



JÖNKÖPING UNIVERSITY

*Jönköping International  
Business School*

Doctoral Thesis

# **The emerging role of advisory boards in strategizing in family firms**

## A sensemaking perspective

Judith van Helvert-Beugels

Jönköping University  
Jönköping International Business School  
JIBS Dissertation Series No. 120 • 2018

# The emerging role of advisory boards in strategizing in family firms

## A sensemaking perspective

This thesis addresses the emerging role of advisory boards in strategizing in privately held family firms, focusing on the period in which family firms start considering to work with an advisory board through the board's first years of existence. A micro-level strategy perspective is combined with insights from sensemaking theory to understand how the practitioners involved make sense of this new strategy arena. Empirically, the study is based on four real-time, longitudinal case studies that primarily use observations along with interviews and secondary documents. The within- and cross case interpretations are integrated into a conceptual model that explains how the roles of advisory boards in strategizing emerge over time.

This study finds that advisory boards emerge into unique configurations through sense-making activities. The various ways of sensemaking (individual, mediated and collective sensemaking) regarding content and the role and tasks of the advisory board explain the differences between the cases. Two underlying causal mechanisms are identified that drive the sensemaking processes: the learning orientation of the practitioners involved and the (a)symmetry between the advisory board members on the one hand and the family firm decision makers on the other hand.

This dissertation contributes to our current understanding of advisory boards and their role in strategizing in family firms. Second, it contributes to the strategy as practice literature by addressing a new arena involved in strategizing that contextualizes over time and attending to the processual dimensions, the content dimensions, the outcomes of the process and the outcomes generated by strategizing.



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Voor Joost

*On ne voit bien qu'avec le coeur. L'essentiel est invisible pour les yeux.*  
Antoine de Saint-Exupéry (1943)



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Judith van Helvert-Beugels, December 2017



# Abstract

This thesis addresses the emerging role of advisory boards in strategizing in privately held family firms. The thesis focuses on the period in which family firms start considering to work with an advisory board through the board's first several years of existence. A micro-level strategy perspective is combined with insights from sensemaking theory to understand how the practitioners involved make sense of this new arena involved in strategizing. Empirically, the study is based on four real-time case studies that primarily use observations along with interviews and secondary documents. The within- and cross case interpretations are integrated into a conceptual model that explains how the roles of advisory boards in strategizing emerge over time.

The most important finding of this study is that advisory boards emerge into unique configurations through the sensemaking activities of the practitioners involved. Moreover, this study shows that practitioners make sense of both the content that should be addressed and the role and tasks of the advisory board. This sensemaking is achieved in different ways and in different forms (individual versus mediated versus collective sensemaking), which explains the substantial differences between the advisory boards in different situations. It is suggested that the lack of an institutional frame or institutional norms provides considerable freedom in interpreting the role of the advisory boards, through which such boards largely become a contextualized practice. Two underlying causal mechanisms have been identified that drive the sensemaking processes of the practitioners involved in advisory board meetings: the learning orientation of the practitioners involved and the (a)symmetry between the advisory board members on the one hand and the family firm decision makers on the other hand.

This dissertation contributes to our current understanding of advisory boards using a micro-level strategy lens instead of a governance lens to understand the emerging role of the advisory board in strategizing in the family firm context. This approach has helped to characterize the advising and sensemaking processes at play and how advisory boards emerge into unique configurations over time. Second, this dissertation contributes to the strategy as practice literature by devoting attention to a new arena involved in strategizing that emerges over time and the elements that play a role in this process. Instead of studying how an existing arena is performed, this study focuses on the emergence of a new strategy arena along with the practices used, the praxis performed and the practitioners involved. Thus I show how such a new arena is contextualized and becomes situated over time, attending to the processual dimensions, the content dimensions, the outcomes of the process and the outcomes generated by strategizing.





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# 1. Introduction

This dissertation concerns the emerging<sup>1</sup> role of the advisory board in strategizing in family firms from the moment that family firms start considering to work with an advisory board through the board's first several years of existence. I set out to investigate how advisory boards emerge and develop over time and how this process is related to the context and content of strategy advising in four family firms. My interest in studying advisory boards in family firms originates from the situation in which only a few family firms work with an advisory board, but those that do are very satisfied and would recommend such boards to others.

In this introductory chapter, I will introduce the phenomenon of interest and explore what is known about it. I will identify the research problem from both a practical and a theoretical point of view. I will argue for the relevance of studying the emergence process and the role of the advisory board in strategizing in family firms. I build on a strategy as practice and sensemaking perspective and briefly introduce both perspectives. I will then explain the purpose and research question, and briefly discuss the methodological choices made, along with the significance and potential contributions of this study. I will conclude the chapter with the outline of this dissertation.

## 1.1 Advisory boards in family firms

Advising is an activity that is performed regularly in many family firms in various ways. Research increasingly recognizes that decision making does not occur in isolation, but that individuals often consult others to adjust or refine their opinions (e.g., Yaniv & Milyavsky, 2007). In addition, the family firm literature acknowledges that family firm decision makers frequently rely on various sources of advice from both internal and external sources (e.g., Su & Dou, 2013; Strike & Rerup, 2016; Naldi, Chirico, Kellermanns & Campopiano, 2015). Research on family firms as a specific organizational setting is motivated by the idea that the influence of the family on the firm has consequences for organizational processes and policies, making family firms distinct from non-family firms from a theoretical perspective.

Over the last 30 years, research on family firms has developed into a dedicated research field. The increased attention to and interest in family firms is first justified by the fact that 70 to 80 percent of European businesses are family firms (Mandl, 2008). This finding implies that family firms are important drivers of the economy (Martinez & Aldrich, 2014) in terms of economic growth and

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<sup>1</sup> In this dissertation, the concept of emergence refers to how the roles of advisory boards in strategizing in family firms arise and develop over time. The emergence process is covered by the focus of this study on the period that family firms begin considering working with an advisory board through the board's first few years of existence.

employment. More importantly, in addition to the economic impact of family firms, the academic community increasingly realizes that family firms are systematically different from other firms and organizations. With respect to strategic themes, scholars have paid attention to the economic and non-economic goals of family firms, their longer-term horizons, their persistence in strategic direction and choices, the separate planning processes of family planning and firm planning that are integrated in an informal way, and family firms' difficulty in involving outsiders (Nordqvist & Melin, 2010). Two specific concepts in relation to strategy have been introduced by the family business field: socio-emotional wealth (SEW) and familiness. The concept of familiness refers to the "*the unique bundle of resources a particular firm has because of the systems interaction between the family, its individual members, and the business*" (Habbershon & Williams, 1999: 11). Habbershon and Williams (1999) used the resource-based view (Barney, 1991) to link these unique characteristics of family firms to the creation of a long-term competitive advantage. Familiness has been argued to have characteristics that provide a competitive advantage to the firm: rare, valuable, costly to imitate and without substitutes (Barney, 1991; Arregle, Hitt, Sirmon & Very, 2007). Inside the organization, familiness has the potential to reduce transaction costs, facilitate information flows, and create, accumulate and improve creativity, whereas externally, familiness potentially increases alliance success (Arregle et al., 2007). Sharma (2008) has built on this view and has noted that familiness is however not always a valuable resource. She has distinguished between constrictive and distinctive familiness. Whereas distinctive familiness can help provide a competitive advantage, constrictive familiness involves the negative potential of familiness, for example, nepotism, a lack of professionalism, and feuds.

Another concept used extensively in the family firm literature, which also relates to strategy, is SEW. SEW refers to the utilities that family owners derive from the non-economic aspects of the firm (Gómez-Mejía et al., 2007). It is the sum of affective values that a family derives from controlling the firm, including preserving dynastic family control, offering employment or resources for family members, building the family's reputation, and investing in environmental causes (Jaskiewicz, Combs & Rau, 2015). Family owners are unique in the sense that they are likely to see potential gains or losses in SEW as their primary frame of reference in the management of the firm, efficiency and economic instrumentality considerations aside (Gomez-Mejia, Cruz, Berrone & De Castro, 2011). This is not to say that this form of decision-making is irrational. Family firms can be just as rational as non-family firms when making managerial decisions; they simply have different criteria for judging whether these choices are good or bad. In essence, the SEW perspective explains both that family owners are motivated by non-financial aspects and that they are committed to preserving their SEW (Gomez-Mejia et al., 2011).

These concepts of familiness and SEW both have elements that relate to the reluctance to involve outsiders in the family firm and the tendency of the family to remain in control of the firm. Gedajlovic, Lubatkin, and Schulze (2004: 903)

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refer to this difficulty of involving outsiders as “*the veil of secrecy*.” The private ownership situation, which present in many small and medium-sized family firms, implies that there is rarely a need to justify or expose decisions to the critical viewpoints of others. Most family firm decision makers refrain from involving outsiders on a structural basis. Indeed, as shown by Brundin, Samuelsson, and Melin (2014), family ownership generally implies a specific ownership logic with numourous characteristics, including an active, visible and persistent ownership structure with a limited number of owners, a combination of ownership goals that result in relatively stable strategic development, the autonomy provided by ownership of relatively large amounts of equity, and strong identification and emotional bonding with the firm (Brundin et al., 2014).

However, family firms that are able to lift the “*veil of secrecy*” can benefit from the resources brought to the firm and its decision makers by outsiders. Advising in family firms by outsiders is relevant because it helps family firm decision makers address family firm weaknesses and support firm strengths. For example, research findings have shown that advising facilitates the management succession process through an interim leadership position held by the advisor while supporting the successor’s leadership development (Salvato & Corbetta, 2013). Another example is that the external accountant as a specific type of advisor has been found to have a positive impact on sales growth and survival (Barbera & Hasso, 2013). The extent to which the accountant is acquainted with the family, the firm and their needs moderates this relationship, and the relationship is strengthened by the use of strategic planning processes (Barbera & Hasso, 2013).

Advisory boards represent one of the forms in which outsiders are involved in strategizing in family firms. Through advisory boards advice is provided to the top management team on a regular basis. In this study, I define advisory boards as teams of committed externals who, as a group, meet with the family firm decision makers on a regular basis over longer periods of time, and their role is primarily to recurrently reflect on and provide advice regarding strategic matters and the decision-making processes of families in business. It is important to note that these external advisors are appointed by the family firm decision makers and are paid for their work on a contractual basis. Because of the informal and non-binding advice status, it is a ‘safe’ way to involve outsiders in the firm. Even though the advisory board is officially should not participate in the decision making, it does provide support in the preparation phase of making decisions, in which both short- and long-term strategic plans and activities are discussed. Advisory boards are therefore an accessible instrument for owner-managers of family firms who need a sounding board to critically evaluate strategic proposals and plans. The advisors on the board provide additional resources such as their expertise, skills and network, but the family owners remain in charge of the strategic decision-making process (Lambrecht & Lievens, 2008). As such, advisory boards provide the opportunity for family firms to benefit from the resources brought to the firm without fearing a loss of control, as the decision-making power remains in the hands of the owners (Gersick & Feliu, 2014).

Additionally, advisory boards are not authorized to appoint and dismiss the CEO and can easily be dissolved if they are not working as expected (Lambrecht & Lievens, 2008). Because of the reluctance of families to provide outsiders with decision-making power and the desire to limit liability issues (Jonovic, 1989; who uses the term review council), advisory boards may be preferred over a formal board of directors in the specific situation of family firms. It has been suggested that advisory boards can also be used as a transitional stage toward a formal board, to help overcome family fears of losing control (Lambrecht & Lievens, 2008; Gersick & Feliu, 2014; Nordqvist, Sharma & Chirico, 2014).

When family firm decision makers decide that they want to work with an advisory board, they have to act and decide on how to establish and develop the board. For example, they have to choose the composition of the advisory board, the meeting frequency, the topics to discuss, etc. Because advisory boards have no legal or institutional framework, firms are free to work with their advisory boards in any way they wish. When family firm decision makers have not previously worked with an advisory board, this freedom might be both an opportunity and a challenge, as they have to give meaning to this new arena that will be involved in strategizing. Even though there might be a general conception, specific norms and/or cognitive frameworks of what the composition and roles of an advisory board should be, the advisory board members (advice-givers) and the family firm decision makers (advice-seekers) will have to make sense together of the role of the advisory board in specific situations in which they are involved.

Up to 80 percent of family firms working with an advisory board would recommend it to others (Berent-Braun et al., 2013). However, in 2012, only 4 percent of all Dutch firms had an advisory board installed; fifteen percent of medium-sized family firms (firms with more than fifty employees) without an advisory board indicated that they expect to have one in three years' time (Berent-Braun et al., 2013). For a sample of US-based family firms, Ward and Handy concluded in 1988 that 5 percent of these firms gained outside perspectives through the use of an advisory board (Ward & Handy, 1988). In Canada, 6 percent of all SMEs have access to an advisory board, and more importantly, these firms realize superior growth and better financial results (BDC, 2014). These figures are interesting because they indicate that despite the benefits of advisory boards, family firms are indeed generally inclined to keep 'the curtains closed.'

Understanding the motivation of family firm decision makers to involve outsiders and begin working with an advisory board is important to overcome this inclination to exclude outsiders. The existing literature and knowledge regarding the involvement and role of advisory boards in strategizing in family firms is insufficient to practitioners who seek to involve outsiders to grow and professionalize their firms. These practitioners still lack insight into how to organize and structure the involvement of outsiders and address the challenges involved in lifting the veil of secrecy. Moreover, current studies provide evidence that the involvement of outsiders via boards can support development and growth processes, but they do not specify what this support involves or how it is provided. Accordingly, practitioners might remain hesitant to involve outsiders because

they lack examples of how outsiders' involvement may be beneficial to them and their firms.

### **1.2 Positioning the phenomenon of interest in the literature**

The extensive body of literature on boards of directors, including both the general governance literature and the family firm literature, has stipulated advising as one of the board's roles. Consequently, one could suggest approaching the advisory board, its emergence over time, and its role in strategizing from a governance perspective. However, there remains a great deal of ambiguity regarding how this advising role is performed.

The advising role, also referred to as the service role (Machold & Farquhar, 2013; Van Den Heuvel, Van Gils & Voordeckers, 2006), has been found to encompass activities such as providing advice and counsel to the management team, networking and representing the firm in the external environment, resource provision and strategic support, and bridging the business and family systems (Corbetta & Tomaselli, 1996; Machold & Farquhar, 2013; Mustakallio, Autio & Zahra, 2002). Family firm CEOs perceive the service role as the most important role for their boards (Van Den Heuvel et al., 2006; Ward & Handy, 1988). However, boards are not uniform in terms of activities while performing the service role (Machold & Farquhar, 2013). For the 70 US-based outside boards in their sample, 8 of which were advisory boards, Ward and Handy (1988) concluded that boards spent 49 percent of their time listening to reports, 18 percent approving decisions, and only 33 percent discussing critical issues. A similar conclusion resulted from the study of Corbetta and Tomaselli (1996), which showed that the 57 Italian boards of directors studied, spent a majority of their time ratifying decisions made by managers and owners. Moreover, these authors conclude that very little time (12 percent) was devoted to family-related issues.

Since the 1990s, there has been a growing body of governance research on the behavioral dynamics of boards of directors. For example, conceptual studies have been developed that provide more insight into how the strategy role is performed (e.g., Forbes & Milliken, 1999; McNulty & Pettigrew, 1999). It is important to note that these studies have moved beyond the majority of governance studies that treat the board of directors as a black box. The behavioral governance studies specifically address the strategy role of the board, and they explore the actors involved, the processes at play, decision making, and the relationships and interactions within and outside the boardroom (Gabrielsson & Huse, 2004). In addition, context has been identified as essential to the involvement of the board in strategy, including both internal and external factors such as ownership, business complexity, company size, governance codes and industry norms (Gabrielsson & Huse, 2004). Based on their literature review, Gabrielsson and Huse (2004) identify the need to further develop these contingencies and

behavioral perspectives of boards, with the intention of exploring both the processes within the board and the firm-level outcomes within a specific context.

This interest in the behavior of boards and their roles in strategy and in the contingencies that affect their behavior and roles has helped build our understanding of how strategy is addressed by board members. Nevertheless, the governance literature has continued to focus on the firm-level outcomes and the governance systems and structures involved instead of also addressing the team and individual levels. Moreover, the existing governance literature almost exclusively addresses existing boards that operate within certain institutional structures, often taking snapshots of a situation at certain points in time and relying heavily on cross-sectional data. This has resulted in the fact that current governance studies provide little insight into the micro-level dynamics at play. For example, scant knowledge has been developed on how boards are involved in and contribute to strategy, the topics that are discussed, and the activities performed. Moreover, we know little about how advice givers and advice seekers interact with each other and how this process develops over time. The manner in which context, for example, a family firm context, influences these micro-level elements also remains to be explored. Moreover, few studies have combined a focus on the team level instead of the firm level with the contextual elements that impact board involvement in strategy.

K. P. Hendry, Kiel, and Nicholson (2010) have made a first attempt to identify how boards strategize and how strategizing is affected by contextual factors on a micro level. These authors have introduced a language to better understand board involvement in strategy. Instead of using proxies for board involvement, these authors have drawn on the micro-level strategy as practice perspective that views strategy both as context-dependent and as a socially accomplished activity of multiple individuals who interact (K. P. Hendry et al., 2010).

### *1.2.1 Strategy as practice and sensemaking lens*

Because the theories used in the governance field to address the behavior of boards and their service role (including for example resource dependence theory, stakeholder theory, stewardship, social network theory, behavioral theory of the firm) fail to provide insight at the micro level (how the actors involved in the board work on strategic issues), another perspective is needed to complement the governance perspective. In this study, I combine the strategy as practice perspective and the sensemaking perspective to identify the micro dynamics involved in the advisory board's emerging role in strategizing in family firms.

The strategy as practice perspective has emerged around an interest in what, at a micro level, people actually do when strategizing (Johnson, Melin & Whittington, 2003). This focus on doing strategy is implied in the word strategizing, which is defined as *“those actions, interactions and negotiations of multiple actors and the situated practices that they draw upon in accomplishing that activity”* (Jarzabkowski, Balogun & Seidl, 2007: 7-8). The strategy as practice perspective focuses on who the actors involved in the strategizing are,

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along with how, where and when they meet and interact to work on strategic issues (Nordqvist, 2005). Nordqvist and Melin (2010) argue that the strategy as practice perspective can be used to develop rich understandings and useful knowledge about the development of routines and work patterns in the dynamics of strategy work, especially in the context of family firms. This perspective has the potential to address the need for more empirical research on the details of strategy work in family firms so that richer and more accurate theoretical concepts regarding strategy can be generated (Astrachan, 2010; Nordqvist, 2012).

Strategy as a concept has been used by many different organizations (private and public) in various contexts (professional and private) and at different levels (society, firm, individual) (Whittington et al., 2003). It can be viewed as a kind of 'bulk concept,' with the consequence that its meaning is understood differently by different individuals. Many researchers agree that although strategy relates to issues that are important to the organization, such as long-term direction and resources, this remains a relatively subjective measure (Brunninge, 2005). When looking back on 50 years of strategy research and attempting to identify where we are in terms of understanding how firms and individuals engage in strategy, it is clear that the strategy research field has evolved into a rich and extensive research field, rooted in multiple disciplines. However, in the effort to explain strategic change and firm performance, strategic management research has largely deduced or assumed human action from findings at more macro levels of economic and sociological inquiry (Johnson, Langley, Melin & Whittington, 2007). "*Strategies are theorized as somehow disembodied*" (Johnson et al., 2007: 7), implying a gap between practice and theory. Scholars have argued that strategy research has failed to account for the complexity of strategic work and that we need to better understand the micro-processes involved (Johnson et al., 2003; Whittington, 2003).

The strategy as practice perspective is part of a broader practice turn in social theory. This overall practice turn addresses both the efforts of individual actors and the workings of the social structure (Whittington, 2006). The strategy as practice perspective has deduced three core themes from this general practice turn: a focus on strategy practices that are shared across society, a focus on the enactment of these practices in specific situations, and a focus on the individual actors on whose skills and initiative this enactment depends (Whittington, 2006). These themes are referred to accordingly as strategy practices, strategy praxis and strategy practitioners (Whittington, 2006; Jarzabkowski et al., 2007; Jarzabkowski, Kaplan, Seidl & Whittington, 2016).

To specifically capture the advisory board's emerging role in strategizing as a new arena consisting of practices, praxis and practitioners following strategy as practice, I combine the strategy as practice perspective with sensemaking theory. The sensemaking perspective seems to be an appropriate lens to study how advisors and the advice seekers come together and make sense out of their interactions as the advisory board emerges over time. When an advisory board is set up and its first meetings occur, advice givers and advice seekers still must determine how they will work together. Over time, however, this newness will

slowly disappear and the actors involved will begin to rely on repetitive elements or patterns, such as the day and time at which the meetings will occur, the meeting location, and the guidance of a board chair who has prepared an agenda. Prior research has shown that such observable, repetitive elements and patterns of behavior are the effortful achievements of mindful individuals who actively make sense of the situation, rather than the mindless execution of fixed responses to given stimuli (Feldman & Pentland, 2003). Sensemaking has been described as exactly such a process: the process by which individuals work together to understand and give meaning to issues, events and experiences that in some way violate previously held expectations (Maitlis & Christianson, 2014; Weick, 1995). This type of working together and organizing is viewed as a process that implies a reciprocal exchange between actors and their environments, which is made meaningful and retained accordingly (Weick, 1979). Sensemaking starts with change, and the change should be considerable enough to trigger individuals to notice it, reflect on what is going on and act on it (Brown, Colville & Pye, 2015). The emergence process of a new phenomenon in an organization can be an example of such a change, causing individuals to start making sense of what is happening.

### *1.2.2 Including the advice giving and advice seeking perspectives simultaneously*

Scholars have already recognized the importance of understanding advising processes better, but we still know little about how and why external advisors are involved in addressing strategic issues in family firms. Additionally, we lack details about whether and to what extent advisors can create value in dealing with such issues. Moreover, our knowledge on advising via a team approach remains somewhat limited. Even though the literature on advising in small and medium-sized firms has discussed advice giving and advice seeking and thereby has emphasized one side of the advising process, much less attention is paid to how advice seeking and advice-giving parties come together and interact in specific arenas. Moreover, Strike, Michel, and Kammerlander (2017) show that studies have been unable to address the black box of family firm advising processes; they have neither identified the underlying theoretical mechanisms nor shown how advice is provided by advisors or how family firm decision makers work with that advice, let alone addressed both sides of the advising process at once.

As suggested by Strike (2012), Reay, Pearson, and Dyer (2013) and Su and Dou (2013), the interaction between family firm actors and their advisors needs to be better understood. It has been argued that advising via a team approach to individual performance (of the owner manager) and specific issues that are relevant to the firm and the family can lead to better-informed decisions and decision outcomes (Strike et al., 2017). The family firm literature has shown that a team approach in advising leads to a broader, more complete view on firm and family matters, impartiality, and greater emotional distance (Swartz, 1989). Multidisciplinary teams of advisors can be especially helpful for understanding



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specific family firm issues (Swartz, 1989) and responding to their holistic needs that derive from the overlap of the family, business and ownership systems (J. Thomas, 2002; Sharma, Melin & Nordqvist, 2014; Su & Dou, 2013). Based on qualitative data from interviews with advisors, Su and Dou (2013) argue that the quality of services provided by advisors to family firms through a teamwork approach is far more effective for services provided by individual professionals. By sharing their knowledge via teamwork, advisors can improve the quality of their service because it improves the accuracy of issue identification, a more systematic analysis of the issue is achieved, it leads to an integrated total solution and it increases the credibility of the provided solution (Su & Dou, 2013).

Even though these findings are helpful to understand how teams of advisors might provide value to the firm and its decision makers, they do not elaborate on the interactions, dynamics and processes among the practitioners involved. Moreover, in terms of content, it is unclear how teams of advisors deal address holistic needs and how family firm decision makers address the advice provided accordingly.

### **1.3 Purpose, research question and context**

The purpose of this dissertation is to create an understanding of the role of advisory boards in strategizing in family firms. In line with this purpose, the following research question has been formulated: how does the advisory board's role in strategizing in family firms emerge over time?

This study seeks to address this purpose and research question not only by focusing on the team level but also by specifically including the perspectives of both of the participants in the advising process: the perspective of the advice givers and of the advice seekers. The role of the advisory board in strategizing in family firms is likely to be influenced by the motivation of the family firm decision makers to involve outsiders and the motivation to work with an advisory board. Therefore, I specifically focus on the period from the time family firms start considering working with an advisory board to the first few years of the advisory board's existence. In this dissertation, I set boundaries for the organizational context in which the emerging role of the advisory board in strategizing is studied by focusing on family firms. The common characteristics of family firms in strategizing (Nordqvist & Melin, 2010) and their difficulty involving outsiders (Gedajlovic et al., 2004) motivate an investigation of the emergence process of advisory boards in the family firm context. By doing this, I specifically acknowledge the influence of contextual issues on how the advisory board and its role in strategizing emerge over time.

## 1.4 Methodological choices

A micro-level perspective is needed to develop our understanding of how the role of the advisory board in strategizing in family firms emerges and develops over time, the activities and actions of the advisory board members, the influence of their interactions both among each other and with the family firm decision makers, and the members' role in strategizing. One possible explanation for the limited number of studies taking a micro-level approach may be that it is difficult for researchers to access board meetings and identify the elements, processes and actors that have an impact on strategy, especially over longer periods of time.

To capture the complexity of the phenomenon of interest and its emergence process, I have chosen to work with an in-depth, longitudinal comparative and multi-level case study approach using complementary methods (Balogun, Huff & Johnson, 2003). This approach allows both within- and cross-case comparisons over time. I focus on the strategic episodes of the advisory board meetings (the *units of observation*), and the boundaries of the case have been further determined by the *units of analysis*: the practitioners involved, their interaction, the topics discussed, the structure of the meeting, the tools used, and the output of the meetings, including strategic decisions and agreements made. Even though I have taken both the extra-organizational and the firm level into consideration, I have focused on the group level of the advisory board and its interaction with family firm advice seekers. Four Dutch family firms were selected via a purposeful sampling approach (Emmel, 2013), implying that the cases were selected that best exhibit the theoretical characteristics of the phenomenon of interest. The choice to select four cases has been a tradeoff between the breadth and the depth of the study. The choice of methods was informed by the purpose and research question of the study. Because this study addresses a phenomenon that we know little about, I primarily relied on observations of the advisory board meetings. Following the observations, interviews were conducted with all the stakeholders involved. Also secondary data were used, including newspaper articles, annual reports, memos, strategy plans and websites. Data were collected over a period from 1.5 to 3 years' time.

I have relied on critical realism as the underlying philosophy of science to understand the nature of the phenomenon examined, and I distinguished between the experiences, events, and underlying causal mechanisms while analyzing and interpreting the data (Wynn & Williams, 2012). Moreover, to approximate the real world as closely as possible, I have adopted an engaged scholarship approach (Van de Ven, 2007). Engaged scholarship implies that the different perspectives of key stakeholders in the study are included. This approach is considered especially fruitful for investigating complex social phenomena that exceed the capacities of individuals to be studied and understood (Van de Ven, 2007). Instead, studying such complex social phenomena requires an intensive involvement with the practitioners, as is also suggested by Maxwell (2012). Even though I decided to work with the strategy as practice perspective from the beginning of this study, the choice to work with sensemaking theory was only

made at a relatively late stage of the research process. This study can be characterized as a truly abductive study in the sense that I have chosen to let the data guide me in choosing an interpretation that fits the reality of the situation as closely as possible. Following Van Maanen, Sorensen, and Mitchell (2007), I have attempted to give meaning to the surprises resulting from the data analysis by searching for plausible explanations, continuously going back and forth between the data and the theoretical concepts.

### **1.5 Significance and contributions**

This dissertation aims to contribute to the phenomenon of interest and the theories used in two specific ways. First, using a micro-level strategy lens instead of a governance lens to understand the emerging role of advisory boards in strategizing in the family firm context has allowed me to gain insight into the advising and sensemaking processes at play and how advisory boards emerge into unique configurations over time. These unique configurations consist of both content dimensions (the domains of the family firm that are addressed by the advisory board and the strategic orientation of the content discussed) along with the process dimensions (different forms of sensemaking that are used during different moments of the emergence process of the advisory board). In line with the call for deeper insight into advising processes by Strike et al. (2017), I have used a micro-level strategy perspective and have included the perspectives of both the advice givers and the advice seekers in this study. This approach has enabled me to capture the interaction between the practitioners involved. I have identified two underlying causal mechanisms that drive the emergence process of advisory boards. These dimensions include first the learning orientation and second the (a)symmetry between family firm decision makers and advisory board members. Additionally, contextual elements such as the life stage of the family firm, the competences, knowledge and skills of the family firm decision makers, and external and internal firm challenges have been found to influence both the emergence process and the eventual configurations of advisory boards.

Second, this dissertation contributes to the strategy as practice literature by addressing the emergence process of a new arena involved in strategy and the elements that play a role in this process. Instead of studying an existing arena that has been installed in the past and studying how it is performed, I focus on the emergence process of a new strategy arena, and the practices used, the praxis performed and the practitioners involved. I thereby show how this new arena is contextualized and becomes situated over time. Moreover, I address both the process and the content that are discussed, along with the outcomes of the emergence process (Whittington, 2007). The unique configurations of advisory boards cannot be captured by a typology, which would reduce their complexity to either content dimensions or process dimensions. Instead, the eventual outcome of the emergence process is a combination of both process and content dimensions, adjusted to the specific context in which the arena involved in

strategizing emerges. I provide deep insights into how different layers of context play a role in these issues and focus on a new arena in strategizing that slowly emerges over time. The study thereby responds to the general strategy as practice call for research into how social practices are implicated in situated strategizing activities (Jarzabkowski & Seidl, 2008) and for linking practices to generated output.

In addition to these theoretical contributions, this dissertation aims to provide a better understanding of advisory boards for practitioners. The case descriptions presented in chapters 5 through 8 provide examples and suggestions of how practitioners might work with their advisory board. For example, different situations involve different practitioners in the board meeting, the chairmanship is organized in different ways, different topics are discussed, and the output of the four cases is also quite diverse. In addition to the illustrative empirical cases, the findings of the study are relevant for practitioners. The findings create awareness of the different dimensions that play a role in the emergence process of the advisory board into a configuration that is unique to the given situation. For example, by being aware of the various forms of sensemaking that occur during the different phases of the emergence process, practitioners can prepare, plan and structure meetings accordingly.

## 1.6 Structure of the dissertation

The aim of this first chapter has been to set the stage for the topic and research problem of this dissertation. I have presented the research question and purpose of this study, after which I have briefly presented the theories and methodology used. The remainder of this thesis is structured as follows. In chapter two I further discuss the phenomenon of interest. I provide a literature review on the advising literature that focuses on the advising process, the advisory board and advising in the family firm. Chapter three continues with a presentation of the theoretical underpinnings of this study. Building upon the assumption that strategy is not just something that a firm has but also something that is done in interaction with others, that chapter discusses the main ideas of what strategy entails from a micro-level perspective and provides an overview of the insights that have developed from the strategy as process and practice perspectives. I also present the sensemaking perspective and its connection to the strategy as practice literature. I narrow the discussion to the context of family firms. Chapter four presents the logic of the methodology, including the research design, the data collection and data analysis. I explain how I have come to my interpretations of the data and discuss the quality criteria that can be applied to evaluate this study. Chapters five through eight present the case descriptions, introducing the four family firms in which I have performed my empirical data collection. For each case, I provide a short historical development of the family firm, after which I present (in real time) the different phases that the firms have gone through in setting up their advisory boards. The case descriptions have been structured according to the main elements

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of the strategy as practice perspective: the practitioners involved, the practices used and the praxis that the practitioners have engaged in. As such they provide the first level of analysis. The case descriptions remain quite close to the original data, presenting many quotes and extracts from the meetings. Chapter nine presents the second level of analysis plus the cross-case analyses to arrive at systematic interpretations that provide the basis for the conceptual model that is presented in chapter ten, in which I concentrate on the theoretical interpretations. Different forms of sensemaking are discussed to explain the findings presented in chapter nine and I introduce the learning orientation and equality as underlying mechanisms that explain why the emergence process of the advisory board is different in each of the four cases. Finally, chapter 11 offers the conclusions of this study and the answer to the research question. I present the main contributions of this dissertation and concluding remarks concerning the methodology, the limitations of this study and suggestions for further research.

## 2. Advising and Advisory Boards in Family Firms

The topic of outsider involvement and advising in family firms has attracted increasing attention in recent years. In the specific field of family firm research, various scholars have addressed the issue of advising (e.g., Astrachan & McMillan, 2006; Strike, 2012, 2013; Reay et al., 2013). In the more general organizational sciences and psychology literature advising has also attracted interest. Many terms and definitions are used in the literature to refer to the role of an advisor who intends to help address management issues or issues at the strategic level.<sup>2</sup>

This chapter elaborates on the topic of interest, including advising and the advisory board from both a family firm and a broader psychological perspective. I start by discussing advising and advisory boards in the specific context of family firms. Next, section 2.3 focuses on the topics that are potentially discussed in the advisory board in family firms, along with the strategic orientations of these issues. Then, because our understanding of the phenomenon is still rather limited, it is further embedded in the literature on advising in section 2.4. The objective of this chapter is to provide an overview of the dynamics and issues involved in advising processes that may be relevant to understanding the possible issues that the advisory board addresses and how the advisory board members relate to both the issues and the internal practitioners.

### 2.1 Understanding advising in family firms

Although the family firm research field has been initiated by family firm advisors, it is only during the last few years that more rigorous academic study has been done on advising in family firms. For example, Dyer and Sánchez (1998) reviewed publications in the *Family Business Review* from 1988 to 1997 and found that only sixteen articles had been published on advising, none of which were based on empirical data.

Strike (2012) performed a literature review on advising in family firms and included journal articles published between 1980 and 2011. This review showed that the literature available on advising in family firms is fragmented and that most studies are not grounded in academically rigorous methods, but instead are based on descriptions and personal experiences. Strike (2012) structured the

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<sup>2</sup> Various terms are used to refer to the role of external advisors. In this dissertation, the term advising is used as encompassing the influence of outsiders, including mentoring, consulting, etc.

studies on advising in family firms into five categories: types of advisors, the advising process, the selection process of advisors and outcomes, and contexts. Regarding the types of advisors and their attributes, Strike (2012) distinguished among formal advisors (including both content and process consultants), informal advisors, and family firm boards in the form of either a board of directors or an advisory board. Effective advisors' attributes have been found to include trustworthiness, honesty and integrity, common sense and commitment, loyalty and humility, courage and patience, warm and emotionally intelligent approaches, and self-awareness. Effective competences include experience, technical skills, communication skills, and interpersonal abilities. The literature on the advising process was found to be scattered and often prescriptive in terms of the steps that guide advisors and the advising models used. Moreover, Strike (2012) found that both the manner in which advisors are chosen and advising outcomes (both on the firm and family level) remain largely overlooked topics. Studies focusing on context have shown that the advising process is significantly influenced by national and organizational circumstances (Strike, 2012). Strike (2012) concluded that the interaction between family firm actors and the advisor needs to be better understood, along with the advising process and its outcomes. Moreover, she stressed the importance of connecting these various fragments to better understand advising issues in family firms. Strike (2012) has argued that there is great potential for future research, for example, by building our understanding of how advisors contribute to strategic decision making.

Strike et al. (2017) have recently performed a follow-up literature review, which showed that since 2011, fifty-two additional articles have been published on family firm advising. These authors concluded that most of these articles focus on advice giving (forty-two articles) as opposed to advice taking (six articles), of which only three touch on both sides of the issue. Moreover, by comparing the psychology literature and the family firm literature, they found that whereas the psychology literature problematizes the concept of advice, the family firm literature focuses on the role of the advisor. In terms of different types of advisors, Strike et al. (2017) distinguished among expertise-based, trust-based, and group-based advisors. Whereas expertise-based advisors are the formal advisors on content or process issues, trust-based advisors are those advisors (formal or informal, family or non-family member, firm member or outsider) that are the most relied upon based on the duration of the relationship. Group-based advisors include boards, family councils, peer advice groups, family offices, or communities of practice. The authors also identified that the number of processual studies on advising at the group level is very limited and that surprisingly, group-level elements such as relational attributes have rarely been studied. Moreover, the study showed that few family firm studies have examined advising processes, and those that do solely consider the perspective and activities of the advisor.

### 2.1.1 Role of the advisor in family firms

Research on family firm advising has primarily focused on the role of family firm advisors: how to provide practical advice by offering explicit intervention phases and advising models (Strike & Rerup, 2016; Strike, 2013; Davis, Dibrell, Craig & Green, 2013). For example, Strike and Rerup (2016) have discussed the mediated sensemaking approach of advisors. This approach involves the social position of the advisor, the orientation and the actions that are used by an advisor to facilitate adaptive sensemaking. This adaptive sensemaking occurs by slowing down actions of the family firm decision makers and by facilitating doubt, which unfolds when someone begins to doubt the sense already made.

A special issue of the *Family Business Review* in 2013 was dedicated to the role of advisors in family firms to create a better understanding of the relevance of family firm advisors and what they really do to create value for the firm (Reay et al., 2013). Topics discussed in this special issue included the following: (1) the impact of the advisor's goal orientation on generating feedback from clients to optimize their advising behavior (Davis et al., 2013), (2) the mentoring role and the staged withdrawal of advisors in successfully developing the leadership skills of the next generation in the succession process (Salvato & Corbetta, 2013), (3) the effectiveness of a team approach in advising in comparison to individual advisors (Su & Dou, 2013), (4) the influence of an 'embedded' external accountant on firm performance (Barbera & Hasso, 2013), and (5) the strategies and tactics of advisors who serve for a longer period and build an ongoing trusted advising role (Strike, 2013). Overall themes discussed across these articles included the relationship between family firm advisors and the clients, the need to be attentive to family concerns and needs in the firm, the different roles of advisors, the influence on firm performance and family dynamics (Reay et al., 2013).

Samei and Feyzbakhsh (2016), following up on Salvato and Corbetta (2013), have studied mentoring as one of the primary methods of successor nurturing, attempting to identify the competencies that are developed by applying mentoring functions. A similar perspective has been used by Distelberg and Schwarz (2015), who focus on the role of mentors from outside the organization (inter-organizational mentoring as opposed to intra-organizational mentoring), and specifically from another family firm. These authors have suggested that the family firm context is unique in the sense that the goals of the protégé in the family firm are multidimensional (at both the individual and the family firm level) and therefore require boundaries for what can and what cannot be addressed by the mentor. Additional advantages of inter-organizational family firm mentors include the potential to provide resources (e.g., access to another family firm) that are highly valued by the protégés and the unique experience that these mentors bring, consisting of both involvement in a family firm and experience in a specific area. The authors found that for a successful intervention, commitment is required not only from both the mentor and the protégé but also from other family members. Moreover, interpersonal skills are essential and require flexibility and



psychosocial skills along with the ability to involve both the mentor's and the protégé's families.

Cisneros and Deschamps (2015) have also examined the involvement of advisors in succession processes, focusing on situations of sibling team successions. These authors found that advisors involved in succession processes work at three levels (business, family and individual) and that the spouses of both the predecessor and the successor play important roles as hidden advisors. These findings were in line with the conceptual contribution made by Michel and Kammerlander (2015), who also focused on the involvement of trusted advisors in the succession processes. Michel and Kammerlander (2015) outlined the various ways in which advisors can both mitigate and enhance agency costs throughout the succession planning process. These authors have suggested that a robust and balanced setup of the triadic relationship among the advisor, the incumbent and the successor is beneficial in which just one advisor acts for both parties, thereby reducing agency costs.

In family firms, advice can be provided by family members, colleagues, friends, board members, or external family and/or firm professionals. In line with informal and often hidden family advisors, Naldi et al. (2015) have focused on family member advisors. These authors found an inverted U-shaped relationship between the number of advisors coming from the family and firm performance and that this relationship is moderated by the generation in control of the family business. By integrating stewardship and agency theory, these authors have suggested that this finding can be explained by the fact that because of a stronger identification and a power position that results from social relationships, the performance of family firms is favored by the use of family member advisors. However, these performance benefits are offset by monitoring and agency costs along with the potential for groupthink and relationship conflict associated with high numbers of family advisors. These monitoring and agency costs can be expected to be generally lower for first-generation family firms, because the family members are interested in growing the firm and allowing it to thrive instead of preserving strategies from the past. Therefore, the effect of the number of family firm advisors on firm performance is expected to be positive in first-generation family firms. Lee and Danes (2012) focus on the role of family therapists as opposed to business advisors in family firms and find that consultants in each discipline provide a unique perspective and expertise that allow them to successfully address the spectrum of issues that family firms face. These findings imply that family therapists have the potential to provide a unique contribution to an interdisciplinary team of advisors in family firms. A similar suggestion is provided by Castaños and Welsh (2013), who argue that because of the responsibilities involved in addressing the dynamics and emotions in family firms, a team consisting of a family therapist in combination with experts in other areas of family business consulting would provide an optimal supervision model.

### 2.1.2 *Factors related to family firm decision makers in the advising literature*

Relatively few studies have focused on aspects related to the family firm decision makers instead of the perspective of the family firm advisor. A few exceptions have been identified. For example, Reddrop and Mapunda (2015) have studied the drivers and sources of advice-seeking activities by family firms. First, in line with Lussier and Sonfield (2010), the findings of their study showed that advice is sought progressively with the generations involved. Important reasons not to work with professional advisors involve cost, a lack of awareness of where professional advice can be found, and dissatisfaction with the soft skills of many advisors, such as empathy and listening. Moreover, the authors found that although the source of advice is most often the accountant, business peers are also often consulted about family firm issues. Reddrop and Mapunda (2015) have stressed the importance of advice from peers, which might explain why family firms rely less on professional advisors.

Sonfield and Lussier (2009) have performed an international study among family firms in six countries on the link between the use of outside advisors and the presence of non-family managers. These authors found that an increase in the percentage of non-family-member managers leads to an increased use of outside consultants, advisors and professional services. This effect is accounted for by the idea that the transition to working with non-family-member managers often implies a change to a more formal, objective and professional management style involving the use of outside consultants, advisors and professional services, more time spent on strategic management activities, and the use of more sophisticated financial management tools.

Perry, Ring, and Broberg (2015) have studied the relationship between firm age and the use of a specific type of advisor. These authors have found that a family firm's age influences whether it trusts family or professional business advisors the most. This finding is explained from a socioemotional wealth perspective, and the authors argue that because younger firms focus more on financial objectives, they are more in need of and place more trust in business advisors, whereas older firms focus more on socioemotional wealth objectives, implying higher added value from working with family advisors.

### 2.1.3 *Questions that remain unanswered*

The literature stream on advising in family firms is growing, but there remains substantial potential for more rigorous academic study on this topic. Even though Strike (2013) and Strike and Rerup (2016) have addressed the approaches and the processes by which most trusted advisors work, we still know little about how other advisors are involved at the strategic level in family firms. Questions such as who advises the family members in the firm, how advising is done, what kind of advice is given, and extent to which the advice is valuable remain largely unanswered. Even more importantly, our knowledge on the actors in the family

firm, the individuals in the family firm who will potentially seek and respond to advice, remains limited.

Nevertheless, it is important to know more about the advising processes in family firms, incorporating both the perspectives of the advice givers and the advice seekers, as these interaction processes can be vital to the health of both the family and the firm (Strike, 2013; Strike & Rerup, 2016). For example, Núñez-Cacho Utrilla, and Ángel Grande Torraleja (2013) have found that coaching and mentoring have a direct and positive relationship with firm performance in family firms. Family firm advising is a practice that addresses classic concerns in family firms such as succession planning, governance structures, conflict management and processual questions such as how to sustain family control across generational transitions. However, it also addresses more existential matters, i.e., the why questions, such as the extent of and the reasons for engagement, risk and reward that make families willing to remain involved in the firm (Strike, 2012; Gersick, 2015). Moreover, in reality, many family firms work with advisors, so it would first be beneficial for practitioners to know more about not only how family firm advising and the approaches and interventions that are used can be effective but also the circumstances that influence these processes, either in a positive or a negative way (Astrachan & McMillan, 2006).

In this dissertation, I intend to address this research gap by focusing on the role of the advisory board in family firms. The next section explores what is already known about the phenomenon of interest.

## **2.2 Understanding advisory boards in family firms**

Advisors working via a team approach are recognized as a specific fragment that requires research attention (Strike, 2012; Reay et al., 2013; Su & Dou, 2013). Whereas the general organizational and psychological literature has been interested in issues such as how decision makers combine, aggregate and integrate the opinions of different advisors and the conditions to obtain optimal accuracy gains by working with multiple advisors (see section 2.4), the family firm literature has focused on the benefits of a team approach. Advisory boards represent a specific form of advising via a team approach. Regardless of its informal institutional status, Strike (2012) regards advisory boards as a form of formal advisor, implying that advisors are hired by either the family or the firm. Via an advisory board, family firms can gain the benefits of multiple advisors with diverse areas of expertise (Su & Dou, 2013). Advisory boards consist of a group of people, mostly external advisors, but can also include family member advisors (Naldi et al., 2015). The composition of the advisory board is ideally informed by its tasks and the required expertise and network of its members (Blumentritt, 2006; Strike, 2012). In general, the advisory board is put together to explore strategic issues, dilemmas and problems, to provide input and recommendations on these issues for the directors of the firm and to provide counsel regarding

strategy, planning, firm performance, compensation, family conflicts and succession (Strike, 2012). Advisory boards thereby function as a sounding board for the owner-manager(s) and other family firm decision makers. However, individuals such as family members who are not in management can also be involved in advisory board meetings (Su & Dou, 2013). In addition to advising, advisory boards may perform other roles (Gersick & Feliu, 2014), such as providing control and/or legitimacy. Alternatively, in the specific situation of the family firm, they may provide a position for the incumbent or other family members to frame their influence.

Advisory boards can be considered a hybrid arena in which strategic issues are discussed (Nordqvist, 2012). Building on the work of Giddens, Nordqvist (2012) argues that strategic arenas emerge in encounters between individuals interacting on strategic issues. These arenas can be formal with formalized arrangements, chairpersons, scheduled and typically regular meetings with a set of established norms and routines, etc. However, these arenas can also have an informal character represented by simple gatherings of individuals, loose and transitory forms such as conversations and small talk, and suspending established rules of behavior. Nordqvist (2012) argues that hybrid arenas emerge from attempts to break free from daily routines, possibly intentionally and with the intention of being less formal. People want to decrease the level of formality within the usual strategic arenas, but hold on to formal features such as clear boundaries in time and an intended agenda with issues to be discussed. A hybrid arena is therefore characterized by a combination of formal and informal elements and can be used to avoid formalities within the formal strategic arenas while retaining formal features such as clear boundaries in time and an intended agenda with specific strategic issues (Nordqvist, 2012). The concept of the hybrid arena fits well with the advisory board, which is characterized by this combination of formal and informal elements.

The specific topic of advisory boards in family firms or other forms of advising via a team approach, is touched upon only incidentally by studies. A study that specifically focuses on advisory boards in relation to strategic planning and that compares the role of advisory boards with boards of directors in family firms is performed by Blumentritt (2006), who has examined the relationship between the existence of advisory boards and the use of strategic planning and succession planning in family firms. He found that family firms with advisory boards are much more likely to engage in formal strategy processes and identify successors than family firms that do not have an advisory board. Interestingly, he did not find similar effects for a formal board of directors. A second study that has focused on the use of advisory boards by the German Mittelstand has provided insight into practicalities such as its tasks and responsibilities, the content discussed, composition, remuneration policies, etc. (Achenbach & Gottschalck, 2016). These authors have claimed that the governance culture of Mittelstand firms has changed drastically in recent years and that approximately half of such firms now are considering working with an advisory board. Based on this development, the authors have conducted a survey in which they inquired about the tasks and

## *2. Advising and Advisory Boards in Family Firms*

responsibilities of the advisory board members, the topics discussed, the composition of the board, remuneration policies, etc. Moreover, they have presented 20 portraits of advisory boards, explained from the various perspectives of advisory board members, directors and experts on the topic.

To the best of my knowledge, very few other studies have explicitly focused on the role of the advisory board in family firms. Those studies that do mostly include the advisory board as an antecedent of a specific activity such as internationalization, succession satisfaction or the degree of dependence on single decision makers in family firms. For example, Mitter, Duller, Feldbauer-Durstmüller, and Kraus (2014) have studied the role of the advisory board in the internationalization process of family firms. These authors have found a positive and significant relationship between the existence of an advisory board and internationalization, whereas the existence of a supervisory board did not appear to be a relevant influencing factor. The authors attribute this finding to the explicit service and advice role of advisory boards, as opposed to supervisory boards. Sharma, Chrisman, Pablo, and Chua (2001) have studied the determinants of initial satisfaction with the leadership succession process in family firms and hypothesize that the presence of an active advisory board is one of those determinants because it may increase the extent to which the family firm engages in succession planning (Sharma, Chua & Chrisman, 2000). Feltham, Feltham, and Barnett (2005) have found that family firms are often highly dependent on a single individual, but neither the existence of a board of directors with outside membership nor an advisory board with outside membership helped explain the level of dependence. Poza, Hanlon, and Kishida (2004) have investigated the impact of family involvement on management and governance practices. These authors found that non-family managers are happier with the existence of an advisory board than the family CEO and family managers. The authors have suggested that this finding can be explained by the fact that non-family managers assume and hope that extra management or governance practice will be effective in a family firm. The authors also found that family unity is related to effective management practices, including the existence of an advisory board. Fahed-Sreih and Djoundourian (2006) have explored the determinants of longevity and success of Lebanese family firms and found that the older firms in their sample relied more on advisory boards because of an inclination to engage in a participatory decision-making process. Nordqvist et al. (2014), in discussing the variance of family involvement in ownership and management, propose that the advisory board can be used by younger and smaller family firms with little complexity to benefit from the insights, resources and accountability advantages. By having an advisory board, these firms sow the governance seeds for potentially more complex future situations.

This literature review shows that so far, few in-depth studies have focused on the role of the advisory board in strategizing in family firms. Moreover, earlier studies have not included both perspectives (of the advisors and the family firm decision makers) in the advising process. However, this is interesting because tensions may evolve resulting from the combination of formal and informal

elements present in the advisory board meetings. For example, the advisory board members provide advice, but the decision maker is not obliged to use that advice. Does this imply that this is an arena without obligations or engagement? How do the practitioners involved make sense of this mix of formal and informal elements? Do advisory board members request a more elaborate preparation of strategic decisions, do they request the involvement of specific actors, and do they request a specific structure in the process? To what extent can advisory board members influence the strategic decision-making process and the content of the strategic decision made? And how do decision makers react to those influences? Is it performed differently in different situations? All of these questions and issues may influence the group dynamics and the advising relationships and may be relevant to further developing our understanding of advising in groups and in advisory boards specifically.

## 2.3 Issues discussed in the advisory board

In addition to advising processes, which will be further discussed in section 2.4, it is important to explore the content discussed during advisory board meetings. This section discusses two dimensions that are relevant to explore the content discussed in the family firm context.

### 2.3.1 *Family firm domains*

Because of the family's influence over strategic decisions and choices, its role in determining the long-term vision and the unique resources, capabilities and management action patterns that are available to the firm, strategic management is different in family firms (Salvato & Corbetta, 2014). The specific issues that family firms face and advisory boards thus need to address can be different from non-family firms, including the succession of leadership and/or ownership and conflict resolution because of intersecting personal and firm issues. These issues often cross the boundaries of the three systems present in the family firm – that is, family, firm, and ownership (Tagiuri & Davis, 1996). The issues that potentially arise in these three systems and how they can be managed, are described by Gersick and Feliu (2014). Regarding ownership, these authors explain that this system concerns the interests of the owners of the firm. To manage these interests effectively, attention should be paid to the security of the asset base along with the return on those assets. Regarding the family, relevant issues to discuss in the advisory board involve - in principle - all demands and rewards of family membership in relation to the firm. These can include the discussion of opportunities for involvement in the firm and the family members' sense of belonging across branches and generations, family firm issues beyond the firm and financial aspects such as philanthropy, and the management of information flows that maximize trust while minimizing manipulation (Gersick & Feliu, 2014). Regarding the firm, relevant content to be potentially discussed

includes all issues related to the tasks of the family firm directors and their managerial leadership. Firm issues to be discussed involve, for example, the articulation of the core values and cultural norms that the directors rely on in making choices and decisions, long- and short-term strategies, human resource management, financial management, sales, marketing and all other tasks that relate to maximizing firm performance in line with firm objectives (Gersick & Feliu, 2014).

Following Strike (2012), the variety of content to be potentially discussed implies that family firm advisors need to be able to acknowledge and work with the emotions of the family members, that they need to balance personal and firm interests because family members are either voluntarily or involuntarily involved, that they must be careful to make assessments based on norms of loyalty and reciprocity, that the relationship between the advisor and family firm members is more personal and based on trust and that advice should not be solely oriented toward profit but instead oriented toward protecting, nurturing and developing the firm members and that because of a general resistance to change, family firm advisors should balance immediate needs and long-term needs.

### 2.3.2 Strategic orientation

In addition to the different domains of the family firm that might be addressed, these advisors also must be flexible and have an integrative view in terms of the type or parts of strategy that must be discussed. As noted by Salvato and Corbetta (2014), there is neither a separation between content and process, among strategic content, process and outcomes, or between operational and strategic issues in family firms. Even though the words strategic, tactical and operational are used often in research, researchers do not agree on the meaning of these words (Cummings & Daellenbach, 2009). Cummings and Daellenbach (2009: 239) found, based on a meta-analysis of 2366 papers published in the journal Long Range Planning (between 1966 and 2006), that the following elements are consistent and essential in the general understanding of strategic management: *“processes and practices relating to the corporate whole, the organizing of resources and how the corporation responds to or manages change. Thinking more broadly, one could add to this set responses to or decisions about technology and other related environmental issues, and a recognition of the importance of creative or innovative developments”*.

Whereas Jarzabkowski (2005) argues that from a strategy as practice perspective, the dichotomies of strategic and operational levels dissolve, Shivakumar (2014) attempts to distinguish between the levels and summarizes the elements of the different levels under two dimensions: commitment and scope. Whereas the degree of commitment refers to the reversibility of a decision made, scope refers to the firm's activities that determine the where and the how of economic value creation. Even though Shivakumar (2014) assumes a sequence in making decisions on different levels (strategic decisions precede tactical and operational decisions), which is however not well motivated, he is one of the few

researchers to distinguish between the levels of the strategic orientation by making it specific. The strategic level is defined as decisions that exert a significant influence on the degree of commitment and exert a significant influence on the scope of the firm (Shivakumar, 2014). He argues that strategic decisions are challenging because the problems that motivate them are often “wicked”: *“hard to comprehend, often without precedent, having few obviously right or wrong answers, and carrying potentially grave consequences if wrong”* (Shivakumar, 2014: 80). Decisions that significantly alter the degree of commitment without significantly altering the scope of the firm are regarded as tactical by Shivakumar (2014). As an example of a tactical decision, he mentions a firm’s investment in an enterprise resource planning (ERP) system. Whereas an improved ERP system might lead to more efficiency, it does not have an impact on the scope of the firm. The issues that provoke tactical decisions can be described as “hard”: *“while the questions are clear, the solutions are not obvious”* (Shivakumar, 2014: 81). Shivakumar (2014) regards the routine decisions that are made daily, such as the procurement and management of inventory and the maintenance of equipment, as the operational decisions. They impact neither the commitment nor the scope of the firm, and the point of departure in making operational decisions is to increase effectiveness.

## 2.4 Use of advice in strategic decision making

Similar to the developments in the family firm advising literature, the topic of advising has recently attracted an increasing amount of attention from researchers in the more general psychology literature and organizational sciences literature (but the organizational sciences literature uses the concepts mentoring and consulting). This increased attention to advising might be explained by the growth of management consulting practices. Mohe and Seidl (2011) show that in continental Europe, the total turnover of consulting companies grew from 24.7 billion euros in 1998 to an estimated 82.9 billion euros in 2007 (FEACO, 2007 in Mohe & Seidl, 2011). However, research has also shown the relevance of such consulting practices, as advisors have been found to have an influence on the attention structure of social systems because they have the potential to guide organization members’ attention and influence the flow of information within organizations (Strike, 2013). The psychology literature has dedicated substantial effort to understanding the social context of processes of taking advice and strategic decision making (e.g., Bonaccio & Dalal, 2006; Sniezek & Buckley, 1995). This literature stream is built on the insight that individuals have a limited capacity for processing information and as a result, they perform poorly in coping with complex decisions (Brehmer & Hagafors, 1986).



### 2.4.1 Advice and the advising relationship

Bonaccio and Dalal (2006) have problematized the concept of advice and summarized two decades of insights into what the concept involves. These authors do not define advice, but they problematize how the concept has been operationalized. They argue that the main operationalization of advice as a specific recommendation has been overly narrow. More recently, Dalal and Bonaccio (2010) have summarized their findings into five different categories of advice. First, advice can involve a recommendation regarding a decision or course of conduct. However, advice can also involve a recommendation against one or more alternatives or a particular course of action. In addition to recommendations for or against something, advice can include the provision of information, including the provision of one or more alternatives, but without explicitly endorsing one of them. Fourth, support for making a better decision and avoiding mistakes, for organizing thoughts and for becoming more confident can be all considered a form of decision support. The focus here is on support in the process, rather than the content of the decision. The last category of advice involves social support, such as helping the decision maker gain self-insight (Bonaccio & Dalal, 2006; Dalal & Bonaccio, 2010).

Turner (1982) has also focused on the tasks of the consultant and has specified tasks beyond those mentioned by Bonaccio and Dalal (2006). Turner (1982) mentions more specifically the tasks of solving problems, of making a diagnosis (which may necessitate a redefinition of the problem), of assisting with the implementation of the recommended action, of building consensus and commitment around a corrective action, of facilitating client learning, and of permanently improving organizational effectiveness. In addition to different types of advice and tasks of the advisor, other scholars have argued that there is temporality involved in the concept. Bennett and Robson (2005: 256) have defined advice as *“a process which is not usually an instantaneous transfer, but requires an exchange of information on both sides: ‘production’ of the service is in part a joint activity of the client and supplier”*. In other words, the understanding of the concept of advice is quite broad.

In addition to understanding the concept of advice, both organizational science and psychology studies have focused on the relationship between the client and the consultant (or the judge and the advisor, as it is referred to in the psychology literature), which is considered to be an important element affecting the chances of the success of the intervention (Mohe & Seidl, 2011). First, the interaction between the client and the advisor has been studied (Sturdy, 1997; Fincham, 1999), addressing the strategic and structural dynamics involved along with the repeating cycles in which the actors involved reflect and act upon their (inter)actions. Sturdy (1997) has focused on the practices and perceptions of consultants and their clients by understanding consultancy and the adoption of advice as an interactive and dialectical process. This process is informed by the self-defeating concern on the part of both the consultant and the clients about securing a sense of identity and control; this concern is framed within

organizational and institutional structures and relations. Sturdy (1997) concludes that consultants provide their clients with solutions and a reassuring sense of control while reinforcing their clients' insecurity. A more recent study adds to this insight by claiming that the job of the consultant is less to address uncertainty than to aid in organizing. The author argues that the job of the consultant is not to end organizing by introducing certainty but that uncertainty is inherently related to organizing and the consultant supports addressing this issue (Czarniawska, 2013).

Indeed, studies have also explicitly addressed the power dimension involved in the client-consultant relationship, which follows from the knowledge advantage that the consultant has over the client (*e.g.*, Schein, 2009). Based on case studies, Fincham (1999) has suggested that the consultancy process is not characterized by predefined structures (such as the dependent client and the indispensable consultant or alternatively, the resistant client and the vulnerable consultant). Instead, the relationship between the consultant and the client is best regarded as part of an overarching managerial structure and a contingent exchange that assumes a variety of forms. Kakabadse, Louchart, and Kakabadse (2006) have found that in contrast to the general notion in the advising literature which is that consultants might profit from their expertise role and create dependency (*e.g.*, Sturdy, 1997), business consultants actually appear humble in their relationship with clients and ultimately are incentivized to move clients forward. These authors have found that business consultants are conscious of the dependency in their relationships with clients and that criticisms of their role can sometimes be justified. McGivern (1983) has stressed the importance of interdependency between the consultant and the client, which should be both mutually beneficial and in balance for a 'successful' consulting relationship (regarded as such by both parties). From the perspective of the consultant, dependency is created by the need for cooperation from the client(s) both to define the issue and during the problem-solving process. From the perspective of the client, dependency is created by the need for help. Moreover, key facets of a good relationship include a need for trust, high levels of interaction and methods that are adjusted to the situation.

Other aspects taken into consideration by organizational science scholars concern the different roles in the consulting process, including both the role of the consultant (Schein, 1999) and the role of the client (Schein, 1997). Neither the role of the consultant, the client nor the task performed is straightforward, and all three should be considered carefully (Appelbaum & Steed, 2005). Schein (1999) has distinguished an expert role (providing an independent perspective), from a doctor role (prescribing a recipe) and a process role (providing facilitation in going through a task or dealing with a problem). In addition to elaborating on the role of the consultant, Schein (1997) has illuminated the role of the client. He has suggested a model in which he identifies different types of clients and their relationships with the consultant: (1) contact clients, who reach out to the consultant for help, (2) intermediate clients, who become clients while a project evolves, (3) primary clients, who own the problem, (4) unwitting clients, who are affected by an intervention performed by the consultant but who are neither aware nor notified beforehand, (5) indirect clients, who are affected by an intervention

performed by the consultant and are aware but might have mixed feelings about the effects of the intervention, and (6) ultimate clients, or the welfare of the community, organization, or group that the consultant needs to take into consideration in any intervention that he or she makes.

In his later work, Schein (2009) has identified the client-consultant relationship as a helping relationship; a social process involving a relationship based on trust and openness. He explains that a helping relationship evolves from an initial contact, often initiated by a question for help. Even though a power dimension is involved because of the dependency of the person helped on the helper, Schein (2009) argues that equality and fairness are crucial elements in building a good helping relationship. According to Schein (2009), humble inquiry is key in building and maintaining a helping relationship. He distinguishes four forms of inquiry: (1) pure inquiry, which involves asking for more information or clarity on specific issues (content), such as asking for examples, elaborations, and more details, (2) diagnostic inquiry, which involves asking for feelings and reactions, causes and motives, actions taken, or contemplated and systematic questions, (3) confrontational inquiry, in which the advisory board members interject their own ideas about the process or content of the story while asking questions, and (4) process-oriented inquiry, which involves inquiry on the helping relationship itself (clarify what help is needed) and focuses on building an equitable relationship.

### 2.4.2 *Accepting and discounting advice*

Psychology studies have focused on the motives for seeking advice (e.g., Harvey & Fischer, 1997; Yaniv, 2004a) and the conditions under which decision makers (called judges in most of the studies) accept or discount advice (e.g., Yaniv & Milyavsky, 2007; Gino, 2008). Motives for seeking advice include the general willingness to accept help when it is offered, as it might not be offered again (Sniezek & Buckley, 1995), the inclination to share accountability for a decision, and optimizing the likelihood of making the right decision by considering the problem in new ways or obtaining access to new information (Harvey & Fischer, 1997). Research has also shown that advice seeking is partly a potential cost-benefit analysis (Bonaccio & Dalal, 2006). Brooks, Gino, and Schweitzer (2015) have stressed the distinction between advice seeking and feedback seeking. Even though information is solicited from others during both processes, the temporal focus and the nature of the information solicited are different. Whereas feedback seeking is concerned with information about past performance, advice seeking is related to a current or upcoming problem or decision (Brooks et al., 2015).

Even when advice is actively sought, it is often discounted. Research has identified different reasons for discounting advice (e.g., Bonaccio & Dalal, 2006; Gino, 2008). Most evidence for discounting advice has been found for the egocentric bias (Harvey & Harries, 2004). Egocentrism implies a long-term inclination of decision makers to overweigh their own opinion relative to that of others, including advisors (e.g., Harvey & Harries, 2004; Yaniv, 2004b). Another

reason to discount advice is anchoring, which is similar to egocentrism but has a more short-term effect. Anchoring implies that decision makers have made an initial decision prior to receiving advice and that they have the tendency to adhere to the anchor that is subsequently (insufficiently) adjusted in response to the advisor's recommendation (Harvey & Fischer, 1997). The differential information bias also has an effect on advice using, as it involves the decision maker's access to the justifications and supporting evidence for arriving at a particular decision. Decision makers do have access to their own supporting evidence and justifications, whereas they do not have such access to the reasoning of others. Therefore, they have less evidence justifying the advisors' decisions (Yaniv, 2004a). Additionally, the characteristics of the advisor have an impact on the extent to which advice is used. An advisor is more influential when he or she is perceived to have greater task-relevant expertise or knowledge (Yaniv, 2004b). Moreover, advice using is dependent on the (inference of the) quality of the advice (Yaniv & Milyavsky, 2007).

Other factors that influence whether advice is used or discounted include financial rewards, because payments for advice reduce advice discounting (the sunk cost fallacy) (Gino, 2008). Also the trust of the decision maker in the advisor (Snizek & Van Swol, 2001), task complexity (Gino & Moore, 2007), the confidence of the advisor (Snizek & Van Swol, 2001), the distance between the initial opinion of the decision maker and the recommendation of the advisor (Yaniv & Milyavsky, 2007), and the variety of recommendations among a team of advisors (outlier advice is more easily discounted) (Harries, Yaniv & Harvey, 2004) are factors that play a role in the decision to use or discount the advice. Additionally, the moment of giving advice has been found to have an impact on the extent to which the advice is used, where a distinction is made between giving advice before the decision maker has had a chance to develop his or her own opinion and giving advice after an initial judgement has already been made (Rader, Soll & Larrick, 2015).

Another reason for discounting advice that is particularly interesting to the topic of interest of this dissertation, involves the tendency of decision makers who experience power both to be less open to using advice and to discount advice, even from individuals with high levels of expertise. This tendency evolves from a perceived threat to the decision maker's independence and autonomy (Tost, Gino & Larrick, 2012). Moreover, anxiety seems to play an important role in advice seeking and advice using, and this relationship is mediated by the level of self-confidence. Anxiety has also been found to have a negative effect on the ability to distinguish good from bad advice and between advice from advisors with and without a conflict of interest (Gino, Brooks & Schweitzer, 2012). In addition to anxiety, other emotional dimensions play a role in using or discounting advice. De Hooze, Verlegh, and Tzioti (2014) have found that both valence (positivity or negativity) and agency (being self-focused versus other-focused) affect the extent to which advice is used.

2.4.3 Multiple advisors and one decision maker

The involvement of advisors in strategic decision making has also been acknowledged by Arendt, Priem, and Ndofor (2005), who have introduced a CEO-advisor model as an alternative to more conventional models of decision making. Building on earlier studies that have focused either on the CEO (the CEO gathers and processes information, develops a strategy, and then directs implementation throughout the firm) or on the top management team as a collective engaged in decision making as their units of analysis, these authors have suggested an in-between model because many strategic decisions are not made solely by a CEO or by a team.

The CEO-advisor model, shown in Figure 1 below, is a blend of individual and group decision making, recognizing that individuals throughout the organization might be involved in decision making, along with individuals from outside the organization. This model is based on the judge-advisor literature, as discussed above. Although the CEO seeks information from others, he or she holds ultimate authority for the final decision and is held accountable for it. Moreover, the model accounts for the complex and social information search to identify trustworthy strategic advisors and high-quality information.

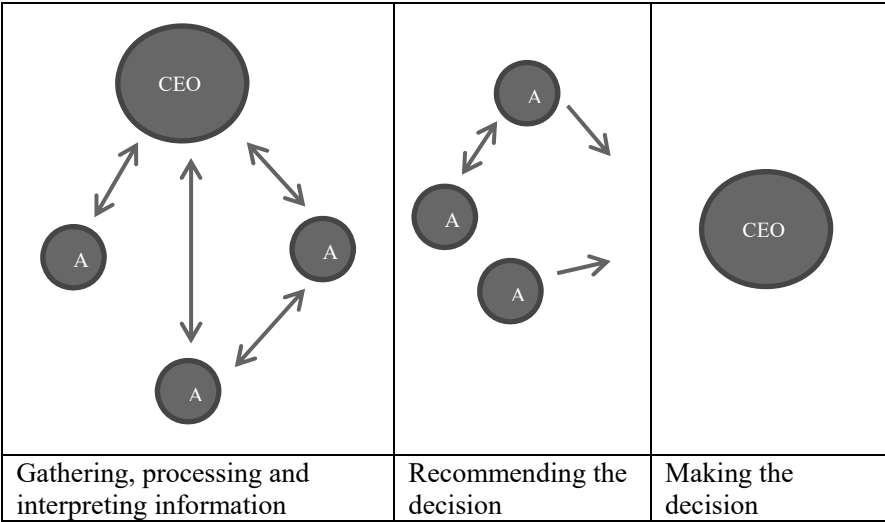


Figure 1 CEO-advisor model (Arendt et al., 2005)

In the situation of a CEO (or the owner-manager(s)) and advisors, decision making is neither an individual judgment or choice nor a group process of people in similar roles. Instead, there is a decision maker, the judge, and there are advisors who provide counsel and advice but do not make the decision (Sniezek & Buckley, 1995). Underlying these direct influences of the advisor in the decision-making process are social processes such as cueing effects and cognitive conflict among the advisors (Sniezek & Buckley, 1995). Arendt et al. (2005) have

added four assertions to the model of Sniezek and Buckley 1995): (1) the CEO has the ultimate power over strategic decision making and his/her leadership style affects strategic decisions and their outcomes, (2) strategic decision making is characterized by ambiguity and complexity, (3) there is high potential for information overload or overreliance on extant mental maps, and (4) top managers rely on advice from social networks that include friends, suppliers, customers, financial institutions, alliance partners, trade associations and many others. Furthermore, the authors have proposed that the environment, the firm's strategy, the characteristics of the CEO, and the selection of the advisors influence the strategic decision-making process and the relationships between the advisors and the CEO.

In addition to the CEO-advisor model, scholars have recognized the relevance of studying the situation of a team of advisors and a decision maker. For example, scholars have been interested in how decision makers combine, aggregate and integrate the opinions of different advisors, which is generally assumed to be done either in an intuitive (subjective) way or in a mechanical way, both of which improve decision accuracy (Yaniv, 2004a). The intuitive approach involves the integration of different advice by assessing the accuracy of each source (based on expertise, confidence and past performance) and the arguments for or against each opinion and attempting to explain away differences in opinion. The mechanical approach implies that a consistent formula is used, for example, averaging (Budescu & Rantilla, 2000; Yaniv, 2004a).

Several factors affect this integration process, including cues for advisors' accuracy (such as expertise, confidence, and past performance), responses to dissent (people usually discount inconsistent inputs) and self-versus others' effects (decision makers generally place more weight on beliefs for which they have more evidence, which are their own beliefs) (Yaniv, 2004a). Budescu and Rantilla (2000) have suggested that the confidence of the decision maker in the aggregated advice varies with the number of advisors involved, the range of opinions of the advisors, the extent to which the advisors are informed, and the cues available to the advisors. Moreover, research has shown that decision accuracy significantly increases by using high-quality advice (*e.g.*, Sniezek, Schrah & Dalal, 2004), especially in a situation in which multiple advisors are involved (Yaniv, 2004a). One of the conditions to obtain optimal accuracy gains involves the independence of the different advisors, because little gain is expected if advisor B is essentially a replica of advisor A (Yaniv, 2004a). Another condition is the optimal number of advisors to be involved when making a decision; three to six advisors suffice to achieve most of what can be gained from averaging a larger number of opinions (Yaniv, 2004a).

## 2.5 Concluding remarks

As discussed in the introductory chapter, decision making in organizations does not occur in isolation. Instead, individuals frequently rely on both internal and

external sources of advice and consult others to adjust or refine their opinions (e.g., Yaniv & Milyavsky, 2007; Reay et al., 2013; Salvato & Corbetta, 2013; Strike, 2012, 2013). This chapter has shown that the organizational science and psychology studies understand advice as a broad concept, implying not only recommendations for something but also recommendations against specific alternatives, along with information exchange, decision support and social support. Moreover, the situation of multiple advisors and one decision maker is widely acknowledged (e.g., Arendt et al., 2005) and studies have focused, for example, on how multiple pieces of advice are integrated and combined by the decision maker(s). However, whereas organizational science and psychology studies have a long history of studying the interrelationships and dynamics between advisors and decision makers, the different roles involved, the extent to which advice is sought and used accordingly or discounted instead, and the characteristics of the issues at hand, along with the advisor, the context and the decision maker influencing the extent to which advice is used, the family firm literature on advising remains quite limited. Research on advisors and advising processes in family firms has addressed different types of advisors, advisor selection processes, the advising process itself, different contexts in which the advising occurs and outcomes (Strike, 2012). Studies have primarily focused on the role of advisors and advice giving (as opposed to advice taking) at the firm level instead at the individual or group levels.

Important conclusions from the literature review in this chapter are that even though a team approach in advising seems promising, very few studies have examined a team approach that uses different advisors in a family firm context (Su & Dou, 2013; Achenbach & Gottschalck, 2016). Whereas some studies use the existence of an advisory board as an independent variable in explaining internationalization, succession satisfaction or the degree of dependence on single decision makers in family firms, our understanding of how advising via a team approach is done, the dynamics involved and the elements that play a role in the emergence process of an advisory board is very limited. Moreover, whereas most studies have focused on the perspective of the advisor and how advice is provided in family firms, little is known about how advice is received and addressed. This conclusion also relates to the finding that most studies have been performed at the organizational level without scrutinizing the interrelations and dynamics at play at the group level, which involves both the advice givers and the advice seekers. Moreover, Strike (2012) stresses that the process of advising and its outcomes should be better understood. These observations and conclusions from the literature review on advising in organizations and in family firms specifically provide a starting point for this thesis, which addresses the emergence process of advisory boards as a hybrid advisory arena involved in strategizing in privately-held family firms. The literature review shown above demonstrates that advising is an activity that is performed regularly in many family firms in various ways, and therefore deserves more attention. Other scholars have already recognized the importance of understanding these advising processes better, but until now we have known little about how and why external advisors address strategic issues in

family firms and whether and to what extent advisors can create value in addressing such issues. Therefore, in terms of both practical relevance and theoretical contributions, it is important to further investigate and problematize how and why advisory practices in family firms emerge.

How a team approach in advising emerges in a family firm context while focusing both on the perspective of the advisors as well as the family firm decision makers on a group level, is an empirical question which should best be addressed on a case-to-case basis. This dissertation addresses some of the limitations of earlier research by performing a longitudinal, micro-level study of the advising process in family firms, in which both the perspective of family firm practitioners and that of external advisors are included. I focus on how and why advisory practices emerge over time and in doing so, I combine insights from the fields of advising, strategy, and family firms, and I integrate them using sensemaking theory. In the next chapter, I will discuss the theoretical perspectives used to build and inform my understanding of the emergence process of advisory boards in family firms.



### 3 Strategy as Practice and the Sensemaking Perspective

This chapter will discuss the theoretical perspectives used in this study, including both strategy as practice perspective and the sensemaking perspective. The chapter starts with an introduction of the strategy as practice perspective and explains why and how this perspective has emerged in the strategy research field. It discusses the insights gained so far, both in the general strategy research field including many different contexts and specifically in the family firm research discipline. The chapter continues by introducing the sensemaking perspective and by showing how this perspective has been used in organization studies. It discusses different forms of sensemaking and how the perspective has already been used in family firm research as well as how it could be applied to understand the phenomenon of interest in this dissertation. The chapter concludes with remarks about my interpretation of the literature review in relation to the focus of this dissertation.

The purpose of using the strategy as practice perspective is both to lay a theoretical foundation for the empirical study and to provide a structure for the first level of analysis. The rationale for using a strategy as practice lens to study the emergence process of an advisory board is that it provides insight into the micro-level interactions in which an institutionalized practice is drawn into an organization and over time is contextualized and adjusted to the specific situation. Even though the decision to work with the sensemaking perspective to interpret the emergence processes of the advisory boards has only been made after having performed the first level of analysis, I will also introduce the sensemaking perspective in this chapter, as this will help the reader to better understand my focus and approach.

#### 3.1 Strategy in family firms

Even if the basic strategic management processes are similar for family and non-family firms, they differ with respect to the goals set, the manner in which the strategic management process is carried out and the practitioners who participate in the process (Sharma, Chrisman & Chua, 1997). These differences, which result from the influence of the family on the firm, have consequences for organizational processes and policies, making them distinct from non-family firms from a theoretical perspective. This distinctiveness motivates research on family firms as a specific organizational setting. The strategy dynamics in family firms have been found to be more complex than in their non-family counterparts. This increased

complexity results from the close connection between the owning family and their firm, the visible and potentially dominant and active owners, the involvement of several generations of owners and family members in the business, the speed of decision-making processes, and the long-term orientation and stability of ownership and management (e.g., Tagiuri & Davis, 1996; Nordqvist & Melin, 2010). Because family firms are not only different from their non-family counterparts but also show large differences among themselves (Melin & Nordqvist, 2007), it is important both to identify which aspects of increased complexity are significant in strategy development and to pay more attention to family firm heterogeneity (Sharma et al., 2014).

Indeed, family involvement has been found to influence the achievement of a strategic fit, explained as an alignment by an organization's strategy and structure (Lindow, Stubner & Wulf, 2010). Even though these researchers have not found evidence for the influence of the family on business strategy, they have found that higher degrees of family involvement lead to more centralized structures. Moreover, specific strategic types of firms were related to a high strategic fit, whereas other strategic types of firms were found to be related to non-fit (Lindow et al., 2007). Barros, Hernangómez, and Martin-Cruz (2016) have tried to realize progress toward a strategic management theory of family firms from a dynamic perspective by addressing the dynamic capabilities approach. These authors have developed a theoretical model suggesting that both the interplay of family involvement and family essence (Chrisman, Chua & Sharma, 2005), captured via the concept of familiness (Habbershon & Williams, 1999), and family learning mechanisms impact the efficient strategic management of family firms. Via an action research approach, Craig and Moores (2010) have studied the implementation of a balanced score card to see how family and business goals were aligned in an effort to improve performance. These authors found that the use of a balanced scorecard helps educate both family members and family owners and supports the communication of commercial realities. In contrast, the balanced scorecard helps the firm be more focused in accordance with the owning family's expectations.

Salvato and Corbetta (2014) have argued that the traditional separation between strategy content and strategy process evaporates in family firms in favor of an integrative view in which strategic content, process and outcomes are entwined. Reviewing the available literature on strategic management in family firms, they have found that the pervasive presence of the controlling family in firm processes and activities transcend boundaries, as suggested by the traditional strategic management literature. Moreover, these authors have noted that in a family firm context it is difficult to separate strategic from operational issues, content from process and the strategy itself from its outcomes, as the commonly held assumptions of strategic management do not hold in a context in which the family plays a central role and there are close relations both among family members and between family and non-family members.

## 3.2 Introduction to strategy research and strategy as practice

The strategy as practice perspective has developed since the late 1990s, as a response to the limitations of the various earlier streams of strategy research. The strategy field has developed into a complex, rich and diverse research field (for recent reviews, see *e.g.*, Powell, Lovaglio & Fox, 2011; Bromiley & Rau, 2016; Pugliese et al., 2009; Hutzschenreuter & Kleindienst, 2006). The theoretical roots of the strategic management domain can primarily be found in economics and the social and behavioral sciences (Bowman, Singh & Thomas, 2006). Bowman et al. (2006) describe three types of academics that have developed in the strategy field over the last 50 years: (1) field researchers (also referred to as institutionalists), who later developed into processual strategy researchers and focus on providing rich descriptions of the elements of strategy and the strategy process from a top manager's perspective, both from within the firm and looking out at the environment, (2) economists (exemplified by Porter), who focus on the relation between industry structural characteristics and the competitive firm strategy, and (3) behavioral scientists, who focus on the functioning and survival of the organization, the behavior of its people and the intra- and inter-organizational networks they adopt. In essence, these researchers have all coped with the question of why some firms are more successful than others (Bowman et al., 2006).

Strategy content research mainly studies organizations from a distance, linking strategic input to output measures via secondary published organizational data (Chia & MacKay, 2007). Strategy process research takes a processual approach to strategy theorizing and seeks to capture the dynamic and evolving qualities of human conduct in organized settings 'in flight' (Chia & MacKay, 2007). Strategy process research assumes that processes are embedded in context, that they are temporally interconnected, that context and actions interact and that processes are linked to outcomes. Strategy process researchers have focused on sequences of incidents, activities and action unfolding over time with the purpose of exposing patterns, variations in processes and variations in outcomes linked to patterns of context and action (Pettigrew, 1997). Chakravarthy and Doz (1992) distinguish strategy process from strategy content research in three ways: focus, disciplinary bases, and methodologies. Whereas strategy content research is concerned with the effective positioning of the firm vis-à-vis its environment, strategy process research is concerned with the processes through which firms achieve and maintain such positioning through both deliberate and trial-and-error action. In addition, whereas strategy content research mainly draws from economic theories, strategy process research builds on multiple disciplines, including psychology and sociology. Finally, whereas strategy content research can be performed using more distant methods, strategy process research calls for more intrusive method designs (Chakravarthy & Doz, 1992). Chakravarthy and White (2006) argue that content researchers have been primarily concerned with describing the

destinations of strategy, but they have failed to understand how to get there. Moreover, whereas process research has focused on the journey, this sub-discipline has not lived up to its promise to connect process to output by disregarding human activities (Chakravarthy & White, 2006). The importance of linking the two research streams has been described by Pettigrew (1997: 340) as follows: *“the irreducible purpose of a processual analysis remains to account for and explain the what, why and how of links between context, processes and outcomes”*. In Pettigrew’s view, a strategy process cannot be studied without engaging in the content (the what) and linking it to the context.

Whereas strategy process research has started to humanize the field of strategic management by attending to agency, dynamics and time (Pettigrew, Thomas & Whittington, 2006), it has not come close enough to the actual position, roles and activities of the actors involved (e.g., Johnson et al., 2003). Critics of strategy process research contend that although process research has come to be concerned with topics such as organizational politics and tensions, the main unit of analysis of this research stream continues to be the entire organization and the systems and processes of organizations, instead of the micro-level particulars of managerial activity and practices inside these processes (Johnson et al., 2007; Balogun et al., 2003; Whittington, 1996).

### 3.2.1 *Strategy as practice perspective*

The strategy as practice perspective can be viewed as a complement to the strategy process literature, because its limitations form the rationale of strategy as practice (Nordqvist, 2005). This is part of a so-called practice turn in the social sciences, and organizational research in particular. The practice turn builds on several schools of thought, including not only philosophers such as Foucault and Heidegger, sociologists such as Giddens, anthropologists, activity theorists, discourse analysts and feminist scholars (Golsorkhi, Rouleau, Seidl & Vaara, 2010) but also strategy scholars (Carter, Clegg & Kornberger, 2008). The general practice perspective in organizational research has the purpose of studying and understanding what occurs in and around organizations in everyday life. Specifically, practice research seeks to understand how agency, structure, activities and institutions are related in social systems, cultures and organizations (Golsorkhi et al., 2010).

Strategy as practice broadens the scope of strategy research and our understanding of performance (Vaara & Whittington, 2012). It aims to integrate all theoretical dichotomies in the strategic management literature (content versus process, deliberate versus non-deliberate, planned versus emergent, profit-maximizing goals versus other objectives). Moreover, its purpose is to understand human agency in the construction and enactment of strategy in relation to its context (Johnson et al., 2007; Golsorkhi et al., 2010). By drawing on insights from sociology, strategy as practice scholars have shifted their focus toward the *“recursive interaction among people, activities, artifacts and contexts”* while engaging in daily strategic work in its natural organizational settings (Orlikowski,

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2010: 26). The practice perspective is particularly well positioned to address organizational phenomena with relational, dynamic and emergent characteristics (Orlikowski, 2010). Therefore, it has the potential to fit strategy, which has been argued to have such relational (Cohen & Prusak, 2001), dynamic (Teece, Pisano & Shuen, 1997) and emergent (Mintzberg, 1994) characteristics, particularly well. Mintzberg has been credited by practice researchers with being one of the few who has already explored what managers actually do while engaging in strategic work (the detailed activities involved in strategic planning, coordinating and organizing) in the 1960s and 1970s (Haag, 2012; Johnson et al., 2007).

Strategy as practice studies have enriched traditional strategy research with numerous distinctive features (Vaara & Whittington, 2012). As a consequence of bringing human actors and their actions, interactions and negotiations to the center stage of strategy research (Floyd, Cornelissen, Wright & Delios, 2011), strategy as practice research primarily draws from sociological theories instead of economic theories. The strategy as practice scholars are not only interested in the formal actors. They argue that strategy is also about those actors that have a role in shaping strategy elsewhere in the organization (Jarzabkowski et al., 2007). Strategy as practice also aims to further humanize the field by focusing on emotions, motivations, and interpersonal dynamics involved (Jarzabkowski & Spee, 2009). Through the inclusion of these elements, strategy as practice studies offer a deeper level of explanation and understanding regarding the nature of strategic activities in such varied subject areas as human beliefs, interpersonal relations, organizational norms, organizational arenas, power relationships, and conflicts of interest in strategy-making (Rasche & Chia, 2009).

Strategy as practice also broadens our understanding of what strategy is. Following the strategy as practice perspective, strategy can be conceptualized as *“a situated, socially accomplished activity, while strategizing comprises those actions, interactions and negotiations of multiple actors and the situated practices that they draw upon in accomplishing that activity”* (Jarzabkowski et al., 2007: 7-8). Consequently, in terms of outcome, the strategy as practice perspective acknowledges that strategies are the outcome of these complex social processes and that there is messiness in the interpersonal relationships and political processes involved (Johnson et al., 2007). Accordingly, instead of viewing strategic outcomes at the firm level such as financial performance, the selection or emergence of a specific strategy, or innovation measures, strategy as practice scholars are much more interested in micro-level phenomena such as (intermediate) process outcomes, the effects of strategy tools, and the involvement of particular types of practitioners. Moreover, strategy as practice extends the understanding of performance, for example, by an interest in how managers “perform” their roles.

Third, this new focus on the micro-level embedded in a social structure and broader understanding of strategy has also led to an increased variety of organizations studied, including not-for-profit organizations such as orchestras (Maitlis & Lawrence, 2003), universities (Jarzabkowski, 2003, 2008), and city administrations (Kornberger & Clegg, 2011). Moreover, the strategy as practice

perspective has achieved a substantial methodological shift. In addition to the focus of the process tradition, strategy as practice scholars are committed to studying the human actors and their strategy-making activities much more intimately (Jarzabkowski & Spee, 2009; Johnson et al., 2003). Instead of inquiring (often only) the top managers about the long-run evolution of strategies in retrospect, strategy as practice researchers intend to follow the actual making of strategy directly and in real time using different, specific methods to get to this micro-level, including participant observation, diaries and video ethnography. In line with other features, strategy as practice also specifically recognizes the role of practices - standard tools and ways of doing things - that both enable and constrain strategy-making activities.

Overall, it can be concluded that strategy as practice research has shifted focus toward strategy both as something that people do in interaction with each other and the effects of what they do (Johnson et al., 2003; Whittington, 2004). This implies that strategic work is not the same for all organizations (Nordqvist & Melin, 2010). Because of its focus, strategy as practice studies have the potential to overcome the taken for grantedness of the who, the where, and the how of strategizing, especially with respect to the role and meaning of different strategists in creating a strategic outcome (Johnson et al., 2007). One example of how the strategy as practice perspective can enrich or complement existing strategic management research involves identifying those resources that practitioners can practically manage because these resources comprise the roots of the potential competitive advantage, as argued by the resource-based view (Johnson et al., 2007).

### 3.2.1.1 Practices, praxis and practitioners

The focus on practices, praxis and practitioners is used widely in the strategy as practice field (Whittington, 2006; Jarzabkowski et al., 2007) and is also referred to as the what, the how and the who of strategy practice (Jarzabkowski et al., 2016). Practices are common across organizations and refer to the various tools, norms, discourses, routines, communication habits, systems, techniques, and procedures of strategy work, including analytical frameworks such as Porter's Five Forces, SWOT-analyses, strategic planning, Power Point presentations and strategy workshops and other strategy episodes. They exist at the institutional level and are situated and localized at the organizational and individual levels when practitioners start using the practice (Whittington, 2006). Reckwitz (2002) argues that saying that practices are social practices is a tautology: *"a 'practice' (Praktik) is a routinized type of behavior which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, 'things' and their use, a background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge. A practice – a way of cooking, of consuming, of working, of investigating, of taking care of oneself or of others, etc. – forms so to speak a 'block' whose existence necessarily depends on the existence and specific interconnectedness of these elements, and which cannot be reduced to any one of these single elements"*

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(Reckwitz, 2002: 249). Practices are also referred to as routines (Johnson et al., 2007; Whittington, 2006), particularly the ostensive aspect of routines. Feldman and Pentland (2003: 95) have defined routines as *“the repetitive, recognizable patterns of interdependent actions carried out by multiple actors”*, and the ostensive element of routines relates to the structural and schematic form of the routine, which provides a source of stability (Feldman & Pentland, 2003). In addition to their ostensive aspect, routines involve a performative element that relates to the actual performance of the routine by specific people, at specific times, in specific places (agency), allowing flexibility and change (Feldman & Pentland, 2003). Vaara and Whittington (2012) have provided a review of strategy as practice studies and found that in general, strategic practices are complex, flexible and polyvalent and their function extends support in decision making. They also serve to include and exclude, legitimize and delegitimize and influence strategic outcomes.

The other two key parameters in the strategy as practice perspective are praxis and practitioners (Whittington, 2006). Praxis refers to the specific human activity involved in strategy-making (such as strategic planning processes or meetings, either formal or informal). Praxis relates to the flow of activity in which strategy is accomplished, for example, in a board meeting. The performative element of routines mentioned above is closer to what is meant by praxis than practice because of their relationship between the action and the context in which the action occurs (Johnson et al., 2007; Whittington, 2006). The individuals who engage in strategy, i.e., those actors who do the work, are referred to as the practitioners. These individuals are either involved in or seek to influence strategy-making (Vaara & Whittington, 2012).

It is clear that these three research parameters are strongly linked: practitioners use specific strategic practices in different situations and work with them (praxis). Indeed, Vaara and Whittington (2012), in reviewing the work of Foucault, Bourdieu and Giddens, argue that in one way or another, practitioners are never detached from their contexts, but they see their possibilities defined by the practices in which they are immersed.

#### 3.2.1.2 Strategy as practice following the empirical mode

In this dissertation, I choose to adopt the strategy as practice perspective and use its understanding of strategy to inform my empirical analysis. Feldman and Orlikowski (2011) have argued that the strategy as practice perspective can be understood in three different ways to study strategy phenomena (Feldman & Orlikowski, 2011): practice as a phenomenon providing insight into the ‘what’ (the empirical mode), practice as a perspective providing insight into the ‘how’ (the theoretical mode), and practice as a philosophy providing insight into the ‘why’ (the philosophical mode). These modes of practice research are not mutually exclusive, but entail different assumptions about the power of practice to explain the world and therefore have different implications for how practice studies are understood and performed (Orlikowski, 2010). Whereas the phenomenon mode seeks to bridge the gap between theory and practice by

engaging more deeply in the empirical details of organizational life on the ground, the perspective mode offers a different way of understanding and claims that practices shape reality and thus that practices should be treated as a focal lens through which to inquire into social reality. Engaging with practice as a philosophy implies that actors and agency are treated as a product of their practices, conceiving practice as constitutive of all social reality (Golsorkhi et al., 2010).

Instead of working with practice theory or practice philosophy, I have decided to work with the ‘what’ mode (Feldman & Orlikowski, 2011), using the strategy as practice perspective and its main concepts (practices, praxis and practitioners) as my guiding theoretical perspective. In this dissertation, I show that a micro-level approach is essential to understand both why and how the role of a new advisory arena emerges and becomes involved in strategizing in family firms over time through interactions between the practitioners, the practices that they adopt, the praxis in which they engage, the issues discussed, contextual issues such as the life stage of the firm and the level of the family involvement play, and how the practitioners make sense of that.

### 3.2.2 Overview of the key literature

The last two decades have witnessed a surge of interest in what practitioners are doing in practice while working on strategic issues with the aim of bridging the gap between theory and practice. Whereas our central mission as scholars is to conduct research that both advances a scientific discipline and enlightens practice in a professional domain, reality shows that we rarely succeed in doing so (Van de Ven, 2007). *“Growing evidence suggests that organizational and management research produces knowledge that is distant from management practice, rather than knowledge that helps advance that practice”* (Sandberg & Tsoukas, 2011: 338). After twenty years of working with the strategy as practice perspective (the perspective was introduced in the mid-1990s by, among others, Whittington (1996)), the first literature reviews of strategy as practice studies and the progress of this research stream have been published (e.g., Jarzabkowski & Spee, 2009; Rouleau, 2013; Vaara & Whittington, 2012).

To get an idea of the progress made in addressing the gap between theory and practice, an overview of key articles and books on the strategy as practice perspective and their main findings or message has been provided in Appendix B. This overview of studies shows that much of the work done is conceptual, including suggestions for philosophical (e.g., Chia & Holt, 2006; Feldman & Orlikowski, 2011), theoretical (e.g., Chia, 2004; Denis, Langley & Rouleau, 2007) and methodological approaches (e.g., Balogun et al., 2003; Samra-Fredericks, 2003) to get the most out of the practice turn to strategy research. Some of the articles provide a review of the literature available (e.g., Jarzabkowski & Spee, 2009; Vaara & Whittington, 2012) and others offer a research agenda and/or frameworks to be used (e.g., Johnson et al., 2003; Whittington, 2006). In addition, an overview of the different levels of analysis



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that can be used in the strategy as practice studies has been provided (Johnson et al., 2007). Various theories are used in various articles and books, among which the most popular are theories from social practice (*e.g.*, Whittington, 2007; Lounsbury & Crumley, 2007; Jarzabkowski, 2008), discourse theories (*e.g.*, Laine & Vaara, 2007; Fenton & Langley, 2011; Knights & Morgan, 1991; Hendry, 2000), and sensemaking (*e.g.*, Maitlis & Lawrence, 2007; Rouleau & Balogun, 2011).

The empirical studies show that a diversity of themes is addressed in the strategy as practice domain. Whereas Kaplan (2011) and Hodgkinson, Whittington, Johnson, and Schwarz (2006) have focused on the use of formal practices in strategizing, such as the use of Power Points and the role of strategy workshops in strategy development, others have looked at specific contexts in which strategizing occurs (*e.g.*, Regnér, 2003). Moreover, studies have looked at specific practitioners engaged in strategizing, including middle management (*e.g.*, Balogun & Johnson, 2005; Rouleau, 2005), top management (*e.g.*, Jarzabkowski, 2008; Hodgkinson et al., 2006), and both top and middle management and the interaction between the two (*e.g.*, Laine & Vaara, 2007; Mantere, 2008).

Jarzabkowski and Spee (2009) have offered a typology of domains addressed by strategy as practice studies so far. These authors show that most theoretical work has been performed in the domain that combines the extra-organizational aggregate practitioner level with praxis performed at the macro level (institutional). Most of the empirical work has been performed at the aggregate practitioner level (but still within the organization) and strategy praxis at the meso level (organizational). The focus of current empirical studies shows that strategy as practice scholars are interested in how groups or teams of practitioners shape and are shaped by sub-organizational and organizational level activity, which is quite consistent with the earlier strategy process traditions of research. Jarzabkowski and Spee (2009) conclude that despite repeated calls from the field to focus more on the link between macro societal phenomena and micro managerial actions, studies largely fail to respond to these calls.

The work of Jarzabkowski (2005) is quite interesting regarding the topic of interest in this study. Using the strategy as practice perspective, she distinguished two different and complementary strategizing practices employed by top managers: procedural strategizing and interactive strategizing. Procedural strategizing refers to formal administrative practices and diagnostic controls embedded within routine practices, such as strategic plans, budgets, reviews and performance targets. Procedural strategizing provides structure for the development and execution of strategy in firms. Its strength lies in maintaining existing strategies, and its main weakness is that it may tend toward inertia (the focus of strategizing becomes the procedural practices themselves rather than the strategic goal or direction of the business). Interactive strategizing involves interaction between top management and other actors involved in strategizing to generate shared, negotiated frameworks of meaning, leading to the development and execution of strategy in organizations. Simultaneously, it involves a form of normative control because interactive strategizing frames actions as either

legitimized activity or not. Its strength lies in reinterpreting existing strategies, reasserting their importance within the business and realigning activities and policies with goals. Its weakness is that the frameworks of meaning are not durable, but must be continuously reconstructed.

### *3.2.3 Most recent insights*

In recent years, the literature has also shown a mix of conceptual (*e.g.*, Balogun, Jacobs, Jarzabkowski, Mantere & Vaara, 2014; Herepath, 2014) versus methodological and empirical contributions (*e.g.*, Kaplan & Orlikowski, 2013; Liu & Maitlis, 2014). Herepath (2014) provides an ontological contribution by suggesting the use of realist social theory to address the question of how strategy, as a situated, socially accomplished activity, is shaped by the interplay of structure and agency. Instead of following the general notion of social practice that structure and agency are mutually constituted, Herepath suggests separating structure from agency and practice while recognizing their interdependence by using Archer's realist social theory. Realist social theory also assigns a special role to the reflexivity of agents and the temporal dimension of social transformation or reproduction, facilitating the examination of their interplay in strategy formation and strategizing.

Seidl and Whittington (2014) have also provided an ontological contribution by focusing on the level at which practice is studied. Studies have taken different approaches to the level of practice. Some regard practice as a single-level concept, focusing on activities (negotiating, coordinating), tools (strategic planning tools), or routines. Others regard practice as an inter-relational concept, something that is done or used in relation to others or as something that is hierarchically dependent on larger macro structures or systems. Alternatively, practice is viewed as a multi-level concept, at once involving the micro-level strategizing praxis, the firm and the context (including the network of the actors, the market, and the society at large). Seidl and Whittington (2014) have labeled these different ontological views as micro-isolationism (single-level), flat ontology (reaching out horizontally) and tall ontology (reaching out vertically). The authors formulated three guidelines to protect against empirical micro-isolationism: (1) context should invite systematic investigation and analysis both theoretically and empirically, (2) researchers should be reflexive regarding their choices between taller or flatter ontologies, and (3) researchers should stick to the logic of the ontological choice made throughout the study performed. Elbasha and Avetisyan (2017) have followed up on this challenge to move beyond micro-isolationism by conceptualizing the strategic actor at the field level. By integrating the strategy as practice perspective and neo-institutional theory, the authors have developed a theoretical framework, taking corporate social responsibility rating agencies as an example of such supra-individual social actors at the field level.

Balogun et al. (2014) have contributed by providing a literature review of the discursive aspects of strategizing and have categorized the work in that area into six broad discourse perspectives that have been used to explore strategy and

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discourse: post-structural, critical discourse analysis, narrative, rhetoric, conversation analysis, and metaphor. The review shows that strategy as practice studies have primarily focused on language and communication, without considering the physical, social, and psychological dimensions in practices used in strategy development. The authors have suggested a framework to explore the potential of discursive scholarship by integrating different theoretical domains (sensemaking, power, and sociomateriality) and levels of context (institutional, organizational, and the episodic) relevant to strategy scholarship. This framework has been used both to position the available literature and to identify a research agenda for advancing research on strategy and discourse.

Jarzabkowski and Kaplan (2015) have provided a conceptual contribution by focusing on tools used by strategy makers. The authors have suggested a framework for seeing strategy tools (including frameworks, concepts, tools and methods such as Porter's Five Forces) through the sociological lens, studying their selection, their application, and the outcomes in association with their use. This framework has the potential to enhance our understanding of which tools are used, why uses other than the textbook description may not be wrong, and what outcomes managers seek from tools. Tsoukas (2017) has proposed to consider the moral dimension that underlies the enactment of practices (what is good and what is acceptable). Following Tsoukas (2017), this is important because actions are driven by collectively constituted objectives and these objectives not only are technical but also consist of values. These values shape the moral commitments that guide the activities of the practitioners.

In addition to these conceptual papers, empirical contributions have been presented in recent years. The interest in tools and how they are used has also been addressed in an empirical contribution of Jarzabkowski and colleagues in which they report findings concerning the use of material artifacts in strategizing activities (Jarzabkowski, Spee & Smets, 2013). The authors have found that various artifacts are used in strategizing, including pictures, maps, data packs, spreadsheets and graphs. These authors have shown that these artifacts are not strategic in themselves; instead, it is the use of the artifact within a situated context that represents strategy work. Moreover, they have found that in strategy work, the use of artifacts evolves to the use of other artifacts through a process of substitution. Whereas Jarzabkowski et al. (2013) have focused on artifacts and the praxis through which they are used (even though the authors themselves use the word practice instead of praxis), Kaplan and Orlikowski (2013) have focused on practitioners. Studying an organization facing an industry crisis, these authors have analyzed 5 cases of strategy projects in which practitioners struggled with multiple and competing interpretations of possible future situations, the stakes involved and past events. Via temporal work in which practitioners made sense of the past, present, and future to settle on a collective strategic account (which is coherent, plausible, and acceptable), strategic choice and action were enabled. Liu and Maitlis (2014) have studied the role of emotions in discourse through which strategy is constructed. Through an analysis of conversations about various strategic issues across top management team meetings, the authors have identified

five different types of emotional dynamics (varying in the sorts of emotions displayed, their sequencing and overall form), each associated with a different type of strategizing process in terms of how issues are proposed, discussed, and evaluated and whether decisions are made or postponed. The authors have suggested that urgency has an important influence on these dynamics and processes and that team relationship dynamics are a key mechanism linking the emotional dynamics and strategizing processes.

As shortly referred to in the introduction, K. P. Hendry et al. (2010) have studied how boards strategize. Following up on Jarzabkowski (2005), these scholars have found that the use of either procedural or interactive strategizing is influenced by three factors and the interaction between them: the strategic stance of the board, the power (im)balance between the board and management and the perception of practice legitimacy. This study has provided insight into how boards support strategic processes in the firm by focusing on the role of procedural and interactive strategizing in managing situations of strategic stability and change. Moreover, a recent study performed by Concannon and Nordberg (2017) has shown that departing from increased formalization of board processes, the engagement of boards in strategizing has changed. This study has shown that liminality is needed to achieve collaborative and creative strategic discussions and that informal practices such as dinners, away days and private conversations are important to create liminality. Liminality refers to the time and space on thresholds between two states in which temporary equality and a sense of feeling are created between participants to facilitate processes. It is interesting to note that the concept of liminality has also been used in relation to consulting (Czarniawska & Mazza, 2003).

### 3.3 Strategy as practice in family firms

The extent to which the strategy as practice perspective has been applied by family firm scholars studying strategic management issues is somewhat limited. However, the strategy as practice perspective is particularly promising in strategy research in family firms because its micro-level focus has the potential (1) to identify those characteristics that make family firms a special case compared to non-family firms, (2) to focus on the role of family practitioners (including their emotions, motivations and interpersonal dynamics) in strategy, and (3) to provide insight into the details of strategy work in family firms (Nordqvist & Melin, 2010). In addition, the strategy as practice perspective broadens the view on strategy and its outcomes because it is concerned with a range of outcomes such as the understanding of practitioners or processes or the effects of the use of specific tools. The understanding of performance in particular often means more than just economic performance, especially in the family firm context (Gómez-Mejía et al., 2007). Moreover, the strategy as practice perspective challenges current strategy research that primarily focuses on large organizations. The bulk of the strategic management literature even neglects firm size, often assuming that

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research results apply to all sizes of firms. By specifically addressing the social and institutional context while studying strategic activity, strategy as practice provides for a more elaborate understanding of contextual influences. This attention to how the firm is embedded in its environment, and in the case of a family firm in its family structure, is promising for the family firm research field because it can build our understanding of how the family influences how strategic management is practiced. A few studies have applied a strategy as practice lens and will be discussed hereafter.

An early strategy as practice study in a family firm context was performed by Hall (2003). Her doctoral dissertation was about strategizing in the context of close relations between family members, with a focus on everyday interactions and strategic outcomes for family firms. Through three in-depth case studies, Hall (2003) has explored the simultaneous needs for separation and belonging while strategizing and has found that the firm is assigned meaning both as a means of individuation (separation) and as an extension of the family and its core values (belonging). These identity-informed interactions are fulfilled in the top management positions, and Hall (2003) has argued that it is important to recognize this and take it into consideration during events of role transitions to sustain strategic renewal over time. Also Hall, Melin, and Nordqvist (2008) have argued for the relevance of strategizing as a fruitful perspective for understanding strategic work in family firms. These researchers suggest that a focus on values, roles, arenas and legitimacy are especially interesting to understand how and why strategizing in family firms unfolds over time and results in specific strategic outcomes, as these elements give strategizing a specific character in the family firm context. Nordqvist and Melin (2008) have elaborated and focused on the specific tasks of strategy practitioners who introduce, promote and guide the strategic planning process in an organization, referred to as strategic planning champions (SPCs). These authors have found that to work effectively, SPCs must perform three roles, in addition to the 'normal' qualifications (being a competent and technically skillful strategic planner and thinking expert). These roles involve being (1) a social craftsperson, (2) an artful interpreter, and (3) a known stranger, all while being attentive and respectful toward specific values, interests and concerns that form the rules of the game for the work of strategy practitioners. Nordqvist and Melin (2010) have identified three dimensions of strategic planning practice (planning modes, planning motives and planning arenas), through which they analyzed how that practice was linked to both local understandings and broader institutionalized understandings. These authors have found that the family context influences how strategic planning is practiced, including both the process of strategic planning and the meaning that is assigned to the practice by the practitioners. In her dissertation, Haag (2012) suggests considering family firm succession as an ongoing, integrated and daily practice. Based on a practice-ontology, practice theory and studying a case of succession by using a practice-oriented design, she understands succession as a continuous flow of activities embedded in the everyday life of business families that is not limited to specific events or time frames. Instead, via socialization in everyday routines, the family

members are engaged and trained to possibly lead the firm in the future. Haag questions the common assumption of seeing succession as a purpose in itself and instead proposes to develop the general view from 'taking over' to 'being part.' Nordqvist (2012) has further developed the findings from his dissertation on the role of ownership in strategizing (Nordqvist, 2005) by exploring the roles of actors (practitioners) and arenas in strategy processes in family firms. Based on three in-depth case studies, he has introduced the concepts of the Simmelian stranger and the hybrid arena to understand strategizing in family firms. Nordqvist (2005), who added the research parameter of arena to the other parameters (practice, praxis and practitioners), understands the arena as the platforms or venues for communication and strategic dialogue that arise through the dialogues around issues that are strategic to the individual firm. Often, firms have multiple arenas, including both formal and informal ones, virtual and physical ones, open and closed ones, across different layers and involving different practitioners, where the strategizing occurs. This is of special importance to the context of family firms, because there are extra 'family arenas' in which strategic work can occur. In addition to informal dialogues between strategy practitioners at the coffee machine or over drinks after work, family members have the ability to continue strategic discussions at home. The practitioners involved in strategizing are understood as those who play a crucial role in some part of the strategy process based on either their formal position (e.g., membership of the senior management team) or their informal position (e.g., the best friend of the director). Nordqvist (2012) suggests that it is not always necessary to position a practitioner either as a family member or as a non-family member, because there are practitioners involved who play a key role in the strategizing and who combine elements of both the family and the non-family and the external/internal dimensions. These persons with such a hybrid nature are referred to as Simmelian strangers. Nordqvist (2012) has arrived at a similar finding regarding the arenas, as the hybrid arena would show both formal and informal elements. He argues that these new concepts develop our understanding of where, with whom and how strategic work occurs in family firms.

## 3.4 Strategy as practice challenges

### 3.4.1 *What is a practice?*

One important challenge of the strategy as practice perspective is that the concept of strategic practices has been employed in many different ways in the strategy research (Johnson et al., 2007). There is considerable definitional uncertainty regarding the key concept of 'practice' as employed by researchers, with some scholars even arguing that the conception of 'practice' is exclusionary, underdeveloped, and 'contradictory and confusing' (Brown & Thompson, 2013; Rouleau, 2013). Additionally, Carter et al. (2008) note that the concept of practice is not clearly defined. These authors relate to the work of Jarzabkowski (2004),

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who assigns a different meaning to the singular versus plural form of the word practice and relates the term both to structure and agency by using the concepts of recursiveness and adaptation. Vaara and Whittington (2012: 286) explain that the label of practice *“carries with it a double meaning: ‘practice’ signals both an attempt to be close to the world of practitioners and a commitment to sociological theories of practice”*. As noted by Rouleau (2013), not only do the definitions of practice differ but also, as a consequence, the units of analysis are different and various theoretical and methodological influences are employed under the general label of practice. Indeed, the variety of views on what a strategy practice is and the theoretical perspectives by which it can be studied is very large, including critical discourse theory (e.g., Vaara, Kleymann & Seristö, 2004), sensemaking theory (e.g., Balogun & Johnson, 2005; Rouleau & Balogun 2011), and a stronger focus on sociological theories and practice theory (e.g., Chia & MacKay, 2007; Whittington, 2010). It is often used to discuss the ways of doing strategy on the micro level, the routines involved, and the social, symbolic and material tools through which strategy work is accomplished. Instead of, or in addition to, the context specificity in which the practice is employed, practices are also sometimes considered to be common across organizations, including institutional procedures, norms, communication habits, systems, techniques and strategy tools, and strategy episodes. Rouleau (2013) explains that a practice has been viewed as managerial action, as a set of tools, as knowledge, as organizational resources and as global discourse. Many studies do not define what exactly is meant by strategy practice or how it is measured.

Exceptions include the work of Whittington and Jarzabkowski. According to the early writings of Whittington on strategy practice (1996), practice is concerned with the work of strategizing, including meeting, talking, form filling, and number crunching, and how strategy is formulated and implemented. Jarzabkowski (2003, 2004) provides a rather confusing account of the meaning of strategy practice versus strategy practices, as also noted by Carter et al. (2008). She argues that practice relates to *“the interactions and interpretations from which strategic activity emerges over time”* and that practices *“are those habits, artifacts, and socially-defined modes of acting through which the stream of strategic activity is constructed”* (Jarzabkowski, 2003: 24). She views practices as the infrastructure through which micro strategy and strategizing occurs, generating an ongoing stream of strategic activity that is practice. These definitions also evolve over time. In 2006, Whittington aimed to integrate the intra- and extra-organizational levels in strategy as practice research and suggested a framework based on the three core concepts of the strategy as practice perspective: strategy praxis, strategy practice and strategy practitioners. To define practices, he follows Reckwitz (2002) by saying that practices guide strategy activity and include shared routines of behavior, traditions, norms and procedures for thinking, acting, and using things. He adds that such practices include both the tacit and informal, and the explicit and formal and argues that practices are multilevel. In contrast, Jarzabkowski (2003, 2004) has a different understanding of practice, explaining it as the strategic activity that Whittington (2006) calls

praxis. In 2009, Jarzabkowski and Spee (2009: 82) defined practices as “*a complex bundle involving social, material and embodied ways of doing that are interrelated and not always articulated or conscious to the actor involved in doing.*”

Many studies tend to argue for either/or approaches in demarcating what practice means to them, depending on the topic of interest. One important distinction that is made is the building versus the dwelling mode of strategizing (Chia & Holt, 2006). The building mode considers strategizing and strategic practice to be deliberate and purposeful, whereas the dwelling mode views strategy to emerge non-deliberately through everyday practical coping, where strategic intent is immanent in action. Another important distinction that is often made in strategy as practice studies is a focus on either discursive practices (e.g., Samra-Fredericks, 2003; Vaara et al., 2004) or non-discursive practices (e.g., Eppler & Platts, 2009). The level at which practice is studied also varies widely across studies. Some look at practice as a single-level concept, focusing on activities (negotiating, coordinating), tools (strategic planning tools), or routines. Others look at it as an inter-relational concept, something that is done or used in relation to others or as something that is dependent hierarchically on larger macro structures or systems. Alternatively, it is viewed as a multi-level concept involving the micro level strategizing praxis, the firm and the context (including the network of the actors, the market, and the society at large). Seidl and Whittington (2014) have labeled these different ontological views as micro-isolationism (single-level), flat ontology (reaching out horizontally) and tall ontology (reaching out vertically). Instead of focusing on specific characteristics or levels of practice in studying strategy, Whittington (2006, 2007) strongly argues for an inclusive view of strategy practices. Developing our understanding of how strategy is practiced is however very difficult when we compare different interpretations and meanings and therefore are unable to build on each other's work. Providing more clarity about what we mean by strategy or strategic practice will enhance our knowledge development of strategy practice.

### 3.4.2 *Other challenges to be addressed by future studies*

Another issue associated with the strategy as practice perspective is that it might be too demanding to fulfill. Strategy as practice is claimed to have a wider scope than strategy process because it views strategy as a social practice encompassing not only process but also routines, procedures, resources, materials, etcetera (Whittington, 2007). The broadness of studying the micro-level practices used and praxis performed by the practitioners while aiming to understand the macro environment implies the danger of getting lost, because the boundaries of what should be included and excluded as part of strategic work is not clear. Strategy as practice research is further criticized for its lack of distinctiveness from the process approach, for the methodological individualism that still dominates much of the studies and the concern for the social embeddedness of strategy making, which has been largely missing (Chia & MacKay, 2007; Tsoukas, 2010; Carter et



al., 2008; Whittington, 2007). Carter et al. (2008) note that even though the strategy as practice perspective stresses the inclusiveness of practitioners at all levels of the organization, most studies stress and focus on the managerial level. They even argue that the strategy as practice approach is close to functionalism: *“intentionally or not, the strategy as practice approach positions itself as a problem-solving tool for managerial elites”* (Carter et al, 2008: 88). Rouleau (2013) also argues that strategy as practice scholars mainly focus on the practitioner level, studying the performance of strategic practices (routines, interactions, conversations) that lead to the enactment of strategy and strategy outcomes, but the linkages between these practices and their organizational and institutional contexts are of equal importance and interest to this perspective. Even though Chia and MacKay (2007) see the turn to strategy practice as a ‘genuine opportunity,’ they also stress the necessity of clarifying and articulating an alternative set of ontological and epistemological premises to theorize strategy. Tsoukas (2010) approves of the notion that non-deliberate modes of action should be taken into consideration when studying strategy as a practice, but he warns that this view should not be pushed too far in the opposite direction. Instead, strategy practice incorporates both non-deliberate and deliberate actions and practice research should therefore be attentive to both.

## 3.5 Sensemaking perspective

Sensemaking is a critical organizational activity, especially in this time of quick technological progress and change causing uncertainty and ambiguity. By attempting to interpret and explain sets of cues from their environments, people act and create rational accounts of the world (Maitlis, 2005). In its most general sense, sensemaking is the process by which people work to understand and give meaning to issues, events and experiences that in some way violate their previously held expectations (Maitlis & Christianson, 2014). The sensemaking perspective itself has been developed and elaborated on since the late 1960s, but its roots can be traced back to the work of Dewey and James (Dewey (1922) and James (1890) in Maitlis & Christianson, 2014). Both James and Dewey assumed that individual thought is a product of social activity and therefore, social behavior and cognition are fundamentally interrelated (Hardin & Conley, 2001).

Karl Weick linked sensemaking to organizations. In essence, sensemaking is important to organizations because organizational members often encounter moments of ambiguity or uncertainty, after which they seek to clarify what is happening. Moreover, organizing and sensemaking are both about individuals organizing to make sense of equivocal inputs and to enact this sense back into the world to make it more orderly (Weick, Sutcliffe, & Obstfeld, 2005). In Weick’s view, rather than talking about organizational behavior, which he considers a problematic term in many ways, it seems much more useful to understand the ways in which enduring individual dispositions are expressed in an organizational setting and the effects of such expressions (Weick, 1979).

Even though sensemaking is defined in different ways, scholars generally agree on the following aspects: (1) sensemaking is dynamic and considered as a social activity, (2) cues play a central role in sensemaking, and (3) sensemaking is about the enactment and ordering of the environment (Maitlis & Christianson, 2014). Weick et al. (2005) argue that sensemaking research fills important gaps in organizational theory in many ways. It links micro-level mechanisms to changes on the macro level and thereby incorporates meaning and mind into organizational theory. Instead of distinguishing between mind and action, sensemaking focuses on the interrelationship between them and the order in which action, cognition and decision-making occur. In addition, sensemaking concentrates on the reciprocal relationship between the agent and the environment. It provides a foundation and background for an attention-based view of the firm and it balances prospect in the form of anticipation and retrospect in the form of resilience. Moreover, it allows for the interpretation of breakdowns as occasions for learning rather than as threats to efficiency and it provides a foundation to treat plausibility, incrementalism, improvisation, and bounded rationality as sufficient to guide goal-directed behavior. Research has shown that sensemaking enables strategic change processes, organizational learning and organizational outcomes such as innovation and creativity (Maitlis & Christianson, 2014). Additionally, following Sandberg and Tsoukas (2015), the sensemaking perspective has contributed to organization studies in several ways: it has been a source of inspiration to social constructionist, interpretative and phenomenological perspectives and to process studies, and it has largely influenced the practice literature (Whittington, 2006). Indeed, as noted by Golsorkhi et al. (2010), a significant number of strategy as practice studies have focused on the study of sensemaking in strategizing, elaborating specifically on the social dimensions of sensemaking. Examples include the work of Balogun and Johnson (2004, 2005), who have focused on the socially negotiated nature of sensemaking, the study performed by Kaplan (2008), who focused on how framing influences decision making via political contests, the study of Fenton and Langley (2011), who focused on how narratives are used to give meaning to strategizing that emerges from sensemaking activities, the work of Rouleau (2005), who studied interactions between middle managers and firm stakeholders and the sensemaking activities of the managers during episodes of strategic change, and Rouleau and Balogun (2011), who studied middle managers during processes of change and argued that the strategic sensemaking and sensegiving of middle managers is embedded and formed through their ability to set the right scene and perform the conversation that fits that scene. Very recently, sensemaking has also been used to explain the interaction and relationship between the most trusted advisors and the decision maker(s) in the family firm context (Strike & Rerup, 2016).

### 3.5.1 *Sensemaking perspective used in organization studies*

In his famous book ‘the social psychology of organizing,’ Weick (1979) starts off by explaining what he means by organizing and how it is homologous to sensemaking. Weick (1979) views organizing as a process in which individuals interactively undertake action (enactment) that shapes the environment and that in retrospect, they seek to make sense of by creatively putting their experiences into meaningful pieces, which they label and connect (selection) (Sandberg & Tsoukas, 2015). Decision making is part of this process; sensemaking provides both the questions and the answers that precede and feed decision making, the outcomes of which again often stimulate surprise, confuse and lead to new occasions for organizing and sensemaking (Maitlis, 2005). This process is retained in individuals’ minds in the form of cognitive cause maps that guide their work on tasks. Activities and behavior become interlocked over time through sustained interaction, through which bits of residual equivocality are addressed by negotiating a consensus about the task at stake. Reducing bits of residual equivocality suggests that action clarifies by shaping what it is that you are attending to, and the doing shapes what is going on (Brown et al., 2015). The more the cause maps of different individuals converge, the more they become organized. Whereas this original view of sensemaking strongly emphasized cognition, over time Weick came to view sensemaking more as a constructive practice that leads to actionable intersubjectivity constructed through language. Whereas from a cognitivist perspective sensemaking is viewed as a development of meaning in actors’ minds via interactively formed convergent cause maps of a common situation, from a constructivist perspective sensemaking develops by socially embedded actors enacting a world through language use as they engage with a puzzling situation at hand (Sandberg & Tsoukas, 2015).

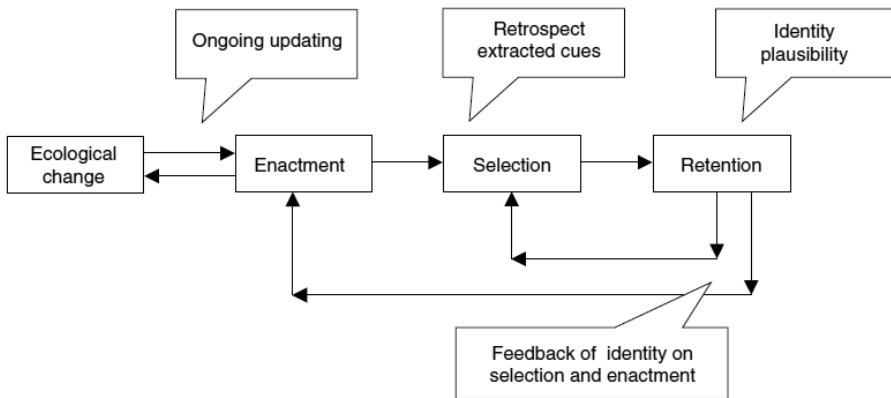
Sensemaking starts with chaos or disruptive ambiguity; it is directed toward any input to the organizing process that comes as a surprise (Weick et al., 2005). This might involve a change, a difference, or any other discontinuity from what has occurred previously. The surprise, or the discrepancy between what one expects and what one experiences, should be great enough to trigger sensemaking, which implies that the cues are subjective in nature. It should cause individuals or organizations to notice and bracket it, reflect on what is going on and how to act on it. This action then enables individuals to find an answer to the question of what is going on (i.e., ‘what is the story?’) (Brown et al., 2015). Such small disruptions include, for example, situations of environmental jolts and organizational crises, identity threats at the individual, organizational, industry, and/or the institutional levels, and planned change interventions (Maitlis & Christianson, 2014). Organizational members then seek to clarify these surprises by extracting and interpreting cues from their environments and engagements with others. These cues, together with their own presumptions, are then used as the basis for a plausible account that makes sense of the occurrences and through which the environment is enacted again. Accordingly, sensemaking is also referred to as adaptive sensemaking, highlighting the puncture of entrapped

frames when the sense that a person has already made is doubted and adapted (Strike & Rerup, 2016). Weick (1979) argues that most organizational events are characterized by the circular causation of changing frames of reference by working with the concept of interdependence.

Weick (1995) explains that his conceptualization of sensemaking in organizations is built on seven properties that set the concept apart from other explanatory processes such as understanding, interpretation and attribution. Weick (1995) understands sensemaking as a process that is (1) grounded in identity construction, (2) retrospective in nature, (3) enactive of sensible environments, (4) social, (5) ongoing, (6) focused on and by extracted cues, and (7) driven by plausibility rather than accuracy. Weick (1995) argues that interpretation is part of these properties of sensemaking, but involves much more than that. It also involves the origination of the surprises or cues to be interpreted, how the specific cues are singled out from the ongoing flow of experience, how the cues are interpreted and given meaning, and how these interpretations are made explicit and eventually transformed into concrete activities. As a specific example of sensemaking, Weick (1995) builds on the work of Schön (1983), who elaborates on the issue of problem setting as a key component of professional work. Schön (1983) argues that problem setting is an active process in which organizational members interactively must make sense of an uncertain situation that initially makes no sense. Problems do not present themselves as givens, but must instead be identified from the elements of problematic situations by setting the boundaries of the things that we attend to and framing the context.

From a research perspective, it is important to acknowledge that the sensemaking process implies a reciprocal exchange between actors and their environments (enactment) that is both made meaningful (selection) and preserved (retention). This process continues as long as the preserved content is both believed and doubted, which enables organizations to learn and to update either their actions or meanings in ways that adapt to changes in the system and its context (Weick et al., 2005). Jennings and Greenwood (2003) have portrayed this process, which shows the key steps in enactment, selection and retention and how they relate to sensemaking (illustrated in Figure 2). Figure 2 shows that an increase in ecological change triggers the sensemaking of this change, which both leads to a direct response and guides future action by sorting and selecting the information. Some of these selected cues are retained based on past experience and notions of self-identity (Jennings & Greenwood, 2003). The feedback loops can be both positively and negatively reinforcing; this is dependent on the trust that the actor places in past patterns of dealing with similar stimuli.

### 3. Strategy as Practice and the Sensemaking Perspective



**Figure 2** Sensemaking process (Jennings & Greenwood, 2003)

During processes of strategic change, individuals assign meaning to the proposed change effort, and those highest in the hierarchy engage in sensegiving, affecting how others perceive and understand strategic change (Gioia & Chittipeddi, 1991). Summarizing the literature on sensegiving, Maitlis and Lawrence (2007) have argued that sensegiving is considered a key leadership activity that has the potential to affect strategic decision making and to exclude or include stakeholders from specific organizational processes, shaping the processes and outcomes of organizational sensemaking. Maitlis and Lawrence (2007) have added to the literature on sensegiving by investigating the triggers and enablers associated with sensegiving both by leaders and stakeholders, identifying the where when and why of sensegiving. The authors have first found that sensegiving is generally motivated by the perception or anticipation of a gap in organizational sensemaking processes. Second, the conditions that facilitate sensegiving include the possession of persuasive skills and the presence of process facilitators, including organizational routines, practices and structures that provide the time and opportunity to engage in sensegiving.

#### 3.5.2 *Different forms of sensemaking*

In attempting to understand how intersubjective meaning is constructed in organizations, Maitlis (2005) identified four different forms of organizational sensemaking while focusing on the roles of organizational leaders and other organizational stakeholders: guided, fragmented, restricted and minimal sensemaking. Guided sensemaking involves active leaders, energetic leaders and stakeholders. Fragmented sensemaking occurs when the stakeholders address issues to be dealt with, but with leaders who do not try to organize or control such discussions. Restricted sensemaking emerges when leaders provide a great deal of sensegiving, with the stakeholders easily accepting those understandings with little discussion. Minimal sensemaking results from both leaders and other

stakeholders awaiting each other's interpretations and reactions to specific issues. According to Maitlis and Christianson (2014), most organizational sensemaking is restricted in nature.

Sandberg and Tsoukas (2015) have introduced the term immanent sensemaking as a response to the emphasis in current sensemaking research on distinct episodes in which sensemaking is triggered by specific disruptive events. In line with calls to approach sensemaking as a continuous or ongoing process by various scholars (including Gephart, Topal & Zhang, 2010; Maitlis & Christianson, 2014; and Weick, 2012), Sandberg and Tsoukas (2015) have argued that most aspects of organizing are actually characterized by routines instead of by ongoing activities that are interrupted and then need to be restored. However, doing things routinely does not mean that the actors are sense-less or mind-less, but instead that sense is made in an immanent kind of way that involves 'absorbed coping.' 'Absorbed coping' is defined by Sandberg and Tsoukas in one of their earlier articles (2011: 344) as *"a mode of engagement whereby actors are immersed in practice without being aware of their involvement: they spontaneously respond to the developing situation at hand."* In such situations of absorbed coping, actors make sense simultaneously with their reactions to a situation as it unfolds. In addition to immanent sensemaking, Sandberg and Tsoukas (2015) have discussed the notion of embodied sensemaking, another form of sensemaking that involves not only cognition and language but also the body through an emphasis on perception, speech and emotions. Although it may be challenging to further develop the sensemaking perspective by theorizing embodiment, various studies have shown the importance of bodily influences on interpersonal dynamics (e.g., Cunliffe & Coupland, 2012; Yakhlef & Essén, 2013).

Another form of sensemaking discussed by Strike and Rerup (2016) is mediated sensemaking. Mediated sensemaking is a variant that unfolds not within the boundaries of the organization, but across boundaries. It is defined as *"the processes and prosocial orientation through which a mediator brings forward cues and points of view to generate pause, doubt, and inquiry among actors who are sensemaking within a bounded context"* (Strike & Rerup, 2016: 881). How people beyond the organizational boundaries, as outsiders or mediators, influence the sensemaking of the actors within the organizational boundaries is especially interesting, because these outsiders not only work with and influence those who are making sense of situations and issues but also address the larger context in which the sensemaking occurs and potentially introduce new cues and perspectives into the local setting (Strike & Rerup, 2016). Strike and Rerup (2016) have argued that such mediators can act as buffers, information brokers and boundary spanners of and between the local sensemakers and the broader environment. Moreover, the authors consider mediated sensemaking especially important for people who are higher in the hierarchy because such actors are often surrounded by others who either fear speaking up or are not given a voice (Strike & Rerup, 2016). In these situations, the mediator can influence sensemaking by building a richer, diagnostic understanding of what is going on and help people

think differently about the sense that has already been made by generating pause, doubt and inquiry in the sensemaking process (Strike & Rerup, 2016). Mediated sensemaking has the potential to be used both for non-routine and for routine actions (as discussed by Sandberg & Tsoukas, 2015), and it addresses issues of temporality and pacing (as discussed by Maitlis & Christianson, 2014) by facilitating pausing and slowing down during the sensemaking process (Strike & Rerup, 2016).

Other forms of sensemaking discussed in the organizational science literature include ecological sensemaking, which is a very specific form of sensemaking in which sense is made of material landscapes and ecological processes (Whiteman & Cooper, 2011) and resourceful sensemaking (Wright, Manning, Farmer & Gilbreath, 2000; Wright & Manning, 2004), which focuses on the ability of individuals to appreciate others' perspectives, and use understanding, which evolves from this appreciation to enact horizon-expanding discourse. As sensemaking has become central and enmeshed in our conceptions, theories and studies of organizing, it is to be expected that organization scholars will continue to seek new sources of inspiration and novel directions for theorizing about other specific forms of sensemaking (Brown et al., 2015).

#### 3.5.3 *Relevance of the sensemaking perspective in the family firm context*

Even though the sensemaking perspective has been very influential in organization studies, its application in the family firm research field remains quite limited. Because sensemaking has been argued to be largely a theory or perspective of local practice, context is an essential element to take into consideration. However, past research has paid little attention to context (Whiteman & Cooper, 2011), which is also true for the family firm context. The context of the family firm is a specific one, especially if we consider the tacit knowledge and skills and the formal and informal routines and structures that potentially develop across generations. In the first part of this section, I will discuss the research findings of four family business studies using a sensemaking perspective. To the best of my knowledge, no other published work has applied the sensemaking perspective to family firm topics.

Strike and Rerup (2016) have used the sensemaking perspective in the context of family firms to study how most trusted advisors (MTAs) help family business entrepreneurs (FBEs) interrupt momentum in sensemaking. The authors have argued that the involvement of one or more outsiders in the sensemaking process is especially important in family firms, in which family members often have the tendency to have an inward-looking orientation and the emotional context can entrap family members in cognitive frames. The MTA needs his or her reputation for integrity, discretion and trustworthiness (Strike, 2013) to ensure his or her social position across family members and other stakeholders, thus enabling him or her to subtly guide the process of sensemaking of the family members in balancing the firm and family dynamics. The MTA is characterized as a person

who is very committed to the well-being of the family (beyond what one would normally expect), and the MTA's actions are focused on helping family members to cooperate and reconsider the sense already made (Strike & Rerup, 2016). Strike and Rerup (2016) found that beyond the social position of the MTA as already argued by Strike (2013), a specific disposition to mediate and a mediation structure are essential to mediated sensemaking in working with family business entrepreneurs. Specifically, in the mediated sensemaking process, the MTA has a prosocial and other-oriented orientation and social skills (together these aspects form the disposition to mediate), and acts via inducing pause, inserting doubt, and bringing in a mediating voice and knowledge slowly induces the family business entrepreneur to decrease his or her commitment to his or her entrapped frames and to expand those frames accordingly.

Kammerlander and colleagues argue that sensemaking is relevant to understand the role of shared stories that help subsequent generations of family members to make sense of emerging situations, such as how to address environmental and technological change, potentially leading to innovation output (Kammerlander, Dessì, Bird, Floris & Murru, 2015). Moreover, Kammerlander and Ganter (2015) used the sensemaking perspective to investigate how the attention of family chief executive officers (CEOs) to discontinuous technological shifts, the interpretation and decision-making processes associated with these changes, and ultimately organizations' responses are affected by CEOs' noneconomic goals. The authors have found that some noneconomic goals of family CEOs, including family power and control, transgenerational value, the maintenance of family reputation, the continuance of personal ties, or personal affect associated with the family firm, influence the CEO's sensemaking of an emerging technology, resulting in a decision about whether the technology is relevant enough to act on it. The sensemaking process also influences whether the family CEO's noneconomic goals constrain the set of considered responses.

Akhter (2016) has used a sensemaking perspective to explore the process of entrepreneurial exit in family firm portfolios by unfolding how the process occurs. That study has shown the importance of emotions in this process; because of the sensemaking of emotions, owners across generations manifest a strong attachment to their core legacy business and avoid exiting it. These emotions apparently do not exist when exiting satellites regardless of whether they are successful, as these exits can be used to save a declining core legacy business and portfolio. Additionally, attachment to satellites is stronger when they are directly managed by the family and/or founded by distant relatives, as opposed to satellites that are managed together with external parties.

### **3.6 Emergence process of a new advisory arena via sensemaking**

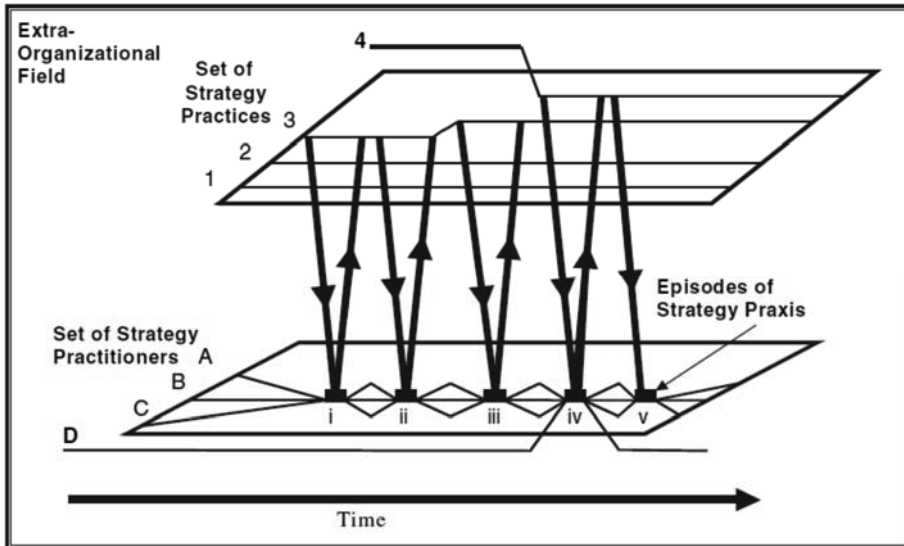
Even though the strategy as practice literature has proliferated quickly over the last twenty years, there remain many issues to be addressed (as indicated in



section 3.4). One of the issues that we know little about is the emergence process of a new arena involved in strategizing within an organization and the process through which this arena is contextualized. One example of such an arena might involve the start of a new project or another kind of new group working on strategic issues. Instead of studying the process through which an organization begins to work with this type of new arena in strategizing, some authors have focused on how a strategy practice, such as strategic planning (Nordqvist & Melin, 2010) or the balanced scorecard (Craig & Moores, 2010), is used as a specific strategic practice in a specific context. Similarly, Lounsbury and Crumley (2007) have noted that institutional theory has devoted a great deal of attention to the question of how practices become established via legitimacy and diffusion, but researchers have not yet addressed the question of how a new practice emerges.

Whittington (2006) has conceptualized the introduction of an extra-organizational practice by one or a team of practitioners engaged in strategy development in the framework that integrates the key elements of the strategy as practice perspective: the practitioners, the praxis and the practices. When an extra-organizational strategic practice (Whittington, 2006) is brought to the firm, it needs to be enacted and given meaning by the practitioners involved. It takes time for the practice to develop and become established. Whittington considers practitioners as the critical link between intra-organizational praxis and the organizational and extra-organizational practices that they work with in this praxis. Whittington (2006) describes from a theoretical perspective how practitioners work with the practices in a reflexive manner through which the praxis and practices evolve over time; they are not static but are adapted to fit the situation and synthesize with other practices. Whittington (2006) shows in his framework how practitioners (A-C and from the fourth praxis event forward, practitioner D, who joins from the extra-organizational field) participate during five episodes of intra-organizational strategy praxis (I-V) representing either formal or informal meetings. While developing strategy, practitioners draw upon the practices available in the organization (1-3). Whittington (2006) also mentions the possibility of drawing an external practice into the organization, which is thoroughly internalized from that moment on.

In this conceptual framework, Whittington (2006) starts with the idea that the strategy practices used in the episodes of strategizing (1-3) are already present in the organization and are used in the meetings. Moreover, the set of practitioners (A-C) is from within the firm, implying that they might know each other and have worked together on strategy. However, the situation in which a group of practitioners who do not know each other begin working together on strategy during newly initiated episodes of strategizing is not addressed by this framework.



**Figure 3** Whittington's (2006) integrative framework of praxis, practices and practitioners

This is the situation that I would like to address in this dissertation: for certain reasons, a family firm starts working with an advisory board that consists partly of people who know each other (the persons coming from inside the firm) and partly of people who are selected from outside the organization as the advisory board members. These practitioners start to work together in a newly formed hybrid arena (Nordqvist, 2012), consisting both of formal and informal elements brought to the arena by the various practitioners involved. The process of how such an advisory arena involved in strategizing and consisting of strategy practitioners, their praxis and practices, emerges over time into a certain role in the family firm is at the heart of this study.

### 3.7 Concluding remarks

This chapter has provided an overview of the key literature on the strategy as practice perspective of the last 25 years, showing that many scholars have embraced that perspective. The overview of the literature shown in sections 3.2, 3.3 and Appendix B is not exhaustive, but provides insight into those studies that form the basis of the work of others, as these sources are referred to the most often. Many scholars have made suggestions for the further ontological, theoretical and methodological development of the strategy as practice field (27 of the 42 sources selected provide such recommendations). The other 15 studies were empirical showing insight into the why, how, how, what and where of strategizing. Even though the perspective is widely acknowledged, important

### 3. Strategy as Practice and the Sensemaking Perspective

challenges remain to be addressed by future studies. These challenges involve a better understanding and clearer use of one of the main elements of the strategy as practice perspective: practice.

In this study, I adhere to the definition provided by Whittington (2006: 619), who has defined practices as “*shared routines of behavior, including traditions, norms and procedures for thinking, acting and using ‘things’*”. The ambition of this dissertation is to see which extra-organizational practices are brought to the advisory board and how they are internalized, evolve over time and are possibly transformed into routines. Another challenge to be addressed is the focus on single-level studies (referred to by Seidl and Whittington (2014) as micro-isolationism), whereas the ambitions of the strategy as practice perspective are to incorporate multiple levels and to examine the linkages between them (Johnson et al., 2007). This dissertation focuses on the practices used, activities performed, and dynamics between the practitioners involved at the group level. However, by looking at the extra-organizational practices that are drawn into the advisory arena and specifying the outcomes of the meetings (such as input into a certain decision or tasks assigned to internal practitioners), the organizational and extra-organizational levels are also taken into consideration. Because the strategic outcomes are important to take into consideration in the strategy as practice perspective, I will not only consider the emerging process of the advisory board and its role in strategizing, but also relate it to the content of the discussion and the content of the strategic outcome. As noted by Salvato and Corbetta (2014), the traditional separation between content and process disappears in family firms. Consequently, scholars should have an integrative view on strategy in family firms, where strategic content, process and outcomes, and operational and strategic issues are entwined. Because this study is positioned in a family firm context, my ambition is to link strategy processes to content discussed, through which both our understanding of strategy development at a micro level and strategic work in family firms can be increased. This means that the first levels of interpretation of the empirical material in the case description and the analysis chapter are structured around the concepts of practitioners, praxis and practices, content and outcomes. The next chapter will report on the logic of the methodology, including the research design, the data collection and the data analysis. I provide a detailed explanation of how my interpretations have emerged during the analysis phase and conclude with the quality criteria that can be used to assess the value of this study.

## 4 Research Design and Methods

One recurrent theme of the preceding chapters is the complexity involved in investigating advisory boards as an emerging arena for strategy activities and processes in the context of a family firm. The meaning of strategy in the family firm context is not well understood and therefore is often only loosely defined. How advisors are involved in developing strategy in family firms, especially when operating in teams, has also not been an important research focus despite its practical relevance. The complexity of the phenomenon of interest involves the social relationships between the advisors and the decision makers, the characteristics of the issues discussed, the characteristics of the situation at hand and of the individuals involved, and the psychological dimensions involved in the decision to either accept or discount advice. Together, all these aspects necessitate both an empirical setting and a research design that can effectively manage these various challenges.

In response to these demands, I investigate the emerging role of advisory boards in strategizing in family firms. The advisory board is considered a hybrid arena consisting of formal and informal strategy practices, strategy practitioners and strategy praxis within the context of four privately held Dutch family firms. In particular, this study seeks to understand how advisory boards in family firms emerge over time along with their role in strategizing. I therefore focus on the practitioners involved in the advisory board meetings, the practices that they bring to the meetings, the praxis in which they engage, and the eventual outcome of the advisory board in terms of their role in strategizing in the four family firms studied. Following the purpose and research question, the study adopts a multi-level and comparative case study approach, investigating the preparation, conception, and implementation of an advisory board by focusing on the group level.

The current chapter discusses the details of this research strategy in three sections. The first section introduces the research context of governance in the Netherlands in greater detail by highlighting the legal requirements and the common governance practices of Dutch firms. Section two details the research philosophy underlying the research design and the engaged scholarship approach. Section three discusses the research design, including the empirical setting, the case study approach, a reflection on my own role as an engaged researcher, case selection, the field work and the evaluation criteria that can be applied to this case study approach.

## 4.1 Empirical setting

This study is grounded in a research project that is subsidized by the Netherlands Organization for Scientific Research (NWO). The idea of studying the role of advisory boards in strategizing for SME family firms and their relevance evolved from an earlier research project that focused on the use of governance mechanisms in family firms. This earlier project showed that advisory boards were considered by family firms as an interesting alternative to supervisory boards. The results showed that family firms working with an advisory board had the ability to solicit advice on a continuous basis on important strategic issues without having to sacrifice control. By working with an advisory board, they would retain full control of their decision making (Matser, Van Helvert, Van der Pol & Kuiken, 2013). Following these findings in combination with practitioners who wanted to start working with an advisory board, this study was initiated.

The specific grant scheme is called RAAK-mkb and focuses on small and medium-sized firms. Family firms that participate in the project must invest an average of 20 days per firm over 2 years' time. The family firms must sign a contract to show their commitment. Research proposals are assessed by a committee according to three criteria: (1) relevance, (2) network and (3) research plan. Projects that pass all three criteria qualify for approval. It is interesting to note that these grant criteria match the essence of engaged scholarship (which will be further elaborated on in section 4.2.2). They clearly show the importance of engaging practitioners during all phases of the research project, but especially in the phases of problem formulation and problem solving. First, in formulating the research problem, Van de Ven (2007) suggests identifying the intended users, talking to people who experience the problem themselves, and talking to persons who know about the problem. In the phase of problem solving, Van de Ven (2007) argues that a deeper understanding of communicating knowledge across academic versus practice boundaries and a more engaged relationship between the researcher and the identified audience are required for research findings to have an impact in advancing both theory and practice. Van de Ven's recommendations are mostly covered by the requirements of the RAAK subsidy programs.

For this study, a consortium was organized consisting of three knowledge institutions, the Dutch chapter of the Family Business Network, and ten SME family firms who signed up to participate. These ten family firms reached out to us to participate in the project based on an informative flyer that we distributed via our website and newsletter. Moreover, we put in place an advising committee consisting of representatives of the Nyenrode Business University, the Belgian Institute for Family firms, and ONL (a Dutch organization for entrepreneurs). The project started in November 2014 and closed in January 2018. This dissertation works with four of the cases involved in this RAAK research project. Two of those four cases were already involved in the earlier research project (Collectron Group and Treelab). Using these four cases for this dissertation has enabled me to collect data over a considerable time span. The first interviews with Collectron Group occurred in March 2012, and the first advisory board meeting occurred in

June 2013. At Treelab, I have been involved in the emergence process of the advisory board since March 2013. I met the family members of the Solar Innovations Group for the first time in October 2014. I spoke to Sjak van Noorden of the Florax Group for the first time in January 2014. The case selection process will be discussed more extensively in section 4.3.4. Before I discuss the research approach that I have chosen to use in this dissertation, the next section will discuss the philosophical principles of this study.

## 4.2 Principles underlying the study

To understand the manner in which this study was carried out and how the study and its results should be read, in this section I will explain my view of reality and its implications for the research design.

### 4.2.1 *Critical realism*

I have positioned my doctoral study in the critical realist domain. Critical realists combine a realist ontology with a constructivist epistemology. This finding implies that the belief that a real world exists independent of our beliefs and personal constructions is combined with the belief that each individual has his or her own knowledge construction of this world and that a purely objective account is not possible (Maxwell, 2012). It *“acknowledges the role of subjective knowledge of social actors in a given situation as well as the existence of independent structures that constrain and enable these actors to pursue actions in a particular setting”* (Wynn & Williams, 2012: 787-788). Critical realism allows for a multi-method and multilevel approach to analysis. This provides researchers with the ability to infer in-depth causal explanations for why and how specific social phenomena occur. These explanations are inferred by explicitly identifying the means by which structural entities, mechanisms and contextual conditions interact to generate a given set of events (Wynn & Williams, 2012).

Critical realism is based on the following ontological basic assumptions: (1) the existence of an independent reality that includes both an intransitive and a transitive dimension; (2) a stratified ontology that includes three domains of reality, which is comprised of mechanisms, events, and experiences; (3) emergent powers dependent upon but not reducible to lower-level powers; and (4) an open systems perspective (Wynn & Williams, 2012). Whereas the intransitive dimension of science refers to the invisible causal mechanisms that exist in themselves and that science seeks to reveal and discover, the transitive dimension relates to those changing dimensions of scientific experience such as different historical conceptions of the world. Critical realists consider actors' actions and structures as two separate and ontologically different but related levels of reality (Leca & Naccache, 2006; Volkoff & Strong, 2013), which enables the researcher to identify causal mechanisms in the intransitive layer of reality. Mechanisms are conceptualized as causal powers or tendencies. For example, an actor's reasons

or beliefs can be the generative mechanisms that are the cause of a given action. Events can be defined as specific happenings or actions resulting from the enactment of one or more mechanisms. Events can be defined as specific happenings or actions resulting from the enactment of one or more mechanisms, and they are ontologically distinct from the mechanisms that generate them. For example, it is possible that no change occurs because of the counteracting effects of one or more other mechanisms. It is also possible that the outcome of one mechanism may either intensify or diminish the effects of another mechanism, further varying the direction, magnitude, or perceptibility of actual events. Experiences are those events that can be directly observed and represent only a subset of all the events generated in a context. These conceptualizations imply that the empirical domain is what we experience, the actual domain is where events occur independent of our experience of them, and the real domain is that which can produce events and where the generative mechanisms can be found. These first two assumptions are summarized by Danermark, Ekström, Jakobsen, and Karlsson (2002: 22 as follows: *"To acquire usable knowledge it is essential that we know the mechanisms that produce the empirical events, and these are seldom directly visible. The knowledge we do attain is, however, always fallible, and its usefulness varies under different conditions."* [...] *Science deals with something that is independent of science itself, and that science is fallible at any time. This means that we pay attention to the fact that science has two dimensions: an intransitive and a transitive dimension. [...] There is no direct relation between science and its intransitive object; an ontological gap is always present.*" Via theories, the intransitive dimension is connected to the transitive dimension. Because science may be wrong at any moment when it makes statements of its object, theories can only be regarded as the best view of reality we have for the moment, with the aim of constantly deepening and improving it (Danermark et al., 2002).

The third assumption implies that entities cannot be reduced to their components. Critical realism asserts that the properties of an entity emerge from the interaction between the components themselves and their causal powers (synergistic effects). The fourth assumption is that reality, being an open system, is beyond our ability to control directly because of continuously changing contextual conditions and fluid and permeable boundaries of the phenomenon being studied. These conditions both constrain and enable social activities and are themselves reproduced or transformed by those activities (Maxwell, 2012).

On the continuum between an objectivist and a subjectivist approach to social science, critical realism tends a little bit more toward the objectivist position because of its assumption of an independent reality. It is argued that critical realism has a both-and perspective in relation to positivism and social constructionism, which is evident in their view on reality (Danermark et al., 2002). However, an important difference from positivism is that critical realism does not assume that this reality can be directly observed. In my opinion, this view on reality and the nature of knowledge fits the topic of advisory boards in family firms well. Similar underlying mechanisms for advisory boards can be expected

to occur and become visible in different situations, such as behaving better when outsiders are involved. However, depending on the culture, the type of organization and the issues involved, the meaning and interpretation of the advisory board by the practitioners involved can differ to a large extent.

To capture the nature of the phenomenon of interest, case study research has been identified as an appropriate methodology for critical realist studies (Wynn & Williams, 2012). Maxwell (2012) argues in favor of viewing the research design as real in itself. This implies that the design is part of people's meanings, motives and understandings. The actions of the researcher and the ways that these actions influence and are influenced by the context and relationships in which the study is conducted also involve a real phenomenon. As a result, the eventual design might differ substantially from what was planned and what the researcher thinks is occurring. A field research approach suits the essence of critical realism, namely, to develop explanations of local causality. These explanations of local causality involve events and processes that lead to specific outcomes (Maxwell, 2012). Local causality implies that causal explanations are strongly dependent on context, meaning both that the context is intrinsically involved in the process and that the context is crucial to understanding the operation of the causal mechanisms (Maxwell, 2012).

In line with Miles, Huberman, and Saldana (2014), Maxwell (2012) explicitly indicates that a realist approach justifies the possibility of identifying causality based on single case studies without working with control groups or formal pre/post comparisons. He suggests three strategies to identify and develop causal explanations in qualitative research: (1) intensive, relatively long-term involvement, (2) collecting rich data, and (3) using narrative or connecting approaches to analysis. A longitudinal, processual and multiple case study design therefore seems to fit the critical realism position well.

#### 4.2.2 *Engaged scholarship*

In line with the critical realist approach, it is important to draw close to the phenomenon of interest to develop our understanding of it. Van de Ven (2007) adopts a critical realist perspective and argues that there is indeed a real world out there, but it can only be approximated, as our attempts to understand it are very limited. An engaged scholarship approach is considered especially fruitful for investigating complex social phenomena that exceed the capacities of individuals to be studied by a single person (Van de Ven, 2007) and instead require an intensive involvement with the practitioners, as suggested by Maxwell (2012). As noted by Sharma et al. (2014), our understanding of family firms is also built on a close interaction and exchange of practitioners and scholars. Van de Ven (2007) argues that a participative form of research, in which the advice and perspectives of key stakeholders are obtained, is required to understand such complex social phenomena. Engaged scholarship is defined as “*a participative form of research for obtaining the different perspectives of key stakeholders (researchers, users,*



*clients, sponsors and practitioners) in studying complex problems”* (Van de Ven, 2007: 9).

The arguments for the engaged scholarship approach are rooted in the widening gap between theory and practice (e.g., Banks et al., 2016; Shapiro, Kirkman & Courtney, 2007). This gap has been framed in three ways: (1) as a knowledge transfer problem (the lack of translating and diffusing research knowledge into practice), (2) as a problem of science and practice being distinct forms of knowledge (these different forms of knowledge should be considered as complements), and (3) as a knowledge production problem (Van de Ven & Johnson, 2006). One important assumption that is challenged by the engaged scholarship perspective is that academic researchers have a monopoly on knowledge creation (Van de Ven & Johnson, 2006). The authors argue that this is not the case but that knowledge is different, as scholarly and managerial work differ in terms of the context, processes and purposes of their practice. Van de Ven (2007) argues that a pluralistic view of science and practice as representing distinct kinds of knowledge is needed to provide complementary insights for developing a better understanding of reality. Addressing the gap is not only a matter of not adequately disseminating the scholarly research results to practice. As argued by Pettigrew (2001), dissemination makes no sense if the wrong questions have been asked. Most of the time, academic research is not grounded in reality and not informed by key stakeholders, which does not address the gap between theory and practice but instead widens it (Van de Ven, 2007). More engagement is needed during the entire knowledge production process that meets the dual hurdles of relevance and rigor for theory along with practice in a given domain (Pettigrew, 2001; Van de Ven & Johnson, 2006). Following the engaged scholarship view, negotiation and collaboration between researchers and practitioners are needed in a learning workplace. Accordingly, the organization is viewed as a learning community in which practitioners and scholars coproduce knowledge on important questions and issues. This is done by testing alternative ideas and different views of a common problem instead of considering the organization as a data collection site or a source for funding (Van de Ven & Johnson, 2006).

Even though an engaged scholarship approach helps create a better understanding of complex and real-world issues, there are also challenges involved, such as collaboration costs (Banks et al., 2016). For example, information asymmetries are expected to evolve from the specialized knowledge of scholars (who are trained and experienced in doing rigorous research) versus the specialized inside knowledge of practitioners (who have practice-oriented knowledge and experience in their branch of work). Another example of collaboration costs involves the goal incongruence that can occur when research questions are not equally relevant to the parties involved (Banks et al., 2016).

Van de Ven (2007) suggests the practice of different forms of engaged scholarship. The use of one of these forms depends on the purpose of the study (is the study meant to describe, explain, predict, apply, evaluate, or spark action intervention) and the degree to which the researcher engages with the field (does

(s)he remain detached and stick to the role of an external observer or does (s)he act as an internal participant). An overview of these forms is provided in Figure 4. This dissertation is positioned as informed basic research (box 1) that intends to explain and better understand a social phenomenon as a detached outsider. Even though this approach is similar to traditional forms of social science in the sense that the researcher remains an outsider, I did solicit advice and feedback from key stakeholders and inside informants during the problem formulation phase, the research design phase, and parts of the problem solving and theory building phases.

		<b>Research question / purpose</b>	
		<b>To describe / explain</b>	<b>To design / intervene</b>
<b>Research perspective</b>	<b>Detached outside</b>	<b>1</b> Basic science with stakeholder advice	<b>3</b> Policy/design science evaluation research for professional practice
	<b>Attached inside</b>	<b>2</b> Co-produce knowledge with collaborators	<b>4</b> Action/intervention research for a client

**Figure 4** Different forms of engaged scholarship (Van de Ven, 2007)

Moreover, as will be explained in section 4.3.5.1, my main source of data collected included observations during the advisory board meetings, in which I acted as one of the participants by creating the meeting report. However, beyond asking about the perceptions and interpretations of the participants on the emergence process of the advisory board, I have not involved them in my interpretation of the data and the data analysis. This means that my position as a researcher was independent in the sense that I have drawn my own conclusions, regardless of whether the participants agreed with those conclusions. This is the main reason that I feel that my study can be positioned in Box 1 instead of Box 2. In addition to the collaboration costs, Van de Ven (2007) mentions other caveats of engaged scholarship, including the need to be reflexive about the researcher's role. In section 4.4, I will discuss my role as researcher and its implications.

### 4.3 Research design: A case study research strategy

The aim of the research design for this dissertation is to maintain theoretical flexibility when interpreting the data because we still know so little about the phenomenon of interest. Following my philosophical underpinning of this dissertation, I want to be as open as possible to build an understanding that represents reality as closely as possible. Following Glaser and Strauss (1967), researchers risk being too predetermined and locked into a certain theoretical perspective when they look in the data only for those concepts, issues and ideas that were introduced by the theory. New insights and the possibility of refining and adjusting theories are missed by such an approach. However, the pure inductive grounded approach as suggested by Glaser and Strauss (1967) fails to take advantage of insights that are already available. It has also been suggested that researchers need to have some preliminary comprehension of their research topic, its field and its context before any purposeful entry into the field is possible (e.g., Thomas & James, 2006). Such preliminary comprehension of the topic and theories is essential to provide focus and to distinguish the essential from the non-essential aspects in the often vast amount of data to be addressed. This research was therefore performed in an abductive manner.

I have become familiar with the literature on advising, specifically on advising in family firms, along with the strategy as practice literature because I was interested in the micro-level elements of the advisory board. I assumed that the phenomenon of the advisory board would fit with the field of strategy research, as explained in the introduction. My understanding of abduction rests on the interpretation provided by Van Maanen et al. (2007: 1149): *“Discovery rests primarily on abductive reasoning. As a foundation for inquiry, abduction begins with an unmet expectation and works backward to invent a plausible world or a theory that would make the surprise meaningful. [...] Abduction assigns primacy to the empirical world, but in the service of theorizing. [...] Unmet expectations are clues that motivate theorizing, and, precisely for this reason, they are to be welcomed and embraced by researchers. [...] Abduction is a continuous process, taking place in all phases of the research process. Analysis proceeds by the continuous interplay between concepts and data. [...] What makes for interesting scholarly work is the discontinuity between some (but not all) of the theoretical assumptions of the researcher and the research audience and some (but not all) of the discovered and claimed facts of the matter.”* Following this definition, the strategy as practice perspective was used both to make sense of the data and to use the data to sharpen and refine the strategy as practice perspective (Ragin & Becker, 1992).

#### 4.3.1 *In-depth cases*

As identified in the introduction, the central research question of this study is as follows: how does the role of advisory boards in strategizing emerge over time? The objective of this dissertation is therefore to explore and explain the emergence process of a hybrid arena involved in strategizing in relation to its outcomes. As explained in the introduction of this dissertation, the emergence process of the advisory board refers to the initial stages of creating a new arena involved in strategizing in which the participants will have to engage in a more conscious interaction to develop some (shared) understandings and definitions about (for instance) roles, means, and outcomes to coordinate their actions. The outcomes of the emergence process of the advisory board involves its meaning and role for the practitioners involved, its characteristics, and potentially its added value to the firm and the family firm decision makers. The purpose of exploration implies the objective of gaining an in-depth understanding of the phenomenon of interest and its meanings to the practitioners involved by remaining open to various perspectives and tensions in the research setting. The purpose of explaining refers to the objective of identifying underlying causal mechanisms that drive the emergence process of the advisory board. The focus on the emerging role of the advisory board in strategizing implies an interest in the processual nature of the research phenomenon. In particular, I will not only seek to identify the emergence process and its outcomes but also investigate the underlying mechanisms that drive the emergence processes and attempt to understand why the advisory boards emerge as they do.

Following the purpose and research questions of this study, a longitudinal in-depth case study research strategy using complementary methods (as suggested by Balogun et al. (2003)) was chosen. Although methodologists have offered varying definitions of what constitutes a case study, Pekkari, Welch, and Paavilainen (2009: 569) define a case study research approach as *“a research strategy that examines, through the use of a variety of data sources, a phenomenon in its naturalistic context, with the purpose of confronting theory with the empirical world.”* This definition fits my study particularly well because it focuses upon a specific phenomenon: these are cases of the emergence processes of advisory boards, each in their own specific family firm contexts. However, a case study approach is appropriate not only because of the topic of interest but also because it is particularly suitable to address the research question at hand. First, case studies provide the opportunity to come closer to the phenomenon of interest (including the messy relationships, complex constructs and mechanisms that may be difficult to quantify or understand in any other way) by using qualitative data collection methods. Such a qualitative approach is appropriate because the nature of the phenomenon to be studied is complex and involves intense human interaction. Therefore an approach is needed that can capture these features empirically (Johnson et al., 2007). Furthermore, it allows consideration of the contextual elements that play a role in the emergence process

of the advisory board (Welch, Piekkari, Plakoyiannaki & Paavilainen-mäntymäki, 2011).

As noted in the earlier chapters, the phenomenon of a team advising approach in family firms, considering both the perspectives of the advice givers and the advice seekers, is largely unexplored. The micro level, longitudinal case study approach allows me to take the extra-organizational norms, practices, and beliefs about the advisory board that are brought to the family firm by the external advisory board members into consideration. Moreover, through this approach I obtain access to the specific family and firm issues with which the family firm actors are concerned. Understanding why and how advisory boards emerge, develop over time, and lead to specific output requires an understanding of the messy relationships and complex context that are highlighted in case study approaches. Recent and comparable in-depth investigations into the interaction between the most-trusted advisor and the family firm decision maker(s) have also emphasized the importance of a qualitative research approach (Strike & Rerup, 2016). Moreover, strategy as practice studies have mostly used a qualitative case-based design (*e.g.*, Jarzabkowski, 2008; Nordqvist, 2012). Longitudinal in-depth case studies acknowledge and situate the agent in active engagement with his or her surroundings; therefore, they fit particularly well with practice research.

Based on their recent literature review, Strike et al. (2017) have identified three research gaps in the advising literature in family firms that should be addressed by future research. First, they mentioned the current lack of knowledge about advice (types of advice, such as recommendations, information input, and options) and how it is communicated to family firm decision makers. Second, they stressed the scarcity of knowledge about how advisors impact decision-making processes in family firms. Third, the authors discussed the lack of an understanding of the extent to which advice is used in making decisions. I consider the case-study approach as a fruitful research strategy to use some of the theoretical concepts and constructs from the psychology domain and apply them to the family firm context, thereby addressing the gaps as proposed by Strike et al. (2017).

As the discussion in Chapter 3 indicated, this study is based on the strategy as practice perspective and seeks to contribute to developing our understanding of an under-researched phenomenon by using a micro-level approach. As a result of this approach, the study can be described as abductive, starting from a micro-level strategy perspective and being aware of the main concepts used in the advising literature while allowing room for surprise in the empirical data. Based on this approach, new theoretical perspectives are added during the research journey to better understand the emergence process of the advisory board. The objective is therefore not to test existing theory, but first to explore our understanding of the emergence process of advisory boards in family firms and how advising practices in a team approach in a family firm context develop over time. Furthermore, this dissertation seeks to explain the differences between these emergence processes in different situations through the identification of the general underlying mechanisms that drive this emergence process. Therefore, instead of testing

theory, this dissertation has the potential to refine and partially develop existing theory.

For all these reasons, the study adopts a comparative case study approach, contrasting the emergence process of advisory boards in four different family firm contexts. This comparative case study approach fits the topic because family firms are considered a heterogeneous group, and it fits the realist assumptions by accounting for the diversity that is present in everyday life. In addition to comparing the cases, this study adopts a longitudinal approach, allowing for within-case comparisons over time. Because the purpose of this study is to go beyond exploring the phenomenon and to come up with a rationale of why the emergence process evolves in a specific way, the case study must by definition involve a temporal component to analyze and understand cause and effect. Moreover, a longitudinal approach responds to the call for more research on temporal dynamics in family firms (Sharma, Salvato & Reay, 2014). Another advantage is that via longitudinal case studies, the researcher can build up relationships and engage with the practitioners involved. By deriving theoretical insights not only from structured data collection methods but also from naturally occurring data in the form of the observations of dilemmas, actions and views of actors, in-depth longitudinal case studies offer opportunities to provide new and unexpected insights with strong relevance to practice.

#### 4.3.2 *Units and level of analysis*

Before explaining the units and level of analysis used in this dissertation, it may be useful to comment on the difference between the case and the unit of analysis, since this is not always evident in case study research. Piekkari and Welch (2015) distinguish between the unit of observation versus the unit of analysis, arguing that within the case, there can be a specific focus on the central elements of the analysis. In this study, I focus on the *hybrid arena of the advisory board meetings* (which are the units of observation). The boundaries of the case are then further determined by my chosen units of analysis: the *practitioners* involved, their *interaction*, the *topics* discussed, the *structure* of the meeting, the *tools* used, and the *output* of the meetings, including *strategic decisions* and *agreements* made. Whereas there is a link to the macro level in the sense that I take the extra-organizational norms and ideas that are brought to the advisory board via the advisory board members into consideration, I focus on the *group* level. The firm level is also taken into consideration by identifying the output of the advisory boards and their role for the family firm and its decision makers. The choice to focus on the group level is motivated by the theoretical interest of advising in a family firm context via a team approach, taking into consideration both the perspective of the advisor and the family firm decision maker(s). The interaction between the practitioners involved, the developments in the interaction over time and their impact on the output is of specific interest in this study.

The variety among the practitioners involved can be large, as no formal guidelines or regulations exist regarding who can or cannot participate in the

advisory board meetings. Whereas there may be variety among the composition of the advisory board members (internal versus external advisory board members, family versus nonfamily advisory board members), there may also be variety among the practitioners that sit in during the meetings. In one situation this may only be the owner-manager, but in other situations it may be the board of directors, the family members involved, or both. Alternatively, it may vary over the meetings in the sense that people sitting in depends on the topic discussed. Of course, the variety among the practitioners involved might also change over time. The interaction between the actors involved is particularly relevant in this study, as this may be key to how advisory board members (attempt to) influence strategy and the final strategic decision and how the final decision maker(s) react to that and thereby influence the emergence process of the advisory board and its output, for example, in terms of the period in which a shared understanding is developed or the role that the advisory board eventually has for family firm decision makers. It might be the case that in situations in which high levels of trust develop and the final decision maker is willing to share crucial information with the members of the advisory board, less time is spent on discussing things that occurred in the past because the advisory board members do not have information deficiencies, and therefore they can focus on future developments. These interaction processes may also develop and change over time as the advisory board further emerges.

#### 4.3.3 *Context*

The national context in which the four advisory boards in family firms are studied is the Netherlands. It is important to discuss the context as the existence of advisory boards and how they operate can be dependent on the national context, the specific (type of) organization, and in some situations, one's own free will. Different national legal systems and differences in firm law lead to a huge variety in the definition of boards, their structure and their functioning. As a consequence, the functioning of advisory boards may also be affected.

Privately held firms in the Netherlands that have fewer than one hundred employees and no more than €16 million of issued share capital are free to choose whether they want to work with a formal board. Moreover, they can choose whether it should be a one-tier board, a supervisory board, an advisory board or both a supervisory board and an advisory board. At a minimum, they have a board of directors existing of one or more executive directors and a shareholders' meeting. These governance mechanisms are possibly complemented with a management team and a supervisory and/or an advisory board. This implies that if these firms, free of obligations, do have a supervisory or advisory board, they deliberately choose to have such a board. They either choose a supervisory board, which involves the supervisory board members assuming legal responsibility for the board's decisions, or they choose an advisory board, which can have similar functions as the supervisory board but is more accessible because the members of the advisory board are not liable for the strategic decisions made and do not have any real power (Berent-Braun et al., 2013).

Most privately held Dutch firms are family firms. In line with the European firm population, in which seventy to eighty percent of firms are family run (Mandl, 2008), approximately 70 percent of the private Dutch firms are family run (excluding the self-employed) (Flören, Uhlaner & Berent-Braun, 2010; CBS, 2017). Recent research provides some indications about the number of privately held firms that work with either a supervisory or an advisory board. Only 7.9 percent of privately held Dutch firms have a board, including both supervisory and advisory boards (see Table 1) (Berent-Braun et al., 2013). Privately held Dutch firms are most often directed solely by the owner-manager(s). Small firms more often appear to have an advisory board instead of a supervisory board, whereas firms with more than 50 employees more often have a supervisory board. Berent-Braun et al. (2013) argue that one reason for firms to choose an advisory board instead of a supervisory board, other than legal status, is that Dutch law limits individuals to a maximum of five supervisory board member positions. Advisory boards are not included in this regulation. Having an advisory board instead of a supervisory board provides the ability to attract persons that would not have been able to sit on a supervisory board.

**Table 1** Firms with an advisory or supervisory board per number of employees (Berent-Braun et al., 2013)

# employees	Advisory board			Supervisory board	
	% all firms	% family firms	% non-family firms	% family firms	% non-family firms
2-9	5.5	3.3	2.5	2.5	2.5
10-49	14.7	8.1	6.2	6.1	9.2
50-99	26.7	7.1	8.3	12.9	25.0
100-199	38.6	7.7	10.2	18.0	39.0
Min. 200	49.4	0.0	7.3	21.7	52.7
All firms	7.9	4.0	3.7	3.2	6.0

When family firms were compared to non-family firms, numerous differences became visible. Non-family firms have a supervisory board almost twice as often as family firms. When considering the total group of firms with a board (so the advisory and the supervisory boards are taken together), the number of board members is significantly lower in family firms (2.7 members on average) than in non-family firms (3.5 members on average). Berent-Braun et al. (2013) suggest that difference in firm size, the willingness of firms to spend money on an advisory or supervisory board, the possibility to attract qualified persons, the willingness to share inside information with outsiders and the need to keep meetings as short and efficient as possible are potential explanations for these findings. In 46 percent of the cases, one or more members of the board are family members and in 28 percent of the cases, a former director is a member of the board in privately held Dutch family firms. This study showed that firms rarely have both an advisory and a supervisory board: only three family firms and 2 non-family firms out of 664 firms in total. The most important reasons for both family



firms and non-family firms to have a board are the need for an objective sounding board and to help the directors to be on edge.

Significant differences between family firms and non-family firms were found regarding monitoring and control reasons for a board: governing the shareholders' interest and determining the salary of the directors. These reasons were found to be much more important to non-family firm CEOs than to family firm CEOs. Additionally, the main task of the board as considered by the CEO, is significantly different between family firms and non-family firms: family firm CEOs consider the monitoring and control task to be less valuable than the advising task of the board (6.7 percent versus 60 percent). More than thirty percent of family firms consider both tasks to be equally important (Berent-Braun et al., 2013). Family firms also expect their board members to understand the dynamics of family firms instead of focusing solely on the firm side. Privately held Dutch family firms that have neither a supervisory board nor an advisory board indicate that the main reasons are the costs involved, the lack of a need for advice of outsiders and insufficient familiarity with the advantages of a board (Berent-Braun et al., 2013).

#### 4.3.4 Case selection

When deciding on the number of cases, the selection strategy must be identified first. Instead of being led by traditional quality criteria such as generalizability and validity for larger groups of firms or attempting to overcome the case study limitations, the chosen strategy should depend upon the underlying motivation of the study. Even Yin (2014), who together with Eisenhardt (1989) can be considered the leading scholar in case study research with a positivistic orientation (e.g., talking about replication logic), argues that *"a fatal flaw in doing case studies is to consider statistical generalization to be the way of generalizing the findings from your case study. This is because your case or cases are not 'sampling units' and also will be too small in number to serve as an adequately sized sample to represent any larger population. Rather than thinking about your case as a sample, you should think of it as the opportunity to shed empirical light about some theoretical concepts or principles"* (Yin, 2014: 40). Instead, the cases should be selected in such a way that the learning experience is optimal.

The learning experience for this dissertation involves the development of our understanding of the emergence process of advisory boards in family firms, including the local contextual influences involved. Using the logics of realist ontology, this study uses a purposeful sampling approach (Emmel, 2013). This means that information-rich cases are selected that best exhibit the theoretical characteristics of the phenomenon of interest and that are the most accessible and conducive to gaining the understanding that is sought. The accessibility of the setting and individuals of interest are real conditions to be taken into consideration and should not be dismissed as rigorous. Following Maxwell (2012), dismissing accessibility as a real consideration would be ignoring the real conditions that influence how data can be collected and the ability of these data to answer the research question. The engagement of the researcher with the phenomenon of

interest (the situation and people who are studied) involves three basic elements: selecting the settings and the participants, negotiating the relationships with participants, gatekeepers and other stakeholders and collecting the data (Maxwell, 2012). Moreover, purposeful sampling suggests a plan that is designed before the research starts, but it may be redesigned during the research journey for both practical and pragmatic reasons (Emmel, 2013).

Therefore, after having decided to work with a purposeful sampling approach, the next step is to choose the number of cases to be studied. As briefly indicated in section 4.1, it is important to note that the participants in this study actively chose to participate. Therefore, twelve cases were available for the study. The decision of the exact number of cases to study is a tradeoff between breadth and depth. I have decided to include four family firms working with an advisory board in my study. This decision has been based on the fact that the temporal dimension is important in my study, which focuses on the emergence process. To include the longest periods of time possible, I have included two firms that I have been in contact with since 2011, since the start of the first RAAK research project. Because I felt that two cases were quite limited to provide sufficient breadth in the cases and identify general mechanisms driving the emergence process of the advisory board, I decided to include two more firms that participated in the next RAAK research project. I have been in contact with these two firms since February and October 2014. The selection of four cases gave me the possibility to follow these firms over extended periods of time and simultaneously to conduct repeated visits to each of the firms. These four cases have allowed me to reach the necessary depth to gain a thorough understanding of each case while simultaneously being able to make comparisons across the cases.

These four cases were all quite different in terms of their family firm context, representing the family firm heterogeneity well. Because the advisory board might take on different roles and tasks dependent on the issues at hand, I expected that it would be essential to consider the diversity in family firms in terms of the generations involved, the life cycle phase that the family firm finds itself in, the issue of succession being topical or not and the involvement of family owners and other family members in either formal or informal positions. The family firms selected (Solar Innovations Group, Florax Group, Collectron Group and Treelab) are presented in closer detail in the empirical chapters (five to eight). Table 2 summarizes a number of structural characteristics of the firms.

#### 4. Research Design and Methods

**Table 2** Key characteristics of family firms involved in the study

Key characteristics at start of data collection	Solar Innovations Group	Florax Group	Collectron Group	Treelab
# employees	50	50	70	60
# family members working in the firm	3	1	1	3
Family owned	100%	100%	100%	100%
# owners	1	2	1	2
# family owners	1	2	1	2
Turnover (€ in millions)	7	8,5	35	6
Industry	Engineering	Pharmacy	Electro technique	Pharmacy
Year founded	1996	1975	1951	1895
Current generation involved	1 <sup>st</sup> and 2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup> and 4 <sup>th</sup>
Family CEO	Yes	Yes	Yes	Yes
# family members in advisory board	0	0	0	1
Outsiders in advisory board	3	2	3	2
Attended by CEO	Yes	Yes	Yes	Yes
Attended by other actors	Yes, by the family members and occasionally by the management team members	No	Yes, the two management board members	Yes, occasionally by members of the management team members
Advisory board has been active since	October 2014	February 2014	Winter 2012	Winter 2012

This shows that the four family firms are active in different industries and demonstrates their diversity regarding size, ownership distribution, and features in terms of family structure and relationships. All of them have 50 or more employees, and the number of family members involved in the firm is limited to five persons. One family firm is managed by the first and second generation, two firms by the second generation, and one by the fourth generation. All of these firms are medium-sized family firms with a considerable level of complexity. This complexity relates to a combination of, for example, the size of the firm, the competitiveness of the market(s) in which the firm operates, and the family's level of involvement.

##### 4.3.5 Data collection

In this study, the data collected are not simply considered as material to be interpreted but as evidence for the phenomenon and processes studied even though it might not be directly observable. Instead, the phenomenon and processes

must be inferred from the data (Maxwell, 2012). Following the realist ontology, I have followed Maxwell (2012) in selecting the methods for data collection. He argues that in addition to the research question, the research situation should be considered when selecting the right methods, as it plays an important role in terms of the elements that influence which method will work most effectively given the data needed. If we want to catch and interpret in-the-moment activities, it is not always possible to have advance knowledge and plan methods. Just as the emergence of the advisory board evolves over time, so do the methods chosen, as the success of a field study is dependent on pragmatism, luck, moral sensibility and a will to be innovative (Czarniawska, 2008). A second aspect discussed by Maxwell (2012) is the use of multiple methods, which is important to gain a broader and more secure understanding of the phenomenon studied.

I collected the data real-time, in parallel, over a period of time of 1.5 (Solar Innovations Group and Florax Group) to 3 years (Collectron Group and Treelab). In addition, the methods were applied in parallel during the course of the study. This approach allowed me to make early and continued comparisons between the cases and slowly build my understanding of the emergence process of advisory boards in family firms. The data collection started from the moment that I first met with the family firm decision maker(s) to discuss their interest in participating in the project to establish an advisory board and ended in the summer of 2016. Table 3 shows an overview of the data collected at the various family firms.

**Table 3** Overview of the data collected

	<b>Solar Innovations Group</b>	<b>Florax Group</b>	<b>Collectron Group</b>	<b>Treelab</b>
<b>Time period</b>	12/13 to 08/16	01/14 to 08/16	03/12 to 08/16	09/11 to 08/16
<b>Extensive reports of meetings</b>	9 (71 pages text)	7 (61 pages text)	10 (83 pages text)	12 (53 pages text)
<b>Interviews</b>	9 (6 different actors)	8 (7 different actors)	7 (5 different actors)	4 (3 different actors)
<b>Other</b>	Reflections, selection profiles, agendas, newspaper articles, strategic plans, financial figures, annual accounts, other background materials			

To assure confidentiality for the family firms that participated in this study, the names of the family businesses, the names of the actors involved, and the exact location of the businesses have been changed. However, all the other information presented in the cases reflects reality, including the background information on the business and the family, the industry, and the issues and topics discussed.

##### 4.3.5.1 Observations

Since the purpose of this study is to explore a phenomenon that we know little about and to explain the underlying mechanisms that influence the emergence process, the data collection mainly relied upon observations of the advisory board meetings. I was allowed access to all the advisory board meetings, including extra meetings held with the members of the management team and/or the accountant. This method is referred to as participant observation, and it involves social interaction between the researcher and the practitioners studied in the context of the practitioners, which allows the researcher to observe first-hand the experiences and behavior of the participants in specific situations and to have the ability to talk to them about their perceptions and feelings (Waddington, 2004). The purpose of attending, observing and participating in the meetings was to be as close as possible to the phenomenon of interest and to be there during the episodes when the hybrid arena of the advisory board emerged over time. Even though I was unable to observe the implications of the advisory boards for other strategic arenas in the family firm, the meetings themselves were clearly demarcated in time and place and because of that, I was able to attend almost all of them. I was interested in how the advisory board members and the family firm decision makers interacted, the topics that were discussed, and the practitioners' activities, and I was open to all kinds of other influences that could play a role in how the advisory boards developed over time. Given the underlying principles and assumptions of my research approach, I considered it to be meaningful to specifically attend to the experiences of the practitioners involved in the meetings. Therefore, in the notes I indicated as literally as possible who said what and the order in which the discussion occurred (who reacted to who and how this was done). This contributed to a considerable amount of empirical material, as shown in Table 4.3. At Florax Group, I attended 7 meetings, at Solar Innovations Group I attended 10 meetings, at Collectron Group I attended 11 meetings, and at Treelab I attended up to 12 meetings.

My role as an observer or my research identity, referring to the extent to which I participated in the activities of the practitioners I studied, is the participant-as-observer (Waddington, 2004). This role is characterized by building relationships and participating in activities, but with the clear and explicit notion that the intention is to observe events. As explained above, during the advisory board meetings, I took detailed notes that were not only used by me as the main data source for my study, but were also turned into meeting reports for the practitioners. The meeting reports were used as input for the next meeting; the practitioners would use the report to start where they had left off. Even though I more or less intervened in the emergence process of the advisory board by writing the meeting reports, I did so with the sole purpose of creating a win-win situation: I was allowed access to the meetings, and the practitioners were relieved of the task of writing meeting reports themselves. One additional advantage of this approach was that my observations were instantly checked for accuracy and their representations of reality over time by the practitioners involved. Because of this approach, I was one of the participants who sat at the table with my laptop. My

presence was visible, and it was not only accepted but also developed into a given over time. I was welcomed to the meetings, similar to the others, even though they would ask me every now and then how the research was progressing or what I thought about what I had just observed. All notes were made on the laptop and after the meetings, I added my reflections, general impressions and specificities of that meeting. These notes were then cleaned for the practitioners and transformed into meeting reports, omitting my own interpretations and reflections. These reports were sent to the family firm decision maker(s) and after being read by the family firm decision maker(s), they were distributed among the advisory board members and used as input for the next meeting.

One of the challenges of this approach is to maintain a good balance between being an insider (to obtain access to the data) and an outsider (to be sufficiently objective and independent to perform the study) at the same time (Brewer, 2000 in Waddington, 2004). Even though I noticed that I felt sympathy for the practitioners involved and the family firm decision makers in specific, and good relationships were built over time, I was able to maintain a distance because the meetings only occurred once every two to three months. Moreover, I was involved in four different family firms, which also helped to maintain a distance because during the data collection process I had already begun to compare the cases.

I consider the observations as the most informative of my data, because being present during the meetings allowed me to create a clear overall picture of the roles of each of the advisory boards, the main tasks performed, and the process through which the advisory boards have emerged. My interpretations of the data would not have been similar to the current interpretations if I had not been able to attend the meetings. Merely relying on interviews (and therefore on the reflections of respondents) would not have been as insightful as the observations, as I would probably have missed the magnitude of the differences among the cases.

#### 4.3.5.2 Interviews

The second method that I used was in-depth interviewing. The purpose of this method is to create a more complete and accurate account of the phenomenon of interest, rather than relying solely on observations (Maxwell, 2012). More specifically, I had three reasons to interview the different practitioners involved in the advisory boards: (1) to include additional information that was missed in the observations, (2) to include practitioners' perspectives and experiences, and (3) to check the accuracy of my observations. As noted by King (2004), qualitative interviews are used both to see the research topic from the perspective of the interviewee and to understand how and why they come to have this particular perspective. Semi-structured interviews, in which the researcher specifically asks about specific events and actions, are appropriate to gain insights into personal reflections on events, issues and processes that are otherwise difficult to grasp. This is generally done by imposing a low to medium degree of structure, asking open questions, and focusing on specific situations, examples, and action sequences rather than abstractions and general opinions. Moreover, the structure and course of the interview is adjusted to the input provided by the interviewee.

#### 4. Research Design and Methods

I was fortunate to have access to all the practitioners involved in the advisory boards studied. Interviews were held with all the internal family firm decision maker(s) and all the advisory board members. The interviews with the internal family firm decision makers were held at different stages of the emergence process: at the start and halfway, allowing the practitioners to reflect on the emergence process of the advisory board as it was taking place in real time. Because the why question of having an advisory board plays a role in how the advisory board emerges over time, my first interview round concentrated on the reasons for the family firm decision maker(s) to start working with an advisory board. I inquired about the main issues the family firm was managing and how the family firm decision makers thought that an advisory board could play a role in addressing those issues. Moreover, I asked which competences and knowledge were already available in the firm and which competences they hoped would be covered by the advisory board members. Furthermore, I intended to get a picture of the structures already present in the family firm, the involvement of the family in the firm, the background and interests of the CEO, how strategy was addressed, and the firm's ambitions. To get a clear view of these issues, I asked the respondents to illustrate their answers with examples. I used a document with the themes and suggestions for questions to be covered in the interviews.

The second round of interviews was conducted halfway through the case study, during which I performed individual interviews with all the practitioners involved in the advisory board, including the advisory board members. During this interview round, I was first interested in their experience and perception of the functioning of the advisory board (*e.g.*, what was going well / what could be improved, the quality of the meetings, based on which criteria, the added value of the advisory board, the most important advice given/received, the interaction between the practitioners, unforeseen matters, access to information, particularities, enabling and constraining factors involving the advising process, and the potential for improvement). Again, I asked the respondents to illustrate their answers by using examples. Moreover, I inquired about aspects of the advisory board beyond the meetings that therefore could not be observed (*e.g.*, the extent to which contact was sought between the advisory board members and between the advisory board members and the family firm decision maker(s) in between the meetings, including the specific moments of contact, the reason for the contact, the content of the contact, and the frequency of contact). Also during this second interview round, I used a document with the themes and suggestions for questions to be covered in the interviews, although the content differed slightly depending on the person with whom I was speaking (family member, family owner, family director, external director, and internal or external advisory board member).

All interviews were tape-recorded and transcribed verbatim. Moreover, I took notes during the interviews to follow up on ideas that emerged during those interviews or things that surprised me. One of the things that I was surprised about was the openness from the first meeting onwards. This was the case for the family firm decision maker(s) and other family members involved, but it was also the

case in most of the interviews with the advisory board members. Apparently, by being present at almost all of the meetings, I have become a trusted person to them and they consider it self-evident to share their thoughts and experiences with me. I always asked if I was allowed to record the interview and I explained the purpose of recording. The presence of the tape-recorder was not perceived as a problem by any of the actors.

One of the challenges of using interviews as a method to collect data is the interviewer and respondent bias, implying that the interviewer may bias the answers of the respondents. This can be done by posing leading questions, through body language or by conveying signals of personal beliefs and stances through comments or follow-up questions. It may also be the case that respondents bias their own answers either by trying to satisfy the researcher and providing the answers that the respondent thinks that the researcher is looking for or by giving accounts of the past that do not reflect reality (Fontana & Frey, 1994). To address this challenge, I tried to formulate my questions to be as neutral as possible. Moreover, in choosing the structure of my questions, I started in an open manner, asking how the respondents perceived the advisory board in general, after which I could follow the respondents by discussing the elements that were most important to them first and most extensively. My interview guidance helped me to ensure that all the elements in which I was specifically interested were covered in all the interviews. Moreover, before I entered the interviews, I wrote down my presumptions about what the respondent would tell me. With this approach, I tried to distance myself from my personal beliefs and expectations that might influence how I would pose my questions.

#### 4.3.5.3 Secondary data sources

These main methods of collecting data were complemented with the reading of many kinds of documents from and about the four family firms both as background support for my interpretations and as extra input for the case descriptions. These secondary data sources included newspaper articles, annual reports, internal memos, strategy plans, and websites. I have not systematically analyzed the secondary data, as the access and quality of the material in the cases differed considerably. However, these data have helped me to better understand the situation of the different family firms, including the main strategic issues and the challenges involved. Moreover, reading the materials that were sent before the meetings (when I was given access to these materials) supported my understanding of the discussion and interaction during the advisory board meetings. The data collection phase is not yet over, as I am interested in further developments of the advisory board over time. For example, in one of the cases, one of the advisory board members has left the firm and another advisory board member has taken his place, whereas at another firm, an external director has been hired, thus significantly changing the role of the advisory board. Because of time constraints, the data collection for this dissertation ended in the summer of 2016. However, during the analysis phase, the extra data have helped me to verify



whether my interpretations would make sense and be in line with reality after the summer of 2016.

##### 4.3.6 *Data analysis*

Like the methods for data collection, also the methods for data analysis are strongly driven by the research question and purpose of the study. Because I am particularly interested in the causal mechanisms that drive the emergence process of the advisory boards and their outcomes across family firms, I needed to understand why and how the various family firms started to work with an advisory board that called for the identification of events that occurred during this emergence process. By comparing these events across the cases, I was able to identify key similarities and differences between the cases. However, to see why these events occurred and to understand why their emergence followed a specific pattern, I also needed to understand the underlying reasons. Therefore, my analysis involved three steps from the data to a theoretical level of understanding. First, I had to ensure that I would capture the experiences, representing the events that can directly be observed in the advisory board meetings. Second, I would have to bracket some events as specific happenings in the emergence process of the advisory board, of which the experiences are only a subset. These specific and often complex events are less likely to be directly perceived (Wynn & Williams, 2012). The final step involved the identification of the underlying causal mechanisms that drive the emergence process of the advisory board, representing structures that enable or limit what can occur in a specific situation (Wynn & Williams, 2012).

In identifying the experiences, the units of analysis were leading. This first step of the analysis process involved the construction of my case descriptions. These case descriptions partly led to the identification of events, as I observed clear similarities and differences in structuring the data according to the units of analysis. By building my within- and cross-case interpretations of the cases, these events further emerged from the data. During the last step, when the emerging events were deepened and further elaborated on by using sensemaking theory, the underlying causal mechanisms were identified and linked to the emergence process of the advisory boards.

During these steps, I have combined several analysis strategies. As explained earlier, the hybrid arenas of the advisory board meetings are the units of observation in this study. During these meetings, I focused on the units of analysis, including the practitioners involved, the interaction between them, the topics discussed, the structure of the meeting, the tools used, and the output of the meetings, including strategic decisions and agreements made. For the data analysis, I relied on approaches suggested by Miles, Huberman, and Saldana (2014) and Maxwell (2012). Two strategies were used to analyze the data, including a categorizing strategy in which the data were labelled and grouped while trying to consider the environment, and a strategy that involved connecting, meaning that key relationships were identified between the events by which the

categories of the data were again tied together. I will elaborate on the analysis methods, through which the experiences, the events and the underlying causal mechanisms were identified, in the sections below.

#### 4.3.6.1 Identification of experiences

The first strategy for the data analysis involved categorizing the data. Even though the units of analysis guided me in determining the categories, I started by reading the case material of the four cases several times to get a first impression of the sub-categories that would fit the data in the various cases. For example, within the group of practitioners, I distinguished between the owner manager, outside advisory board members, family advisory board members, family members working in the business, family members not working in the business, family owners, non-family owners, advisors, members of the management team, non-statutory directors, the chair of the advisory board, and the accountant. Moreover, following Jarzabkowski (2005), activity can be studied through the actions of the practitioners involved. The empirical material and the literature suggested that the praxis can be categorized according to the roles of the various practitioners. Whereas family firm decision makers can engage in advice seeking, advice using and advice discounting (*e.g.*, Bonaccio & Dalal, 2006), practitioners external to the firm can engage in inquiry and in advising (*e.g.*, Schein, 2009). Regarding the practices, I was open to all kinds of procedures, tools, and regulations that would be brought to the advisory board meetings, even though based on the literature I knew that most likely they would work with some structure in the meetings by using an agenda, a yearly planning for the meetings and a chairperson who would lead the discussion. Because the practices brought to the advisory board appeared to show differences according to their level of abstraction, I decided to distinguish between general principles agreed on (only occurs in the Solar Innovations group in the first meeting), working procedures and specific agreements. Whereas the general principles refer to issues such as being open to both solicited and unsolicited advice, the working procedures are specific agreements regarding the functioning of the advisory board, such as working with a yearly schedule, working with action items, working with a family representative to structure communication issues, etc. The specific agreements relate to the content of meetings, such as suggestions for issues on the agenda or persons to be invited for specific (parts of) meetings.

Because I was overwhelmed with the amount of data and felt lost, I decided to use software to create structure in the data by coding it and getting an overview of the most important information. The coding therefore started after all the data were collected. The program I used is called QDA Miner (Provalis Research, Montreal), a qualitative data analysis software package that facilitates coding textual and graphical data, annotating, retrieving and reviewing coded data, documents and images. It also provides the possibility to manage and store large numbers of documents. Accordingly, both the observations and the transcriptions of the interviews were uploaded in the program, grouped per case. As explained above, I have made very extensive reports of the different advisory board

meetings to capture my observations. The program would label the sentences or part of the text that I coded, showing both the coded text and the context from which it was drawn. Even though the units of analysis helped me order the data, I did not want to generalize too quickly, so the coding during this first stage was still very detailed, with many categories representing only a few data points. As explained above, I used an abductive approach (Van Maanen et al., 2007). Accordingly, after having grouped the data, I would go back to the literature and attempt to find concepts that fit the categories identified. I then refined or redefined the labels I had given to the categories myself and continued with this process until all the data were dealt with and fit with the categories and their sub-groups.

In addition to coding the data, I engaged in counting the frequency of activities performed by the practitioners in the advisory board meetings. Because I was specifically interested in the interaction between the practitioners involved and the activities in which they engaged in over time, and because I only have the observation reports and not audio or video recordings of the meetings, I looked at the number of words in the meeting reports devoted to the different activities. This is an approximation of the actual time spent on the activity and can therefore be identified as a limitation of the data collected. This is in line with the approach used by Machold and Farquhar (2013). Specifically, this implied that the activities of the practitioners were captured by coding them, after which I extracted the coded text per meeting and summed the number of words spent on the different activities. I then calculated (per activity) the time spent in relation to the rest of the activities I coded. I did this to allow for comparisons across meetings and across cases as much as possible, because the amount of the coded text differs across the meetings. This is how I got to the percentages of the different activities during each of the meetings. It is important to note that the percentage of time spent on a specific activity does not necessarily equate the importance of the activity. However, comparing the extent to which different activities are performed across the cases provides insight into how the differences among the advisory boards and their eventual roles for the firm and the family firm decision makers have emerged. The quotes presented in the case description come from the interview transcripts with the different practitioners involved.

##### 4.3.6.2 Identification of events

The second strategy used involved connecting, meaning that key relationships were identified by which the categories of the data were again tied together. However, this appeared to be quite challenging, as the within-case analyses did not show a clear and apparent pattern in which the advisory boards emerged. When comparing the cases, so performing the cross-case analysis, it turned out that the different cases showed large varieties in terms of the outcome of the emergence process (the role of the advisory board for the firm and the family firm decision makers), the strategic issues discussed, the extent to which family, ownership, and firm issues were discussed, the practitioners involved, and the strategic orientation of the advisory board. To move beyond these differences, I

started writing down the case descriptions. These case descriptions represent the data collected (the experiences) transformed into a description of why and how the advisory board emerged in the four different family firms (Wynn & Williams, 2012). This allowed me to understand better and more in-depth why and how the advisory boards had emerged in the different situations as they had. Throughout this process, two elements became clear: (1) the advisory boards all went through three phases, the last of which was reached to a greater or lesser extent, and (2) in all the cases, the family firm decision makers were very happy with the advisory boards and they all allowed for learning (albeit in different ways).

Subsequently, I sought to connect the various elements at play and identify those events that triggered the differences in the emergence processes of the advisory board and their outcomes. This process started again from considering the data, after which I searched the literature for concepts and constructs that fit my interpretation. In particular, I focused on the data on those moments during which the practitioners reflected on the role of the advisory board and its added value for the firm and its decision makers, because these moments seemed crucial for further developing the advisory board and aligning the ideas and expectations regarding the advisory board of the individuals involved. These moments of reflection are referred to in the advising literature as process consulting (Schein, 2009), and after having consulted the literature, I found that my insights were close to the sensemaking perspective (Weick, 1995). By using the concepts from the sensemaking perspective, I was able to further build my interpretation and identify various forms of sensemaking that occurred over the different phases of the sensemaking process. By using the sensemaking perspective, I was able to build my interpretation of the cases and extend the number of events during which sensemaking occurred and through which the advisory boards further developed. Table 4 provides several representative examples of the evolution from the data to the final identification of events.

**Table 4** Exemplars of data coding and identification of events

<b>Data</b>	<b>Initial coding</b>	<b>Events identified</b>
During the third meeting, the functioning of the advisory board is evaluated. The chair says to appreciate the openness of the directors both in terms of the information that the advisory board members receive and the openness in the discussions. He does not feel any aversion or resistance, but he thinks that the advisory board members can sometimes overwhelm the directors a bit. This might be good. He thinks that the advisory board members have underestimated the complexity of the firm. Perhaps it would be good to have a tour sometime? Can also be a virtual tour. Pim suggests to invite the members of the management team for them to share their ideas. Daan thinks that is a good idea. Pim says that the directors should not hesitate to contact the advisory board members, also in between the meetings. Jaap would like to spend more time on marketing strategy as this is also an important topic to the firm. However, he expects that this topic will be part of the discussion of the yearly business plans of the different clusters.	Process consultation	Collective sensemaking
During the second meeting, Joost explains that they want to hire an account manager for a new product that they want to bring to the market. What would be realistic compensation for such an employee? The demands of the candidates are quite high. Ed says that Solar Innovations Group is a young and successful firm. He reads in the commercial plans that there is considerable ambition: the firm wants to be part of the top 3. What does that mean? A lot is needed to get there. To realize further growth, the firm needs to work with new employees, at least partly. The current employees have done a great job but might not be capable of taking the next step. People with other competences are needed. Currently, all costs increase with at least 100%, but personnel costs only increase with 15%! Solar Innovations Group should be willing to invest in their personnel!	Doctor role	Mediated sensemaking

This process ended when I was able to identify the various forms of sensemaking that fit with the emergence process of the advisory boards. Through these analyses, a typology and a conceptual model emerged, which are presented at the end of chapter 9.

#### 4.3.6.3 Identification of underlying causal mechanisms

To figure out why and how these different forms of sensemaking occurred to a greater or lesser extent across the different cases and to identify the underlying mechanisms driving the sensemaking processes during the different phases of the advisory board emergence process, I went back to the sensemaking literature. As explained before, one of the elements identified at an early stage of the analysis and one that seemed to relate to the sensemaking activities was the learning that occurs in all the four cases studied. Looking for the relationship between sensemaking and learning, I found many links and similarities between the concepts studied before (e.g., Schwandt, 2005; Colville, Pye & Brown, 2016). This encouraged me to dig deeper into this relationship, meanwhile going back and forth between the data and the theory. A second element that seemed to drive the different forms of sensemaking and the extent to which the different forms of sensemaking were performed involved the (lack of) symmetry between the family firm decision makers on the one hand and the advisory board members on the other hand. The link between sensemaking and power has been mentioned in the literature (e.g., Weick et al., 2005; Balogun et al., 2014). Both the learning orientation and the (a)symmetrical relationships were identified in the different cases, however to a greater or lesser extent, influencing the extent to which the different forms of sensemaking occurred. Because these two elements identified were grounded in the data, after which the literature confirmed the existence of a link between both sensemaking and learning and sensemaking and power, my further interpretations built on these two underlying mechanisms as driving forces in the emergence of advisory boards.

#### 4.3.7 *Research evaluation*

The evaluation of case study research is challenging and dependent on the philosophical assumptions underlying the study. Leppäaho, Plakoyiannaki, and Dimitratos (2016) have noted that in family business research, three different case study approaches can be distinguished: the positivistic or qualitative positivistic approach, the interpretivist approach and the critical realist approach. Qualitative positivistic studies are performed as a complement to the quantitative approaches and assume an absolute truth. These studies are characterized by an inductive, grounded approach, relying on replication logic and leading to propositions that can be tested by quantitative studies accordingly. Case study research methodologies as suggested by Eisenhardt and Yin, following predetermined steps for data collection and analysis, are representative of this qualitative, positivistic approach (e.g., Gilbert, 2005; Eisenhardt & Graebner, 2007). Evaluative criteria that fit this approach include construct validity, internal validity, external validity and reliability (Yin, 2014).

Researchers performing the second variant, the interpretative-oriented studies, would have an issue with criteria such as external validity and reliability, because in their view there is no single invariant and universal truth out there. Instead, the theoretical purpose of interpretivist case studies is to develop an understanding of

the phenomenon investigated by embracing its uniqueness, complexity and the interaction with its context (Leppäaho et al., 2016) and by focusing on the processes by which individuals interpret the meaning of their own and others' actions (Nordqvist, Hall, & Melin, 2009). In that way, different interpretations of the data are possible, implying that there is no single correct interpretation (Numagami, 1998). Criteria for evaluating interpretative studies include coherence, systematic analysis and transferability of the findings in the sense that the results of interpretive research should encourage reflection, give new insights and broaden the understanding of a wider set of cases (Nordqvist et al., 2009). Nordqvist et al. (2009) argue that for interpretive studies, the use of criteria such as validity and reliability in their usual positivistic meaning should be avoided and that instead they should be assessed based on the extent to which the study is new, trustworthy and useful with regard to understanding a particular family business phenomenon.

The critical realist case study, the approach that I have chosen in this dissertation, represents the third variant and assumes a combination of an independent reality and individual interpretations of that reality, more or less matching the positivist and interpretive views (Leppäaho et al., 2016). As explained in section 4.2.1, its main purpose is to identify the causal mechanisms that generate certain events. Leppäaho et al. (2016) argue that a critical realist case study approach in the family firm research field implies the explanation of social phenomena by combining the identification of causal explanations with interpreting and understanding. It is important to note that the application of the critical realist approach in case study research remains quite limited. Based on a literature review from 2000 to 2014, Leppäaho et al. (2016) found only one critical realist case study in the family firm research field. This implies that the evaluation criteria of the critical realist approach are not as clear and developed as the other two approaches.

For my study, I draw on the criteria identified by Guba and Lincoln (1989 in Symon and Cassell, 2012). These authors were among the first to parallel quality criteria from the positivistic domain to what they called naturalistic terms: internal validity paralleled to credibility, generalizability to transferability, reliability to dependability, and objectivity to confirmability. Whereas credibility relates to achieving a fit between the constructed realities of the research participants and the researcher's constructions, transferability implies that enough details about the research situation are provided so that readers can judge the extent to which the findings are also relevant to other contexts. Dependability implies that a clear description of the methodological process is provided, including changes made along the way. The last criterion, confirmability, refers to the grounding of conclusions in data by showing where the data come from (data collection) and how they were transformed into findings (data analysis) (Guba and Lincoln, 1989 in Symon and Cassell, 2012).

The essence of the adjustment of the quality criteria used is exemplified by a comparison of two definitions of validity. Whereas Kirk and Miller (1986, chapter two, last page) define validity as *"the degree to which the finding is interpreted*

*in the correct way,*” relating to internal validity, it is defined by Creswell and Miller (2000: 124-125) as *“how accurately the account represents participants’ reality of the social phenomena and is credible to them,”* referring to credibility. The first definition assumes that there is one truth out there. The second definition relates much more to a subjective view on validity and member checking. These different views on validity are closely related to the philosophical orientation of these researchers.

In recent years, transparency is also mentioned as a quality criterion for qualitative research in general (Bansal & Corley, 2011; Bluhm, Harman, Lee & Mitchell, 2011). Bansal and Corley (2011) argue that there is not a single right method, and therefore it is very important that researchers are transparent about how they engage with the phenomenon that they are studying, provide rich descriptions of the findings and show how those findings have led to conclusions. Because discovery in qualitative research can be serendipitous, it is essential that researchers explain how their discoveries have come about by showing the authenticity and candor of the text. Bluhm et al. (2011) stress the importance of transparency not as an end in itself, but to convey the logic of the argument explaining why the researcher did what (s)he did.

In this dissertation, I have addressed the criteria of credibility, transferability, dependability, confirmability and transparency in the following ways. Regarding credibility, I have attempted to present vivid case descriptions that are faithful to what occurred and how the practitioners involved have interpreted the phenomenon of interest. For example, to capture the phenomenon I have closely observed advisory board meetings, attending as a participant who provided the meeting reports. Because these meeting reports served as input for the next meeting, I was able to check whether my notes reflected the interpretations of all the practitioners involved, thereby confirming that the notes were credible to them.

I have addressed the criterion of transferability by gradually moving from the empirical data to abstract and logical chains of evidence by using the steps of the analytical ladder of abstraction (Miles et al., 2014). By noting repeated patterns of the units of analysis and the emergence process, I have labelled and grouped them while addressing the events from which the data were extracted. I continued by looking for similarities and differences across the cases and counting the frequency of certain elements of interest. Considering various theoretical perspectives that could be used to interpret the data, I chose the one that reflected reality as closely as possible from my personal point of view, and I began to note relationships between the elements at play. Based on this ladder of abstraction, I have attempted to address the criterion of transferability, providing the reader with new insights and enabling them to build their understanding of the phenomenon of interest. Moreover, by going from the empirical data to theoretical concepts or notions about the phenomenon of interest, the findings can be transferred to other contexts. The findings can then be used to enrich, support or contradict existing theory.



I have attempted to capture the criterion of dependability through the description of my research journey in section 4.3.6. I have intended to carefully convey the logic of the analytical steps taken and explain why I did what I did and why and how I have arrived at the findings, as presented in chapters 9 and 10. Regarding the criterion of confirmability, I have started by presenting detailed and in-depth case descriptions, explaining the emergence process and the elements playing a role in the emergence process during the various phases studied (presented in chapters 5 to 8). Accordingly, by slowly increasing the level of abstraction, I have attempted to end up with a conceptual model, a typology and causal mechanisms that are strongly grounded in the data.

Finally, regarding transparency I have tried to provide as much detail as possible about my methods for data collection and analysis, how the methods were used, which information has been acquired, how this information has been used, and how it fits the rest of the research design. Only by informing the readers concerning these data and methods are they offered a basis for judging quality. To convince the audience of the credibility, relevance and rigor of the study, the researcher first needs to be transparent and convey the logic of the steps being taken. This requires reflexivity on the part of the researcher; not only on the analytical steps to be taken during the research and the challenges one encounters, but also on one's subjective values, biases, and inclinations. I have attempted to provide information about my own role in section 4.4.

## 4.4 Reflection on my role as engaged researcher

The chosen research approach combined with the underlying critical realism ontology requires specific reflection on my own role as a researcher, the relationships established with my respondents and my subjectivity. Because this dissertation has been part of two RAAK projects in which we have discovered together with the practitioners how to set up an advisory board and how to make it work, I have played a more engaged role in the research than is typical. It is a fact that as researchers, we need to interact with the participants and other people in the settings studied. It is important to understand how we influence and are influenced by the settings studied because our influence is a potential validity threat to the conclusions that are eventually drawn. It is sometimes said that in qualitative research, the researcher is the instrument of study, and his or her personal characteristics therefore play a major role in the conduct of the study (Maxwell, 2012).

The actual beliefs, values and dispositions that I have brought to this study have found their basis in the first RAAK project, which we have carried out from April 2011 to May 2013. During this project, fifteen family firms evaluated their governance structure and decided to set up a new family or business governance instrument. In this project, two family firms decided to start working with an advisory board. Information was provided to the family firms by organizing breakfast meetings during which one family firm would share the situation of his

or her family firm and its governance situation combined with the input of experts who would provide the project participants with ideas and experiences about strategy and a specific governance instrument. The experts included academics (professor Johan Lambrecht and his then-colleagues Diane Arijs and Vincent Molly), representatives of FBNed (the Dutch Chapter of the Family Business Network), and consultants (primarily consultants from the family business department of BDO but also specific family business governance specialists). Not only were these specialists involved in the breakfast sessions, they also provided their services by visiting the individual family firms at their business locations when requested (up to three visits per firm). My researcher colleagues involved in this project and I would attend the breakfast meetings, facilitate discussions and attend the business visits paid by the experts. I have been involved in the two family firms that decided to work with an advisory board from the start. My experiences, beliefs and dispositions regarding family firms working with an advisory board have found their basis not only in the collaboration with these two firms but also in the collaboration with other firms that were interested in working with an advisory board but were not able to advance as quickly. The two firms participating in the first RAAK project are also part of the four cases selected for this dissertation. Based on the input we received from the participants, the limited literature available on advisory boards, and the input of the consultants, I supported the participating family firms by developing a prospectus that described the expected role of the advisory board, its main tasks and the individual qualities and competences that should be brought to the firm by the advisory board members. Moreover, the experts' network and our network were used to search for suitable candidates for the advisory board positions when requested by the family firms. The experiences of this first project have been used to help other firms set up advisory boards; those firms later participated in the second RAAK project.

Even though I have not provided the practitioners in my study with advice directly, I have helped them make sense of situations that were suitable for an advisory board and situations that required an intervention of a consultant. Examples include determining the expectations of the advisory board and clarifying the profiles of its members. Moreover, the practitioners have often asked me for my advice, after which I have presented them with a range of possibilities on how others have dealt with the issue based on the situations I have seen in the study. I consider myself to be a communication channel between colleague-family firms dealing with similar issues, even though I am aware that the information that is communicated from one firm to the other via me is subjective, colored and selective based on my ideas of what is good for a productive advisory board and what is not. Additionally, my cooperation agreement with the families consisted of a win-win relationship: the family firm decision maker(s) would allow me access to the advisory board meetings in combination with interviews throughout the emergence process and in return, I would provide them with extensive meeting reports, describing the discussions in as much detail as possible. A more important issue for which care is needed to

#### *4. Research Design and Methods*

prevent it from becoming a source of distortion or leading to a lack of comprehension is my positive attitude toward having an advisory board. Both the literature on the role of advisors in family firms overall (by talking about how advisors can help in given situations) or in specific practices, along with the experiences and talks that I have had with the practitioners via the research project, are all very positive. Although it makes sense that the advisory boards will add value simply because they should deliver at least as much as they cost in terms of time and money, I have had to remember every now and then that working with an advisory board can also be challenging. For example, in situations in which the family member decision makers and the advisory board members have different expectations and ideas regarding the functioning of the advisory board and the advisory board members might have different interests than merely serving the interests of the family firm. Alternatively, consider the dilemma between the incubation time needed (which might be lengthy) for the advisory board members to become informed about the firm and the need to address current and urgent issues.

I think it is fair to say that subjectivity plays a role in this study because of my engagement with the practitioners. However, instead of treating this subjectivity as a variable to be controlled for or attempting to reduce it to zero, I suggest regarding it as a component of my process of understanding, one that has both good and bad consequences (Maxwell, 2012). Only through a close engagement in the particular context is it possible to identify the mechanisms that explain the emergence process of the advisory board. I have attempted to become aware of my subjectivity and thus to be better able to see past it by keeping memos consisting of short reflections after each meeting that I have attended and by writing down my preconceptions about the potential answers of the respondents before their interviews.

# 5 Solar Innovations Group: a Team of Functional Advisors

## 5.1 Introduction

Solar Innovations Group is an innovative, medium-sized glue engineering firm. It works with gluing and surface-treatment technologies to ensure durable bonds for any combination of materials. Solar Innovations Group consists of three independent firm units: research and development (R&D), engineering (the development of machines), and special products (precision work with unique glue and surface technologies). The combination of these firm units enables Solar Innovations Group to offer a complete solution to its customers. The activities performed in the R&D firm unit include research and analysis (such as the measurement of surface tension, purity, structure, harness and optical measurements of the glue, bonding and tolerance tests, thermal analyses, and surface treatments), advice, testing and test production and development. This firm unit specializes and focuses on transforming questions and challenges related to glue, coatings and surface technologies into practical solutions. It has its own laboratory and test center with advanced research equipment. Solar Innovations Engineering is the firm unit that specializes in the development, manufacturing and implementation of adhesive application systems, dosing systems and coating systems designed for hot melt applications. Building on its exclusive strength of realizing precision, thin and manageable glue thicknesses, swirl-patterns and full-sheet or intermittent bonds, its activities include the deliverance of basic and custommade machines for industrial gluing, maintenance and service for gluing devices and a demonstration area in which the basic machines are set up and running. The third firm unit, Solar Innovations Special Products, is the production unit. It provides three services: precision gluing, surface treatment and laser techniques. Solar Innovations Group currently works with three main innovations, including plasma treatment, linerless labels, and biodegradable plugs. The firm has received several awards for its innovations. Solar Innovations Group was the first in its region to apply for and receive a local innovation voucher, implying a significant contribution in the payment of the R&D costs on new innovations in collaboration with an open innovation center in the area. Solar Innovations Group is strongly rooted in the local environment, and it offers work for people with disabilities.

The firm is owned and managed by the van de Mast family. All the firm units are located in Hattem, a small village in the eastern part of the Netherlands. The firm has 60 employees and an annual turnover between eight and ten million

euros. Although the firm is still relatively young (it was founded in 1996), it is a real family firm.

### 5.1.1 History of the family firm

The firm was founded in a small village, called Wijhe, by Joost and his wife Joke. Joost, who had always been involved in the adhesives business, was ready for a new challenge when he started his own firm. He felt that he had not had the opportunity to develop his ideas and that there was little room for creativity in his job. He then started the small-scale production and development of gluing technologies in a barn at the family home, where Joke's parents also lived.

Joost is a farmer's son and is the eight of nine children. Joost thinks that his father was more of an entrepreneur than a farmer because he liked to be involved in many activities. Eventually, Joost's father sold the farm and told his children that they would have to develop something of their own. Joost thinks that he got his entrepreneurial skills from his father. After finishing his education, Joost started to work in a factory producing gluing materials, after which he worked for ten years as a technician in a firm specializing in glue machinery. When the firm moved to another location ninety kilometers from Joost's home, he discovered that he did not like the commute and in the summer of 1996, he decided to quit. Over time, his position at this firm developed into a technical-commercial position, with a focus on commercial activities. Even though Joost had the opportunity to work throughout Europe, he did not like the new commercial focus of his job at all. With the change of location, the decision to quit was quickly made. This decision was quite risky because Joost had no money and had to take care of his family, which consisted of his wife and three children, the eldest of whom was only ten years old. However, Joost felt confident that he would be able to make a living on his own. He transformed the barn into a working space and an office; the whole family helped with the renovation.

*I started the firm in the barn in our garden in Wijhe. The children witnessed the first economic activities there and were involved in the firm from a very young age. When we had to renovate to enlarge the barn, the children helped carry the bricks. From the beginning, we built the firm together as a family. (Joost van de Mast, director, January 2015)*

Without having a clear firm plan or even an idea, Joost started to buy and resell gluing materials that were in demand at large firms. Through his old employer, Joost's network expanded quickly. He occasionally repaired things. However, Joost wanted continuity in his firm activities, and he found that by collaborating with a manufacturer of carpet tiles who was looking for a partner to provide glue for the carpet tiles. They decided to work together on the basis of a five-year contract, pursuant to which Joost applied a hot melt to carpet tiles, followed by a cover sheet, using a machine he had developed himself. The result was a self-adhesive carpet tile. Reflecting on his first activities as an independent firm

owner, Joost remains very happy with his decision to start his own firm and his ability to solve a complicated glue problem.

After a few years, a new challenge followed. A producer of hearing aids had trouble with the gluing of a tiny component: the membrane on a little aluminum box that produces sound. Joost felt that this could be a major breakthrough, and he worked very hard to develop a custom-made gluing device. He called in the help of a German supplier he had worked with before and after a few months, he found the solution. Next, the hearing aids producer asked Joost to produce the device. For that reason, he did. The product was successful and represented a breakthrough for the firm. In 2001, Joost decided to leave the barn because the farmyard could no longer accommodate trucks, prompting him to move the firm to Hattem, a central and easily accessible location in the eastern part of the Netherlands. Together with his first employees, Joost created a standard range of gluing equipment, and in five years' time, he started developing and producing his own machines. Over the years, the firm expanded quickly, and it was split into different firm units and different buildings in 2004, 2008 and 2012. In the newest building, a lab was built to work on new innovations. In March 2016, Joost and Joke left their home in Wijhe and moved to Hattem. The firm, the children, and their sports facilities are now all located in Hattem. The family was ready for a change and a new chapter in their lives.

Joke has always been involved in the firm, but not in a formal role. She works as a volunteer in a medical center. Joke and Joost have three children: Suzanne (33), Matthijs (30) and Maria (27). Suzanne is the only sibling who does not work in the firm. She has two small children who keep her busy. Moreover, she has health issues that limit her ability to work. Before Matthijs and Maria started to work at the firm, Joost considered selling the firm when he reached the age of 60. However, when his children expressed interest in working at the firm and showed that they were capable of doing so, they jointly decided to keep the firm in the hands of the family.

*Two years ago, the awareness that we are a family firm led to a completely new scenario. Whereas at first, I thought about selling the firm, now everything is focused on the continuation of the firm and the family involvement in the firm.* (Joost van de Mast, director, January 2015)

Similar to Joost, Matthijs is a technician; he has degrees in firm management and technology. Maria holds a degree in social services and began by working at the personnel department. More recently, Maria moved into a commercial position and represents the firm in various associations, meetings and outside activities. Both Matthijs and Maria might be interested in directing the firm in the future. However, they feel they are still too young to make that decision. Moreover, Matthijs intends to explore opportunities outside of the family firm, and perhaps even to work abroad for a few years. Joost and Joke support their children in their professional journeys and feel that they should be free to do what they enjoy the most.

### 5.1.2 *The advisory board*

The case study of Solar Innovations Group focuses on the period from December 2013 to September 2016. Via the project manager of the Windesheim research center, I got to know Joost and his family. From that moment on, the family has participated in our research project to become informed about advisory boards and the various options for establishing an advisory board. After a first meeting with Joost, I was invited to the family home to inform the family members about the research and how participating in our research project could help them set up the advisory board. Over the summer of 2014, I helped the family set up and distribute a profile over social media, assisted in preparing for the selection interviews, attended most of the interviews, and offered my reflections in the final selection. Once the candidates had been selected, I attended all the advisory board meetings and offered extensive meeting reports to both family members and the advisory board members in return for my presence. Along with my involvement in the emergence process of the advisory board at Solar Innovations Group, Maria and Joost attended some of the meetings that we organized for entrepreneurs in family firms who have begun to work with an advisory board, during which the entrepreneurs shared experiences and obtained ideas about how to work with their advisory boards.

The empirical descriptions presented in this chapter aim to identify the initial considerations for Joost and his family to set up an advisory board and track the phases of the process of establishing the practice of using an advisory board in the family firm. More specifically, the starting conditions and expectations, the activities and tools used to set up the advisory board, the individuals selected, the emerging structures and practices, the primary tasks performed by the advisory board members, the activities of the family members, interactions with other practitioners, and the influences of the specific context in which the advisory board operates are described. Because Solar Innovations Group has recently hired an external director, the family and advisory board members find themselves in a new situation in which the role of the advisory board must be readjusted.

## 5.2 The life cycle phase of the firm, the director's background and expectations

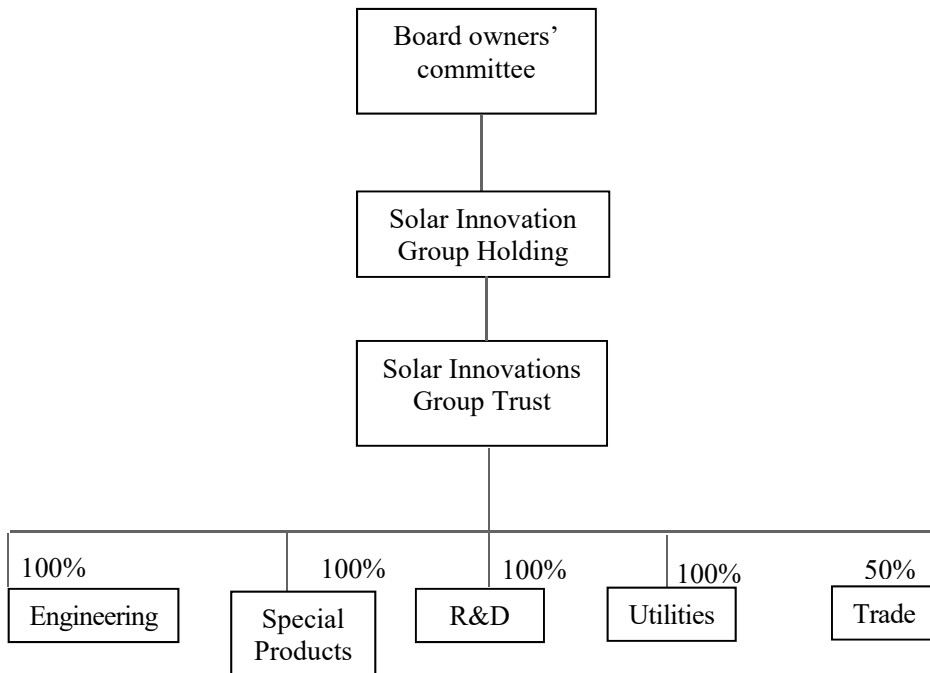
### 5.2.1 *The life cycle phase of the firm*

Since its founding in 1996, Solar Innovations Group has experienced significant growth. Over the years, the firm added various units, hired new employees, and built new buildings to accommodate its new activities and the employees. Currently, Solar Innovations Group has approximately 65 employees, and Joost has installed a management team to deal with his span of control. The management team consists of six members: a commercial manager, the heads of the three firm units (engineering, special products and R&D), Matthijs (co-owner

of the trade firm unit), and the financial controller. The organization structure of Solar Innovations Group is shown in Figure 5.

Whereas Solar Innovations Group has grown in terms of size and complexity and the organization structure has been adjusted as presented above, the firm remains loosely organized, with informal communication structures and planning and control mechanisms that are not yet in place. Solar Innovations Group has no formalized governance mechanisms beyond a management team. However, changes are required:

*If you consider the management team, those people are very ambitious persons. They expect something, including guidance from their director. They want to be managed effectively. They are highly educated. So, I have to ensure that they stay with us. We have to do well, grow the firm. And the question is whether I am going to do that or whether someone else will join the firm to realize the next step. You can also choose not to grow, but then we would stop with our innovations and things alike. The good people will leave because they will become unhappy.* (Joost Van de Mast, director, December 2013)



**Figure 5** Organization structure of Solar Innovations Group



Joost's wife agrees:

*Our motto has always been to work with pleasure, and we want that for all our employees. But that is also a pitfall. It is also difficult to maintain once the firm begins to grow. That is why we need the advisory board, to set boundaries. It is much too social now. [...] The firm has grown and now it becomes too difficult for us. I think that other people should do the job. I also notice this with Joost, he works so hard. Next week, he turns 63, and I notice that at this age, he becomes physically tired from his work. Many meetings, long days, go to a fair, personnel days, etc. And there is no time to recover. You can see that he becomes more stressed. (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)*

For the reasons, Solar Innovations Group finds itself at a stage in which it needs support to manage and structure the firm. Joost himself lacks the knowledge and skills to do this, as explained in the next section.

### 5.2.2 Needs of the director

Joost has a technical background and enjoys spending as much time as possible on new technological solutions to glue-related issues. On the dashboard of his car, Joost keeps a square piece of foil, which is actually two pieces of foil that are sealed with perfume in between. The product does not yet work in an optimal way and a solution still needs to be found. By keeping the foil on his dashboard, Joost sees it regularly, is reminded of it and continues to think about it. A solution could pop up while he is driving, or it could come to him just as easily when he is exercising.

*The best ideas come when the head is empty and I find my balance. I do not know what would happen to creativity if I were to stop exercising. I do not even want to try that. (Joost Van de Mast, director, September 2014)*

When I met Joost, he was 61 years old (December 2013). He wishes to step down from his role as director of the firm and focus on his hobby: working on innovations. He sees many opportunities in combining sustainability with his core activities by working with biomaterials, and he would like to spend time researching those opportunities instead of managing the firm. Moreover, he wants to spend more time with his family and grandchildren. Despite Joost's personal plans (investing less instead of more time into the firm), he would like the firm to grow. Joost has discussed his wish to step down with his children, and together, they believe that it might be a good idea to have an external director for the next few years.

*I have just turned 61, so I can still continue working for a couple of years, but not as a manager. [...] I am much more of an entrepreneur; I do not like the*

*management tasks so much. It surely needs to be done, but I do not really like it.* (Joost Van de Mast, director, December 2013)

*Joost is not really a director. He is a technical person, but he has been put in this director's role. Joost is a guy who does things in his own way. And he puts his blinkers on, and then he just acts. He has thought of something and then he acts on it.* (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)

### 5.2.3 *Expectations of the advisory board*

Joost believes that an advisory board could support taking the firm to the next level and search for an external director who is competent to take on this task; such a person could play this role until Matthijs and/or Maria have decided if they want and are prepared to take over:

*We want continuity, and we intend the firm to remain a family firm. However, I do not have sufficient tools to realize our current ambition for the firm. In addition, we would like to take the next step. For example, we would really like to scale-up our international activities. We do that now, but the commercial manager thinks that we should expand those activities. I say, go ahead, but do not ask me how to do it. Well, he does not like that. He wants to discuss that with me, but with me, he has the wrong guy at the table, I cannot help him. That does not feel right. We really struggle with such things. [...] Matthijs is still too young to do this. He does not want to do it. He prefers to learn and develop his competences. He does not want to have all the responsibility because it will limit his potential to grow.* (Joost Van de Mast, director, December 2013)

Maria agrees with her father:

*We expected them to help us make difficult strategic decisions, about which we know little. Sometimes, we joke that our qualities are not in the area of business management; we are aware of that. The firm grows quickly, so the advisory board plays an important role in supporting us.* (Maria van de Mast, youngest daughter and HR manager, October 2015)

Joost expects that the advisory board members will be able to assist in critically assessing the competences of the current staff members and determining what is needed for the firm in terms of governance, strategy, organization structure and family involvement to take the next step. Moreover, the advisory board members are expected to coach Joost and Joke's children so they can choose their roles in the family firm. Even though Joost has a clear view of the major tasks of the advisory board, it has been difficult for him to identify the profiles of his desired candidates.

*They do not necessarily have to know me because, well, I do not think that would be the right approach. I do not know people who I could approach for such a task. What kind of people do I have to look for? I do not know. You could say, I need a person with financial expertise, but why not discuss such issues with the accountant? [...] A person with a good network would be helpful. We would like to be involved in the high-tech world. We have opened a desk at the high-tech campus in Eindhoven: that is where we want to be involved, in that world. If we could find someone who is involved in such activities, that would be great. The management team members have also expressed an interest in this area. We think that the external director should definitely be someone from that area who has expertise, preferably between 45 and 50 years old. (Joost Van de Mast, director, December 2013)*

Joost is quite convinced that he wants older persons on the advisory board, people with experience who have developed and use their own area of expertise in their advising practices. He wants advisory board members who can provide knowledge and tools that are not yet available in the firm. In terms of size, Joost wants an advisory board of three persons. Three persons could make a good team to provide the firm with balanced advice. The focus of the advice should be the firm, not personal or family issues. The board should support the firm in taking the next step.

## 5.3 The preparation phase – winter 2013 to autumn 2014

### 5.3.1 *Activities performed and tools used to set up an advisory board*

#### 5.3.1.1 Strategy-away day

Joost used a strategy-away day, led by two external consultants, to inform his management team members that he planned to take a step back, to hire an external director, to start a professionalization program to educate his employees, and to start working with an advisory board. Joost came across the option to work with an advisory board when he and Matthijs attended a family firm day organized by Nyenrode Business University. Both father and son liked the idea of working with a fixed team of advisors. During the away-day, the management team members decided together to give priority to start setting up an advisory board, so that the advisory board could support in the search of an external director.

#### 5.3.1.2 Family meeting and vacancies proposed

Joost moved forward quickly, as he wanted to have the advisory board up and running within six months of the moment that he began to discuss it with his

family and the management team. That is why he organized a family meeting to discuss the possibility of setting up an advisory board. Because Joke has been one of the firm owners since the start and Matthijs and Maria worked at the family firm, Suzanne was the only family member who had no formal role in the family firm at the time the advisory board was set up. However, she had always felt a strong commitment to the firm and been informed about important developments on a regular basis, as the idea was for all the children to become owners of the firm in the future.

Although Joost strongly felt that an advisory board would be helpful in addressing the firm's issues, he wanted to ensure that the other family members (the potential future owners) agreed. Whereas Matthijs was initially a bit skeptical about the added value of an advisory board, despite his enthusiasm after the meeting at Nyenrode Business University, in the weeks following the family meeting, the family members all agreed that they would proceed with the idea of setting up an advisory board of three outside members. They started to discuss the expertise required on the part of the advisory board members and developed a document describing the purpose of the advisory board, its roles and tasks, and a profile of the external members that they sought. They were looking for one person with a financial background and financial expertise, one person with a technical background focusing on product innovation, and one experienced entrepreneur. Moreover, the family members very clearly indicated that there should be at least one female advisory board member.

The following profile was used to search for advisory board members:

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***Vacancy for advisory board member at Solar Innovations Group***

***Organization***

*Solar Innovations Group is a first-generation family firm, founded in 1996 by the current owner-manager Joost Van de Mast. Solar Innovations operates in the field of innovative gluing and surface-treatment technologies to ensure durable bonds for all combinations of materials. Solar Innovations Group is active in various industries, including but not limited to paper, textiles, wood, semiconductors, graphics and high technology. Solar Innovations Group consists of three independent firm units: research and development (R&D), engineering (the development of machines), and special products (precision work with unique glue and surface technologies). Solar Innovations Group is a fast-growing, financially healthy firm located in Hattem; it currently has approximately fifty employees. The firm culture can be described as no-nonsense, technically innovative, quality-focused, cooperative and customer-oriented.*

***Composition of the advisory board at Solar Innovations Group***

*The advisory board will consist of three persons, including a chair. Preferably, these persons will not be directly connected to either the family or the firm. There*

## **5. Solar Innovations Group: a Team of Functional Advisors**

*will be no family members on the advisory board. The advisory board meetings will be attended by three family members: (1) the intended successor, Matthijs Van de Mast; (2) his sister, Maria Van de Mast, who is responsible for staffing policy; and (3) the current owner-manager, Joost Van de Mast. In addition, management team members will occasionally join the meetings.*

### ***Reason to set up the advisory board***

*There are two important reasons to set up an advisory board. First, succession in ownership and management will take place in the next few years; second, Joost Van de Mast would like to withdraw from his management tasks and spend more time on innovation.*

### ***Roles and tasks of the advisory board***

*The advisory board is supposed to act as a critical, but constructive sounding board for the owner-manager and bring in broad expertise and experience in firm management, entrepreneurship and industry knowledge. The advisory board can potentially function as the link between the firm and the family. One important task during the advisory board's first year will be to advise about the requirements for an external director. To recruit external advisory board members, the following profile has been formulated:*

### ***General qualities of advisory board members at Solar Innovations Group***

- *Broad firm experience;*
- *Strategic insight and pragmatic attitude;*
- *Independent and critical toward each other and the owner-manager;*
- *Sufficient affinity with the firm or a willingness to develop such an affinity;*
- *Affinity with the family firm and its values and norms;*
- *Adequate capability to advise and act as a sounding board for the owner-manager.*

### ***Specific qualities***

#### ***With respect to content:***

- *A financially educated person who can advise the owner-manager on managing and controlling risks;*
- *A technically educated person who is focused on product innovation;*
- *Broad understanding of entrepreneurship, including, inter alia, the connection among economic, financial and social developments;*
- *A good understanding of the firm's overall management;*
- *Broad experience in managing complex (international) organizations.*

#### ***Personal skills:***

- *A committed sparring partner;*
- *A strong personality;*

- *A critical, yet positive mind;*
- *Goal-oriented;*
- *Senior;*
- *Analytical;*
- *Direct, yet tactical.*

***In addition to the criteria mentioned, the chair of the advisory board should***

- *Facilitate a fruitful cooperation both within the board and with the director(s);*
- *Be open, constructive, and focused on cooperation but critical and challenging when necessary;*
- *Direct an effective, decisive advisory board;*
- *Balance different perspectives and interests;*
- *Function as the representative of the advisory board.*

***General agreements***

*This profile intends to offer a guideline for the composition of the advisory board and the nomination of its members. The owners of Solar Innovations Group appoint the advisory board members. The advisory board members act in the interest of Solar Innovations Group. The advisory board offers advice and has no formal responsibility for governance. Advisory board members have no other positions that might conflict with the interests of Solar Innovations Group. The advisory board members are remunerated for their activities. The time requirement for advisory board members is six days per year: 6 3-hour meetings in Hattem with equivalent preparation time and a yearly strategy day. Advisory board members will serve for a 2-year term, with the possibility of reappointment.*

*Candidates can show their interest by sending an e-mail, including a CV, to Joost Van de Mast: [j.vandeMast@SolarInnovationsgroup.nl](mailto:j.vandeMast@SolarInnovationsgroup.nl).*

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This document was then circulated via the network of the Windesheim family firm research group, a network of practitioners active in advisory boards and boards of supervisors, along with social media such as LinkedIn. Eighteen people responded, six of whom were interviewed by Joost, Matthijs, and Maria over the summer of 2014. I also attended most of these job interviews. In addition, Joost conducted personal meetings with everyone who applied; following these meetings, Joost suggested one more collective meeting with Ed Dijkstra. The outcomes of the meetings were discussed with Suzanne and Joke, and the family then collectively selected the three members of the advisory board, with the female candidate appointed as the chairperson.

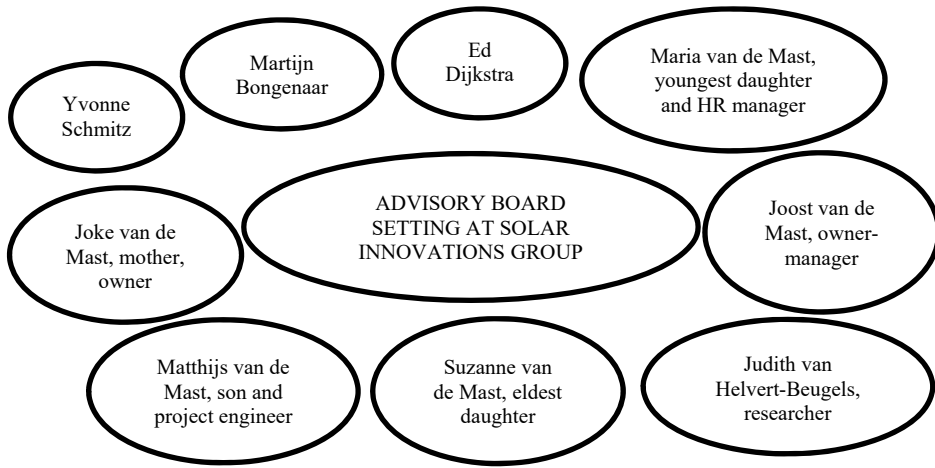
### 5.3.2 The advisory board members selected

The first selected advisory board member is an experienced coach and trainer of entrepreneurs, directors, managers and their teams or individual team members (Yvonne Schmitz). Yvonne has a background in law and marketing leadership and now runs her own consultancy firm, with a focus on personal effectiveness, organization development, communication, collaboration, leadership, decision making, marketing, sales and finance. In addition to her coaching and training activities, she supports organizations in strategy development and operationalization, brainstorm meetings and innovation trajectories. Before starting her own firm, she served as a director at a bank and at a zoo. Moreover, she serves as a supervisory board member for various organizations. The second advisory board member, Martijn Bongenaar, is a professor of family firm management and has been the Head of Faculty at Texel University since 2011. In addition to his work at the university, Martijn holds an advisory board position at Eilab, one of the largest suppliers of eggs in Europe, and a supervisory position at Heneken Topholding, a large family firm producing carpets in Genemuiden. The third advisory board member, Ed Dijkstra, is a finance professional with a background in governance; he has worked as a partner at Price Waterhouse Coopers for sixteen years. Additionally, Ed has had his own consultancy firm since 1998 and is a supervisory and advisory board member at numerous organizations and firms.

None of these persons were connected or related to Solar Innovations Group in any way. They all applied for advisory board membership. By appointing these individuals, only the identified need for finance expertise was really covered. Specific technical expertise, an affiliation with the high-tech industry and entrepreneurship experience were missing with these individuals. However, Joost, Matthijs and Maria were very enthusiastic about the members' expertise in family firms and felt very comfortable with them, which was also very important. The composition of the group of persons attending the advisory board meetings at Solar Innovations Group is shown in Figure 6.

Ed Dijkstra, one of the advisory board members, is confident that the advisory board members as a group have more than enough expertise to address the issues faced by Solar Innovations Group.

*Because of our different backgrounds and experience, I think that we cover 90 percent content-wise of the topics discussed in the meetings. The only thing that we do not cover optimally is having experience in running an innovative production firm. [...] However, this is not a big issue, as the family members themselves are very knowledgeable about this. Because of their technological knowledge and skills, everything that relates to running a firm, I think that they should be very happy to have this advisory board. I really think we add a lot of value. (Ed Dijkstra, advisory board member, August 2015)*



**Figure 6** The composition of the advisory board at Solar Innovations Group

The advisory board members were selected in September 2014, after which they were invited for an informal meeting both to become acquainted and to meet Suzanne and Joke. At the end of October 2014, eight months after the family meeting at which the need for the advisory board was discussed, the first advisory board meeting was held.

## 5.4 The post-conception phase – autumn 2014 to September 2016

### 5.4.1 Practices

#### 5.4.1.1 Introduction of the advisory board members

During the informal meeting in September 2014, in which the advisory board members were introduced to the entire family and to each other, the advisory board members reserved time for themselves outside the family's presence.

*All three of us have indicated that we wanted to have a meeting together before starting as the advisory board. We did not say thanks for this blind date, let us do it! We sat together for half an hour before we decided that we would do it. We also discussed who would take the chair role. Next, we said to the family, this is our proposal, do you agree? I would never accept a position as an advisory or supervisory board member before meeting the other members. I have responsibilities when I serve on an advisory board, and if you take on this role,*



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*then you are also responsible for the behavior of the others. Maybe not in a formal way, as is the case in a supervisory board, but still. Once I quit as a supervisory board member. All the supervisory board members left the firm because we had lost confidence in the board of directors. Having had that experience, I know how tough it can get and how you can be surprised by people. I take this role very seriously.* (Yvonne Schmitz, chair and advisory board member, September 2015)

During the thirty minutes that the advisory board members met, numerous issues were discussed, including the role of the advisory board in relation to the family the roles of the individual advisory board members, and they discussed who would take the chair position. It was suggested that Yvonne could take the chair role. After they agreed to accept the position, the advisory board members went to the family and discussed remuneration and insurance matters. Additionally, the advisory board members were introduced to the firm in a guided tour of the various firm units and departments. The advisory board members were able to agree quickly and function as a team:

*Formally, we were appointed separately. Therefore, it is possible that we have different opinions about things. That is not a problem. But it is important to formulate - to the greatest extent possible - a single point of view on things. That is the most valuable to the family.* (Ed Dijkstra, advisory board member, August 2015)

### 5.4.1.2 Giving structure to the meetings

Because the family members did not know what to expect from the actual meetings or how to prepare, the advisory board members took the initiative in providing some structures.

*I did not have a clear view on about what to expect of the advisory board. I wondered how this collaboration would work. We had selected some good people, all three of them, we were very happy. But what now, what is going to happen? I did not have a clear view of that. They are advisors, they only give advice, so how will this work? They would be highly educated people in a firm that we had always run our own way. I thought that was very exciting. I do not know. Because it feels so good with these three persons, I thought, well, just let it happen. Let us see.* (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)

Following this get-acquainted meeting, in which the positions were accepted by the advisory board members and initial agreements were made, Yvonne spoke with Ed and Martijn separately and then sent an email to the family members concerning numerous issues that they suggested could be addressed in preparing for or during the first official advisory board meeting. The first thing addressed in the email was the request for the owners' written confirmation of the appointments of the advisory board members, including remuneration, effective October 1, 2014. In addition, Yvonne suggested working with a resignation

schedule and the possibility of re-election, drawing up rules and regulations for the advisory board (such as principles that should prevent conflicts of interest, tasks and ways of working together, role clarification (owners, family members, directors) and the relation between the advisory board and other governance instruments (the employee council, the board of directors, the owners)), checking the status of the arrangements made for insurance for advisory board member liability, making reports or minutes of the meeting and setting meeting dates for 2015. In addition, the advisory board members indicated that they wanted to evaluate their own performance independent of the family members' evaluation of the advisory board's performance, and the family members would receive a written report of that evaluation. Of course, the family members would also evaluate the advisory board members. Moreover, the advisory board members requested to attend the shareholders' meeting at least once per year, to meet the accountant once per year, and in the event an employee council were to be created (this did not exist by then and still does not exist), they requested to meet the employee council once per year. Moreover, Yvonne asked for additional information to prepare for the first meeting: the annual accounts of the various subsidiaries, any strategic plan that existed (including the vision, strategic issues and short- and long-term directions, the commercial plan and the firm's goals for the next few years), the reports of individual family members' recent meetings with the accountant (if the family was open to sharing them), the agenda for the next meeting, and a request to appoint a family representative with whom Yvonne could prepare the agenda of the advisory board meetings. Content-wise, some topics to be discussed were suggested for the first meetings. Yvonne suggested that Joost, Matthijs and Maria (or one of them) prepare a presentation concerning the strategy and commercial activities planned for the next few years, as the advisory board members already perceived that the family had many questions concerning sales. In addition, Yvonne indicated that they would like to discuss Joost's role for the next several years.

The family members decided that Maria would be Yvonne's contact person and the family representative for the advisory board.

*Communication between the family and the advisory board is done by Yvonne, our chair, and Maria, the family representative. If I come across something that might be of interest to Joost or one of the other family members, I send it directly by email, copying the other advisory board members. But to prevent a situation in which one person is informed and the other is not, we have agreed that in principle, all communication is organized via our chair. (Ed Dijkstra, advisory board member, August 2015)*

Over time, more structure was provided to the meetings by ending discussions on topics with a short conclusion:

*Yvonne does a great job leading the meetings. She takes time for the social aspect, lets it go every now and then, but acts if we run out of time. [...] But now that I*

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*think about it, it would not be bad if at the end of every discussion point the chair would summarize what we discussed, decided or advised.* (Martijn Bongenaar, advisory board member, August 2015)

During the first meeting, Yvonne started the meeting by expressing a wish to discuss all relevant issues in an open and transparent way. Moreover, my role as a researcher was addressed and discussed.

### 5.4.1.3 Preparing the meetings

Before every meeting, Yvonne contacts Maria, and they decide on the topics to put on the agenda. Between meetings, Maria gathers the topics that the family members think are important to discuss:

*Approximately once per month, we (the family) sit together. We discuss what is going on and choose the issues that will be placed on the agenda of the next advisory board meeting.* (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)

*We have agreed with the family that as members of the advisory board, we can also put issues on the agenda. For example, we have requested a separate meeting with the accountant to check our assumptions about finances, which in our view had not received the attention that it should have. The family had no problem with this at all. In the interest of the firm, the family members see this too.* (Ed Dijkstra, advisory board member, August 2015)

Yvonne thinks it is important that the family take the lead in this process.

*Actually, it would be good to have a more long-term orientation when organizing and planning the meetings. Currently, we still take it one meeting at a time and see what the family is ready to discuss. However, my intention is to eventually work with an annual plan in which we have a meeting to discuss financial results, sales, etc. As advisory board members, we identify and suggest items to be put on the agenda in the future, but this task can be professionalized. The rest of the organization can be managed similarly, with the same structure. In other words, it is not all ad hoc, but it is very short-term oriented. Maria has to grow in her role, too, and you can see that happening. To me it is important that she takes the lead because one day, there will be another advisory board or another chairperson. Therefore, it is not good for us, as advisory board members, to do these things. The family should be in the lead, and this is taken care of by Maria.* (Yvonne Schmitz, chair and advisory board member, September 2015)

The family, particularly Maria, did not know in advance what to expect from the advisory board meetings. Even though they were happy with the guidance of the advisory board members in providing ideas and suggestions on how to plan for and structure the meetings, the family members had to get used to this structured

approach because they were not accustomed to working that way, as explained by Maria:

*I was not at all accustomed to working so professionally with such a structured agenda, to having everything ready on time, etc. I now try to work in a similar way with the members of the management team, too, because it is really nice. It is not only about setting the agenda but also about making sure that you get the documents from everyone in time. Some people are really quick, whereas others are not. Or the agenda is ready and then someone wants to add a discussion point at the last minute. If you prepare well, you get much more out of the meeting and you can come to a conclusion. (Maria van de Mast, youngest daughter and HR manager, October 2015)*

#### 5.4.1.4 Conclusion

The level of formalization is quite high at Solar Innovations Group because the advisory board members suggested many work practices. At the beginning, the advisory board members asked for clear agreements about remuneration, the role of the chair, contract terms, and communication agreements between the family and the advisory board. Additionally, the first half of the first meeting was spent on discussing the roles, rules, and responsibilities of the advisory board, which were laid out in a contract. The chair takes her role very seriously and prepares the meetings well, mostly in collaboration with Maria, the family representative. The chair also visits the accountant between meetings, if needed, calls the individuals involved and occasionally visits the firm between meetings. From the second meeting onward, she started to formulate short conclusions at the end of every discussion item on the agenda, and with Maria, she makes an action list that is continuously updated. Table 5 presents an overview of the practices introduced at the various meetings.

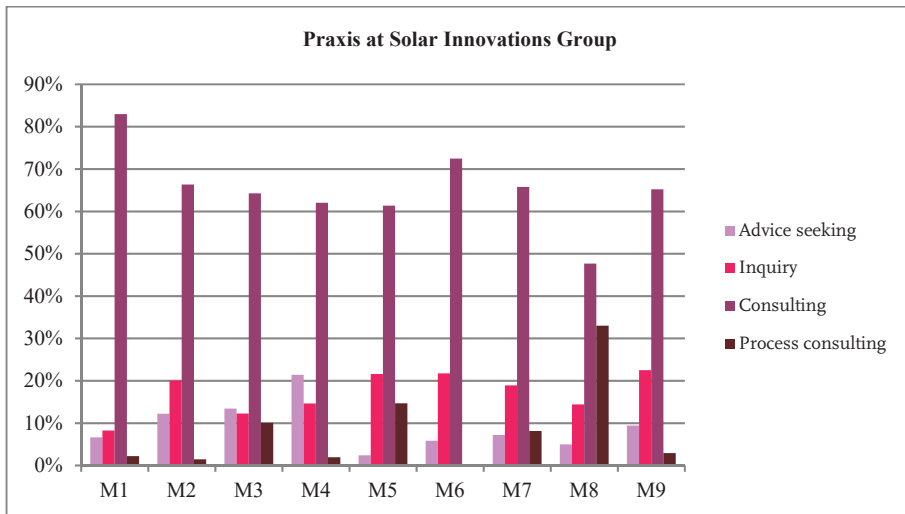
**Table 5** Practices proposed at Solar Innovations Group

	<b>Practices proposed</b>
<b>M1</b>	<p>Yvonne: request for an open and transparent attitude. (GP)</p> <p>Yvonne: providing both solicited and unsolicited advice. (GP)</p> <p>Yvonne: ideally, meetings are held in the presence of all the owners; the director(s) can be invited. (GP)</p> <p>Yvonne: preparation of the meetings (minimum of one week to study input). (WP)</p> <p>Martijn: agreements made regarding my role as researcher. (WP)</p> <p>Yvonne: the advisory board is related to the owners. (WP)</p> <p>Yvonne: Maria is the family's representative. (WP)</p> <p>Yvonne: minimum of 4 meetings a year. Urgent issues must be addressed when necessary. (WP)</p> <p>Yvonne: separate evaluation by advisory board members. (WP)</p> <p>Yvonne: request to attend the yearly shareholders' meeting. (WP)</p> <p>Yvonne: request to meet the accountant yearly, also in addition to the meetings. (WP)</p> <p>Yvonne: invite the accountant for the third meeting. (A)</p> <p>Yvonne: everyone takes another look at the adjustments made and then the document will be finalized. (A)</p> <p>Yvonne: planning of the meetings. (A)</p>
<b>M2</b>	<p>Yvonne &amp; Martijn: the advisory board can help with the selection of the external director, but we need to know what to focus on. Preferably the family members make a choice and then the advisory board can talk to him/her. The decision needs to be made by the owners. (A)</p>
<b>M3</b>	<p>Yvonne: the accountant will prepare a proposal together with the financial controller. (A)</p> <p>Yvonne: the notary will adjust the documents based on the discussion. (A)</p> <p>Joost: the commercial manager will be invited to the next meeting. (A)</p> <p>Yvonne: Ed, I suggest that you contact Matthijs and help him with seeking help. (A)</p>
<b>M4</b>	<p>Yvonne: the annual accounts can be determined based on the agreement of all the owners. (A)</p>
<b>M5</b>	<p>Martijn: please ensure that the issues that you put on the agenda are well prepared. (WP)</p>
<b>M8</b>	<p>Yvonne: find a structure for organizing the advisory board meetings when you start working with the external director. (WP)</p>
<b>M9</b>	<p>Martijn: determine what you expect from the external director; when has he performed well? (A)</p> <p>Martijn: receive slides of the presentation of the controller? (A)</p>

### 5.4.2 Praxis

As discussed in section 4.3.6.1, the practitioners involved in the advisory boards engage in various activities. Figure 7 shows the development of the various activities performed over time at Solar Innovations Group. The figure shows that advice is sought on a regular basis (on average, 9 percent of meeting time is spent on advice seeking), with a great deal of advice seeking occurring in the fourth meeting, in which the annual accounts and the first proposal for ownership succession were discussed. In the fifth meeting little advice was sought, which can be explained by the fact that the commercial manager was invited to share his ideas and plans for the future, a presentation that took up more than half of the meeting. Moreover, the functioning of the advisory board was evaluated during the fifth meeting (process consulting). The only topics on which advice was sought during the fifth meeting were international sales activities and remuneration practices.

In general, advice is sought on various topics and incidents, which are not always put on the agenda and considered in advance but are discussed in relation to issues on the agenda and are added to the agenda at the last minute or are discussed during the final question round of the meeting. It is obvious that the family members are unafraid to actively seek advice and feedback. All of them are very open to sharing information in relation to the firm, their ownership roles and more private family issues. In addition to advice seeking, the data show that although the advisory board members do inquire, they consult much more often. On average, 17 percent of the coded text on various praxis is represented by inquiry.



**Figure 7** Development of praxis at Solar Innovations Group over time

Questions are asked, such as ‘Why do you work with this party?’ ‘If it is possible, why is it not already there?’ and ‘Isn’t this an impossible assignment?’ Occasionally, also via inquiry, specific pieces of advice are provided to the family members, but this occurs in a more implicit manner. Most part of the praxis consists of functional consulting (an average of 65 percent of the coded text on different praxes), which means that the advisory board members provide a great deal of specific advice to the family members about how to address specific issues. The time spent on consulting is also constant over time, with a sudden decrease in the eighth meeting, when a great deal of time was spent on a presentation by one of the members of the management team. Additionally, relative to other activities, a substantial portion of the eighth meeting was spent on process consulting. Process consulting is always present in the meetings, to some extent, but during the eighth meeting, a great deal of time was spent on evaluating the role of the advisory board because the family had selected an external director and had to consider the implications of the arrival of that director for the advisory board.

In terms of the content of the activities performed, the advisory board serves the needs of the practitioners involved from the family, the owner and the firm perspective. This is discussed next.

#### 5.4.2.1 Family, ownership and firm governance

The family’s intention to create a family constitution is discussed. In preparing for the arrival of the new external director, the family intends to draft a declaration of the core values of the firm and eventually, a family constitution. The family members consider it very important to have these values in place before the arrival of the new external director because those values represent the culture of the family firm into which the new external director would have to fit. As a first step, the family members prepared a list with their core values in relation to the firm as preparation for the first meeting. In that first meeting, these values are discussed with the advisory board members, who challenge and ask questions, after which the family members decide to the list from thirteen values to fewer and more abstract values that truly characterize them as a family. The family members specify that the following items are important to them: (1) a focus on technological innovation, patents and knowledge development as a key competence (financed by equity and developed internally), because innovation is the firm’s *raison d’être*; (2) regionalism, including the roots of the firm and the mentality of the region; (3) the family dimension, which involves continuity and ownership by family members; (4) social responsibility and sustainability; and (5) equality and openness. Although the family constitution has been briefly mentioned in the meetings, follow-up will be postponed to the next year because many emergencies must be addressed first. In addition to issues related to the family as a whole, more personal issues are up for discussion in the advisory board meetings. First, the eldest daughter, who does not work in the firm but is deeply involved both emotionally and (later on) as one of the owners, struggles with health issues. This, combined with the fact that her role is different from the other

two children, occasionally results in tension. The advisory board members mediate these issues. Second, both the son and the youngest daughter are very committed to their jobs and struggle with their work-life balance and ideas for the future. Moreover, they feel responsible and perceive pressure to prove themselves because they are the boss's children.

*Maria has grown so much since we created the advisory board. Maria now has Yvonne as her personal sounding board, from whom she learns a lot. In addition, Maria is now happy again to work at Solar Innovations Group. She went through a period of not liking it here. She said, I am always the boss's daughter. People do not talk to you in the same way as they would otherwise. (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)*

The advisory board members provide coaching and come up with ideas and suggestions for personal development. Third, the director needs to create distance when the new external director arrives. Even though this process is relatively smooth, the advisory board members supervise and ask both the new director and Joost how things are working out. Fourth, the advisory board supports the mother, who feels somewhat dependent on the advisory board because she feels that they monitor how things are going in the firm and that she hears less about it from her husband, who increasingly discusses firm issues with the children, now that they work there. The advisory board members ensure that Joke feels heard in the meetings.

Ownership governance is also addressed extensively, as family members ask the advisory board to supervise the ownership succession process. There is a discussion of various options, including their implications and practical consequences, and the advisory board members are closely involved in the actual succession process, as they help prepare for and attend meetings with the accountant, the tax specialist and the notary. At these meetings, the advisory board members help the family members ask the specialists questions, and they ensure that the family members understand what is discussed and how the financial overviews should be read. To a substantial extent, the ownership succession had been prepared in collaboration with the accountant before the advisory board was initiated. However, the advisory board members helped fine-tune the final decisions and mediated between the accountant and the family members. In addition, the advisory board members help the owners redefine their roles when they start working with the external director. They support setting boundaries for the new external director in terms of freedom to act versus checking with the owners first before making certain decisions. They help the family members consider - from an ownership perspective - how they should direct, reward and control the new director. In addition to this future division of roles and responsibilities, the future role of the advisory board is discussed. The advisory board members ask the family members how they see the future role of the advisory board and whether they want the advisory board to offer its services to



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the new director. A division of time is discussed, in which the advisory board will discuss issues with the external director and the family owners.

*It is great that all the family members join the advisory board meetings. However, things will be different when the new external director is there. It is not per se logical for all the owners to attend all the meetings, but I think it is fine. [...] I can imagine having different parts of the meeting when the external director is there. First, we can have a firm part with the director, Joost and perhaps the children who work in the firm. Second, we can have a family part that Suzanne and Joke attend. If I were the external director, I would not want to sit with the family because the interests of the firm and the owners must be considered. (Martijn Bongenaar, advisory board member, August 2015)*

The advisory board at Solar Innovations Group, however, spends most of its time focusing on firm governance and helping the firm guarantee its continuity and growth. No time is needed to get acquainted with each other or the firm, as the advisory board members feel that there is no time to waste on addressing the issues that were the reason for establishing the advisory board in the first place.

*There are so many urgent issues in this firm that we really have to make choices about what to address first. Next week, we will discuss the developments in turnover and Solar Innovations Group's dependence on a large, important customer. I think that we should have discussed this last year, but with the ownership succession, we simply lacked the time to discuss it earlier. Perhaps we should have planned monthly meetings in the first year. (Ed Dijkstra, advisory board member, August 2015)*

#### 5.4.2.2 Strategic orientation: operational level

Most of the content discussed at the advisory board meetings at Solar Innovations Group has an operational character. Although these issues are not routine to the family members, they can be characterized as operational pursuant to the categorization of Shivakumar (2014) (see section 2.3). Joost established the advisory board because of the need to support the management team, to guide the family through the ownership succession, and to select an external director who would lead the firm for the next few years. The first issue can be considered operational, as it does not have a direct impact on either the commitment (the reversibility of an eventual decision made) or the scope of the firm (where and how economic value is created). In addition to offering support to the management team, during their introductory meetings at Solar Innovations Group, the advisory board members directly specified the urgency of the underdeveloped commercial activities. Commercial activities have not been taken seriously by the firm, and there is a substantial dependency on one large customer. Solar Innovations Group is a very innovative firm. Because of their great products, the firm finds itself in a luxury position that little commercial effort has been needed to sell their

products. However, there is great potential to leverage their products and sell much more.

*This firm has a big commercial issue. I am convinced that turnover could be easily multiplied by four. They have such great products, but there is no one who can sell them properly. We only get internal sales reports.* (Martijn Bongenaar, advisory board member, August 2015)

A substantial portion of the meeting time has been spent discussing commercial activities, such as the size of the market, the targeted customers, how to determine a sales price, and how to approach a customer. The advisory board members feel that the commercial plans written by the commercial manager lack an external market orientation and are not at all strategic. Moreover, they wonder whether the commercial manager is functioning well, as he is overly focused on internal sales issues. It is discussed whether this person has the right position and which competences would be needed and should be added to the department. Moreover, the advisory board members feel that commerce has not yet been given proper attention; much more money should be invested to hire good employees who will increase the quality of the department. Currently, there is a mismatch between the ambition of the strategic plans and the competencies of the firm's personnel (other competences are needed to take the next development step). Further, there is one large customer upon which Solar Innovations Group depends, which is risky. Another aspect discussed is the collaboration and difference of insight between the people working in the commerce department and those working in the R&D department. The technical people, including Joost and Matthijs, feel that a product should be perfect before it can be brought to the market, but a sales person can start selling the product when it is sufficiently developed. These differences in insight are discussed during the advisory board meeting by inviting the commercial manager and one of his team members. A related topic discussed includes potential collaborations with other firms and sales agents abroad. The knowledge and skills of the family members working in the firm on these issues is very limited. For that reason, they are first to be made aware of these issues by the advisory board members and ask how to act on those issues accordingly.

*They innovate, immensely, they are real inventors, but they do not know how to bring it to market, that is not their cup of tea. Joost is also an inventor. And they have had bad luck with their personnel. They earn their money with one activity, and they do that very well, they are unique in that, but when this activity stops, they have a big issue. The innovations, those are great, but they should ask themselves whether the market is waiting for such innovations. That is an important question.* (Yvonne Schmitz, advisory board member, September 2015)

In addition, financial statements are addressed regularly in the meetings. A year before the advisory board was created, the firm switched to another accountant, and it seems that many of the issues signaled by the advisory board members are

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being addressed by the new accountant. For example, a great deal of the profit earned over the years has remained in the firm. Given the intention to transfer ownership of the firm to the next generation in a few months' time, it is questionable whether this should be the case. Whereas the solvability rate is high (86 percent), the pension funds are low. Another issue addressed by the advisory board members is that anyone can ask for the financial information of Solar Innovations Group via the Chamber of Commerce and that Joost should be aware of this and together with the accountant address this issue. In addition, the consistency of reporting the financial statements is discussed. The 2012 financial statements were reported in one format, and the 2013 financial statements were reported in another. Ed thinks that it is very important to create more consistency in this reporting, especially given the family's ambition to grow the firm, which implies different requirements and controlling mechanisms of the financial agencies.

*When we discussed the financial statements during the last meeting, I said 'wait a minute, we are not a supervisory board'. The financial statements need to be approved by the owners, and as members of the advisory board, we have very little to do with that. But I think that it is important to stress this issue, as the family does not seem to see a difference in that. For that reason, I said that if I had been a member of the supervisory board, I would have required a formal report from the accountant who certifies the financial statements. (Ed Dijkstra, advisory board member, August 2015)*

The manner in which the development costs for innovations are addressed in the financial statements is also a topic of discussion. This is related to consistency in reporting and to specific tax advantages, making the issue very complicated. To provide clarity and consistency, it is agreed that a blueprint will be developed in collaboration with the financial controller. The financial controller attended the sixth meeting and provided an extensive presentation of the financial relationships between the different firm units and all their specificities, including the tax advantages related to investments in innovation activities and the manner in which these development costs are handled.

Another important topic that is intensely discussed during the advisory board meetings is the hiring of an external director who will stay with Solar Innovations Group for the next few years, during which Matthijs and Maria can determine which roles they see for themselves in the firm. This topic might be qualified as tactical in itself (as opposed to operational or strategic; Shivakumar, 2014). If the wrong decision is made when hiring an external director, a great deal of time and money is lost, but more importantly, such a mistake can be expected to have a significant impact on both the firm and the employees. However, the discussions about this issue in the advisory board meetings are primarily on an operational level, even though the tactical level is occasionally mentioned during discussions of the role that the external director should play, which competences are lacking in the firm and what the external director is thus expected to bring. Discussions

are mostly held about the hiring and selection process, including the external recruitment agency that supports the process, the qualifications and demands of the various candidates, and their conditions for working at Solar Innovations Group (including the suggestion of a bonus system instead of participation in ownership, temporary or permanent employment contracts, targets, and salary). If things do not work out with a potential candidate because his demands are considered extraordinary by both the family members and the advisory board members and trust between Joost and the potential candidate eventually vanishes, the advisory board members become more involved in the selection process and support the family in selecting a good agency to support the search process, evaluating the quality of the candidates and preparing a reasonable contract with reasonable conditions for the new external director. In the final phase of the selection process, two of the advisory board members even meet with two candidates that the family has selected, one of whom it will choose to be the external director. In addition, Joost's future role is discussed in relation to the arrival of the new director, including Joost's ideas about his future activities and responsibilities, his relation to the new director, and his plans for the time during which he will remain involved in the firm.

Additionally, issues relating to human resource management are regularly discussed. Solar Innovations Group has personnel issues such as illness, employees who are not functioning well, and sometimes a combination of the two. The advisory board discusses how to manage these issues by maintaining a balance between the family's values and a fair judgment of someone's added value to the firm. One of the most significant issues concerns a low-performing manager who has been in a car accident. The difficulty of this situation is compounded by the fact that the manager is very involved and works hard. There is a discussion of various alternatives for handling this manager.

*Employees see that things change too. That we assess their functioning. This creates tension, as we have said goodbye to some people. [...] People who cannot develop at the same pace as the firm. [...] That is also the case with one of the members of the management team. In emergencies, work was done by Matthijs. The manager went home at 17:00h, whereas the people in his department worked until midnight, which created a great deal of tension. Therefore, people now see that they have to do their job well. This is good because that is how it is supposed to be. Joost tries to avoid conflict as much as possible, which is not good because situations can continue for a long time, but he only begins to act when he has really had it. (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)*

Moreover, the firm has had bad luck recruiting new people. The recruitment of the external director took a substantial amount of time because the first person selected was not a match in the end, and similar challenges have occurred with new sales account managers. A substantial amount of the time needed to take action is lost because of the difficulty of hiring well-qualified, involved

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employees. Moreover, rewarding is a topic that is discussed in relation to incentivizing the sales force. The advisory board members help clarify the difference between normal salary agreements, which can include a fixed portion and a variable portion, and additional rewards for situations in which an employee has performed extremely well.

An evaluation of the role of the advisory board at Solar Innovations Group is also performed annually. The advisory board members hold separate evaluation meetings among themselves and share their reflections in the advisory board meetings. The reflections on the first year are summarized in Table 6 below.

**Table 6** Evaluation of the advisory board at Solar Innovations Group after one year

	<b>Reflections during evaluation moments</b>
<b>M1</b>	The advisory board members are proud to serve as a member of the advisory board at Solar Innovations Group, a great family firm.
<b>M2</b>	The advisory board members have been surprised by how quickly an open environment was established in which there is a great deal of trust, transparency, vulnerability, and involvement and in which everyone makes a substantial effort and prepares for the meetings. The advisory board members feel that they have sufficient potential to influence the meetings.
<b>M3</b>	In relation to similar arenas, this advisory board functions extremely well. In its current composition, the advisory board can support the family and the organization, but an extra person with technical expertise would have added value in terms of innovation and networking.
<b>M4</b>	The advisory board members would like to have all the formalities (contract, insurance) handled in the short term.
<b>M5</b>	The advisory board members feel that processes can improve in terms of effectiveness by creating more precision in plans and by stricter follow-up on actions to be carried out, especially with respect to firm issues. They also indicate that they would like to hear if, when and how their advice is disregarded.
<b>M6</b>	Numerous issues have been discussed in the last year and many things have been put in motion, but it feels that as though time is too limited to address all of the firm's emergencies. Therefore, the advisory board believes that it would be a good idea to plan for the next year as soon as possible.
<b>M7</b>	There are still numerous risks identified by the advisory board members: the lack of commercial thinking, strong dependence on one large customer, the lack of an information dashboard (management information), the strong focus on R&D compared to sales, limited knowledge of firm management, and the risk of disregarding strategy and the long term because of all the operational issues that must be addressed.
<b>M8</b>	The advisory board members believe that it would be a good idea to consider and discuss the future role of the advisory board when the external director is here. Do the family members want separate advice for the firm and advice for the owners? Who is involved in each context, discussing which topics?

They discuss how the advisory board operates now in relation to what they intended the role of the advisory board to be when creating its profile, and they conclude that everyone is very happy. The atmosphere is very open, allowing a critical attitude and a real discussion. Not everyone agrees with each other instantly. The advisory board members would like more structure, as stressed in the following quote:

*In board meetings at other firms, finances are always discussed. At Solar Innovations Group, this practice has not been properly organized. They do not work with a dashboard that quickly provides insight into the current situation. That is still something to be handled. Much of the discussion is very instrumental, like we need a director, we want a sales manager, how much should this person earn? We would like to go the United States... We spent a great deal of time on incidents about which the family members want to be advised. In other words, we work more as advisors than as an advisory board. For the future, I see more structure, with yearly themes divided among numerous meetings. For example, in March we always talk about strategy, in June sales, in October personnel, etc. We do not yet have fixed themes that recur on the agenda. (Martijn Bongenaar, advisory board member, August 2015)*

Even when all the individuals involved intend to focus more on strategy in the future, everyone is very happy with the meetings and believes that their output is valuable to both the family and the firm. The advisory board members often express their respect for the accomplishments of the family and their firm and in return, the family members express a great deal of gratitude for the advisory board members' involvement and commitment. They indicate that they learn a lot and that they are very happy with the input that they receive from the advisory board members.

*I do not work in the firm, but we share a lot, and I know what is going on in the firm, not the technical details. But I am very happy when you are all here. To discuss what is going on, see how we are dealing with things. Supervision. These three persons are very different, they all have their own input, and we are triggered and very happy. (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)*

#### 5.4.2.3 Added value in terms of output

An overview of the output of the meetings is provided in Table 7 below. It is likely that many more of the specific pieces of advice and feedback have led to improvements at Solar Innovations Group, but the examples in the table below have been made very explicit during the meetings.

**Table 7** Output of the advisory board at Solar Innovations Group

	Output
<b>M1</b>	<p>Commerce</p> <ul style="list-style-type: none"> <li>• The current commercial plan focuses on internal aspects of the sales department, whereas there is little discussion of the external dimensions of the market. The advisory board members provide input into what a commercial plan should contain. Moreover, the advisory board members stress that Solar Innovations Group is very dependent on one large customer, which is very risky. At minimum, one would expect both an in-depth analysis of this customer (its satisfaction, how to keep it, the consequences when it leaves, etc.) and a plan for the future to decrease this dependency.</li> <li>• The advisory board members stress that the task of writing the commercial plan should be performed by the commercial manager, not by the financial controller.</li> <li>• For the firm to take the next step, much more effort should be devoted to commercial activities.</li> </ul>
<b>M2</b>	<p>Commerce</p> <ul style="list-style-type: none"> <li>• Two vacancies in the commerce department have been created since the first meeting: one for an account manager for the international market and one for an account manager for the domestic market. In the second meeting, it was decided that these persons should not be managed by the commercial manager but by the director (Joost), as the commercial manager seems incompetent to do so, and they should be hired under specific conditions (annual contract, performance-related pay, etc.). Additionally, Joost will discuss with the commercial manager whether he is interested in one of the positions himself so that he can become more aware of his interests and ambitions.</li> </ul> <p>Core values of Solar Innovations Group</p> <ul style="list-style-type: none"> <li>• A document describing the core values of Solar Innovations Group is summarized during the meeting as follows: <i>“We are a firm with a down-to-earth mentality from Deventer and we are active in innovative technologies. Sustainability has priority in the products that we develop and we value equality and respect as the most important values in our firm culture.”</i></li> </ul> <p>New external director</p> <ul style="list-style-type: none"> <li>• The advisory board can provide support in selecting the new external director. However, doubts or hesitations about candidates should be made explicit so that the advisory board members know which aspects are the focus, and the final decision will be made by the owners. Following a discussion, the advisory board members and the family members decide that it is not desirable for the new external director to share in the ownership of the firm.</li> </ul> <p>Family issues</p> <ul style="list-style-type: none"> <li>• The advisory board members mediate in a family discussion of marriage and the conditions relating to ownership involving in-laws. The regulations available to address such issues are discussed, and the advisory</li> </ul>

	board members explain that it is possible to make financial provisions for your family in the event of death without creating a situation in which firm ownership is inherited by in-laws.
<b>M3</b>	<p>New external director</p> <ul style="list-style-type: none"> <li>The advisory board members provide input for the negotiations with the new external director: determine criteria to assess his/her future performance, set targets, work with a temporary contract and check his/her references.</li> </ul> <p>Financial management</p> <ul style="list-style-type: none"> <li>In a discussion with the accountant, the advisory board members advise the family to separate firm finances from private finances, to take provisions for pensions out of the firm finances and to be consistent in how investments are accounted for in the firm's financial statements.</li> </ul> <p>Ownership succession</p> <ul style="list-style-type: none"> <li>In a discussion with the notary, the advisory board members advise reconsideration of plans for the future division of ownership in light of both emotional and tax issues. A follow-up meeting will be planned to discuss the implications of this matter.</li> </ul> <p>Personal issues</p> <ul style="list-style-type: none"> <li>Ed will talk to Matthijs about the possibility of working with a coach.</li> </ul>
<b>M4</b>	<p>Financial management</p> <ul style="list-style-type: none"> <li>The advisory board members help the family members understand the annual accounts that are approved by the owners (shareholders' decision)</li> </ul> <p>Ownership succession</p> <ul style="list-style-type: none"> <li>The advisory board members support the family members in agreeing that the declaration of intent for the ownership succession will be signed within one week. They also advise informing the bank and the tax office of the succession, which is then done. Because there is time pressure to put things in motion, the advisory board members advise delaying an elaboration of the details and conditions regarding ownership, ownership succession, and the owners' governance structure.</li> </ul>
<b>M5</b>	<p>Commerce</p> <ul style="list-style-type: none"> <li>The advisory board members have asked the commercial manager to present a firm model canvas for the various clusters at the next meeting.</li> <li>The advisory board members advocate the development of a commercial plan for one of the products (a new innovative product with huge potential): Who will be responsible? Internally/externally? Analyze the sales price, etc.</li> </ul> <p>HRM</p> <ul style="list-style-type: none"> <li>The advisory board members advise that the firm only pay bonuses in cases involving exceptional achievements.</li> </ul>
<b>M6</b>	<p>New external director</p> <ul style="list-style-type: none"> <li>After advanced negotiations with a potential external director have ended, the advisory board members advise working with a professional agency that helps select potential candidates.</li> </ul> <p>Commerce</p>



### 5. Solar Innovations Group: a Team of Functional Advisors

	<ul style="list-style-type: none"> <li>• The outcome of the firm model canvas is to make teams for each product group with people of different skills and background, to organize frequent team meetings to link market demand to technological developments, and to adjust commercial propositions (with a decision-making model) based on the idea that R&amp;D leads to expertise in developing new products but is not an end in itself.</li> </ul>
<b>M7</b>	<p>Financial management</p> <ul style="list-style-type: none"> <li>• The advisory board members propose reconsidering the ratio between direct and indirect costs by looking at the items that can be placed into both categories.</li> <li>• The advisory board members advise making more careful price calculations when developing a new product.</li> </ul>
<b>M8</b>	<p>Commerce</p> <ul style="list-style-type: none"> <li>• The advisory board members advise a more careful analysis of the specific markets for glue adhesives. Additionally, decisions must be made about when R&amp;D products are ready for sale and which ideas will be followed up based on market demand.</li> <li>• The advisory board members suggest that salespeople be present at the industry fair and be responsible for follow-up on new leads.</li> <li>• A position has been created for a new product manager.</li> <li>• The advisory board members suggest that strategic decisions need to be made for commercial activities. Will there be one commercial manager responsible for all the firm's units? Is this a task for the new director? Or should arrangements be made for each firm unit?</li> </ul>
<b>M9</b>	<p>Financial management</p> <ul style="list-style-type: none"> <li>• The owners have chosen a specific depreciation approach and a way to address investments in innovations; this is important for consistency in reporting the financial statements.</li> </ul> <p>Collaborations with other parties</p> <ul style="list-style-type: none"> <li>• The advisory board members provide input for negotiations with the party with which a specific product was developed, but with which Solar Innovations Group now wants to end its collaborations.</li> </ul>

### 5.4.3 Practitioners

#### 5.4.3.1 Advisory board in relation to other advisors

There is a close relationship between the accountant and the advisory board members. This relationship was formed and developed quickly during the period of the ownership succession. Both the accountant and the advisory board members were closely involved in the succession process, as indicated in the following quote:

*The accountant has supported us in the succession process from the beginning. He first talked to my parents and then had individual talks with my sister, my brother and me. He asked us how we view the firm, what our expectations and*

*roles are in relation to the firm and what we expect from each other. During these confidential talks, he gave us the opportunity to talk about our ideas. If we had had these conversations with the five of us together, there would have been a lot of emotion involved. Thanks to the accountant, there was calmness and trust. He taught us that although it is acceptable to be emotional, we must separate emotions from rationality.* (Maria van de Mast, youngest daughter and HR manager, January 2017)

The accountant attended portions of various meetings in which the ownership succession was discussed. He explained the annual accounts of the separate firm units, the consolidated figures, and how the accounts should be read. He responded to the questions that the family members posed, and together with the advisory board members, he checked whether the family members understood the most important aspects of the financial overview. The advisory board members helped by asking the accountant additional clarifying questions.

In addition to these meetings, the advisory board members met the accountant separately (outside the presence of the family members) for half an hour each year, prior to the plenary meeting, to discuss the specificities and developments taking place. The advisory board members checked issues with the accountant, such as the family's inclination to invest a great deal of money in technology, the family's hesitation to invest similarly in commerce, and the family's limited knowledge about financial issues. They also asked for the accountant's opinion on various issues, for example, the risks that the firm faces. They all agreed that although there is a need to create awareness that the family has a great firm, they also need more structure both in the firm and in the family. In addition to the advisory board meetings, the chair of the advisory board, Yvonne, has interim contact with the accountant when the financial accounts need to be prepared for discussion at the advisory board meeting.

*I never expected that they would help us with all the family issues and the ownership succession; I never expected them to play such an active role in this process. That was really beyond my expectations.* (Maria van de Mast, youngest daughter and HR manager, January 2017)

In addition, the notary attended the third meeting and explained the future plans in relation to the ownership succession. The advisory board members were somewhat annoyed with the notary, as he had not prepared the documents in time and had not sent them to everyone prior to the meeting. Yvonne indicated that in her opinion, fiscal deadlines cannot lead the succession process, and the emotional part is just as important to consider as are the rational and practical parts. In her opinion, the most important thing about the succession is for everyone to understand exactly what will happen and what the implications of the change will be. The notary then slowly reviewed the documents, and the notary, the accountant, the advisory board members and the family members discussed the financial value of the firm, conditions for succession, tax implications, emergency

situations, future ownership shares, possibility of non-family members being or becoming owners, and liability issues. The advisory board members helped the family members ask relevant questions, and they ensured that the family members understood the issues discussed. A quick follow-up meeting was planned one month later to discuss a new version of the succession documents, to discuss certain issues in more depth, and to discuss the realization process of the ownership succession. During this follow-up session, the accountant was again present, as was the tax specialist who was involved in preparing for the succession process and performing the valuation of the firm. After asking their final questions, the family members indicated that they were ready to sign a document, with a plan to divide the ownership among the various family members and to legally separate ownership from the power of decision. The family members made an appointment with the notary to sign the documents the following week. The notary explained that the family members still had time to discuss the details of conditions in certain circumstances (such as death or divorce) and how the different equity components are to be divided among the various owners; these issues would be settled at a later date.

Accordingly, the advisory board members helped the family members evaluate the quality of their individual advisors. Whereas the advisory board members were very positive about the accountant, they were skeptical about the notary. According to the advisory board members, the notary lacked empathy and did not keep his promises to prepare the documents needed for the succession.

#### 5.4.3.2 Advisory board in relation to the management team members

As explained in the section on praxis, the advisory board members meet the members of the management team on a regular basis. The commercial manager, the technical manager and the financial controller are regularly invited to (parts of) the meetings to explain their departments' plans. They all prepare a presentation, the advisory board members ask questions, and discussions occur between the members of the management team and the family members in which the advisory board members will intervene and provide suggestions for improvement to the management team members. These interactions with the advisory board are considered challenging by the management team members. Additionally, as explained above, in the process of recruiting the new external director, the advisory board members have helped select the right candidates. They have inquired about the competences and requests of the candidates, and Ed and Martijn have had a meeting with two persons who were both qualified for the job, one of whom one was eventually selected.

*You can see that things have become more professional now that we have the advisory board. People feel that it is very different. My sister, who works here, also tells me that. People used to be informed about everything when the firm was smaller, we all sat together in the canteen. [...] It's different now, people don't need to know everything. That's just how it is when the firm grows. But everyone knows that we work with an advisory board and that we are looking for an*

*external director.* (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)

#### 5.4.3.3 Between-meetings contact

There is a great deal of contact among the individuals involved in the advisory board at Solar Innovations Group. Emails are sent between meetings and provide updates on issues discussed by the family, new developments within the firm and information that the advisory board members think might be interesting to the firm. This between-meetings contact is especially intense among the advisory board members themselves: emails are sent between meetings, and the advisory board members contact each other via a WhatsApp group.

*We have quite regular contact between the meetings by telephone or email, especially if I compare our advisory board to other boards in which I participate. We contact each other a few times each. It is mostly Yvonne who initiates these contacts by sending an email or an app with an update on something, asking what Martijn and I think about it. Or she calls. However, we sometimes also share things. For example, Joost told us that he wanted to start selling machines in the US. One of us saw on the website that he had proceeded to do so, ignoring our advice. For that reason, we discussed the issue in advance and came to the next meeting with a shared opinion.* (Ed Dijkstra, advisory board member, August 2015)

In addition to the contact among the advisory board members, the chair has very intensive contact with Maria (the advisory board spokesperson for the family), Joost, the new external director, and (during the ownership succession period) the accountant. In addition to their meetings, the advisory board members are invited to certain firm events such as the yearly BBQ, which is intentionally planned to occur after the advisory board meeting. At the BBQ, all the employees of Solar Innovations Group can talk to the advisory board members, and the advisory board members easily mingle with the employees and ensure that they are easy to approach. Additionally, the advisory board members send flowers following events in the personal lives of the family members, such as the birth of a baby, a move to a new home, and a wedding.

*The social aspects are really important. [...] Just now, we attended the BBQ with all the employees. Then you talk to a lot of people; I really liked that. When you get to know the firm and the people better, it is easier to understand and advise about certain issues.* (Martijn Bongenaar, advisory board member, August 2015)

## 5.5 Contextual factors

### 5.5.1 Family involvement

Even though Solar Innovations Group is a relatively young firm, the level of family involvement is very high. Three of the family members work in the firm, the five family members own the firm together, and all of the family members are very involved owners who want to be informed about strategic developments and issues.

*I think this situation is special in that the whole family sits in during the meetings. I think that is great from an involvement perspective and the fact that each individual knows exactly what is going on. However, the downside is that you have to consider certain sensitivities that play a role. There are sensitivities in every family, including this one. You would not have to take this into consideration if only the director sat in on the meeting. (Ed Dijkstra, advisory board member, August 2015)*

All the family members attend the advisory board meetings. Because the roles of the family members vary (family member, family member and employee, family member and owner and the family owner-manager) and their roles developed over time as the ownership succession took place during the research period, governance issues in all three circles of the family firm are addressed in this case: firm governance, ownership governance and family governance. As discussed in the praxis part of this case description, some personal issues were shared with the advisory board members quite early in the collaboration process with the advisory board. Because the roles of the family members are different, the advisory board adds value in different ways for different individuals. For example, whereas Joost values the advisory board from a firm perspective, Joke values the advisory board from an ownership perspective.

*I think that our advisory board members are great. We are so happy with it. And I tell everyone, we work with an advisory board and it is great! Yes, I really do. Last week, the account manager from the bank was here and we discussed a possible switch to another bank. In that situation, I can just say that I want to discuss it first with my advisory board. That is just fantastic, because if you do not have such a team of advisors then you have to make the decision by yourself. Then they will ask you why and what is going on. And now I can check with the advisory board members to ask what they think about the proposal. (Joost van de Mast, director, October 2015)*

*I have to trust Joost because when we started the firm, I was dependent on Joost. I cannot do the work that he does. I worked in the healthcare sector, and of course, I can answer the phone and those kind of things, but technically, if something were to happen to Joost, then I could not... But he told me not to think about it.*

*And maybe nothing happens and then you are scared about something that doesn't exist. I have always lived like that. For that reason, we discuss things, but then I need to trust him. And I do: Joost is very clear and I use the brakes every now and then - have you looked at this, did you consider that, did you ask about these things, how did people react, etc. You know, that is how we discuss things at night. And the advisory board helps me ensure that we do the right things and do the things right. And we look at things from another perspective. Joost does not do that, so I think it is enriching. [...] I also have to let things go. I see my children working in the firm and I would like to protect them from many things. But now I think, no Joke, let it go, the advisory board will help them and ask the relevant questions, it is ok. And I also think it is very special that the children want to discuss personal things with the advisory board. Apparently, they feel that the atmosphere is open, and we think that is great. [...] Beyond our sphere of influence, develop yourself. The children should do the things that suit them, that they really like. (Joke van de Mast, wife of Joost van de Mast and owner, October 2015)*

The advisory board members have taken the lead in guiding the family through the ownership succession, and they have supported the process of the management succession. For the ownership succession, they have set out the process and organized meetings with both the accountant and the notary and have critically assessed the documents proposed by these advisors. Moreover, they have asked challenging questions to both the parents and the children, supported communication about sensitive issues between the individuals, coached the children in their personal struggles and tried to put family harmony above all other objectives.

*I think that our chair balances leading the meeting in a professional way with considering the culture of the family firm. To do this too professionally would not fit the setting. She will ensure that every family member can explain what he or she wants to share. Some people might wonder, was this input really useful for the discussion? However, I think that the balance she finds fits this setting very well. (Ed Dijkstra, advisory board member, August 2015)*

Even though the advisory board members think that it is fine to spend a considerable amount of time on family and ownership issues, they feel that in the future, there should be a better balance with firm governance.

*If I consider the contents of the meeting, I think we have discussed a lot of family issues and not enough about the firm. But we will get there. The next meeting will be spent on commercial issues. I think that we are an advisory board for the family firm, not just for the family. [...] We have to ensure that issues within the family do not explode and that the family is stable, because if the family becomes unstable, the firm also becomes unstable. For that reason, we need to address both. (Yvonne Schmitz, advisory board member, September 2015)*

### 5.5.2 *Meeting locations*

All the meetings were held in Joost's office, which is a light, spacious room on the third floor with two separate sections: one in which the desk is located and one in which large table is placed, together with a presentation screen. The practitioners take different positions at the table over the various meetings. Meetings took place on Tuesdays from 13:00 to 16:00, and Joke would always ensure that there would be something good from the bakery to have with coffee. Only the separate advisory board evaluation by the advisory board members was done at a hotel, which made sense because the family members were not involved in this meeting and it was not combined with one of the advisory board meetings. Only after the transition to the new external director had taken place was the meeting location changed. With the transition, Joost gave his office to the new director. Therefore, since the summer of 2016, the advisory board members have held meetings with the external director in Joost's former office and meetings with the family owners in a meeting room on the first floor. Meetings now start at 11:00, when the advisory board members will sit down for 2 hours with the external director, followed a joint lunch during which the advisory board members, the external director and the family members all sit together, followed by a final meeting between the advisory board members and the family members from 13:00 to 15:00.

## 5.6 Final remarks

The advisory board at Solar Innovations Group was set up because Joost felt that he had become incapable of managing and being a sparring partner with his managers. As a person with a technical background, Joost has acquainted himself with firm management via learning by doing. Joost was afraid that his key employees would leave if no action was taken, whereas the ambition for the firm was to grow. Moreover, Joost wanted to step down and return to R&D, but the children were too young to take over, so an external director was needed. For these reasons, Joost decided that he wanted to start working with an advisory board and was able to convince his family members of its added value. After organizing a strategy-away day and a family meeting, the family members agreed on an understanding of the potential advisory board and all five of them were involved in the preparations: they collectively defined the needs and expected competences of the advisory board members, they selected potential candidates based on their applications and curriculum vitae, and they selected the advisory board members. It is interesting to note that the family members collectively selected the individual advisory board members. Although the family members who work at the firm (Joost, Maria and Matthijs) took the lead in preparing the job description and meeting the candidates, all the family members together attempted to reach consensus regarding their expectations and ideas in relation to the advisory board.

The advisory board members have taken the lead in introducing the practices used during the meetings, the structure of the meetings, and the preparation of the meetings. The topics discussed have a very operational character, and although most of the discussion focuses on firm issues, both family and ownership issues are also discussed. The output of the advisory board is considerable. Not only have the advisory board members supported the ownership succession process, helped in the search for an external director and provided coaching for the new generation of family members working in the firm, they also provide support by pointing out and addressing urgent firm issues such as the lack of a strong sales force and sales strategy. Moreover, the advisory board members have supported checking the quality of key personnel members such as the sales manager and the financial manager.

Even though the advisory board has been active for some years, it continues to develop and change. In working with the new external director, the advisory board members and the family firm's decision makers continue to make sense of and readjust the role of the advisory board in relation to the external director, the family owners, and the family members working at the firm. They now support the family in working with the external director from an ownership and colleague perspective, helping them set limits within which the external director is free to do what he thinks is best but beyond which he needs to discuss decisions and which topics need to be discussed in which arenas with the family owners.



## 6 Florax Group: Two Wise Uncles

### 6.1 Introduction

Florax Group is an entrepreneurial, medium-sized pharmaceutical firm. In accordance with the guidelines of Good Manufacturing Practices (GMP), Florax Group manufactures, develops and distributes active pharmaceutical ingredients (APIs) for both the veterinary and human markets. These active compounds are distributed worldwide to pharmaceutical producers. Florax Group also has its own laboratory, which analyzes not only APIs produced by Florax Group but also APIs for external clients. Florax Group consists of three independent firm units: Florax Lab, Florax Trade (consisting of three independent trade firms), and Florax Research and Development (R&D). Florax Lab is the oldest firm unit and the core of the firm. At Florax Lab, approximately 50 products (APIs) are produced; these active compounds are distributed worldwide to pharmaceutical producers. Florax Trade trades in APIs, which are mainly imported from India and China and then exported to the rest of the world, with a focus on the European market. Approximately 500 products are traded in the Florax Trade firm unit. The activities performed in the Florax R&D firm unit (the innovation center of the group) include chemistry, research and analysis, quality testing and regulations. These activities are mostly ordered by clients, including medicine producers, (small) biotech companies, start-ups and scientists working at hospitals. The Florax R&D firm unit works on approximately 10 projects simultaneously, including promising medicines for multiple sclerosis, pain treatment and bee death. These projects last for approximately 5 to 10 years before a new medicine is launched. Occasionally, older medicines are redeveloped, for example, upon the closure of a firm that produced a specific medicine. The combination of these firm units enables Florax Group to offer a complete solution to its customers. The company headquarters are located in Winschoten, a small city in the northernmost province of the Netherlands, and its sales offices can be found throughout the world.

#### 6.1.1 *History of the family firm*

Florax Lab was founded as a chemical firm by Ulrich van Noorden and Mieke van Noorden-Demandt in 1975. Ulrich was a scientist with a PhD in organic chemistry. He started his activities in the garage of his home. Together with his wife, Ulrich worked hard for years to build the family firm into a functioning firm, performing chemical syntheses on an assignment basis. After a few years, the firm moved to an old milk factory in the couple's village. There, the firm started to operate well. After ten years, the firm moved to Winschoten because the village

community refused to have a chemical factory in the village center. Moreover, Ulrich received a subsidy to move to Winschoten to stimulate employment; that community provided a laboratory that was only two years old. For that reason Ulrich added a small factory and started operations here.

*After he entered the field of organic chemistry, my father started his own firm together with my mother. The firm performed organic syntheses on an assignment basis for numerous firms and agencies, including oil firms, hospitals, etc. Because my father was able to tinker everything together in the field of molecules, the pharmaceutical sector was soon knocking on his door. Over the years, the company's share of work in the pharmaceutical sector increased. Over the years, a solid foundation for our firm was created. (Sjak van Noorden, owner-manager, firm website/video, 2015)*

From the moment the pharmaceutical sector showed interest, Florax Lab increasingly concentrated on the production of APIs, which are the active ingredients of both human and veterinary medicines. With approximately fifteen persons employed, Florax Lab was a financially healthy firm. The working days were long for Ulrich and Mieke van Noorden. Unfortunately, in the late 1990s the firm experienced a big setback when new quality standards were introduced that required a substantial investment and were increasingly requested by customers.

*That was the moment when Good Manufacturing Practices were introduced in Europe and America. A directive officially took effect in 2005. From then on, firms had to define how and under what conditions a product was manufactured. For the production of medicines, such strict regulations had long existed, but these new guidelines were specifically designed for the production of APIs. To follow those guidelines, Florax Lab had to make a substantial investment. (Sjak van Noorden, owner-manager, quote website/video, 2015)*

The arrival of the GMP-guidelines was closely related to the emerging markets of China and India, where raw materials and finished products for the pharmaceutical industry were increasingly being produced. With the new GMP guidelines, quality could be protected.

*In China and India, production was in full swing, but they often did not follow the GMP-guidelines, which put pressure on prices. In such times, it is difficult to make large investments. Therefore, you saw several small and medium-sized firms disappear from Europe with the advent of GMP. This was an unintentional side effect and was not expected when the guidelines were introduced. Indeed, even today, this can be described as a problem because many crucial health-care products are no longer produced in Europe and the United States. This creates a great dependency on China and India. (Sjak van Noorden, owner-manager, firm website/video, 2015)*

## 6. Florax Group: Two Wise Uncles

Florax Lab's future was also uncertain because of these developments. In 2004, this made Ulrich decide to expand his firm; that year the trading firm Florax Trade was founded as an extra firm unit. Together with Florax Lab, the new firm unit made up the Florax Group.

*We had nothing to complain about with respect to brand-name awareness. However, our portfolio was limited to the APIs produced by us. Therefore, my father decided to start Florax Trade and to collaborate with experienced commercial people, making it possible for the firm to buy and sell APIs. This was a good match. The quality of all these ingredients could be tested immediately in Florax's laboratory. The knowledge was already in-house.* (Sjak van Noorden, owner-manager, firm website/video, 2015)

After a period of doubt between the late 1990s and 2004, during which time (in 2001) Florax Group took a 50 percent ownership share in East Pharma, Ulrich van Noorden decided in 2006 to introduce the GMP guidelines in his firm and to modernize the firm. East Pharma is also a trading firm for APIs; it is based in Hamburg and has another trade office in Moscow. East Pharma focuses on the Eastern European and Russian markets. Through intensive contact with customers, East Pharma can give improved service to customers in the Eastern European and Russian markets. In 2011, Human Pharma was added to the Florax Group. Human Pharma also trades in APIs, but only for human medicines. Indeed, it is now a counterpart, as Florax Trade has developed into Florax Trade Veterin and Florax Trade Human, both of which are subsidiaries of the Florax Trade firm unit. Whereas one is focused on the human market, the other is focused on the veterinary market.

In 2006, Sjak finished his PhD and pharmacist education. He had decided that he did not want to stay at the university, but he also did not want to own a pharmacy. In both positions, he was afraid that he would become too dependent on others to create something of his own: as a scientist, he would be too dependent on subsidy providers, and as a pharmacy owner, he would frequently struggle with insurance firms. For that reason, Sjak was thinking about what to do when Ulrich asked Sjak to help implement the new regulations in the firm.

*My PhD in neurochemistry was nearly completed, and I was working part-time as a pharmacist when my father asked whether I wanted to help him with the implementation of GMP. He wanted to achieve that goal in any way he could. Since September 2006, I have been working four days per week at Florax Group and one day per week as a post-doctorate at the university. However, we never talked or made concrete plans about me being my father's successor. He always told his sons - my two-years-younger brother and me - to work part-time (he did not consider 40 hours in the week to be full-time, because according to him real work started with a minimum work week of 80 hours) and search for a job for which we had studied. He said that we should not want the responsibility of a factory in Winschoten with all its difficulties. At the time, my brother was still*

*studying medicine. In December 2006, my father suddenly died at the age of 59, and I took his place in the firm on behalf of our family. I had just turned 30 and had only worked at the firm for a few months. There was very little time to think about this, which gave me a certain drive. There was just one objective, namely, to continue the firm. At the time, I found myself in a transition period because I was also very curious about what was going on in the firm. (Sjak van Noorden, owner-manager, firm website/video)*

For that reason, Ulrich and Mieke's eldest son Sjak van Noorden became the General Director of the Florax Group, where he had remained for 11 years.

*The week after my father passed away, the bank came by and asked about my plans concerning the firm strategy. In a very short period of time, I had to learn a lot about how to lead a firm in all areas. You have to be willing to work hard; you are an entrepreneur 24 hours a day, 7 days a week, you cannot be detached from the firm. But I feel that this is a real family firm, so I would not want to sell it. The long-term continuity of the firm in this region is the most important objective for both me and the firm. There is much more to the world than money, and I am really comfortable and happy with the freedom that I have to run this firm. I would not want to report to a shareholder. (Sjak van Noorden, owner-manager, firm website/video)*

What made the situation even more complicated and difficult was that Sjak's father had never really considered continuing the firm. Instead, his idea was that both his sons would take other jobs and that he would sell the firm.

*I sometimes say about my father that I have never met anyone who is more intelligent than he was. I really mean that. However, I have met many people who have less difficulty communicating. When we were at home and I would sit at the table with my parents, my father would ask my mother how I was doing. He was a real Groninger, in heart and soul. In the firm he was, well, maybe almost dictatorial. He did everything: driving the fork-lift, ordering the toilet paper, administration, everything. He worked 80 to 90 hours a week, always. He delegated little or nothing. He had one assistant who served as secretary, bookkeeper, and receptionist simultaneously. He had two employees who were vocationally trained and worked in the laboratory and the small-scale production of chemicals. Those were the only tasks in which my father did not interfere. (Sjak van Noorden, owner-manager, January 2014)*

With the idea of eventually selling the firm, Ulrich had invested insufficiently in the organization, machinery, buildings, and regulations. Sjak and his team were forced to redesign the firm and to bring new life and energy to it.

*Three weeks after my father's death, the Food and Consumer Product Safety Authority visited and they said that we had three weeks to clean up the mess,*

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*otherwise the firm would be closed. There were many big problems: the failure to keep up with the new regulations, the physical condition of the buildings, the machinery. For a period of more than five years, my father envisioned a closing scenario. [...] One fortunate coincidence was that just before my father's death, he started a trading firm that became profitable within 2 years. In addition to running this trading firm, we have done a lot to catch up in the production firm unit. In the middle of 2008, we finally received our GMP-certificate - by the narrowest margin, but we got it. During my time at the university, I became accustomed to training students, so we worked with many trainees during that period. We kept the best of those students and then attracted a new group of trainees. So, we had a quick organic growth with a dynamic young team. Until the beginning of 2012, for approximately 6 years we did a great deal of renovation; practically all the departments have been renovated, and the whole firm has been turned upside down. Additionally, new firm areas have been built. The entire organization has been addressed. For every department, a new head has been appointed and the processes and regulations now satisfy all requirements. In 2009, I have added the R&D firm unit when we received orders to redevelop old medicines. (Sjak van Noorden, owner-manager, January 2014)*

The synergy among the various firm units is what makes the Florax Group a strong and stable player. As a result, in 2012, the firm received an award for being the enterprise of the year in the province of Groningen, about which Sjak and his team are very proud. From 2012 on, the firm has grown quickly, not only in terms of the number of employees (which has grown from 18 to 50) but also in terms of organization and structure, firm processes, rules and regulations. These developments have been accompanied by growing pains, which Sjak managed quite well. However, as a young and ambitious entrepreneur, Sjak sees many more opportunities and possibilities that he wants to pursue to safeguard the long-term continuity of the firm.

*In the coming years we are going to expand the group even further. We have the knowledge, and we have a large international network. Combining the knowledge of Florax Lab with the network of Florax Trade and East Pharma, we can help our customers more specifically with their questions and problems. We also produce and analyze APIs and have the facilities to store a large amount of APIs in our own warehouse. In short, we have established a firm that is ready for the future. (Sjak van Noorden, owner-manager, firm website/video)*

### 6.1.2 The advisory board

The case study of Florax Group focuses on the period from July 2013 to September 2016, from when the first steps were taken to set up an advisory board to the seventh meeting of the advisory board. In July 2013, Sjak contacted the family firm research department at Windesheim because he wanted to learn more about governance in family firms. He was informed by his account manager at the

bank about the opportunity to participate in one of our research projects and to learn more about the various ways to professionalize the firm. Sjak indicated by email that he would like to participate in the research project; the project manager and I then paid him a visit. During this first visit, Sjak explained his motivation for participating in the project and his interest in creating an advisory board. After Sjak learned about the possibility of working with an advisory board via the research project at Windesheim, he decided to declare 2014 as the year in which he would take steps to create an advisory board for himself, for his personal development as a businessman and for the Florax Group. Throughout 2014, I provided suggestions and possibilities related to setting up the advisory board. The research project also facilitated an extra meeting for Sjak with an experienced consultant, who helped him to clarify the required expertise for the advisory board members. Consequently, I helped Sjak finalize the job descriptions for the advisory board members and communicate information about the vacancies in our research group's network. Sjak and his financial controller then conducted interviews, after which two candidates were selected. After the selection, I started to attend the advisory board meetings, offering Sjak and the advisory board members extensive meeting reports in return for permission to be there. In addition to my involvement in the emergence process of the advisory board at the Florax Group, Sjak started attending meetings that we organized for family firms that had begun to work with an advisory board, during which the entrepreneurs shared their experiences and obtained ideas about how to work with the advisory board.

The case illustrations presented in this chapter aim to identify the initial considerations for Sjak to create an advisory board and to track the phases in the process of establishing this practice at the Florax Group. I describe the starting conditions and expectations, the activities performed and tools used to set up the advisory board, the individuals selected, the emerging structures and practices, the main tasks employed by the advisory board members and the activities of the family members themselves, the interactions with other practitioners, and the influences resulting from the specific context in which the advisory board operates.

## 6.2 The life cycle phase of the firm, the director's background and expectations

### 6.2.1 *The life cycle phase of the firm*

When I met Sjak for the first time in January 2014, he explained the history of the family firm and the rapid developments that he and the firm had experienced. Sjak is proud of what he has been able to achieve but admits that it has been difficult and challenging. The firm now employs 40 workers in the production division and R&D department. Together with the salespeople, there are approximately 50 persons. Everyone is extremely busy and in the last year, 6 new employees were

hired. Even though Sjak sees many more opportunities and possibilities for the Florax Group that he wants to pursue to safeguard the long-term continuity of the firm, he wants to do it in such a way that will be advantageous for the firm. He does not want to burden the firm with more growing pains, which will possibly be disadvantageous, especially since the current pressure of work is already so high. However, because of the potential that the firm has, Sjak indicates that he is looking for help to realize the next steps. He has already gathered numerous people around him to discuss ideas at an operational level, for example, Sjak discusses many issues with the financial controller. However, he also feels the need to involve more experienced people in strategy discussions.

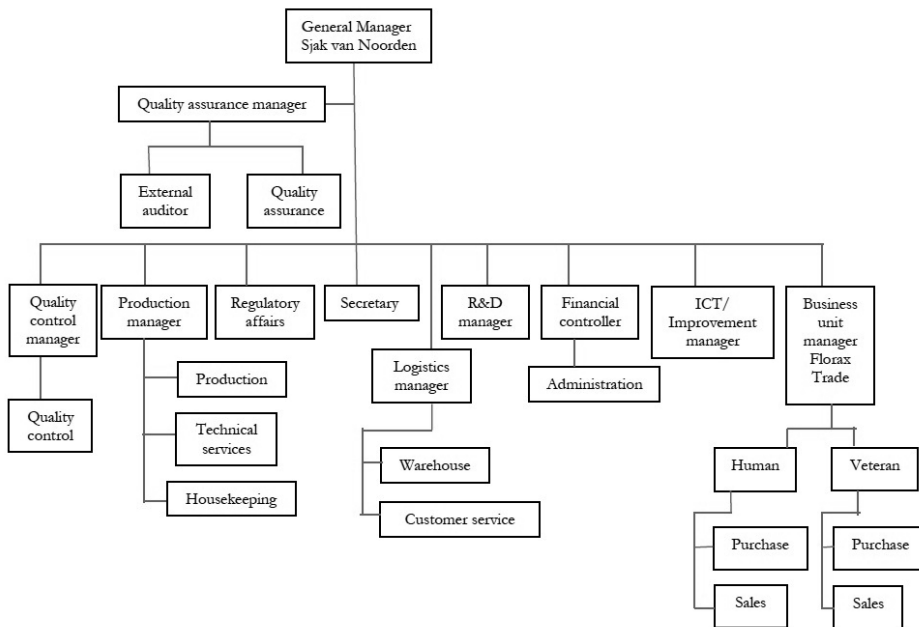
*I have an idea about the future of the firm, its long-term strategy, but I would really like to confirm these ideas and obtain input on how to put the strategy into practice. For example, should I financially participate in a firm in the US or take it over? How should I manage this? These are just a few of my many questions.* (Sjak van Noorden, owner-manager, email conversation)

Another issue that Sjak faces and of which he is well aware is the firm's dependence on him.

*Just imagine if something were to happen to me. The organization is much too dependent on me. That's not right, not for the organization, not for the long-term continuity of the firm, and not for the family members that I would leave behind. [...] I would like to keep the current organization structure, because the departments are not very large. When the department heads do their job well and all have a team of 5 to 8 persons, it should be doable. In addition, I closely involve those department heads in what is happening. The MT consists of approximately 8 persons, and I would like to look at how they are functioning. Last week, we had color tests, how people act and behave, and I would be willing to invest in their education when they do well. However, I do not want an extra layer of managers: I am not a fan of that."* (Sjak van Noorden, owner-manager, January 2014)

Sjak has already retained a professional consultancy agency to investigate the firm. To realize his growth ambitions for the firm, Sjak wants to implement the LEAN program, which can enable better-managed growth, and he has discussed this idea with several parties, including a governmental advising agency, people at the university (via the network of his former employer), and a few entrepreneurial colleagues. However, the conclusion drawn in these discussions was that Sjak would first have to address both the competences of his current managerial employees and the organization structure. Everybody with whom Sjak has spoken has the impression that Sjak is far ahead of the rest of his team and that the distance between him and his team might become too big.

Before Sjak started to consider working with an advisory board, the organization structure of the Florax Group was as presented in Figure 8.



**Figure 8** Organization structure of the Florax Group

### 6.2.2 Needs of the director

Sjak has a background in pharmacy and has primarily tried to grow the firm by working hard, using a common-sense perspective. However, he has not had any education or training in business administration, so he is not sure how to proceed from the current situation and manage the growth of the firm. Moreover, Sjak wants to work on his own role, to manage his work-private life balance, and to determine both his future role in the firm and where he wants to take the firm.

*I am very much looking for support on firm matters, on how to structure this organization. I think that an advisory board could be very helpful in that. In addition, I need to know what kind of a person I am. Over the last few years, I had very little time to think. [...] I have been extremely busy, primarily with operational tasks. Now, we arrive at the next phase, in which it is not clear to me what to do. [...] Also, my concern for the firm is constant. I always want to know if everything is alright. Seven days a week, I am here, if only to confirm that there are no issues. It is not that I am always in the office - I also bring my little kids here and we play hide-and-seek - but the fact is that I am here and that I just want to ensure that everything is ok. For that reason, there is always a concern, and sometimes that is hard. If you could share that with someone, I think that would matter a lot. [...] I do not talk about these things with my brother and mother. I do not want to have a heart attack like my father did. In addition, and of course it*



*is easy to say this now, I do not want to make too little progress and that one day I open my eyes and see that the whole world has changed, but my firm has not, and there is no reason to continue existing. In hindsight, my father should have acted in the mid-1990s. He did not do that: he opened his eyes in 2000 and realized that he had made a mistake.* (Sjak van Noorden, owner-manager, January 2014)

Further, Sjak feels quite lonely being the only family member involved in the firm, bearing all the responsibility.

*Sometimes, I am jealous of people who run a firm together. [...] I miss that because I do it alone, but that said, I do not have the burden of stupidity that you sometimes hear about.* (Sjak van Noorden, owner-manager, April 2016)

### 6.2.3 *Expectations of the advisory board*

Sjak wants an advisory board with members who will make suggestions about how to manage the firm to safeguard continuity and enable future growth. For that reason, the advisory board will have to play a strong consulting role. In addition, it must play a strategic role in ensuring that the firm maintains and improves its market position. Sjak also thinks that it is important for potential advisory board members to understand the firm's technical field.

*The situation at our firm is quite straightforward; we do not have a big family, multiple owners or any other complexities. [...] Our complexity is related to the operations and the structuring of the firm, not the family. For that reason, the advisory board is primarily both a sounding board and a mirror for me. It is there for the firm as a whole, but especially for my role in it.* (Sjak van Noorden, owner-manager, April 2016)

## 6.3 The preparation phase – 2014

### 6.3.1 *Activities performed and tools used to set up an advisory board*

#### 6.3.1.1 Talking to others

Sjak was informed by his account manager at the bank about the possibility of having an advisory board and participating in a research project that would facilitate installing one at his firm. To help Sjak learn more about this governance mechanism, the account manager arranged a meeting with an experienced entrepreneur who has worked with a supervisory board for years. Eventually, this entrepreneur would become one of the advisory board members at the Florax Group.

*The funny thing is that I visited him to share my experience working with a supervisory board before he asked me to be an advisory board member at Florax. He was searching for how he could professionalize his firm, and the bank had advised him to work with a supervisory board. (Koen van de Ent, advisory board member, September 2016)*

Even though Koen suggested working with a supervisory or advisory board of three members, Sjak decided to work with two members. Before the meetings began, Koen suggested a yearly structure pursuant to which the board would discuss topics, such as the budget and plans at the start of the year and the financial results in Q2.

*Sjak does not follow up on all our advice, and he does not need to do so. He is the entrepreneur. But I can see that the discussions help him forward. For that reason, the things we discussed, whereas I had the impression they were new to him, he thinks, ok, this is another way to look at it. And then he does something with that. However, you can see that he is not used to something like this. We have had to help him develop the advisory board and how it works. You need some information before you can give good advice. In the beginning, we had to help him with that for example, only after a while we got the regular information updates. But we always got what we asked for. It was clear that he had no frame of reference and had not thought about what we would need to be able to advise him. (Koen van de Ent, advisory board member, September 2016)*

After his meeting with Koen, Sjak planned an interview with me in which we discussed the reason for his participation in the project, his specific needs in relation to the advisory board, the advisory board's expected role and the required characteristics of the potential advisory board members. Because Sjak had little time to work on the job descriptions and had asked for support in these preparations, it was decided that he would have a follow-up meeting with a consultant who specializes in selecting board members (a service that was provided for via the research project). During this meeting, the required characteristics were further specified, and the entire recruitment and selection process was talked through. Internally, the financial controller was closely involved in the advisory board's preparations. Because the financial controller seems to be the only person internally to whom Sjak can relate as a sparring partner, her opinion is important to Sjak.

*I have talked to the financial controller about the contents of the reports. She has no comments beyond what we have already discussed, but at a general level, she is critical in a positive way about installing an advisory board and how it will function here at the Florax Group. (Sjak van Noorden, owner-manager, email conversation, April 2014)*

### 6.3.1.2 Vacancies proposed

After the meetings in which the wishes and needs for the advisory board were specified, Sjak was clear about the characteristics that he sought in his future advisory board members: (1) an entrepreneur, preferably someone from the same sector, experienced in owning a factory, someone who challenges, is critical and has a no-nonsense perspective, (2) an operational officer to look at financial and legal issues, discuss the potential of LEAN, and look at operational excellence and ways to optimize organizational processes, and (3) a person with coaching skills both to provide input on human resource issues and to support Sjak in his development. Two job descriptions were made (one for the entrepreneur and one for the operational officer) and communicated via various networks: Sjak's own network, the network of the consultant, the network of the research project partners, and social media such as LinkedIn. No separate profile was made for the coach because Sjak had a preference for an advisory board consisting of two members and hoped that the coaching skills would be present with one or both of the other persons to be selected. The profiles used to search for the advisory board members can be found below.

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#### *Vacancy for advisory board member at Florax Group*

*(1) Chief Operating Officer*

*(2) Experienced entrepreneur*

#### **Organization**

*Florax Group produces, develops and distributes active pharmaceutical ingredients (APIs) for both the veterinary and the human markets. These active substances are distributed worldwide. The APIs are produced following the Good Manufacturing Practices (GMP) guidelines. Florax Group is a collective of 6 firm units: Florax Lab, Florax Trade, Florax R&D, Florax Trust, Sjak van Noorden Holding, and East Pharma. Florax Lab was founded more than 30 years ago by Ulrich van Noorden, PhD. The firm produced organic chemical products on an assignment basis. Over the years, the focus of production has become concentrated on active pharmaceutical ingredients (APIs). These APIs were applied in both human and veterinary medicines. In 2006, Sjak van Noorden, PhD, succeeded his father.*

*The factory and laboratory of Florax Lab are located in the Netherlands, in Winschoten. The sales offices of Florax Group are located both in the Netherlands and abroad. Florax Group is located in Winschoten and has approximately 45 employees. It is a young firm that has experienced strong growth in recent years resulting from a need to catch up in various areas (regulations, machinery etc.). The organization culture can be characterized as open and non-hierarchical.*

#### **Composition of the advisory board at Florax Group**

*The advisory board will consist of two persons, one of whom will serve as chair. Preferably, these persons will not be directly connected to the family or the firm. There will be no family members on the advisory board. The advisory board meetings will be attended by the current owner-manager, Sjak van Noorden. In addition, the financial controller and the management team members will occasionally join the meetings.*

### ***Reason to set up the advisory board***

*The firm has experienced strong growth in recent years. The future holds many opportunities and possibilities, but the firm is experiencing growth pains and the pressure is high. It is time for the firm to transition to the next phase. Sjak has collected numerous people with whom he can discuss matters, but he is in need of some wise men or women with whom he can discuss strategic issues.*

### ***Roles and tasks of the advisory board***

*The advisory board is supposed to act as a critical, but constructive sounding board for the owner-manager and brings in broad expertise and experience in firm management, entrepreneurship and industry knowledge. The advisory board shall support governing the firm in such a way that the continuity of the firm is guaranteed and the firm can leverage its growth potential. For example, should the firm invest in specific items or take over another firm? For that reason, the advisory board must play a strong consulting role and perform the strategic task of ensuring that the firm maintains and further improves its market position. To recruit external advisory board members, the following profile has been formulated:*

### ***Profile for the advisory board members at Florax Group***

#### *General qualities*

- *Broad firm experience;*
- *Education level: academic, potentially MBA;*
- *Strategic insight and pragmatic attitude;*
- *Independent and critical towards each other and the owner-manager;*
- *Sufficient affinity with technology;*
- *Affinity with the family firm and its values and norms;*
- *Adequate capability to advise and act as a sounding board for the owner-manager.*

#### *Personal skills*

- *Committed sparring partner;*
- *Strong personality;*
- *Critical mind yet positive;*

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- *Goal-oriented;*
- *Senior;*
- *Analytic;*
- *No-nonsense mentality.*

### *Specific qualities of the COO*

- *An experienced CCO, financially and/or legally educated, who can advise the owner-manager in managing and controlling risks, optimizing organization processes, operational excellence, lean;*
- *Have a black belt;*
- *Preferably a technological background, with knowledge and experience of the pharmaceutical industry;*
- *Good insight into integral (operational) management;*
- *Broad experience in managing complex (international) organizations.*

### *Specific qualities for the entrepreneur*

- *An experienced entrepreneur, preferably with a technological background and knowledge and experience of the pharmaceutical industry;*
- *Experienced in managing a factory, in formulating a growth strategy and acquisitions, and managing the resulting growing pains;*
- *Good insight into integral (operational) management;*
- *Broad experience in managing complex (international) organizations.*

### *In addition to the criteria mentioned, the chair of the advisory board should*

- *Facilitate a fruitful cooperation within the board and with the director(s);*
- *Be open, constructive, and focused on cooperation, but also critical and challenging when needed;*
- *Direct an effective, decisive advisory board;*
- *Balance different perspectives and interests;*
- *Function as the sparring partner of the owner-manager.*

### **General agreements**

*This profile intends to offer a guideline for the composition of the advisory board and the nomination of its members. The advisory board members act in the interest of Florax Group. The advisory board offers advice and has no formal governance responsibility. Advisory board members have no other positions that might conflict with the interests of Florax Group. Advisory board members are remunerated for their activities.*

### **Procedures**

*The time requirement is 4 days per year: 4 3-hour meetings in Winschoten, with equivalent preparation time and a yearly strategy day. We appoint advisory board members for a 2-year term with the possibility of reappointment.*

*Candidates can express interest by sending an e-mail, including a CV, to Karin Groven: groven@florax.com.*

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### **6.3.2 The advisory board members selected**

Together with the financial controller and the human resource manager, Sjak collected the responses and organized interviews with the two persons he thought matched the job descriptions most closely. These interviews, held in December 2014, were successful, so Sjak decided to start with these persons. Both persons selected are experienced businessmen affiliated with the sector in which Florax Group is active. The first advisory board member is an experienced entrepreneur (Guus Mooren). Guus succeeded his father and represented the third generation in a family firm in the pharmacy industry. Because none of his four children were willing to take over the firm, he decided to sell a majority share of the ownership of the firm to an independent Dutch investment firm. In 2010, the firm merged with another firm; in the years that followed, Guus has slowly withdrawn from the firm. In 2014, a new CEO was hired. Guus now spends his time advising other entrepreneurs, serves as a supervisory board member at various organizations, invests in other firms and remains active as an entrepreneur, developing new firm concepts, products and services.

The second advisory board member selected, Koen van de Ent, has his own firm, which is in the same industry as Sjak's firm. He has built a very successful specialist firm in medical ergometry. He has owned and led the firm for more than 17 years. Koen is approximately twenty years older than Sjak and has much more experience in running a growing firm. Moreover, he works with a supervisory board. Both Koen and Guus have experienced the growing pains and challenges themselves that Sjak has mentioned. Even though Koen and Guus have quite different characters (Koen is also from the north of the Netherlands and has a no-nonsense mentality like Sjak, whereas Guus is more of a *bon vivant*), both of them run their own firms and both of them have experience in working with a supervisory board. Neither Guus nor Koen were previously connected or related to Florax Group, although Sjak had met Koen after his account manager at the bank suggested they meet to discuss Koen's experiences of working with a supervisory board.

*I have a supervisory board with three supervisors. I prefer that to a situation of two, because suppose that Guus and I do not agree on something. We would not really discuss that with Sjak because what would be the use of that to him? If you have three, it is easier to have your own opinions. [...] In the case of a bigger*

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*firm, which I think is true of Florax, I tend to see the ideal situation to be an advisory board with three members. Taking into consideration the different firm models of the different firm units, I would actually prefer three persons in this case. (Koen van de Ent, advisory board member, September 2016)*

The composition of the advisory board at Florax Group is shown in Figure 9. Both Guus and Koen applied for advisory board membership. With these individuals, the specific operational excellence was not covered, although both Koen and Guus, through their practical experience in building successful firms, were convinced that they would also be able to help Sjak in this area. In consulting and asking questions, the advisory board members feel that they complement each other.



**Figure 9** The composition of the advisory board at Florax Group

*I feel that we grant each other enough space to discuss our ideas if we show that we have thought about something and have an idea about it. Also, we complement each other if a specific aspect of something has not been discussed yet. It is fortunate that we have a similar approach in that. Sometimes I can be very clear and feel very committed about something - perhaps too committed, for an advisor. And then I sometimes think, if he does not say something, how does he feel about my approach? However, I feel that Guus will speak up if he does not agree with me. (Koen van de Ent, advisory board member, September 2016)*

## 6.4 The post-conception phase – February 2015 to September 2016

### 6.4.1 Practices

#### 6.4.1.1 Introduction of the advisory board members

At Guus's initiative, the advisory board members met once at Koen's firm to get to know each other before they started with the advisory board. There was no intention of aligning their ideas or expectations about the advisory board. They were simply interested in getting to know each other because they were going to work together. Sjak was not present at this informal gathering. Between the meetings, the two advisory board members have not contacted each other to discuss things in advance or to inquire about each other's opinion.

*Before we began, Guus and I met to get to know each other. Guus came to my place to have a cup of coffee and to see what I do for a living. (Koen van de Ent, advisory board member, September 2016)*

After this meeting between the advisory board members, an informal informative meeting was planned for mid-February at Florax Group so the advisory board members and Sjak could become acquainted and Sjak could show the advisory board members around, thus giving the advisory board members a good impression of the firm and its issues. Sjak promised to send a substantial amount of information and to plan a date for the first real advisory board meeting with a clear agenda. The information package included the annual reports of the various firm units for the previous two years, the firm objectives for the following year, an overview of the list of products produced and traded by the firm, a document describing a potential collaboration relationship with another firm, and an example of the monthly KPI reports used at Florax Group. Following a suggestion by Koen to work with an annual agenda for the meetings, Sjak proposed a schedule of advisory board meetings for 2015, including suggestions for the following content to be discussed:

- March: annual accounts, going concern issues and operational issues;
- May: the financial results of Q1, going concern issues and long-term strategy;
- End of August/September: the financial results of Q2, going concern issues and marketing and sales strategy;
- November: the financial results of Q3, going concern issues and main issues planned for the next year.



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*In the beginning, I tried to obtain a logical sequence for the topics discussed over the year. He has partially followed up on that suggestion. In the meetings, discussions sometimes develop in such a way that we suggest placing the topic on the agenda for the next meeting. In that sense we are able to influence the agenda. To me, it would make much more sense to start the year with a discussion of budgets and plans, use the second meeting to discuss the financial results of the year before and their implications, and then have two more meetings about strategic issues that are relevant to the firm. And then the cycle starts again. I like structure so that you know when things will be discussed, what the deadlines are, etc. We often receive documents that have not been finalized yet because the firm cycle and our meeting cycle do not connect well enough. (Koen van de Ent, advisory board member, September 2016)*

Koen responded by proposing to add an update of the organigram to show the changes in personnel and the organization at every meeting, plus recent sales overviews showing turnover for the previous few weeks, order intake and orders in hand. Moreover, he suggested a structure for the meetings' agenda, starting with (1) an opening in which additional discussion items can be introduced by the director or the advisory board members, (2) discussing the report of the last meeting, (3) announcements by the general director, (4) going concern issues, including a sales overview, financial figures and the organigram, (5) specific issues to be discussed, and (6) the closing of the meeting. Meetings were then planned over the year as suggested, on Mondays by the end of the day from 16:00-19:00. However, these meetings always lasted longer than expected and never ended before 20:00, which is related to the fact that Sjak chairs the meetings himself.

*I think it is not good that Sjak has taken on the role of the chair because he has to answer our questions or react to our comments, and that is very exhausting for him. He cannot combine this responsibility with chairing because he gets easily lost in a discussion and then there is nobody who steps in and takes action. Perhaps he thinks, I am the boss, so I have to be the chair. I do not know what he thinks about that. Of course, it is a technical role. A chair ensures that the meeting does not continue until 22h, that the discussion is to the point and clear. Sjak is much too busy to take on this role as he continuously needs to provide input and is busy thinking about the things that we are discussing. [...] I think that one of us would have enough time to take on the role of chair." (Koen van de Ent, advisory board member, September 2016)*

### 6.4.1.2 Giving structure to the meetings

Sjak has taken the role of the chair of the advisory board. However, both Sjak and the advisory board members are unhappy that he has done so. Sjak is aware that it is difficult to concentrate on structuring the meeting and discussing content simultaneously, but he feels that there is no good alternative:

*Suppose that one of the two advisory board members was also the chair; in that case, there would be only one person who can really focus on the advising role. Alternatively, I could ask our controller to be the chair, for example, or someone else who is capable and independent, who knows a lot about the firm. I do not have a problem with that, unless we need to discuss this person's role, then it becomes tricky. [...] I am the chair and the one who has to answer questions at the same time. For that reason, I am exhausted after every meeting, I think it might be better to have an independent chair who keeps better track of time and the agenda. [...] Sometimes we spend a great deal of time on issues and other issues are not discussed. A good chair would perhaps be able to change that. (Sjak van Noorden, owner-manager, April 2016)*

Consequently, even though Sjak chairs the meetings, the advisory board members often interfere to structure the meeting, to introduce new practices or to stick to previously agreed-upon structures.

*We have very open discussions, and most of them are unstructured. Sometimes you hear something and then you think, right, I have read something about it. And then I want to ask something about it, and I can do that now but perhaps also later. In all the meetings, it is a matter of alertness and attention, which weakens as the discussion continues and then lightens up again, etc. (Guus Mooren, advisory board member, October 2016)*

Many practices that develop in the Florax Group advisory board are introduced by Koen van de Ent. As discussed, this began at the introductory meeting when Koen suggested a specific structure for the agenda and for specific overviews to be provided for every meeting. During the other meetings, Koen has also intervened when things have gone in a direction that in his opinion is not optimal. For example, Koen takes the lead when Sjak informs the advisory board members that the consolidated annual accounts of the holding still must be approved and that instead he has brought a first draft of the accounts with him to the meeting. Koen then suggests discussing the annual accounts at the next meeting because he and Guus need time to prepare to truly understand what is occurring. Because there is no urgency in discussing the accounts, it is acceptable to postpone the topic to the next meeting. Additionally, Koen asks when the going concern issues will be discussed, as they are not mentioned on the agenda as he had suggested, and he reminds Sjak that the agreement was that the advisory board members would receive an overview of changes in the organization and financial figures to be informed about firm developments; he then suggests adhering to that agreement.

Koen also has ideas about how to structure the discussion: theme by theme, start on an abstract level and then see together how to make things more specific. Moreover, he indicates repeatedly that he would be very interested in seeing the KPI of order intake. He explains that it is important to understand developments in the order intake because it is the responsibility of the salespeople to search for

new orders; therefore, action must be taken when they are not doing their job well and the number of orders is decreasing. Also Guus adds structure to the meetings. He reminds Sjak when the financial reports have not been sent in advance, suggests adding KPIs on personnel management to the reporting tool (the number of FTEs and sickness absences), suggests how to prepare discussion points (e.g., making a concept for the organization structure, combined with hesitations or remaining questions), ensures that time is spent on important discussion points, and suggests moving items to the agenda of the next meeting when they have not been adequately prepared or do not fit into the time schedule of the current meeting.

*I do not put very much time in preparing for the meetings. Perhaps I should do more and take it more seriously. Perhaps in a supervisory board you need to defend your policy as a director. When working with a supervisory board that takes the interests of the owner into consideration and supervises the director, you have to account for the policies, the results, etc. I can image that that takes a lot of preparation time. I play a double role: I am present at the meetings from both an owner perspective and a from a director perspective. (Sjak van Noorden, owner-manager, April 2016)*

#### 6.4.1.3 Preparing the meetings

Sjak prepares the meetings by himself; the advisory board members are not involved in the preparations. Even though Sjak considers himself a structured person, the procedure followed and the choice of discussion items seems somewhat ad hoc.

*Sometimes when addressing issues, I want to discuss them in the next meeting. For that reason, I note the issue, that is how agenda items are added. However, I also evaluate every meeting, going through my notes and the meeting report, and I tell my secretary that I want numerous items to be placed on the agenda of the next meeting. In addition, I obtain action items from the discussion. For that reason, my secretary usually asks me two weeks before the next meeting whether I have anything to add to the agenda, and then I add the things that I worked on between the meetings. I am quite a structured person, and of course I sometimes forget things, but the main items are always there. (Sjak van Noorden, owner-manager, April 2016)*

Sjak occasionally contacts one of the advisory board members between the meetings to follow up on a topic discussed during one of the meetings.

*Sometimes Sjak calls in between the meetings when something has been discussed and he thinks that I had a strong opinion about it. For that reason, for example, the negotiation with the new sales guy, he wants my input for the negotiations because he has to make the deal. Sometimes, in the meeting I notice that he has also spoken to Guus. And I imagine that he calls Guus too. This is just a matter*

*of having someone available for input. I think it is fine that he contacts us between the meetings.* (Koen van de Ent, advisory board member, September 2016)

Internally, Sjak's secretary and the financial controller help him prepare the agenda and the required documents in time. However, Sjak's main internal sparring partner, the financial controller, has never attended the advisory board meetings.

#### 6.4.1.4 Conclusion

The level of formalization at Florax Group can be considered moderate. Few formal working procedures and agreements are followed, and because Sjak is unfamiliar with the functioning of an advisory board and has little reference material, the advisory board members made numerous organizational suggestions before the first advisory board meeting. For example, Koen has suggested working with a yearly schedule of the meetings and planning the topics to be discussed in advance to incorporate regularity and structure into the discussion. Issues to be discussed during the meeting are agreed on and circulated in advance, including management reports, change overviews, and recent financial results. Because Sjak himself has assumed the role of chair, which is not very successful in the sense that he is incapable of structuring the discussion and managing the agenda while engaging in a substantive discussion, it is often the advisory board members who introduce new practices over time to incorporate more structure into the meetings and follow up on their discussions. Table 8 below presents the practices introduced and the various sensemaking events concerning the role of the advisory board over the various meetings.

**Table 8** Practices proposed at Florax Group

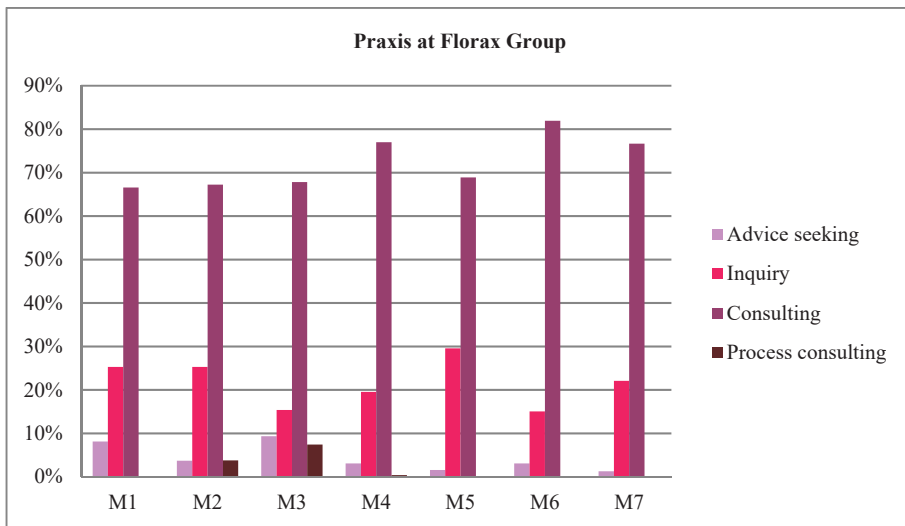
	<b>Practices proposed</b>
<b>M1</b>	Koen: put the first few topics on the agenda of every meeting. (WP)
<b>M2</b>	Koen: add the going concern issues to the agenda. (A) Koen: think about the issues you want to discuss the next meeting. (A)
<b>M3</b>	Koen: we agreed to receive an overview of the changes in the organization and the financial figure. (WP)
<b>M3</b>	Guus: come back to this topic during the next meeting, including doubts and remarks that remain. (A) Koen: meeting schedule (dates plus topics) for next year. (A)
<b>M4</b>	Guus: move to the next issue on the agenda. (A) Koen: better to postpone a discussion on a new topic at the end of the meeting to the next time. (A)
<b>M5</b>	All: agree to have contact beyond the meeting on a certain issue. (A) Koen: try to create a deeper understand of the situation so that we can discuss it the next time. (A) Koen: plan dates for the meetings further in advance. (WP)
<b>M6</b>	Koen and Guus: follow up on topics discussed the previous time. (WP) Koen: order of agenda. (A) Koen: prepare issues better to enable a valuable discussion. (WP)
<b>M7</b>	Koen: Excel sheet should be prepared differently. (A) Koen: agenda is too long; determine priorities. (A)

As can be concluded from Table 8, numerous agreements are proposed at Florax Group (placing topics on the agenda, preparing issues to be discussed in future meetings, priorities in discussing issues, etc.). The working procedures are also very practical and relate to the preparation of issues to be discussed and the planning of the meetings. Similar to Solar Innovations Group, at Florax Group, the advisory board members provide the suggestions and agreements.

#### 6.4.2 *Praxis*

Figure 10 shows the praxis performed at Florax Group over time. The data show that the extent to which Sjak actively seeks advice in the meetings fluctuates (4 percent on average) and depends on the issues discussed. Given that Sjak is alone and therefore, only he can ask questions, the extent to which advice is sought is quite considerable. Advice is sought regularly and on various topics and incidents, which are not always placed on the agenda. Sjak's questions are often practical and include, for example, how to select new employees to maximize the likelihood that they will fit into the firm culture, or how to manage a firm unit manager who operates very autonomously. Sjak is extremely open and is unafraid of showing his vulnerability, his doubts and even his reflections on his personal objectives in life, which occasionally makes the discussions very private. In addition, the extent to which the advisory board members inquire fluctuates over

time. On average, 22 percent of the coded text on different praxes is represented by inquiry. The inquiry is primarily characterized by questions that include advice or questions that challenge Sjak to understand why and how things happen as they do. To a lesser extent, questions are asked to elicit more information about the firm and its activities. Whereas the inquiry during the first meetings is dominated by questions in which the advisors implicitly include advice, from the fifth meeting on, the diagnostic inquiry begins to dominate, focusing more on the how and why questions. However, most of the praxis consists of functional consulting (on average, 72 percent of the coded text on different praxes), which means that the advisory board members provide Sjak with a great deal of specific advice about how to address specific issues.



**Figure 10** Development of praxis at Florax Group over time

The advisory board members' consulting mostly consists of challenging and encouraging, providing suggestions, reflections, ideas, and alternatives; their consulting is more brainstorm-like than it is very specific advice or prescriptions to be followed up. This is something that Sjak is not always happy about. He would like the advisory board members to just tell him what to do. However, he also understands that it is he who is in the driver's seat and should make the decisions.

*The only disadvantage is that they will stick to their advising role. They will never tell me what to do, they just tell me to think about this or that. Sometimes, I would just like them to tell me what to do. I call them to ask them tell me what to do, but they just do not do that. [...] The last time I called, Koen said 'if I were you, I would handle it this way', and then we discussed it. I liked that. But I understand that their role primarily involves holding a mirror to my face, not taking over my*

*role as a director. I respect that and I actually value that a lot.* (Sjak van Noorden, owner-manager, April 2016)

Process consulting does not take place very often, and it involves only short reflections on how things are done. There has been no evaluation of the role of the advisory board at Florax Group.

In terms of content of the activities performed, the advisory board serves Sjak's needs, primarily from a firm perspective but occasionally from the ownership perspective. This is discussed next.

#### 6.4.2.1 Firm and ownership governance

The advisory board at Florax Group mostly addresses firm governance, but also ownership governance is occasionally discussed. Ownership governance is addressed to the extent that the advisory board members help Sjak think and consider developments to be implemented from an ownership perspective. Sjak likes to make a profit, but in managing his firm, he is not accustomed to considering issues from the standpoint of his role as owner. For example, in terms of motivating unit managers, the advisory board members advise Sjak to look at his cash flow and to put money aside once objectives have been realized (for example, when a certain liquidity ratio has been achieved). In the eyes of the advisory board members, there is a risk that the unit managers will become lazy when the results are too good. In delegating tasks and responsibilities to the unit managers, Sjak will have to draw boundaries both for him and for his unit managers regarding the freedom to act and make decisions. Sjak will have to start working with budgets that restrict the freedom of the managers.

Regarding firm governance, one of the main tasks of the advisory board at Florax Group is to address the firm's recent growing pains and to prepare the firm for the future. Beyond his financial controller, Sjak does not have any internal sparring partners. Because Sjak has a pharmaceutical background, he lacks the knowledge to manage and organize his growing firm. Together with the advisory board members, Sjak has to work on the organization structure, because he has too many persons reporting directly to him. Before that issue was addressed, Sjak had no time to think about the firm's strategy and long-term objectives. The advisory board has helped him reduce his span of control to three unit managers who were hired to direct the various firm units. The idea is that eventually, when the structure has been fully implemented, these firm unit managers will report to Sjak on a weekly basis. Based on his preferences and background, Sjak would like to run the R&D department, using the rest of the time to work on the strategy of the group.

#### 6.4.2.2 Strategic orientation: operational and tactical issues

The content discussed at the Florax Group advisory board meetings is mostly of an operational character, but tactical issues are also discussed. Sjak's questions are mostly practical and hands-on; the issues that he wants to discuss in the

advisory board meetings include finding and keeping good employees, role division between the plant manager and him as the director, how to organize cooperation with another firm, how to improve financial and management reports, the organizational structure, and potential targets for acquisition. Sjak provides updates on the organization in general during every meeting. For example, Sjak informs the advisory board members about the progress made in renovating the factory, which has taken more money and time than expected, and paralyze the firm's other activities, at least to some extent. In addition, he discusses the current situation of the various firm units as well as his worries and thoughts about this issue. Another example is the yearly fair, complete with costs and expected yields. Guus tries to visit the fair every year because it is an occasion to obtain information about how the firm is represented and to become acquainted with the key persons employed at Florax Group. Even though some of the topics are at the tactical level, such as the organization structure, the manner in which Sjak approaches the discussion and the dilemmas that he puts on the table are really about specificities, without considering the strategic implications. The advisory board members help Sjak think in a more abstract way about these things without directly delving into the practical details. The advisory board members think it is important for Sjak to take a course in strategic management not only to exchange experiences and ideas with other entrepreneurs but also to obtain the content and tools to become better informed about strategy as a discipline in itself.

*We suggested taking a course in strategic management, but he does not do that because he thinks he has no time. He thinks it is interesting, and he feels that he should do it. He needs to discover, but this is frightening because it is a world about which he knows little. And he is very clever, so if he does it, he wants to do it well. It would also help in meeting other people who are faced with similar challenges. However, he then wants to know everything about it, and that restricts him in his ways of working. [...] He is now discovering that by having a helicopter view and giving more responsibilities to his staff, he has more time. However, he does not know how to deal with the extra time, and he gets very nervous about it. [...] If he improves his management skills, he can start running the firm from more of a distance. (Guus Mooren, advisory board member, October 2016)*

The advisory board members feel that it is good to support Sjak in addressing the urgent issues of the firm, only addressing the further development of the role of the advisory board over time.

*I would like to talk to Sjak's key staff members, to let them report the progress of their department. I do not know if Sjak would want that because right now, he is the one who tells their story. I think that I met the plant manager, who has the courage to ask questions, to speak up to Sjak. [...] We can only push this further when it is the right time. (Guus Mooren, advisory board member, October 2016)*



One of the reasons Sjak wanted to have an advisory board is to get help in managing and organizing the firm. Sjak is uncertain about how to create a new organization structure. To him, it makes sense when all the firm units are potentially independent firms and there is one director per firm unit. This raises the question of where to go from there: do the advisory board members think that the idea of the different firm units is plausible, what should be done with the back-office functions, how should the people who are now working here and think they can take on the director role be handled, what kind of firm unit directors are needed, what is the job of the director, etc. How can Sjak ensure that there is enough work for the plant manager? Is the plant manager also responsible for sales? Sjak also asks where to locate his office when these changes are taking place. If he keeps his office at the factory, he will never be able to distance himself from operations. He has learned from his advisory board members that his span of control was too large, so Sjak contacted a consultant (introduced by Guus), contacted Koen between the meetings, and ultimately created a new matrix structure for the group. Sjak would like to be mostly involved in the R&D firm unit, and he primarily sees his future role as monitoring the financial results of the other firm units and managing the processes. This implies that he needs to find good people to run the other firm units, which means that Sjak needs to let go of this work and its responsibilities. However, this is difficult for Sjak, who feels that things can always be improved and then starts to interfere.

*I always used to say that the vulnerability of an organization is dependent on the person running it, but last year I found that the organization had become a burden to me. The advisory board members asked, to put it crudely, when do you want to be burned out? It is too much and you have to organize it differently. That was a difficult exercise for me: it was definitely not easy.* (Sjak van Noorden, owner-manager, April 2016)

In addition to the organization structure, Sjak wants his factory to be FDA approved, which requires a substantial amount of effort. The FDA is for protecting the public health by ensuring the safety of drugs, biological products and devices. When a new medicine bears an FDA quality indicator, it is much easier to serve the market. Sjak also uses the FDA discipline to change the mentality of the employees because quality is the decisive reason for the firm's existence and is an issue that keeps Sjak awake at night.

*I think it is a relief to him that he can talk freely to us, without any consequences. This is perhaps related to his cleverness: he knows that if I play a game here, it is not useful. He does that well, because if he only tells us how well things are going and what a terrific leader he is, we might as well stop meeting. [...] Some people feel that opening up to others is like a striptease, which is frightening. He does not show this fear at all. [...] The more open you are, the more you get out of the meetings.* (Koen van de Ent, advisory board member, September 2016)

In relation to the organization structure, the advisory board members ask questions about the roles and responsibilities of persons in different positions and the dependencies and relationships between the firm units. They suggest developing future scenarios for the various firm units. They think it would be good to realize growth at Florax Lab, the firm unit that has the highest profit margins and performs the firm activities closest to Sjak's heart. They feel that it is impossible for Sjak to have 12 persons reporting to him. This is a natural situation in the case of quick growth, but Sjak must ensure that he delegates responsibilities to others, hires persons to direct the firm units (and if possible, select current staff members with high potential), and manages the firm units from an owner's perspective. The advisory board members see that Sjak has difficulty in handing control over to others, but they feel that this is essential for the long-term success of the firm. Teams, directed by a firm unit director or plant manager, can take care of operational firm activities, report weekly to Sjak and discuss the important decisions to be made. An extra advantage is that in this way, arrangements are made in case something were to happen to Sjak. However, these firm unit directors are difficult to find, because their jobs involve very complex management roles.

*Sjak is still very involved in the operations and is very connected to the people running the various departments and firm units. For that reason, if we discuss the role of these people, we are also discussing Sjak. If he would delegate more and ask those people to make a plan and act more from an owner's perspective, we can provide a continuation of that role. However, he has not yet organized that well enough. For that reason, his own views, inputs and opinions are intertwined with the work of his staff members.* (Koen van de Ent, advisory board member, September 2016)

Another theme regularly discussed at the Florax Group is that of financial issues, including working capital, reporting the financial statements, the solvability of the individual firm units versus the solvability of the entire Florax Group, risk management at the Florax Trade firm unit, and investment decisions. Sjak takes a great deal of time to explain specific financial issues of the firm, including the currency risk involved in the trade firm division, the depreciation of machines, the developments of turnover and Florax Group's strong dependence on the Trade firm unit, the finance structure and the dividend policies (Sjak explains that he does not want to pay out too much dividend because he is afraid that something might happen and adds that his role as an owner is almost non-existent in this consideration), and risk management in the trade firm unit, which is more or less all about 'playing' with a substantial amount of money in a smart way.

What complicates matters in the Trade firm unit is that it is managed by a person who considers the firm unit to be his own firm and accepts little interference from others. He does his job well, and he has an 8 percent share in the ownership of this firm unit. This manager and Sjak are mutually dependent because the manager shares the ownership, but Sjak has the final decision-making

authority. The advisory board members want to know more about developments in turnover, how working capital is managed, why the results are better than expected, the value of the stock and the extent to which the stock supplies can be reduced. They also inquire about the decision-making process at the Florax Trade firm unit because there are many risks involved. They want to know about the worst-case scenario. How much money would be lost? What is the return on this risky investment? Specific questions about cost developments are asked, along with questions relating to investment decisions. In terms of consulting, the advisory board members argue that generally, in a situation of quick growth, it is difficult to see the big picture. Essentially, the following three principles should be used regarding the financial picture: (1) assess different firm units based on their own performance, (2) make the firm units financially independent from each other to the maximum extent possible, and (3) organize as little risk as possible at the group level. In terms of managing the risk at Florax Trade firm unit, the advisory board members feel that it is important to build in risk control mechanisms, set a maximum amount of loss that Sjak will be willing to take, and be critical about the risk-return balance for this trading, because the money can also be invested differently.

Regarding his personal development, Sjak explains that he has no issues with letting go of tasks and responsibilities, but he thinks that people do not want responsibility. Most employees are still very young and ask for days off to care for their children. Sjak feels that he becomes entrapped by the firm, and he does not want that. There seems to be no way back: it only gets worse. Sjak has a hard time dealing with these issues. Internally, there are a few persons with whom he can share his thoughts. Because Sjak is in need of coaching, he is not afraid to actively seek advice and feedback on his functioning and role in the firm. He is very open about sharing information in relation to the firm, about his relationship with his mother and brother, and about his personal ambition to further develop the firm that his father built.

*The things that we discuss are clear, very transparent and open. I put everything on the table.* (Sjak van Noorden, owner-manager, April 2016)

Koen and Guus discuss the firm's strong dependence on Sjak, which hopefully will improve with a new organizational structure and the involvement of firm unit directors and a plant manager. They think that it is important for Sjak to consider his health and suggest numerous courses in strategic management. Sjak also shares his concerns about his work-home balance and family issues. He explains that as a child, his father was never home. He does not want that for his children. He has breakfast with them in the morning, after which he goes to the office. At night they have dinner together, Sjak puts them to bed, and then he turns the computer back on. Sjak explains that his mother (64) is not involved in the firm, but she still attends the yearly industry fair. Sjak tries to keep her at a distance to avoid conflicts. The succession process has taken two years and has had an impact on the family.

In the summer of 2016, Sjak informs the advisory board members that he has had some difficult months. Directing the firm has been exhausting; personally, it has also been a difficult time. In December 2006, Sjak's father died and Sjak put a letter in the grave in which he promised to take care of his mother and brother. The reconstruction of the factory was finished at the same time as the FDA, along with the finalization of the financial details of the succession. It felt to Sjak like his mission was complete. Sjak had nowhere to go because he was stuck in his work, but he feels that he is now back on track: he is happy with the plant manager and the plans for the future. After having worked with the advisory board members for approximately one year, a trust relationship has developed and things have started to change within the firm, Sjak shares with the advisory board members that he experiences symptoms of burnout. When Sjak's father passed away, Sjak promised to take care of the family. He feels that in 2015 he was able to realize several of the promises that he made: the restructuring of the firm premises was finished (safeguarding the long-term continuity of the firm), the firm grew, and everything was well in the family. While these promises were being fulfilled, Sjak's grandmother, who was like a second mother to him, passed away in December 2015. Now that things have calmed down in the firm and some responsibilities have been delegated, providing more time for Sjak, he feels unwell. He thinks more about his father and his own motives in life. Even though the advisory board members think it is good for Sjak to share these issues, they feel that they can help professionally with ownership and firm governance. To discuss these issues, they can only draw from their own experiences.

*I think it is crucial for an advisory board member to respect the entrepreneur. For that reason, I respect Sjak and I sometimes feel that he is too hard on himself. I think, look at how well your firm is doing and how quickly it has grown. He now faces a ceiling that he needs to break through and that takes time, which is normal because the firm has entered a new phase. For that reason, as an advisory board member I think it is important to understand that and to feel connected to the firm. [...] You should not do it for the money; you do it because you like to do it. You think that you can support the entrepreneur, you feel proud to be part of his or her journey and that is meaningful. If this is not the approach of the advisory board member, then I do not believe in the added value of the advisory board. If you work with an entrepreneur, there is always emotion and intuition involved, they have feelings about who to select for their advisory board, I really think that. (Koen van de Ent, advisory board member, September 2016)*

The advisory board members advise Sjak not to hide from the issues he is struggling with but to deal with them. They also stress that it takes time to address these questions, which cannot be easily resolved using some kind of trick.

*You can see that Sjak wants the firm to continue to grow, but he is also loyal to the past. His father never would have worked with an advisory board. (Koen van de Ent, advisory board member, September 2016)*

## 6. Florax Group: Two Wise Uncles

Firm development is also extensively discussed. Sjak informs the advisory board members about the (im) possibility of scaling up on production, the advantages and disadvantages of collaborating with other parties, and his intentions to diversify to better guarantee firm continuity. The advisory board members want to know about Florax group's supply chain position and what it offers to that position. They also want to know how the customers operate and how steady the client relationships are. In relation to Human Resources Management (HRM) issues, the advisory board members ask why staff turnover is so high and how key staff members are functioning. In terms of firm development, the advisory board members ask about the core competencies of parties with whom Sjak wants to cooperate, the alternatives to collaborating with this party, why Sjak wants to start a joint venture from the outset, and the extent to which value can be created with this collaboration and potential acquisitions. The advisory board members also warn about the organizational implications of getting FDA approval (a specific quality standard in the industry). Moreover, they compare various forms of growth: organic growth, collaboration with other parties and acquisitions. The advisory board members advise taking care in collaborating with others so that they do not copy Florax Group's competences and commencing potential collaborations slowly, intensifying such collaborations into a joint venture only if they are successful. They also offer help when specific contracts are made, for example, by suggesting to include terms concerning the dissolution of the contract, who determines whether a new project will be managed by the collaboration or by either of the existing firms, and a mediation clause. In analyzing potential acquisitions, the advisory board members stress the importance of focus in strategy and confirming that there is enough time to manage such a process.

*He does not have a helicopter view yet. Sjak wants to move quickly. However, the advisory board is about analysis, offering potential solutions, alternative scenarios, decision making and implementation. These phases are not clear to him yet. Furthermore, he does not compare his decisions with the long-term vision of the firm. It is all little bits and pieces, and it is not structured yet. (Koen van de Ent, advisory board member, September 2016)*

*Sjak needs to give direction, which I think is still lacking. It is interesting that there are always coincidences during the meeting that he finds interesting. Koen said the other day that he might just as well start a pizzeria. (Guus Mooren, advisory board member, October 2016)*

In relation to HRM issues, Sjak wonders in general if things go wrong in hiring people. Most people do not leave because they do not have the competences, but because they do not fit in. Should they assess people based on a standard? What can be learned from the past? Which criteria should be used in making these decisions? In terms of hiring the new plant manager, what can be expected from his/her competences? How much should this person be paid? It is difficult to find

good people, who likely leave because of incidents and growing pains; not everyone is comfortable with the growth and professionalization of the firm. In addition, key personnel are the topic of discussion when they do not function as expected or when Sjak has difficulty managing or controlling them. Moreover, he informs the advisory board members about new positions in the firm and the selection processes of important persons. In selecting and hiring the firm unit directors, the advisory board members advise making assessments and determining whether there is a personal connection. In this new situation, Sjak will have the time necessary to develop new ideas and act on opportunities that might appear. Moreover, Koen advises Sjak to think about the implications of having inherited the firm from his father. What does that imply for the future; would it be possible to sell certain firm units?

*I met the new plant manager at some regional firm meeting. I have only spoken to her briefly, but she indicated that Sjak had trouble giving her the space that she needed and that he would have to let go of control. He continues to have difficulty in separating main issues from side issues and of course, he has the example of his father, who interfered with everything. But the firm has grown too much to do everything himself. (Koen van de Ent, advisory board member, September 2016)*

In terms of the HRM issues, the advisory board members consult on the functioning of certain key staff members, including an HR manager who, in the eyes of the advisory board members, should understand the sensitivities and should be Sjak's eyes and ears and warn about specific risks but does not seem to fit in well. She does not do her job well, handles things in the wrong way and even damages trust relationships.

#### 6.4.2.3 Added value in terms of output

An overview of the various forms of output is provided in the table below. It is likely that many more pieces of advice and feedback have led to improvements at Florax, but the examples in the table were made very explicit during the meetings.

**Table 9** Output of the advisory board at Florax Group

	<b>Output</b>
<b>M1</b>	<ul style="list-style-type: none"> <li>• Sjak has chosen to end the employment contract of the HR manager. She does not do her job well, and Sjak does not trust her. The advisory board members supported Sjak in this decision.</li> <li>• Extension of the KPIs.</li> <li>• Collaboration with another firm, not in the form of a joint venture but via a less intense collaboration agreement.</li> </ul>
<b>M2</b>	Improved risk management by setting limits on the amount of money invested at Florax Trade and by looking at the finance structures of the various firm units and holdings.
<b>M3-6</b>	Changed organization structure with a span of control of no more than 6 persons, including a plant manager and a sales director.

Sjak is very happy with his advisory board, as illustrated in the following quote:

*The advisory board is very valuable to me. It benefits me much more than it costs. Look at the topics that we have discussed and the things that have changed since the time that we started. The only thing that we must consider is that I do not forget things. I am an impatient guy and want to act quickly. [...] Part of this involves discussing things on a more abstract level, such as the sounding board function. However, very practical things have also been dealt with immediately. For example, the organization structure has totally changed, which is really because of the advisory board meetings. We never would have come this far without them. [...] What they do is to say, suppose you are on a train and you arrive at a crossing: you can go right or left, but also think about the option of going straight ahead. (Sjak van Noorden, owner-manager, April 2016)*

### 6.4.3 Practitioners

#### 6.4.3.1 Advisory board in relation to other advisors

Even though both Koen and Guus have suggested using consultants to help Sjak address specific issues such as the organization structure or make arrangements for firm collaborations, there are no interactions with other advisors who work with Sjak. They have not met the accountant or any other advisors who regularly interact with Sjak.

#### 6.4.3.2 Advisory board in relation to the management team members

Even though both Koen and Guus feel that it might be worthwhile for Sjak to let the advisory board members talk to the key staff members, they both think that Sjak is not ready for that to happen. Therefore, they have not yet suggested involving key staff members in the meetings. For that reason, they have never talked to employees during the advisory board meetings.

*Sjak has taken on the mission to take over the family firm when his father died. He was much too young and unexperienced to be responsible for a firm, but he was well educated. However, he was not educated in firm administration; he knew nothing about it. He survived that, so I think he has some great entrepreneurial skills. He considers that self-evident, but that is not the case. But his managing skills, so the business approach, he can improve those. And he has been all by himself in recent years; an advisory board does not necessarily fit with the family firm culture. For that reason, it is a big deal to him to take such a step. Although he has been very open in providing information and discussing his doubts, I think that the advisory board could also be helpful for his employees. For example, we have discussed the person leading the veterinary unit of the Florax Trade firm unit. Sjak had difficulty managing him. He could have introduced that person to us and let us ask questions. That could be very useful, but I think he has difficulty*

*in taking that next step. That is my gut feeling. For that reason, in the future, I think that when things mature, we could invite the firm unit managers and let them present their plans. We could later evaluate them with Sjak, adding even more value.* (Koen van de Ent, advisory board member, September 2016)

#### 6.4.3.3 Between-meetings contact

The advisory board members have offered to be available for between-meetings contact, for example, when there are urgent issues to be addressed or specific questions that the advisory board members can help with, and Sjak occasionally calls them between meetings to discuss current issues.

*Sometimes, and I probably should do this more often, I phone Koen and ask how he would do something. This is very worthwhile.* (Sjak van Noorden, owner-manager, April 2016)

Guus and Koen do not meet between the meetings, but they did meet before the first meeting to get to know each other. Both of them think that it might be good to sometimes discuss things shortly before the meeting to see whether they should push specific things, but they never really did so.

*Before we started, Guus and I met to get to know each other. Guus came here to have a cup of coffee and see what I do. You have to be careful with that too, because what would we discuss that we would not discuss in the meeting? We have very open discussions – we discuss personal matters, and sometimes private lives are discussed. We discuss personal issues that he does not feel good about. For that reason, we have this atmosphere in which there is nothing that cannot be discussed. If I have a dilemma and wonder whether things are going well, then I call Guus after a meeting and discuss my doubts, I discuss whether we need to take action, etc. But that has not happened yet. When I leave after the meeting, I think, well he is responsible, and then I let it go. For that reason, in the meeting he has my full attention, but when I leave I go back to my own world.* (Koen van de Ent, advisory board member, September 2016)

*I tend to call Koen more often than Guus. This is probably because Koen is from my region and also has a life science firm. The structure of his firm resembles the structure that Florax now has. He calls himself the president of the holding. And he has the firm units with directors. Furthermore, he is still involved in the daily operations of the firm.* (Sjak van Noorden, owner-manager, April 2016)



## 6.5 Contextual factors

### 6.5.1 Family involvement

The fact that Florax Group is a family firm is noted during the meetings, primarily when Sjak discusses his own role as an owner-director and the challenges that he experiences when dealing with the past and the future.

*Even though the role of the family is limited, I really feel that it is a family firm. I have no intention whatsoever to sell the firm. Instinctively, the next generation will take over. But that is not necessarily the case; there are many options. Primarily, my current intention concerns the continuity of the firm and doing the right thing. [...] After my father's death, my mother had an ownership share of 56 percent and my share was 44 percent. In the period between 2011 and 2013, the shares of my mother were passed on to me. My mother still has private possessions, such as land and houses, that kind of thing. And my mother joins us once a year to go to the fair. My mother is not the easiest person to work with, but she has found her role in going to the fair so that's fine. And my brother works as a specialist in a hospital, he has a very different character than I do. For that reason, in the period before I was the main owner, before 2013, there were quite a few issues. My mother was not always supportive and did not understand the firm well. Now the situation is different, I have the freedom to do what I think is best without a hidden agenda, without having to take the ideas of others into consideration, and that is a luxury! Of course, it is also a huge responsibility, and that is why I am so happy with the advisory board. (Sjak van Noorden, owner-manager, April 2016)*

Sjak struggles with his goals in life. What does he want to achieve with the family firm? What is the reason for existence?

*Sjak shares many personal issues. If that is off the record, it is always ok. You can always have a friendship in addition to the professional relationship. You talk a bit about politics, the holidays, etc. But during the meetings, the personal issues that Sjak shares are related to his role of leader, which he struggles with and therefore has an impact on the firm. For that reason, I think it is good that we discuss this. I think this is normal in the case of a family firm, that firm and private live are intertwined. It is his money, his life and his effort. For that reason, what he likes, what makes him happy are topics that we should discuss. (Koen van de Ent, advisory board member, September 2016)*

As explained earlier in this chapter, during the post-conception phase of the advisory board, the ownership of Florax Group was fully transferred to Sjak, as his mother and brother had retained minor ownership shares in the firm. Even though Sjak is now the only van Noorden family representative in the firm, the family culture still plays an important role in the firm and how Sjak runs it. Sjak

comes from a hard-working family with a no-nonsense mentality. It is likely that Sjak's father would never have involved an external advisor, as he did everything on his own and liked to be full in control of every detail of the firm. However, Sjak understands that he needs the help of others to further grow the firm. It seems that Sjak has had to overcome old family traditions in setting up the advisory board. Accordingly, and because the firm was not a topic of discussion in the family context in those times, Sjak has not discussed the existence of the advisory board with his mother and brother. Koen thinks that this might be related to the loyalty that Sjak has to his father and the past.

*I have heard descriptions of his father, who was very basic and interfered in everything, had everything under control. This created an obstacle to further growth. You can see that Sjak wants to proceed but is also loyal to the past. For that reason, he faces something of a dilemma. Working with an advisory board is something that his father probably never would have done. Strangers can interfere. For that reason, I think that is why he does not discuss the advisory board with his mother. I also decided to not post my advisory board membership on my LinkedIn page because I do not think he would like that. (Koen van de Ent, advisory board member, September 2016)*

Within the firm, the financial controller, the human resource manager and Sjak's management assistant are well informed about the advisory board. Because Sjak is the only family member involved in the firm, he makes all the decisions regarding the advisory board. In this process, he has involved a consultant who helped him make his specific needs and wishes regarding the advisory board explicit. However, all the ideas, wishes and expectations regarding the advisory board are Sjak's. Because his children are still very young, he has not yet thought about writing down the family firm values.

*In the beginning, I thought there was a lot to be changed at Florax. But you have to act in a balanced way. It is very easy for us to come here four or five times a year and identify problems. These problems always lead to other discussions. For example, I once asked about his brother, who officially has nothing to do with Florax; suddenly, it appeared that there were many financial issues. He appears to be a big spender. Sjak is worried about that. With respect to his relationship with his mother, it has taken time to distance himself from her. All of those things influence his role in the firm. (Guus Mooren, advisory board member, October 2016)*

### 6.5.2 Meeting locations

All the meetings were held in one of the meeting spaces at the firm location in Winschoten, in a modern, spacious and light room. The practitioners take similar positions at the table every time. Meetings take place on Mondays from 16:00 to

19:00, and they always finish at least an hour late. Halfway through the meeting, there is a small break, during which bread rolls are served.

*He plans the meetings at 16h so that he does not need to spend too much working time there. [...] That is related to Sjak's role in the firm. He thinks he has to be there, he cannot miss an entire afternoon.* (Koen van de Ent, advisory board member, September 2016)

## 6.6 Final remarks

The advisory board at the Florax Group was created because Sjak needed a sparring partner as well as help in organizing and structuring a quickly growing firm. Sjak had taken over the firm from his father after his father's sudden death, and he felt a huge responsibility towards his mother and brother to ensure he would be successful in growing the firm. With his technical background and a PhD in pharmaceuticals, Sjak is an expert on the content of the products that the firm is producing and trading, but he is less competent in firm management. Sjak was the only family firm decision maker involved in the preparation phase of the advisory board, even though he asked others about what to expect from the advisory board and sought the assistance of his financial controller. Sjak prepared the job descriptions alone, conducted the selection process alone and is the only person involved in the meetings.

The advisory board at Florax Group is an important instrument both for the firm and for Sjak as an individual. The advisory board has helped create an organization structure, making sure that Sjak delegates responsibilities to others. It has also provided functional input, for example, in hiring new employees for management positions, and it provides coaching, making sure that the director gains self confidence in being the owner-manager. In this case, it is remarkable that Sjak himself chairs the sessions and therefore has two roles: (1) representing the firm and informing the advisory board members about current issues and (2) structuring the meeting, ensuring that all the agenda items are covered adequately. This double role results in little guidance or structure during the meeting, exhausting Sjak. Thus, the advisory board members often introduce new practices and ensure that they stick to the previously agreed-upon procedures. They also provide suggestions for topics to be discussed in follow-up meetings, thereby interfering in the preparation process.

The advisory board has been active since early 2015, and it is still developing and changing. The development of the advisory board can be seen in the strategic orientation of the topics discussed, from operational to more tactical discussions. Moreover, the advisory board members note the importance of developing Sjak's knowledge and skills in strategic management. Additionally, with the arrival of the unit directors, it is suggested to occasionally involve those people in future advisory board meetings.

# 7 Collectron Group: a Source of Inspiration

## 7.1 Introduction

Collectron Group is a medium-sized family firm that trades in high-quality products in electro-technology, industry, lightening and hybrid fiber coax. The product range includes a wide range of various labels of electro-technical, industry and lightening products that are primarily delivered to wholesalers, installers, housing corporations, architects, industry and manufacturers. Coax products, which are traded in the television, data and telecom sector, are primarily delivered to cable firms, telecom manufacturers, telecom installers, data installers and recreation firms. To the big firms in the market (KPN, Ziggo), Collectron Group is a relatively unknown player. Big infrastructural projects that can only be acquired by offering the lowest price are not the focus of Collectron Group. Instead, Collectron Group is a strategic partner in various high-quality global brands and operates in niche markets where it can add value for the customers. In addition to these products, Collectron Group offers advice, technical concepts and ready-made solutions. Collectron Group belongs to the top three of firms that operate in the above-mentioned markets and works with many technical specialists. The firm's long-term relationships with suppliers, customers and other strategic partners are an important reason for its success. The firm is known for its personal approach and committed employees and it has a reputation as a stable, trustworthy, innovative family firm. Being result-oriented is considered important in managing and operating the firm. There is a strong focus on employee development, and Collectron Group has received several awards for its employee management program.

Daan van Prooyen holds a major ownership share in the firm and directs it at a distance. He has hired two directors who manage the firm, both of whom hold minor ownership shares. Following a 2015 acquisition, the firm has approximately one hundred employees, two locations, and an annual turnover of approximately 46 million euros. Most of the firm's product suppliers are located abroad (mainly within the European Union, but also in India, China and the United States), and its products are mostly sold in the Netherlands.

### 7.1.1 *History of the family firm*

The firm was founded in 1951 in the country town of Deventer by Daan's father, Paul van Prooyen. Paul started as an independent trader of electro components in the city center. Phinox, a producer of distribution and communication systems,

## 7. Collectron Group: A Source of Inspiration

was one of the first brands that Collectron Group represented and sold in the Netherlands. Paul used his Solex to visit his first customers. The firm changed locations several times because of its quick expansion during the 1960s and 1970s. In 1985, leadership of the firm was taken over by Daan, the current owner-manager. In 1990, Daan also became the owner. Paul, wishing to avoid family conflict, was very clear in his wish that only one child would succeed him. That is why he suggested buying out his daughters and handing firm management and ownership solely to Daan. At the time, however, Daan had a good position in another firm and lived approximately 70 kilometers from Deventer. Daan decided to meet with the deputy manager, who informed him that the firm was suffering from growing pains and that it was important for the firm for a strong leader to take over. After reflecting for six months, Daan discussed the situation with his father and decided to take over.

During the first few years following the succession, Paul was still formally involved in the firm as a delegated supervisor, mainly for legitimacy reasons, i.e., to reassure the suppliers and customers of the firm through Paul's continued influence on major strategic decisions. At the beginning of this case, in 2012, Daan's father was still involved emotionally but had no part in daily operations or strategic decision making. Until 2013, he had an office in the firm and paid regular visits. He acted as an ambassador for the firm.

*My father is now 85 and still has his office here. It is great. I was given the opportunity to take over the firm in 1990, with the agreement that he would keep his office! I never understood why he wanted this agreement on paper. We are a bit short of space now, so we are breaking the news very gently to him that he must give up part of his office. (Daan van Prooyen, general director, March 2012)*

Daan has three sisters, only one of whom one works at Collectron Group. The other two sisters have little connection to the firm and are not involved in any way.

*My other two sisters are very distanced from the firm both literally and figuratively. One sister lives in Switzerland and my other sister lives in the central Netherlands. They have little connection to the firm. (Daan van Prooyen, general director, March 2012)*

In 2009, Daan established a new organizational structure consisting of a holding firm and two subsidiaries. The holding structure is governed by a governance instrument used in the Netherlands (Stichting Administratiekantoer, STAK) that can be used to separate the right to participate in decision making from the right to participate in dividend payments. The board of the STAK is inactive, but on paper, it is directed by Daan himself. In special circumstances in which Daan cannot perform his tasks, the board of the STAK is to be taken over by three

acquaintances who are well informed about the ups and downs of the firm and who act as supervisors in case of sudden, unexpected succession or catastrophe.

Daan leads the board of directors, which consists of Michiel Jansen, the financial director, Jos Deenen, the commercial director and himself. Michiel has worked at Collectron Group since 2003 and Jos has worked there since 1990. Together, they divide the responsibilities and tasks of managing the firm. Daan has established a financial arrangement with Michiel and Jos through which they can build up their participation in ownership, with a maximum of 5 percent each. The rest of the ownership is in Daan's hands. Michiel and Jos are appointed as non-statutory directors, which means that the final responsibility for leading the firm remains with Daan. The board of directors supervises the management team, which consists of four persons.

Daan does not discuss many of the firm's developments and issues at home. His family knows on a very general level what is going on. Daan and his wife have three children. Their eldest daughter has a master's degree in psychology. Their youngest children, a daughter and a son, are twins. The youngest daughter has a bachelor's degree in communication, and the son has a master's degree in firm administration. The children are in their mid-twenties and have not shown a strong interest in taking over the firm. However, they do think it is important for the firm to remain in the hands of the family, and therefore, they would very much like to be the future owners. They feel proud of the family firm and how their father runs it. Daan discusses the annual accounts with his son to educate him and keep him informed about the firm's situation.

*It is not clear whether the children want to be involved in the firm in the future. Last year during a holiday, this topic came up while we were having dinner and I noticed that they are emotionally involved. However, they do not know yet what they want for the future. You do not need to when you have just turned 20. [...] It might be so, but it might just as well not be so. For that reason, for the structure in the middle and long term, I want to maintain a maximum amount of flexibility regarding this issue. (Daan van Prooyen, general director, March 2012)*

Daan's wife is active in the creative industry. She is not actively involved in the firm, but she occasionally provides input. Her way of working and thinking sometimes inspires Daan to think in a different way about firm issues and to be open to different perspectives.

### 7.1.2 The advisory board

The case study of Collectron Group focuses on the period from March 2012 to December 2016, the period during which the advisory board was installed, began to operate and changed one of its members. When the Windesheim research center for family firm management started in 2009, Collectron Group was one of the first firms with which we were in contact. Because Daan knew about our research projects, Collectron Group was one of the first participants in our research project

on governance in family firms. Michiel Jansen, Collectron Group's financial director, was asked by Daan to take the lead in thinking about an updated governance structure for the firm. Following this request, Michiel participated in our research project, meaning that he attended various informational meetings on governance in family firms. After Michiel decided that an advisory board might be helpful for Collectron Group, interviews began. The research project facilitated a few meetings with an experienced consultant who helped the directors understand the role of the advisory board and the required expertise of the advisory board members more clearly. Subsequently, the consultant helped create the job descriptions for the advisory board members and communicate the vacancies in his network. He even suggested candidates for the advisory board. The directors then held interviews with numerous candidates, three of whom were selected. After the selection, I began to attend the advisory board meetings, offering the directors and the advisory board members extensive meeting reports in return for permission to be there.

The case description starts with the initial considerations of Daan and both of his non-statutory directors in creating an advisory board, along with the selection process. This stage is referred to as the preparation phase. The case then continues by describing the main tasks employed by the advisory board members and the activities of the directors. Moreover, the case presents the developments over time of these tasks and activities and links them to emerging structures and practices, the content discussed, and the influences of from the specific context in which the advisory board operates. It is noteworthy that from April 2016 on, Collectron Group's website has indicated that it has worked with an advisory board for more than three years. The website lists the objectives of the advisory board, the names of the advisory board members, and the news that the advisory board would soon have a new member. In September 2016, the advisory board was extended, with the addition of a new member with expertise in and knowledge of Collectron Group's market. The December 2016 meeting was concluded with a farewell dinner for an advisory board member who had joined Collectron Group when the advisory board began.

## 7.2 The life cycle phase of the firm and the director's background

### 7.2.1 *The life cycle phase of the firm*

The market in which Collectron Group operates is dynamic and develops quickly. Current trends identified by the economic departments of banks (*e.g.*, Rabobank, ABN Amro Bank) include quickly changing customer demand requiring knowhow, capacity and flexibility, using network approaches between producers, employing development centers for product development and innovation, utilizing smart factories (integration of electronics, ICT and machine building), having an increasing focus on clean-tech and high-tech applications, increasing

internationalization of both production and sales, and changing the supply chain (producers of end products increase their collaboration with suppliers). Good time to market and qualified personnel are seen as indispensable assets for Collectron Group to guarantee its market position. With the help of external advisors, Daan and his directors have set challenging goals for the firm's turnover growth. They consider Collectron Group to have a culture that is very open to the help of outsiders, and it frequently uses external advisors for various issues.

In 2011, the firm had an annual turnover of approximately 30 million euros, and the directors wanted this number to grow to at least 35 million euros over the next few years. This would be realized by placing new concepts in the market and taking over firms that fit Collectron Group's profile. In addition, they extended the management team from three to four persons, with the fourth person being responsible for product and market innovation. Together with the management team, the directors identified seven strategic areas of special attention. During a session moderated by a strategy advisor, a SWOT analysis was performed, strategic issues were identified and the most important ones were selected. For each of these issues, a plan was made for the coming three to five years and each such plan was developed into yearly plans for the various departments.

*For the last two years, we have worked on our firm strategy with the help of an external advisor. We have improved our mission and vision statement and have defined a strategy for the next 4 to 5 years. We have performed a SWOT analysis and identified seven areas of interest, combined with action points. [...] When making decisions, we always ask ourselves 'is it in line with our strategy'? That dynamic improves over time. [...] We take this very seriously and are converting our strategy into strategic department plans for the next few years. Our themes and the personal goals of our employees are also connected to that strategy. (Jos Deenen, financial director, June 2013)*

*Our strategic plan is called Kasparov, named after the chess player. For that reason, you always need to think about the next two steps when making a decision. That is also how we refer to it internally, as the Kasparov approach. We have made a booklet with our mission, vision and strategy, but we also provide updates to our employees via our internal newsletter and provide examples of how people work with Kasparov. We are very down to earth, including in our operations. 'See, this is why it is valuable' or 'these are the challenges'. (Daan van Prooyen, general director, June 2013)*

### 7.2.2 Needs of the directors

Daan intends to become more indispensable to the firm and plans to slowly withdraw from the operational activities. He wants to spend most of his time on strategic issues, going outside and being inspired by external developments that are discussed in meetings with other entrepreneurs, strategic partners and others.



*I noticed over the last year that the more I provide the directors with the ability to grow and the more I delegate responsibilities to them, the more time I have to go out. By drawing inspiration from the environment, I can bring new information back to the firm. We have worked on this development over the last three years, and it is very inspiring.* (Daan van Prooyen, general director, March 2012)

Daan is an experienced, cautious general director, and together with his directors, he has developed an approach of involving specific advisors if issues with which they need help must be addressed. They have worked like this for a long time, and Daan does not intend to use the advisory board as an alternative to these advisors. Instead, he would like to have the advisory board as an additional instrument to check strategic issues with on a strategic level instead of an operational level, operating at a distance.

*We look for agenda items on a certain level of abstraction that will be specifically addressed in the next week's meeting. To be honest, I do not want to involve the advisory board in the firm's daily activities. That is more about process optimization, marketing, human resources. However, I do see a role for the advisory board at the upper end of firm operations: strategy, future trends and developments.* (Daan van Prooyen, general director, August 2015)

Moreover, Daan sees the advisory board in terms of learning and personal development.

*I learn from them in terms of asking questions and follow-up questions. I can use that in my role here at Collectron and possibly in my role as a supervisory board member at other organizations. I think that they light numerous candles so that your reflection on specific issues becomes much broader.* (Daan van Prooyen, general director, August 2015)

### 7.2.3 Expectations of the advisory board

By finding inspiration for economic, social and technological innovations by interacting with actors in the environment and bringing these inspirations back to the firm, the potential for product and market innovation can be increased. Daan and his non-statutory directors feel that this role can potentially be supported by external advisors who would be involved differently than before: on an advisory board. These advisors would be involved over a longer period of time, with a less specific, more general inspirational role.

*We wanted the advisory board to function as a sounding board, to inspire us, to make us better. [...] We were looking for an extra pair of eyes, a disciplining factor. [...] I see it as a board of inspiration. We all suffer from organizational blindness. In that sense, they keep us focused and question us on specific issues such as attitude and behavior, they make us speed up and improve. And that was*

*what we were looking for. [...] I think of them as our wise uncles. They are so experienced and knowledgeable; it is great to tap from that source.* (Daan van Prooyen, general director, August 2015)

The advisory board members will have to provide the directors with strategic advice during these processes of development and change. Daan, Jos and Michiel feel the need for a more permanent sounding board in terms of mission, vision and strategy development. They want to learn, develop and improve.

*In my view, the advisory board, in addition to discussing the going concern issues, is mainly there to help us do the right thing for the future. That also fits our role as directors, discussing the vision and strategy for the future.* (Jos Deenen, commercial director, August 2015)

The advisors' job is to ask the right questions, to challenge, to provide in-depth knowledge on the required themes and to support transforming the strategy into action. The directors describe themselves as curious and say that they would really like to be challenged. Supervision could also play a role.

*Supervision has not crossed our minds as much, but that could also play a role. [...] I think that supervision is good, but it is mainly inspiration, bringing in new perspectives combined with a network, a sounding board that is the range of qualities that we are looking for.* (Daan van Prooyen, general director, March 2012)

Another expectation of the advisory board is that it helps safeguard the long-term continuity of the firm.

## 7.3 The preparation phase – February 2012 to winter 2012

### 7.3.1 *Activities performed and tools used to set up an advisory board*

#### 7.3.1.1 Talking to others

During the preparation phase of the advisory board, a family firm consultant was involved as part of the Windesheim research project, who is experienced in supporting families and their firms in creating governance instruments. This person was asked to provide specific information about issues such as remuneration, size of the advisory board, connection to the family members, the roles of the advisory board, and the location of the meetings. These issues were discussed during a meeting with Daan, Michiel and the consultant to prepare the

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advisory board member job descriptions and the process of selecting the members. This consultant offered interesting ideas that the members of the management board had not previously considered.

*You could consider meeting, for example, once per year at one of your supplier's locations to visit and hold the meeting, even though it may take extra time. Alternatively, you could meet at the location of one of your bigger customers.* (Jan Beugels, family firm consultant, March 2012)

The option of choosing between a supervisory board and an advisory board was also discussed during this session. Michiel considered ownership involvement and culture to be important elements in considering a supervisory board versus an advisory board.

*I have not really considered a supervisory board. [...] I think that an advisory board can offer added value to an SME family firm such as Collectron Group over a supervisory board. If Daan was merely an involved owner without an executive position, a supervisory board might have been the preferred option. But that is not how it is organized right now. [...] I think the culture of the firm is also relevant. I think that culture is important, and Daan has appointed us as non-statutory directors with the idea of developing the firm together. A supervisory board would be too formal, whereas an advisory board could help us further develop the firm.* (Michiel Jansen, financial director, June 2013)

Daan has a similar view on considering an advisory board versus a supervisory board.

*I share Michiel's analysis. If I were to die, it would perhaps be interesting for the family to transform the advisory board into a supervisory board. In that situation, a supervisory role would be more relevant than an inspirational role. [...] In the current structure we prefer an advisory board, which better fits our organization.* (Daan van Prooyen, general director, June 2013)

The family firm consultant also discussed the topics for discussion during the meetings, for example, spending one entire meeting per year on strategy. Moreover, he inquired about the requested expertise and skills for the future advisors, the frequency of meetings, and the required role of the chair. Daan indicated that he did not want to be the chair.

*I would prefer for one of the advisory board members to take the role of chair so that I can have some distance and merely participate in the discussion. Perhaps that would also serve the disciplinary function of the advisory board, who knows.* (Daan van Prooyen, general director, March 2012)

### 7.3.1.2 Vacancies proposed

Daan, Jos and Michiel decided that they wanted an advisory board with three outside members who can inspire and challenge, who can offer a network and specific expertise, preferably on themes such as innovation, entrepreneurship, internationalization, and marketing, and who are familiar with the firm-to-firm market. Preferably, the advisory board will play a supportive role in developing both the firm and new business models. Because the firm focuses on the connections and relationships between individuals, communication skills, being entrepreneurial and being respectful are also considered important personal characteristics. Another role that the advisory board must take on is to challenge and inspire the management team. Meetings will be held three to four times per year, perhaps every quarter.

One possibility for the future that is open for discussion would be for Daan's children to sit in on the advisory board meetings for information about the firm's issues. Daan and the other two non-statutory directors do not wish to have an advisory board that is actively involved or assists in directing the firm.

*During an information meeting at Windesheim on governance with other entrepreneurs, there was a person who worked with an advisory board, but I got a very different impression from what I have in mind. I would not be happy with an advisory board in the way that they worked with it. The advisory board in that firm was very involved in directing and managing the firm. They worked together very intensively. (Michiel Jansen, financial director, March 2012)*

After discussing the various possibilities and options for the advisory board and asking the management team for their input, a job description for the advisory board members was made, fine-tuned and communicated in the network.

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### *Advisory board member at Collectron Group*

#### *Motivation for advisory board*

*Collectron Group recruits members for its three-person advisory board that should function as a sounding board and advising instrument for the board of directors. The advisory board reflects on the functioning of the directors, is supportive, inspires and challenges during a continuous process of organizational development, innovation and strategy. Simultaneously, the owner-manager intends to further develop the governance structure of the firm and make the firm less dependent on him.*

#### *Required expertise*

*Collectron Group is active in a technical market that develops and changes quickly. The board of directors is looking for experts in the field of innovation, entrepreneurship, internationalization marketing and applied technology.*

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### ***General profile of an advisory board member***

- *Advises the board of directors on general strategy, firm development, organization development, innovation and employee development;*
- *Has specific knowledge and expertise in the field of strategy, firm development, marketing, applied technology, and logistics;*
- *Has a good sense of and insight into the application of scientific knowledge and developments in daily entrepreneurial practice;*
- *Is an entrepreneur or has substantial knowledge of and insight into entrepreneurship and working with entrepreneurs;*
- *Knows how to inspire and constructively challenge the board of directors;*
- *Has a good sense of relevant local and national social, economic, political and societal developments;*
- *Has experience as a board member or expert at family firms and is sensitive to issues such as continuity in leadership and ownership;*
- *Has a helicopter view;*
- *Is active, committed and values integrity;*
- *Is independent, sympathetic and has good communication skills;*
- *Is oriented toward connection and collaboration.*

### ***Roles and tasks***

*The objective of the advisory board is to function as a challenging sounding board to the board of directors of Collectron Group. The focus for the coming years will be strategy and innovation and its consequences for the development of the organization and its employees.*

### ***General agreements***

*This text offers guidance for the composition of the advisory board and the selection of its members. The owner-manager selects the advisory board members together with the two non-statutory directors. The advisory board members should be willing to serve the interests of Collectron Group. The advisory board operates as an advising instrument and has no formal responsibilities. The advisory board members should not have any position elsewhere that may conflict with the interests of Collectron Group. The advisory board members will receive appropriate compensation for their contribution.*

### ***Practicalities***

*In general, the advisory board will meet four times a year for a half-day in Deventer. We expect a similar time investment to prepare for the meeting. The term of the advisory board member position is four years, with the possibility for reappointment.*

### *Applicants*

*Are you interested in this position? Please send us your CV and motivation letter to Ms. M. Dijkstra, HR-manager, m.dijkstra@collectrongroup.nl. The closing date is November 9, 2012.*

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The family firm consultant returned to the firm for a follow-up meeting and introduced two candidates to Michiel and Jos; Daan was absent from this meeting because of work obligations abroad. The first candidate matched the job description in that he had strong marketing expertise and was familiar with the firm-to-firm market. It was decided that this candidate would be invited for an interview. The second candidate also had a marketing background and was experienced as an all-around manager, but he had not worked in a firm-to-firm market. This person had substantial experience with managing product innovation, albeit in a different market. Even though innovation was considered important, Michiel and Jos decided to discuss the second person's profile with Daan before deciding to invite him for an interview. Daan, Michiel and Jos also looked in their own network for potential candidates, but they found only people they already knew. Therefore, they asked their accountant at Deloitte to look because that firm's network is extensive. The candidates proposed by the family firm consultant were people whom they did not know at all, and the distance and independence of such candidates was exactly what they were seeking.

### *7.3.2 The advisory board members selected*

Five candidates were invited for a job interview, three of whom were eventually selected for the advisory board. The first advisory board member is an experienced supervisory and advisory board member (Pim Lutgens). Pim has a background in economics and accountancy and has served as managing partner in the accounting and auditing department at Deloitte, as a chairman of at least 10 boards, as a supervisory board member for at least 8 firms, and as an advisory board member at one firm. The second advisory board member selected is a professor in entrepreneurship and innovation, Stijn Verheijen. Stijn does not have any experience as a board member. He has served as the scientific director at the Amsterdam Center for Entrepreneurship and is actively involved in many coaching trajectories with entrepreneurs in the start-up and first-growth phases. However, he had not previously held a formal advising position. The third person selected for the advisory board, Jaap Heinemans, is a marketing professional who directs the Dutch association for marketer professionalization. In addition to his chairmanship of the marketing association, Jaap serves as the managing director at the Heinemans Factory, a management consulting firm. Jaap is an experienced board member, albeit mostly in executive positions.

*What I can bring is an outside perspective, input from firms in other fields with a similar position in the supply chain and developments in firm-to-firm marketing*

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*that are relevant to Collectron Group.* (Jaap Heinemans, advisory board member, August 2015)

Pim was identified via the Deloitte network, Jaap via Jos's network and Stijn via Daan's network. With these individuals, the identified needs for expertise in strategy development, innovation and marketing were expected to be covered. However, specific expertise about the sector is missing, as noted by one of the advisory board members.

*One person more could work well, I think. That would also enhance flexibility if one person must cancel at the last minute. [...] I would include an extra person who is not dangerous in terms of having a direct influence on the field, but who knows a lot about it. One should try to cover field knowledge, strategic marketing and finance in the advisory board.* (Jaap Heinemans, advisory board member, August 2015)

The candidates were deliberately selected on the basis of their expertise. Although Daan, Michiel and Jos preferred to work with people they did not know to ensure that the members would be able to act as independently as possible, the candidates actually emerged via their own networks. However, the candidates selected were not close friends or acquaintances, but people that they met only occasionally.

*What is very important to us is that a lot of things are changing at Collectron Group. Stijn knows a lot about sustainability and innovation, and we can reflect with him on those topics. Jaap Heinemans can support us in the transformation from a communication to a marketing department; at the moment, we have a strong focus on marketing development. For that reason, we have the right persons on the advisory board. In addition, I can contact Pim Lutgens about the financial figures, which is my concern and area of expertise at Collectron Group. He can support me in improving my role. Pim is a person with great experience, it would be silly not to use it.* (Michiel Jansen, non-statutory director, June 2013)

In November 2012, the advisory board members were selected. The composition of the advisory board at Collectron Group is shown in Figure 11.



Figure 11 The composition of the advisory board at Collectron Group.

## 7.4 The post-conception phase – winter 2012 to September 2016

### 7.4.1 Practices

#### 7.4.1.1 Introduction of the advisory board members

In December, the advisory board members were introduced to each other to determine whether they would be able to get along. This meeting was a round-table discussion attended by the three advisory board members, Daan, Jos and Michiel. During this first meeting, the individuals discussed who would take the chair position in the meetings, and they agreed to see how that would develop and to let the process evolve in a natural way. They also decided not to work with an agenda from the start, but to let the topics and themes develop and emerge from the initial discussions.

*Pim suggested during the introduction meeting to let things evolve and develop instead of directly framing everything. 'Let us see how such a process develops.' The same goes for the agenda: 'let us not set an agenda for the first meeting but see what kind of topics arise during a free discussion'. (Michiel Jansen, financial director, June 2013)*

The advisory board at Collectron Group is organized informally; even though the advisory board members are compensated, no contracts or statutes are used. After the get-acquainted meeting, the advisory board members received the strategic



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plan with the seven strategic areas of special attention and financial information. After the first advisory board meeting, which was held in spring, 2013 the individuals decided to appoint Stijn as the chair. No specific tasks were given to the chair beyond being a discussion leader. Stijn likes this role even though he knows that time management is not his primary strength.

*I consider my role as chair mainly as a technical one. [...] Something that I am really bad at is time management. [...] When someone is having an interesting discussion, I do not want to interrupt harshly.* (Stijn Verheijen, advisory board member, August 2015)

Moreover, it was agreed that internally Michiel would take the lead in proposing an agenda based on issues relevant to the directors. Together with the financial overviews and other relevant pieces of information, it was agreed that the agenda would be sent to the advisory board members at least one week in advance of the meeting. In the second meeting, Pim suggested the use of a list of action items to structure the discussion and to use for follow-up in the next meeting. It is interesting to note that even though the advisory board members do not help set the agenda, they intend to discuss things that they find relevant or peculiar.

*We have agreed to provide feedback not only on issues that they bring up but also on issues that we perceive.* (Jaap Heinemans, advisory board member, August 2015)

Even though the advisory board members work together during the meetings, they are not necessarily a team, as noted by Stijn:

*We are an advisory board, but we are not a team. We are three unled characters with different areas of expertise. We are not a team, and I think that has never been the intention. [...] We also have very different personalities. There is strength in that. [...] We are not a unit, we were not selected as a unit. I did not have a voice in the selection of the other advisors. The others did not have a voice either. [...] I absolutely trust Pim and Jaap, they are very capable. [...] Their opinions are well supported. [...] I also trust their integrity; there are no power games.* (Stijn Verheijen, advisory board member, August 2015)

Jaap has a similar view:

*I think it is great when we as advisors do not agree during the meetings. I think it is great that you do not try to force people to think in the same way. It is great when you can just sit in: they come up with different advice, and you can pick the best. That is why it is advice, not a command.* (Jaap Heinemans, advisory board member, August 2015)

#### 7.4.1.2 Preparing the meetings

The agenda of the advisory board meetings is prepared by Michiel, in collaboration with Jos and Daan. The three of them use the directors' meetings to discuss which topics they would like to discuss during the advisory board meetings, and they use these meetings to discuss the outcomes of the advisory board meetings and determine whether and how to follow up on the issues discussed. Michiel explains that the directors' meetings are used both to prepare for the advisory board meetings and to follow up on the suggestions provided by the advisory board members.

*We always plan a directors' meeting just before the advisory board meeting. Most of the time, we briefly address the items to address in the advisory board meeting and then send the agenda to everyone. [...] We then act upon the recommendations that we get in the advisory board meetings. That is similar for themes that we are working on right now. Set your boundaries, how long do you continue with a project and when do you intervene?* (Michiel Jansen, financial director, August 2015)

Even though this dynamic works very well, Michiel suggested at the closing of the fourth meeting that the chair and the other advisory board members could also help prepare the agenda. He thinks that this might be worthwhile because the issues and discussion will be different when the advisory board members provide input into the agenda.

*Last year, we asked the advisory board members to indicate themes or issues that would be good to discuss in the meetings, but they responded, that is not our role, you should designate the issues. Then I thought, well, why would they not do that? Unsolicited advice, why would they not do that? I understand their view, but I can also imagine that after having worked with us for a few years, they see things that they would like to discuss or know more about. I do not think that would be strange. [...] They say, 'this specific issue in the firm, we have never talked about it, how do you deal with that? Is that something that has an impact in the firm?' To go beyond our scope because we only do what we do. It may very well be that we do not see specific things or do not sufficiently prioritize certain issues.* (Jos Deenen, commercial director, August 2015)

#### 7.4.1.3 Conclusion

The level of formalization has evolved from low to moderate at Collectron Group. The practitioners started out without an agenda, without a chair person, but the practitioners soon realized that more structure was needed to optimize the meetings. Over time, practices were added such as working with action items and introducing new information reports to keep the advisory board members informed about developments between meetings. Meetings are planned approximately 8 weeks in advance; for this reason, it sometimes appears difficult

to plan 4 meetings a year. Because the directors have worked together for a long time and have organized their firm very well, they feel less urgency to meet and to keep the advisory board members closely involved in issues and developments. Therefore, the practices discussed often relate to keeping the advisory board members connected and informed, as shown in the overview set forth below.

**Table 10** Practices proposed at Collectron Group

	<b>Practices proposed:</b>
<b>M1</b>	Pim: please add last year's results. (A) Stijn: prepare a presentation of new firm ideas for future meetings so that things are less abstract. (A) Jos: this information report was prepared for the advisory board. We will provide quarterly updates. (WP) Collectively: the advisory board members would like to be involved in the acquisition process. (WP)
<b>M2</b>	Stijn: maybe we should have an extra meeting if the acquisition proceeds quickly. (A) Daan: let us evaluate the functioning of the advisory board at the next meeting. (A)
<b>M3</b>	Pim: prepare both a budget and a forecast. (WP) Pim: we can invite the management team members to an advisory board meeting and let them share their market vision. (WP) Pim: there should be the possibility of contacting advisory board members between meetings if needed. (GP) Daan: share the strategic plans of the various clusters. (A) Michiel: improve the process; we will better prepare the meetings. (A) Daan: the advisory board members are offered the opportunity to keep their positions for another year. (A)
<b>M4</b>	Pim: add the names of the persons who are responsible for these activities. (A) Michiel: we will share the cluster plans. (A) Jos: plan a meeting with the management team members the next time. (A) Jos: organize a meeting at another location the time afterwards. (A)
<b>M5</b>	Pim: extend the agenda with an overview of firm developments and activities. (WP) Stijn: provide a short memo to the directors after the advisory board meeting with the members of the management team. (WP) Jos: we can share our agenda of the board of directors' meetings. (A) Daan: we will share our internal newsletter. (A) Daan: please check the quality of our people. Do they do the right things successfully? (A)
<b>M6</b>	Pim: Suggestion to start working with action items. (WP) All: everyone will think about a resignation schedule for the advisory board. (A)

<b>M7</b>	-
<b>M8</b>	<p>Stijn: send us the profile of the new advisory board member and we will provide feedback. (A)</p> <p>Michiel: meet at another location next time. (A)</p> <p>Daan: we have changed the order of the agenda; we have put the financial figures at the end. (WP)</p> <p>Daan: please discuss the organizational tension with the management team. (A)</p>
<b>M9</b>	<p>Pim: let's work with action points. (WP)</p> <p>Jaap: let's use the financial figures as a starting point for the discussion without discussing them for more than an hour. (WP)</p> <p>Jaap: the advisory board members can also add agenda items that we think are relevant to Collectron Group. (WP)</p> <p>Stijn: please share your worries with us, that is what these meetings are for. (GP)</p> <p>Jaap: the agenda should be managed more strictly in terms of time. (WP)</p> <p>Michiel: we will provide you with the monthly reports. (A)</p> <p>Jos: we can also share the minutes of our board of directors' meetings. (A)</p> <p>Collectively: we should work in a more thematic way in future meetings. (WP)</p> <p>Daan: we really should meet four times a year; we are always short of time. (WP)</p> <p>All: the advisory board can be mentioned on the website. (A)</p>
<b>M10</b>	<p>Stijn: could we put Collectron '20-'25 on the agenda for the next meeting? We offered a great deal of input; you need to make a decision. (A)</p> <p>Pim: when will we have our next meeting? (A)</p>

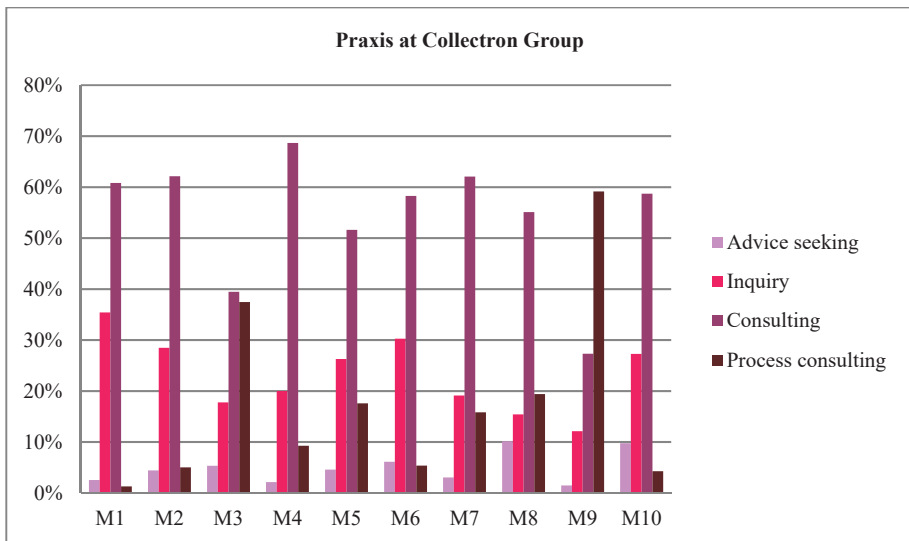
The table shows that numerous practices are repeatedly proposed in the various meetings. Jaap reflects on this issue as follows:

*Too often, we have already discussed the agenda and talked about additional ways to remain informed. I see too little progress to believe we already have this trust relationship. Concerning the acquisition, the directors could have asked Pim to double-check the finances or me to look at the marketing aspects so that we could fly in and provide input on such an important matter, but they chose not to do that. Apparently they thought that it would not add much, although they do talk us through every detail during the meeting. This leaves us with the question of why they work with an advisory board? Because they want to support you with your study and Daan has initiated it and they think it is interesting? Or do they intrinsically feel that it adds value? Is it something that they were required to do and was useful in hindsight or are they convinced that this is the best thing that has happened to them in the last 10 years? [...] I have always sensed a very open*

*attitude, but between the lines I have also gotten a sense of 'who is going to control me' and 'do I have to do something with this advice'. Especially in the beginning, they said that they were open, but that was not always the case. We had to search for the real issues ourselves and I am not sure whether we have always been successful in that. For that reason, they stressed the things that were going well, but they did not say we have a problem with this, please help us. And I think that this is still a part that can be improved. (Jaap Heinemans, advisory board member, August 2015)*

#### 7.4.2 Praxis

The development of the praxis at Collectron Group over time is shown in Figure 12. Seeking advice seems to increase over time, with the exception of the ninth meeting. The ninth meeting was organized at another location, a firm where Pim also has an advisory board position, and half the meeting was spent introducing the firm and discussing analogies to Collectron Group. Moreover, a great deal of time was spent evaluating the role of the advisory board. The only real Collectron Group issue discussed during this meeting was a new group structure and the development of the financial figures, for which advice was sought. On average, 5 percent of the meeting time is devoted to seeking advice. It is possible that the inequality between the directors (Daan as the owner-manager versus the directors he hired) has influenced the tendency of the commercial (Jos) and financial director (Michiel) to ask questions. During the initial meetings, Jos and Michiel primarily informed the advisory board members about how things were going and seemed to be a bit offended by the feedback that they received.



**Figure 12** Development of praxis at Collectron Group over time

They somehow had to become accustomed to this dynamic of receiving both solicited and unsolicited advice, which may have led to hesitation to actively seek advice. Advice is sought on various issues, such as marketing (*e.g.*, how to reach the end consumer), culture (how to maintain key values when new persons who are expected to bring professionalization are hired), product development (how to increase the speed to get a new product to market), and organizational development (which new positions are needed and what to expect from specific individuals, how to organize new processes). The advisory board members spent quite some time on inquiry, an average of 23 percent of the meeting time. The advisory board members feel that Collectron Group is a very complex organization, so they ask many questions to determine how the directors run the firm (*e.g.*, what targets do you give the salespersons, what are the main tasks of the product managers, what can be done to improve the performance of a cluster). Because the directors keep the advisory board at a distance, topics that are new to the advisory board members are often introduced during the meeting (such as new activities to be developed and new acquisition opportunities), so the pure inquiry continues in the meetings. The confrontational and diagnostic inquiry began at the first meeting and remains constant over the meetings. In addition to inquiry, the advisory board members also come up with advice. On average, 54 percent of the meeting time is spent on such advice. Consulting is dominated by the expert role, in which more general reflections and feedback are provided, whereas the extent to which specific prescriptions are provided is quite limited. Finally, a great deal of time is spent on process consulting (on average, 17 percent of the meeting time). Specifically, during the third and ninth meetings, the role of the advisory board was evaluated and mentioned as a specific item on the agenda. However, during the other meetings, reflections are regularly made about the functioning of the advisory board.

#### 7.4.2.1 Firm governance

The advisory board at Collectron Group solely addresses firm governance. The family is quite distanced from the firm and ownership governance is a topic in which the advisory board members indicate an interest, but if it is not presented by the directors as an issue and the advisory board members themselves do not see a need to discuss ownership governance, it is not discussed in the meetings. In the ninth meeting, while evaluating the role of the advisory board, Daan suddenly mentioned the topic of ownership succession as potentially relevant to the future of the firm, so it might be an issue for future meetings. However, the main task of the advisory board at Collectron Group is to inspire the directors and reflect on how things are done. Based on the issues introduced by the directors, the advisory board members provide input from their own experience and insights and ask questions to help the directors understand why they do the things they do, understand how things could be done differently and in a more considerate and deliberate way, and think about alternatives and different approaches.

7.4.2.2 Strategic orientation: tactical and strategic issues

The content discussed at the advisory board meetings at Collectron Group is mostly strategic, with many tactical and operational implications that are also discussed. Most of the issues involve a significant commitment (the reversibility of decisions) and scope (where and how economic value is created) by the firm (Shivakumar, 2014). The first advisory board meetings were used to get acquainted with each other and the firm. Collectron Group is a very complex firm in the sense that the group serves various markets with various products and brands and different kinds of customers. The advisory board members have had to make an effort to understand how the firm operates. Whereas during the first meetings the advisory board members ask many questions about how the firm performs, how processes work, how the roles and responsibilities of the directors are divided, and the relationships with suppliers, customers, employees and other stakeholders, later meetings are used to brainstorm new ideas and opportunities to grow and develop the firm.

Many topics are discussed: the financial situation of the firm, the product portfolio and options to extend or change the portfolio, developments in existing markets and potential new markets, firm development and innovation, HRM issues, marketing, the organizational structure, strategic collaborations, merger and acquisition opportunities, the position in the supply chain and implications for the firm's market position, automatization, stock management, sales and housing issues. The topics mentioned are important for Collectron Group; they are strongly interrelated, and many topics arise at every meeting. Even though the agenda becomes more structured over time, focusing on issues such as firm development, department plans, and organization structure, every meeting is spent on at least five different issues.

*I like the themes that we discuss in the meeting and how the advisory board members reflect on them, so we can read the discussions that we had in the extensive reports of the meeting. Next, we follow up on these discussions and the comments of the advisory board members by discussing them in the directors' meetings. We are very involved in daily firm activities and these men come from outside and comment on what we do and I think, well, that's also a way to look at it, a different perspective. [...] In the beginning, we had to search for themes to discuss, but I think that the themes on the agenda are now similar to those we discuss in the directors' meetings."* (Michiel Jansen, financial director, August 2015)

During the initial meetings, a great deal of time is spent on discussing the activities and performance of the various departments. The financial statements are a central issue at this stage. Specific issues discussed include the financial results attained, including solvability, the quality and extensiveness of internal information overviews (with suggestions to compare the current results with last year's results and with the macro-economic developments), the perspectives that can be used to interpret the information (e.g., imagining that turnover would be much less,

resulting in less comfort and a search for ways to cut costs), ways to work with and interpret budgets (control versus target setting), ways to differentiate between types of costs (costs made for turnover versus investment costs), the importance of keeping track of working capital, the possibility of seasonal patterns, the importance of developing scenarios, the possibility for outsiders to view Collectron Group's annual accounts via the Chamber of Commerce, and the importance of knowing the customer-level details for each cluster: how many customers, the top 5 customers and the level of turnover that they provide. Even though the advisory board members learn a great deal about the firm by discussing financial statements and results, the directors think that they should be careful that not too much time is spent on this.

*Discussing the financial figures does not interest us. We have spent too much time on that in the past.* (Daan van Prooyen, owner-manager, August 2015)

*I think that the advisory board is really meant to work on strategy. Forward looking, where do you want to be in a few years' time? What are you doing now to get there? What do the advisors think of that? I think those are the most important issues to discuss. [...] Sometimes we spend a great deal of time on the financial figures, but figures imply looking back. Yes, they are objective, of course, figures do not lie. But the best way to deal with that is sometimes a puzzle.* (Michiel Jansen, non-statutory director, August 2015)

Over time, less time is spent on the financial statements themselves, but they are used as a starting point, as a precondition for further strategic discussions.

*I greatly enjoyed our discussion during the last meeting, in which we discussed how you could work with the budget, how to look at the data to see whether future trends and developments can be discovered and how to adjust the budget to those ideas.* (Jos Deenen, commercial director, August 2015)

The product portfolio is also discussed frequently, specifically with respect to a product that exerts substantial pressure on the firm's financial results. The advisory board members identify this as an important strategic issue to address and wonder whether Collectron should continue trading in this product. They are concerned and even shocked by the performance of this product and suggest considering the results from a shareholders' perspective for the directors to clearly see the implications. Jos explains that this is the consequence of removing brands from the portfolio, namely, having to fire people, which makes the decision especially difficult and complex. Firing personnel is something that has not happened frequently at Collectron Group. The advisory board members think that it is permissible to have compassion for the employees whose jobs are related to the product's trading activities, but the costs of that compassion should be very clear. They suggest hiring an interim manager to terminate this firm activity, as some employees might have to change their jobs either internally or externally. The advisory board members stress that what often happens is that people are



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inclined to spend most of their time on things or activities that underperform, whereas it should be the other way around.

*The push they gave us to stop with glass fiber, that has been of great use. I think it was the last push we needed to take that decision. [...] It was a difficult decision because you are stuck in the regular pattern of doing things and you try to make the best of it. There are people involved, there are markets involved, customers, and every now and then an opportunity pops up that makes it worthwhile to continue with the activities. Then you think we should keep up and not make decisions too fast. At the same time, you know that this is wishful thinking. [...] Then it is good to have someone with an outside perspective: what do you think about it? That is just a moment of being realistic, being objective about it, and making a decision. For that reason, we would have made the decision without the advisory board, but probably at a later time. We would have let the situation continue, even though you know that it no longer adds anything. But you have the people in the back of your mind, and saying goodbye to our employees, that is something that we are not used to, we do not do that often. You know each other well, and you know what the consequences will be for them personally if they are fired. For that reason, Pim often mentions empathy. We cannot expect the advisory board members to be empathetic. They are there to advise us on a factual basis. It is good that they tell us to turn off our empathy every now and then and look at the situation objectively. (Jos Deenen, commercial director, August 2015)*

Another specific topic that recurs in the meetings is the Excelsior project, an acquisition proposal that Collectron Group received in June 2013. This project lasted for more than two years, and during this period, the advisory board members have provided the directors with substantial input, from the beginning, when introductory conversations were taking place, to the end, when a meeting was held at the new location and there were discussions about integrating the activities of the two firm locations. The project concerns the takeover of a firm which is active in markets similar to those of Collectron Group and that is engaged in activities that could complement Collectron Group's current activities. The advisory board members think that it is first important to determine why the other firm wants to sell, why this project would be good for Collectron Group and how it fits with the overall strategy. They also suggest thinking about the synergies to be realized. The advisory board members argue that much more information is needed and that the directors will need to think through the next steps of the process to proceed with this acquisition project, also in terms of who is going to lead this potentially new division of Collectron Group. Pim is very persistent in his idea that Daan should take on this role because he is the main owner and the general manager, so people will listen to him. Daan will be able to manage possible conflict and transfer Collectron Group-culture. Jaap agrees but also indicates that Daan's body language suggests that he is not going to do that.

*I felt that I had to say to Daan that he would have to take the lead in the new firm, otherwise it will be a big mess. I still feel like that, not based on facts, but on gut feeling. And I think that he did not like that, but the other two directors would not be able to do it, especially not when dealing with the old directors. [...] Maybe if we would have been involved in the acquisition much earlier, I would not have dealt with him so roughly. I was convinced that thing would go wrong if Daan did not take the lead himself. I think he understands that now. (Pim Lutgens, advisory board member, August 2015)*

Jaap indicates that the directors should be careful not to be blinded by falling in love during this early stage of the process. Jaap indicates doubts about the acquisition; he expects negative surprises, he also sees a management issue, and the location of the to-be-acquired firm is quite far away. However, he adds that he is not well informed, so he might well be wrong. Stijn agrees with Jaap in the sense that the directors do not mention the negative issues surrounding the acquisition. Six months later, the advisory board members were informed that the bidding price of Collectron Group has been accepted, and there was a discussion of the outcomes of the due diligence reports, the differences in working approach between the firms and the messy financial reporting at Excelsior. The advisory board members became more positive, because they believed they were obtaining a realistic representation of the situation there. They then suggested thinking about a good division of roles, also in relation to the tasks at Collectron Group, and to quickly bring the Excelsior people to Deventer to introduce them to Collectron Group to give them perspective. Moreover, in terms of organizational growth and increased firm size, the advisory board members suggest obtaining advice on the new organization and governance structure. They do not see much added value from a supervisory board. In relating the Excelsior project to a general acquisition strategy, the advisory board members do not think that there is a quick-fix model or strategy.

*In discussing the acquisition, I liked that two advisors said that we should select the acquisition candidates very carefully, know exactly why this firm would be interesting, and have a specific profile. Another said, yes okay, but what does your gut feeling say? I see something interesting pass by, perhaps it does not really fit the profile, but it is really interesting. For that reason, the feedback we get from them is not similar, the three persons have different ideas: good! That does not confuse me because I am too stubborn for that anyway. It is good to get their ideas, but eventually I come up with my own solution. (Jos Deenen, commercial director, August 2015)*

With respect to firm development, the advisory board members stress that coming up with new ideas and proposals is part of the job that should be done by the directors themselves, not by the product managers. They suggest that the directors to go out, talk to other parties, and collaborate with universities. In addition, of course, they should discuss ideas during the advisory board meetings. In relation

to market issues, the advisory board members think that that it would be wise to identify the market shares of the various technical wholesalers and to consider whether to cooperate with them and the extent of that cooperation.

*I thought that we would bring in issues during the meeting and ask the advisors how they would deal with those. 'Please reflect on it and let us know what you think'. But what they actually do is ask deeper questions, which makes you think more about how to do things. (Jos Deenen, commercial director, August 2015)*

When provided with a plan for the next meeting, the advisory board members feel that the plan is very ambitious but lacks focus, boundaries and detail. It also suggests that despite the firm's growth ambition, its organizational structure stays the same. The advisory board members see that the directors signal many relevant developments, but the plan does not address those developments. They feel that there is a gap between what the directors want to achieve and the activities suggested for getting there. In addition, in the plan the directors seem to suggest working with 5 different strategies, whereas they should choose one strategy and start to develop the plan from there. They also suggest that the directors should think about different ways to grow to maintain the required standard of autonomous growth firm development needed, and the financial figures have shown that turnover is pressured by developments in the market. Therefore, strategy must involve ideas about how to improve the current situation and realize the firm's ambitions. Another idea that the advisory board members suggest is for the directors to work with a moderator to achieve new insights and ideas. This might be uncomfortable because a moderator will confront the directors with their weaknesses, but to improve they have to break through them.

*We have put them on the right track in terms of making firm plans, a short-term plan, a one-year plan, a two-year plan, and based on those plans we make budgets and forecasts. They find it difficult to come up with a five-year plan. I have suggested working with a moderator. I have often worked with moderators, and good ones can use the full potential of the firm. (Pim Lutgens, advisory board member, August 2015)*

When the directors present their plans for firm development and an adjusted organigram in relation to the growth of the firm by acquiring another firm six months later, the advisory board members respond that it is important to look at the plans from a customer's perspective and formulate an idea with broad market potential. The advisory board members feel that the plans remain very ambitious and that they will be too much for a SME firm, especially in combination with the Excelsior project. They highlight issues such as acquisitions as incidents versus the continuous role of Collectron Group as a financial partner of various firms, incremental versus radical innovation, and the extra human capital needed for intelligence and creativity in new innovations. They also feel that helping start-ups in terms of advising and financing is socially responsible, but risky. Why not

partner with existing initiatives and look at other examples? Pim wonders whether it would be better to transform the advisory board into a supervisory board when Daan wants to continue with this idea. The positions of the advisory board members might be too insignificant because they cannot influence the decision making.

*The commitment is different. [...]. In the case of an advisory board, you can decide whether to ask for my help. I am not responsible. You ask, we advise. However, in the case of a supervisory board, I am fully responsible for the continuity of the firm.* (Pim Lutgens, advisory board member, August 2015)

The advisory board members also feel that there are many challenges involved in firms with many different activities and centralized staff functions. However, this has been considered by many people, so the firm should try to find a good organization consultant to think this through and clarify its dilemmas. Additionally, they suggest first setting the ideal structure and then looking at people's competences. They think it might be smart to formulate a solid SWOT analysis and deduce a strategy from that.

*There are many things that we really work with after the meeting. [...] The advisory board is always an item on the agenda of the next directors' meeting. With the help of the extensive notes, we discuss the main discussion points and discuss what the follow-up will be. Who is in the lead on which actions, and so on. For that reason, the discussion is more about the contents than the process. [...] Sometimes, when things have been discussed generally but not specifically, you try to incorporate it into your way of working.* (Jos Deenen, non-statutory director, August 2015)

Another topic that arises repeatedly is project management and the importance of drawing boundaries in terms of the maximum amount of money and time to be invested and making risks explicit. In addition, when working on firm development, the advisory board members suggest viewing firm development projects as a start-up and working with provisions that are more motivating for the employees. The advisory board members think that it would be wise for Michiel and Jos to seek training in project management.

Although most of the advice, suggestions and comments provided by the advisory board members make a lot of sense to the directors, Pim sometimes tends to provide reflections in relation to the specific product portfolio or market. However, Pim was selected for his broad experience and knowledge as a board member and financial specialist. His comments in relation to opportunities for new products sometimes lead to a bit of annoyance with the directors:

*Sometimes, personal experiences are mixed with professional advice. Then I think, hmmm, well. But then I do not feel the need to prove him wrong with the*

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*information and knowledge that we have ourselves.* (Jos Deenen, commercial director, August 2015)

*Sometimes, remarks are made and I think, let us count to ten and... when an advisory board member mentions something about technology, I think to myself, you preach the gospel, but I am not sure whether it's the right one. He then uses his own experiences and continues with them for too long. [...] However, that same person makes the most fantastic comments when the issue discussed concerns his area of expertise. For that reason, we just put up with it. [...] In general, I like the advice.* (Daan van Prooyen, owner-manager, August 2015)

Topics on which the firm regularly seeks advice are organizational structure and HRM issues. The Collectron Group is trying to make numerous transitions and to determine how Jos and Michiel can withdraw from operations. How can they make the switch from a communication to a marketing department to put more focus on customer management? How can they ensure that the members of the management team, who are still relatively new to the organization, will hold to firm values in realizing a revolution? The advisory board members think that it is important to make personnel costs more flexible, and they argue that it is very normal for people to have temporary appointments. They think that the directors should look carefully at the number of employees needed (Collectron Group might be a bit too social) while ensuring that opportunities are provided for the best employees. They feel that transparency in remuneration is very good, but it can be threatening to some. They argue that firms should either use or not use a system with variable remuneration, but that consistency is required. Stijn thinks that it is just as important to keep the family firm culture in mind. Jos explains that as a consequence of the new strategic plan, growth ambitions are translated in required job descriptions, which are about to be matched with the profiles of current employees. Not all of the employees will be able to keep up with the pace of organizational growth and development.

Marketing and supply chain management are also topics of discussion. Jaap thinks that marketing is a topic that has not been widely considered on a strategic level. How can the firm reach the end consumer via the wholesaler or via other channels? Pim addresses the marketing costs, which are only 1 percent of the total costs, and questions whether this is adequate.

*I take the family firm culture into consideration while advising. However, I think that one of the tasks of the advisory board is to explore boundaries. I will never advise something that will not fit with cultural norms and values. However, I have asked them they used this sales strategy and why they will not surpass the wholesaler in the supply chain. At first, they said 'no, we are not used to working like that, we have always been the supplier'. But in discussing this, we have set their minds in motion. Although it takes some incubation time, things can change."* (Jaap Heinemans, advisory board member, August 2015)

#### 7.4.2.3 Added value in terms of output

An overview of the different forms of output is provided in Table 11 below. It is likely that many more pieces of advice and feedback have led to improvements at Collectron, but the examples in the table below have been made very explicit during the meetings.

*In numerous ways, it has exceeded my expectations. It is more useful than I thought; we get a lot out of it. And it is less obligation-free than I had thought. [...] Time flies, always. [...] The commitment that they show makes you really work with the advice. It is not like 'thanks for the advice, nice to know' and back to the firm. No, I really feel that the advice is useful and that I have to do something with it. [...] The quality of the meetings is generally very high, it really adds something. (Jos Deenen, non-statutory director, August 2015)*

**Table 11** Output of the advisory board at Collectron Group

	<b>Output</b>
<b>M1</b>	Product market combinations <ul style="list-style-type: none"> <li>• The directors note that a great deal of time is spent on glass fiber activities; the discussion in the advisory board makes them extra aware that something needs to be done.</li> </ul>
<b>M2</b>	Acquisition <ul style="list-style-type: none"> <li>• The directors have carefully analyzed and inquired about why Excelsior wants to sell.</li> </ul>
<b>M3</b>	General <ul style="list-style-type: none"> <li>• The issues that are discussed in the advisory board have a huge impact on the organization. This becomes especially visible in the new system of tasks, responsibilities, and rewards. In preparing for the next advisory board meetings, the directors feel that they think through their proposals more carefully and consider alternatives.</li> </ul> Acquisition <ul style="list-style-type: none"> <li>• Based on Pim's recommendations, Collectron has decided on a maximum price and maximum amount of equity that it wants to pay for Excelsior.</li> </ul> Business development <ul style="list-style-type: none"> <li>• Pim's remarks about developing new firm activities with a maximum of equity have also been considered. Every cluster is now managed by a product manager.</li> </ul>
<b>M4</b>	Business development <ul style="list-style-type: none"> <li>• In response to Pim's suggestion, firm development will be considered separately with respect to financial implications. The next step is to define the new markets.</li> </ul>
<b>M5</b>	Business development <ul style="list-style-type: none"> <li>• Based on the feedback that the directors received from the advisory board members on the business plan, they have made improvements and sent it to fellow entrepreneurs.</li> </ul>

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	Supply chain management <ul style="list-style-type: none"> <li>• The directors have opened a webshop based on Jaap's comments to challenge the players in the supply chain.</li> </ul>
<b>M6</b>	Financial management <ul style="list-style-type: none"> <li>• It would be nice to do more in-depth analyses to determine whether there are any seasonal patterns in the financial results, as suggested by the advisory board members.</li> </ul> General <ul style="list-style-type: none"> <li>• Daan says that the directors become very inspired by the advisory board, it all becomes more exciting.</li> </ul>
<b>M7</b>	Business development <ul style="list-style-type: none"> <li>• Based on the suggestions of the advisory board members, Jos will add market analyses to the proposed firm case.</li> </ul>
<b>M9</b>	General <ul style="list-style-type: none"> <li>• The advisory board has functioned as a catalyst in putting employees in roles where they have the most added value, either at Collectron or elsewhere.</li> </ul>
<b>M10</b>	General <ul style="list-style-type: none"> <li>• Daan says in the meeting that many things have happened and improvements have been made over the last year thanks to the advisory board.</li> </ul> Business development <ul style="list-style-type: none"> <li>• The directors will work with a moderator to develop a strategic plan.</li> </ul>

Reflecting on the first two meetings, Daan and Michiel indicate that the advisory board advanced quickly, in their view. Heated discussions are taking place, and everyone plays a role. Numerous decisions have resulted from the input that the directors received from the advisory board members.

*Perhaps we provide the last push when they need to take a decision. [...] That is our role of being an outsider. I do not sense a lot of hesitation with the directors. [...] I think that when we analyze that specific things are not going well, that they have already seen it. [...] The most important is that they think about the advice we give. [...] If I noticed that they repeatedly failed to take our advice, I would consider stopping.* (Stijn Verheijen, advisory board member, August 2015)

One topic addressed during the first meetings concerned the loss-making glass fiber activities. The advisory board members asked about the extent to which the firm should continue with such loss-making activities and inquired about the potential consequences of stopping in terms of reputation, image and relationships with suppliers and customers. This discussion eventually led to the decision to end those activities.

*Our biggest success is that we have focused on turnover per product group with the result that they have made strategic decisions based on those outcomes.* (Jaap Heinemans, advisory board member, August 2015)

Both the advisory board members and the directors mention the glass fiber activities when asked for an example of the value of the advisory board to Collectron Group:

*They have really stressed the glass fiber situation, to make choices there. I think we have acted upon that. We have discussed it and decided to end our activities. That has been very useful. The advisors have provided us with good comments about that. I notice that we sometimes continue too long with certain activities. Looking back on this situation with glass fiber, we have learned that at a certain point you need to say, set boundaries and make a decision. That has been a great recommendation.* (Michiel Jansen, financial director, August 2015)

The output of the advisory board is also dependent on how the directors filter the advice and feedback that they receive.

*They are a very good sounding board for us. Eventually, I decide what I can and what I want to do with their comments. In the meetings, I can tell them when I do not agree with something. But it is not like we write it down and put it aside. I really want to get something out of it, something worthwhile. [...] It is not obligation-free. If we say that we will do something with their ideas, then we do it. But it does not feel like now I have to finish it because otherwise, they will tell me to stop. No, absolutely not.* (Jos Deenen, commercial director, August 2015)

### 7.4.3 Practitioners

#### 7.4.3.1 Advisory board in relation to other advisors

The directors at Collectron Group involve many advisors in their activities. The directors feel that the advisory board adds to the role of these individual advisors in the sense that the advisory board should operate at a distance and offer the possibility for additional reflection on the issues that they have faced with their advisors and on strategy in general. Occasionally, this distanced approach does not feel right for the advisory board members, who feel that if there is too much distance and too little information or only a few updates on certain issues, they can no longer advise and function optimally in their role as advisors. The advisory board members are not sure whether there is enough trust to put the real issues on the agenda.

*I sometimes get the impression that they try to keep us at a distance, especially Michiel and Jos. And that is just not right. I do not get any information. Last July I had to go to Deventer several times, so I sent Michiel a note, let me know if you*



*want to discuss things because I will be around. [...] The unity we had at the start is breaking down because nobody knows what is happening. I am very happy with the extensive meeting reports, because otherwise it would be a black box [...] They do not want someone looking over their shoulder. [...] He (Michiel) might see me as a threat. I have said a few times that how you have organized your department cannot work. There are too many people to manage, you have to organize it differently. Then he feels threatened. [...] I think that they could use my expertise and experience much more. Michiel never asks me. (Pim Lutgens, advisory board member, August 2015)*

Even though the commitment is appreciated by the directors, they do not intend to involve the advisory board members more deeply in the future:

*The advisory board members show great commitment. I sense that and I like it. They are sincere in their intention to make us better. (Daan van Prooyen, general director, August 2015)*

*We already have a whole team of advisors for the acquisition. Financial people, people with legal expertise, we have a pool of experts that are closely involved. At the same time, we had a meeting in which Jaap was quite critical of the fact that he did not have an idea of what we wanted with the acquisition, about the strategic fit, of what we wanted with it. The meeting after we provided more information, after which Jaap said that an acquisition could be a good idea. It has been a process of two and a half years, so the question is how to involve them to make their advice worthwhile. The process becomes so intense every now and then. In spite of the holiday period, calls and emails are very frequent. We are close to finishing now, so the emails with the lawyers and advisors go around non-stop. I am not sure whether the advisory board members could help us any more than our other advisors. What I liked very much was that first test, the strategic fit, which was discussed in the advisory board meeting. [...] I think we need monthly contact to really get them involved in such processes. I think that how we are doing it now is fine. Use the advisory board to test the strategic fit and continue with other advisors to work out the details. (Jos Deenen, commercial director, August 2015)*

#### 7.4.3.2 The advisory board in relation to the management team members

The advisory board members have met the members of the management team twice, outside the presence of Daan, Michiel and Jos. These one-hour meetings were organized directly after the normal advisory board meetings. The first time was directly after the September 2014 advisory board meeting. After a short round of introductions, Stijn explained the objective of the meeting, indicating that the advisory board members have tried to identify the issues with which the directors struggle, their blind spots, and their strategy. During those discussions, the positions of the management team members are occasionally addressed. In the discussion with the management team members, different themes are addressed:

the transition process of organizational development and growth, including changing tasks and responsibilities, staff functions versus line functions, the difficulty of identifying issues and problems, and specific issues and questions that the management team members want to ask. The management team members indicate that they think it is challenging to realize changes, even though the directors are ambitious instead of conservative. They indicate that the organization is a bit sleepy, as the employees do not feel a sense of urgency, and the personnel lack interest in making a deal and improving. Additionally, the management members see some people panicking now that the directors are changing the policies. The management team members also note that they almost never see Daan; he does not sit in with the management team meetings, and they cannot go around Jos and Michiel. Daan seems to play an important advising and charismatic role for Jos and Michiel. However, he chooses his moments and operates at a distance. He plays a visionary role in important strategic matters. They see speed in decision-making as a strength of Collectron Group, so they feel it is important to keep the top “lean and mean.” The management team members also indicate that they like talking to the advisory board and feel that their time is too limited to discuss everything they would have liked.

After the meeting a short email was sent by Stijn to the directors. The message was as follows: *Gentlemen, your advisory board has had a good, interesting and constructive meeting with your management team members. No surprising themes have come up, which is why we propose to keep the content of the discussion to ourselves. We are looking forward to a follow-up meeting in due time. Best regards, Stijn.*

In the second meeting with the management team members in December 2015, the members note that it is unclear to the members of the management team how things will be organized at Excelsior and what Michiel’s and Jos’s roles are. They also do not know whether they will become responsible for the Excelsior organization. They think that a great deal can be learned from Excelsior’s export activities. The management team members do not think it would be a problem if Jos and Michiel were to spend half of their time on Excelsior; they already spend a great deal of their time on Excelsior, so the management team would not actually note a difference. The commercial manager adds that he thinks that Collectron Group is slow in terms of e-commerce and should offer much more added value (better planning, more service) to remain competitive. He says that the directors have asked the commercial manager and the marketing manager to come up with a strategic plan, so they did so and addressed the issue of competitiveness. The directors have responded that they are busy changing the organization and that they will get back to the plan in a few months’ time. The commercial manager displays frustration; on the one hand, he must wait for a very long time to discuss the plan and make progress, and on the other hand, the directors want to be involved in many details.

#### 7.4.3.3 Between-meetings contact

Even though the advisory board members have offered to be available for contact between meetings, for example, when there are urgent issues or specific questions that the advisory board members could help with, the directors rarely reach out in between meetings.

*We do not contact each other between meetings. Jos has been here once, together with his marketing manager, in the beginning, when they wanted to discuss an issue they were struggling with. That was totally fine, I like to help them out. And when they come and ask for it I will always give them advice. But I will not call them myself, that does not fit my role in my opinion. I am connected to the other advisory board members via LinkedIn and I sent a message to Pim once, but we do not have close contact outside the meetings.* (Jaap Heinemans, advisory board member, August 2015)

This is not an issue that has been discussed, so it is not clear to the practitioners themselves whether there is any contact between the meetings and, if so, between whom.

*I notice that between the meetings, they do not consult me. And I think that they do not consult Daan and Pim either, do they? [...] Every now and then I have contact with Daan about the firm, or I ask him how he is doing. Or I send a note about something that might be interesting to him.* (Stijn Verheijen, advisory board member, August 2015)

The views about whether it is important or even desirable to have between-meetings contact vary among the practitioners involved. Pim considers it worthwhile to have between-meetings contact both among the advisory board members and between the chair of the advisory board and the directors.

*Daan never calls. I do not think that he calls any of the advisors. I am curious whether the chair has between-meetings contact with the directors. [...] I consider the unity of the advisory board very important. In my view, the chair should take care of between-meetings contact between the advisors. I have called the chair once to say that I had the feeling that we had not seen in each other in a long time, and I asked him to do something about it. Nothing much happened. It is no offence, but it is a concern. [...] I think that more between-meetings contact between the advisors would be beneficial. [...] And I think that the chair should have more contact with Collectron Group and ask about what is going on, what are your dilemmas that we should discuss in the meeting.* (Pim Lutgens, advisory board member, August 2015)

The directors indicate that they do not really want or need between-meetings contact with the advisory board members.

*Michiel could use Pim's expertise in between meetings very much. I think that Pim would like that. He also calls Michiel every now and then to ask how things are going. But Michiel mostly consults the accountant or his own advisors when he has questions. I have consulted Jaap once and introduced our marketing guy to him. But it's a bit difficult, I would like to keep him in his independent role. I could ask him to create a marketing strategy with me, but then he would be analyzing his own work during the advisory board meetings. How objective can you be then? (Jos Deenen, commercial director, August 2015)*

*We do not have any between-meetings contact, and I do not actually want that in the future. Perhaps in case of an emergency, but otherwise we have our checks and balances organized differently. I feel it is good to have them in this distant, independent position. (Daan van Prooyen, general director, August 2015)*

However, Daan also notes that for specific purposes, it might be beneficial to contact the advisory board members between meetings every now and then.

*I sometimes have the idea, we have also discussed that we could make better use of their network. That remark has been made numerous times. Perhaps we do that too little. (Daan van Prooyen, general director, August 2015)*

#### 7.4.3.4 The role of the chair

Even though the directors are quite happy with how the chair performs his role, they also think that various improvements can be made. First, because of the lack of focus in the topics or themes selected for the various meetings, there is a constant search to balance time equally between the topics and the level of detail with which the topics can be discussed.

*Sometimes, I have the feeling that we have not been able to discuss certain things because we have spent too much time on something else. For that reason, perhaps it would be good to be stricter about time management. However, I think it is good that we have discussed things in detail, I have heard a lot that I can work with. [...] Every chair performs his or her role differently. The one is stricter than the other and provides space for individuals to speak up. I like that too, it stimulates interaction. (Jos Deenen, commercial director, August 2015)*

Another aspect mentioned is the extent to which the advisory board members have the opportunity to provide input into the discussion:

*The one has more to say than the other in the group dynamics. [...] The focus of the different individuals, the heterogeneous composition of the advisory board, their different personalities. The role of the chair is to direct and manage the conversation; some individuals might have more to say, including the chair himself. Our marketing guy has very good ideas, but he does not always share them. (Daan van Prooyen, general director, August 2015)*

In preparing the meetings, Michiel also thinks that more involvement by the chair could help in creating a balanced agenda, ensuring that there is sufficient time to discuss the most urgent issues.

*I think that a formal chair would not fit the situation. [...] I do not change the order of the agenda on purpose, for example by putting the financial figures last. That is something that they should indicate if they want that. During our last directors' meeting, I have said that I think that the agenda for the next meeting is challenging, so it would be good to go through the financial figures more quickly than usual. Perhaps we should discuss that at the beginning of the meeting. As long as we set the agenda, we are in the lead. [...] Perhaps it would be good to pre-discuss the meeting with the chair; I do not do that now.*" (Michiel Jansen, non-statutory director, August 2015)

## 7.5 Contextual factors

### 7.5.1 Family involvement

The fact that Collectron Group is a family firm only rarely comes across during the meetings. Jaap explains that the extent to which he takes into account that Collectron Group is a family firm is rather limited.

*I do take the family firm culture into account in my role as advisory board member. But only to a certain extent. You have to respect the culture of the organization, family firm or not. If you take it into consideration too much, you can no longer be critical. Pushing the boundaries is a task that the advisory board should have, however, you will never hear me arguing for something that I think does not fit Collectron's norms and values. But I can imagine that you come up with alternatives. For example, I have asked why they would not go around a channel in the supply chain and then they said well, we are not used to working like that. But why would you not change it and sell directly via the Internet? For that reason, you try to explore boundaries and hopefully set things in motion.* (Jaap Heinemans, advisory board member, August 2015)

Pim's perspective on the family influence on the firm is similar.

*The family is not involved. Family issues in relation to the firm are simply not there or are not discussed. [...] It is clear, though, that the culture is family firm-like, meaning that decisions are made by consensus, which can sometimes be dangerous. [...] In terms of considering the interests of customers, of the employees, Collectron Group operates in a very human, social way. Sometimes a bit too socially in my view. [...] Of course, I take that culture into account while advising.* (Pim Lutgens, advisory board member, August 2015)

Michiel and Jos also feel that the firm has a strong family culture to which they feel strongly committed.

*Postponing difficult decisions is also related to the family firm culture of this firm. It is not easy to stop certain activities and say goodbye to people. At other firms it might be different, but we find that difficult. [...] It is closely related to our culture.* (Michiel Jansen, financial director, August 2015)

Jos adds that as a non-family member, he intends and works to maintain family-like relationships with the firm's stakeholders.

*The interest of the firm, the stakeholders, the people, the environment, the customers, the suppliers; the stakeholders come first. That Daan's family is associated to the firm is an issue. He finds that difficult. He is very much associated with the firm, whereas he operates at a distance from the firm. We discuss that a lot. [...] Daan's father was very much connected to the firm, to the people, he would walk around the firm every day, talk to everyone. Daan is very different. [...] To me, personal relationships are very important. For example, we have been doing business with another family firm for approximately 65 years. Daan's father started that relationship with the father of the person who is now sitting there. I really want to take on that role and pay attention to building up a close relationship with that guy and try to have this family firm connection with them. I do that in a similar way with customers.* (Jos Deenen, commercial director, August 2015)

Succession is a topic that is not yet discussed in the advisory board meetings.

*We do not discuss succession. I think that they do not want to discuss that with us and that is fine. I am interested in it, though. I wonder about it and I think it is an issue that is discussed elsewhere, in another governance arena.* (Jaap Heinemans, advisory board member, August 2015)

*I have talked about succession a bit with Daan. He manages that with his accountant. For that reason, I stay out of it. If he does not want to discuss that in the advisory board, that is fine.* (Pim Lutgens, advisory board member, August 2015)

However, in March 2016, during a meeting in which the functioning of the advisory board is evaluated, Daan suddenly mentions succession as a possible theme for discussion in future meetings as it relates to the future of the firm. Michiel and Jos seem quite relaxed about the topic, which is one that the directors already discuss in their board meetings.

*We talk about succession in the board of directors in a very open way. I do not know whether Daan would appreciate it if we brought it in as a topic of the advisory board meeting.* (Jos Deenen, commercial director, August 2015)

*I do not feel the need to discuss succession in the advisory board setting. It is not an important issue for now. It is up to Daan. I know that he has made arrangements for that, they have a family constitution. He will have his thoughts on that and sometimes he shares a bit of his thoughts with us. Many years ago, he has appointed Jos and me as non-statutory directors of the firm. That relates to the continuity of the firm. I know his family situation, a son, two daughters, and sometimes we inquire about their plans. We talk about that in a very open way. Daan is someone who is always ahead of us, and sometimes he shares his views. (Michiel Jansen, financial director, August 2015)*

### 7.5.2 Meeting locations

Most of the meetings are held at the firm headquarters, in different rooms and buildings. Meetings are held in the morning, from 10:00 to 13:00, with lunch served at noon. The individuals involved, including the chair, choose different positions at the table at different meetings.

Three of the meetings were held at different locations. The second meeting, held in June 2013, was at a firm called *Garage Sanders en Zonen* and was initiated by Jaap Heinemans, one of the advisory board members. Jaap reasoned that the firm's logistic system, its innovative information systems and its progressive marketing concepts might be interesting to Collectron Group, so a visit to the firm's supply center was combined with the second advisory board meeting. The meeting started with a presentation about the hosting firm, which has a similar firm model to that of Collectron Group in the sense that products are delivered to wholesale firms, but to do that it is important to know what the end customer wants and needs. For that reason, this firm also developed tools directly for the end consumer. After the presentation and a tour of the supply center, Daan, Michiel, and Jos sat with Stijn, Pim and Jaap for the advisory board meeting.

*What I really liked was the firm visit during the third meeting. We should do such a thing again. [...] We have used that information in our own activities, for how to contact the end consumer. (Jos Deenen, commercial director, August 2015)*

Because there were some issues related to planning the April 2015 meeting at another firm location, the meeting was held in a hotel in the middle of the country, just for the sake of being at a different location.

The March 2016 meeting was also at another location. This meeting was organized by Pim Lutgens at an architectural firm that also worked with an advisory board. Moreover, this firm had to address changes in the construction market and the firm tried to arrange an entrepreneurial and a leading role for itself in the supply chain, ideas that Collectron Group was also considering. During this meeting, the hosting firm delivered a presentation, after which the 'normal' meeting started. The June 2016 meeting was held at the newly acquired firm of Collectron Group. The former owner-managers, who remained active as directors, explained and informed the advisory board members about the history of the firm,

its primary activities, developments in the market and the synergy opportunities foreseen with Collectron Group. Half the meeting was spent on this presentation, a tour was conducted and most of the rest of the time was spent discussing the integration of the newly acquired firm with Collectron Group's other activities.

## 7.6 Final remarks

The creation of Collectron Group's advisory board was inspired by the need for an extra pair of eyes to professionalize the structure and process of the firm. The advisory board is meant to prevent organizational blindness and function as a reflection mechanism for Daan and his directors. The idea to begin working with an advisory board has been discussed thoroughly by the directors, all of whom saw it as an opportunity for the future development of the firm. Michiel has taken the lead in creating the advisory board. Even though a consultant helped answer questions during the preparation phase in relation to the expected role of the advisory board, its members, and practical matters such as remuneration, the directors held strong ideas about the advisory board and needed no help selecting the candidates or getting started.

Because Daan, Jos and Michiel are all knowledgeable and experienced in firm management, the discussion in the advisory board meetings focuses on a profound analysis of various proposals (firm development, acquisition etc.), the implications of market developments, and the organization of internal processes, structures, roles and responsibilities. Even though the advisory board members feel that they could make a much greater contribution if they were more closely involved in ongoing developments, the directors are very happy with an advisory board that operates at a distance and indicate that they are very inspired and excited by the advisory board members.

Even though Daan, Jos and Michiel indicate that their roles are similar, the meetings occasionally show the power inequality between Daan on the one side and Michiel and Jos on the other. Because Daan is Michiel and Jos's boss, increasingly operates at a distance and is no longer very present in the firm, Michiel and Jos are mostly responsible for the issues discussed, and they respond to the questions and feedback provided by the advisory board members. They sometimes seem threatened by the advisory board, even though Jos also indicates that when he reflects upon the discussion and role of the advisory board, he knows that the advisory board is only there to help the directors and the firm.

*I think that the atmosphere during the meetings is very informal and open. I think that we, the directors of Collectron Group, are very open about what we want, what we mean and what we do. We are open in our communication. We do not have issues that are not working well, that we want to hide or that we do not want to share. No, I think it is just that we answer their questions to the best of our knowledge and in good conscience. I also think that the advisory board members ask profound questions in terms of our functioning, how things work in the*



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*organization, and a very specific question to Michiel: 'Michiel, you are a director, but also a member of the management team, and you are responsible for numerous tasks. Should you not organize that differently? How does that work?' They dig deep into such things. But in an honest, good way. Very open and constructive. [...] I do not have a problem with that. I think it is nice. [...] Sometimes, when they enter your area of expertise and they ask critical questions about what you are doing, that feels like criticism. But then I think, ok, I asked for that. I want that, I have to do or I want to do something with their comments, that is my own choice. Otherwise, I would not ask them. [...] I also think that when you have worked together for many years, you become too familiar with these guys, and it is good to bring in new, fresh, critical minds. [...] At the beginning I felt that I had to defend Collectron Group, defend what we were doing, apparently because we had not adequately explained and clarified the situation, and with every question I felt that I had to defend how things were going. And I have said to myself, there is no use in that. That is not what it is about. Listen to what they say, take it in and see what you can do with it. (Jos Deenen, non-statutory director, August 2015)*

Even though the advisory board has been active since 2012 and operates at a strategic level with the directors and occasionally the management team members, it is still evolving. The directors and the advisory board members have different views of the advisory board's appropriate role, and therefore the advisory board is still developing toward convergence in views between the outsiders and the insiders. Moreover, internal and external developments and changes continuously affect the content of the discussion.

## 8 Treelab: a Safety Mechanism and an Incentive to Focus on Strategy

### 8.1 Introduction

Treelab is a supplier of laboratory chemicals, accessories, and devices. It has its own production facilities for chemicals and it acts as the Benelux-partner (dealer) for the Lab Logistics Group, of which Treelab is one of the founders. The Lab Logistics Group, a firm with 30 independent laboratory dealers in Europe and Australia, supports and gives advice for purchasing supply combinations and marketing activities, which gives the company access to a large network of suppliers. Treelab's main markets include the Netherlands, Belgium and Luxembourg. In addition to selling the products of the Lab Logistics Group, Treelab has built its own brand: Tree Labchemicals. For the Lab Logistics Group, Treelab has an assortment of 1500 products, and new products are added every month. The assortment consists of products that are used daily in laboratories, including Kleenex, gloves, glassware and other disposables. Recently, the assortment has been extended to include standard lab instruments such as mixers and centrifuges. Relationship management is important at Treelab because there are many stakeholders involved: the firm has hundreds of suppliers and approximately 3500 customers each year.

Treelab is a fourth-generation family firm directed by Pieter Willeme. In the future, the firm will be fully owned by Pieter, who currently shares ownership with his father Jan, who is still involved in the firm. Pieter's brother Max also works in the firm but does not have the ambition to direct or own it. Pieter also has a sister, Marloes, who is not involved in the firm in any way. In 2015, Treelab celebrated its 120<sup>th</sup> birthday. The headquarters of Treelab are located in Emmeloord, a city located at the heart of the Noordoostpolder. The firm employs more than 65 employees and has an annual turnover of approximately 17 million euros.

#### 8.1.1 *History of the family firm*

Treelab was founded in August 1895 in the center of Emmeloord by Jan's grandfather, Johannes Willeme. The firm was active in producing products for dairy farming that were sold via Johannes's father's drugstore to farmers who traveled long distances to purchase these products. After twenty years, more space for production was needed, and adjacent buildings and land were bought to

expand the firm. In the second half of the 20<sup>th</sup> century, the firm experienced considerable growth, prompting Jan's parents to move the firm to an industrial park in Emmeloord. This new place offered much more space and possibility for future growth and enabled a better structure for efficient firm processes. With this move, a new modern production space was created for the production of chemical reagents. In 1975, the firm was transferred to Pieter's father Jan. The philosophy at the time was - and still is - that family members only share ownership when they work in a management position in the firm. For that reason, even though Jan has four brothers, over the years, ownership was gradually and completely taken over by Jan.

Jan decided to further grow the firm by taking over another firm active in the same industry. This acquisition helped to further strengthen Treelab's firm activities. In 1995, the firm moved again because of continuous growth and stricter regulations concerning the environment, working conditions and safety issues. In preparing for succession to the next generation, Jan has worked with two external directors. First, Jan worked with an assistant director who later became a director at Treelab; when that man retired, Jan hired a second external director, who has helped Pieter prepare to lead the firm. Both these external directors and other external managers in the firm have helped assess and develop Pieter's competences to become the next family director of the firm.

Pieter joined the family firm immediately after his studies and during the first years that he worked at Treelab, assessments were made to determine whether Pieter would be up to the task of directing the firm. The outcome of the assessment was positive, namely, that Pieter would eventually be capable of taking over. However, both the external directors and Jan thought it would be good for Pieter to work for a while at another firm. After having worked for a few years at another organization, Pieter came back and joined the second external director in leading the family firm. When the external director left in 2010, Pieter was left in charge of directing the firm on his own.

Jan is now approaching the age of 70, but he is still present at the firm's offices almost full-time. From 2014 until 2016, he was active as a member of the supervisory board at The Lab Logistics Group, which is useful for participating in European tenders. He feels that he should be able to take a day off for short holidays in Terschelling (one of the small Dutch islands in the Wadden Sea) where he has a cottage, or to golf on Friday afternoons, or to take care of things at home when needed. The ownership transition started in 2010, beginning with the normal shares of ownership, most of which have already passed to Pieter, whereas Jan retains the preferential shares. These will gradually be transferred fully to Pieter. Pieter is 40 years old and has an engineering background. He is single and lives in Emmeloord, close to his brother and his parents.

### 8.1.2 *The advisory board*

The case study of Treelab focuses on the period from July 2013 to September 2016, the period from the first steps in creating an advisory board to the twelfth

meeting of the advisory board. When the Windesheim research center in family firm management started in 2009, Treelab was one of the first firms, together with Collectron Group, with which we were in contact. Because Pieter had just joined Treelab as a director and felt that he could use a sounding board, Treelab and the Collectron Group were the first participants in our research project on governance in family firms. Pieter joined our research project, meaning that he attended various informational meetings on governance in family firms and exchanged ideas with other entrepreneurs about how to safeguard the long-term continuity of the firm. After Pieter decided that an advisory board would be helpful for him and Treelab, interviews started to take place. As in the case of Collectron Group, the research project also facilitated a few meetings between an experienced consultant and Pieter and his father. This consultant helped Pieter and Jan learn more about the advisory board and the required expertise of the advisory board members. Consequently, the consultant helped create the job descriptions for the advisory board members and spread the vacancies in his network. He even introduced a person as a potential advisory board member who was hired after two meetings with the practitioners involved, including the consultant. After the selection, the person hired began by observing the firm and how it was run by Pieter and his father. The purpose of the advisory board was discussed and a second advisory board member was hired; I then started to attend the advisory board meetings, offering the directors and the advisory board members extensive meeting reports in return for permission to be there.

The case description starts with the initial considerations of Pieter and his father in creating an advisory board and the selection process they encountered. This stage is referred to as the preparation phase. The case then continues by describing the main tasks employed by the advisory board members and the activities of Pieter and Jan themselves. Moreover, the case presents the developments over time of these tasks and activities and links them to the emerging structures and practices, the content discussed, and the influences resulting from the specific context in which the advisory board operates. Even though the advisory board has been in place for quite some time, it is not mentioned on the website or discussed internally.

*I think it is great that Pieter has decided to work with an advisory board. For Treelab itself, we hardly notice the existence of the advisory board; its existence is hardly mentioned in the firm. It is really something for Pieter, and we can really see his development. He has become calmer, and his ideas are better thought through. [...] The firm profits from that, via him. (Commercial manager, September 2015)*

## 8.2 The life cycle phase of the firm, the director's background and expectations

### 8.2.1 *The life cycle phase of the firm*

Treelab's life-cycle phase is already quite mature. Even though regulations and safety issues become stricter over time, Treelab remains a stable player in the market. There are two big players in the market who offer their services worldwide; in the Benelux market, Treelab comes directly after those players. Opportunities in the market involve the acquisition of competitors that sell their firms, and organic growth might occur through digitalization. The market is quite steady and not characterized by big declines or upswings. However, even though Treelab has grown in the past and continues to do so, the market is slowly decreasing, despite the growth in the life sciences. For that reason, Treelab grows at the expense of competitors, not because the market is growing.

Pieter and his father both have an academic background (in engineering and economics, respectively), and they have a substantial amount of specialist knowledge of the market and the products they produce and trade. The various departments in the firm are run by managers or department heads, most of whom have been there for a very long time. The commercial manager was hired after the external manager had left, and Pieter wanted continued assistance with the commercial activities. Pieter's father Jan never even considered working with a supervisory or advisory board. For him, collaboration with an adjunct director was sufficient as a sounding board. He did not have a need for people looking over his shoulder, as he views it:

*It is especially good for Pieter and his functioning. The size of the firm has changed enormously over time; the number of employees has increased by a factor 3 to 4. For that reason, other issues need to be addressed now; it is more complex. In addition, the world around us has increased in complexity. Another aspect is that he is just by himself, at home. (Jan Willeme, former director, September 2015)*

*Even though his father never had any intention of having an advisory board or supervisory board when he led the firm, Pieter is quite convinced that he wants such an instrument for himself.*

*It has been my initiative to start an advisory board. Yes. (Pieter Willeme, director, September 2015)*

### 8.2.2 *Needs of the director*

Representing the fourth generation, one of Pieter's first ideas was to arrange backup to support him in managing and directing the firm. Pieter is convinced that

the market offers numerous growth opportunities and that he would be very comfortable with a sounding board that could advise him on strategic issues. Although the firm has enough knowledge and expertise to serve the market, Pieter feels that he lacks practical know-how on a managerial level. Moreover, Pieter argues that he lacks the time to think about the long-term direction of the firm and he hopes that this will change with the arrival of the commercial manager. However, even though the commercial manager can provide more structure in the sales department, identify opportunities, and direct the sales agents based on the products with the highest margins, Pieter lacks a real internal sounding board for Pieter.

*Our management team, or team of department heads, as a group does not have the required level to act as a sounding board for the director. The team consists of persons, some of whom have a bit more and some of whom have a bit less experience and competences; but as a group we do not have the level that would be required to talk about strategy. (Commercial manager, September 2015)*

As mentioned by the commercial manager, the focus on strategy is very minimal at Treelab, and this is something that Pieter wants to change. Pieter would really like to spend more time on strategy to develop the structure of the firm and prepare for the next decade. With an advisory board, he hopes to get a better hold of the market, to create time to work on strategy and thus to better safeguard the long-term continuity of the firm. This is also in the interest of the employees, as indicated by the following quote.

*In the employees' council, people sometimes inquire about the future. The arrival of the advisory board, which supports the new director and is a sounding board, is a good signal to them, too; they trust that we take the management of the firm very seriously. [...] The advisory board is really there for Pieter, to strengthen his position. (Jan Willeme, former director, September 2015)*

### 8.2.3 Expectations of the advisory board

*Pieter foresees that the advisory board will have a role not only for himself but also for the commercial manager and the financial manager. Depending on the topic discussed, these managers can also be invited to the meetings. The most important task to address in the coming years is the further development of the organization, and the advisory board could play a role in supporting this development. Currently, there is little time to think about the long term, but for further development, it is necessary for such a strategy to be placed on the agenda regularly.*

*I am happy that he has a sounding board now; he does not discuss strategic issues with me or any other member of the management team, as far as I know. We are very busy with operations in the short term, and very few of us have a*

*horizon that stretches beyond a year. For that reason, in that respect I personally find the advisory board very positive. Also, you do not know how long Jan will still be around. (Commercial manager, September 2015)*

*Another reason mentioned by Pieter is that he sees the advisory board as an incentive to keep the focus on specific issues.*

*He often uses the meetings to check things, which is good. He comes with suggestions and asks for our opinions. [...] Initially, we discussed which themes we would address and what he needs. (Sam Storms, advisory board member, August 2015)*

Both Pieter and Jan are unfamiliar with the role and function of an advisory board. Therefore, it is difficult for them to make their expectations of the advisory board explicit.

## 8.3 The preparation phase – winter 2011 to summer 2013

### 8.3.1 *Activities performed and tools used to set up an advisory board*

#### 8.3.1.1 Talking to others

*During the preparation phase, a family firm consultant was involved as part of the Windesheim research project; that consultant is experienced in supporting families and their firms in succession processes and searches for and implements new governance structures. This person was asked to provide more information on the advisory board as a governance instrument and the kind of advice that can be incorporated into the advisory board. Another question that Pieter has is which topics should or can be discussed in the advisory board meetings. Because it is unclear to both Pieter and Jan what to expect from an advisory board, they also have difficulty specifying their preferences. Another issue is the positioning of the accountant versus the advisory board. Jan thinks that both actors are active in dealing with the same issues, because both monitor the financial results and the functioning of the firm.*

For that reason, the family firm consultant starts by explaining the various roles that an advisory board can play: (1) a sounding board for discussing strategic issues, (2) a check on new ideas, and (3) a disciplining factor, for example, by discussing the financial results on a regular basis. The director can determine the agenda, for example, personnel issues, investments or other developments can be discussed. The family firm consultant also thinks that the advisory board can operate alongside the accountant and perhaps create 'constructive discomfort'. He

feels that whereas an accountant often reasons from the perspective of the financial results, the advisory board has a broader firm perspective. Jan is not convinced of the role of the advisory board at Treelab.

*Will the advisory board members be able to advise about our personnel? Is their distance towards the firm not too big? Perhaps it is a good idea for Pieter to attend an advisory board meeting at another firm, to get an idea of the role that an advisory board can play? [...] I always found my sounding board in my assistant director, who later became the external director. (Jan Willeme, former director, November 2011)*

The family firm consultant argues that it only makes sense to have an advisory board if you really want it. He has seen other situations in which the father had doubts about an advisory board, but the son decided to have one. The consultant thinks that it is good to start working on the structure and discipline, and that the first year of working with an advisory board can be seen as a startup year in which both sides (the directors and the advisory board members) need to learn how the advisory board can provide the most added value for the director and the firm. Whereas the idea of having an advisory board was discussed extensively with the family firm consultant, the members of the management team have not been involved in the process of creating the advisory board. The decision to establish an advisory board was made by Pieter, and only when things started to develop and become clearer did he inform his financial and commercial managers of his idea and his quest for suitable candidates. It was more of an announcement than a discussion.

#### 8.3.1.2 Vacancies proposed

In the meeting with the family firm consultant, Jan explains that Pieter is looking for someone with a laboratory background who can identify opportunities in the market. Jan thinks that there is no need to look for a finance specialist because the firm does not have any loans or other debt capital and because the existing controller does a good job. Pieter agrees with his father and because he is unfamiliar with advisory boards, he thinks that it would be good to find an experienced advisory board member. Jan adds that they are looking for people who can support management. Growth is not an objective in itself, but it is good for the products and the firm. Choices must soon be made about the future direction of the firm. The family firm consultant asks who is seen as the person with ultimate responsibility for the firm, both internally and externally. Both Pieter and Jan think this is Pieter: Jan can be considered the back office, and Pieter can be considered the front office. Even though Jan is still at the office on a daily basis and is involved in daily operational issues, he has not been involved as a director for quite some time, as he has worked with external directors. Jan explains that sometimes both Jan and Pieter address the same issues, but this has not led to problems. Jan wonders whether he could also be a member of the advisory board. The family firm consultant thinks that this is a great option to make use of Jan's



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experience and knowledge, but he thinks that it would be good for one of the other advisory board members to be the chair. Pieter also thinks it is a good idea for Jan to be a member, especially in the startup phase of the advisory board.

*If you consider the number of people sitting in the advisory board, my father is more or less the third advisor. I think that if we add a third external advisory board member, there would be too many, that is the feeling I have. [...] I do not like extensive meetings. Then things are not made explicit and it takes a great deal of time before everyone can contribute. For that reason, I would prefer not to add another person. (Pieter Willeme, director, September 2015)*

One aspect that concerns Jan is how the shareholders' meeting is related to the advisory board. Is it wise to be an advisory board member when he is also an owner? The family firm consultant does not think this is a major issue provided Jan and Pieter discuss important actions or decisions before they discuss them in the advisory board meetings. Together with Jan, the family firm consultant thinks that two more outside advisors would fit the size of the firm. He suggests that the advisory board meets four times a year and makes suggestions for remuneration and contract terms. Based on this input, a profile was made to search for qualified candidates.

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### *Vacancy for advisory board member at Treelab*

#### **Organization**

*Treelab, located in Emmeloord, is a leading supplier to laboratories, with an extensive supply assortment and high-quality customer-related service. Approximately 25,000 laboratory necessities, chemicals and appliances can be delivered from its supply. As an all-round supplier, Treelab can supply any product or goods very quickly. Treelab also has its own production facilities for chemicals. Treelab mainly delivers its products in the Benelux countries, but is also active in other areas. With its LabLog concept, Treelab takes care of logistic issues to ensure that adequate supplies of basic materials are available for its customers. Treelab is also known for its technical services.*

*Treelab has approximately 60 employees, many hundreds of suppliers and approximately 3000 clients who order on a regular basis. Treelab has an annual turnover of more than 17 million euros.*

#### **Reason to set up the advisory board**

*Treelab intends to formalize the strategic decision making of the firm to safeguard the long-term continuity of the family firm and obtain a deeper understanding of market developments. Pieter Willeme has recently taken over the director's position of the family firm, representing the fourth generation of this family firm. To ensure continued growth, Pieter wants a sounding board and has therefore decided to create an advisory board.*

### ***Roles and tasks of the advisory board***

*The advisory board is intended to act as a sounding board for the directors and owners of Treelab, especially in the areas of strategy, organization, and market development.*

*The advisory board will consist of three members: Jan Willeme, former director, and two external (non-family) members, one of whom will also act as the chair. To recruit external advisory board members, the following profile has been formulated:*

### ***Profile of individual members***

*A member of the advisory board:*

- *Advises the directors in the area of general strategy, organization development, finance, risk management, and personnel policies;*
- *Has specific knowledge of and experience in the laboratory sector, chemicals or wholesale;*
- *Is aware of relevant local and national social, economic, political and societal developments;*
- *Is experienced as a director, advisor or expert in family firms;*
- *Has a helicopter view;*
- *Has an active approach and is honest;*
- *Is independent;*
- *Is oriented towards cooperation.*

***In addition to the criteria mentioned, the chair of the advisory board should:***

- *Facilitate a fruitful cooperation within the board and with the director(s);*
- *Be open, constructive, and focused on cooperation, but also critical and challenging when needed;*
- *Direct an effective, decisive advisory board;*
- *Balance different perspectives and interests;*
- *Function as the representative of the advisory board to the director.*

### ***General agreements***

*This profile intends to offer a guideline for the composition of the advisory board and the nomination of its members. The owners of Treelab appoint the advisory board members. The advisory board members act in the interests of Treelab. The advisory board offers advice and has no formal governance responsibility. Advisory board members hold no other positions that might conflict with the interests of Treelab. Advisory board members are remunerated for their activities.*

### ***Operating procedure***

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*Generally, the advisory board meets four times a year: four 3-hour meetings in Emmeloord plus equivalent preparation time. We work with a four-year term with the possibility for reappointment. Interested candidates can contact Treelab.*

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Ten months later (July 2012), the family firm consultant returns to Treelab for a follow-up meeting with a potential candidate from his network, Maarten Spiertz. Maarten introduces himself to Pieter and his father and informs them that he also lives in Emmeloord. He has worked at his own family firm but because of a conflict with a sister, he has left. He now works as a professional supervisory board member throughout the country. He likes and understands the family dynamics in firms, so he thinks that he can have added value for Treelab in that sense. He also informs Pieter and Jan that content-wise he sees no difference between advisory and supervisory boards, and that the functioning of an advisory board is mainly determined by the firm and the interaction among the individuals. When there is no match, no interesting issues will be discussed, Maarten thinks. For that reason, Maarten suggests to begin by getting to know each other and having numerous conversations to see if there is a match. He feels that it is important to keep the advisors well informed and to develop a trust relationship. Moreover, Pieter needs to feel in control of the firm processes. Maarten has no problem if decisions are made in orthodox places or ways, but he does feel that it is important to weigh the various alternatives and scenarios before an important decision is made by the owners. He also suggests that Pieter and the chair of the advisory board determine the agenda together, which makes it useful to contact each other before every meeting; in addition, other participants can add items to the agenda. He also suggests that the agenda be oriented towards continuity issues and long-term decisions, which automatically implies that Pieter is taken from his daily operational concerns. Maarten thinks that at each meeting, the development of the firm, the development of the results, the long-term strategy and finances should be discussed and that there should be a variable portion of the meeting in which the top 5 problems and opportunities are discussed. Maarten thinks that the emergence process of an advisory board is a process of trial and error, that it takes time and that it should eventually be evaluated to see whether it is worthwhile. He thinks that it is important for the advisory board members to have an affinity with Treelab's firm model, and he would really like it if the other advisory board member could bring market knowledge and have a vision for the future of that market. However, if such a person cannot be found, it will also be possible to work on these issues in a more project-based way, for example, in collaboration with customers. Maarten concludes by saying that he always works with a checklist to fulfill these requirements and ensure that the discussions go deeper than operational issues. Moreover, he thinks that he would fit the role of chair very well.

### 8.3.2 *The advisory board members selected*

After meeting Maarten, Pieter and Jan decided that they would like to work with him. They were enthusiastic about his preference for working with family firms, his broad knowledge and experience and his focus on organizational processes. They felt that his broad experience with advisory and supervisory board roles would be especially helpful in starting up the advisory board at Treelab. The only limitation they saw was his lack of industry knowledge. The family firm consultant suggested a second candidate, but Pieter declined his offer because he thought the candidate was too ambitious for Treelab and would not match the culture and size of the firm. He felt that this candidate would be too dominant in laying down his ideas and ways of working and this did not feel comfortable. They decided to contact Maarten to start the first meetings, and Jan suggested starting to look for the second advisory board member, who would have the industry knowledge that Maarten lacked. Perhaps this could be an R&D manager who would be well-informed about market developments; Jan knew someone who could be appropriate for the job. However, in collaboration with Maarten they decided to start with just the three of them, discussing matters without a strict agenda. For that reason, in October 2012, the first meeting took place. Pieter felt that after working with Maarten for a while, the meetings began to become a bit more structured, but it was challenging to decide what to put on the agenda. This is also related to the fact that on the one hand Maarten helps with the succession, asking Jan what his future plans are and how he sees Jan's future in relation to the firm, and on the other hand he intends to work doing what he was hired for: starting the advisory board. Maarten has had separate meetings with the accountant and both the financial and commercial managers and has asked about the financial results, but the structure of an advisory board still must be chosen.

*It is challenging. Maarten indicates that he has a lot of contact between the meetings with some of the directors. To be honest, we hardly have any contact between the meetings. I do not have questions that I want to hear his opinion about, that has just not happened yet. (Pieter Willeme, director, May 2013)*

*When I came here, I have started by making observations. I have had separate talks with Jan. I have also spoken to Pieter's brother, who works in the firm, to see what his role is. We have talked about expectations of the advisory board, but Pieter and Jan did not really know what they were looking for. [...] I have helped them with the succession. The idea was to help Pieter focus on certain topics by having the advisory board. [...] The question is whether we should include the development of the director as a topic in the meetings. But you need a certain level of trust for that, and Jan joins the meetings too and formally he is one of the advisors, even though he does not really assume that role. I think that he should keep more of a distance and see how his son is developing. I also discussed that with him outside the meetings. The firm is Jan's life and Pieter does not want to change that. There is great level of respect between father and son and I am not*

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*going to interfere in that because it might be counterproductive and bad for the firm.* (Maarten Spiertz, advisory board member, September 2015)

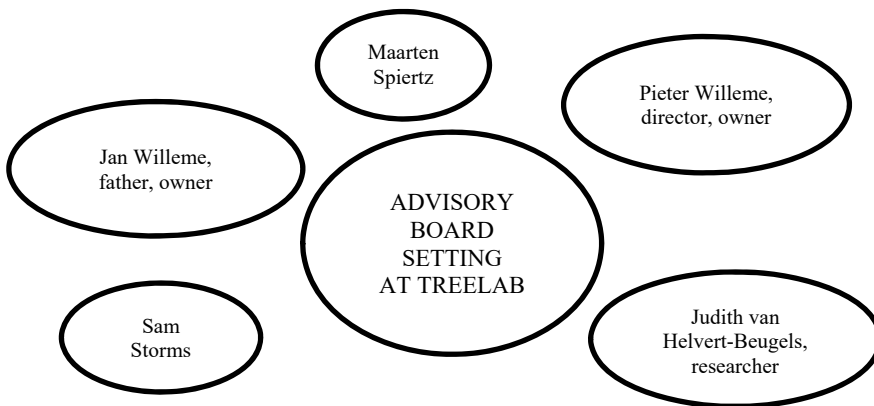
In addition to working with Maarten, Pieter has started a strategy project in which, together with the members of the management team, he has identified five main strategic issues. After meeting for more than one year, in which Maarten observed how things were going at Treelab and helped the family go through the succession process with all the individuals involved (including the brother and sister who do not share in the ownership of the firm, keeping them involved and informed), a second external advisory board member was sought and eventually found via Maarten's network. Other persons were proposed to Pieter and Jan, for example, via the accountant, but it was difficult to find someone with sector knowledge and experience in wholesale trade. Pieter thinks it is necessary to grow and really work on the advisory board now. They have also begun the strategy project, and he sees that it is difficult to maintain a focus on the strategic issues identified in the firm's daily routines. He wants the advisory board to help work on the strategy, considering the main threads instead of the details. Accordingly, in autumn 2013, a second advisory board member was hired: Sam Storms. Sam has held various management functions in diverse listed and unlisted Dutch firms. He currently holds several supervisory board memberships, including Remeha Group, TMC Group and Eltink Beheer. Even though neither advisory board member knew Pieter and Jan before they started working together, the advisory board members knew each other because Sam has served as a supervisory board member at the family firm in which Maarten used to be involved. Because of a family conflict, Maarten left his family firm long ago. Both of the advisory board members have clear thoughts about the advisory board: what its role should be, the routines and structures that should be put in place, etc. Sam also often talks about Treelab's supervisory board, so he does not seem to see a difference between the roles of these mechanisms. Occasionally, the Treelab advisory board members discuss advisory board issues shortly after meetings, but they do not have regular contact between the meetings to discuss matters or ensure that their opinions are aligned. Looking back on the entire process, it took a while before the advisory board was set up at Treelab. Pieter now has an advisory board with three members: two outsiders and his father. The outsiders are experienced managers, one with specific expertise and experience with family firms. The other outsider has specific knowledge of wholesale trade.

*Maarten has a lot of experience and a broad background. I have that, too, but mine is different from his. He has worked with many family firms and has a financial background. His network is enormous. You can see that he knows many people from similar industries.* (Sam Storms, advisory board member, August 2015)

Pieter's father is happy to sit on the advisory board. Even though he felt that the firm did not need an advisory board and he is not sure about his own role, he feels that Pieter can be well served by the advisory board.

*I am not really sure about my own role. I am not one of the advisory board members. It is more a matter of providing an explanation if needed. I exemplify and illustrate issues.* (Jan Willeme, former director, September 2015)

Figure 13 shows the composition of the advisory board at Treelab.



**Figure 13** The composition of the advisory board at Treelab

## 8.4 The post-conception phase – autumn 2013 to summer 2016

### 8.4.1 Practices

#### 8.4.1.1 Introduction of the advisory board members

Because the second outside advisory board member was introduced via Maarten's network, it was clear that the advisory board members already knew each other. They had previously worked together when Sam held a supervisory board position in Maarten's family firm. Because the advisory board meetings had essentially already started and everybody followed Maarten's suggestions, Sam merely joined the meetings and assumed the role of the second outside advisory board member. It was decided that the advisory board would meet 10 times per year during the first few years, to ensure that all the relevant strategic issues are identified and that the advisory board members would get to know the firm well. Similar to how Maarten used his experience as a board member to provide

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structure to the meeting, Sam thought that it would come in very handy for Pieter to have experienced board members on the advisory board.

*It is very useful to involve outsiders who are experienced in these roles. (Sam Storms, advisory board member, August 2015)*

Whereas the meetings at Treelab have a very informal character and no contracts or regulations are used, the compensation is at market level for professional board positions, implying that the chair is paid €15,000 per year (the other advisory board member is paid €13,000 per year).

### 8.4.1.2 Giving structure to the meetings

Maarten is accustomed to having board meetings, and this has an effect on how he runs the meetings as a chair. He will ensure that all the issues on the agenda are addressed and that everybody contributes to the discussion. Because Pieter and Jan did not have any expectations of the advisory board, Maarten takes the freedom to fill in this space by suggesting how he thinks an advisory board could add value. He has tried to ensure that the relevant information is exchanged to work on the long-term direction of the firm.

*Maarten has provided structure and suggested things like 'explain this to me' and 'let us look at that in more detail'. We kind of repeated the introduction to the firm when Sam joined the advisory board, providing a guided tour around the firm premises, which gives a more informed perspective. Next, the financial manager joins the meeting and the sales manager joins the meeting, as they are. [...] At the start we did not know how to do it or what to discuss. Initially, those meetings were more general, we explained about the firm or our role in the firm. Maarten had ideas about how to do it, the role of the advisory board and how it could work here. (Pieter Willeme, director, September 2015)*

However, Maarten struggles with the structure, as Pieter does not prepare questions that he would like to discuss and things are going quite well at the firm. For that reason, there are no emergencies to address.

*The agenda is more or less a standard information exchange and every now and then there is a topic that we address. Let us put it like this; in comparable meetings I am accustomed to a different level of discussion. The reason could also be that everything goes extremely well at Treelab. It is better than one would expect, and that is something that I worry about. You need to be able to explain your success. Of course, Pieter has not yet been able to put together his own team. The financial guy has been there for years and worked for Jan, is used to Jan and still reports more to Jan than to Pieter. However, on the commercial side Pieter is taking the lead. (Maarten Spiertz, advisory board member, September 2015)*

One aspect related to the struggle about how to organize the meetings in the most optimal way is the meeting frequency. Ten times a year is quite often, as noted by Sam Storms.

*I wonder whether we meet too often. I think at least one of those meetings should be fully dedicated to strategy and well prepared.* (Sam Storms, advisory board member, August 2015)

#### 8.4.1.3 Preparing the meetings

Even though Maarten suggested that he (as the chair) and Pieter would prepare the meetings together, it is Pieter who comes up with the agenda.

*In my view, we set the agenda of the meeting, so now things are discussed that I think that should dig into. In recent, years it has also been me who suggested putting things on the agenda. But the advisory board members are also free to add items. In the beginning, we just had some fixed topics and beyond that there were always other items to be added [...] If I know that a topic is going to be important in the long term, then I will put it on the agenda.* (Pieter Willeme, director, September 2015)

Pieter does not seek any feedback on the agenda beforehand, so what happens in practice is that Pieter prepares the agenda and sends it a few days before the meeting to the practitioners involved, and the advisory board members then add issues if necessary.

*Both of the advisory board members are genuinely interested in the firm and they prepare for the meetings, which is nice. They make time for it and they ensure that they know about the issues that are discussed. They do not proactively reach out to me between the meetings, but during the meetings, we come across issues that I need to dig into. Generally, I only send them the financial results, and sometimes I add things like cost price calculations, the firm's plan for a webshop, that kind of thing, dependent on the topic.* (Pieter Willeme, director, September 2015)

After each meeting, Pieter and Jan discuss the issues that were discussed in the advisory board meeting and need follow-up. This discussion is not organized in a formal way; the two men meet informally in one of their offices and discuss what they think is important to address. Pieter also feels that the advisory board meetings address issues that are not discussed in other arenas.

*There are quite some issues that are discussed during the advisory board meetings that I cannot discuss with my employees - maybe sometimes with my father - at the end of the afternoon. These issues arise when you are disturbed by something, by someone or just how things are going. We are really struggling with the fact that employees do not understand how prices are constructed, and the advisory board looks at such issues from a different perspective. It is easier to discuss such*



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*issues in the advisory board from a holistic point of view instead of focusing on elements. I feel that they are able to pinpoint those things that are disturbing and to ask why it is like that, how it works and what will you do about it. I like that.* (Pieter Willeme, director, September 2015)

It is also a matter of becoming accustomed to working with the phenomenon. Pieter says that it is not automatically his habit to save issues for discussion in the advisory board meetings.

*Pieter now prepares better than he used to. Working with an agenda and making agreements during the meeting force him to prepare. [...] As outsiders, we can force him in the sense that we say 'we think you should do this, this is what we agreed'.* (Sam Storms, August 2015)

### 8.4.1.4 Conclusion

The level of formalization is moderate at Treelab. Both advisory board members are professional board members in the sense that they take these positions as a job, and as such clear agreements are made at the start regarding remuneration (including higher remuneration for the chair), the chair position, and contract terms. Both of them have a very developed mindset about what should be discussed and how the meetings should be structured. The chair is very professional not only in that he contributes to the content of the discussion but also in that in his function as chair, he manages the time spent on the agenda items, he ensures that everyone is able to contribute to the discussion, and he structures the discussion. However, there are no rules or guidelines for communication structures between the advisory board members and the firm representatives, and reflections on the role of the advisory board at Treelab are quite limited. In addition, both advisory board members leave it to Pieter to determine what he wants to discuss and what he does with the outcomes of the discussion. Based on the meeting reports, the advisory board members occasionally inquire about developments in previously discussed issues. The level of formalization of the advisory board can therefore be considered moderate. The practices proposed are summarized in Table 12 below.

**Table 12** Practices proposed at Treelab

	<b>Practices proposed:</b>
<b>M1</b>	Maarten: would like to talk to the commercial manager, discuss the developments for the next year. (WP) Pieter will invite the commercial manager to the next meeting. (A)
<b>M2</b>	-
<b>M3</b>	Pieter: the dates of the meetings are set for next year. (A)
<b>M4</b>	Jan: Maarten should summarize the conclusions per discussion point to distinguish the main conclusions from the details in the meeting reports. (WP)
<b>M5</b>	Maarten: the new stock supply system should be put on the agenda of the next meeting. (A)
<b>M6</b>	-
<b>M7</b>	Maarten: organize a brainstorm meeting with the commercial manager, to discuss the long-term strategy. (A) Maarten: organize a meeting between Pieter, himself and one of his contacts to become informed about market developments in related industries. (A) Maarten: postpone the strategy discussion until September. (A)
<b>M8</b>	Maarten: suggest structuring the management reports differently based on various areas of responsibility. (A) Maarten: suggest discussing the developments of the technical department every quarter. (WP) Maarten: suggest preparing a quarterly report on the development of the webshop. (A)
<b>M9</b>	-
<b>M10</b>	-
<b>M11</b>	-
<b>M12</b>	-

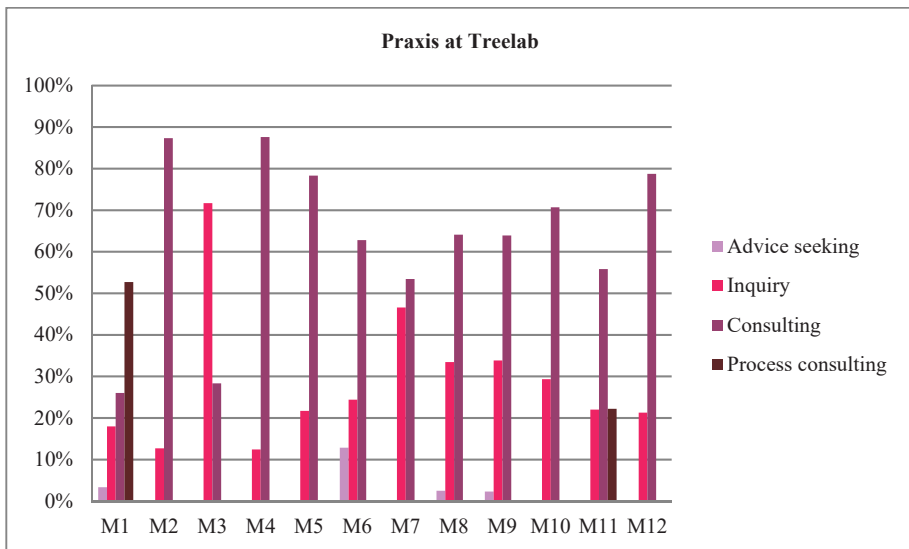
Similar to the situation at Florax Group, numerous agreements about the meetings are proposed (putting topics on the agenda, preparing issues to discuss in future meetings, inviting others to the meeting, etc.). Over time, the number of extra practices suggested decreases, disappearing completely after the 8th meeting. Working procedures have been introduced three times; one of those by the family members. Because the firm is doing very well and the advisory board members are surprised by the financial results in a positive way every meeting, there are no real emergencies to address and no need to reconsider the working procedures.

*I almost always leave the meeting with an empty sheet of paper. For that reason, I am always inclined to remember the things that I find important and to forget the rest. I do not feel attacked quickly. Often, issues are discussed that I have already thought about for a while. For that reason, the information in the*

*meetings is more of a confirmation than a surprise.* (Pieter Willeme, director, September 2015)

#### 8.4.2 Praxis

Figure 14 on the next page shows the development of the various activities at Treelab over time. The figure shows that advice is sought only occasionally, on specific issues that Pieter does not have an answer for. During the first meeting, Jan and Pieter ask what kind of arrangements they should make in the event that something unexpected happens to the director. In the sixth meeting, questions are asked about the webshop (how to reach new markets) and how to retain to key employees. In meeting eight, Pieter complains that the management reports are insufficient to see how improvements can be made and asks how to handle that issue. In the ninth meeting, Pieter shares his concern about the aged group of employees in the logistics department and how to manage the situation. Pieter is very open, shares all the information that is asked for, and is not afraid of critical comments or feedback, but he does not always have specific questions for the advisory board members. The data also show that often the advisory board members consult more than they inquire, but this is also dependent on the topic and the meeting. On average, 29 percent of the coded text on different praxis is represented by the inquiry, primarily including purely informative questions and diagnostic inquiry (involving the how and why questions).



**Figure 14** Development of praxis at Treelab over time

*This makes sense, as Pieter informs the advisory board members about new issues or the development of issues discussed previous, and the advisory board*

*members then want to know more about those issues. However, most of the praxis consists of functional consulting (on average, 63 percent of the coded text on different praxis), of which an average of 47 percent is represented by the expert role in which the advisory board members provide reflections, suggestions, and more general feedback without giving specific advice. Process consulting is concentrated in two meetings in which the advisory board members, together with Pieter and Jan, reflect on the role of the advisory board at Treelab and whether things should be done differently to create more value for Pieter and the firm.*

*I think we need to evaluate and consider our role. Meeting frequency is quite high not only because of the initial guidance in the succession process but also as an incentive for Pieter to continue to focus on numerous issues. However, I do not think this is necessary because he is disciplined enough to do that without us. (Maarten Spiertz, chair advisory board Treelab, September 2015)*

The advisory board meetings at Treelab are organized in a fixed structure in that they always start with discussing the financial issues, and other general topics follow. The discussions are mostly characterized by explanations by Pieter and Jan, who introduce the issues on the agenda and provide updates, after which the advisory board members pose questions and challenges and come to a solution or action point to be taken by Pieter to follow up on the discussion and continue with the issue in preparation for the next meeting. The meeting is not about trying to understand the firm and its activities, because it is not possible for the advisory board members to be more knowledgeable about those matters than the directors. Instead, the advisory board members try to introduce a strategic perspective to the discussions by asking questions, and they aim to realize that over time, the structure of the organization is such that more operational tasks are performed by a good management team and Pieter has time to work on firm strategy.

*We started off with the idea that things can be improved, for example, the efficiency in logistics of the supply rooms. [...] And now, the idea is to expand the production. And I also stress that in the meetings because that is its unique selling point. For that reason, they need to keep that and improve. Now there is a plan to do that. [...] To proceed, you could take strategy as your point of departure: what do we want with production? What steps need to be taken? What should be the outcome? And then you can start measuring progress in achieving those objectives. (Sam Storms, August 2015)*

#### 8.4.2.1 Family and firm governance

The advisory board at Treelab primarily addresses family and firm governance and occasionally addresses ownership governance. The important family governance aspect in which the advisory board is involved concerns the management succession at Treelab from father to son. This is hardly ever an explicit topic of discussion in the meetings, except for ownership succession,

which is related to the management succession at Treelab, but it can be read between the lines that this is something that has Maarten's attention and that he tries to direct very carefully. During the first meetings, it was mostly Jan who answered the questions of the advisory board members and explained the firm's policies. During those meetings, Maarten would often ask how Pieter felt about issues, whether he was comfortable with the discussions held and the proposed outcomes. Over time, it seems that Jan understood that Pieter should answer the questions, and this is exactly what happened. When Pieter took the lead in introducing issues and answering questions, it was Jan who would sometimes elaborate on the explanation or provide a bit of background information. Over time, Jan also started to act like one of the advisors himself, for example, by providing Pieter with suggestions about how to converse with suppliers.

*I can see that Pieter becomes looser in the meetings, he also talks more. His father talked a lot during the first meetings, but that is slowly changing. Pieter now takes initiative, that is clear. [...] I think that Jan is able to transfer his work to Pieter and does not interfere very much. It is good that Jan is involved in the board of the Lab Logistics Group. That keeps him busy. He can use his experience there, so I think that is very good. (Sam Storms, August 2015)*

Firm governance is the main focus of the advisory board at Treelab. Like Collectron Group, Treelab is quite dependent on its suppliers and customers and needs to constantly consider changes in the market. Therefore, Pieter wants to focus on strategy, and he feels that he needs support in working on strategy. There is no internal strategic sounding board of this type, so Pieter decided to create the advisory board. However, the advisory board members think it is important that in addition to the external sounding board, it is good to have internal people available for discussions. The transformation of changing the management team supporting Pieter from an operational to a strategic management team has been one of the main accomplishments of the advisory board (further explained in the next section). The advisory board also assists in managing the relationship with the employees' council. During the meetings, it is discussed how the employees' council can be informed and both the extent and the phase during which the council should be included in decision-making processes. Furthermore, ownership governance is occasionally discussed at the meetings. During Maarten's first year of working at Treelab, he has been closely involved in the ownership succession, in which the division between the children was discussed. During the advisory board meetings, aspects of ownership governance occasionally arise in the sense that Pieter and Jan need to make arrangements in the event that something were to happen to them unexpectedly. In addition, the financial structure is occasionally discussed, including the solvability ratio and the relevance of paying out dividends.

#### 8.4.2.2 Strategic orientation – tactical and strategic issues

Most of the content discussed at the Treelab advisory board meetings has a tactical character. Such issues imply a significant impact on the commitment of the firm without significantly altering the scope of the firm (Shivakumar, 2014). This is especially true of issues such as the change of an ERP system that Pieter brings to the advisory board to discuss, including supply management systems, the extension of production facilities, and sales channels.

*We need to focus more on the plans and ideas behind it, if they want to use our knowledge. With his technical background, Pieter really is in the lead now. That is what I still miss, the strategic point of departure. By asking a lot of questions, we get the information that we need. And such processes should actually take place earlier; you should come with an investment proposal that includes both the risks and the potential opportunities. They do not have that yet. But it is also a matter of having or making time to do it. (Sam Storms, August 2015)*

In terms of developing his staff, Pieter does not need or seek advice on how to hire new employees and how to set the conditions of their employment (even though staff members do want information about those issues). The advisory board discusses why these employees are needed (what role these individuals will fulfill to approach new markets or customers) and how their position fits into the organizational structure. Moreover, it is discussed how the staff can be motivated and how aspects of firm culture and potential for development and growth can have an impact on motivation.

*I think that we are a quite sales-oriented firm, and I think that internal organization is a topic that we really need to address soon. [...] Especially when we continue to grow as we do. We will reach the limits of the firm and its employees. For that reason, we have to resolve this situation for now, but we also need to think about a solution for the future. And we have discussed the salary conditions and the reintroduction of bonuses for the salespeople. In my view, that is also related to organizational issues. I think that when we grow, this goal could be realized via an acquisition. I spend a great deal of time on personnel issues, which should be delegated to someone else. If you want the firm to grow, then people and the organization have to develop. To me, that is a topical issue that I cannot discuss internally and that I would like to discuss in the advisory board. (Pieter Willeme, director, September 2015)*

For that reason, even though most of the discussions cannot be interpreted as strategic in that they do not directly imply a change in or even a consideration of the scope of the firm, it is likely that based on the questions posed by the advisory board members, as indicated by Sam in the quote above, strategy will arise more in future discussion, when the tactical issues are also partly addressed of in the departments and the management team.

As briefly indicated above, every advisory board meeting at Treelab starts with a discussion of the financial results for the last few weeks. The results are always good. The only thing that puzzles both the advisory board members and the directors is that it is difficult to explain the good results. The good results are partially attributable to fixed calculation prices that the firm uses. Often, when products are bought in large quantities, Treelab can negotiate a discount. However, the supply system and the financial system are unable to process these discounts because of the fixed prices. The difference in profit only becomes visible when the product is sold, creating substantial confusion in the financial figures because the financial manager does not know how to account for them. Maarten thinks this is a problem with the accountant's approval of the financial statements, which is acknowledged by Pieter and Jan but is resolved every year. This also creates substantial repetition in the discussion, as Sam often asks about the price differences and then forgets about them. In addition, the financial manager occasionally appears, presenting the financial results and the budgets for the next year. Because the results are mostly as planned, it seems that the financial manager is in control of the financial issues and attends to developments closely. There are no irregularities in the financial figures, so the discussion focuses on the information processes involving communication between the financial manager, the director, the members of the management team and the employees' council. Other issues discussed in relation to finance are the different margins on the different product brands (it would be good to sell more products that are produced by Treelab itself), the different segments (chemicals, laboratory resources and tools, etc.), and seasonality in sales.

Another frequently discussed issue is data management. Pieter intends to integrate different information systems into a new system. By doing so, he can improve the management of his stock of supplies and his ERP system, and webshop sales will improve. The current system for data management has been designed by and only for Treelab. However, there is no basis for managing supplies as they are now. This is a challenging topic because many departments are involved and the task is quite difficult. Maarten thinks that a good data management system is difficult to realize but can save a lot of money.

*Everyone has a different opinion. [...] And sometimes, I think that they misunderstand or do not have the right or complete picture because what they suggest has consequences for this or that or for that department or those people. For that reason, their level of expertise is not equally high for all those different topics. But still, among the four of us, we always come to a unified conclusion. And I really like that.* (Pieter Willeme, director, September 2015)

Another topic of discussion is the commercial department, which needs further improvement. With the arrival of the commercial manager, things are changing. The commercial manager has been put in charge of organizing the Treelab presentation at the fair and together with an advisor, he has trained his staff to do this. This has resulted in a large number of new leads that need to be followed up.

This has also been very motivating for the employees. Moreover, the sales manager is addressing the culture in his department, and he directs his account managers to sell more products with high profit margins.

*There has been a bit of unrest in the commercial department among longtime Treelab employees. Treelab is very patient with its employees. It makes sense that when you grow, you have to adjust the workforce. You need to professionalize and become more successful in the market. That is often an issue in family firms, who continue with the same people. And then you miss out on skills and power. But Pieter deals with this very well: both Pieter and Jan are well-educated and intelligent. For that reason, they have a rational understanding of what needs to be done. That makes things much easier. (Sam Storms, August 2015)*

It is not only the commercial department that needs a good manager. The same is true of the buying and logistics department. Following a search, Pieter has found a very good manager who can initiate communication across departments, who quickly identifies the issues to be improved and who will take culture into consideration in the sense that people need to take more responsibility for their activities. For an objective view of the quality of his personnel and specific managers, Pieter has hired an interim human resource manager who will support the development for human resource policies for the different departments and will start an assessment trajectory for the current department heads and managers to see whether the individuals are capable of taking the next step in terms of professionalization and growth.

A related topic concerns the sales activities and the webshop. The commercial manager regularly presents his analysis of the order overviews, the deliveries, the development of turnover, and the website visits of the last few years during the meetings. Based on an analysis, the commercial manager thinks that although the market is slowly contracting, the number of clients is slowly increasing. For that reason, Treelab is growing at the cost of its competitors, especially in the chemicals segment. The threat of new entrants is also low in the chemicals segment because it is difficult to start producing chemical products. Sam thinks this is important for the future strategy of the firm. Moreover, ten percent of these clients can be equated with ninety percent of the turnover. The commercial manager considers the life sciences as a growing market and has hired a product specialist to approach this market. Another development that he sees is that robots are increasingly used in the laboratories, and quality controls are becoming more integrated into the processes.

*For me, it is worthwhile to sit down each year and put all the bits and pieces into a presentation. It is more or less the bundling of all the different elements that play a role. Normally, there is no time to sit down and think about the things we are doing. This forces me to do it. For that reason, in that respect, the presentation adds value. (Commercial manager, September 2015)*



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Pieter has prepared a plan, a budget and a plan for potential collaboration with other parties for a webshop, in addition to the online facilities where Treelab's products can currently be purchased. Sam is not sure why Pieter wants to have a new webshop, which would take orders away from the firm's current online facilities. Maarten thinks it is important to think beyond the plans that Pieter prepared and instead consider whether it is possible to reach new customer groups with this webshop who would not be reached with the current facilities. Pieter argues that the current facilities are an extension of the traditional sales channel and that it should actually be the other way around in the future. The current webshop is technically unimpressive, it is linked to the ERP system and only a partial assortment of products is represented, so something needs to be done. Maarten thinks that an omnichannel approach would perhaps work best; it might be worthwhile to dig deeper into that issue.

*The quality of the meetings has improved, but there is potential for further improvement. The meetings are reasonably structured; there is an agenda, we have meeting reports which I find important [...], especially regarding policy and strategy, which are discussed too little, in my view. We discuss new projects and the like, for example, the webshop. For that reason, we should have a webshop next to the existing sales channels. Then you can also see how opinions differ, and it is good to have a good discussion, that is important. However, before the webshop we should have discussed strategy, which now has been initiated for practical reasons. For that reason, we need to determine the importance of such a webshop for this firm, in this market, with these customers. Or perhaps you want to reach different customers. (Sam Storms, advisory board member, August 2015)*

### 8.4.2.3 Added value in terms of output

An overview of the output is provided in Table 13 below. Because Pieter asks few questions and takes care of many things autonomously, the output is quite limited. Apparently, Pieter does not expect much specific output.

*I do not expect them to tell me what to do. I often have a strong idea about how something should be done. I like to figure that out myself. [...] I really liked their suggestion to pay a dividend. This was not a lengthy discussion, but they thought that it would be better to do this before finishing the annual accounts. Most extensively we have discussed the webshop and the Internet. In the case of the webshop, eventually I decided not to proceed. (Pieter Willeme, director, September 2015)*

Because there was very little in terms of specific output, very explicit advice has been considered output in this case.

**Table 13** Output of the advisory board at Treelab

	<b>Output</b>
<b>M1</b>	Maarten stresses the importance of (1) moving Pieter from an operational to a more strategic role, (2) offering good services as a way to satisfy customers. He also suggests that in the event of an emergency situation in which Pieter could no longer direct the firm, the advisory board could help the other two children manage and make arrangements for the firm.
<b>M2</b>	Maarten's advice is to consider taking care of the logistics of used products and potentially adjusting Treelab's firm model. Moreover, he suggests collaborating with students to analyze the potential of an additional webshop versus existing online sales activities. Third, Maarten suggests calling the man who has approached Pieter about selling his firm to Pieter. The offer itself is not interesting, but it would be interesting to find out why the man wants to sell and what that implies for market developments.
<b>M3</b>	Maarten thinks that profit sharing should have a function. If it is standardized, it becomes part of normal job conditions.
<b>M4</b>	Maarten is convinced that an omnichannel approach is needed for Treelab to optimize its sales. He recommends contacting a person from his network for more information.
<b>M5</b>	Maarten thinks that an infrastructure for a multichannel approach must be included. Maarten suggests working on a solid SWOT-analysis, talking to many people, and attempting to understand what the analysis implies for the webshop plan. Perhaps a new firm plan is in order; look for possibilities to optimize returned goods. Think about the impact of the Internet on your market position. Maarten advises being careful with employee pension funds and determining whether Treelab is associated with a sector fund. In addition, decisions related to pension funds should be discussed with the employees' council.
<b>M6</b>	Maarten and Sam feel that it is important to hire a person who knows how to analyze the data (big data handling). Maarten thinks that Pieter should be careful not to lose a promising employee. Do not forget those who are paid too little.
<b>M7</b>	Sam thinks that a personnel policy should be developed that takes issues of aging and quality improvement into consideration. Maarten thinks it is important to take equity out of the core activities and put it into holdings instead.
<b>M8</b>	Maarten thinks that the financial manager should attempt to better understand the price differences resulting from the fixed prices in the systems.
<b>M10</b>	Sam thinks that it is important to calculate the earnback period for investments.

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	Maarten suggests thinking about the firm model: is it a service model or a production model?
<b>M11</b>	Maarten thinks that minimum prices need to be determined once per year; if an account manager wants to go below that price, he or she must first consult with the commercial manager. Maarten suggests the need to develop a policy for order costs.
<b>M12</b>	Maarten thinks it would be good to think about who could provide support in the area of buying and logistics. Maarten advises the execution of a non-disclosure agreement during a potential acquisition process.

*Maarten is quite critical about what the advisory board can contribute at Treelab. He thinks it is difficult to add value and is still searching for the right way to do it. However, both Pieter and Jan are happy with their advisory board because of the opportunity to discuss certain issues in depth and the advisory board's critical and independent outside perspective.*

*The advisory board fits my expectations now, but it has taken a while to get there. It now functions with a certain regularity, which I was looking for. The issues that we discuss are examined from a different perspective than if I were to discuss it with people here within the firm. And that is what I was looking for. [...] At the time that Sam joined us, we came to the current structure. To have numerous fixed topics discussed in-depth, what are the going-concern issues and what other dilemmas have you come across between the meetings. In addition, the more structure in the agreements we have, the more I am forced to prepare things, to distribute information and to ask to work on it in preparation for the next meeting. [...] For that reason, there is a trend in what we discuss: what are the developments of and about the firm and what are the implications for the long term? That is what comes back every meeting, and although I cannot obtain this input internally, but I do via the advisory board. (Pieter Willeme, director, September 2015)*

*After some of the meetings, I am a bit less enthusiastic, wondering about the real point of the meeting. The most valuable advice that we have been given is to pay out the dividend before settling the annual accounts. [...] However, I am aware that in these meetings, certain issues are discussed; the advisory board members open our eyes to certain issues, they help us broaden our views, but they also critically assess what we are doing. Of course, this is meant to support us in these ways, but it really works. We have also had to address some criticism and I think, well, that's fine, we can work with that. Sometimes, it only helps to be critical towards yourself or the firm's activities, but in contrast, we obtain certain input or contacts from the advisory board members' network that are worthwhile. (Jan Willeme, former director, September 2015)*

### 8.4.3 Practitioners

#### 8.4.3.1 Advisory board in relation to other advisors

*The advisory board has hardly any contact with Pieter's other advisors. For example, Pieter occasionally hires advisors to work with him on projects such as a new supply stock system or the extension of the production facilities, with all the safety and logistics issues related to that. However, these advisors are not involved in the advisory board meetings. The exception has been a meeting between Maarten and the accountant during the first year, and later, during an exploratory meeting between the advisory board and a specialist who was hired to assist with a potential acquisition trajectory.*

*Our accountant knows of the existence of the advisory board and has joined a part of one of the meetings. We discussed the annual accounts with him. But that's about it. (Pieter Willeme, director, September 2015)*

#### 8.4.3.2 Advisory board in relation to the management team members

*There is also hardly any relation between the advisory board and the firm beyond the relationship with Pieter and his father. In terms of development or change in the firm, the commercial manager notices little influence. However, he sees that Pieter has changed both in his role as director and in how he prepares new ideas and proposals.*

*I have mentioned the existence of the advisory board during a meeting of the employees' council. For that reason, I expect it to have been included in the minutes. I think that 90 percent of the persons present have forgotten about it. The management team members are more aware of the existence of the advisory board, but they have little to do with it. (Pieter Willeme, director, September 2015)*

The commercial and the financial manager do occasionally attend (parts of) the advisory board meetings when they are asked to do so. During these meetings, time is reserved for the contributions of these management team members in which they provide updates on their departments and future plans. The financial manager was hired long ago by Jan and has been part of the family firm and its culture for quite some time. The commercial manager was hired by Pieter in 2011 and has also been part of the family firm for a long time. It is not clear to them why they are involved in the meetings every now and then and what the advisory board members and Pieter and Jan do with the input provided. Also, between the meetings that they attend, the management team members do not receive automatic updates from Pieter about whether sales or finance are discussed and what was said, only if actions need to be carried out based on those discussions.

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*I have the impression that they want to know from me how I look at things. They ask questions to clarify certain matters. But I do not know what they do with it and whether it is of any use to them. That is difficult to assess. It will take another year before I see them again. It would be great to get some kind of feedback on what they do with the information. Last year, I told a similar story and they asked how I saw the development of the firm. And then there was silence. [...] I do not know what to expect. [...] Because I get no feedback, that might mean that I am on the right track. For that reason, I take it as a confirmation and continue doing what I have been doing. [...] It might be that Pieter brings in topics in the advisory board meetings that we have discussed in the management team meeting, but I do not know that either. (Commercial manager, September 2015)*

### 8.4.3.3 Between-meetings contact

*Whereas Pieter assumed that he would have contact with Maarten between meetings to discuss issues that would come up in between the meetings and to prepare the next advisory board meeting, that is not really the case. This is probably related to the fact that Pieter very rarely has questions for the advisory board either during or between the meetings.*

*When we started, Maarten said that he often gets calls from people where he is involved in the supervisory or advisory board, but I never talk to him between the meetings. Sometimes we will email about things we discussed in the meeting, that sometimes happens. But otherwise, no. I also do not have the feeling that I have dilemmas that I want to discuss with him or to get his advice, let us put it like that. I do not really do that. (Pieter Willeme, director, September 2015)*

*During the first year that Maarten and Pieter worked together, they met a few times, but not in a firm setting. They have played golf together, and Pieter was invited by Maarten for a cooking workshop at which he had the opportunity to meet other young directors in similar settings. Even though the advisory board members already knew each other quite well before they started to collaborate at Treelab, they also hardly see each other outside the advisory boardroom. At the start of the advisory board, they had contact to prepare their meetings together, but that lasted only a short while.*

*In the beginning, Maarten and I prepared the meetings together, but we do not do that anymore. We sometimes call in between the meetings, or we talk a bit after the meeting. You can see us leave together and then we talk a bit and evaluate the meeting. [...] I do not have any contact between the meetings with Pieter or Jan. If necessary I call, but there have not been any emergencies so far. We already see each other often. (Sam Storms, advisory board member, August 2015)*

## 8.5 Contextual factors

### 8.5.1 Family involvement

The advisory board at Treelab has a role in the succession process from father to son. On the one hand, it is used as a tool for Pieter to become more secure in his role as director and to have a sounding board that he does not have internally. On the other hand, it is used as a tool for Jan, providing him with the opportunity both to stay informed about important issues in the firm and to see that Pieter is capable of assuming the director role, representing the fourth generation in this family firm.

*My father's involvement in the advisory board is also related to the succession process. He can contribute to the meeting and to my role as a director, and for me it is nice that he is still involved. I do not want him to leave. His work is also his hobby so I like to have him around. If he were not involved in the advisory board, he would not be as informed about developments as he is now. I see no reason to change the situation. If we can keep him involved in this way, then I think it is fine. If he says at some point, 'I will no longer come to the office', then I am not sure whether he will remain involved with the advisory board. That is difficult to predict. (Pieter Willeme, director, September 2015)*

Whereas initially Jan would answer all the questions posed by the advisory board members, over time he has given Pieter more space and lets him answer the questions first, after which Jan will add and elaborate on certain issues. This development might be affected by the intervention of Maarten, who has discussed this issue with Jan.

*Jan should keep more of a distance and watch how Pieter is developing. I told him that outside our advisory board meeting. The daily route to the firm is such a routine; Pieter does not want to break that for him. (Maarten Spiertz, chair advisory board Treelab, September 2015)*

After the advisory board has operated for two years, Jan has played a double role, as he sometimes joins the advisory board members in advising Pieter how to handle certain issues. Pieter enjoys having his father as one of the advisory board members, but he mostly enjoys keeping him involved and informed about important issues at the firm.

*I do not tell him everything, not automatically. It is not that I want to hide things from him, but we do not have a fixed agreement that we meet every week or something like that. We always have informal, corridor chat. Or we walk by each other's office because something has happened. [...] During those moments, I also get advice that I did not ask for, that happens almost without noticing. [...] I think that it is good for him to have this role, because the things*

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*that Maarten and Sam inquire about, well, my father thinks more from a firm perspective than from the advisory board perspective. You can notice that in his answers. For that reason, he defends, he explains how things are going in the firm, and how it has always been this way or how it has developed like this. He provides input based on his experiences. [...] Because he is not involved in any other management meetings, he stays informed in this way. (Pieter Willeme, director, September 2015)*

Even though Treelab is a fourth-generation family firm, the family aspect is generally not a topic of discussion at the meetings. Jan occasionally makes a comment about his role in the firm or formalities regarding the ownership succession are discussed, but the discussions tend to focus on firm issues in which the family firm culture sometimes comes through, especially with respect to existing personnel policies. When a family crisis occurred - Pieter's younger sister had a heart attack and fell into a coma - the firm and advisory board were little affected. This is also because Pieter's sister does not work in the firm and is not involved as one of the owners. However, Pieter and Jan naturally were deeply affected deeply by this event, and during the first advisory board meetings after the crisis, more than 30 minutes of the meeting were spent on discussing the condition of Marloes and her progress in between meetings. It was mainly Jan who used the advisory board as a place to share his story and concerns about his daughter and her family.

### 8.5.2 Meeting locations

All meetings are held in the same room of the firm. Everyone has his own place at the table, and meetings are usually held on Mondays in the afternoon, from 15:00 to 17:30. In addition, the advisory board members once visited a fair where Treelab was represented, they have ended one of the meetings with a joint dinner to celebrate the 120<sup>th</sup> birthday of Treelab, and on a few occasions, Pieter and Maarten have held separate meetings to discuss firm opportunities with someone from Maarten's network.

*The frequency of our meetings is quite high, especially when you compare it to what we had in mind when we started; I thought we suggested meeting four times a year. Our meeting schedule is based on Maarten's advice to keep the pressure high. He likes that, and wants to discuss little things more often - even now, if you look at the length of our meetings, it is not 45 minutes or an hour and then we are finished, no. Every time we have lengthy discussions while I think 'now we begin again with discussing the figures', but because of that we can discuss all the issues that are related to the financial developments. I like that, it is continuous. [...] There are always issues to discuss, including short-term issues. For that reason, next week I come across an issue, and if by coincidence we have a meeting then I would put that issue on the table. But when it is a few weeks before the next*

*meeting takes place, the issue might have already disappeared or been resolved.*  
(Pieter Willeme, director, September 2015)

## 8.6 Final remarks

At Treelab, both Pieter and his father are involved during the preparation phase, but it was Pieter who decided to have an advisory board, and he has asked his father to be involved too by being one of the advisory board members. The advisory board at Treelab was created for various reasons. Pieter regards the advisory board as an appropriate vehicle to support him in directing the firm, as a sparring partner mechanism that he felt was lacking (there are no employees with whom he can really discuss his ideas) for himself but also for the sales manager and the financial manager, to operate as a control or disciplining mechanism to think and talk about strategy on a regular basis, and to keep his father involved in the developments of the firm and to use his experience. Jan supported him in these ideas. Pieter has invited a consultant who has helped them make his expectations and ideas concerning the advisory board explicit. Accordingly, supported by his father and the consultant, Pieter has made sense of the future advisory board's role and value for the firm.

Even though the meeting frequency is quite high and the role of the advisory board could be better evaluated and adjusted, it has helped in creating an internal sounding board for Pieter by working on the organization structure and having a logistics manager and a human resources manager who will perform the evaluation and possibly the replacement of the current managers and department heads. In addition to adding value at the firm level, the advisory board also performs a role at the family level. At the family level, the advisory board operates as a mechanism for Jan to slowly withdraw from the firm while remaining informed about the firm's important issues. Jan essentially plays a double role on the advisory board: on the one hand, he acts as an insider who helps Pieter respond to the questions of the advisory board members, and on the other hand, he joins the advisors in providing Pieter with input. Because Pieter is knowledgeable and experienced in firm management, discussions mainly take place on a strategic level, focusing on the quality level of personnel and managers to realize growth. Small changes to the setting and meeting structure have occurred over time. To a substantial extent, the agenda for the various meetings has remained similar.



## 9 Unique Configurations of Advisory Boards by Sensemaking

In the last four chapters, I have described the emergence processes and the roles of the advisory boards in strategizing in the various family firms, representing the first level of analysis. This chapter will continue with the second level of analysis. Both within-case and cross-case analyses will be presented to identify how the advisory boards as hybrid arenas involved in strategizing, consisting of practitioners, praxis and practices, emerge over time. Moreover, the analyses will identify how the differences between the cases have come about. The within- and cross-case analyses will be combined and discussed for each stage of the emergence process. This is done by providing my interpretation of the cases based on a combination of the data, the concepts from the strategy as practice perspective and the sensemaking perspective.

In this chapter, I will show that the emergence processes and the eventual roles of the advisory boards differ to a considerable extent because the practitioners involved adjust the advisory boards to each situation via sensemaking processes. My interpretations will relate to how sensemaking evolves through the interaction of the practitioners, the praxis performed, the practices used, and the content that is discussed in relation to the specific context in which the emergence processes of the advisory boards take place. This is in line with the strategy as practice perspective, which embraces the practice of doing strategy in relation to developments over time and the content and output of strategy. Both the process and the content dimension of the advisory board are discussed, as the combination of these dimensions constitutes the roles of the advisory boards in the family firms studied. The data are used to illustrate, motivate and develop the theoretical reasoning. The analyses presented in this chapter lay the foundation for the conceptual model and the theoretical interpretations in the next chapter.

### 9.1 Introduction

As explained in earlier chapters of this dissertation, advisory boards are free of legal frameworks or requirements and therefore provide substantial freedom to be organized to fit the situation at hand. More specifically, the practitioners involved must determine the tasks and roles of the advisory board in the specific context in which it is expected to support strategizing processes.

The cases demonstrate substantial diversity regarding the topics discussed. It seems very important whether the practitioners discuss family, firm or ownership issues and whether operational, tactical or strategic issues are discussed with respect to which kind of praxis are performed and by whom the practices are introduced. The different elements of the advisory board (the practitioners, their praxis and practices used, the content discussed) lead, in interplay with each other, to a specific contextualized outcome (the role of the advisory board) (Ragin, 1997). These contextualized outcomes have been illustrated in the four case descriptions. Whereas the advisory board at Solar Innovations Group can be considered a team of functional advisors, the advisory board at Florax Group is more like a coaching instrument. Whereas the advisory board at Collectron Group represents a reflection opportunity, the advisory board at Treelab is more of a safety mechanism.

It seems that the differences between the advisory boards are driven by the fact that the practitioners involved make sense of the advisory board differently. Accordingly, the advisory boards are fitted to the needs of the firm, the family members, the owners, the directors, and everyone who plays a role in the advisory board meetings. The content discussed (the type of topics and the strategic orientation of these topics) seems to be dependent on the life cycle of the firm and the knowledge and skills present in the firm or brought in by external practitioners, other than the external advisory board members. Moreover, the specific internal and external challenges that the family firm needs to address inform the discussion. The extent to which such challenges are urgent also varies widely among the cases.

In addition to these important differences among the cases, similarities can be observed. One important similarity among the cases is that all the advisory boards address improvement, learning and/or professionalization, even though the extent to which such an improvement is realized varies. For example, the practitioners involved in the Treelab case note that it is difficult to add value in their specific situation. At Collectron Group it is difficult to realize instant improvement because there are less urgent issues to be addressed than the Solar Innovations Group and Florax Group cases. In the Solar Group Innovations and Florax Group cases, the family firm decision makers need immediate help with numerous issues and accordingly, their improvements are more explicit and visible than in the other cases. Another similarity is that in all the four cases the directors are very happy with their advisory board and output can be distilled that fits their initial expectations.

By getting together during the advisory board meetings over time and negotiating consensus about the task at stake through which residuals of equivocality are addressed (Brown et al., 2015), it is expected that a common understanding of the role of the advisory board is reached. For that reason, the advisory boards slowly become organized over time and develop into routines (Maitlis & Christianson, 2014). Sensemaking is considered a dynamic and social process in which the practitioners involved interact and use cues to enact and order the environment. Sensemaking therefore fits the emergence process of advisory

boards relatively well. Sensemaking is done by the advisory board members and the family firm decision makers. It is important to note that the advisory board members can be both family and non-family members and can be both external and internal to the firm. For example, in the Treelab case, there are three advisory board members: two external non-family members and one internal family member (the incumbent). Pieter's father is officially one of the advisory board members, but in the meetings, he behaves as a former director, helping Pieter respond to the questions posed by Maarten and Sam. In each of the four cases, the advisors are mostly non-family, external people who are involved via the hybrid arena of the advisory board to add value to the strategy processes. This implies that in all cases, sensemaking unfolds across boundaries: the external advisors enter the firm and help the decision makers make sense of the issues at hand (Strike & Rerup, 2016).

In the four cases studied, the practitioners involved in the advisory board are therefore divided in two groups: the external advisors, referred to as the advisory board members who are formally hired to perform an advising role in the family firm, and all the other practitioners, referred to as the family firm decision makers because they are all in a position to either make strategic decisions or to have an important influence on them. It should be noted that this division between the external advisors and the family firm decision makers also has a timely aspect in the sense that the external advisors start as truly independent and outside advisors, but over time they slowly get acquainted and familiarized with the firm and the family firm decision makers and increasingly become one of them. Because all four cases involve external advisory board members, they might show events of mediated sensemaking, defined as *"the processes and prosocial orientation through which a mediator brings forward cues and points of view to generate pause, doubt and inquiry among actors who are sensemaking within a bounded context"* (Strike & Rerup, 2016: 881).

The next sections identify the various sensemaking processes during the emergence process of the advisory boards. Section 9.2 elaborates on the preparation phase. Section 9.3 discusses the post-conception phase, during which the practitioners involved need to make sense of the situations in which they have found themselves. Section 9.4 continues by discussing the second sensemaking activity during the after-conception phase, which is mediated sensemaking regarding content. Section 9.5 follows with discussing the third and fourth sensemaking activities during the after-conception phase, which are the mediated and collective sensemaking regarding the role of the advisory board. Section 9.7 concludes this chapter by presenting the cross-case analyses.

## 9.2 Sensemaking activities by family firm decision makers during the preparation phase

This phase lasted from approximately ten months to two and a half years prior to the first meeting of the advisory board. Accordingly, the sensemaking activities of the family firm decision makers began before the advisory board meetings did. In these sensemaking events during the preparation phase of the advisory board, the family firm decision makers involved me as one of the Raak research project members to support them in explicating why the family firm decision makers wanted to work with an advisory board and how this advisory instrument could help the firm move forward. In three of the four cases (all except Solar Innovations Group), a family business consultant was involved during this phase to help the family firm decision makers make sense of the potential advisory board. Making sense of something that will happen in the future is referred to as prospective sensemaking (e.g., Stigliani & Ravasi, 2012), including, for example, activities such as strategizing, developing new products, and planning organizational change. In addition to this prospective dimension of sensemaking during the preparation phase, the data show that sensemaking in some of the cases also has a collective character. Collective sensemaking has been defined by Stigliani and Ravasi (2012: 1232) as occurring when *“individuals exchange provisional understandings and try to agree on consensual interpretations and a course of action”*. In three of the four cases (all except that of Florax Group) there is more than one family firm decision maker involved in the sensemaking of the advisory board in the preparation phase, and Sjak (Florax Group) involved his most trusted employee in making sense of the future advising mechanism. However, the extent to which sensemaking is truly collective in the sense that agreement needs to be reached on the interpretation of the future advising instrument and the course of action differs across the cases. At both Florax Group and Treelab, only one person decided to work with an advisory board, even though they involve others in the sensemaking process. It is interesting to note that the period needed for the preparation phase is relatively similar across the cases; reaching consensus among numerous persons might take as much time as making the decision oneself. It might be even the case that when you are the only person who wants an advisory board, the preparation phase lasts longer because you have to take the initiative to make it happen and there is nobody else to ensure that you do it.

Table 14 summarizes for each case (1) the forms of sensemaking that have taken place to explicate the reasons the family firm decision makers want to work with an advisory board and the board's expected role, (2) the content of the sensemaking, and (3) the outcome of the sensemaking in terms of the advisory board members selected.

**Table 14** Sensemaking of the potential tasks and role of the advisory board during the preparation phase and its outcome

Case	Form of sensemaking	Creation of (joint) understanding; advisory board is needed to:	Outcome
Solar Innovations Group: 10 months	Prospective, collective sensemaking	<ul style="list-style-type: none"> <li>- take the firm to the next level</li> <li>- provide support in the search for an external director, who preferably will stay until the children are ready to take over</li> </ul>	3 external advisory board members (one female, two males) with expertise in family firm management, financial management and organization development.
Florax Group: 12 months	Prospective, individual sensemaking	<ul style="list-style-type: none"> <li>• enable future growth</li> <li>• help Sjak govern and manage the firm to guarantee its long-term continuity</li> </ul>	2 external advisory board members (2 males), both of them are experienced entrepreneurs. One of them has also run a family firm, sold it and now holds several board membership positions.
Collectron Group: 10 months	Prospective, collective sensemaking	<ul style="list-style-type: none"> <li>• inspire</li> <li>• provide support in learning, developing and improving</li> </ul>	3 external advisory board members (three males) with expertise in entrepreneurship, financial management and strategic marketing.
Treelab: 18 months	Prospective, individual sensemaking	<ul style="list-style-type: none"> <li>• enable further development of the organization</li> <li>• act as a controlling mechanism to talk about strategy on a regular basis</li> </ul>	Started off with two persons (both males), of which one of them is Jan (the father of Pieter). A year later, a second external advisory board member is hired (again male). Both external advisory board members are experienced corporate board members.

Even though the reasons the family firms wanted an advisory board varied considerably, the forms of sensemaking showed both similarities and differences across the cases. The sensemaking in all cases concerned expectations of a future advisory board and, therefore, prospective sensemaking. However, the extent to which this sensemaking was a collective activity differed considerably, primarily depending on the number of family firm decision makers involved.

## 9.3 Sensemaking during the post-conception phase

After the selection of the advisory board members, the post-conception phase of the advisory boards was initiated, starting with the first meetings. During the post-conception phase, three forms of sensemaking have been identified. In the sections below, the different forms of sensemaking will be discussed and explained, together with their outcomes. The connections between these different forms of sensemaking are discussed in section 9.4.

### 9.3.1 *Retrospective sensemaking by the individual practitioners*

Just as the family firm decision makers had to invest to learn about the concept of the advisory board and build an understanding of how this advising instrument could be helpful for them and how they could develop it, the advisory board members needed to build an understanding of the situation in which they had become involved. During the first meetings, the advisory board members are confronted by unfamiliar circumstances that do not yet fit their existing knowledge structures. They are involved in a sensemaking process, implying that they must attend to and bracket cues from the issues identified by the financial reports and other informative documents sent in preparation for the meetings, by the family firm decision makers, and by the wider context, including both the industry and the stakeholder relationships. They have to interpret and act upon these cues by giving advice during the meetings and making suggestions to adjust the role of the advisory board to the situation at hand. Through these actions, new cues and interpretations develop through which, over time, a more ordered environment is enacted (Maitlis & Christianson, 2014). It is important to note that in situations in which the advisory board members attempt to make sense of the situations at hand, they do so in retrospect (Weick, 1979). Only after the advisory board members have participated in the first meetings are they able to figure out what they are doing.

For example, in the case of Solar Innovations Group, the advisory board members were very surprised that their knowledge of general business activities was relatively limited. Even though they knew that Joost did not like all the managerial “stuff” that is inherent to a growing firm, it was not clear to them that Joost and the other family members had such limited knowledge for interpreting the financial statements. With respect to all business activities other than R&D, including sales activities, personnel issues and organizational development, the experience and insight of Joost and his management team members was relatively limited. Accordingly, the advisory board members feel that they need support on these issues before they can start dealing with strategy. Moreover, the advisory board members were drawn into the family and ownership domain, as these issues were put on the table. In the situation of Florax Group, the advisory board members needed time to figure out that Sjak operates as an entrepreneur, not as a

manager. They feel that a clear strategic framework, which should be the point of departure for all the decisions made, is still missing from Florax Group. Accordingly, the advisory board members do not ask about strategy but attempt to help Sjak take steps to reach the strategy level. They have suggested taking a course in strategic management, but when it became clear that Sjak is not going to follow up on this suggestion, the advisory board members left the topic undiscussed until Sjak is ready. At Collectron Group, the advisory board members needed quite some time to learn both the complexities of the firm and the internal dynamics among the three directors. They have also noticed that it takes time for the directors to become accustomed to working with an advisory board, to put their dilemmas on the table and to provide information updates so that the advisory board members understand what is happening. In the Treelab situation, the advisory board members have gradually noticed that it is actually quite difficult to be meaningful because the firm performs well, and the director and his father are well informed about both the firm and the market. Based on this insight, the advisory board members try different ways of providing value, a dynamic that they perceive as slowly improving over time.

Similar to the prospective sensemaking of the family firm decision makers during the preparation phase, these events of retrospective sensemaking by advisory board members during the post-conception phase differ to the extent that the advisory board members make sense of the situation either collectively or individually. All advisory board members can potentially engage in collective retrospective sensemaking and build a shared understanding of the situation at hand, as sensemaking is enacted through the praxis of the advisory board members. Through the reactions of colleague advisory board members to the situation at hand, it is visible to an advisory board member how the other advisory board members make sense of a situation. However, although it was important for family firm decision makers to create a shared understanding because the advisory board can only be created once, this need is not there in the situation of the advisory board members. This depends on how important it is to the individual advisory board members to have a shared understanding of the situation and whether they are willing to adjust their own understanding to the understanding of others and work on the creation of a shared understanding.

In the case of Solar Innovations Group retrospective sensemaking takes place both individually and collectively. This collective sensemaking is quite explicit in this case study. During the meetings, the advisory board members make sense of the situation, and afterwards they make sense collectively by having a separate email conversation or a discussion in their WhatsApp group. To these advisory board members, the creation of a shared understanding is important because they do not want to confuse the family firm decision makers by providing different views. The advisory board members feel that family members lack the knowledge and competences to weigh and compare different advice from different advisory board members, and therefore it is better to integrate the different viewpoints into one clear piece of advice. In the other cases, sensemaking is performed more individually, but the interviews have shown that the advisory board members

reflect on each other's interpretations of the situation. When the individual advisory board members' interpretations of the situations were discussed during the interviews, it became clear that in two of the other three cases, the interpretations aligned, although they were not explicitly discussed among the advisory board members (Florax Group and Treelab). These advisory board members note that they do not disagree with each other and that their input is mostly complementary. However, in the Collectron Group case, the interpretations of the individual advisory board members differ, at least to an extent. Whereas the chair does not feel that he lacks information or that the directors are not open enough in sharing their concerns, the other two advisory board members both share a concern that the directors are not open and willing enough to share information. However, their approaches to dealing with this issue differ considerably. Whereas one of the advisory board members directly confronts the directors with his concern (Pim), the other advisory board member thinks that the dynamic will deteriorate if he pushes too hard (Jaap). For that reason, Jaap uses a much more subtle approach in attempting to identify the issues and dilemmas instead of seeking a confrontation. Further, these advisory board members think that it might be somewhat enriching to bring in different opinions if this is the case and that the directors are competent enough to make up their own minds.

In addition to the fact that the advisory board members have had to make sense of the situations in which they have become involved, the sensemaking processes of the family firm decision makers have continued after the conception of the advisory board. Because the advisory board as a new arena involved in strategizing was entirely new to the family firm decision makers and they did not know what to expect of it, they have had to compare their expectations with their experiences in working with the advisory board members. As the case descriptions have shown, the advisory board meetings have exceeded the expectations of the family firm decision makers in all four cases. In the Solar Innovations Group and Collectron Group cases, the experiences of the family firm decision makers have been discussed collectively in other arenas. In the case of Solar Innovations Group, the family occasionally organizes family meetings to discuss issues that are relevant to the firm from a family perspective. During these meetings, the family also discusses their experiences in working with the advisory board and the issues that they want to discuss during the next advisory board meeting. In the Collectron Group case, the family firm decision makers discuss their experiences in the board of directors' meetings. During these meetings, the family firm decision makers decide which advice they will take from the advisory board meetings. In this case, they also choose the topics that they will introduce during the next meeting and how they will involve the advisory board, also in relation to the involvement of other advisors.



### 9.3.2 *Mediated sensemaking regarding content*

A second sensemaking activity in which the advisory board members engage during the post-conception phase is mediated sensemaking. As explained in the introduction to this chapter, mediated sensemaking is a form of adaptive sensemaking in which outsiders influence the local sensemaking of family firm decision makers (Strike & Rerup, 2016). Through the influence of an outsider, family firm decision makers will start doubting the sense they already made of things, because the outsiders puncture their entrapped frames of reference. Even though mediated sensemaking is similar to sensegiving in that both bring new cues and or knowledge to the fore, Strike and Rerup (2016) argue that the forms of sensemaking are different in 4 respects: (1) the sensegiving view considers the senior manager to give sense in a downward direction, (2) sensegiving is characterized by planned interventions, (3) the sensegiver is typically visibly engaged in overt action, and (4) the sensegiver is viewed as an integrated participant in local sensemaking. Mediated sensemaking instead potentially provides cues in many directions: it can be both planned and unplanned. Mediated sensemaking is often characterized as a subtle and less visible form of sensemaking, and the mediated sensemaker is typically not part of the local setting but joins from the outside. It is important to note that in the situation of the advisory boards, mediated sensemaking is based on the retrospective sensemaking of the situation. Only by having an understanding of the situation at hand will the advisory board members be able to advise.

This section discusses when and how the external advisory board members engage in mediated sensemaking regarding the content discussed. I first discuss the different forms of advising identified in the data and how these forms of advising are performed via a team approach. Second, I explain how retrospective sensemaking affects mediated sensemaking of content over time. Third, I elaborate on the changes in advising activities that occur over time. This section ends with an overview of the different domains that an advisory board can address and move between as the needs of the family firm decision makers change.

#### 9.3.2.1 Advising via a team approach

The different forms of advice described by Dalal and Bonaccio (2010) can all be identified in the empirical materials and come through in the activities performed: specific recommendations for and against certain alternatives, decisions or courses of action, the provision of information (including the provision of one or more alternatives without explicitly endorsing one of them), (social) support for organizing thoughts, and greater confidence and self-insight. These forms of advice vary widely from case to case. The content of the advice is informed by the challenges faced by firms and their decision makers. For that reason, by meeting and interacting, practitioners make sense of the situation itself and each other's understandings of the situation and their opinions and act upon it, for example, by putting issues on the agenda and giving unsolicited advice (Dionysiou & Tsoukas, 2013).

The advisors in Solar Innovations Group mainly provide functional advice to address the general business activities that can be directly followed up by the family firm decision makers. This approach makes sense in a situation in which the strategic orientation of the firm is still largely characterized by the operational level. The advisors in the Florax Group case support Sjak. They do this by providing reflections, suggestions, and specific advice about his role and issues within the firm, but they also spend a great deal of time discussing his personal issues. It is interesting to note that in the Florax Group case, the advisory board members primarily assume the role of mentors. Research shows that mentors provide two types of support to their protégés, including both psychological and career-related support (Bonaccio & Dalal, 2006). The advisory board members attempt to support Sjak and place him in the leading position instead of taking over. In the Collectron Group case, the advisors brainstorm various alternatives to consider and reflections on new plans. In the Treelab case, the advisors primarily control the discussion of strategic issues by meeting frequently.

It is important to note that in most cases, the advice of the various advisory board members is complementary and non-contradictory. As noted by Su and Dou (2013), because of the complementary perspectives of the individual advisors, teams of advisors identify issues more accurately and more systematically, leading to more optimal advice. Both in the cases of Solar Innovations Group and Florax Group, the advisory board members act in a complementary and non-contradictory way. As explained, in the case of Solar Innovations Group, the advisory board members attempt to align their views so that family firm decision makers are offered clear advice. Moreover, advisory board members have different backgrounds and expertise, so together they can provide a full comprehension and analysis of the issues at play. Family firm decision makers have specific questions and are helped most by receiving clear answers to their questions. The Florax Group case resembles the Solar Innovations Group case in the sense that Sjak also has specific questions. Because Sjak is alone, he puts himself in a dependent position and would like the advisory board members to tell him what to do. Even though the advisory board members do not contact each other outside the meeting to align their interpretations of the situation at hand, both of them reflect upon the other advisory board's member role as complementary to their own role. They grant each other space to bring in their views and sometimes they add a detail to the advice of the other. If a situation were to arise in which they do not agree, or experience a dilemma, they would contact each other outside the meeting. However, this has not occurred yet. Moreover, both of the advisory board members are careful not to take over Sjak's role in making important decisions for the firm.

The advisory board members in the Collectron Group case are also complementary to each other in terms of their backgrounds and expertise. However, their interpretations, reflections and opinions sometimes differ, which is discussed in the meeting. The advisory board members do not consider this problematic because they feel that a multitude of views would only enrich the family firm decision makers. The directors of Collectron Group do not consider

this multitude of views to be problematic either. Instead, they feel confident enough to pick the comments and advice that are the most valuable to them and work with those accordingly. The difference in the level of strategic orientation might explain why this approach works well in this case. If the directors had needed specific advice, they might have struggled with multiple pieces of advice that contradict each other. However, because the directors at Collectron Group operate largely at the strategic level, they are capable of making up their own minds. In the Treelab case, the advisory board members do not always agree with each other. By bringing in and analyzing multiple views during the meeting, they provide input that Pieter handles accordingly.

Another element of the team approach of the advisory board is that in two cases, the advisory board as a team interacts with some of the advisors with whom the family firm decision makers work on specific issues, in addition to the advisory board. In the other two cases, there is no direct interaction, but the activities of other advisors are discussed in the meetings. Therefore, in all cases, the advisory board at least reflects the activities of other advisors. The situation is most explicit in the case of Solar Innovations Group. In this case, the advisory board is actively involved in the ownership succession, and the advisory board attends the meetings of the family members with the accountant and the notary. During these meetings, the advisory board members help the family members understand what is discussed and the implications of the different options. Moreover, they challenge the accountant and the notary and essentially reflect on the quality of these persons. In the Treelab case, the advisory board has invited an advisor who was involved in a potential acquisition process to one of their meetings. In this situation, the advisory board members helped understand the situation and tried to obtain a more complete view of the situation by asking the advisor questions. In the other two cases, the advisory board has reflected on the work performed by other advisors on specific issues. Therefore, it seems that the family firm decision makers use the advisory board to provide support for working with specific advisors.

As explained by Schein (2009), “clients” are automatically put in a dependent position, as they lack the knowledge and expertise of the advisor. Accordingly, it is difficult to assess the relevance of the advice and the quality of the advisor.

#### 9.3.2.2 Changes in advising activities over time

Another dimension related to the content discussed is the development of the activities regarding mediated sensemaking of content over time. When Figures 7, 10, 12 and 14 are considered, no real development in the praxis is visible. Although there can be very strong fluctuations from one meeting to another (depending on which issues happen to be on the agenda), in the long run, the distribution of activities within each case seems fairly stable. There is no fundamental change in the praxis: in the first five meetings, they focus on inquiry and then change to consulting. However, within the categories of inquiry and consulting, some differences can be observed. To a large extent, this is related to retrospective sensemaking.

Through the retrospective sensemaking of the advisory board members over time, their understanding of the situation and the issues improves. Because they have obtained a better understanding of the situation, their advice becomes more specific over time. For example, general advice is initially given (*e.g.*, in situations of growth, it is not self-evident that current employees will be capable of taking the next step with you, or when starting a new activity, you should consider it as a project and determine beforehand how much time the project will be given to show its value). However, when the advisory board members know the firm and the family firm decision makers better, their advice becomes more specific. For example, in the Treelab case, the advisory board has supported making the unique selling point of Treelab more explicit. However, to do that they had to first build a good understanding of this unique selling point in their viewpoint. Only over time were the advisory board members able to reflect on how Treelab has differentiated itself from its main competitors and how this advantage can be maintained and further developed. In the case of Florax Group, the advisory board members reflected on the cooperation between Sjak and his newly hired department directors after having worked together. They then knew that Sjak would have difficulty in letting go of his involvement; that knowledge made them better able to help him handle the situation.

In addition to the advice becoming more specific over time, the praxis themselves differ. For example, in the Collectron Group case, whereas the advisory board members first engaged in asking basic questions to become informed about how things are done in the firm, in later meetings their inquiry took on a much more diagnostic character. They challenged the directors by asking why things were done in a specific way, what the implications would be or how they had arrived at a certain idea or plan. With Solar Innovations Group you can see that the advisory board members have slowly changed from being more prescriptive in their advice to offering more alternatives and suggestions and providing support in reflecting on these options.

This evolution in the praxis is probably enforced by the fact that the family firm decision makers also become accustomed to and learn from the dynamics in the advisory board. Many examples in the data show that because of this learning, during later meetings the family firm decision makers bring in proposals that are better prepared and considered. For that reason, whereas the advisory board members needed to take care of the initial steps in the development of an idea or proposal in the first meetings, in the later meetings, these first steps have already been tackled before they enter the advisory board arena.

#### 9.3.2.3 A classification of domains that advisory boards can serve

Regarding content, the cases have shown that the topics discussed (and therefore the content of the discussion) differ with respect to the strategic orientation and the domain of the family firm. The cases differ considerably in terms of the strategic level at which issues are discussed. Even though I expected beforehand, based on prior literature (*e.g.*, Blumentritt, 2006; Mitter et al., 2014), that the discussions would be held on the strategic level, the data showed that depending

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on the background of the family firm directors and the life stage of the firm, the discussions and advice provided are often very basic and instrumental. More specifically, Salvato and Corbetta (2014) argue that it is challenging to differentiate between operational and strategic issues in family firms, but the data collected during the advisory board meetings clearly showed differences between the cases in terms of the strategy level that is addressed (Shivakumar, 2014). For that reason, one dimension on which the advisory boards show considerable differences in terms of content discussed is the strategic orientation.

The second dimension on which the cases show differences in terms of the content of the discussion is the family firm domain in which the advisory board members provide advice. As Strike (2012) has pointed out, family firm advisors can address various types of issues, including the family system, the ownership system, the firm system or a combination of two or all of the systems. A team approach might be especially worthwhile to address the combination of the systems, and this is exactly what is shown in these cases, which clearly show diversity in terms of which topics are discussed and whether they relate to the owners, the family members, the firm directors or a combination of these roles.

Figure 15 below provides a classification of the various domains that can be addressed by family firms.

<b>Strategic orientation</b> <b>Family firm domain</b>	<b>Operational</b>	<b>Tactical</b>	<b>Strategic</b>
<b>Family domain</b>			
<b>Firm domain</b>			
<b>Ownership domain</b>			

**Figure 15** A classification of content domains to be addressed by advisory boards

The cases show a great deal of diversity regarding the content domains addressed. By making sense of how the advisory board could support the strategy processes in specific situations, the practitioners adjust the content discussed and the roles of the advisory board to what is needed for each firm and the related family firm decision makers. In terms of content, it is important to note that when functional knowledge on how to manage the firm is not yet available, the discussions tend to take place much more on an operational level in comparison to firms in which the directors are very knowledgeable and competent. Moreover, the advisory boards seem to be able to shift to the family firm system (firm versus family versus owners) that needs their input the most. As the data have shown that the advisory boards can potentially deal with all the domains in the classification, I do not

intend to suggest that there is one optimal role for the advisory board to be used in family firms. Instead, the data show that value is created by the contextualized and situated nature of the advisory boards.

The four cases studied in this dissertation are solely illustrations of the possibilities that are available to advisory board regarding the content of their discussions. Therefore, this classification should not be read or interpreted as a typology. Instead, the figure is first meant to provide insights into the options that are available. Whereas the advisory board at Collectron Group clearly focuses on one of the 9 domains that evolve from combining the strategic orientation and family firm domain dimensions (the strategic level combined with the firm domain), the other cases combine at least two of the three possible domains, and two of the cases combine domains on both dimensions. For example, Solar Innovations Group is active on all family firm domains at the operational level. The advisory board at Solar Innovations Group started in the firm domain, and the practitioners also addressed the family domain beginning at the first meeting, when the family values in relation to the firm were discussed. This further evolved when more personal issues were discussed in the advisory board meetings. Moreover, the ownership succession was extensively discussed during the third and fourth meetings, also addressing the ownership domain. In terms of the strategic orientation, the discussion has not evolved further from the operational level. Florax Group is mostly active in the firm domain, but is sometimes also active in the ownership and family domains. Additionally, it mostly discusses issues with an operational character, but some issues are also discussed on the tactical level. In the Treelab case, the content discussed tends to focus on firm issues. Family issues are also discussed occasionally, but the family dimension enters more implicitly, as Jan's advisory board membership is also related to the succession process in which they find themselves. Topics are mostly discussed on a tactical level, but the strategic level is also addressed.

The second objective of this classification is to show the potential for development. This development can be seen from a discussion on the operational level to the tactical level or from the tactical level to the strategic level and can address other domains of the family firm dimension. For example, in the cases of Florax Group and Treelab, the data show that the discussions occasionally move up one level on the strategic orientation dimension. At Florax Group, the discussions can also address topics that have a serious impact on the efficiency and effectiveness of the firm without changing its scope. For example, the changes that have occurred regarding the organizational structure can be considered tactical because they have important consequences for how the firm is managed, but it does not directly affect business activities. Whereas most of the topics discussed have an operational character, the topic of the organizational structure is important and has larger consequences for the firm. In the future, more tactical and perhaps even strategic issues might be discussed, once Sjak has gained more experience in dealing with the operational issues by himself. A similar development can be seen at Treelab, where the conversations occasionally evolve from the tactical to the strategic level. For example, a more strategic level of the

discussion can be identified when the potential for new business activities or market developments is discussed. However, few changes actually occur, so the discussion primarily concerns internal developments that have a more tactical orientation. Nevertheless, this development can also be seen in the family firm domain. Even though only firm issues have been discussed at Collectron Group, succession in management and ownership will become increasingly relevant over the years as Daan ages. It would thus be wise for the advisory board to address this issue in future meetings.

As shown, the advisory boards studied are heterogeneous in terms of the content discussed. This is related to the manner in which they are composed, the challenges that the firm and the family firm decision makers face, etc. Therefore, the perfect advisory board does not exist, just as the perfect family firm does not exist. Instead, my intention with the classification of the domains shown in Figure 15 is to position the advisory board in terms of what is needed for the family firm and what fits in terms of the competences of the directors and the life stage of the firm. Moreover, it shows variety in terms of how the advisory board can develop and create future value for the firm. For example, when most of the emergencies are addressed in the Solar Innovations Group case, the discussions could begin to involve from what to how and why questions and thus become more of a tactical and strategic orientation. Alternatively, in the Collectron Group case, the advisory board could begin discussing the future of the firm in terms of succession, which is a topic that should be addressed in the future. Even though the focus of the discussions might have always been on the firm level, in the situation of succession, the advisory board must also address family and ownership issues.

The next section moves from sensemaking regarding content to sensemaking regarding the role of the advisory boards.

### 9.3.3 *Mediated and collective sensemaking regarding the role of the advisory board*

During the post-conception phase, the advisory board members also engage in sensemaking regarding the role of the advisory board. It is interesting to note that in the different cases, sense is made of the role of the advisory boards in two different ways. In part, the advisory board members re-engage in mediated sensemaking, through which they help the family firm decision makers to make sense of how an advisory board could or should operate. Therefore, the advisory board members make various suggestions for the advisory board to work with by introducing new practices. In addition to mediated sensemaking, the various cases also all engage, to a greater or lesser extent, in collective sensemaking in which both the advisory board members and the internal family firm decision makers actively contribute to sensemaking of the role and tasks of the advisory board. It is interesting to note that in these situations of collective sensemaking, sense is made both of the past and the future (Stigliani & Ravasi, 2012). Collective sensemaking occurs during moments in which the functioning of the advisory board is evaluated. The practitioners reflect upon the activities that have been

performed over numerous meetings, whether they want to change things for the future and how this will be achieved. The empirical material shows differences in the extent to which the practitioners as a group reflect on their activities. In some cases, such evaluations are planned once per year, whereas in other cases, evaluations have not yet occurred. In the case of Collectron Group, there are also many informal moments of reflection in which the practitioners indicate that they are (not) happy about something specific. It is also interesting to note that evaluation takes place in some cases but that this evaluation is dominated by the advisory board members; in other cases, the advisory board members contribute equally to the discussion as the family firm decision makers.

This section discusses these two forms of sensemaking that occur by case and how they affect the functioning of the advisory board. I elaborate on the practices that are brought to the advisory board meetings by the various individuals and the moments of sensemaking through which the introduction of these new practices has emerged. Because the practices are not all similar administrative practices but differ in their specificity, I have divided them into general principles, working procedures and agreements (this has been explained in further detail on page 91). It should be noted that not all practices emerge through making sense of the role of the advisory board. Practices are also introduced without being related to the sensemaking on the role of the advisory board, for example, when they are related to content. For example in the third meeting, when Joost suggests inviting the commercial manager to the next meeting, the others agree. This practice is related to the discussion that the practitioners had about the firm's commercial activities.

#### 9.3.3.1 Sensemaking regarding role at Solar Innovations Group

In the Solar Innovations Group case, sensemaking at different moments over time is a mix of mediated sensemaking regarding the role of the advisory board and collective sensemaking in which both the advisory board members and the family members actively contribute to sensemaking. All of the practices are introduced by the advisory board, showing the dominance of the advisory board members in providing structure to the advisory board. The structure of the advisory board in this case has evolved relatively quickly, as the number of practices that are introduced decrease considerably over time. In the first meeting, the first three suggested practices relate to general principles that are followed in this advisory board (openness and transparency, both solicited and unsolicited advice, meetings attended by all the owners). The other practices can be characterized as working practices (*e.g.*, Maria is the family representative, meetings are held at least 4 times per year, etc.). In the next meetings, only 2 extra working practices are discussed, whereas the other practices tend to relate to agreements about the meetings, such as inviting others, putting topics on the agenda, and preparing issues to be discussed in future meetings. Moreover, several of the events of sensemaking are repeatedly discussed, including the involvement of the advisory board in the selection of the external director, the request to be informed by the advisory board members and the discussion of the new meeting structure when the external director starts to work in the firm.



**Table 15** Sensemaking regarding role and practices introduced at Solar Innovations Group

	<b>Events of Mediated Sensemaking regarding role and practices introduced</b>	<b>Events of Collective Sensemaking regarding role and practices introduced</b>
<b>M1</b>	Formally defining the role and tasks of the advisory board, based on a proposal of the advisory board members > 3 GPs, 8 WPs, 3As	
<b>M2</b>		Negotiation about the involvement of the advisory board in selecting the external director, based on advice seeking of the family > 1A
<b>M3</b>	The members of the advisory board demand to be informed of updates on issues discussed and advised against > no practices introduced	1. Negotiation of the involvement of the advisory board in selecting the external director, based on advice seeking of the family > same A as in meeting 2 2. Negotiation of the involvement of the advisory board in coaching Matthijs, based on advice seeking of Matthijs and the family > 1A
<b>M4</b>	No issues regarding the role of the advisory board are discussed.	No issues regarding the role of the advisory board are discussed.
<b>M5</b>		Evaluation > 1 WP
<b>M6</b>	No issues regarding the role of the advisory board are discussed.	No issues regarding the role of the advisory board are discussed.
<b>M7</b>	1. The advisory board members inquire about the new meeting structure when the external director starts working at SIG > no practice introduced 2. The members of the advisory board ask to meet the members of the management team on a regular basis > no practice introduced	
<b>M8</b>		The advisory board members inquire about the new meeting structure when the external director starts working at Solar Innovations Group, which is then discussed > WP
<b>M9</b>	1. Request for an update about a business activity that will be ended > no practice introduced 2. Request for updates about insurance of the risks involved in selling the machines in the US > no practice introduced	

For that reason, even though sensemaking with all the practitioners involved is restricted to the few times they meet per year, because some issues return to the agenda repeatedly, sensemaking on the role of the advisory board has a more continuous than episodic character in this case (Sandberg & Tsoukas, 2015; Strike & Rerup, 2016). The data show that during the meetings, the advisory board members purposefully provide suggestions and ideas and invite the family members to reflect on them and continue the discussion at the next meeting. The continuous character of the sensemaking is also reflected by the fact that both the family members and the advisory board members, as two separate groups, meet or contact each other between the meetings so they can align their ideas and expectations for the next meeting. The advisory board members at Solar Innovations Group therefore facilitate a continuous process of sensemaking (adaptive sensemaking) (Weick et al., 2005; Cornelissen, Mantere & Vaara, 2014) of the role of the advisory board for the firm. They also suggest reconsidering the role of the advisory board with the arrival of the external director, causing the practitioners to make their sensemaking more explicit. In the situation of Solar Innovations Group, it seems that with respect to the issues about which the family has a strong feeling, specifically the future situation with the external director, the development of a joint and shared understanding takes much more time than for those issues about which they either know little or do not have a strong feeling. In those instances, they rely on the input provided by the advisory board members and accept the sense made of issues by them without much discussion (mediated sensemaking).

#### 9.3.3.2 Sensemaking regarding role at Florax Group

At Florax Group, sensemaking regarding the role of the advisory board is mainly characterized by mediated sensemaking; moments of collective sensemaking do not occur frequently. The practices are all introduced by the advisory board members. It is interesting to note that even though Sjak would like to rely as much as possible on the input of his advisory board members, they hesitate to be dominant in defining the role of the advisory board because they feel that Sjak should learn to become more of a leader. For that reason, they provide hints and occasionally take the lead, but they really attempt to let Sjak assume his role as the owner-manager of the firm. It seems that the practitioners reflect quite a great deal on the role of the advisory board, which is referred to via the interviews, but they do not spend much time discussing this during the meetings. Some of the elements of sensemaking repeatedly return to the discussion, including the more structural elements of the advisory board such as the planning of the meetings, the topics on the agenda, and the structure of the meetings. It seems that these issues are especially important to one of the advisory board members (Koen) but are less so to Guus and Sjak. However, sensemaking of the role of the advisory board itself, beyond its structural elements, is quite limited during the meetings. There are no signs that sensemaking continues beyond the meetings, so sensemaking on the role of the advisory board at Florax Group has a character that is more episodic than continuous (Sandberg & Tsoukas, 2015; Strike & Rerup, 2016).

**Table 16** Sensemaking regarding role and practices introduced at Florax Group

	<b>Events of Mediated Sensemaking regarding role and practices introduced</b>	<b>Events of Collective Sensemaking regarding role and practices introduced</b>
<b>M1</b>		Which issues should be put on the agenda? > WP
<b>M2</b>	Request of advisory board member to add the going concern issues to the agenda > A	The first two meetings are briefly evaluated > A
<b>M3</b>	Request to get updates about changes > WP Request to structure the discussion > no practices introduced	Advisory board members inquire about their legitimacy regarding Sjak's family > no practices introduced Sjak indicates a struggle with his double role on the advisory board (internal family firm decision maker and chair) > 1A, 1WP
<b>M4</b>	No issues regarding the role of the advisory board are discussed	No issues regarding the role of the advisory board are discussed.
<b>M5</b>	1. Request for more information and the creation of a deeper understanding by Sjak and consequently the advisory board members > A 2. Request to plan dates for the meetings further in advance > (WP)	Request for advice by Sjak beyond the meeting > A
<b>M6</b>	1. Request to follow up on topics discussed in the prior meeting (WP) 2. Request to prepare issues better to have a valuable discussion (WP)	No issues regarding the role of the advisory board are discussed
<b>M7</b>	1. Request to determine priorities for agenda > A 2. One of the advisory board members stresses that they are primarily there to provide advice on business issues > no practices introduced	

### 9.3.3.3 Sensemaking regarding role at Collectron Group

Compared to the other cases, it can be immediately observed that the sensemaking at Collectron Group has a more collective character than the first two cases, but the intensity of the sensemaking is much higher. The sensemaking at Collectron Group is both planned (the “formal” evaluations) and unplanned, for instance, through a random comment made by one of the practitioners involved. Not only do the events of collective sensemaking occur more often at Collectron Group, but new practices are almost as often obtained from the internal directors as the

outside advisory board members. Sensemaking mostly evolves around the distance at which the advisory board operates in relation to the firm and other advisors used for specific issues such as an important acquisition and its implications for the contents discussed, the information provided, etc. Therefore, we see a great deal of repetition both in the practices proposed and in the events of sensemaking with respect to the role of the advisory board. In the 9<sup>th</sup> meeting, the practitioners seemed able to get past the issues discussed in the earlier meetings by suggesting real changes: working in a more thematic way in future meetings, using financial figures as a start instead of an important agenda item for each meeting, making the advisory board members contribute to the agenda, if they feel that is important to discuss certain issues but they have not been introduced by the directors themselves.

**Table 17** Sensemaking regarding role and practices introduced at Collectron Group

	<b>Events of Mediated Sensemaking regarding role and practices introduced</b>	<b>Events of Collective Sensemaking regarding role and practices introduced</b>
<b>M1</b>	1. Request for more information, and information continuity > A 2. Request for involvement in the acquisition process > WP	
<b>M2</b>	Discussion on how to ensure that the advisory board members are well informed about the issues discussed (A)	
<b>M3</b>	Request for better preparation for topics to be discussed in the meetings and provision of information prior to the meeting, to understand the context of issues discussed > 1GP, 1 WP	1. Discussion on the meeting report; directors feel the need to better explain the context > 1A 2. Evaluation of the first meetings > 2A
<b>M4</b>		Discussion on who prepares the agenda for the meetings; should the advisory board members also provide input? > A
<b>M5</b>	How to report the meeting with the MT members? > 1WP, 1A	1. Discussion on the agenda; advisory board members feel that the directors do not sufficiently identify the issues with which they struggle > WP 2. Discussion on how the meetings can be made most efficient and effective > 2A
<b>M6</b>	Request to follow up on items discussed in the prior meeting > 1WP	Request for everyone to think about a schedule to appoint and resign the advisory board members > A

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<b>M7</b>	Request by the advisory board members for more information and a more continuous information flow > no practices introduced	Discussion on the continuity of the membership of the advisory board members; working with a step-down schedule > no practices introduced
<b>M8</b>	1. Request for the monthly updates agreed on previously > no practices introduced 2. Feedback by Jaap on the time management of the chair > no practices introduced	1. Request for information, discussion of how the advisory board relates to other advisors working with Collectron and how distanced the advisory board should be > no practices introduced 2. Discussion on the involvement of the advisory board in a new business activity Structure of the agenda > WP
<b>M9</b>		1. Evaluation > 1 GP, 7 6WP, 2A 2. Request by directors to note the existence of the advisory board at Collectron Group on the website > A
<b>M10</b>	1. Request for follow up on action items 2. Request for information because the advisory board members did not receive the monthly reports, which they agreed on in M9 > A	

Even though the practitioners meet only a few times a year, they seem to make sense of the role of the advisory board beyond the meetings, as they return to previously discussed issues and come up with new or similar proposals each time to try to realize small adjustments in the functioning of the advisory board. The sensemaking on the role of the advisory board at Collectron Group therefore has a character that is more continuous than episodic (Sandberg & Tsoukas, 2015; Strike & Rerup, 2016).

#### 9.3.3.4 Sensemaking regarding role at Treelab

The moments of reflection in which sense is made of the role and tasks of the advisory board at Treelab are very limited. Two moments of formal evaluation have been initiated by the chair, and during the last meeting, Pieter asks whether the advisory board members could also formulate suggestions for the issues to be discussed. Hardly any practices are introduced into the arena by making sense of the role of the advisory board at Treelab. This is possibly related to the dominance of Maarten in the meetings and his guidance of the discussion in his role as chair. The only working procedure is introduced by Maarten, and Pieter follows up with an agreement. This indicates that during the meetings, the practitioners involved make little sense together of the role of the advisory board, and the advisory board

members seem happy with how the meetings take place, as they do not interfere by introducing practices. Because Pieter does not identify issues that he struggles with or have specific questions for the advisory board members, it is difficult to make sense of how the advisory board can add value for the firm and the family.

**Table 18** Sensemaking regarding role and practices introduced at Treelab

	<b>Events of Mediated Sensemaking regarding role and practices introduced</b>	<b>Events of Collective Sensemaking regarding role and practices introduced</b>
<b>M1</b>		Evaluation; Maarten has put the topic of evaluation on the agenda, he clearly indicates his objective regarding the support and role of the advisory board for Pieter, and he takes the lead in deciding which changes are made for future meetings > WP, A
<b>M2</b>	-	-
<b>M3</b>	-	-
<b>M4</b>	-	-
<b>M5</b>	-	-
<b>M6</b>	-	-
<b>M7</b>	-	-
<b>M8</b>	-	-
<b>M9</b>	-	-
<b>M10</b>	-	-
<b>M11</b>		Evaluation > no practices introduced
<b>M12</b>		Request by Pieter for topics to be put on the agenda for the next meeting > no practices introduced

#### 9.3.3.5 Sensemaking regarding role across the cases

Across the four cases, new practices are introduced in the advisory board. The use of such rational tools or formal practices is referred to as procedural strategizing (Jarzabkowski, 2005; Whittington, 2003). The practices that are introduced in the cases relate to more formal administrative practices that are used to organize much of the strategy work going on in the advisory boards. Whereas at two firms, most practices are introduced at the start and become routinized over time, while a few practices may be added occasionally, at Collectron Group, the practitioners keep discussing the practices through which they are mutated and subject to continuous change (Feldman, 2000). At Treelab, few procedural practices are discussed. Only at Solar Innovations Group and Collectron Group are general principles (GPs) introduced. At Solar Innovations Group, this occurred while discussing the rules and regulations of the advisory board during the first meeting. In addition, this is the only firm that spent half a meeting discussing rules and regulations. At

Collectron Group, the GPs are referred to in relation to the topics discussed, for example, in an acquisition, the directors can always reach out for help when needed. Later, during the evaluation, Stijn indicates that the advisory board members are there for the directors to share their worries.

What is apparent from these overviews is that most working procedures (WPs) are introduced at Solar Innovations Group and Collectron Group, and that whereas at Solar Innovations Group this has mainly occurred at the start and the WPs have mostly been introduced by the advisory board members, at Collectron Group, it is a combination of the advisory board members and the directors who introduce new WPs, which are introduced in a more continuous way over time. The agreements (A) regarding topics to be discussed during meetings or follow up on action items appear to be more continuous in all of the cases, but at Solar Innovations Group and Florax Group, the advisory board members dominate in introducing agreements. At Treelab, very few practices are introduced in all the meetings. It is interesting to note that in the cases in which many practitioners are involved (Solar Innovations Group (8) and Collectron Group (6)), more practices are introduced than in the other cases (Florax Group (3) and Treelab (4)).

The more practitioners are involved, the more individual mindsets are brought to the table, each bringing their own ideas, expectations and norms and values regarding the functioning and role of the advisory board. The more these individuals share a common base, the more these ideas and expectations are expected to align. For example in Solar Innovations Group, beyond the external advisory board members, five family members are involved who have shared a large part of their lives. However, their roles in relation to the family firm are quite different, so their interests and expectations might also be different. In the Collectron Group case, in addition to the external advisory board members, only one family member and two non-family directors are involved. These non-family members have worked at the firm for a long time, but their position and interests might be different, potentially resulting in slightly different expectations of the advisory board. In terms of the internal practitioners versus the external advisory board members, it may take more time to make sense of many individuals' mindsets and understandings than it takes to make sense of a smaller group of practitioners, as is the case at Florax Group and Treelab. It is important to note that the literature often talks about the "enactment of practices" (e.g., Jarzabkowski et al., 2016). However, with the emergence process of a new hybrid arena consisting of practices, praxis and practitioners in which the practices (procedures, guidelines and rules) are not institutionalized, the practitioners must start from scratch and bring in new practices via their praxis, and these practices need to be enacted again by the praxis. New practices are situated or localized by applying them in the specific context (e.g., Whittington, 2006).

## 9.4 Connections between the different forms of sensemaking

The prior sections of this chapter have described the different forms of sensemaking that can be identified during the preparation and post-conception phases of the emergence of advisory boards in the four cases studied. It has explained that the emergence process of the advisory board is a kind of search process in which the practitioners involved must make sense of an emerging new phenomenon with which they are working. Two particularly interesting observations have not been addressed by earlier research on sensemaking. The first insight is that the cases show a combination of sensemaking on the content (the advising itself) and the sensemaking on the emerging role of the advisory board for the firm and for the firm decision makers (are the activities performed in line with expectations, does the advisory board fit with what is needed for further development of the firm and the family firm decision makers, does the advisory board need other practices to work with, etc.). The second insight is that during the post-conception phase, different forms of sensemaking co-exist and interact with each other. Moreover, it seems that collective sensemaking can only occur after the practitioners have made sense of the advisory board situation individually and after some advising activities have taken place for which mediated sensemaking regarding content is needed. Moreover, depending on the extent to which the family firm decision makers have strong ideas about the functioning and the role of the advisory board, or they want the advisory board members to tell them how the advisory board should function, either mediated or collective sensemaking takes place regarding the role of the advisory board. In this section, I will describe the specificities of these two insights across the cases.

In the Solar Innovations Group case, the advisory board members have engaged in mediated sensemaking of both the role of the advisory board and the content. The family firm decision makers have tried to influence the sensemaking of content by asking for feedback both on personal matters, and on specific family issues such as coaching the children. The strong mediated sensemaking by the advisory board members is also visible in their sensemaking of the role of the advisory board. New practices have been introduced almost exclusively by the advisory board members; during the meetings, they provide numerous suggestions about how to work together in the meetings, such as requests to be informed about updates on issues discussed, asking to prepare issues better, and asking to meet the members of the management team. The intensity of the collective sensemaking at Solar Innovations Group is limited, possibly because of the dominance of the advisory board members. The dominance of the advisory board members might be experienced as intense by the family firm decision makers because they truly act as a team of advisors. On issues that the advisory board members regard as important, they align their thoughts before the meeting and ensure that to the greatest extent possible, they combine their ideas and suggestions into one piece of advice. As the mediated sensemaking is quite intense



in this case, there is less room for collective sensemaking. Only during the formal moments of evaluation and on issues addressed by the family firm decision makers themselves (such as the acquisition of the external director) do the firm decision makers actively engage in sensemaking and voice their thoughts and opinions. It is interesting to note that the advisory board members in this case felt that they did not need a great deal of time to make sense of the situation and the firm decision makers involved. It was very clear to them from the start that the firm had become very successful because of the entrepreneurial skills of Joost and some of the great products he had developed, but there was huge unexplored potential because other areas of the firm were lagging (originating from a lack of interest and knowledge in those areas) and there was a big risk because of the firm's dependence on a single large client, a situation that needed to be addressed as quickly as possible.

The situation at Florax Group is very different from that of Solar Innovations Group. First, in this case there are only three practitioners involved in the sensemaking, which might make things easier because there are fewer individuals involved with whom to create a shared understanding. The advisory board members provide suggestions and ideas about various issues to be discussed in the meetings, including issues that Sjak has not thought of yet, and invite Sjak to further reflect on those issues after the meeting. Second, what is special about this situation is that the owner-manager expected the advisory board members to engage strongly in mediated sensemaking or preferably even strong sensegiving. He wanted the advisory board members to assume a strong leadership role and tell him what to do. However, the advisory board members noticed in an early stage that Sjak showed a strong dependency on them and therefore actively tried to limit their mediated sensemaking activities to the greatest extent possible. In their view, Sjak had already shown himself to be a competent entrepreneur, but he still needed to develop strategic leadership, first by making decisions on his own with the input of others. For that reason, instead of telling him what to do, they tried to provide suggestions and made sure that Sjak would eventually have to make the decision. In terms of the role of the advisory board, they provided a few practices to create more structure in the meetings and the planning of the meetings during the year. In terms of content, Koen also attempted to provide some regularity by discussing some themes at certain times of the year, for example, by aligning the publication of the financial overviews with the meetings of the advisory board. However, it was Sjak who took the role of chair in the advisory board and always prepared the agenda for the meetings. For that reason, Sjak would introduce the themes for which he wanted advice and ideally, he wanted to be told what to do. For that reason, with respect to mediated sensemaking on the content, he expected a lot of input on the themes for which he wanted advice, but he would decide which content to discuss. In line with the Solar Innovations Group case, Sjak would also put private matters on the table related to his personal struggles with the firm, his father's legacy and his personal ambitions. In the Florax Group case, Koen especially seemed a bit confused about discussing these issues in the advisory board meetings because he thought he was

there to provide input on firm-related issues. Even though no formal evaluation moments had been planned during the post-conception phase of the advisory board at the Florax Group that I attended for my study, over the first 18 months of operations, there seemed to be more balance between collective sensemaking and mediated sensemaking in this case. The dynamics between the advisory board members and Sjak seem to have alerted the advisory board members to be less directive in making sense of the advisory board (both in terms of the role of the advisory board and the eventual decisions made (relating to content)) and ensuring that Sjak instead engages more in sensemaking himself, resulting in making suggestions about his own role in the meetings, the legitimacy of the advisory board in relation to his family and asking for advice beyond the meetings.

The Collectron Group case is ahead of the other firms studied in terms of strategy development. Before the advisory board was initiated, Collectron Group had developed a strategy plan, including its most important objectives for the coming years. Moreover, the board of directors, consisting of three persons (the owner-manager and the two non-statutory directors), had already discussed strategic issues together, but they also wanted to be inspired by external advisors with knowledge relevant to the firm. Moreover, in addressing specific issues such as acquisitions or organizational development, they were accustomed to working with advisors with specific expertise on those issues. The advisory board would have to complement the use of these advisors. The expectations for the advisory board were therefore quite well developed, but it took some time for the advisory board members to be informed of these issues. All these aspects have challenged the practitioners to find a suitable role for the advisory board. It has taken the advisory board members approximately the first year to understand the business activities of Collectron Group. During the post-conception phase, the advisory board members have continuously asked for more information in terms of both specific challenges that the directors were handling and the firm in general and its developments. Many of the practices suggested regarding the role of the advisory board concerned such informative aspects. The complexity of the firm in combination with the lack of information led to occasional frustrations, as the advisors felt they were not informed enough to advise. Agreements regarding the provision of information were often disregarded. Even though the advisory board members engaged in mediated sensemaking regarding content and provided many valuable suggestions and cues for the directors to work with, a great deal of time during the meetings was spent on collective sensemaking on the role of the advisory board, both during planned and unplanned sensemaking events. Collective sensemaking went beyond the role of the advisory board. More than once, the practitioners discussed who was supposed to provide input for the agenda, making sense of who could provide suggestions about which content to discuss. The challenge that the practitioners have in this case is to create a shared understanding relating to the content and role of the advisory board. This is likely to be related to the issues mentioned above, such as the advanced stage of strategy and ways of working, the issue of how distantly or closely the advisory board should operate in relation to other advisors and the fact that the firm is doing very

well. However, another aspect that might be involved is the openness of the directors and the power relations among them. Daan, Jos and Michiel have already directed the firm together for quite a while, and things were going well. Now, there are three advisory board members who formulate suggestions for improvement and ask them why and how they do things as they do. This can be challenging, even though they have actively and voluntarily chosen to work with an advisory board themselves. Moreover, because Jos and Michiel were essentially hired by Daan (they have small ownership shares), there is also a power dimension among the directors. In the advisory board meetings, it is mostly Michiel and Jos who respond to the questions posed, and Daan occasionally asks questions. These issues might all have an impact on the manner and extent to which the advisory board members are informed about the firm.

The sensemaking processes at Treelab is strongly influenced by Maarten. Since the advisory board began, Pieter and his father have shown great trust in Maarten. They knew that by having an advisory board there would be a fixed moment to discuss strategic issues and to have a sounding board that was lacking at the time. Pieter did not have people working for him with whom he could discuss strategic issues. Beyond these expectations, they did not have a clear view of how the advisory board should operate or what should be discussed. Because of his broad experience as a supervisory board member at numerous of firms and as a family firm advisor, Maarten showed a lot of confidence and in his role of chairperson laid down the ways of working of the advisory board at Treelab. Because Pieter did not know what to expect he trusted Maarten in his sensemaking of the role of the advisory board at Treelab. Because of Maarten's presence a year before the other advisory board member joined, Maarten's role is quite different from Sam's role. Maarten takes the lead and it could be the case that because they have worked together before, they are used to a similar way of working on a supervisory board. It is also interesting to note that both of them generally talk about a supervisory board instead of an advisory board, suggesting that they see little difference between the two. Because of Maarten's dominance, little time is spent on making sense together of the role of the advisory board. Maarten has organized two formal evaluations, in which he asked whether Pieter and his father were still happy with the advisory board and what his ideas regarding the future were. His dominance in chairing the meetings and providing structure to the advisory board are accompanied by few specific processual agreements discussed together. Maarten's strong role in making sense of both the content and the role of the advisory board have perhaps led to a lack of an active attitude on the part of Pieter, who does not often have specific questions for the advisory board members or provide challenges with which he struggles. Instead, the agendas for the various meetings are always quite similar; Pieter will provide updates on what is going on in the firm and the advisory board members will ask questions about them. For that reason, the strong dependence on the mediated sensemaking of Maarten perhaps has helped the practitioners involved to make a quick start, but over time it seems that the energy and the added value of the advisory board became a bit lost. The fact that the practitioners meet often and that the firm is

doing relatively well might also have an effect on this “negative” dynamic that evolved over time.

Reflecting on the comparisons between the cases, it seems that the retrospective sensemaking of the advisory board members takes longer in the cases in which the content discussed is at the tactical and strategic level, probably because it is more difficult to understand fully. Moreover, the more family firm decision makers are involved in the advisory board arena, the more complex the retrospective sensemaking is as the advisory board members need to understand the interpersonal dynamics among the family firm decision makers. The dependence of the family firm decision makers on the advisory board members seems to play an important role in the extent to which the advisory board members engage in mediated sensemaking. In three of the four cases, the family firm decision makers would like the advisory board members to tell them how to avoid certain issues and/or they want the advisory board members to give meaning to the role of the advisory board. Only in the Collectron Group case is a more equal positioning of the advisory board members versus the family firm decision makers visible, which might explain why the practitioners involved in this case spend much more time building a truly shared understanding of the advisory board via collective sensemaking.

## 9.5 Toward a shared understanding of the advisory board

As discussed in the sections above, the post-conception phase of the advisory board is characterized by various sensemaking activities. Through one of these sensemaking activities, collective sensemaking, a shared understanding of the role of the advisory board slowly develops over time. This shared understanding seems essential for an advisory board that is productive and steady, because all the practitioners involved believe that this is how the advisory board should function in this specific situation and how it should respond to possible internal and contextual changes. It seems that the Collectron Group case is the closest to having developed such a shared understanding. Through evaluation events, whether planned or not, the practitioners spend time creating a shared understanding. Even though the provision of information seems to continue to be an issue that is discussed in the meetings, in the ninth meeting the practitioners seem to agree on numerous things and collectively propose an adjusted way of working together.

Regarding the Solar Innovations Group and Florax Group cases, it seems that the family firm decision makers are not ready to substantially contribute to making sense of the role of the advisory board, possibly because they are still too busy addressing content issues instead of considering how the advisory board could be most helpful to them. Moreover, in these two cases the family firm decision makers rely on the advisory board members to suggest how the advisory board should operate. At Florax Group, formal evaluations have not even been

## *9. Unique Configurations of Advisory Boards by Sensemaking*

organized yet; at Solar Innovations Group, the family members mainly indicate during evaluations that they are very happy with all the input they receive from the advisory board members and that they hope to focus more on strategy in the future. For that reason, even though the practitioners collectively make sense of the content of the advisory board meetings, they do not discuss the functioning of the advisory board in relation to the firm and the family firm decision makers as such. At Treelab, it may seem that the advisory board is already quite established, as there is little sensemaking going on. However, this might be explained by the fact that the sensemaking is primarily done by one person: the chairperson of the advisory board. The question is how established the advisory board really would be if Maarten were to leave the advisory board. It is questionable whether Pieter and his father would hold to the ways that Maarten has laid down or whether they would again depend on a new chair, who might propose different ways of working. They have not actively reflected on how the advisory board operates, only slightly on the frequency of the meetings. And even though Jan indicated that he thinks the frequency is high, nothing has changed.

The cases therefore show that it is quite difficult to reach a shared understanding in the early stages of the emergence of an advisory board. Depending on the views of the practitioners (the advisory board members (either as a team or as individuals) versus the family firm decision makers) and the alignment of these views, the extent to which the family firm decision makers are open to learn from the advisors and the extent to which the advisory board members are willing to adjust their ways of working to the situation at hand, the dependence of the family firm decision makers on the advisory board members, and contextual issues such as the phase of the firm's life cycle, the competences of the family firm decision makers and challenges faced by the family firm, sense is made of the advisory boards in different ways.

This chapter has focused on the different forms of sensemaking that occur when a new arena is involved in strategizing emerges in a family firm. This is a first step to capture and interpret the emergence process and the role of the advisory board as a hybrid arena in strategizing in four family firms. The findings have shown that the advisory boards develop into unique configurations through making sense of contextual elements, content elements and processual elements. The next step is to theorize how the advisory boards emerge as they do and how they develop over time into situated and contextualized hybrid arenas in strategizing, which consists of practices, praxis and practitioners. For that reason, in the next chapter, I present my conceptual model and explain the underlying mechanisms that drive the emergence process of advisory boards.

# 10 Toward a Sensemaking Understanding of the Role of Advisory Boards in Strategizing in Family Firms

This chapter focuses on theorizing how advisory boards develop over time into uniquely configured hybrid arenas in strategizing that consist of practices, praxis and practitioners. The within- and cross-case analyses presented in chapter 9 are used as a basis to abstract from the second level of interpretation to the level of theory. In this chapter I elaborate on the finding that advisory boards materialize into unique configurations and the emergence processes of the advisory boards studied that differ to a considerable extent. They differ because the practitioners make sense of the advisory boards differently both in terms of content and in terms of the role of the advisory board. I combine the strategy as practice and sensemaking literature to deepen these insights and explain why and how the advisory boards develop in the way they do. Additionally, in line with the critical realist paradigm, I elaborate on the underlying mechanisms that drive the sensemaking processes and the unique configurations into which the advisory boards emerge. Together, these mechanisms and the sensemaking events and experiences of the practitioners described in chapters 5 through 9 constitute a foundation through which the emergence process of advisory boards can be understood.

In the next section, I introduce the conceptual model that illustrates the emergence process of the advisory board, combining the elements of the strategy as practice perspective and the sensemaking perspective. With this model, I attempt to integrate the insights gained so far and show why and how the interaction of the elements studied leads to different outcomes of the emergence process. Section 10.2 continues with the identification of the underlying mechanisms that drive the sensemaking processes in the cases and, thus, the emergence process of the advisory boards.

## 10.1 Development of a conceptual model

To integrate the empirical data and the theoretical interpretations described in the prior chapters, I have developed a conceptual model that builds on the work of others (Balogun & Johnson, 2005; Whittington, 2006; Brennan & Kirwan, 2015). Throughout this study, the main concepts from the strategy as practice perspective

have been used to provide structure in building an understanding of the emergence process of the advisory board as a hybrid arena consisting of practices, praxis and practitioners. A hybrid arena is characterized by a combination of formal and informal elements and can be used to avoid formalities within the formal strategic arenas while holding on to formal features such as clear boundaries in time and an intended agenda with specific strategic issues (Nordqvist, 2012). The advisory boards as described in chapters 5 through 8 show both formal and informal elements of strategic arenas. The advisory boards all work with some formal elements, such as formalized arrangements, chairpersons who receive extra pay for this additional element of the role of advisory board member, and scheduled and typically regular meetings with a set of established norms and routines. However, the advisory board is described by the practitioners involved as relatively informal, including elements such as on-the-side conversations and small talk.

This mix of formal and informal elements might be especially attractive to family firms because the alternative (having a supervisory board or a one-tier board with non-executive directors) involves going from a situation in which there is no periodic involvement of outsiders to a formal situation in which outsiders have decision-making authority. It is interesting to note that instead of attempting to decrease the level of formality within the usual strategic arenas, advisory boards are used to increase the level of formality, but only to a certain extent. The family firm decision makers in the cases studied all appreciate the informal atmosphere and it is important to them to remain in charge of the decision-making processes.

The need for a hybrid arena differed across the cases. Whereas both Collectron Group and Treelab needed another arena to become inspired and to have individuals to talk to about strategy beyond the individuals working in the firm, in the situation of the Solar Innovations Group and Florax Group cases, real “emergencies” played a role in the need for an advisory board’s help. These motivations for having an advisory board have been found to have a considerable influence on how the advisory boards operate and function.

The major differences between the cases that have been identified involve the practitioners that are involved in the advisory board (both the external advisory board members and the family firm decision makers), their understanding and expectations regarding the advisory board, the different practices that are introduced into the advisory board arena by the different practitioners and the praxis (the activities) in which they engage. The first and second levels of interpretation have shown that these differences emerge through various sensemaking processes. Through these sensemaking processes, the advisory boards have materialized into unique configurations. Because there is no legal framework or a list of criteria for having or working with an advisory board, no clear frames of reference, no norms, and no requirements, there is a great deal of freedom involved in how family firms work with advisory boards. Accordingly, the practitioners involved make sense of the role of the advisory board themselves. Even though there might be a general understanding of the phenomenon of advisory boards, because everyone might have an idea about the concept of

advisory boards (including, for example, numerous persons who are asked to advise the top-level decision makers in an organization and who meet several times a year), a large part of the role of the advisory board involves sensemaking of the actors involved and therefore is contextualized.

### *10.1.1 Different emergence processes, different outcomes*

Whereas in some cases, the advisory board members are dominant in the sensemaking processes or one of them is dominant and the emergence process of the advisory board is therefore more or less dominated by mediated sensemaking, in other cases, the advisory board members are less dominant and the sensemaking process can instead be regarded as a more collective process (Maitlis & Christianson, 2014; Strike & Rerup, 2016).

For example, the advisory board at Solar Innovations Group represents a team of functional advisors and as such, it has already provided a great deal of practical added value for the family owners. Not only have the advisory board members supported the ownership succession process, the search for an external director and coaching for the new generation family members working in the firm, they have also brought substantial value by identifying and addressing urgent firm issues such as the lack of a strong sales force and a sales strategy and the importance of an adequate workforce to join the growth and professionalization of the firm. In this situation, the advisory board members as a team have been very dominant in relation to the family firm decision makers in bringing in practices. Moreover, they have been very explicit in giving sense to the ideal functioning of the advisory board at Solar Innovations Group.

The advisory board at Florax Group can be regarded as a coaching instrument, performed by two wise uncles who feel very committed but also leave the job of leading the firm and making the decisions to the person who is supposed to do it. As such, it has added value not only for the owner-manager but also for the firm via the support and development of the owner-manager. The advisory board members have helped the owner-manager in delegating responsibilities to his firm unit managers and making time available for him to identify his personal ambitions and what he wants for the firm in the future. The advisory board members have supported letting go of tasks and responsibilities and allowing Sjak to direct the different firm units from a distance and from an ownership perspective. Even though in this situation the advisory board members also engage in mediated sensemaking regarding the functioning and role of the advisory board, here this sensemaking is done in a subtler manner driven by a lack of sensemaking by the owner-manager. For that reason, the advisory board members introduce new practices, but to a much lesser extent than at Solar Innovations Group and with the intention of coaching Sjak to assume this role.

The advisory board at Collectron Group can be considered an inspiration and reflection mechanism in which the directors themselves have taken the lead in setting up the advisory board and developing its role and function for the firm. The advisory board members act more as individuals in this case than as a team.



Just like the advisory board is supposed to make the directors reflect on their activities, in this situation the practitioners continue to reflect on the functioning and role of the advisory board together. The advisory board in this situation has a much more collective character.

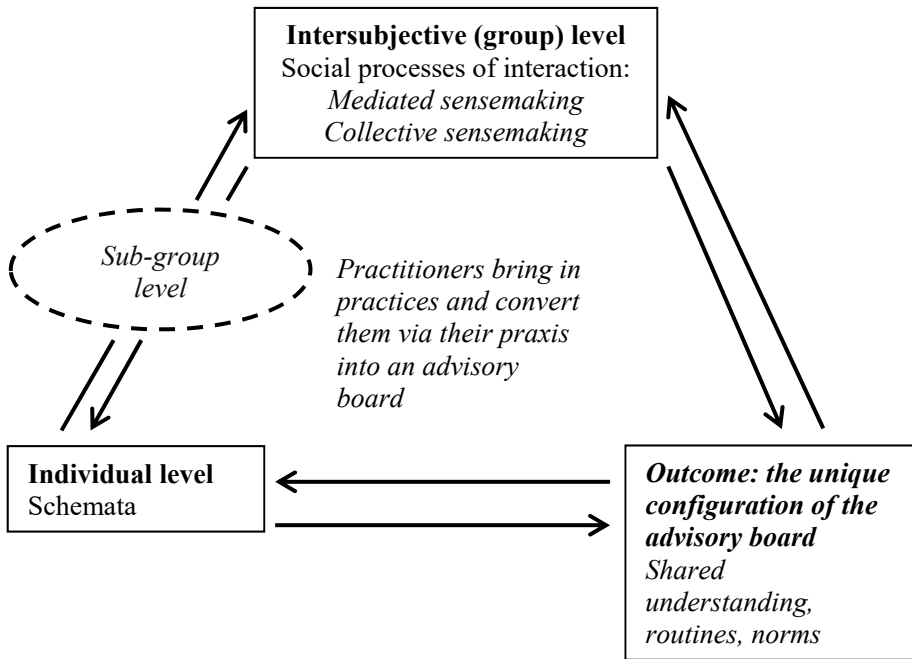
The role of the advisory board at Treelab can be identified as an incentive for Pieter to withdraw from the operational issues and focus on strategy as a safety mechanism. Moreover, the advisory board serves as a tool that helps Pieter adjust the organization in such a way that an internal sounding board for strategic issues is organized and more time is made available for Pieter to work on strategy. The advisory board members doubt the value of the advisory board at Treelab. This is interesting to note because the advisory board members are especially experienced and professional board members who have many cases for comparison. Pieter and Jan are very happy with the advisory board. It is also interesting to note that although it is noted by the advisory board members that the meeting frequency might be too high, they do not suggest changing it. In this situation, it is mainly the chairperson, who is one of the advisory board members, and the advisory board member, who was involved a year before the second advisory board member joined, who dominate the sensemaking process. However, the extent to which new practices are introduced in this case is relatively limited.

### *10.1.2 A conceptual model of the emergence process of a new phenomenon involved in strategizing*

The conceptual model suggested here integrates the sensemaking processes that lead to the different and unique configurations described above. The interpretation wrap-ups of the emergence process of the four advisory boards described above show that these processes are complex and dynamic and that the sensemaking processes seem to involve balancing acts in which the practitioners respond to each other, to the topics discussed and to the needs of the firm. The conceptual model suggested here intends to integrate these different elements and builds on the interpretations of the earlier chapters. The conceptual model is inspired by a figure designed by Balogun and Johnson (2005) that links the individual level of sensemaking to the intersubjective level of sensemaking during processes of change. It shows how the schemata (ways of thinking) held by individuals through social processes of interaction slowly develop into shared “in-progress frames of reference” (Isabella, 1990). Consequently, these developing schemata drive the change outcome through the actions and behavior of the practitioners involved. The conceptual model is also inspired by the integrative framework suggested by Whittington (2006), who linked intra- and extra-organizational elements of strategy work, building on the main elements of the strategy as practice perspective (the practitioners, the practices and the praxis). Brennan and Kirwan (2015) recently provided an adjusted version of the Whittington model, stressing how practitioners draw on practices and convert them into praxis.

The conceptual model provided in Figure 16 presents a combination of these models, adjusted to the situation of an emerging hybrid arena involved in strategizing, where there are no clear-cut practices to draw from. This shows how the different sensemaking processes at the individual and team levels link together to create a continuous cyclical sensemaking process that leads to a unique configuration of the advisory board. It also shows that the emergence of the advisory board is an unpredictable process that unfolds through the interactions of the practitioners involved. The basis of the conceptual model is the figure designed by Balogun and Johnson (2005), and the additions and changes to the figure made to visualize the emergence process of advisory boards are shown in italics.

Because the advisory board represents a new phenomenon involved in strategizing that the family firm decision makers have not worked with before, their individual schemata for how the advisory board should operate remain relatively undeveloped. This may or may not be the case for the advisory board members, as the extent to which they are experienced in performing as an advisory board member board differs to a large extent within and across the cases. These individual schemata develop over time, as the practitioners start to work together. Through their interactions in the advisory board meetings, the practitioners involved make sense of the new phenomenon that is supposed to be involved in strategizing. They make sense of the context in which they operate, they make sense of the challenges and content that should be addressed, they make sense of each other's competences and behavior, and they make sense of the role that the advisory board should play for the family firm and its decision makers. They make sense of these elements together through their discussions and agreements, and after the sessions the individuals reflect on the meetings and develop their individual schemata. Moreover, in some cases sense is also made at a sub-group level. For example, in the Solar Innovations Group case, the family firm decision makers plan separate family meetings to discuss the role of the advisory board in various issues that are relevant to the firm and its decision makers. Moreover, the advisory board members in the Solar Innovations Group case have contact between meetings to make sense of these issues and discuss how they will address them. Through sensemaking, both individually and together, the practitioners create a better understanding of the situation. Because of this development, the advice and the output of the meetings become more specific over time.



**Figure 16** The emergence process of the advisory board

These sensemaking activities lead to specific activities and behavior. I use the framework of Whittington (2006) and Brennan and Kirwan (2015) to explain how this is done. Based on their individual schemata, the practitioners involved bring in practices from the extra-organizational context and suggest working with them. Through their praxis (advice seeking, inquiry, consulting and evaluating), the practitioners internalize these practices and adjust them to the specific situation. The various elements together (the practices, the praxis, and the practitioners involved) materialize over time into unique configurations. The configurations are characterized by a shared understanding of the role of the advisory board in the specific situation, their ways of working, their norms, and their routines.

As the figure shows, this sensemaking is done both individually and at the team level, implicitly by reflecting upon it after the meetings, explicitly by talking about it during the meetings, and both during planned and unplanned moments of evaluation. Because the family firm decision makers have not previously worked with an advisory board, they mostly rely on the suggestions of the advisory board members on how to make the advisory board a successful advising instrument. As such, the advisory board members provide suggestions for practices to use, for issues to discuss, for information exchanges, etc. This is especially the case when the number of internal practitioners is limited to one or two people, as is the case at Florax Group and Treelab.

Sensemaking at the team level is characterized by mediated sensemaking and collective sensemaking. In all cases, outside advisors influence the strategic decision making of the family members. The cues and points of view provided by the advisory board members are derived from the extra-organizational context, so in these situations sensemaking crosses boundaries and social worlds (Strike & Rerup, 2016). Once the practitioners start to reflect together on aspects of the role of the advisory board, they engage in collective sensemaking. Through their collective reflections on the meetings that have taken place and their experiences working together (retrospective sensemaking), they build an understanding of the most optimal way to operate in the future (prospective sensemaking). For that reason, collective sensemaking involves a mix of retrospective and prospective sensemaking (Stigliani & Ravasi, 2012). Advice is not only based on sensemaking of the past: evaluations involve a discussion of the extent to which the practitioners are happy with the advisory board and what should be the ideal for the future. These events of sensemaking are occasionally planned (formal evaluation moments), but they can also be unplanned and evolve through the interaction of the practitioners (Sandberg & Tsoukas, 2015). The interest of the advisory board members in optimizing the functioning of the advisory board is to live up to the expectations of the family firm decision makers, who must ensure that they get value for money. In the cases studied, some of the family firm decision makers know rather well what they expect from the advisory board and engage strongly in sensemaking on the role of the advisory board, whereas others rely on the suggestions of the advisory board members.

It should be noted that advisory board members are not identical to organizational leaders (Maitlis, 2005), so the categorization of collective sensemaking cannot be used one-on-one in the situation of advisory boards. The advisory board members (the leaders) are hired by the family firm decision makers (the stakeholders) and therefore are also dependent on them. For that reason, there is not a situation involving leaders and followers, although some of the family firm decision makers rely heavily on the suggestions of the advisory board members about how to work together, what to discuss, how to prepare, etcetera (the practices to be used). Moreover, it is important to note that the role of the advisory board will always remain in flux as the practitioners involved continue to make sense of changes that occur, either internally or externally to the family firm and its decision makers. After having been involved in the family firm for some time, the external advisory board members do not need to make as much sense of the situation as they did at the beginning, because they have become familiar with the context. However, the shared understanding of the role of the advisory board, the routines and the norms will continuously be adjusted to changes.

## 10.2 Underlying mechanisms driving the sensemaking process

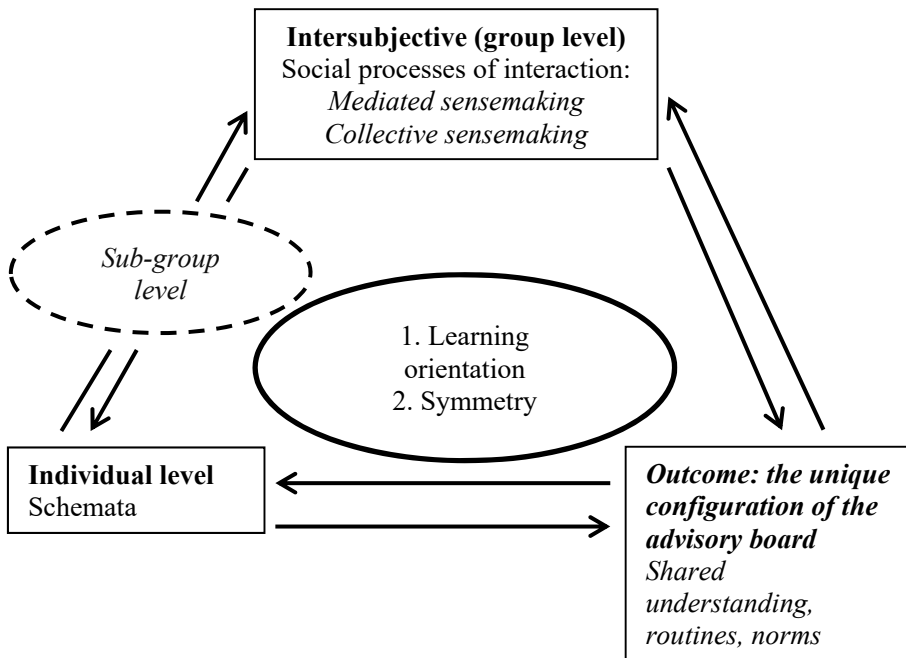
In line with the critical realism foundation of this study, this section elaborates on two causal mechanisms that drive the sensemaking processes in the advisory boards studied. *“Critical realists see mental phenomena as inextricable involved in the causal processes that produce behavior and social phenomena, and as essential to causal explanation in the social sciences”* (Maxwell, 2012: 16). These mental phenomena have consequences because individual behavior is influenced by how individuals think about and make sense of what is going on (Maxwell, 2012). The causal mechanisms identified for the emergence processes of the advisory boards (the period from the time family firms start considering to work with an advisory board to the advisory board’s first few years of existence) have emerged through building my understanding of why the various sensemaking events have occurred across the cases. The learning orientation and symmetry between the practitioners involved have played a recurrent role in driving the events of sensemaking. These causal mechanisms have either enabled or constrained the sensemaking processes.

The dependence of the family firm decision makers on the advisory board members has been very explicit in the cases of Solar Innovations Group, Florax Group and Treelab. The family firm decision makers in these cases have leaned on the advisory board members both for advice and for suggestions related to bringing new practices to the advisory board. Because of this asymmetric relationship between the family firm decision makers on the one hand and the advisory board members on the other, sensemaking processes have been dominated by mediated sensemaking and little collective sensemaking has taken place. The lack of dependence and a much more symmetrical relationship between the family firm decision makers and the advisory board members is visible in the Collectron Group case, which explains why there are many more events of collective sensemaking in this case.

In addition, the learning orientation dimension plays an important role in the sensemaking processes. This mechanism already plays a role during the preparation phase, as the family firm decision makers need to have a learning orientation to decide to work with an advisory board in the first place. When the family firm decision makers start to work with the advisory board, they need to be willing to listen and be open to the advice that they receive. This can be challenging because they have done a great job in building and developing their firm and have never had to cope with serious feedback before. In the new situation with the advisory board, family firm decision makers are suddenly confronted with the critical minds of advisors, which occasionally leads to defensive reactions by the family firm decision makers. Only when they realize that the advice is intended to help them are the family firm decision makers able to return to their learning orientation. The family firm decision makers are not the only ones who need a learning orientation. The sensemaking events suggest that learning

orientation also plays an important role for the advisory board members. First, a learning orientation stimulates the retrospective sensemaking of the advisory board members in making sense of the situation and thinking about the role of the advisory board in the given situation. Second, the events of collective sensemaking are stimulated by a learning orientation in which the family firm decision makers and the advisory board members reflect together on the role of the advisory board. These events of collective sensemaking take place during moments of evaluation during which the practitioners involved show that they are willing to learn and further improve both the advising dynamics and the output of the advisory board.

Figure 17 is a further elaboration of Figure 16, in which the causal mechanisms that drive the sensemaking processes and thereby, the outcome of the sensemaking processes, have been put in the center. The learning orientation and the symmetry between the two sub-groups involved in the advisory boards either enable or constrain the different sensemaking processes.



**Figure 17** The causal mechanisms driving the sensemaking processes

These two causal mechanisms are explained in further detail below, along with their implications for the sensemaking processes that together affect the emergence process of the advisory boards.

### *10.2.1 Symmetry*

The dependence of family firm decision makers on the advisory board members that is seen in the cases is referred to as the symmetry between the two sub-groups of practitioners involved. Hierarchy, power and status dimensions have been found to be crucial elements in the functioning of groups and teams because they have an impact on how team members work together, for example in making decisions about the distribution of resources and the allocation of labor, and how successful groups are in achieving their goals (Anderson & Kennedy, 2015). Symmetry is one of the two causal mechanisms that underlie the extent to which the practitioners engage in the different forms of sensemaking.

The extent to which family firm decision makers perceive themselves as dependent on advisory board members depends on how they perceive their competences and abilities in relation to the advisory board members. Both sub-groups (the advisory board members and the family firm decision makers) can be argued to have some source of power. The advisory board members bring their knowledge and experience, which is needed for the further development of the firm. In contrast, the advisory board members are hired by the family firm decision makers. The practitioners do not operate in a formal hierarchical structure; instead the (lack of) symmetry between the two sub-groups develops organically through the interactions, group members' evaluations of each other and perceptions of each other's prominence, respect, and influence.

The chair plays a specific role in the symmetry between the two sub-groups, as he or she has more influence on the functioning of the advisory board than the other practitioners involved. The chair leads the discussion, and thereby essentially decides how much time is spent discussing the different topics, but the chairperson also has the potential to guide the outcome of the discussion by concluding it. Indeed, the cases show that based on the individual perceptions and group dynamics, a chair is chosen to lead the advisory board. In most cases this is one of the advisory board members, but in the Florax Group case, Sjak himself has assumed this role. It is interesting to note that the chair plays a more prominent role than the other practitioners in only two of the four cases. Even though Sjak is the chair in the Florax Group case, most of the practices brought to the advisory board arena are suggested by the advisory board members. Moreover, whereas one of the advisory board members in the Collectron Group case has taken on the role of chair, that person does not dominate in bringing in new practices or guiding the discussion. Therefore, even though the chair has the potential to dominate, the cases show that the sensemaking processes are more strongly driven by the symmetry between the family firm decision makers and the advisory board members than by the role of the chair.

In the Florax Group and Solar Innovations Group cases, the family firm decision makers are impressed by the advisory board members with whom they work, and they perceive themselves as much less qualified and knowledgeable. For that reason, they put themselves in a very dependent position in relation to the advisory board members. Consequently, the advisory board members engage to a

large extent in mediated sensemaking, whereas collective sensemaking remains relatively limited. In the Collectron Group case, there is much more symmetry between the advisory board members and the family firm decision makers. In this case, the directors suggest as many new practices and ways of working together as the advisory board members. In this case, sensemaking on the role of the advisory board is dominated by truly collective sensemaking processes. In the Treelab case, Maarten has taken the role of chair and dominates the sensemaking processes because of his experience as a board member in family firms and the group's judgement of Maarten's competences. Pieter wants Maarten to take the lead because he is an experienced and competent board member who should direct the way. It is interesting to note that Pieter does not feel entirely comfortable about his dependence on Maarten. However, he has not tried to change it.

Research has shown that the highest-ranking group members have a disproportionate influence over the group by speaking more frequently (Báles, Strodtbeck, Mills & Roseborough, 1951) and by providing the first proposal, which is most often selected as the final answer (Anderson & Kilduff, 2009). Prior research has also shown that those individuals who are held in high regard and admiration by the group are given more attention, more chances to participate, and more control over the group's processes and decisions than others (Anderson & Kennedy, 2015). It is important to note that a distinction is made between informal and formal status hierarchies that emerge in groups. Whereas the informal variant of hierarchy refers to the differences in respect and influence that develop organically through interactions, group members' evaluations of each other and perceptions of each other's prominence, respect, and influence, the formal variant involves differences in the formal organizational hierarchy (Anderson & Kennedy, 2015). The informal variant of hierarchy described by Anderson and Kennedy (2015) is exactly what happens during the advisory board meetings.

Why status hierarchies in groups exist, how they emerge, why some individuals attain a high status whereas others do not, the impact of hierarchy on group performance, etc. has been explained by, *inter alia*, the functionalist perspective (Anderson & Kennedy, 2015). The functionalist perspective proposes that status hierarchies facilitate group success by serving numerous functions and helping them solve some of their most fundamental problems: (1) overcoming the challenges of disagreements, for example, concerning the group's goals, the ways to achieve those goals and possible solutions to problems, (2) motivating the group members to behave in the best interest of the group and to invest and contribute to the group's success, and (3) supporting the coordination of the individual group members' behavior, for example, by allocating tasks and responsibilities, organizing communication among members, and minimizing intra-group conflict (Anderson & Kennedy, 2015). Team members who are perceived to have the strongest skills and abilities and who contribute the most to the team are afforded high status. However, it is possible that perceived competences are not similar to actual competences. It is not clear how much hierarchy is needed to optimize the group functioning, and it is proposed that five



conditions moderate the effects of hierarchy steepness: the types of the group's tasks, whether or not the right group member has been selected as leader, how the leader's possession of power modifies his or her psychology, whether the hierarchy facilitates or hinders intra-group coordination, and whether the hierarchy affects group members' motivation in positive or negative ways (Anderson & Brown, 2010).

It is interesting to note that the functionalist perspective on hierarchy seems to be quite relevant to the functioning of the advisory board. Even though the advisory board may operate in a more stable way and in a way about which the practitioners involved have reached consensus, therefore requiring symmetry to drive the sensemaking processes, in some of the cases the advisory board members are not ready for a symmetric relationship with the advisory board members. They still need to develop their competences and perhaps even their self-confidence and build experience in working with the advisory board members before they are ready for a more symmetric relationship. Currently, they are happy that the advisory board members take the lead in defining the role of the advisory board. Therefore, it could be argued that the current asymmetry between the practitioners involved is functional.

### *10.2.2 Learning orientation*

In relation to the advisory board, learning orientation can be considered a causal mechanism that underlies the extent to which practitioners invest in sensemaking both within and beyond their meetings. A learning orientation of the advisory board members is essential to adjust the advising to the situation at hand and to contextualize the role of the advisory board. A learning orientation on the part of the family firm decision makers is essential to the extent that they are willing to put their real challenges on the table, that they will use or disregard the advice, and that they think about how they can use the advisory board in the way that fits the situation best. The learning orientation of the group can explain the extent to which the practitioners reflect on their own role and the role of the advisory board as a whole during evaluation events. The identification of the learning orientation as a mechanism that drives the sensemaking processes of the practitioners involved in the advisory board is in line with earlier research performed by K. P. Hendry et al. (2010), who focus on strategizing by boards. K. P. Hendry et al. (2010) find that boards have to address three challenges to perform their strategic task well: (1) they have to reach a collective agreement on their strategic stance (maintaining the status quo or striving for strategic change), (2) they need to understand the power relations between themselves and management, and (3) they need to understand the perceived legitimacy of different forms of strategizing on the part of individual directors and managers. Dealing with these challenges automatically leads to and implies reflexivity; it provides a way of discussing and changing how a board engages in strategy such that this engagement better fits the organization's context.

The cases show differences in the learning orientation of the individuals. All the practitioners involved in the Solar Innovations Group and Florax Group cases show a strong learning orientation. The family firm decision makers are unafraid to present their challenges, even to the extent that they present themselves as relatively vulnerable. The level of trust in both cases seems very high and the family firm decision makers feel that they can learn a great deal from the advisors and want to use this opportunity to the fullest. For example, even though in the case of Solar Innovations Group the family members are challenged by the inquiry of the advisory board members, Joost and the other family members are all very open to learning from the discussions, questions and feedback that they receive. In addition, the advisory board members in these two cases show a strong learning orientation, represented by the fact that they invest effort in contextualizing the role of the advisory board. At Solar Innovations Group, the advisory board members do this together. They even have separate evaluation sessions in which they reflect on their role and the value they provide to the firm and the family members. Even though their ideas and suggestions do not necessarily align with the ideas of the family members regarding the new meeting structure when the external director arrives, they do think about it instead of applying a standard structure that they also use in other advisory or supervisory boards. In the Florax Group case, the advisory board members do not contact each other between meetings, nor do they have formal evaluations. However, they do think about how as advisory board members, they can help Sjak develop his role in the firm. They indicate that it makes no sense to push too hard on discussing strategy for which Sjak is not ready. Moreover, they are well aware of the dependence that Sjak shows towards the advisory board members and the danger of making decisions for him.

In the case of Collectron Group, different mindsets are at play. The directors have voluntarily chosen to work with an advisory board, which would suggest a learning orientation, but it seems that it has taken Jos and Michiel, and perhaps also Daan, time to move from a performance avoidance orientation to a learning orientation. When asked about this, Jos indicated he was well aware of the need to defend himself during meetings, whereas he knows that the advisory board members are there to help them to improve. It is interesting to note that Michiel is responsible for preparing the meetings and informing the advisory board members about the issues discussed. However, the data show that ever since the first advisory board meetings, the advisory board members have requested more information, and this dynamic has not improved over time. Even though Jaap, as one of the advisory board members, is especially aware of this dynamic, he has decided not to push harder because he worries that the level of trust between Michiel and the advisory board members would be negatively affected. Pim has become frustrated about the information issues, and he has not discussed any reflections on his own role in this dynamic. Instead, as opposed to Jaap, he says to always be clear and push hard on things that can be improved and that the family firm decision makers should be able to cope. This is just his way of working, he says, showing that he does not adjust his behavior according to

different situations. The chair of the advisory board has not been particularly aware of the information issues and does not see a problem. However, he has suggested working in a more thematic way, which seemed to suit the situation well when discussed during later meetings. The learning orientation of the advisory board members therefore also seems to differ.

The situation at the Treelab case also involves a mix of mindsets. Even though Pieter is very open and provides all the information that the advisory board members would like to receive, he does not show much eagerness to learn. As noted above, he likes the continuity of the meetings to ensure that he works on strategic issues (such as a control or safety mechanism), but he does not use of the advisory board to the fullest by challenging them with questions or ideas. As the other family firm decision maker (and, formally, one of the advisory board members), Jan, who attends the meetings, does not provide input by preparing issues to be discussed. He participates in the discussion, but the advisory board is for Pieter. The advisory board members indicate that they are there to support Pieter in his role, and Maarten suggests going out and meeting someone he thinks would be interesting for Pieter to talk to about business or inviting members of the management team to talk to on occasion. However, they also consistently talk about the supervisory board instead of the advisory board, which seems to suggest that they do not see much of a difference between the two. Even though Maarten sometimes suggests minor adjustments, as mentioned above, he does not propose bigger changes to bring energy into the meetings. For that reason, both the family firm decision makers and the advisory board members do not *not* have a learning orientation, but they show little eagerness to use this learning orientation, resulting in a lack of sensemaking regarding both the role of the advisory board and the content discussed.

The literature discusses the learning orientation as part of the goal orientation, a central concept used in achievement goal theory (Dweck, 1986), which proposes that individuals have motivational tendencies to pursue different goals based on their underlying beliefs. These goal orientations influence how people approach, interpret, and respond to situations and challenges. Achievement goal theory proposes that individuals either have a learning (also called mastery) orientation aimed at pursuing growth or a performance orientation aimed at demonstrating competence or avoiding to demonstrate incompetence (Dweck, 1986). These differences in goal orientation lead to different behavioral patterns. Dweck and Leggett (1988) were able to show why individuals in the same situation pursue different goals. These authors argue that the goal orientation is related to individuals' self-conceptions; their implicit conception about the nature of ability. Conceiving of one's intelligence as a fixed entity is associated with adopting the performance goal of documenting that entity. Individuals exhibiting a performance orientation focus on their ability and its (in)adequacy and view challenging problems as a threat to their self-esteem. In contrast, individuals showing a learning orientation conceive of intelligence as a quality to be developed. This orientation is associated with the learning goal of developing that quality. Such individuals focus on mastery through strategy and effort and view

challenging problems as opportunities for learning something new (Dweck & Leggett, 1988). This also has implications for affective reactions and behavior regarding challenging issues. Performance-oriented individuals experiencing failure are either left with a low-ability judgement following a feeling of anxiety and depressed affect, a sense of shame may set in, or they could adopt a defensive, self-protecting attitude, devaluing the task and expressing boredom or disdain for it (Diener & Dweck, 1978). For learning-oriented individuals, the occurrence of failure simply signals that the task will require more effort and ingenuity for mastery, creating the opportunity for a more satisfying mastery experience, producing a heightened positive affect, an increased determination, and intrinsic rewards, pleasure and pride (Dweck & Leggett, 1988).

Achievement goal theory has a foundation in social and educational psychology and has received widespread support in various disciplines for its ability to predict behavior in achievement situations (Chadwick & Raver, 2015). It has been used in organizational studies since the 1990s and in this literature stream, goal orientation has developed into a three-factor construct: the learning orientation, the performance approach orientation (seek favorable performance judgments) and the performance-avoidance orientation (avoid negative performance judgments) (Chadwick & Raver, 2015). It is interesting to note that the conceptualization of the goal orientation as a trait versus a state has been greatly debated. Studies have provided evidence both for the important role that the environment plays in making mastery and performance orientations more or less salient and for goal orientation as a trait, similar to other psychological variables such as self-esteem (Payne, Youngcourt & Beaubien, 2007). Moreover, Payne et al. (2007) have shown that whereas the types of goal orientation were originally conceptualized as different ends of the same continuum (Dweck, 1986), the learning and performance dimensions can also be correlated and are not necessarily either-or dimensions.

According to Chadwick and Raver (2015), goal orientation can best be conceptualized as a behavioral norm at the group level. As such, goal orientation is embedded in the organizational culture, which impacts how learning processes are institutionalized throughout the organization. Group norms provide standards that guide members toward appropriate behavior in that context and they develop through interactions among group members and are informally agreed upon (Chadwick & Raver, 2015). Based on the suggestion of seeing goal orientation as a behavioral norm at the group level, Chadwick and Raver (2015) come up with three propositions. First, they suggest that a learning orientation norm encourages members to *“approach achievement settings as opportunities for increasing the group’s competence, thereby promoting behaviors such as feedback seeking, high levels of task-related discussion, and risk taking (i.e., experimentation of new ways of developing knowledge rather than carelessness), coupled with a high tolerance for immediate setbacks so long as they lead to long-term improvements”* (Chadwick & Raver, 2015: 963). Second, they propose that a performance approach orientation *“encourages members to approach achievement settings as opportunities to prove the group’s competence, thereby encouraging members to*

*put in high levels of effort on the current task, engage in impression management activities (e.g. only seek feedback with outsiders when they are performing well), and be intolerant of anything that reduces task focus”* (Chadwick & Raver, 2015: 963). Third, Chadwick and Raver argue that a performance avoidance orientation *“encourages members to approach achievement settings as potential threats that can expose incompetence, which produces risk-averse behaviors such as secrecy about mistakes as well as the avoidance of criticism”* (Chadwick & Raver, 2015: 963). They continue by arguing that at the firm level, the behavioral group norm on goal orientation manifests *“as a shared perception of assumptions, values, and practices that communicate the organization’s approach to achievement situations”* (Chadwick & Raver, 2015: 965), implying that the goal orientation emerges as part of the organizational culture. They propose that organizations develop collective goal orientations as a result of shared experiences and retrospective interpretations of the right way to approach achievement and that organizational goal orientations become visible in manifestations of culture, including symbols and organizational policies, practices, and practices that encourage specific goal orientations.

Whereas both symmetry and asymmetry can be beneficial for the sensemaking processes and the role of the advisory board that emerges, for the goal orientation, it can be concluded that a learning orientation enables the sensemaking processes, whereas a performance orientation constrains the sensemaking processes. This is evident, for example, from the Collectron Group case, which involves individuals who have (at least partly) a performance orientation. In the Collectron Group case, the two non-statutory directors show a strong performance orientation during the first advisory board meetings. They are eager to show how well they have done, and they are somewhat frustrated and annoyed when the advisory board members react by arguing how they would have been able to do even better instead of being impressed by their work. Only after some time do they realize that these comments are meant to help to further develop and improve. Moreover, one of the advisory board member shows little reflective capacity and makes generalized comments and remarks that he probably also uses in other board meetings. This is not necessarily bad, but this practitioner neither shows much eagerness to think about how his comments could be better contextualized nor reflects on his relationship with the directors and how his way of advising leads to a certain reaction from the other person. Accordingly, this performance orientation does not enable the sensemaking process through which practices and praxis are adjusted to the situation at play, but instead constrains these sensemaking processes.

# 11. Conclusions, Contributions and Suggestions for Future Research

In this concluding chapter, I answer the research question and discuss my theoretical and empirical contributions to the understanding of the role of advisory boards in strategizing in family firms. I reflect on the methodology used and its implications for the transferability and generalization of my results and discuss the main limitations of the study. I have defined advisory boards as teams of committed externals who meet as a group with the family firm decision makers on a regular basis over longer periods of time, and their role is primarily to recurrently reflect on and provide advice about strategic matters and the decision-making processes of families in business. I have focused on the period in which family firms start considering an advisory board through the advisory board's first few years of existence. The chapter and dissertation will end with suggestions for future research.

## 11.1 Contributions to theory

This study was performed with the purpose of contributing to the understanding of the role of advisory boards in strategizing in family firms. Through the focus on advisory boards, I have included both perspectives on the advising process: the advisory board members (the advice givers) and the family firm decision makers (the advice seekers). By focusing on the period when family firms start considering an advisory board until the board's first few years of existence, I have captured the motivation for seeking advice via an advisory board and how these motivations play a role in how the advisory board emerges over time. In line with this purpose, the following research question has been formulated: how does the role of advisory boards in strategizing emerge over time? The main argument of this study is that the involvement of advisors is significant to the strategic work performed in family firms (e.g., Strike, 2012, 2013; Strike et al., 2017; Salvato & Corbetta, 2013) and how strategic decision making unfolds (e.g., Strike & Rerup, 2016; Yaniv & Milyavsky, 2007).

In the introduction, I have noted that even though the family firm literature acknowledges that family firm decision makers frequently rely on both internal and external sources of advice (e.g., Reay et al., 2013; Salvato & Corbetta, 2013b; Strike, 2012, 2013), the literature stream on family business advising is in an early stage of development. Little is known about how, why and when external advisors

are involved in addressing strategic issues in family firms and there are few details about whether, to what extent, and under what circumstances advisors can create value in working with them. More specifically, there are very few studies on advising via a team approach in family firms, and even less attention has been paid to how advice-seeking and advice-giving parties come together and interact in specific arenas. In a very recent publication, Strike et al. (2017) show that studies have mostly been unable to address the black box of family firm advising processes; neither the underlying theoretical mechanisms have been identified nor have studies shown how advice is provided by advisors or how family firm decision makers work with it, let alone address both sides of the advising process at once. More research has been called for to better understand important influences on patterns and outcomes of family firm advising (e.g., Astrachan & McMillan, 2006; Strike, 2012, 2013; Gersick, 2015; Strike et al., 2017).

With this dissertation, I have contributed to this developing body of literature by paying close attention to a specific form of advising in family firms, namely, advisory boards. I have considered both the perspective of the advisors and the family firm decision makers, including the interaction between them. More specifically, I have studied these advising teams from the moment that the family firms started considering an advisory board until the advisory board's first few years of existence. I have argued that both from a theoretical and a practical point of view, there is an increased interest in the phenomenon of advisory boards because we still know so little about collective advising processes, both in the general advising literature and in the specific situation of family firms. Even though earlier studies on advising in family firms have focused on the role of family firm advisors (how to provide practical advice by offering explicit intervention phases and advising models), few studies have looked closely at why and how advising via a team approach is relevant for strategizing in family firms. Moreover, previous studies have remained at a more general level and in particular, searched for relationships between family firm characteristics and the use of specific forms of advice (e.g., Reddrop & Mapunda, 2015; Sonfield & Lussier, 2009; Perry et al., 2015) instead of addressing the micro-level elements at play in the advising process.

### *11.1.1 Understanding the advisory board from a micro-level strategy perspective*

The main contribution of this dissertation is that I have applied a micro-level strategy perspective instead of a governance perspective to understand the role of advisory boards in strategizing in family firms. This approach has allowed me to determine that the advisory boards develop into unique configurations that are adjusted and contextualized through sensemaking processes. In line with Appelbaum and Steed (2005), I have shown that the roles of the advisory boards involved in strategizing in family firms are not straightforward and should be considered carefully. Advisory boards as emerging hybrid arenas involved in strategizing become slowly integrated in the family firm context over time,

evolving into playing a specific role for the firm and the family firm decision makers. Within these arenas, we can observe traditional advising roles (Schein, 1999): inquiry and consulting. However, the roles in the cases are combined in different ways and the process consultation role (the evaluation of the role of the advisory board in strategizing in the family firm) is especially likely to be performed in a manner that is either very intense or hardly at all. This study has shown that these unique configurations of advisory boards arise through sensemaking. Prior research on sensemaking has addressed sensemaking regarding specific issues during situations of organizational change. I have added to these insights by addressing the sensemaking of the emergence of a new arena involved in strategizing and by showing how the practitioners involved provide structure to the meetings and the discussion and transform the advisory board into a situated, contextualized hybrid arena consisting of specific practices and praxis, adjusted to what is needed in the specific situation. Moreover, I have distinguished between sensemaking on the role of the emerging phenomenon and the content that should be discussed to fit the family firm situation.

Moreover, the use of a micro-level strategy perspective has allowed me to include both perspectives on the advising process. In the case descriptions and the resulting analyses in chapters 9 and 10, I have shown how the advisory board members work with the family firm decision makers during the advisory board meetings. I have shown the considerations of the individuals and the dilemmas involved when seeking, giving, and receiving advice and following up on advice received. The tendency of the family firm decision makers to be very open to the advisory board members and to share their doubts and concerns contributes to the advising literature and the power dimension in the client-consultant relationship, as discussed by Sturdy (1997) and Schein (2009). These findings suggest that one important task of the advisory board is to create an open atmosphere and the opportunity for the family firm decision makers to be vulnerable. Moreover, as suggested by Kakabadse et al. (2006), I have shown that most advisory board members are quite humble in their relationship with clients and have the ultimate incentive to move clients forward. My study goes beyond this observation and suggests that to show this humbleness, it is essential for advisory board members to have a learning orientation. As suggested by McGivern (1983), it is important for advisors to adjust the practices suggested to the specific situation.

Indeed, the use of a micro-level strategy perspective has enabled the identification of the two underlying causal mechanisms that drive the sensemaking process and the unique configuration of the advisory board as an outcome of these sensemaking processes. I have shown that the extent to which the different forms of sensemaking take place is driven by two underlying causal mechanisms: the symmetry between the practitioners involved (the advisory board members on the one side and the family firm decision makers on the other side) and the learning orientation. I have provided the insight that the more symmetric the relationship between the advisory board members and the family firm decision makers, the more their differences in understanding can come to the fore, stimulating collective sensemaking and eventually resulting in a shared



understanding of the role of the advisory board. When the family firm decision makers show dependence on the advisors and the relationship is asymmetric instead of symmetric, there is more space for mediated sensemaking. Both a symmetric and an asymmetric relationship between the family firm decision makers and the advisory board members can be beneficial for the sensemaking processes and the resulting role of the advisory board, depending on the functionality of the (a)symmetry involved. For the learning orientation as a causal mechanism that drives sensemaking processes, I have shown that a learning orientation (as opposed to a performance orientation) is beneficial. The learning orientation concerns the extent to which the advisory board members are willing to reflect on their involvement in the advisory board and their influence on the added value of the advisory board as a whole, along with the extent to which the family firm decision makers make sense of the value of the advisory board and their willingness to work with the advisory board's advice.

Finally, the use of a micro-level strategy perspective has allowed me to gain more insight into the specific context in which the emergence process of the advisory board was studied, namely, the context of family firms. Whereas the family business literature primarily discusses the closedness of the family firm decision makers and the challenges involved in involving outsiders, this study focuses on family firm decision makers who have opened up to outside advisory board members. Even though the involvement of external practitioners might be unnatural, the case studies have shown that these family firm decision makers have deliberately chosen to involve outsiders. They chose to involve advisors because of specific challenges that they did not know how to solve them by themselves or because they felt a need to improve and to ensure that the family firm would remain successful in the long term. For that reason, there appear to be triggers that can make family firm decision makers overcome their natural inclination to keep the curtains closed. I have shown in this study that in various ways, ownership brings an additional level of complexity when working with an advisory board. The older generation can be involved in the advisory board, making sure that the owners are well informed about issues that are important at the strategic level and that the older generation can see how the new generation thinks and acts on these new issues, creating potential for confidence in the competences of the children taking over. Moreover, potential owners in the next generation can be involved in the advisory board meetings, even if they do not work in the firm, to ensure the commitment of the future owners and determine whether (all) the children want to be future owners. The Solar Innovations Group case has even shown that the advisory board can play an active role in ownership and management succession. One element of ownership that might be less evident but is seen across the different cases is that the family firm decision makers and owners seem to feel a moral obligation to do things right. It seems that this moral obligation felt by the family firm decision makers is a shared element in all the cases and might even be a defining aspect of what makes these firms family firms, even though the cases studied are very different in terms of family firm characteristics. This study has shown that some family firm decision makers put

themselves in a very dependent position in working with the advisory board members. Even though the family firm decision makers have to be decisive and show confidence in the firm's daily life, in working together with the advisory board members they have the opportunity to share their doubts and worries. Another element related to ownership is the role of power in the advisory board meetings. This aspect seems to come across in the Collectron Group case, in which the statutory director appears to play a different role in the meetings than the non-statutory directors that he has hired, even though both of them also have small shares of ownership. It is important to understand ownership relations to understand how the advisory board operates.

### *11.1.2 Contributions to strategy as practice*

As discussed in section 3.4 of this dissertation, the strategy as practice perspective is still a relatively young research stream and needs to address numerous challenges to realize its potential. Drawing on the strategy as practice perspective and integrating the perspective with sensemaking theory and insights from the advising literature, this study contributes to a novel understanding of how arenas involved in strategizing emerge over their first years of existence. I have attempted to address the challenges identified in section 3.4 by including two levels of analysis (the group and individual levels), by including both content and process dimensions in my analyses, identifying the outcomes of the advisory board meetings and working with an inclusive view of strategy practices, as suggested by Whittington (2006, 2007).

This dissertation contributes to the strategy as practice literature by attending to the emergence process of a new arena involved in strategizing and the elements that play a role in this process. Instead of studying an existing arena that was installed in the past and focusing on how it works and is performed, I focus on the emergence of a new arena involved in strategizing. Via a micro-level research approach, I have attended to the practices used, the praxis performed and the practitioners involved in these emerging arenas. However, interpreting the praxis and practices brought to the advisory board arena was not sufficient to explain the differences of the emergence processes in the different cases and their resulting different roles in strategizing.

The emergence process of the advisory board and its outcome can only be understood when the content of the discussions is considered. I have shown that the contextualized and situated nature of the advisory boards also arises through adjustment to the strategic orientation of the firm and to the family firm domain that needs to be addressed. As shown in earlier research, the family dimension brings an extra layer of complexity in discussing strategic issues. This study has shown the importance of selecting advisory board members that have a certain level of acquaintance with family firms. First, it is important to prevent a purely and solely rational account of many of the family firm related issues discussed, for example, hiring policies and human resource management activities. Second, it is important to involve practitioners who understand both how the various

domains of the family firm are interrelated and that family firm decision makers have to cope with managing their different roles in the family firm. Instead of attempting to formally distinguish between these roles and focusing on the firm domain, this study has shown that the advisory board members need to understand the emotional and irrational dimension that affects decision making and support family firm decision makers in coping with both dimensions adequately. This study has also provided insight into the strategic issues that are a struggle for medium-sized family firms. For example, it has shown how important the competences of the director are in terms of attention devoted to specific business activities. Whereas Joost in the Solar Innovations Group case has a technical background and focused on R&D activities before the arrival of the advisory board, Sjak in the Florax Group case had an academic background and focused on the technical details of the products. The arrival of the advisory board in the Solar Innovations Group case led to more focus on the commercial activities, and the advisory board in the Florax Group case helped to manage the growth and develop the managerial competences of the director. Even though this insight might not be surprising, it would have made sense for the directors to notice these gaps in competences themselves and hire people to take over these tasks. Apparently, this is not a natural development path in all firms, and this insight might help us to better understand why family firms are very successful in some activities and not in others. The inclination of family firm directors to work hard and to do as much as possible by themselves might not always be beneficial for the success of the firm.

Considering both the process and these content dimensions, I have shown that the sensemaking activities of the practitioners both as individuals and as a group are essential to understand the emerging role of the advisory board in strategizing. When the process is dominated by collective sensemaking, the content discussed seems to be made sense of collectively as well (more in terms of a brainstorm than a specific consultation), whereas if the process is dominated by mediated sensemaking, the sensemaking on the content is dominated by mediated sensemaking. Therefore, in terms of contributions to the strategy as practice perspective, not only have I focused on a new strategic arena, consisting of practitioners, their praxis and practices, from the beginning through its first 1.5 to 3 years, but I have also been able to combine process and content dimensions and to focus on the output and main role of the advisory boards for the family firms and the family firm decision makers.

Moreover, I have contributed to the strategy as practice perspective by focusing on the outcomes of the emergence process (Whittington, 2007), which are the emerging roles of the advisory boards in strategizing. The unique configurations of the advisory boards cannot be captured by a typology, which would reduce its complexity to either content dimensions or process dimensions. Instead, the eventual outcome of the emergence process is a combination of both process and content dimensions, adjusted to the specific context in which the arena involved in strategizing emerges. I have provided deep insights into how different layers of context play a role in these issues. The study thereby responds

to the general strategy as practice call for research into how social practices are implicated in situated strategizing activities (Jarzabkowski & Seidl, 2008) and for linking practices to generated output.

## 11.2 Contributions to the practitioners

The engaged scholarship approach used and the theoretical frameworks of strategy as practice and sensemaking both intend to contribute to practice-oriented demands and to provide insights into everyday social life. I have provided insight into the phenomenon of the advisory board and shown how such board can add value to the firm and the family firm decision makers in ways that are specific to the situation. The cases have shown that advisory boards can be used to address family firm issues such as succession. Moreover, advisory boards can provide support in addressing urgent issues, such as adjustment of the organizational structure or business activities that need to be developed, the professionalization of the firm, growth and development of the firm in general, and support for the persons directing the firm. Moreover, the case illustrations have shown that the advisory boards are not only active in the firm domain but also that family or ownership issues can be dealt with if necessary.

I have provided a classification of the various domains that can be addressed by advisory boards. The classification shows that advisory boards adjust to the appropriate level of development with respect to the strategic orientation (distinguishing between the operational, the tactical and the strategic level (Shivakumar, 2014) and the domain of the family firm that needs to be addressed (family, firm or ownership). Moreover, the classification can be used as a tool to create awareness of the opportunity to work with an advisory board and the directions in which advisory boards can further develop to optimize their contribution to strategizing in the family firm. I have also shown in my case descriptions that the advisory boards can have an impact beyond the practitioners who are commonly involved. In some of the cases, members of the management team attend part of the meetings to present their department plans and discuss ideas for the future; alternatively, they meet with the advisory board members separately. Accordingly, the members of the management team are provided with suggestions and ideas for improvement and further development, and the advisory board members can simultaneously evaluate the quality of the members of the management team and see whether the competences required for further development of the firm are available. Moreover, the advisory board members can assist in discussions with the accountant, notary or other advisors used for specific issues.

I have shown the essential condition of a learning orientation of both the family firm decision makers and the advisory board members for a successful advisory board. If the family firm decision makers do not have a learning orientation and are not open to the involvement of outsiders, it is difficult to imagine that they will start working with an advisory board in the first place.

However, when the advisory board is there, it might be difficult during the first meetings to be advised or even criticized on how to work, as the family firm decision makers have probably never received feedback on that before. For that reason, it is important for family firm decision makers to realize that the advisory board members intend to further improve and develop their personal competences and the family firm as a whole. A learning orientation on the part of the advisory board members has been shown to be equally important to arrive at a contextualized and situated advisory board that fits the situation at hand. When the advisory board members have a performance orientation and want to show what they know, they will be less inclined to engage in sensemaking processes about what is needed for the family firm and its decision makers. I have also shown the importance of (a)symmetry between the advisory board members as one sub-group and the family firm decision makers as the other sub-group as a causal mechanism driving the emergence process of the advisory board. Even though the family firm decision makers might feel dependent on the advisory board members when they start working with an advisory board, it is important that the practitioners attempt to diminish this dependence over time to arrive at more events of collective sensemaking, thus creating a shared understanding of the advisory board as a hybrid arena in strategizing. Such a shared understanding is especially important when the stability of the advisory board is disturbed because of changes in the advisory board members or circumstances that influence the functioning of the advisory board, such as a family crisis involving a conflict between family members or a critical event in the firm, such as an important acquisition that requires a more intense collaboration with the advisory board.

### **11.3 Reflections on methodology and the transferability and generalization of results**

The data that I used for this study are quite unique. First, I identified an emerging phenomenon across different firms that has developed from the initial considerations of beginning to work with an advisory board through the advisory board's first years of existence. Earlier studies have considered strategic practitioners, praxis, practices and arenas of strategizing, but not as a newly developing phenomenon. Second, I have been able to conduct this in-depth study because of my unique access to the practitioners and the arena of interest in which the practitioners interact. Because of this access and my good relationships with the practitioners involved, I have been able to include the perspectives of both the family firm decision makers and the advisory board members. Moreover, because I was involved in all the cases for at least 1.5 years, it has not seemed unusual for me to attend the meetings. Because I also played a formal role in the meetings in terms of providing the meeting reports, the practitioners considered me more or less as part of the advisory board. Finally, my data are unique in the sense that they were collected in real time, in parallel, over a period of at least 1.5 years. Moreover, I have continued to attend the advisory board meetings of the four

cases after my data collection was complete. Even though I have not analyzed the data for this study and I cannot use them formally, I have been able to use the cases' developments to reflect on my findings and see if they hold under the current circumstances.

Because this study concerns in-depth cases studies, the extent of transferability and generalization is by definition limited. Instead of aiming for reliability and validity, I aimed for high-quality, rich materials, full of potential to be interpreted in different ways. I have aimed for theoretical generalization by further developing and integrating existing conceptual models and adjusting them to the situation of emerging roles of advisory boards in strategizing in family firms. As such, the cases studied can be considered as examples and illustrations of the roles of advisory boards in strategizing in family firms to start building an understanding of an emerging strategizing phenomenon.

Because the purpose of this dissertation was to build an understanding of why and how family firms work with advisory boards and involve them in strategizing and how they emerge over time, I have tried to go beyond an explorative study and instead have attempted to explain on a more abstract level why and how such new arenas in strategizing develop according to certain patterns or in specific ways. By building my analyses from empirical descriptions to events in which specific activities and interactions took place and trying to identify the underlying causal mechanisms that drive these events, I have been able to find explanations that are probably valid in other situations.

## 11.4 Some limitations and suggestions for further research

I have looked at four cases and identified four different roles of the advisory boards in strategizing. If I had included more cases in my research, I probably would have found more variations in these roles. Moreover, even though I can see differences in the value that these advisory boards create in strategizing, the family firm decision makers themselves are all very happy with the advisory boards. It might also have been the case that in other situations that I have not studied, the advisory boards do not add any value in strategizing and the arena is there purely to serve the ego needs of the advisors who do not make sense of what is needed in the specific situation in which they are engaged. Alternatively, the advisory board is used as a mechanism to justify certain decisions to the family owners who do not work in the firm. For that reason, it was not interesting in itself to find four different roles in the four cases studied. Instead, the roles identified primarily serve as examples and illustrations of potential outcomes of the emergence process of the advisory boards. What is interesting is how the advisory boards have developed into their unique configurations, and the elements and social interactions that play a role in these processes.

Even though I have not been able to make this explicit in the cases studied, a lot of the value to strategizing created by the advisory boards probably consists of

preventing the family firm decision makers from making bad decisions or decisions that they have not thought about well and deep enough. Because I did not know in advance what would be important to the emergence of a new arena and the advisory boards' roles in strategizing in family firms, I have tried to build a diverse sample of family firms through which the variety of uses of the advisory board has been maximized. However, the comparability of the cases, beyond being all cases of SME family firms, can be discussed. To optimize the comparability of the cases, a different selection strategy for the cases should have been used. To build our understanding of advisory boards, the application of different perspectives (e.g., corporate governance) could also have been useful. I have chosen to work with strategy as practice so that I can answer my research question, but different perspectives will highlight additional issues.

With respect to opportunities for further research, I suggest performing a comparative study between advisory and supervisory boards; to what extent are they different or similar in practice in terms of their roles in strategizing and to what extent do the family firm decision makers perceive them as valuable? Additionally, it might be interesting to study cases in which the advisory board is active next to a supervisory board and a comparative study on the use of advisory boards across different countries and different governance systems. I have studied four family firms using an advisory board in the Netherlands. Because the two-tier governance model is still the most common one used in the Netherlands (even though the one-tier model is also allowed since a few years), it is relatively rare for an advisory board to be used next to a supervisory board. However, in some situations, both advisory and supervisory boards are used, for example, in the situation of external funds in specific business units with the external party demanding a supervisory board be put into existence. For that reason, future research might consider to address the following questions. What is the role and what are the tasks and activities of advisory boards in situations in which firms also work with a supervisory board? To what extent do the practitioners involved in both boards interact and align their activities? How do advisory boards function in situations of one-tier governance models? To what extent are advisory boards in such situations similar to the situation of existence next to a supervisory board in a two-tier model? To what extent are advisory boards different or similar across different national contexts, with different governance rules and regulations?

In addition to these differences, I have found similarities between the cases. One of them is the learning that takes place, albeit in different ways. Could organizational learning theory help make further sense of the learning process and the differences to be accounted for? What are the determinants of the learning orientation of family firm decision makers and their family firms? Knowing more about why and how family firm decision makers can be more open to the insights of outsiders is important to optimize the social capital of the firm and to encourage the development and growth of the firm. Moreover, in terms of the relevance of working with an advisory board, it is important to gain insight into the long-term effects. The following questions should be addressed by future research: What are the long-term effects of working with an advisory board in terms of performance?

Do the financial results improve over time? Is this because of specific advice the firms received or because they were warned about and prevented from making bad decisions?

Another interesting research venue to pursue is how such a new arena involved in strategizing is institutionalized over time. Balogun and Johnson (2005) referred to the link between cyclical sensemaking processes and a process of institutionalization. These authors have argued that sensemaking processes lead to shared meanings and schemata that over time become the context and outcome of actions. Moreover, the 4I framework of organizational learning (Crossan, Lane & White, 1999; Crossan & Berdrow, 2003) might be informative to see how the introduction of a new arena in strategizing might lead to strategic renewal. The 4I framework of organizational learning involves four processes through which different levels in the organization (the individual, the group and the organization) are connected: intuiting, interpreting, integrating, and institutionalizing. Through this approach, the micro-level approach used in this dissertation can serve as a starting point to identify how advisory boards develop into an institutionalized arena involved in strategizing and strategic renewal.



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# Appendices

## Appendix A The Dutch governance context

The existence of boards and how they operate depend on the national context, the specific (type of) organization, and in some situations, one's own free will. Different national legal systems and differences in firm law lead to a huge variety in the definition of boards, their structure and their functioning. In addition to the governance system (one-tier versus two-tier), the working and composition of the board are dependent on the country's history and culture. For example, since 1993, the average board of a firm in the United Kingdom consists of the CEO, three executive directors, the chairman of the board and 4 or 5 outside directors. The average board of a firm in the United States is composed of the CEO, who is, in most cases, also the chairman of the board, and 7 to 8 outside, non-executive directors. Other executive directors are not members of the board but usually attend the board meetings. Both countries have a one-tier governance system, but they enact it in an entirely different way (Calkoen, 2011). Another example concerns national policies to create more gender equality in the board room. In Germany, Norway, Italy, Belgium and France, there are quotas to increase the number of women on corporate boards. These examples show that the contribution and composition of the board is strongly dependent on the context.

### *The Dutch context for privately held firms*

The two-tier governance system in the Netherlands has existed since 1623, when the Dutch East India Firm created a supervisory board (Calkoen, 2011). A two-tier governance system involves a separation between executive and non-executive directors: there is an executive board and a separate supervisory board (consisting of the non-executive directors). Because of an increase in laws and regulations, the financial crisis, more intense external control and stakeholder dissatisfaction, supervisory boards in the Netherlands have recently become more involved in the strategic decision-making activities of firms (Peij, Bezemer & Maassen, 2012). Supervisory board members meet more often with the executive directors, they are involved in strategic decision processes at an earlier stage and they have access to more information sources than before. Since January 1, 2013, Dutch firms have been given the opportunity to have a one-tier board instead of a supervisory board. The one-tier board consists of executive directors who are responsible for the everyday management of the firm and non-executive directors who perform the monitoring role. Working with a one-tier board fits the general trend of more outsider involvement, but is also helpful for international firms and organizations because this governance model is more familiar and better

understood by non-Dutch individuals (Peij, 2013). According to Bezemer, Peij, de Kruijs, and Maassen (2014), the main difference between the one-tier and the two-tier board model relates to the question of whether it is desirable to have independent monitors involved in decision management, by which they suggest that non-executive directors on the one-tier board are less independent. The rules regarding the tasks of the supervisory board members (or non-executive directors in case of the one-tier board) are laid down in articles 140 and 250 of the Dutch Civil Code (Book 2). Whereas article 140 focuses on public limited firms, article 250 focuses on privately held firms. The task of supervising privately held firms involves *“monitoring the policies of the executive directors and the general affairs of the firm, as well as to assist the executive directors by providing advice. While fulfilling this task, the supervisory board members should be guided by the interest of the firm”* (Dutch Civil Code, book 2, article 250).

The tasks of the non-executive directors on the one-tier board can be broader than the supervisory board members, as specified in article 239A of the Dutch Civil Code, book 2: *“the articles of incorporation may specify that the duties of the directors are divided between one or more non-executive directors and one or more executive directors. The duty to supervise the performance of duties by the directors cannot be taken away from a non-executive director by a division of duties as meant in the previous sentence. The chairmanship of the board of directors, the making of proposals for the appointment of a director and the adoption (assessment) of the remuneration of the executive directors may not be assigned to an executive director. Non-executive directors are always natural persons.”* Both the members of the supervisory board and the non-executive directors are assigned by the owners of the firm (Dutch Civil Code, book 2, article 252).

In comparison to the one-tier boards in the United Kingdom and the United States, research has shown that the supervisory boards in the Netherlands spend little time discussing and developing long-term strategies (Calkoen, 2011). Instead, they focus on the monitoring and control of firm performance. Overall, it can be said that Dutch corporate boardroom culture is characterized by consultation and consensus, a plurality of interests, a two-tier board system and an old boys' network (Calkoen, 2012). Whereas listed firms in the Netherlands are obliged by law to have a supervisory board or a one-tier board with non-executive directors, privately held firms are only obliged to have a supervisory board when they reach a certain size (more than 100 employees and issued share capital of more than 16 million euros). The law (book 2 of the Dutch Civil Code) is complemented by a governance code for listed firms, the “Code Tabaksblat,” which was updated in 2016 by the monitoring commission Corporate Governance Code, led by Professor van Manen. This code makes numerous recommendations for good governance, and firms must indicate in their annual reports whether they comply with the code and if not, why.

### *Governance rules for privately held firms*

For privately held firms, Dutch law distinguishes among three firm entities, which have different implications for the control of the owners: normal privately held firms, *structuurregime* privately held firms and *verlicht structuurregime* privately held firms. If privately held firms fulfill certain size criteria, they enter a three-year period, after which their entity changes from a privately held firm to a *structuurregime* privately held firm, which is required to have a supervisory board. The goal of this firm entity is to safeguard the interests of the employees and to install a supervisory board that monitors the policy pursued by executive directors (SER, 2001). Supervisory boards have the authority to approve of certain decisions made by the executive directors and to assign and dismiss the executive directors of the firm. There is also a “light” version of the *structuurregime* policies for firms that fulfill the size criteria, but in which the ownership is concentrated in the hands of one or a few persons. In this situation, the supervisory board does not have the authority to assign and dismiss the executive directors. For the owner-manager(s) of Dutch family firms, this “light” version of the *structuurregime* is less problematic than the normal *structuurregime* regulations. The size criteria that firms with a *structuurregime* must fulfill concern the issued share capital of the firm (more than €16 million), the number of employees (more than 100), and the presence of a compulsory employees’ council. A recent descriptive study on governance in the Netherlands shows, however, that many Dutch family firms are unfamiliar with the legal obligations concerning the *structuurregime* (Berent-Braun et al., 2013).

Because members of the supervisory board are assigned by the owners, supervisory boards in Dutch family firms occupy a remarkable position. When the owner-manager(s) has/have the majority of the shares, supervisory boards monitor and control the owner-manager(s), who in turn assign(s) the members of the supervisory board. Moreover, it is not unusual for family members to hold a position on the supervisory board. When these family members are also owners, they essentially assign themselves. In such situations, it has been argued that independent, external persons should complement the supervisory board (Van Leersum, Lückerath-Rovers & Van Zijl, 2009).

## Appendix B Overview of most-cited strategy as practice studies

The selection criterion used for this list of articles that have followed the strategy as practice approach was the number of citations (more than 200) in the Google Scholar Database, which led to the inclusion of 42 sources. By itself, this number shows that the strategy as practice perspective plays an important role in strategy research. The selection includes primarily journal articles and three handbooks (Jarzabkowski, 2005; Johnson et al., 2007; Golsorkhi et al., 2010). It should be noted that much more work than this selection has been done, including articles that have been published in leading journals, special issues, foundational books and numerous book chapters, along with a strong online community representing more than 3000 scholars and practitioners in over 150 countries worldwide.

Author(s) & year	Type of paper	Main findings / key message	Citations in Google Scholar (May 2017)
Balogun et al. (2003)	Conceptual	The authors suggest criteria to select appropriate methods for strategizing research and discusses 3 research approaches (interactive discussion groups, self-reports, and practitioner-led research) through which researchers can more strongly engage with research participants to understand strategizing.	330
Balogun and Johnson (2005)	Empirical, real-time longitudinal case study	Middle managers play a key role in strategic change processes. By making sense of top-down change initiatives they affect the resulting organizational changes. Various forms of interaction (vertical and horizontal, formal and informal) account for the outcomes of the change process and can therefore only partially be directed by top management.	545
Carter et al. (2008)	Conceptual	These authors critically take stock of the progress made by SAP research and argue that SAP studies use similar notions of strategy as the mainstream strategy research. Moreover, SAP studies almost exclusively focus on the managerial level, and practice is not well defined. Consequently, SAP has not yet distinguished itself from the process approach. The authors suggest a more inclusive view of strategy and promote an understanding of practice as instantiations of complexes: all the elements that contribute to those enduring or recurring events that eventually become things or events that are then addressed as strategy.	261
Chia (2004)	Conceptual	Chia argues that the implications of practice social theorists such as Bourdieu and Foucault may have been underestimated by SAP studies. Chia suggests a practice logic for understanding and researching strategy.	228
Chia and Holt (2006)	Conceptual	These authors argue for a more adequate conceptualization of practitioners, praxis and practice and their interrelatedness. They propose a dwelling mode of	435

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		strategizing (as opposed to a building mode) that promotes an understanding of how and why actions may be consistent and organizationally effective without the existence of purposeful strategic plans. They argue for the option of considering strategy as a non-deliberate phenomenon that emerges through everyday practical coping, considering intention and a purposeful goal-orientation as immanent in every adaptive action. Observed consistencies in actions are explained via an internalized disposition to act in a manner congruent with past actions and experiences.	
Chia and MacKay (2007)	Conceptual	Based on the practice turn in social theory, these authors suggest that SAP studies should take social practices and their transmitted regularities as their theoretical unit of analysis for explaining strategy development.	427
Denis et al. (2007)	Conceptual	These authors propose that pluralistic contexts that are characterized by multiple goals, diffuse power relations and knowledge-based work processes, are especially valuable for SAP studies. They argue that a combination of three theoretical perspectives (actor network theory, conventionalist theory and the social practice perspective), offers a rich view of the process of strategizing in pluralistic contexts that has real plausibility.	418
Feldman and Orlikowski (2011)	Conceptual	The practice lens can be used in three ways to study organizational phenomena: empirical (what), theoretical (how), and philosophical (why). The authors suggest that using the lens on the theory and philosophy level provides an opportunity to better explain the mutually constitutive ways in which strategy and the structural conditions are shaped and how they shape agency in return.	724
Fenton and Langley (2011)	Conceptual	Narrative research has the potential to contribute to better understand the practices of strategy. It contributes to an understanding of SAP's basic elements (practitioners, praxis and practices) and how a narrative approach could supply theoretical and methodological tools for connecting the micro level with the macro level. Narrative is seen as a way of giving and sharing meaning of a practice that emerges from sensemaking activities, of constituting an overall sense of direction or purpose, of refocusing organizational identity, and of enabling and constraining the ongoing activities of actors.	216
Golsorkhi et al. (2010)	Conceptual, with exemplary studies	The Cambridge Handbook of Strategy as Practice handbook intends to promote diversity in how people think about and conduct strategy-as-practice research, to promote critical thinking, and to emphasize future research opportunities.	234
Hendry (2000)	Conceptual	Strategy is seen in this study as a form of social practice, a central feature of which is the discourse of strategic decisions. This study conceptualizes strategic decisions as elements of strategic organizational discourse in an empirically grounded manner.	493
Hendry and Seidl (2003)	Conceptual	Social systems theory (Luhmann) and his concept of episode are used to address the question of how the operating and strategy routines of an organization are related to each other during a process of organizational change (an episode) and to the generation of strategic change. A framework is developed for the systematic	342

		analysis of different kinds of episodes in terms of key aspects of their initiation, conduct and termination.	
Hodgkinson et al. (2006)	Empirical, survey	This article explores the role of strategy workshops in strategy development. The authors find that strategy workshops are key arenas for formal strategy-making in processes of “planned emergence.”	210
Jarzabkowski (2003)	Empirical, longitudinal in-depth case studies	Drawing upon activity theory, this author analyzes micro-level strategic practices in universities. Formal strategic practices can stimulate change if they mediate contradictions between contested interpretations of strategic activity.	487
Jarzabkowski (2004)	Conceptual	A social theory framework for SAP is suggested (building on the concepts of recursiveness and adaptation) that links to other strategic management literatures and provides a platform for the empirical investigation of management practices-in-use.	834
Jarzabkowski (2005)	Conceptual	The book explains the SAP perspective, including its theoretical foundations and a body of empirical work, which can contribute to its empirical and theoretical development.	849
Jarzabkowski et al. (2007)	Conceptual (editorial)	The authors define the study of strategy from a practice perspective and propose 5 main questions that the SAP agenda seeks to address. A conceptual framework of praxis, practices and practitioners is proposed as a coherent approach to answering these research questions.	975
Jarzabkowski (2008)	Empirical, longitudinal in-depth case studies	Using structuration theory, this study focuses on patterns of top managers’ strategizing behavior and how these patterns shape and influence strategizing (including interactions with others, the use of practices) within complex social settings over time, even if this context also influences strategizing. Depending on the extent to which the context is institutionalized, patterns can be seen in which strategy is shaped in action and then (or simultaneously) in the institutional realm.	396
Jarzabkowski and Seidl (2008)	Empirical, longitudinal observations at three locations	By observing strategy meetings, these authors have identified practices (e.g., bracketing of issues, turn-taking, voting, stage managing) that stabilize or destabilize strategic activity. Three paths are explained through which changes in strategic orientation emerge, are maintained and developed, and are selected or de-selected.	265
Jarzabkowski and Spee (2009)	Literature review	Based on a review of the SAP literature, a typology of 9 possible domains for SAP research is developed based on how practitioners and praxis are conceptualized. Moreover, the concept of practice is reviewed, showing its inconsistent use and the lack of a dominant view. Also, suggestions are provided to develop and substantiate strategy outcomes.	614
Johnson et al. (2003)	Conceptual (editorial)	The authors propose an activity-based view of strategy that focuses on the detailed processes and practices that relate to strategic outcomes and constitute the day-to-day activities of organizational life. Based on two bodies of theory (RBV and Institutionalism) two bodies of empirical work (corporate diversification and structure) and the process tradition of strategy research, this view is developed. The benefits and challenges of an activity-based view are introduced.	1106
Johnson et al. (2007)	Conceptual, with	The purpose of the book is to outline the emergence and development of strategy as practice, its importance in	582



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	exemplary studies	various areas of strategy research, the plurality in terms of the levels of analysis involved in strategy as practice research, the strategy practitioners as research objects, dependent variables to be studied and potential theories to be used.	
Kaplan (2011)	Empirical, ethnographic study	The author focuses on how PowerPoint presentations and their discursive practices are part of strategic knowledge production via an ethnographic study. It shows how the use of PowerPoint enables the negotiation of meaning in an uncertain environment and the facilitation of cartographic efforts to draw boundaries around the scope of a strategy.	211
Knights and Morgan (1991)	Conceptual	Knights and Morgan proposed that strategy can be viewed as an emergent set of discourses and practices (based on the work of Foucault) that operates as a mechanism of power that transforms individuals into subjects who participate in strategic practices and secure a sense of well-being via their participation.	913
Laine and Vaara (2007)	Empirical, longitudinal case study	The authors aim to build our understanding of the complex subjectification and (dis)empowering effects of organizational strategy discourse by using a discursive struggle approach that focuses on organization-specific discourse mobilizations and various methods of resistance. The authors show how managers can use specific strategy discourse to try to gain control, which tends to reproduce managerial hegemony but also triggers resistance. Managerial hegemony is resisted by the initiation of a strategy discourse to create room for negotiation in controversial situations. Project engineers can distance themselves from management-initiated strategy discourses to maintain a viable identity despite all kinds of pressures.	247
Lane and Maxfield (1996)	Conceptual	The authors argue that in situations of change and uncertainty, organizations require the institution of interpretive practices (referred to as populating the world) at every locus of distributed strategic control. Additionally, relationships between the actors must be monitored for generativeness and those relations must be fostered.	224
Lounsbury and Crumley (2007)	Empirical, case study	The authors study the emergence of a new practice and position their study in neo-institutionalism and practice theory. The authors suggest a process model of new practice creation that redirects attention toward the multiplicity of actors that interactively produce change.	683
Maitlis and Lawrence (2003)	Empirical, real-time longitudinal field study	These authors focus on understanding failure in strategizing. Based on a longitudinal field study, attempts and the eventual failure to develop a strategy are examined. The authors find that failure in strategizing can be understood as a result of the interplay of organizational discourse and political behavior. A model is proposed of strategizing episodes that consist of 4 stages, with each stage having its own particular discursive and political factors that can lead to failure.	218
Mantere (2008)	Empirical, interview based (262)	This study focuses on the fulfilling and disabling effect of expectations of top managers on middle managers' strategic agency. Different enabling contextual conditions and four functional role expectations are identified and the author finds that only the role expectations do not fulfill the middle manager agency that is coherent with these	316

		expectations. Instead, for middle manager agency to take place, reciprocal actions by top management are needed for the fulfillment of these roles.	
Regnér (2003)	Empirical, retrospective longitudinal case studies	This author shows that expected strategic activities for managers differ radically between the center stage of an organization and its peripheries: in the periphery, managers are faced with a complex environment and approach strategy inductively, whereas in the center, the environment is regarded as stable and strategy is approached deductively.	378
Rouleau (2005)	Empirical, ethnographic case study	The author focuses on the workings of ongoing primary sensemaking and -giving micro-practices (their routines and conversations) by which middle managers renew links with stakeholders (clientele) by drawing on their tacit knowledge.	711
Rouleau and Balogun (2011)	Empirical, vignettes derived from work life stories, interviews and focus groups	These authors focus on how middle managers contribute strategically to the development of an organization by examining how they enact the strategic roles allocated to them. A framework is developed that shows two discursive activities (performing the conversation (language use) and setting the scene (devising a setting in which to perform the language use) that are critical to the accomplishment of middle manager sensemaking.	288
Salvato (2003)	Empirical, case studies	This paper proposes a model of strategic evolution as a sequence of intentional re-combinations of a company's established system of interconnected routines, micro-activities and resources that can be traced through most of a company's strategic initiatives with new resources and organizational routines. Building on intra-organizational ecology theory and the RBV of the firm, the author suggests a model that furthers our understanding of strategy evolution by incorporating a role of managerial leadership and micro-level processes through which management can directly and intentionally shape strategic evolution. Moreover, a more micro-level view on dynamic capabilities is offered, and the author shows that such capabilities operate through repeated recombination patterns of stable organizational factors, not through the disruption of existing practices.	211
Samra-Fredericks (2003)	Conceptual	This author focuses on ethnography as a theory and as a methodology (mainly focusing on talk) to outline a new and inclusive approach to studying strategy practitioners. Numerous of analytical approaches are suggested for a fine-grained analysis of strategists' linguistic skills and forms of knowledge for strategizing.	482
Vaara et al. (2004)	Empirical, critical discourse analysis on secondary data and interviews	These authors characterize strategizing through discursive elements in strategy talk. Based on a critical discourse analysis, 5 types of context-specific discursive practices are identified that characterize the strategizing in the case studied: (1) problematization of traditional strategies; (2) rationalization, objectification and factualization of alliance benefits; (3) fixation of ambiguous independence concerns; (4) reframing of cooperation problems as "implementation" issues; and (5) naturalization of alliance strategies.	236
Vaara and Whittington (2012)	Conceptual	The review performed by these authors shows how SAP research has helped advance strategic management but at the same time, there is a need to go further in the analysis of social practices for which 5 potential directions are	420

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		suggested: placing agency in a web of practices, recognizing the macro-institutional nature of practices, focusing attention on emergence in strategy-making, exploring how the material matters, and promoting critical analysis.	
Whittington (1996)	Conceptual	The author makes arguments that legitimate the emergence of a new approach to studying strategy that views strategy as a social practice. This approach focuses on the effectiveness of the practitioners (the managers) and how they perform their tasks.	962
Whittington (2003)	Conceptual	The author argues that strategy and organization should be viewed as the achievement of skilled workers and that future research should address the following questions: where and how strategizing and organizing are actually done; who does it; the required skills for this work and how are they acquired; the common tools and techniques used; how the work is organized; and how its products are communicated and consumed.	582
Whittington et al. (2003)	Conceptual	The authors argue that strategy scholars should take the responsibility of specifying what the concept of strategy embraces and in which contexts it is applicable. They argue for three tasks to be addressed: we need to understand strategy better, we need to be more critical, transparent and pluralist in sharing research contributions and we should engage more closely with business schools and practitioners.	210
Whittington (2004)	Conceptual	The author outlines elements of a research agenda for strategy: (1) a sociological focus concerned with understanding strategy's elites, its skills and technologies, and their implications for society as a whole, and (2) a managerial focus, turning this sociological understanding to practical advantage in terms of how managers become strategists, how strategy skills are acquired and how strategy technologies can be better designed and used.	238
Whittington (2006)	Conceptual	This article challenges to integrate the intra- and extra-organizational levels in SAP research and suggests a framework based on the three concepts of strategy praxis, strategy practices and strategy practitioners.	1511
Whittington (2007)	Conceptual (essay)	The author argues for the distinctive position of SAP research outside the immediate family of strategy process research by applying the sociological eye.	332

## Appendix C Overview of the cases and the practitioners involved

Practitioners involved	Internal family firm decision makers involved	Advisors involved
<b>Solar Innovations Group</b>	1. Joost van de Mast, father, owner-manager 2. Joke van de Mast, mother, owner 3. Suzanne van de Mast, eldest daughter and owner 4. Matthijs van de Mast, son, owner and employee (project engineer) 5. Maria van de Mast, youngest daughter, owner, and employee (HR manager)	1. Yvonne Schmitz, chair person 2. Ed Dijkstra 3. Martijn Bongenaar
<b>Florax Group</b>	1. Sjak van Noorden, owner-manager and chair person	Guus Mooren Koen van de Ent
<b>Collectron Group</b>	1. Daan van Prooyen, owner-manager 2. Jos Deenen, owner, and commercial non-statutory director 3. Michiel Jansen, owner, and financial non-statutory director	1. Stijn Verheijen, chair person 2. Jaap Heinemans 3. Pim Lutgens
<b>Treelab</b>	1. Pieter Willeme, son, director, owner 2. Jan Willeme, father, former-director, owner	1. Maarten Spiertz, chair person 2. Sam Storms

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