop? Was that a topic that you looked after from the beginning or how?

25 **B:** You would say I practically dragged it into the house, brought it in. I am just considering how it got there, probably originally on the topic of the [company name] webshop, since we were pretty much from the beginning in the whole project what [company names] were where first pilot partners were looked for. Then I basically brought it in here, because so to say age-related circumstances I was also given the confidence or suggestion like „That's your topic“ and „Who, if not you, should take care of it“ from a management perspective. Yes, because it's just a question of generation.

26 **I:** When I talked to other partners, it often came from the parents, who understood, that it is an issue. We definitely have to go there, but I also saw that for example someone said „For me, at my age, I no longer fully understand it and then I was glad that my son or daughter were there to put on and take on project-related matters“ or holistic. What was it like when you came? Usually people mentioned coming to work without a fixed task. I have really heard everything by now, someone said „I just came into the company with my touchpad and a few pens and I didn't know what to do“. Others' for example said that they planned, prepared, and already set tasks way before taking the company. What was it like with you?

27 **B:** So with us it was like this. I definitely did not go the traditional way, for example I did an apprenticeship in my own company or in a

Educational Background

colleague's company. But I am completely detached. I started studying dual business studies. Then I always switched between internship and study phases and completed a total of six or five internship phases for me, completely detached from the company.

28 **I:** Not in the industry or?

Educational Background

29 **B:** Outside the industry. I was at [company name] for 5 months, I was at [company name]. It was in a small agency that was perhaps the closest to the company because it was a service provider of ours. Then I built up something myself with a school friend for three months and then I ended up doing my diploma thesis in a startup in the Munich Internet area where I was ultimately employed and worked for two years. It was all pretty far from what we're doing here. In any case, that showed me that working at [company name] is somehow very special. Working in a global company with products that everyone knows somehow is very tangible and such. But it just showed me if you are one of 60,000 employees you have very little to do. At least as a student at the moment.

30 **I:** At least it is mostly like that. When you could make a difference, you are most likely going to be 30 years older than today.

Educational Background

31 **B:** Exactly and beforehand I was a very small gear in this very large company. It had its advantages for some but I definitely noticed that it was not what I need. I somehow need more where I can move things myself. Maybe even this medium-sized company does not do everything, but especially as the person responsible you end up being involved in all topics somewhere. That definitely showed me this during my studies, but in the end, as I said, completely detached from the industry, from this company. Then after the two years in [town name] where I worked in a startup, I decided to do a master's degree if I went to [country name] for one more year and studied international business with a focus on entrepreneurship and small and medium-sized enterprise management. Thematically also in the direction whereby my business studies was also a focus on medium-sized businesses. From a theoretical point of view, I had already got to know the term a little bit and then ... ## in [country name] an internet startup I was allowed to start in that time. Now I call it a project.

32 **I:** What was that?

- 33 **B:** That was a platform for Erasmus students to exchange homes.
- 34 **I:** Very cool.
- 35 **B:** Yes, it was actually a very good idea, but the challenge was that it actually only worked if you were able to generate supply and demand across the board. Yes, and that was not possible, at least in the three quarters of a year we have operated it it wasn't possible.
- 36 **I:** I think that with ... ## but generally a great idea. The studies in particular are becoming increasingly international and there is a change back and forth.
- 37 **B:** It was a bit of a mixture of [company name], [compaby name] and classic housing exchange.
- 38 **I:** At the time there was something similar from the university itself. I studied at a university in [town name] and you had them there too. You could also rotate to different locations during your studies. For these rotation times, you could then exchange ideas with students and exchange apartments. But it was all very simple. It was more like that, here you send a photo and say „Hey, this is my apartment, does anyone want to swap?“.
- 39 **B:** In principle, you made a full advertisement, even with newspapers statements and such. You don't have to swap it out with someone. In principle, you can offer yours and look for something else.
- 40 **I:** That's exactly the advantage then. Because maybe someone from the [town name] campus wants to go to [town name], but the one from [town name] would rather go to [town name].
- 41 **B:** Exactly. But you can face the challenge that all universities or student services and offices have basically similar things. Some of them met with a lot of rejection and others said „Yes, that's exactly what we need“. It was definitely an interesting project and we could have probably made more of it. But at the end of the course the question was what does each individual, who was involved in want? In the time I basically got closer to my father that we then considered together the decision of wentering the company or not. Then we all came to the decision together that we would like to give it a try. It was then October 2010 when I got into the company. Once we had regulated this way, we had in addition to this whole company

construct, there is a company from the [family name] family that holds the real estate or at least that is, so to speak, its own location or has rented it to someone else. For example, this location here is, so to speak, property not from the [company name] but from a family company. Then I got in. Until then, it was a one-man show of my father, so to speak, who managed it by the way and became the first employee at the time, so I went over the topic of real estate where we were at the time 5 or 6 I think ... ## have rented out. Incorporated from a bit of an outside view had basically given my father the opportunity to hire me relatively easily. Otherwise, through a social contract, we also have a home advisory board in the company, the employment of family members must be very formal. So that the first thing you can say is according to your own ability and ability because it is a bit easier for sinteza real estate company without us having somehow gotten rid of it. I do not want to say now it came out of the blue but somehow it was the easier way to justify it, so to speak, and for me the opportunity to get a first look into the company with a little external view. I was then busy for two years but of course because firstly the real estate topic was very closely linked to my father and yes, it represented the whole topic with the [company name] of the management ... ## also got very direct insights into the [company name]. But it was always an external one. Then in 2012 it must have been roughly, then I officially changed [company name] or was discontinued by [company name] and took over the topic of marketing here. Whatever we say before, we now had a personal union of an employee who was the marketing manager for the [company name] at the same time, but he is really still the managing director of another subsidiary. The managing director is the marketing service provider of the [company name] and other customers. Then I slipped between, so to speak, and now with the [company name] and [company name]. ... ## from a [company name] perspective, who has also transferred or delegated or commissioned marketing services to the [company name], and then a ... ## came into direct business. Then came a short time later. Now it gets a little more complicated.

42 **I:** It's really good that you sketch it, because your father had said [company name] at some point and then I thought where is he coming from now?

43 **B:** So this is just this marketing daughter and then there was no more

but I still draw it there was still here. **[writing # - #]** the [company name] that was in principle-. We do it like this now. A joint subsidiary of [company name] and [company name] and operated three own locations. Basically because they have a different structure and quality than ... ## here an exhibition like the one below. It's a bit historical now they had a different name. In principle, they are shooting a two-brand strategy, and they are subsidiaries of the two companies, as it were, customers of the company. They were from the [company name] ...## and then sold on their own account. There, together with the managing director of firmenname, I became managing director of the [company name] and had, so to speak, the very first experience with the tile trade. At the time, but I hope that's true, maybe ... ## was officially listed under the [company name], but that wasn't now with those on the payroll, but was operationally in the management.

44 **I:** I understand. This [company name] later became a [company name] again?

45 **B:** Exactly. It was the same. So then in 2013 I think a year and a half after I was in there and until then there was the company five and six years back and forth and a lot for and against we decided at the time then it doesn't make sense anymore to keep that as a second brand. But the locations had developed relatively well and on the other hand, for communication reasons, it made no sense to keep the locations under foreign names for cost reasons and then it makes no sense to continue to have a company of our own and then we have a [company name] and [company name] merged. The locations ... ## (? flagged down) and made [company name] locations out of it. Since we are currently no longer working on this management post, of course, and I was still, as it were, just a marketing page with the [company name] and, at the same time, took on the first sales responsibility for the [company name] from my father. You might have to know about that when the [company name] stood **[writing # - #]** today basically 5 regions in which we work and which are provided with their own management. As a first step, I took over two regions from my father, so I became their top manager.

46 **I:** Which regions were they?

47 **B:** Now in order, so we have the regions of [town name], [town name], [town name], [town name] and [town name]. It started with [town

name] and [town name]. I can make it a little more complicated, maybe I'll do it because [town name] only came in 2016. Until then it was our biggest customer at [company name] but his business but because he had no successors to give us when we decided too and have taken over this company. And did not enter them directly into our sales construct but actually did that for a terribly long time, but for six months I think I still ran it in the independent company at that time, in which I then became a managing director and then in parallel, [town name] and [town name] were responsible for this. Then a year later [town name] and [town name] came under my responsibility and, with my father's departure, the [town name] sales area was finally what belonged to him here because it is the largest in terms of sales and the number of locations. So that virtually all of the sales responsibility was transferred to me.

48 **I:** Is already a house number. How do you manage to take care of such special topics as online, for example, now in addition to the daily business in sales? The warehouse over here [company name] now also looks very modern, the company gives the impression that innovative solutions are once again found.

General

49 **B:** I would put it down to the fact that we have a pretty good management structure, let's say in the substructure, too, because we have leading employees because we give there said with the five governments that there is a so-called sales center manager who are very independent management employees who have overall responsibility have this whole location and area and can switch and control it very freely. In critical cases, of course, always in close consultation with me and I also have a very close exchange with each and every one of them. I say the real day-to-day sales business is practically autonomous for them.

50 **I:** So it is not as if you are now in [town name] on [town name], [town name] in [town name], Wednesday in [town name]?

51 **B:** Almost, so it's not quite that extreme. In principle, I have a fixed two-week or sometimes four-week rhythm with each of them. That means I'm not at a different location every day, I've been here most of the time, so on average I say two days a week and then alternating between weeks. So this is already possible from the regions, everything can be reached from here in a maximum of one hour. So

General

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you are not on the road forever but it is only worth it for a day tour or something and that is all regional here in the area. But of course if I now somehow had the construction sites for every single one and had to take care of every loan application from a customer or go through every offer that goes over € 10,000 or so in order to somehow give the approval that would not go. This only works through these very strong and strongly bound company managers. They don't have an overall responsibility but they work very well individually on site. Together with the five, I have a management round once a month where we exchange ideas about topics that are of overriding relevance for all regions. Otherwise, just because you mentioned the warehouse, which is [company name], also helps in principle. The [company name] runs with its own management team, which is also responsible for success and innovations. For example, the whole topic of logistics I have nothing to do with it in the broadest sense that is then the management area of [company name] the ... ## from my father so that we also have a separation of competences and everyone there is on his own area can focus relatively strongly.

52 **I:** How do you make bigger decisions. You are incredibly structured for a building materials trade and that is really great but I can imagine that maybe this will not make decisions as quickly. How do you do that and how do you exchange ideas? If you now spend 100,000 € for a webshop so I would not have anything to do with the really big solution, but let's start from this webshop.

53 **B:** Basically there are two decision-making bodies for something like that. That is the management [company name] in ... ## together. The sole representative was of course for such topics that we also decide together and then we have an advisory board with the [company name]. Yes consists of four four firms of strangers, so to speak. It can be said that someone outside the company basically represented both partners up there from family 1 and 2. There is a neutral Chairman of the Advisory Board, then there is a branch expert last year who we could win over from another ... ## Companies from another region who could then with the [region name]...## I say now, because he comes from down there accompanied our decision. This advisory board must be asked for certain decisions, for example, when we make new locations or close one. This is an advisory board decision. I have to look it up now whether something like a webshop exceeds a

Implementation of Change

certain order of magnitude may also be mandatory for an advisory board decision. I don't know that now, but in any case we would let the Advisory Board bless for feedback reasons alone. He is his strong advisory board and also one who has to actively support decisions. The evaluates and also releases each individual annual plan for the construction sites. In this respect, one would present such a big decision via the advisory board and then have it approved. Regardless, it is not possible because it is also of the order of magnitude, but it is definitely how we do it.

54 **I:** How often does the advisory board meet?

55 **B:** It meets once a quarter and therefore when it comes to something like that, on the other hand, I now say when you spend €100,000 on a webshop, regardless of whether you do it now or in three months, we are not as fast as when I am should decide for me now I spend the money now or not. If only I were the sole decision maker for something like that. Otherwise in the management in our group of two, we also have a fixed appointment once a month and otherwise we sit next to each other and can coordinate very quickly. It already works.

56 **I:** But hiring things like employees or something like that doesn't have to be done by the advisory board? The companies then do this independently.

57 **B:** Exactly. At most, it really has to be if they are family members and something like a management position. The advisory board is already there. Involved. Especially when it comes to a foreign company, the advisory board does not do otherwise with normal settings.

58 **I:** Interesting.

Implementation of Change

59 **B:** Maybe just in addition we have a human resources department consisting of a human resources manager and two clerks. this is also a factor of professionalization and autonomy in the individual areas that this whole topic of recruiting hardly binds capacities anywhere in the management. Later when it comes to the selection. In the case of trainees, for example, we leave this to the HR department in cooperation with the respective locations to make the selection.

60 **I:** We already have three quarters of an hour. But it's incredibly interesting so if you had five or ten minutes it would be super friendly.

- 61 **B:** Yes, I can also look at you then you have specific questions that maybe just didn't happen somehow or something.
- 62 **I:** Thanks. It is really such a structured company in many respects, which is very rare in the building materials trade. Then I would have a question about implementing changes, innovations. I always go back to the web shop because it is a very good example.
- 63 **B:** But above all, you will probably also find it in many.
- 64 **I:** that's the way it is. You said you actually started ... ## with. Now it is often the case, in the building materials trade you have many long-term employees, some of whom are not quite as open to such innovations. How are you or how did you deal with it? How was that reflected in the implementation?
- 65 **B:** I don't really want to say it's still a daily struggle but in a way it is. Maybe it's not that much or most of the time it's not that they say that's kind of the big danger now or that it's such an active defense. But it is, I believe, partly the (?Recommending) insight that it makes sense and that the need is there as far as possible. Of course, some of them have 20 to 30 years of experience that it can be done without it. Then there is a lack of knowledge that perhaps there is also, especially with customers who are coming up, "there must be somehow and it must be there".
- 66 **I:** I always have to think of someone from the Junge Forum. I don't even remember who that was. He said "our customers have pizza plate-sized hands, they still do everything as they did 20 years ago. It's not an issue for us". I don't think you can evade that in the long run, but it can be difficult to enforce it in such an industry.
- 67 **B:** So it continues to be. That is why it is very important that you have staying power on the one hand and do not focus so much on sales. Clearly, the sales are what is in the end tangible and can be counted somewhere, also from the salespeople who then say "don't order a customer, we don't need it". But then the question is always why is it? On the one hand, you have to take away fear, of course. The webshop that is now replacing the active human selling point, we try again and again, we also try to visualize it and to say "Well, there are some spaces for the-.". The customer can do that himself. He can track active offers, can calculate orders better, whatever. Now, of

course, there are employees, we cannot do much more than simply accept them from the customer and type them into the machine. Sure, maybe you can do without someone's whole picture and then use it that way. It is of course something that you cannot really pronounce. ... ## The aim is to say in perspective then we may not need to fill a position somewhere because the volume of the order entry is simply lower because more comes online.

68 **I:** When did you start training for the web shop? If you could give such a window of time for the decision and implementation?

69 **B:** Basically we did it like this ... ##. It didn't work really well for us for a relatively long time, so we were on the road with the handbrake on, both internally and externally. They had real technical problems for a long time that ... ## arose and were not solved. On longer pages that was my ... ##. So we didn't do any training before we went online. We went online at the beginning of 2018 and then had an order event with all sales representatives, all sales managers and the team spokesman from the professional commercial teams and basically explained in a presentation how it works. We basically tried to convey "okay how does it work now?" Whenever it became concrete, when a customer ordered something. You could say that maybe a little too late because the employees were not so actively entered before. I've always seen it like this ... ## if you ask a salesperson we can do it this way or what or what the thing has to do, my feeling was that great wishes always come. I always knew it was just a ... ## solution that somehow fits everyone, we can't say anything about it here. Or move right or left or turn it like this. Then I always found it difficult to get the right degree of involvement, so I had to say "it doesn't work. It doesn't work. It doesn't work". That's why we rather ordered that pretty much independently and then the employees ... ##. Sure, maybe it was with one or the other, I don't want to say too late now, because you can't ask every employee what should it look like. Then when it started like this, many people lose sight of it, it is now that we have an operative responsible for the whole e-commerce topic under me. He is also obliged to go to the locations to show people again from the customer's point of view, to click through to imagine it. In principle, he has been doing this more and more since the beginning of this year. We are still in the development phase in any case.

70 **I:** But you still keep looking at it?

71

B: Yes definitely. I can say that I was nowhere this close to operational ... ## as I am in e-commerce. I get a copy of every incoming order email through different channels. I have a very special overview. Because I also believe that these are future paths that are extremely important because you also know that everything is still at the beginning and there is a lot of interest in it.

72

I: Cool.

Appendix 5 – Memos, Notes and Coded Segments

Tradition/ Obligation/ Pride

- The older the company and the more family history the harder it becomes for the successor to decide for other options
- Family history leads to pride --> self-obligation due to pride?

The company was split, so that one son inherited the building company, another the building materials trade, the next one inherited the forwarding company

Transkripte\Interview 5: 15 - 15 (0)

From 1886 until around 2000 it went well quite well at three locations.

Transkripte\Interview 5: 15 - 15 (0)

t that time, it was clear that none of my two older siblings would be interested in joining the company

Transkripte\Interview 5: 33 - 33 (0)

Our parents never pressured us.

Transkripte\Interview 5: 33 - 33 (0)

When I was 15, my grandfather called me into his office and told me about the history of the company. And in the end, he asked me if I could imagine taking over the company in the future. Five minutes later my dad called me into his office, and we discussed everything as well. Then I took two weeks to think about it and finally told them that I agreed.

Transkripte\Interview 5: 33 - 33 (0)

And you must be better than the others.

Transkripte\Interview 5: 39 - 39 (0)

He admits himself that he no longer understands everything, but he knows that it is important. And when I tell him to check that things are working properly;

Transkripte\Interview 5: 51 - 51 (0)

we used to live across the street from the old site and even as a five or six-year-old child I was always running around in the warehouse, helping the employees.

Transkripte\Interview 5: 53 - 53 (0)

I directly slipped into the company.

Transkripte\Interview 6: 3 - 3 (0)

65% and his two older brothers, who were both independent - once was an architect and another was

lawyer, had each ten percent. So, my grandmother had the legal shares of my father, that she can manage too. With her death, the shares went directly to my father.

Transkripte\Interview 6: 3 - 3 (0)

mother, because it was their inheritance, and the father because of the negotiations

Transkripte\Interview 6: 7 - 7 (0)

he and his older brother always worked together and with our children, more or less vis-a-vis, lived from that.

Transkripte\Interview 6: 17 - 17 (0)

the interest was always there

Transkripte\Interview 6: 17 - 17 (0)

Then, we thought about bringing in an external manager, but it made much more sense to keep it within the family.

Transkripte\Interview 6: 25 - 25 (0)

in der vierten Generation. Seit 1851

Transkripte\Interview 7: 7 - 7 (0)

Das war eigentlich sein Lebenswerk.

Transkripte\Interview 7: 9 - 9 (0)

Ich bin der älteste Sohn

Transkripte\Interview 7: 9 - 9 (0)

Wobei ich mit der Firma immer eng verbunden war. Ich bin als Kind schon immer mit meinem Vater in der Firma rumgelaufen und habe da alles gemacht und war mit der Firma eng verbunden.

Transkripte\Interview 7: 9 - 9 (0)

Und mein Bruder war weg und ich habe gesagt na gut

Transkripte\Interview 7: 11 - 11 (0)

Softwareunternehmen gegründet, das halt speziell für Baustoffhandel das ERP-System

Transkripte\Interview 8: 3 - 3 (0)

Thema Baumarkt war natürlich immer irgendwie präsent

Transkripte\Interview 8: 7 - 7 (0)

eigentlich eine gute Lücke für mich

Transkripte\Interview 8: 7 - 7 (0)

dass von meinem Opa der Vater das damals begonnen hat

Transkripte\Interview 9: 3 - 3 (0)

ähnliche Historie.

Transkripte\Interview 9: 4 - 4 (0)

das Thema immer nur von meinem Vater mitbekommen und da halt nicht so intensiv.

Transkripte\Interview 9: 7 - 7 (0)

was eigentlich dahintersteht, was ist da aus der Familie entstanden

Transkripte\Interview 9: 7 - 7 (0)

relativ schwer, dass ich dann auch sagen würde, „Das interessiert mich nicht, was meine Eltern oder mein Opa damals gemacht haben

Transkripte\Interview 9: 7 - 7 (0)

He founded a building materials company [date] after the end of the World War II, it was a hundred meters from here. The 8th of May was the end of the war, and on the [date] the company was founded

Transkripte\Interview 10: 6 - 6 (0)

He did an apprenticeship there during the war, and the way he came to that, is that his father was a builder himself, and he bought his supplies from that company.

Transkripte\Interview 10: 8 - 8 (0)

could say I felt the pressure from the people who were selling tiling here at the time, the authorized representatives and such, so I figured, Okay, we have to work it into our system.

Transkripte\Interview 10: 12 - 12 (0)

I. And, I have to say, it also influenced me, I haven't ever managed the company on my own.

Transkripte\Interview 10: 12 - 12 (0)

hen he moved into a family house, which was built by one of his master builders.

Transkripte\Interview 10: 36 - 36 (0)

Later we'd also mess with the vehicles that were there, we'd try to open them and so on. That's true, these were my teenage years as well. Probably, not for [person's name], though.

Transkripte\Interview 10: 40 - 40 (0)

we'd meet as a family at lunch every day

Transkripte\Interview 10: 44 - 44 (0)

So, my family did have connection to the trade, yes. It affected the children when I leave on business trips.

Transkripte\Interview 10: 44 - 44 (0)

1923 hat mein Opa mit seinem Schwager zusammen das [Firmenname] gegründet.

Transkripte\Interview 12: 5 - 5 (0)

Zehn Jahre später ist dann mein Opa 1987 altersbedingt aus dem Unternehmen ausgeschieden. Da war er schon über 80

Transkripte\Interview 12: 7 - 7 (0)

Der letzte Meilenstein ist 2019, da bin ich eingetreten

Transkripte\Interview 12: 11 - 11 (0)

Aber mein Herz hing immer am Baustoffhandel

Transkripte\Interview 12: 13 - 13 (0)

Meine Familie wohnt auch nur 100 Meter von der Firma entfernt.

Transkripte\Interview 12: 23 - 23 (0)

: Ich würde sagen, nein. Meine Eltern haben das nie von uns Kindern verlangt oder erwartet.

Transkripte\Interview 12: 71 - 71 (0)

Von meinen Eltern kam da auch überhaupt kein Druck.

Transkripte\Interview 12: 71 - 71 (0)

Das war eigentlich in meinem Elternhaus,

Transkripte\Interview 14: 9 - 9 (0)

Da ist man einfach mit reingewachsen.

Transkripte\Interview 14: 9 - 9 (0)

ist man auch nicht darauf getrimmt worden, dass man da alles mitmachen muss und so weiter. Also zumindest in meinem Elternhaus bin ich nicht dazu gezwungen worden, irgendetwas zu machen.

Transkripte\Interview 14: 11 - 11 (0)

Unser Unternehmen gibt es seit 1906.

Transkripte\Interview 1: 2 - 2 (0)

Zunächst weil ich damit großgeworden bin. Wir machen das jetzt in der 3. Bzw. mit meinem Bruder und mir bald in der 4. Generation und das will man dann auch nicht einfach aufgeben. Deswegen bin ich und mein Bruder schon sehr dahinter.

Transkripte\Interview 1: 22 - 22 (0)

Wir sind ja im Endeffekt hineingeboren. Damals war alles ja noch ein bisschen anders. Man hat die Schule besucht und dann ist man in den Betrieb gesteckt worden und dann durfte man sich den Betrieb übernehmen und dann war das ja eigentlich vorgegeben von den Eltern. Wobei mein Bruder der älter war dann machen sollte der dann aber Revisor geworden ist. Dann blieb nur noch der Kleine übrig und war meine Wenigkeit und er hat dann viel Spaß gemacht.

Transkripte\Interview 2: 4 - 4 (0)

Gut, im Prinzip haben wir 1989 hier den ersten Baumarkt eröffnet haben. Dann ist meine Frau dazugestoßen. 1994 und hat dann eben etwas mit hochwertigen Geschenkartikel und ein paar Gartenmöbel angefangen, weil sie sagte: Ich erlebe immer wieder dass unsere Kunden im Baumarkt rein springen und keine Zeit haben, weil die Frauen draußen sitzen und im Auto auf die Herren warten.

Transkripte\Interview 2: 10 - 10 (0)

eigene Leute

Transkripte\Interview 2: 20 - 20 (0)

Naja, im Prinzip haben wir immer gewusst, dass es Junioren gibt, die eventuell Interesse haben, den Betrieb irgendwann zu übernehmen. Und als es irgendwann den Anschein hatte, dass sie Interesse haben – bei meinem älteren Sohn ist das ca. 10 Jahre her und bei meinem jüngeren Sohn etwa 6-7 Jahre

Transkripte\Interview 2: 48 - 48 (0)

Eigentlich nicht. Ein paar Mal drüber nachgedacht aber da im Moment der Weg Richtung Kinder geht, wird das dann natürlich zuerst verfolgt. Eigentlich nicht. Wir haben halt mal ein oder zwei Mal Gespräche mit Unternehmen-Makler, die haben aber aufgrund von unserer Situation hier im Betrieb und den Nachfolgern nicht gefruchtet.

Transkripte\Interview 2: 50 - 50 (0)

1980 bin ich dann in die Firma eingestiegen nach einer Ausbildung bei einem befreundeten Baustoffhandelsunternehmen in einer Nachbarstadt

Transkripte\Interview 3: 4 - 4 (0)

jemanden habe innerhalb der Familie, der auch Spaß daran hat das umzusetzen.

Transkripte\Interview 3: 34 - 34 (0)

„Du musst das jetzt machen!“ Weil da habe ich immer so gedacht: wenn du da mal so anfängst, ist das der erste Schritt, dass die das nicht machen. Und dadurch, dass meine Kinder untereinander auch ein sehr enges Verhältnis haben, fand da auch ein Austausch statt und ich gehe davon aus, dass die sich auch untereinander darüber ausgetauscht und beraten haben.

Transkripte\Interview 3: 60 - 60 (0)

Und dadurch, dass nicht nur mein Vater im Betrieb war, hatte man quasi in allen Familiensträngen auch irgendwie was mit der Firma zu tun. Mein Großvater hat den Betrieb gegründet. Die Schwester von meinem Vater arbeitete auch in unserem Betrieb in der Rechnungskontrolle. Meine Großmutter hat damals ein bisschen Stammdaten gemacht. Man hatte also immer irgendwie was mit der Firma zu tun. Und man kann es auch nicht komplett abschalten auch im Privaten mal darüber zu sprechen

Transkripte\Interview 4: 2 - 2 (0)

Firmenfeiern waren auch immer etwas, wo die ganze Familie da war. Als Familienunternehmen habe wir auch immer Wert darauf gelegt zu zeigen, dass wir eben ein Familienunternehmen sind und dementsprechend waren wir auch bei Weihnachtsfeiern etc. immer dabei.

Transkripte\Interview 4: 4 - 4 (0)

Implementation of Change

- It seems like successors often come without a fixed position in the company and target projects --> change
- These are often projects that were not implemented, because of difficulties predecessors had with these new/ modern topics
- Implementation of change highly relevant --> not remote management, but you need the experience

Expectations are a topic. Successors coming into the business have big expectations and want to implement a lot of change. --> therefore, in the beginning of the transition process, more change is implemented.

--> successors often come with high expectations and face an overload --> go back to projects

Comfortable situation vs. Chance to achieve more --> motivation for change dependent on these variables

- Growth as a target when entering -

Employees tend to stay longer --> the longer you do something one way the more difficult it becomes to shift to something new...

The ease of implementing change is more people related and dependent on:

- Involvement of staff --> this is key
- People in charge
- Type of change

The more change is implemented the higher the employee fluctuation

--> in times of business succession where more change is implemented, higher employee fluctuation

Service as an important factor for differentiation

Which role plays age and time of succession?

Do strong predecessors lead to less strong successors and stop them from implementing change?

people who were raised in entrepreneurial family have a different mindset towards changes

digitalization

Transkripte\Interview 5: 19 - 19 (0)

. Later we bought a third company, for which we adapted the system directly.

Transkripte\Interview 5: 19 - 19 (0)

We wanted to implement the new system right away after the move, wo people would get used to it. In connection with the new location we had to suffer quite hard.

Transkripte\Interview 5: 19 - 19 (0)

And we made a huge effort to optimize the warehouse in order to minimize searching for items.

Transkripte\Interview 5: 19 - 19 (0)

My father and I were 100 percent sure about it, but the others didn't really know what we were doing, so we had a conflict of interests and problems after the implementation as well. The logistic part worked well, but we underestimated the distribution.

Transkripte\Interview 5: 19 - 19 (0)

. I must admit that we failed to communicate and to train the new system in time. By implementing a new hardware, a new software, and new processes as well, we had massive problems with interfaces, between Prohibis and LVS. So, we did intensive trainings for distribution and we still do to fine-tune processes.

Transkripte\Interview 5: 21 - 21 (0)

The first six months we spent in the Valley of Tears, lost a lot of customers, because they had to wait for hours to get a bag of cement and other problems like this. I spent three months of the implementation working in the warehouse for 10 to 12 hours, seven days a week, trying to get on top of the situation

Transkripte\Interview 5: 23 - 23 (0)

We could have had it easier, but we have been too stubborn. It might have been better to have a pause in between, but as we put enormous investment into new hardware and software, we also wanted to follow through.

Transkripte\Interview 5: 23 - 23 (0)

If I make mistakes, then rather where they cost someone else something and even without the son of the boss bonus.

Transkripte\Interview 5: 43 - 43 (0)

there was a change and no successor had been found yet

Transkripte\Interview 5: 45 - 45 (0)

In the meantime, my successor has arrived, and I have trained him. And they want to introduce LVS here now, so I have a few shares in the whole project planning. And I have some projects running directly

Transkripte\Interview 5: 45 - 45 (0)

. I was not even there for the actual implementation because the employees must work with it and not

me.

Transkripte\Interview 5: 51 - 51 (0)

When they implemented the LVS, I took a three-month leave of absence from my job.

Transkripte\Interview 5: 55 - 55 (0)

we consulted the administration at this point.

Transkripte\Interview 6: 5 - 5 (0)

we put all three companies under the same leadership and there were some people, like the predecessor of - they wanted different leaderships and then we did that

Transkripte\Interview 6: 7 - 7 (0)

we agreed that it would make more sense to put all the materials for woodwork under one roof, which is very atypical in south Germany

Transkripte\Interview 6: 7 - 7 (0)

The focus of this study of mine was to finally ensure continuity and that we develop a standardized continuity, so that a third of our employees are not busy with reordering, and that the purchases they make are more thought through

Transkripte\Interview 6: 33 - 33 (0)

to have someone in-house who is familiar with the topic

Transkripte\Interview 6: 41 - 41 (0)

disadvantage of LVS, if the guidelines are not clean then it cannot be successful.

Transkripte\Interview 6: 63 - 63 (0)

everyone in the team has to understand what is going to change

Transkripte\Interview 6: 67 - 67 (0)

education just before the implementation

Transkripte\Interview 6: 67 - 67 (0)

aber wenn du als Junge dich da rein arbeitest, dann mach es

Transkripte\Interview 7: 11 - 11 (0)

aber im selben Jahr schon zwei weitere Baumärkte aufgemach

Transkripte\Interview 7: 11 - 11 (0)

ich habe jetzt etwa zehn Jahre Zeit um Standorte zu akquirieren. Darum muss ich mich jetzt kümmern und habe mich dann ganz intensiv darum gekümmert, weitere Standorte in der Region zu finden

Transkripte\Interview 7: 11 - 11 (0)

Habe ich mehr Büros gebraucht und Buchhaltung. Und dann habe ich gesagt, „naja, mit dem Baustoffhandel, mit der Zentrale muss ich mir jetzt was Neues suche

Transkripte\Interview 7: 15 - 15 (0)

Und ursprünglich war eigentlich die Idee, dass die ihren Standort aufgeben und mit ihren Leuten zu uns nach [location] gehen

Transkripte\Interview 7: 15 - 15 (0)

Da haben wir auch viele Jahre damit geübt. So wie der heute aussieht, so sah er am Anfang nicht aus.

Transkripte\Interview 7: 17 - 17 (0)

Dieser Begriff Drive-In war damals eigentlich eine Enttäuschung. Die Leute sind am Anfang da überhaupt nicht reingefahren, weil sie dachten da darf man nicht reinfahren, da kommt man nicht mehr raus. Es hat einige Jahre gedauert, bis man die Idee des Drive-Ins da so weit hatte, dass das einigermaßen funktioniert hat.

Transkripte\Interview 7: 17 - 17 (0)

nach einigen Jahren sowohl das Sortiment als auch die Bekanntheit erhöht hatten, das dann auch vielfältig

Transkripte\Interview 7: 21 - 21 (0)

Und irgendwann war mir klar, dass das mit der Expansion schwieriger wird und dann habe ich mich mehr darum gekümmert, dass die Sortimente und dass die Logistik und die ganze interne Abwicklung besser funktioniert.

Transkripte\Interview 7: 25 - 25 (0)

Wobei, das war mir schon bewusst, dass wir da Fehler machen. Aber damals war mir die Expansion einfach wichtiger.

Transkripte\Interview 7: 29 - 29 (0)

Er ist dann auch auf die Idee gekommen, dass er sich mehr um den Fachhandel kümmert.

Transkripte\Interview 7: 53 - 53 (0)

B: So kann man es sagen, ja. Sodass wir dann beide der Überzeugung waren, das ist jetzt richtig wenn wir es so machen. Es war deine Idee, oder es war meine Idee.

Transkripte\Interview 7: 55 - 55 (0)

Da kümmert er sich drum.

Transkripte\Interview 7: 59 - 59 (0)

Ja, ist in Entwicklung

Transkripte\Interview 7: 63 - 63 (0)

Thema Gebäudemanagement ausgesucht, wo ich mich einfach ein bisschen um die Technik bei den-, und Wartungsverträge. Das war eh gerade alles nötig.

Transkripte\Interview 8: 23 - 23 (0)

Ja, da habe ich mich durchgewurstelt

Transkripte\Interview 8: 25 - 25 (0)

Projekt. Irgendwann ist da auch mal wieder Ende und man macht auch wieder was anderes. Genau und währenddessen natürlich auch die ganzen Themen, die mein Onkel macht

Transkripte\Interview 8: 25 - 25 (0)

Und das war dann sozusagen schon ganz interessant den Markt einmal neu zu befüllen und das alles zu organisieren und so, das hat dann schon Spaß gemacht

Transkripte\Interview 8: 25 - 25 (0)

Also das müssen wir zusperren oder was anderes nochmal neu aufbauen. Aber da will ich dauerhaft keinen Baustoffhandel betreiben, weil, das bringt es halt einfach gar nicht.

Transkripte\Interview 8: 27 - 27 (0)

Also jetzt habe ich da die Bremse angezogen, auch bei der Planung von dem Profifachmarkt, da muss man jetzt schon viel selber drüber

Transkripte\Interview 8: 29 - 29 (0)

. Also das hat mein Onkel immer gemacht, aber ich habe gesagt, „So einen Baumarkt können wir auch aus der Ferne überwachen

Transkripte\Interview 8: 35 - 35 (0)

Beim Fachhandel ist es ganz anders, da würde ich mich nicht weiter weg trauen.

Transkripte\Interview 8: 35 - 35 (0)

seit wahrscheinlich bald 20 Jahren auch so eine automatische Bestellssoftware

Transkripte\Interview 8: 37 - 37 (0)

Ich brauche jetzt eine eigene

Transkripte\Interview 8: 37 - 37 (0)

einen eigenen Mitarbeiter, der sich nur darum kümmert

Transkripte\Interview 8: 37 - 37 (0)

Zeitung, online, soziale Medien.

Transkripte\Interview 8: 65 - 65 (0)

ch habe dann auch oft die Diskussion mit meinem Vater geführt, was ich eigentlich den ganzen Tag da tun soll. Ich sitze jetzt da, damals war ja noch das große Ding, dass wir erheblich zu viel Personal gehabt haben

Transkripte\Interview 9: 11 - 11 (0)

erarbeitet, seine Aufgaben ein bisschen erkämpft

Transkripte\Interview 9: 13 - 13 (0)

Das ist eigentlich ein bisschen liegen geblieben. Und dann habe ich mich in dieses Thema ganz stark reingekämpft und ich wurde auch gelassen. Das muss ich ganz klar sagen, sie haben sich da relativ wenig eingemischt

Transkripte\Interview 9: 15 - 15 (0)

nur zum Beispiel habe ich das neue Betriebswirtschaftssystem eingeführt

Transkripte\Interview 9: 17 - 17 (0)

Wir versuchen Überzeugungsarbeit zu leisten

Transkripte\Interview 9: 47 - 47 (0)

Es ist ja doch dann nur ein Kollege. Und dadurch, dass ich das eigentlich immer selbst mache, haben wir dort relativ wenig Probleme.

Transkripte\Interview 9: 47 - 47 (0)

Ja, hätten wir schon, aber schwierig in den Zeiten, wo man eigentlich keinen Handwerker bekommt.

Transkripte\Interview 9: 53 - 53 (0)

wir mit unserer Logistik im Haus gar nicht in der Lage wären, das im größeren Stil aufzuziehen. Also einen stationären Handel bei uns mit einem Online-Shop verknüpfen und das echt auf Touren zu bringen, ist wahnsinnig viel Aufwand.

Transkripte\Interview 9: 67 - 67 (0)

Telefonzentrale besetzt und dann hat der bestellt und ihr habt geschaut, wie es quasi in die Lieferkett

Transkripte\Interview 9: 70 - 70 (0)

Noch nicht, wird aber aktuell auch eingeführt

Transkripte\Interview 9: 71 - 71 (0)

ch habe gesagt, „Okay, wir integrieren ab morgen den Liefersdienst.

Transkripte\Interview 9: 73 - 73 (0)

Ich führe jetzt das Thema ein.

Transkripte\Interview 9: 73 - 73 (0)

Wir in der Firma haben keinen, der versucht, dass diese Projekte auch wirklich nachhaltig umgesetzt werden oder erfolgreich sind.

Transkripte\Interview 9: 75 - 75 (0)

we've outsourced the management during the fusion with the [company name], we've gone through each step, and [company name] is at least as renowned as we are, so we went through book keeping, EDP system, what would be separate, what would remain joint.

Transkripte\Interview 10: 14 - 14 (0)

The branch expansion was the first move, then there was this fusion, and then the disassembly of the companies.

Transkripte\Interview 10: 20 - 20 (0)

Marketing was already managed and systemized, as I was still studying, and my father was already ill, so at first, I just took over a few responsibilities. For I didn't want the others or didn't yet know how to do those, although I then got to deal with those through my studies as well. And then expansion became the next topic.

Transkripte\Interview 10: 24 - 24 (0)

we created a marketing union with the clients, with franchising within [country name] and various system partners

Transkripte\Interview 10: 30 - 30 (0)

As for the outsiders, although it's tricky to tell, because of all the names involved, but it all boils down to marketing in the end.

Transkripte\Interview 10: 48 - 48 (0)

So, we brought all trading companies and all service companies to a common line. We integrated the straying segments into the common process. What else-. The tiling industry has been growing from the beginning due to the development of its own locations. But the joint processes and clients would still be integrated.

Transkripte\Interview 10: 52 - 52 (0)

own management system.

Transkripte\Interview 10: 52 - 52 (0)

The holding company still has a stake in an online building materials trade, again it has nothing to do with the companies up here but in principle it is a third component belonging here [points at one end on the sketch].

Transkripte\Interview 11: 7 - 7 (0)

Basically, that's maybe a factor in the topic of succession, we are digitally and in e-commerce on different wavelenghts. We have a [company name] Webshop we call it „profiportal“ and there is more than just a way to order the products. You can see all of the product information, prices for the customers individually and availability. The focus is not so much on the order option, then more on the information aspects.

Transkripte\Interview 11: 9 - 9 (0)

e wanted to change our minds and then we said „Okay now we have to do all these eventualities“

Transkripte\Interview 11: 13 - 13 (0)

It meets once a quarter and therefore when it comes to something like that, on the other hand, I now say when you spend €100,000 on a webshop, regardless of whether you do it now or in three months, we are not as fast as when I am should decide for me now I spend the money now or not

Transkripte\Interview 11: 55 - 55 (0)

just in addition we have a human resources department consisting of a human resources manager and two clerks. this is also a factor of professionalization and autonomy in the individual areas that this whole topic of recruiting hardly binds capacities anywhere in the management.

Transkripte\Interview 11: 59 - 59 (0)

. It didn't work really well for us for a relatively long time, so we were on the road with the handbrake on, both internally and externally.

Transkripte\Interview 11: 69 - 69 (0)

Also es liegt halt vieles hier brach

Transkripte\Interview 12: 27 - 27 (0)

Das Problem ist, hier ist ein bisschen Renovierungsstau.

Transkripte\Interview 12: 27 - 27 (0)

Es ist immer noch sein Geld, also will er wissen, wofür ich das ausgeben und wie viel

Transkripte\Interview 12: 27 - 27 (0)

Das klappt zu 70, 80 Prozent, sage ich mal

Transkripte\Interview 12: 35 - 35 (0)

Wir haben eine eigene E-Mail-Adresse dafür eingerichtet, dass die Lieferanten die Rechnung direkt per E-Mail schicken können. Dass die nicht auf der Info-Adresse oder einem Mitarbeiter, der im Urlaub ist, landen, sondern auf dieser allgemeinen Buchhaltungs-E-Mail-Adresse ankommen

Transkripte\Interview 12: 35 - 35 (0)

Eines der wichtigsten Dinge war die Website. Aber wie gesagt, das ist jetzt erstmal begraben

Transkripte\Interview 12: 49 - 49 (0)

Wichtig war zum Beispiel die Fassade vom Hauptgebäude.

Transkripte\Interview 12: 49 - 49 (0)

Und dann verlierst du manche Dinge von dieser anfänglichen To-Do-Liste auch aus den Augen.

Transkripte\Interview 12: 49 - 49 (0)

Ja, alles aus einer Hand. Das bieten wir auch an. Wir haben einen Montageservice

Transkripte\Interview 12: 67 - 67 (0)

Beleglos würde ich jetzt nicht behaupten, aber es ist besser geworden

Transkripte\Interview 14: 17 - 17 (0)

Planwerte gab es also bei uns sowieso noch nie großartig. Heute findet das auch eher noch stiefmütterlich statt, sage ich mal, wenn die das planen.

Transkripte\Interview 14: 23 - 23 (0)

neuen Baumarkt in [Ort], bei dem verschiedene Gesellschafter dabei sind, da ist die Geschichte mit der Planung von Anfang an relativ konsequent durchgeführt worden.

Transkripte\Interview 14: 25 - 25 (0)

. Als ich angefangen habe, haben wir diese Lagerbestandsfortschreibung sozusagen gemacht, ich habe mich dann mehr um die Wareneingänge gekümmert, um die Lagerbestände, dass das alles soweit passte. Und ich habe dann diese Prozesskette von der Ankunft der Ware bis zur Auslieferung nach und nach ein bisschen mehr mit betreut, und dann eben auch die Stammdaten-Geschichte bei uns im Haus. Wir sind ja von Anfang an bei dieser Topas dabei

Transkripte\Interview 14: 29 - 29 (0)

Wir haben Lagerplätze, ja. Im Freilager haben wir eigentlich nur mehr Regale,

Transkripte\Interview 14: 39 - 39 (0)

Ich glaube, wir haben ein knappes Dreivierteljahr bis Jahr vorher angefangen. I

Transkripte\Interview 14: 47 - 47 (0)

Also das haben wir dann komplett für alle drei Firmen betreut, haben dann, glaube ich, ein knappes Dreivierteljahr vorher angefangen. Der Prozess war ja dann schon relativ vorgegeben von [Firmenname5], die hatten dann eine relativ gute Struktur vorgegeben, welche Punkte wir abzuhandeln haben, was wir berücksichtigen müssen.

Transkripte\Interview 14: 47 - 47 (0)

Team

Transkripte\Interview 14: 47 - 47 (0)

a, ich bringe eben Stück für Stück auch immer wieder ein bisschen etwas Neues rein, sage ich mal. Aber es ist schon nicht so einfach.

Transkripte\Interview 14: 67 - 67 (0)

Warenwirtschaftssystem, das ist dann wirklich nicht so einfach. Klar, der Prohibis-Umstieg war ganz gut, da haben wir etwas neuen Belegfluss auch reinbekommen und auch nochmal ein bisschen die Prozesse teilweise geschärft.

Transkripte\Interview 14: 67 - 67 (0)

Tagesgeschäft auch ein bisschen zu verändern, ist dann doch nochmal schwieriger.

Transkripte\Interview 14: 67 - 67 (0)

. Da gab es dann wiederum neue Softwareprogramme zum Schreiben von diesen Eisenbieg... #00:32:07# Darum durfte ich mich dann auch noch kümmern, das kam dann auch nochmal dazwischen. Also es geht

eben sukzessive ineinander übe

Transkripte\Interview 14: 69 - 69 (0)

MOMENTAN... Buchhaltung/ Backoffice, sitzen wir auch mit 3 Leuten

Transkripte\Interview 1: 10 - 10 (0)

Meine Erwartung war dann auch erst mal mehr Verantwortung, genau. Da wir derzeit zu 4. Im Unternehmen sind, hat sich dann ergeben, dass ich mir zunächst eine eigene Sparte aufgebaut habe. Hier habe ich das sagen. Die Sparte hat sich sehr gut entwickelt. Aus dem Nichts sind wir derzeit schon bei knapp einer Millionen Euro Umsatz. Von daher bin ich da auch sehr stolz drauf und arbeite in diesem Bereich auch hauptsächlich.

Transkripte\Interview 1: 24 - 24 (0)

as merken wir auch immer bei unseren Auslieferungen. Die meisten Gartenmöbel fahren wir nämlich zum Kunden und stellen sie dort auch auf. Meines Erachtens kommt unser guter Ruf im Bereich Gartenmöbel vor allem über die namhaften Hersteller, die wir führen.

Transkripte\Interview 1: 36 - 36 (0)

Also IT haben wir einen eigenen Server im Haus. Den haben wir auch vor kurzem erst erneuert. Unser Problem ist hier tatsächlich, dass wir leider noch keine richtige Internetleitung hier liegen haben.

Transkripte\Interview 1: 48 - 48 (0)

Hierzu haben wir eine eigene App entwickelt.

Transkripte\Interview 1: 48 - 48 (0)

Wir haben auch einen Webshop.

Transkripte\Interview 1: 52 - 52 (0)

Das ist im Onlinehandel tatsächlich noch sehr schwierig. Also wir haben pro Woche schon ein paar Verkäufe über unsere Website, aber wir forcieren das Geschäft nicht und gehen hier nicht mit Google Adwords oder Ähnlichem in die Offensive

Transkripte\Interview 1: 52 - 52 (0)

Dann haben wir außerdem eine Grill Akademie aufgebaut. Das ist bei uns im ersten Stock. Kunden, die bei uns im Laden einen Grill kaufen, können sich Samstags zu einer Schulung bei uns anmelden. Das ist für die Kunden, die einen Grill kaufen auch kostenlos und die Schulung wird von einem Koch und Grillmeister geleitet.

Transkripte\Interview 1: 56 - 56 (0)

, aber auch hier haben wir unseren eigenen. Das haben wir mit einem aufgebaut

Transkripte\Interview 1: 58 - 58 (0)

Nein, wir sind da wirklich sehr flexibel angehaucht. Das heißt wir haben Mitarbeiter, die kommen von morgen 8 Uhr bis abends, haben dann dafür aber ein bis 2 Tage frei in der Woche. Das machen die dann zum Beispiel weil sie lange Anfahrtsstrecken haben, oder, oder, oder... und dann sagen sie, dass sie lieber an den Tagen an denen sie arbeiten länger kommen, als für ein paar Stunden Arbeitszeit jeden Tag die lange Anfahrtsstrecke haben. Da haben wir ganz verschiedene Systeme

Transkripte\Interview 1: 64 - 64 (0)

Nein heute, wir gucken unseren Einkauf wir gucken im Internet und versuchen uns mit den Preisen zu engagieren. Wir werden nicht immer den Internet Preis machen können, aber wir halten uns nicht viel drüber. Ich gehe mal davon aus bei einer Maschine von 200 - 300 Euro, dass wir vielleicht 15 bis 20 Euro teurer sein können, aber nicht mehr Dafür ist sie sofort verfügbar. Der Kunde kann sie anfassen. Deshalb schauen wir auch immer, dass wir eine hohe Warenverfügbarkeit haben. Denn bestellen brauchen wir für den Kunden eigentlich nichts mehr. Das können die Kunde dann auch selber.

Transkripte\Interview 2: 36 - 36 (0)

Wir kalkulieren in Verbindung mit Internet.

Transkripte\Interview 2: 44 - 44 (0)

Ja, das mit den Robotern machen wir jetzt seit etwa 20 Jahren. So lange Husqvarna den ersten Roboter auf dem Markt gebracht hat. Ich glaube ich habe im ersten Jahr, als Husqvarna den auf den Markt gebracht hat schon 3 Stück verkauft. Da war das schon noch Weltneuheit.

Transkripte\Interview 2: 46 - 46 (0)

Konzernstrukturen

Transkripte\Interview 3: 12 - 12 (0)

Man konnte sich da bewerben, wenn man ein bestehendes Einzelhandelsgeschäft hat oder wenn man ein neues Konzept ausprobieren möchte. Dann könnte man 3 Monate mietfrei dieses freie Ladenlokal bespielen

Transkripte\Interview 3: 38 - 38 (0)

Das sind alles Themen für meinen Sohn. Das ist sein Geschäftsbereich.

Transkripte\Interview 3: 44 - 44 (0)

Thema für meinen Sohn

Transkripte\Interview 3: 58 - 58 (0)

deswegen fiel die Entscheidung für dieses Invest

Transkripte\Interview 3: 64 - 64 (0)

Aber da habe ich gemerkt: Wenn du dann zu den Banken gehst und sagst, dass du einen 2-stelligen Millionenbetrag investieren möchtest, habe ich gemerkt, dass die die Situation mit den Kindern durchaus positiv wahrnehmen. Die kannten meine Kinder zu dem Zeitpunkt schon und die Frage kam nicht so deutlich, aber man merkte schon, dass sie recht entspannt waren, weil sie wussten, dass es eine Nachfolgeregelung gibt

Transkripte\Interview 3: 64 - 64 (0)

Es hat sich aber gezeigt, dass wir in diesem Bereich nie große Probleme hatten.

Transkripte\Interview 3: 66 - 66 (0)

Ja, das stimmt. Wir haben eine sehr niedrige Fluktuation. Aber wir präsentieren auch ein attraktives Gesamtpaket mit dem neuen, modernen Betrieb. Und dadurch, dass wir bei den Bewerbungsgesprächen auch stets meine Kinder mit präsentieren, zeigen wir auch jungen Leuten, dass der Betrieb Zukunft hat. Das kommt sehr gut an. Wir haben einen neuen Mitarbeiter, der ist Anfang 30 und der wäre nicht gekommen, wenn es keine Nachfolgeregelung gäbe.

Transkripte\Interview 3: 74 - 74 (0)

Wir kennen uns nun ja schon sehr lange und kamen stets gut miteinander aus, wie handhaben wir das in Zukunft?

Transkripte\Interview 4: 8 - 8 (0)

as sieht man an unseren Strukturen, das sieht man an unserem Großraumbüro und man sieht es vor allem – das hoffe ich zumindest – daran, wie wir uns den MA gegenüber verhalten. Dass man auch mal ein Späßchen zwischendurch macht und immer ein offenes Ohr hat. Wir versuchen dieses lockere Miteinander zu halten, solange es nicht ins Eingemachte geht. Aber da finden wir auch immer einen guten Zwischenweg. Aber ich kann jetzt auch nicht einfach sagen es geht oder es geht nicht. Das ist von MA zu MA unterschiedlich und darauf muss man sich einstellen.

Transkripte\Interview 4: 10 - 10 (0)

Weil du Veränderungen so besser durchführen und beobachten kannst. Um eine Unternehmenskultur überhaupt formen zu können, musst du sie beobachten können und schauen, wie du sie in welcher Form anpacken kannst und wie sie sich verändert.

Transkripte\Interview 4: 14 - 14 (0)

Mein einer Bruder ist dann vom Hochbau raus und hat sich dann auf das Thema E-Commerce konzentriert. Er macht jetzt den Bereich Social Media und E-Commerce.

Transkripte\Interview 4: 18 - 18 (0)

Wir machen das sehr demokratisch. Wobei wir uns selten richtig in die Wolle bekommen.

Transkripte\Interview 4: 22 - 22 (0)

Ich bin der Meinung, dass man in einem Betrieb einer bestimmten Größe mittlerweile einen Projektmanager braucht, der sich um all diese Dinge kümmert.

Transkripte\Interview 4: 36 - 36 (0)

Nein

Transkripte\Interview 4: 38 - 38 (0)

Seitdem ich hier bin (2 Jahre) haben wir schon 3 neue Softwarelösungen eingeführt, die einfach aktueller sind: Cashmanagement – da musste man komplett neu lernen mit zu arbeiten. Unsere Mitarbeiterinnen in dem Bereich sind Ende 50 und Anfang 60. Das ist jetzt nicht unbedingt das Alter in dem man in der Regel spielend leicht mit dem PC umgeht. Das können die, aber die sind nicht damit aufgewachsen.

Transkripte\Interview 4: 38 - 38 (0)

Thema Webshop ist unheimlich gut, aber damit die Leute ihre Rechnungen einsehen können und ihre Lieferungen verfolgen, muss das System ineinander auch funktionieren. Man muss also schon mal beleglos arbeiten. Das ist die erste Veränderung. Dann braucht man ein ordentliches Warenwirtschaftssystem, dass zeitgenau arbeitet, sodass der Kunde auch weiß, ob die Ware, die er gerade bestellt auch tatsächlich in ausreichender Menge da ist.

Transkripte\Interview 4: 39 - 39 (0)

Man kommt immer von einem auf den anderen Punkt.

Transkripte\Interview 4: 40 - 40 (0)

. Dann ist es eigentlich eine simple Sache. Dann musst du nur noch den Faktor Mensch davon überzeugen, dass es auch tatsächlich besser ist und langfristig einiges erleichtert.

Transkripte\Interview 4: 40 - 40 (0)

Attitude Towards Change

- Predecessor's attitude towards change and towards the the company

entrepreneurial family they often talk about business, so I had some basic knowledge

Transkripte\Interview 5: 37 - 37 (0)

I want to strategically advance a company, advance the markets, optimize processes. I can spend hours and hours on processes that many people do not understand. But if something works, we save a lot of time, even if it is only a small thing. Most people do not make this leap of thought.

Transkripte\Interview 5: 45 - 45 (0)

. I also independently looked for new tools at trade fairs. Our tour planning software, our interior door planning software, our warehouse management system, and some other programs were all developed at my instigation. I have always instructed and supported this from a distance.

Transkripte\Interview 5: 49 - 49 (0)

my father is very tech-savvy as well. He is now 67 years old and he still has an interest in pushing digitalisation.

Transkripte\Interview 5: 51 - 51 (0)

atypical

Transkripte\Interview 6: 7 - 7 (0)

his older brother was not as much of an entrepreneur.

Transkripte\Interview 6: 17 - 17 (0)

involved in for almost ten years

Transkripte\Interview 6: 33 - 33 (0)

. The initiation date was, I believe, delayed two or three times, because diverse processes were not depicted enough, from my point of view

Transkripte\Interview 6: 35 - 35 (0)

The complex thing is the unexpected and the unexpected is the customer who arrives and chooses. A

Transkripte\Interview 6: 47 - 47 (0)

the consequences of earlier actions are immense.

Transkripte\Interview 6: 49 - 49 (0)

which is the future, why would the digitalization not com

Transkripte\Interview 6: 51 - 51 (0)

I: You cannot avoid the improvements.

B: You do not need to.

Transkripte\Interview 6: 52 - 53 (0)

The word simplify is unfamiliar to me.

Transkripte\Interview 6: 55 - 55 (0)

ich wollte eigentlich den Baustoffhandel dann ausbauen

Transkripte\Interview 7: 11 - 11 (0)

gedacht, Mensch, das ist was Neues, da könntest du etwas Neues machen

Transkripte\Interview 7: 11 - 11 (0)

Wir kamen damals auf die Idee, einen Drive-In zu machen

Transkripte\Interview 7: 15 - 15 (0)

Das war weit vor der Zeit

Transkripte\Interview 7: 17 - 17 (0)

Und irgendwann war mir klar, dass das mit der Expansion schwieriger wird und dann habe ich mich mehr darum gekümmert, dass die Sortimente und dass die Logistik und die ganze interne Abwicklung besser funktioniert.

Transkripte\Interview 7: 25 - 25 (0)

Also diese permanente Entwicklung.

B: Das stimmt.

Transkripte\Interview 7: 30 - 31 (0)

B: Also da kümmere ich mich nicht mehr drum.

Transkripte\Interview 7: 61 - 61 (0)

soll ich den jetzt sozusagen mal alleine machen?

Transkripte\Interview 8: 25 - 25 (0)

das traue ich mir jetzt auch nicht zu

Transkripte\Interview 8: 25 - 25 (0)

Und wir haben immer überlegt, was machen wir neben Baumärkten? Und irgendwie noch ein anderes Standbein?

Transkripte\Interview 8: 25 - 25 (0)

Onkel zum Glück sehr, sehr aufgeschlossen für alles Technische.

Transkripte\Interview 8: 37 - 37 (0)

finde ich auch ganz wichtig, dass man da wirklich die Sachen nutzt, was geht.

Transkripte\Interview 8: 37 - 37 (0)

dass da viel zu wenig passiert.

Transkripte\Interview 8: 39 - 39 (0)

Klar, machen wir.

Transkripte\Interview 8: 41 - 41 (0)

Aufenthaltsräume anschaut in den Baumärkten, das ist eigentlich eine Katastrophe

Transkripte\Interview 8: 55 - 55 (0)

Die Dinge, die laufen bei uns ja auch altertümlich.

Transkripte\Interview 8: 55 - 55 (0)

behaupte ich mal, machen wir noch zu wenig, aber wir spüren es vielleicht noch zu wenig.

Transkripte\Interview 8: 61 - 61 (0)

erst relativ spät realisiert habe. Also wir sind schon natürlich mit dem Thema aufgewachsen

Transkripte\Interview 9: 7 - 7 (0)

Ich nütze mir da unten nichts.“ Das heißt, ich habe dann irgendwann gesagt, „Natürlich kann ich hergehen und sagen, okay, ich baue mir Kundenkreise auf, ich arbeite mich da in ein neues Feld

Transkripte\Interview 9: 13 - 13 (0)

ch habe dann versucht, die Firma ganz anders zu verstehen zu lernen, ganz anders zu analysieren, was denn richtig läuft und wo es falsch läuft. Und da war ein Punkt einfach organisatorisch und in Richtung Digitalisierung, wo muss unsere Firma hin und wie kann ich auch die Firma wirtschaftlicher führen, dass ich dann sofort in diese Schiene reingegangen bin

Transkripte\Interview 9: 15 - 15 (0)

Da haben wir schon noch viel Papier, ja. Da sind wir gerade dran, dass wir das Thema Dokumentenmanagement, System- und Prozessoptimierungen so durchführen, dass wir schön langsam in Richtung beleglos kommt.

Transkripte\Interview 9: 45 - 45 (0)

Alles telefonisch.

Transkripte\Interview 9: 69 - 69 (0)

Wenn wir mehrere Personen in der Führung wollen und dann noch mehrere Generationen und jeder hat andere Ansichten.

Transkripte\Interview 9: 73 - 73 (0)

Und ich dann auch der bin, der das am Ende des Tages umsetzt und verantwortete

Transkripte\Interview 9: 75 - 75 (0)

sehr stark mittlerweile, dass einfach dieser Drang mehr zu wollen, der Drang zu wachsen, das Unternehmen nach vorne zu bringen, einfach nachlässt, es wird veraltet.

Transkripte\Interview 9: 77 - 77 (0)

We've fundamentally changed the company twice, or maybe three times. So, at first, there was a building and tiling business here on the premises, in the building where I began. And then at some point in the late 1980s-early 1990s we've had thoughts on the branch expansion, specifically in terms of tile business.

Transkripte\Interview 10: 10 - 10 (0)

It's more efficient. There are two more DIY chains involved, which we do not own, but they're managed by our system.

Transkripte\Interview 10: 16 - 16 (0)

If you create many new branches, you suddenly get many new executives, you can offer new possibilities for people, for whom it may not have been possible under other structures. And as the successor processor began, or as I got involved in it openly, I'd watch out for young people who haven't yet dealt with big responsibilities

Transkripte\Interview 10: 26 - 26 (0)

business consultancy,

Transkripte\Interview 10: 26 - 26 (0)

Modern marketing forms, online forms and so on, all that knowledge of the field, of which there was had no idea yet.

Transkripte\Interview 10: 28 - 28 (0)

And then the fourth would be, we have our 20% constituted by online building materials trade. That is then the fourth pillar, so to say, within this structure.

Transkripte\Interview 10: 52 - 52 (0)

Well, this approach makes these four-pillar concept pretty clear

Transkripte\Interview 10: 52 - 52 (0)

he's definitely a bright creative mind, worthy of recognition, despite him being relatively young. But I can be sure, everything goes on functioning properly. So, what else are we doing now, [person's name] is managing [company name], and I'm part of the family council for [company name].

Transkripte\Interview 10: 54 - 54 (0)

If you want to see changes you have to set the attitude away from it. So that is the pure focus on the existing commercial-customers.

Transkripte\Interview 11: 11 - 11 (0)

Well we try to develop it again and again, redesign it. I will now come to this participation part.

Transkripte\Interview 11: 15 - 15 (0)

In the end led to the fact that we said that one does not contradict the other and we want to participate in it, namely that the companies have building materials in an online shop.

Transkripte\Interview 11: 15 - 15 (0)

Then they came to us and explained to us what they were doing, what they wanted to do in the future, how they wanted to set up the business and how they would like to see us as their partner.

Transkripte\Interview 11: 17 - 17 (0)

We agreed to a union, joined forces to do so and are part of it. Not in a way that somebody else does our job for us, but to learn and gain experience from this. Ultimately, let's say we have three pillars in e-commerce this way.

Transkripte\Interview 11: 17 - 17 (0)

You have to say it very clearly and especially if you don't have 10-year sales or seeing it more like the purchase of a telephone system.

Transkripte\Interview 11: 19 - 19 (0)

Insofar we can say it's as risk-free, expensive and to this date, a very uncertain version.

Transkripte\Interview 11: 19 - 19 (0)

he [company name] runs with its own management team, which is also responsible for success and innovations

Transkripte\Interview 11: 51 - 51 (0)

Of course, some of them have 20 to 30 years of experience that it can be done without it. Then there is a lack of knowledge that perhaps there is also, especially with customers who are coming up, "there must be somehow and it must be there".

Transkripte\Interview 11: 65 - 65 (0)

On the one hand, you have to take away fear, of course.

Transkripte\Interview 11: 67 - 67 (0)

Habe dann drei Jahre in der IT-Branche gearbeitet. Das war eine sehr gute Erfahrung. Man hat ein gutes Verständnis für viele Probleme, die in der IT-Welt auftreten. Auch wenn man Lösungen angeht oder Projekte vorantreiben will, dann weiß man schon worauf man achten muss. Das ist eine sehr gute Schule für mich gewesen.

Transkripte\Interview 12: 13 - 13 (0)

Mein Vater ist dieser klassische Unternehmer. Siezen und nur in dringenden Fällen ansprechen. Verkauf geht immer vor.

Transkripte\Interview 12: 21 - 21 (0)

. Betrifft es das Tagesgeschäft, ist es für ihn wichtig, dann bekommen wir auch schnell eine Entscheidung zu Stande.

Transkripte\Interview 12: 23 - 23 (0)

Gerade wenn Du aus der IT kommst.

Transkripte\Interview 12: 26 - 26 (0)

Aber dadurch, dass der technische Wandel einfach viel schneller wird und auch immer komplexer, kommen wir einfach nicht mehr hinter her

Transkripte\Interview 12: 27 - 27 (0)

Ich hatte mir das zu Anfang auch vorgenommen

Transkripte\Interview 12: 27 - 27 (0)

Das ist viel Zeit, die nicht notwendig ist.

Transkripte\Interview 12: 27 - 27 (0)

Manchmal ist es auch für mich besser, wenn ich wirklich einen Beleg da liegen habe, dann kannst du nochmal etwas darauf schreiben

Transkripte\Interview 14: 17 - 17 (0)

Das ist schon gut, seitdem wir das haben. Ich meine, wir versuchen noch viel danach zu archivieren, also die Auftragsbestätigungen von Lieferanten. Du musst nicht mehr in den Ordnern im Regal gucken und raussuchen, was der Lieferant geschickt hat, oder die Eingangsrechnungen, sondern du kannst das wirklich so aufmachen, und das relativ schnell. Also das ist schon eine gute Sache.

Transkripte\Interview 14: 19 - 19 (0)

Es macht zwar manchmal keinen Spaß, aber in dieser Kombination mit DMS und so weiter, dieser Belegflusskette oder dieser Belegverknüpfung an sich, finde ich es schon besser als vorher.

Transkripte\Interview 14: 53 - 53 (0)

b4value, genau. Mit denen verschicken wir ja unsere Ausgangsrechnungen und die haben ja auch die Möglichkeit, dass man da Rechnungen, Input-Lösungen machen kann, die dann sozusagen automatisch ins DMS eingespielt werden und dann auch im Aureko-Browser drin sind.

Transkripte\Interview 14: 69 - 69 (0)

Ansprüche von Kunden. Also was die Digitalisierung angeht, sind die Ansprüche noch nicht so wahnsinnig gewachsen. Da ist der Baustoffhandel nach wie vor noch relativ analog unterwegs, in unserer Region zumindest.

Transkripte\Interview 14: 77 - 77 (0)

Dafür kommen die Leute auch mal von etwas weiter weg. Regional machen wir aber auch sehr viel Werbung damit. Das läuft noch überwiegend über Print-Medien. Die sind in unserer Region einfach noch nicht wegzudenken. Wir haben unsere eigene Marketingabteilung im Haus. Das heißt, dass wir für jede Abteilung immer eigene Prospekte drucken. Somit

Transkripte\Interview 1: 36 - 36 (0)

Das läuft über Microsoft 365 mit PowerApps. Da sind wir jetzt auch sehr stolz, dass wir so etwas haben. Das ist auch für die Neugewinnung von Mitarbeitern ein sehr gutes Zeichen, indem man zeigt, dass man ein moderner Betrieb ist.

Transkripte\Interview 1: 48 - 48 (0)

Den haben wir auch selbst bei uns im Haus gebaut. Der ist auf Basis von Shopware. Wir sind aber nicht so glücklich mit dem Onlinehandel. Wir möchten nicht ins klassische Versandhandelsgeschäft einsteigen. Der Versand ist sehr aufwändig und die Lagerhaltung bei unserer Konstellation sehr schwierig. Wir

möchten unsere Kunden eigentlich hier im Laden bedienen, damit wir auch Zusatzverkäufe generieren können. Das ist im Onlinehandel tatsächlich noch sehr schwierig.

Transkripte\Interview 1: 52 - 52 (0)

Gegensatz dazu sind unsere Mitarbeiter langsam immer mehr vom Internet genervt, wenn sie wieder damit konfrontiert werden. Da müssen wir auch immer gegensteuern, um die passenden Argumente zu finden, damit die Mitarbeiter nicht zu sehr auf dem Internet rumhacken. Das ist die schlechteste Situation, wenn man das dann schlecht macht. [Pause] Daher merkt man da schon eine Veränderung.

Transkripte\Interview 1: 62 - 62 (0)

vor allem, wenn ich hier durch unseren Laden gehe und sehe die ganzen Prospekte, die gewälzt werden, ist das alles noch sehr altmodisch. Das ist vor allem so, weil das auch von unserem Verband und unserer Einkaufskooperation so gelebt wird. Das gefällt mir nicht so. Das sind aber auch besonders Dinge, bei denen unsere Kooperation noch etwas am Schlafen ist. Da gibt es jetzt mittlerweile aber auch eine Zukunftsinitiative und die wollen das ändern. In diesem Zukunftsprogramm habe ich auch mitgewirkt im letzten Jahr. Da habe ich auch einige Denkanstöße gegeben, habe aber auch gemerkt, wie schwierig das ist, etwas umzusetzen. Da kamen dann aber meist mehr Argumente dafür, warum etwas nicht klappt als konstruktive Lösungsansätze

Transkripte\Interview 1: 74 - 74 (0)

Ja, ich war fest in einem Team drin und bin alle 2 Wochen in die Zentrale gefahren für 2 Tage. Das war schon sehr stressig. Was mich da auch wirklich geschockt hat ist die Arbeitsmoral. Da ist wirklich alles auf „Work-Life-Balance“ ausgelegt.

Transkripte\Interview 1: 76 - 76 (0)

Ja, vielleicht sage ich kurz noch was zum Gerüst dahinter. Dieses Programm setzt sich aus allen möglichen Leuten zusammen. Das sind zum Teil jüngere, zum Teil ältere Mitarbeiter aus allen Möglichen Abteilungen. Diese Mitarbeiter wollten sich verändern und nicht mehr in ihren Abteilungen arbeiten und sind daraufhin in dieses Programm eingetreten. Diese neue Abteilung ist dann in das neue Gebäude, das in der Zentrale gebaut wurde und haben dort ganz oben ihre Büros bezogen. Aus Kostengründen haben die dann dort aber alles selbst renoviert. Das heißt da ist mal so eine Ecke, die sieht ganz cool aus. So ein bisschen Loft Stil. Und dann gibt es dort freie Hörsäle, die man mieten kann. Die Abteilungen sind durch Trennwände geteilt, aber die Idee ist, dass man sich viel austauscht und Ideen generiert. Aber ich habe halt immer wieder festgestellt, dass die Leute, die da sitzen eigentlich gar keine Ahnung haben, wie das alles in den Baumärkten abläuft und wie es beim Kunden abläuft. Das wissen die alle gar nicht. Und deswegen stellen die sich das immer viel einfacher vor, als das meistens ist. Das Zukunftsprogramm hat sich dann unter anderem darum gekümmert, dass Werkstätten in den Baumärkten eingerichtet werden, wo dann ein Kunde selber was machen kann. Dann haben sie jetzt auch Imbissbuden und Burgerläden entwickelt.

Transkripte\Interview 1: 82 - 82 (0)

Wenn dann wirklich super Neuerungen besprochen wurden, dann wurden die auch ganz schnell runter geredet. Entweder, weil sie kompliziert in der Umsetzung waren oder weil sie zu teuer waren. Und deshalb war ich dann da auch fehl am Platz.

Transkripte\Interview 1: 86 - 86 (0)

In 10 Jahren ist sicherlich ein bisschen leichter zu sagen als in 30. In 10 Jahren sehe ich mich weiterhin hier in dem Baumarkt. Ich glaube, dass wir dann auch weiterhin stationär erfolgreich sind und nicht nur im Internet handeln. Natürlich weiß man das nie. Wir merken jetzt beispielsweise auch schon diesen

Corona-Virus, der rum geht. Unsere Messen, auf die wir normal gehen, wurden jetzt alle abgesagt. Normal hätten wir in 3 Wochen eine Messen, die komplett abgesagt wurde. Da weiß man auch nicht, wie das weiter verläuft. Wenn das weiter anzieht, glaube ich, dass gerade die Online Käufe höher ausfallen werden. Wenn man so etwas schon nicht weiß, kann man auch schwer sagen, was in 10 Jahren ist. Natürlich hoffen wir auf den stationären Handel, sodass ich den Kunden auch weiterhin hier versorgen kann, ich werde das Augenmerk aber auch immer weiter auf Service und Außendienst setzen. Dass ich raus komme. Zusätzlich haben mein Bruder und ich noch andere Pläne, die aber jetzt noch nicht zur Diskussion stehen. Da sind wir noch in der Planung und da möchte ich noch nicht so viel drüber sprechen. Was ich jedoch sagen kann, ist, dass wir uns mit einem Geschäftsmodell außerhalb von Deutschland beschäftigen.

Transkripte\Interview 1: 90 - 90 (0)

Was wir auch noch eingeführt haben: Wir machen schon seit über 10 Jahren Rasenmäroboter.

Transkripte\Interview 1: 96 - 96 (0)

ja gut, das muss man glaube ich auch manchmal.

Transkripte\Interview 2: 18 - 18 (0)

Mit Internet und Computer und Whatsapp sind die Junioren schneller im Thema oder besser im Thema und kennen sich auch besser aus. Der neuen Zeit kann man sich nicht verschließen und deswegen ist es meiner Meinung nach auch gut, wenn irgendwann zwischen 20 und 30 Jahren mal ein neuer Wind oder neuer Besen in die Geschäftsführung oder Leitung kommt um wieder neue Sachen anzustoßen und nicht nur auf alten Hierarchien hängen zu bleiben.

Transkripte\Interview 2: 18 - 18 (0)

ut grundsätzlich sind die Leute erst mal weniger Stunden in der Arbeitsstätte als noch vor 30 Jahren. Arbeitszeiten mussten wir eben auf die einzelnen Personen etwas abstimmen. Der eine kommt lieber morgens spät, weil er nicht gut aus dem Bett kommt, der andere schafft lieber morgens und hat abends dann lieber frei.

Transkripte\Interview 2: 32 - 32 (0)

Wobei ich glaube, dass mittlerweile auch einige Hersteller ihren eigenen Internetauftritt haben - notfalls sogar unter einen anderen Namen.

Transkripte\Interview 2: 42 - 42 (0)

Ich habe schon immer Spaß an Veränderung gehabt.

Transkripte\Interview 3: 34 - 34 (0)

Das weiß ich nicht. Das geht auch manchmal schief und manchmal kostet das auch nur Geld, aber alles andere langweilt mich dann schnell.

Transkripte\Interview 3: 36 - 36 (0)

Wir disponieren momentan noch manuell.

Transkripte\Interview 3: 54 - 54 (0)

Ich merke das auch, wenn ich mit Mitarbeitern spreche. Manche Leute sind in der Lage sich auf Veränderungen einzustellen und manche sind eben nicht in der Lage. Mit Veränderungen umzugehen ist mittlerweile ein Skill, das genauso wichtig ist, wie mit dem Computer umzugehen oder mit digitalen Medien umzugehen.

Transkripte\Interview 4: 14 - 14 (0)

ich wünsche mir, dass wir auch noch weiter wachsen

Transkripte\Interview 4: 50 - 50 (0)

Employees and Culture

B: For this amount of money you could also have a huge party for the employees.

Transkripte\Interview 5: 11 - 11 (0)

s the user interface functions like a smartphone, it is no problem for the younger employees, but the older ones are struggling

Transkripte\Interview 5: 27 - 27 (0)

h the smaller programs I always looked for a younger employee here on site

Transkripte\Interview 5: 51 - 51 (0)

remarkably close to the company, to the employees, to the customers

Transkripte\Interview 5: 52 - 52 (0)

I have always tried to build a relationship both with the employees I know from the past and with the new ones. I

Transkripte\Interview 5: 55 - 55 (0)

They had many conflicts of authority in the late nineties because my grandfather had lost touch with the system in his early 70s.

Transkripte\Interview 5: 63 - 63 (0)

we completely replaced our employees in the storage at that time, because two amazing employees of ours were already 62. (laughter) And there was another, who was already 63 and he did a great job

Transkripte\Interview 6: 35 - 35 (0)

The 63-year-old was very eager, but he took it very well and he said in the end that everything has its advantages

Transkripte\Interview 6: 37 - 37 (0)

And now we have many people. In the time we worked with Meininger, who studied Logistics in the School of Musbach, together with him, he introduced the logistics.

Transkripte\Interview 6: 37 - 37 (0)

to have someone in-house who is familiar with the topic

Transkripte\Interview 6: 41 - 41 (0)

everyone in the team has to understand what is going to change

Transkripte\Interview 6: 67 - 67 (0)

Und die Mitarbeiter sind dann stärker zu mir gekommen und haben gesagt, was Ihr Vater da entschieden hat, das geht so nicht und das müssen wir anders machen.

Transkripte\Interview 7: 11 - 11 (0)

Mitarbeiteransprüche und Mitarbeitervorstellungen schon geändert in den letzten Jahren.

Transkripte\Interview 8: 52 - 52 (0)

Also da haben wir ein Unternehmen gesucht und auch gefunden, die neben deren Tätigkeiten einfach noch so ein bisschen das Thema Social Media und Dinge machen. Also die Homepage wird schon von einer Dame betreut, die auch nur für das da ist. Auch das ganze Thema Personalsuche, aber nur jetzt in Bezug auf Einstellen von Stellenanzeigen, Pflege der Homepage, das macht dann alles diese Dame. Aber dass wir jetzt direkt eine Marketing-Abteilung hätten, die haben wir auch nicht selber, nein.

Transkripte\Interview 9: 29 - 29 (0)

steht und fällt es immer mit den Mitarbeitern

Transkripte\Interview 9: 33 - 33 (0)

Sondern wir versuchen wirklich auch, und das ist immer mein Ansatz, ganz nah an den Leuten und am Geschäft dran zu sein, auch operativ so viel wie möglich mitzubekommen

Transkripte\Interview 9: 41 - 41 (0)

urteil gegenüber den Konzernen, weil wir als Familie dahinterstehen und ich glaube, diesen Vorteil müssen wir auch nutzen und nicht sage

Transkripte\Interview 9: 43 - 43 (0)

And later they began looking for new young people, they could be working with. And then, after this step, which I mentioned, we had a large sales area.

Transkripte\Interview 10: 30 - 30 (0)

very individual business has at least two CEOs at work, and then further managers of smaller scale.

Transkripte\Interview 10: 48 - 48 (0)

Aber nie in den Prozess selber richtig mitinvolviert bist. Ich wollte gerne die Bedürfnisse meiner Mitarbeiter besser kennenlernen.

Transkripte\Interview 12: 19 - 19 (0)

ass man auch mal einen Scherz ohne schlechtes Gewissen machen kann, auch wenn es der Chef ist. Das war gut für das Fachwissen und der Verständnis der Abläufe, wo man in bestimmten Fällen den Hebel ansetzen kann und worüber man spreche sol

Transkripte\Interview 12: 21 - 21 (0)

as macht im Endeffekt wieder uns Mitarbeiter, der auch früher schon die Homepage betreut hat. Er mag technische Dinge und immer wenn solche Sachen von [Firmenname] angeboten wird, dann schlägt er das meinem Vater vor

Transkripte\Interview 12: 37 - 37 (0)

Ja, sehr langjährig.

Transkripte\Interview 12: 53 - 53 (0)

Das ist wirklich wie eine Familie

Transkripte\Interview 12: 55 - 55 (0)

nsere Buchhaltungsdame druckt aber gern auch noch viel aus

Transkripte\Interview 14: 17 - 17 (0)

ie schon lange mit Hibis gearbeitet haben, relativ schwierig, sage ich mal. Die haben dann schon mehr geflucht, als sie es für gut befunden haben.

Transkripte\Interview 14: 53 - 53 (0)

Nein, höher würde ich jetzt nicht sagen. Wir haben ein, zwei Mitarbeiter, glaube ich, verloren.

Transkripte\Interview 14: 55 - 55 (0)

Wir haben generell ja keine so hohe Fluktuation bei uns, kann man sagen, was ganz gut ist.

Transkripte\Interview 14: 59 - 59 (0)

Tagesgeschäft auch ein bisschen zu verändern, ist dann doch nochmal schwieriger.

Transkripte\Interview 14: 67 - 67 (0)

. Im Prinzip haben wir stark die Hälfte die Mitarbeiter die sehr sehr lange da sind. Da haben wir sogar welche mit 40 und viele mit 25 und 20 Jahren Betriebszugehörigkeit. Es gibt aber auch vielleicht 35 bis 40 Prozent der Mitarbeiter, die sind zwei drei Jahre da und wieder weg. Aber wenn man dann deren Zeugnis oder Lebenslauf sieht, haben die nirgends so lange ausgehalten.

Transkripte\Interview 2: 28 - 28 (0)

eim Neubau 2014 haben wir uns dazu entschlossen das beizubehalten, weil es einfach gut funktioniert hat.

Wir wollten selbstverständlich wachsen, so wie jeder gute Unternehmer das möchte, aber wir wollten nie den Draht zu den Mitarbeitern verlieren.

Transkripte\Interview 4: 12 - 12 (0)

Du bekommst mit, wie die Mitarbeiter sich dem Kunden gegenüber verhalten, wie sie sich untereinander verhalten. Du spürst einfach die Unternehmenskultur bzw. die Atmosphäre, die herrscht. Das hilft einfach, wenn man nicht in seinem eigenen Büro eingesperrt ist.

Transkripte\Interview 4: 12 - 12 (0)

Ich glaube tatsächlich, dass unsere offenen Strukturen da von Vorteil ist. Wir haben eine flache Hierarchie und sind nah am Mitarbeiter.

Transkripte\Interview 4: 16 - 16 (0)

Es gibt auf jeden Fall eine Veränderung der Werte: Was ist wichtig und was nicht. Früher war es gefühlt etwas einfacher. Da hat man ein hohes Gehalt bezahlt und dann war der Mitarbeiter glücklich.

Transkripte\Interview 4: 24 - 24 (0)

Die Mitarbeiterin Ende 60,

Transkripte\Interview 4: 42 - 42 (0)

Educational Background

- No difference in educational background
- Most of them have had at least a Bachelor's degree, however, interview partners who started after middle school were equally keen towards change

. University entrance diploma, studies. My studies were also without pressure. My parents still said you can study whatever you want.

Transkripte\Interview 5: 35 - 35 (0)

Completed my master's degree and worked in the sales department,

Transkripte\Interview 5: 37 - 37 (0)

try a building materials dealer on my own

Transkripte\Interview 5: 37 - 37 (0)

I have done everything that can be done here

Transkripte\Interview 5: 41 - 41 (0)

After my studies and my military service

Transkripte\Interview 6: 3 - 3 (0)

1970 Jura studiert.

Transkripte\Interview 7: 9 - 9 (0)

Betriebswirtschaft hätte man auch studieren können, aber Jura war für mich etwas Handfesteres als Betriebswirtschaft. Das habe ich dann später auch noch ein bisschen studiert

Transkripte\Interview 7: 9 - 9 (0)

In München das erste und zweite Examen gemacht.

Transkripte\Interview 7: 9 - 9 (0)

wenn du den Handelsfachwirt machst, das ist schon ein bisschen was

Transkripte\Interview 7: 51 - 51 (0)

aber [name], wenn du wirklich zu mir in die Firma gehen willst als Führungskraft und nicht einmal als Unternehmer, dann musst du das Studium hinter dich bringen

Transkripte\Interview 7: 53 - 53 (0)

wenn du nichts studiert hast, dann kannst du bei uns arbeiten, aber in der Führung kommt das dann für mich nicht in Frage

Transkripte\Interview 7: 53 - 53 (0)

Handelsfachwirt bei OBI gemacht

Transkripte\Interview 8: 6 - 6 (0)

natürlich hier die Ausbildung machen. Und dann habe ich gesagt, „Nein, das will ich nicht.

Transkripte\Interview 8: 11 - 11 (0)

„Mach wenigstens den Handelsfachwirt, das ist ein bisschen mehr als die Ausbildung.

Transkripte\Interview 8: 13 - 13 (0)

Studium in München angefangen an der FH.

Transkripte\Interview 8: 13 - 13 (0)

neu gestartet habe mit einem dualen Studium

Transkripte\Interview 8: 13 - 13 (0)

ch war immer auf einer Privatschule ganztags

Transkripte\Interview 8: 17 - 17 (0)

Realschule

Transkripte\Interview 9: 7 - 7 (0)

ich bin ja auch noch jung, erst 25. Aber darum habe ich ja sofort den Weg in unser Geschäft eingeschlagen, weil ich nicht wollte, dass ich dann erst irgendwann mit 30 oder irgendwann in den Betrieb zurückkomme.

Transkripte\Interview 9: 87 - 87 (0)

hasn't yet had any experience with building materials

Transkripte\Interview 10: 2 - 2 (0)

just gotten his master's degree

Transkripte\Interview 10: 4 - 4 (0)

I joined the company in 1979 upon finishing my business management studies at the university

Transkripte\Interview 10: 6 - 6 (0)

B: I've studied business management, and I did an apprenticeship in wholesale trade in a company, which was at that time active all over the country, and also in an international company, [company name]. Thanks to that, I was familiar with different structures.

Transkripte\Interview 10: 24 - 24 (0)

So with us it was like this. I definitely did not go the traditional way, for example I did an apprenticeship in my own company or in a colleague's company. But I am completely detached. I started studying dual business studies. Then I always switched between internship and study phases and completed a total of six or five internship phases for me, completely detached from the company.

Transkripte\Interview 11: 27 - 27 (0)

Then I built up something myself with a school friend for three months and then I ended up doing my diploma thesis in a startup in the Munich Internet area where I was ultimately employed and worked for two years

Transkripte\Interview 11: 29 - 29 (0)

I went to [country name] for one more year and studied international business with a focus on entrepreneurship and small and medium-sized enterprise management.

Transkripte\Interview 11: 31 - 31 (0)

Er hat vorher eine Ausbildung als Baustoffkaufmann in Dortmund gemacht

Transkripte\Interview 12: 7 - 7 (0)

Er hat dann noch ein bis zwei andere Baustoffhändler besucht, um Erfahrung zu sammeln

Transkripte\Interview 12: 7 - 7 (0)

Ich hatte nach dem Abi BWL studiert. Erst Bachelor, dann noch den Master oben drauf gesammelt in Siegen. Habe dann noch ein bisschen in der freien Wirtschaft gearbeitet

Transkripte\Interview 12: 11 - 11 (0)

Ich bin in die IT-Branche gegangen. Habe dort bei einer Hardware- und Software-Schmiede als Assistentin der Geschäftsleitung und Projektleitung gearbeitet.

Transkripte\Interview 12: 13 - 13 (0)

Realschule Voss, bin dann zur Bundeswehr gegangen, habe dann Betriebswirtschaft hier in Würzburg studiert

Transkripte\Interview 14: 21 - 21 (0)

Diplomarbeit hier über die Firma geschrieben, über das Thema Planung, Ist-Werte, Planwerte, also das Thema

Transkripte\Interview 14: 21 - 21 (0)

Ich war zuerst auf der Realschule. Das hat sich angeboten, weil es direkt neben unserem neueren Wohnhause war. Dann also nicht mehr direkt neben der Firma. Da war ich so 11 Jahre. Ich war dann zunächst auf der Realschule. Danach bin ich sofort aufs Gymnasium gewechselt. Also nicht ganz sofort. Ich hatte nach der Realschule noch ein Auslandsjahr in Florida. Dann bin ich aufs Gymnasium und habe mein Abitur gemacht. Bin dann danach auf die CBS – Cologne Business School und habe da meinen Bachelor absolviert innerhalb von 3 Jahren. Dann bin ich aber tatsächlich im Anschluss direkt zu uns ins Unternehmen rein, weil ich eigentlich nebenbei die ganze Zeit im Unternehmen war. Ich habe auch immer nebenbei in unserem Betrieb gearbeitet. Gestern habe ich mir zufällig nochmal meine ganzen Abrechnungen angeschaut. Ich bin tatsächlich schon seit 2007 durchgehend in unserem Unternehmen beschäftigt.

Transkripte\Interview 1: 18 - 18 (0)

980 bin ich dann in die Firma eingestiegen nach einer Ausbildung bei einem befreundeten Baustoffhandelsunternehmen in einer Nachbarstadt. Dort habe ich gelernt

Transkripte\Interview 3: 4 - 4 (0)

häufiger

Transkripte\Interview 4: 30 - 30 (0)

Ich bin auf dem Gymnasium gewesen und habe 2009 mein Abitur gemacht.

Transkripte\Interview 4: 46 - 46 (0)

Bin 2011 dann nach Hamburg und habe innerhalb von 2,5 Jahren die Ausbildung erfolgreich abgeschlossen.

Transkripte\Interview 4: 46 - 46 (0)

Ende 2017 im Dezember hatte ich meine mündliche Prüfung.

Transkripte\Interview 4: 46 - 46 (0)

General/ Others

Only one women in the network, some successors claim that they have sisters/ daughters, but mostly men in the succession process

--> try to get a female interview partner and cross check the findings with previous findings

Also, females as predecessors is something you rarely find. Sometimes as company owner, but most of the time not as managing director

--> in cases where females were involved and a split between ownership and leadership was made there were difficulties, however, in this case there was a split between husband and wife

--> in cases where owners had an external managing director for certain areas, it worked out better

The bigger the company and the more perspective it has the more interesting it becomes to success

organizational structure and culture hardly influenced by leader

focus on our competence as building materials dealer

Transkripte\Interview 5: 27 - 27 (0)

sister had no ambitions, either, but she stepped a little bit into that direction by becoming an architect

Transkripte\Interview 5: 33 - 33 (0)

ut my father and I agreed with each other in such a way that I was able to exert a great deal of influence on modern topics such as hardware and software solutions and process optimization at an early stage.

Transkripte\Interview 5: 49 - 49 (0)

a healthy distance is definitely intended

Transkripte\Interview 5: 57 - 57 (0)

The engagement of a partner is another compared to other employees, which is reflected in the result at some point.

Transkripte\Interview 6: 23 - 23 (0)

There is no reason to switch something which is still working and generating funds

Transkripte\Interview 6: 23 - 23 (0)

Ich glaube wir hatten damals so 20 oder 25 Mitarbeiter in der Firma und auch keine Filiale und so

Transkripte\Interview 7: 9 - 9 (0)

aber wenn du als Junge dich da rein arbeitest, dann mach es

Transkripte\Interview 7: 11 - 11 (0)

Standorte wieder zu schließen

Transkripte\Interview 7: 11 - 11 (0)

Wir haben schon externe Standortanalyse gemacht

Transkripte\Interview 7: 41 - 41 (0)

da bin ich emotionslos.

Transkripte\Interview 7: 45 - 45 (0)

Da passiert aber auch bei Home Depot in Amerika viel zu wenig

Transkripte\Interview 8: 39 - 39 (0)

Lieber Rechenzentrum und dann haben wir damit nichts zu tun.

Transkripte\Interview 8: 49 - 49 (0)

wo dann auch das große Wachstum irgendwann stattgefunden hat.

Transkripte\Interview 9: 3 - 3 (0)

Eigentlich nur, dass ich mir einfach mehr Verantwortung erkämpft habe.

Transkripte\Interview 9: 15 - 15 (0)

Kunden versprochen worden, dass wir eine Lieferung innerhalb der nächsten 24 Stunden schaffen. Das hat auch irgendwie geklappt, aber nur so mit Müh und Not.

Transkripte\Interview 9: 71 - 71 (0)

Nein, das machen wir nicht

Transkripte\Interview 9: 73 - 73 (0)

Ja, da fehlt mittlerweile schon die Motivation selbst, dass diese Dinge entschieden und dass diese Dinge auch verantwortet werden

Transkripte\Interview 9: 75 - 75 (0)

Und dann hat man irgendwann so das Vertraue

Transkripte\Interview 9: 77 - 77 (0)

Und für dieses Projekt, egal welcher Firma das ist, brauchst du Zeit.

Transkripte\Interview 9: 89 - 89 (0)

Dad, I want to do something myself, I can't imagine simply joining a long-established business.

Transkripte\Interview 10: 2 - 2 (0)

And in the beginning the sales responsibilities were very well staffed, my father had great executives, so I could really focus on the expansion, and also on the second pillar, marketing.

Transkripte\Interview 10: 24 - 24 (0)

divide and rule

Transkripte\Interview 10: 26 - 26 (0)

so that at least they don't grow to hate the company, to view it as a competition and a reason for father to always be away.

Transkripte\Interview 10: 46 - 46 (0)

And when new trends or materials appear, companies can join in to try out new directions and so on and so on. The whole system has definitely become more open.

Transkripte\Interview 10: 52 - 52 (0)

if I tried to fill someone else's shoes, it wouldn't work. You need strong emotional intelligence, of that I'm sure

Transkripte\Interview 10: 64 - 64 (0)

So I also have conflicting external managements

Transkripte\Interview 11: 7 - 7 (0)

I would put it down to the fact that we have a pretty good management structure,

Transkripte\Interview 11: 49 - 49 (0)

But of course if I now somehow had the construction sites for every single one and had to take care of every loan application from a customer or go through every offer that goes over € 10,000 or so in order to somehow give the approval that would not go

Transkripte\Interview 11: 51 - 51 (0)

Es ist immer noch sein Geld, also will er wissen, wofür ich das ausgeben und wie viel

Transkripte\Interview 12: 27 - 27 (0)

Nur weil man lange hier ist, ein Familienunternehmen ist und auch ein Dorf ist, in dem jeder jeden kennt, heißt das nicht unbedingt, dass in den zukünftigen Generationen jeder jeden kennt.

Transkripte\Interview 12: 49 - 49 (0)

Wenn man da nicht durch Oma oder Opa mitgeschliffen wurde, weil der Opa eine Packung Schrauben brauchte oder hat mitbekommen wie die Eltern ein Haus gebaut haben und wir sie beliefern haben, ist da große Unsicherheit.

Transkripte\Interview 12: 57 - 57 (0)

Viele Kunden kaufen preissensitiv

Transkripte\Interview 12: 63 - 63 (0)

Die sind in unserer Region einfach noch nicht wegzudenken.

Transkripte\Interview 1: 36 - 36 (0)

Ähm, ja, ich bin auch viel im Außendienst mit den Terrassenüberdachungen. Von daher nutze ich das iPad jetzt schon seit 4 Jahren. Ich mache da alles mit dem iPad. Ich mache die Aufmaße voll automatisiert, brauche keinen Zollstock mehr auf der Baustelle.

Transkripte\Interview 1: 74 - 74 (0)

Was wir bei unserer Spezialität mit hohen Gartenmöbel Traktoren und Geräte oder eben der Überdachungen auch länderübergreifend arbeiten. Dazu zählen auch die Whirlpools, da haben wir ein größeres Gebiet und da sind wir auch speziell aufgestellt und dadurch haben wir auch den größeren Radius. Aber für den reinen Baumarkt ist klar nicht so.

Transkripte\Interview 2: 8 - 8 (0)

Das wird zwar manchmal ein bisschen schwieriger mit vier zu diskutieren im Vergleich mit zwei: früher mit der Ehefrau aber im Endeffekt ist es eine Herausforderung. Aber die ersten fünf Jahren haben wir schon mal hingekriegt. Aber wir wollen uns auch langsam dann mit 60 zurückziehen und den Kindern die Front überlassen.

Transkripte\Interview 2: 22 - 22 (0)

Hatten wir NIE!

Transkripte\Interview 3: 6 - 6 (0)

Alle 3 Söhne

Transkripte\Interview 3: 12 - 12 (0)

Wenn man mit mehreren Geschäftsführern in einer Firma ist, muss man auch nach außen erkennbar machen, wer welche Aufgaben und Funktionen in der Firma inne hält.

Transkripte\Interview 3: 20 - 20 (0)

Wir haben dann auch gleichzeitig in eine neue Hochkrantechnik investiert. Ich weiß nicht, ob du das mitbekommen hast. Wir haben jetzt einen neuen 28 Meter Kran.

Transkripte\Interview 3: 46 - 46 (0)

Kurzfristige Lieferzeiten: Wir haben einen sehr ausgeprägten Hang zu einer großzügigen Lagerung

Transkripte\Interview 3: 52 - 52 (0)

unterdurchschnittlich

Transkripte\Interview 3: 66 - 66 (0)

Mittwochnachmittag

Transkripte\Interview 3: 94 - 94 (0)

Probleme mit Arbeitsgeräten lassen sich beispielsweise auch ganz schnell lösen, wobei wir ohnehin bestrebt sind in diesem Bereich stets auf einem guten Stand zu sein, um als Arbeitgeber auch attraktiv zu bleiben. Wir hatten vor kurzen auch einen Fall, da kam einer unserer Fahrer auf mich zu und sagte, dass etwas mit seinen Arbeitszeiten nicht stimme und dass sein Abteilungsleiter das fakt.

Transkripte\Interview 4: 16 - 16 (0)

o haben wir unsere Aufgabengebiete klar verteilt und das ist auch unser Erfolgsrezept, wie es da nach Außen hin keine Verwirrung gibt. Wir haben klare Gebiete und teilen uns auch untereinander alles klar auf und ab

Transkripte\Interview 4: 18 - 18 (0)

Die Kunden erwarten einfach, dass wir alles für sie erledigen. Im Fachhandel, wenn wir anliefern, dass dann alles drin ist. Wir berechnen Frachten nach Liefergebiet, Kranhübe, Hochkram, Wartezeiten, etc. Da sind Kunden manchmal erobst, weil sie immer das Gefühl haben, dass das alles kostenlos sein müsste

Transkripte\Interview 4: 32 - 32 (0)

Succession Planning

Almost every one interviewed said that they came without a certain task, but a special project --> predecessors claim that they were happy about someone fresh and new coming in, because they can deal with topics they don't really feel safe with anymore --> such as online and changing demands

If nobody would have taken over the company, they would have stayed in the old location for another 25 years and then would have sold it.

Transkripte\Interview 5: 33 - 33 (0)

When my father asked me, he was 50 years old. It was foreseeable that he would continue for another 20 or 25 years, but in a family business you tend to plan more prospectively in 50 or 100 years.

Transkripte\Interview 5: 35 - 35 (0)

Here in [city name] the succession situation was not yet clear, it was still too wishy-washy for me

Transkripte\Interview 5: 43 - 43 (0)

exactly 2 years and 4 days ago

Transkripte\Interview 5: 43 - 43 (0)

I have always been involved in the company from a distance.

Transkripte\Interview 5: 49 - 49 (0)

He admits himself that he no longer understands everything, but he knows that it is important. And when I tell him to check that things are working properly;

Transkripte\Interview 5: 51 - 51 (0)

My uncle is also a salaried manager. That is one of the reasons why I have not come here yet. There are four people from the close family working in the management. So, I am the successor from my father's side, so to speak

Transkripte\Interview 5: 57 - 57 (0)

And it is not yet clear what will happen to the other 50% of the other side. It could be that my youngest cousin will do it, maybe someone will do it as a silent partner, or we will come to some other agreement if no one wants to do it at all.

Transkripte\Interview 5: 57 - 57 (0)

There would have to be an exceptionally good offer from outside for me to reconsider

Transkripte\Interview 5: 59 - 59 (0)

That's why it was important to my father to go a different way. My grandfather still comes every day at the age of 91, even if it is only two or three hours.

Transkripte\Interview 5: 61 - 61 (0)

That was also a reason why I wanted to work somewhere else, so that the conflict could not come up at all. We still work together productively, but at the end of the day I say to the employees, "The boss is sitting there in the front, you have to clear that with him.

Transkripte\Interview 5: 63 - 63 (0)

the situation was a bit difficult, because your father came back at some point.

Transkripte\Interview 6: 2 - 2 (0)

And the siblings agreed at some point that it is going to be like that, but from every family only one can be in the company management.

Transkripte\Interview 6: 17 - 17 (0)

Yes, and also the shares cannot be divided.

Transkripte\Interview 6: 19 - 19 (0)

Then, we thought about bringing in an external manager, but it made much more sense to keep it within the family.

Transkripte\Interview 6: 25 - 25 (0)

I am approaching sixty, so I would be very glad if [name] could take over

Transkripte\Interview 6: 27 - 27 (0)

About three years ago I talked to my sister about how we imagined that she has three daughters and I have also three children.

Transkripte\Interview 6: 75 - 75 (0)

we agreed upon the fifty-fifty split and then only one person can continue the next generation.

Transkripte\Interview 6: 75 - 75 (0)

Und dann war es so, mein Bruder ist drei Jahre jünger, und der hat gesagt, dass er nach dem Abitur nicht

mehr studieren will, sondern in die Firma gehen wird.

Transkripte\Interview 7: 9 - 9 (0)

Und mein Bruder war weg und ich habe gesagt na gut

Transkripte\Interview 7: 11 - 11 (0)

Der [name] ist jetzt glaube ich im fünften Jahr da. Also der [name] hat ja damals nach dem Abitur plötzlich gesagt, er will in München bei Obi arbeiten.

Transkripte\Interview 7: 51 - 51 (0)

. Ich glaube, das ist von ihm jetzt auch nicht so gedacht gewesen, ich gehe jetzt zu Obi weil ich später die Betriebe vom Onkel übernehmen will

Transkripte\Interview 7: 53 - 53 (0)

I, ich hoffe, die normalen Mitarbeiter werden netter begrüßt. Kann man schon sagen. Nein, das war eigentlich schon so ein bisschen strange, dann hockt man da auf einmal. Und dann ging es natürlich vorher darum, was mache ich überhaupt?

Transkripte\Interview 8: 23 - 23 (0)

Ich schau mir jetzt einfach mal an, was unser Geschäft so ist

Transkripte\Interview 9: 7 - 7 (0)

bei einer Tagebaugesellschaft in Österreich

Transkripte\Interview 9: 7 - 7 (0)

begonnen im Verkauf

Transkripte\Interview 9: 11 - 11 (0)

Unternehmensführung habe ich damals noch gar nicht reingeschaut, weil mir auch mein Onkel und mein Vater gesagt haben, „Du musst den Betrieb von Grund weg kennen und du musst dir das erarbeiten.“

Transkripte\Interview 9: 11 - 11 (0)

Und wir haben für so Projektarbeiten eigentlich keine Person, die es umsetzen können

Transkripte\Interview 9: 17 - 17 (0)

meine

Transkripte\Interview 9: 33 - 33 (0)

as ist ein spannendes Thema, was eben schwierig ist

Transkripte\Interview 9: 83 - 83 (0)

Nein, eigentlich nie.

Transkripte\Interview 9: 89 - 89 (0)

It has long been my desire to create an open, transparent successor process

Transkripte\Interview 10: 2 - 2 (0)

It has to be possible for an employer to outsource a medium-sized company, which doesn't necessarily mean selling it, in case you want to keep the ownership structure. And under certain lucky circumstances, one might find a successor among one's family members. The probability of both cases is more or less equal, maybe it's even less likely to keep it within the family, but maybe it's just what you get to read in various analyses.

Transkripte\Interview 10: 2 - 2 (0)

was 60 years old

Transkripte\Interview 10: 4 - 4 (0)

He then founded this company [company name] from scratch, which was located here, and, I think, it's quite a difficult situation to find a successor.

Transkripte\Interview 10: 8 - 8 (0)

Even before I joined, during my studies, my father had his 2nd or 3rd infarct and was ill and was actually merely active as an owner.

Transkripte\Interview 10: 12 - 12 (0)

And by the time my son joined us, it was already pretty clear between us, who was in charge of what and so on, although we had similar roles, so it showed, one can get on pretty well with two people in charge. And so, my son took over the sales departmen

Transkripte\Interview 10: 20 - 20 (0)

If you create many new branches, you suddenly get many new executives, you can offer new possibilities for people, for whom it may not have been possible under other structures. And as the successor processor began, or as I got involved in it openly, I'd watch out for young people who haven't yet dealt with big responsibilities

Transkripte\Interview 10: 26 - 26 (0)

business consultancy,

Transkripte\Interview 10: 26 - 26 (0)

. I said, at 66 I'm leaving, so that whoever wants to pick it up. 2019

Transkripte\Interview 10: 32 - 32 (0)

I have two daughters. One of them used to pop in here during her senior classes, but then somehow changed her mind after summer break. The other one has always had her mind on pedagogy, she's a special educator.

Transkripte\Interview 10: 34 - 34 (0)

And the story was, he told them about my company, and so on and so on, but he'd hold a grudge against me, because I haven't considered or offered a position for his sons. So, that has maybe taught me, that it's better to keep things within the family, where everyone is responsible for themselves. Everyone has their own experience to rely on.

Transkripte\Interview 10: 34 - 34 (0)

can definitely send the appropriate documents later. For the last three years my activity in the company was characterized by an attempt to simplify and clarify these structures, and to reduce the tendency to complicate things.

Transkripte\Interview 10: 48 - 48 (0)

Yes, we've been thinking, how could we secure that for generations to come? Due to natural lines of succession there appeared more and more shareholders, active and inactive, and their interests differ as well

Transkripte\Interview 10: 52 - 52 (0)

often companies say, that either due to the scale or the succession issue, or something else, they can see no future of their own. One of the solutions could be for the companies of similar scale to consider various shareholding options.

Transkripte\Interview 10: 52 - 52 (0)

I stepped back, once I made sure, I live a structured system behind.

Transkripte\Interview 10: 54 - 54 (0)

I started on the 1st of March 1979, with exams behind me. And on the 28th of February forty years later I handed over my responsibilities. I believe, if we consider 25 years for a generation, then I've had my responsibilities for one and a half generation

Transkripte\Interview 10: 58 - 58 (0)

I'm very satisfied with what we've accomplished. I've said it at very beginning, I know of many good and successful companies, but if they don't secure a proper succession, then they've missed a crucial step as a business.

Transkripte\Interview 10: 58 - 58 (0)

He'd constantly say, No, he couldn't do this and that, he'd also say that to third parties. And he's not at all bad, meanwhile he's got his own quite successful construction market. So, he has found his area, where he could apply himself, despite what his father said.

Transkripte\Interview 10: 60 - 60 (0)

First we have a holding which, viewed from above, basically involves the two family partners, [company name] and [company name], and the holding then holds [company name]. The companies under the [company name] that we are now, but also a service company and the company [company name] that's is now a sister company for selling building materials.

Transkripte\Interview 11: 3 - 3 (0)

The main idea behind it is that there are other companies like these two trading companies, [company name] and [company name] that are somehow looking for a connection to a larger company construct. On the other hand there are shareholders or potential shareholders which want to participate in a company because, for example, they want to contribute to society.

Transkripte\Interview 11: 3 - 3 (0)

Then I basically brought it in here, because so to say age-related circumstances I was also given the confidence or suggestion like „That's your topic“ and „Who, if not you, should take care of it“ from a management perspective. Yes, because it's just a question of generation.

Transkripte\Interview 11: 25 - 25 (0)

In the time I basically got closer to my father that we then considered together the decision of wentering the company or not.

Transkripte\Interview 11: 41 - 41 (0)

took over the topic of marketing here.

Transkripte\Interview 11: 41 - 41 (0)

Mach du wie du das meinst und möchtest.

Transkripte\Interview 12: 21 - 21 (0)

Das Studium ging bis 2008, da habe ich dann meine Diplomarbeit geschrieben und bin eigentlich seitdem hier mit dabei.

Transkripte\Interview 14: 25 - 25 (0)

Ganz am Anfang gab es keinen konkreten Plan. Den gab es hier eigentlich auch nicht. Der [Personenname1] sagte immer, man muss sich dann einarbeiten, muss sich seine Themenfelder finden, wo auch sein Interesse liegt,

Transkripte\Interview 14: 27 - 27 (0)

Das mache aktuell ich. (Lacht) Also ich kümmere mich schon um die IT-Themen, die ganzen Prozesse

Transkripte\Interview 14: 31 - 31 (0)

. Ich meine, noch sind wir ja sozusagen in der Übergangsphase. Meine Erwartung war eigentlich die ganze Zeit, dass meine Eltern vielleicht noch sagen, wie sie es sich jetzt wirklich genau vorstellen

Transkripte\Interview 14: 63 - 63 (0)

Ich meine aktuell ist es so geplant, dass sie beide keine Geschäftsführer mehr sind, aber sie sind ja nicht weg.

Transkripte\Interview 14: 63 - 63 (0)

Idealerweise haben wir das alles 2021 voll im Griff, der [Personenname3] und ich, sind noch relativ wenig auf Hilfe meines Vaters und meines Onkels angewiesen und führen das in zehn Jahren in exorbitante Höhen. Das ist die Idealvorstellung.

Transkripte\Interview 14: 97 - 97 (0)

Die gehen auf 30 zu und sollen auch übernehmen. Die letzten drei Jahre haben wir uns damit Gedanken gemacht. Da sind noch ein paar Sachen nicht direkt so gegangen wie ich mir vorgestellt habe aber natürlich läuft auch mal etwas anders, wenn 4 Gedankenträger da sind. Wir haben mal die letzten zwei Jahre intensiv dran gearbeitet und ich gehe davon aus, dass das in den nächsten zwei spätestens drei Jahren zum größten Teil auch die Geschäftsleitungen an Kinder übergeben werden kann oder irgendwo auch übergeben werden muss...Oder wenn irgendetwas dazwischen kommt irgendwann auch Dritte eingespannt werden weil sie mit spätestens 65 sollten wir auch unsere Haupt für andere Tätigkeiten holen, weil wir haben leider alle nur einen Besuch auf dieser Erde

Transkripte\Interview 2: 48 - 48 (0)

Mein Vater war ein sehr angenehmer Partner als Geschäftsführer und hat mich relativ schnell auch zum Geschäftsführer gemacht und hat sofort damit angefangen mir die Firma zu übertragen – unter Ausschöpfung von Freibeträgen. Mein Vater war auch jemand, der gut einzelne Geschäftsbereiche abgeben konnte, ohne sich weiterhin einzumischen und ohne meinen zu müssen, er müsste sich dann vor anderen Leuten mit mir über meine Entscheidungen zu diskutieren. Das habe ich als sehr angenehm empfunden und ich habe auch versucht mich genau daran zu erinnern, wenn ich heute mit meinen Kindern zusammenarbeite.

Transkripte\Interview 3: 4 - 4 (0)

Da sind 2 meiner 3 Söhne und ich gemeinsam Geschäftsführer und wir sind alle inkl. Meinem 3. Sohn an der Firma als Gesellschafter beteiligt, wobei die Kinder insgesamt 26% haben und ich habe die restlichen 74%.

Transkripte\Interview 3: 6 - 6 (0)

Mein erster Sohn ist nun seit gut 10 Jahren im Betrieb, mein 2. Sohn vor ca. 7-8 Jahren und mein dritter Sohn jetzt seit 2 Jahren.

Transkripte\Interview 3: 12 - 12 (0)

Der Sprung zum Kollegen und dann noch zum Vorgesetzten ist dadurch unnötig schwer.

Transkripte\Interview 3: 14 - 14 (0)

a, wobei das ist auch etwas, was ich schon von meinem Vater gelernt hat.

Transkripte\Interview 3: 20 - 20 (0)

Von einer strategischen Planung kann da glaube keine Planung sein *lacht*

Transkripte\Interview 3: 60 - 60 (0)

Dadurch war mein ältester Sohn, als er vor der Entscheidung stand, was er weiter macht, da war ich noch keine 50

Transkripte\Interview 3: 62 - 62 (0)

2012/ 2013 als die Entscheidung ansteht von unserem alten Standort, aus dem wir rausgewachsen waren, hier hin zu gehen

Transkripte\Interview 3: 64 - 64 (0)

Davor haben wir uns aber auch regelmäßig ausgetauscht, wohin meine Reise mal gehen soll und was ich mir vorstelle, wenn ich in den Familienbetrieb einsteige. Zu diesem Zeitpunkt waren einige Aufgaben zwischen meinen Brüdern und meinem Vater ja schon aufgeteilt und meine Ausbildung war auch eher vertriebsorientiert.

Transkripte\Interview 4: 46 - 46 (0)

dass es schön wäre, wenn das einer aus der Familie übernimmt.

Transkripte\Interview 4: 46 - 46 (0)

Evaluation and Structuring

1. Business succession in general and specialties for family businesses
 - a. Clarification of general findings of the interviews
 - i. Loyalty --> Compared to non-family members, family members have a higher degree of loyalty towards the business which makes them more attached and passionate about the company and its values
 - ii. Legacy --> building up on the efforts of their ancestors fulfills predecessors with a special sense of pride and accomplishment and motivates them to reach for new heights.
 - iii. Key employees
 - iv. Patience --> long-term results rather than short term
 - v. Values --> culture is built through strong values of the firm
 - vi. Relationships --> Bonds between family members can be extraordinarily strong. Effectively managing these relationships and pursuing common goals can be extremely rewarding and lead to long-term success.
 - vii. Community and philanthropy: Many family businesses support their communities in different ways. Communities tend to return the support in long-term by providing opportunities.
 - b. Importance of staying up to date
 - c. Specialties of family businesses (e.g. customer base, family, innovation aversity)
 - d. Chapter about women as business successors (studies show that women have high human capital which could largely benefit not only the business transition process, but also the implementation of change and the development of a company)
2. Reasons for successors to enter
 - a. Pros and cons of it (reasons for movement: opportunities of greater earnings --> successors in position they would not have gotten into without the family behind it, weak human capital can lead to
 - i. Financial rewards: Family businesses can bring a good opportunity for financial success. Especially for family members in non-leading positions these financial rewards could be higher than in other companies.
 - ii. Succession: The option of taking over a lucrative family business can be very motivating for up striving potential successors.
 - b. More about the entering process --> entering without a specific task
 - c. Leads to project based job at first --> more change is implemented
3. Ease of implementing change
 - a. Interviews showed that the business transition itself was not enough impact on the ease of implementing change in general
 - b. More change was expected, however, the implementation of change was more related to other reasons --> finding of the study is that the business transition has an impact on the implementation of change (more change is implemented), but not on the ease of implementing change. --> these had other reasons
4. External management had an impact on business success
 - a. When external parties were involved, the business owners did not have to focus mainly on the core business, but were able to take care about the business strategy and the development --> those companies grew faster --> "we are a small company, our customers expect to get served by the CEO" (I do not believe this is true)
5. Draw backs
 - a. Conflicts goals/ value: among the family members there can be different personal and business goals and values which might lead to conflicts when those family members work together.
 - b. Conflicting personalities/ expectations: All the benefits coming from relationship can turn into business harming factors when the personalities and the expectations of the different family members involved do not go in line.
 - c. Employment of family members: Not everyone in the family might be equally

qualified for a job in the company. If a family member wants to be employed although he is not qualified this can harm the business and the family relationships.

- d. Compensation: Compensations for different family members for non-business achievements can often lead to resentment among the family members. As soon as this topic gets emotional it can be harmful for the relationship and the business.
- e. Reluctance to plan: family business owners often tend to be bad at articulating their plans and long-term visions for the business which makes it difficult for other family members to follow. Boardroom meetings are rather informal and plans are often not written down properly which is especially difficult for a business successor
- f. The element of time: Often time plays an incremental role. Especially the succession process is often not planned well enough and timing is underestimated. (Walsh, 2011)

- Succession planning is not only a thing that should come from a predecessor --> family business succession should be planned in the same structure as the legacy should be continued --> usually, family-internal succession is preferred
 - > if son or daughter is at least a bit qualified, then they go in (reasons for successors to take over the company are not taken into consideration in most papers)
 - > when taking over, successor expects to learn from predecessor who should tell them how it is planned --> sometime this leads to clashes since expectations differentiate
 - BIG POINT: Successors in family businesses enter mostly without any expectations.
 - > it is easier to enter since you do not have to apply for a job
 - > does not cost you anything to give it a try
 - > most likely to have a better pay compared to starting a job somewhere else (high chances)
- Maintaining vs. Developing the company
- Shift between rural and non-rural areas
- Startin of project based is great, but it does not prepare you for the rest. Leading a company is about more than project management and if the predecessor is a patriarch this could lead to difficulties --> ease of implementing change is more about the personal ability of individuals and the influence of the predecessor/ the ability of the predecessor to let go.