

Marionna Wegenstein: «Only Once the House Is Aflame»

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Three out of four Swiss companies are family-owned. Most are agile and innovative, follow a long-term business plan – and don't talk about it. This can lead to disastrous consequences, says Marionna Wegenstein in an essay for *finews.first*.

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Three out of four companies in Switzerland are family-owned. They are the backbone of the Swiss economy and create lasting value. Family-run businesses also tend to be agile and innovative, they have a long-term perspective – and what's more, they don't talk about it.

The presence of family-owned businesses in the media is a balancing act between transparency and discretion. To this day, entrepreneurial families often aren't aware of the importance of targeted communication, despite the change of what the general public expects in terms of communication from all market participants. Instead of taking a proactive stance, they tend to approach the issue only once the house is on fire.

The reason for this is their lack of an outside perspective – they are self-preoccupied and believe that internal affairs are nobody's business. Discretion is of uppermost importance. Sometimes there is also a lack of pride in belonging to a family-run business. Wrong priorities set for communication are the consequence.

«They should have a particularly big interest in creating a positive image»

Family-run firms first have to do their homework to position their business successfully in the market. The discussion about values must be followed through to the end in line with a family-governance process, a consensual business strategy must be formulated and targets clearly defined.

Only once these basics have been dealt with, does it makes sense for a family-owned business to accompany the measures designed with communication in a bid to safeguard continuity and stability. Family-run firms with a professional management structure and governance procedure, in particular, should employ this asset to showcase their solidity or to put clear blue water between themselves and allegations of cronyism.

The involved people need to be conscious of the fact that they don't have the option to change

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family or organization precisely because of overlapping identities of owner, family, and company and that they, therefore, should have a particularly big interest in creating a positive image.

«Transparency and open communication engender trustworthiness»

This is possible to achieve if control over communication can be maintained: the company should steer the flow of information proactively and not let it be influenced by outside sources or dictated by the rumor mill. Transparency and open communication engender trustworthiness at all levels and improve the positive perception and reputation of the company.

Three issues are important for family-run businesses: the communication of values, the communication of estate planning and crisis management.

1. Communication of Values

The discussion about values is decisive on all levels of the family governance process. Once the values have been identified and refined, it is this DNA of the company that makes it unique and that engenders a high degree of identification both internally for the members of staff but also externally.

The core messages deducted from the values instill a sense of security for the future for all stakeholders, they strengthen the company in the market, make existing employees into ambassadors and approach new ones. Company values are lived up to through communication measures adapted to target groups, carried to the outside world, making the decisive difference.

2. Estate Planning Communication

The people involved in the process of estate planning in a family-owned business are often heavily self-preoccupied and forget about the perspective of the outside. A succession out of the blue creates irritation. If it goes totally wrong, it can prompt rejection and dispute internally and disquiet in the market.

To prevent insecurity, the communication process has to be launched early, the succession has to be built up gradually and accompanied to make the decision understandable and comprehensible for all the involved parties. That's the only way to maintain and strengthen the

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position of the company internally and externally under the new leadership.

3. Crisis Management

Crises always occur at the worst possible moment. Family-run businesses are no exception to this rule – even if they happen to be convinced that their problems are of no concern to the general public. The truth is that the responsible people in a situation of crisis get under pressure across all areas. It is vital therefore to prepare for such a situation.

It is important to identify potential minefields at an early stage, to define the responsibilities in advance and to have a corresponding emergency plan ready. This makes it possible to retain the communication high-ground and to keep the trust of staff and all external stakeholders with clear messages.

«Transformation from absolute discretion to pro-active communication strategy»

Most companies have accepted the view that it is possible to manage your image through targeted communication and, of course, appropriate marketing measures. In my work for a private bank I witnessed as much myself: over the years, the approach was transformed from absolute discretion to a pro-active and professionally guided communication strategy – with success.

In conclusion, one can say that a targeted public relations strategy and transparent internal communications contribute significantly to stability and therefore to the economic success of a family business.

Marionna Wegenstein is an independent communications advisor based in Zurich. [Wegenstein Communication](#) has mainly clients in the financial market and philanthropy. She is the co-founder of [the center of competence for family governance](#), a network of experts for all questions relating to family business. She has more than 20 years of communications experience in the financial market and most recently was head of public relations and communications at Lombard Odier in Zurich. After her studies, she worked for several years as a journalist before switching side to work as a PR manager at a number of companies.

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