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## *Resolving Dilemmas in Closely Held Businesses*

David A. Robinson, Ph.D.

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# Resolving Dilemmas in Closely Held Businesses

David A. Robinson, Ph.D.

*The closely held organisation is defined in its simplest form as one where the owner-manager role is vested in the same person or persons. This means that it is often difficult to discern where business ends and family starts, and vice versa. Owner-managers of closely held organisations are frequently faced with dilemmas under circumstances where they are compelled to make choices between alternatives, when none appear appropriate, or when more than one appears equally desirable. When a business imperative demands one course of action and their personal ethic, principles or values, demand another, owner-managers may find themselves 'between a rock and a hard place', so to speak. This article explores some of the dilemmas they face and offers a way of articulating a dilemma and resolving it, by using what is known as The Business Ethics Synergy Star (BESS).*

In research that examined owner-managers' main concerns, it emerged that a major source of dilemma arose from their desire to succeed in business while at the same time fulfilling their duties to their families and communities. Additionally, each, in their own way, attempts to act authentically but is concerned about their credibility in the eyes of others.

Owner-managers are concerned with finding the most appropriate course of action *for them*, given a unique and dynamic set of circumstances, rather than one that conforms to any particular ethical theory or principle. What is needed is a way for owner-managers to describe and resolve business decisions containing ethical components in a way that results in them committing to a particular course of action.

In examining how owner-managers actually dealt with the dilemmas, research has revealed six categories. First, some owner-managers tend to make decisions based on the virtues, such as honesty, trust, integrity and compassion. Second, some may adopt a "what's-in-it-for-me?" attitude; that is to say, they tend to view the outcomes from a perspective of pure self-interest. Third, some owner-managers simply withdraw from situations where there is potential for friction. While this may be seen as not a way of resolving conflict, but simply a

way of avoiding it, it does in fact dissolve the dilemma. As any dilemma exists in the mind of the person experiencing it, presumably if one is able to ignore the dilemma it ceases to exist. An example of this is the case where one owner-manager, nearing the end of his working life, and keen to enjoy the fruits of this labour, valued relaxation above money, and was therefore content to avoid conflict situations regardless of the effect on the business.

Fourth, some owner-managers simply allow dilemmas to run their course without intervening at all. Although this could be deemed careless or irresponsible, the ability to accept an outcome, whether favourable or not, once you have done the best you can, requires a certain maturity. This appeared to stem from a belief that all things in the universe work together for good. In living out this naturalist utilitarian view, they reason that since they have done nothing to attract a negative outcome, if it should be so it could only be for the general good. If a positive outcome results, they feel vindicated in having allowed or attracted it. This may be referred to that as a come-what-may approach.

The fifth way was to give weighted consideration to the expectations of the community, which means delaying action until sure of the support of other stakeholders.

This apparent altruism could in fact be disguised egoism - a mere manipulation of events for their own benefit. Lastly, and most importantly, it was found that in many cases that many owner-managers were quite adept at seeking synergies.

Kierkegaard, the existentialist, once suggested that, where morality is concerned, one is obligated to make definitive choices, which are facilitated by reducing them to 'either/or' statements.

He who would define his life task ethically has ordinarily not so considerable a selection to choose from; on the other hand, the act of choice has far more importance for him... it is not so much a question of choosing the right as of the energy, the earnestness, the pathos with which one chooses.

The Business Ethics Synergy Star enables the owner-manager to reduce a decision to its component parts. It is constructed by first defining the desired outcome (referred to as O), then stating succinctly two necessary and complementary (though sometimes seemingly opposing) conditions (referred to as X and Y). It is recommended that the business condition be placed in the X construct and the ethical consideration at Y. The final step is to define their respective pre-requisite

actions (referred to as Z and -Z respectively). The generic form of the Business Ethics Synergy Star is illustrated below:

In applying this technique to each dilemma, the following logic was used:

- In order to achieve a desired outcome (O), X is a necessary condition;
- In order to achieve the same desired outcome (O), Y is also a necessary condition;
- Therefore, X and Y are BOTH necessary conditions to achieve the desired outcome (O);
- Now, in order to have condition X, Z is a necessary action for the creation of condition X;
- And, in order to have condition Y, -Z, is a necessary action for condition Y;
- But -Z is an action that opposes Z;
- Therefore it is not possible to action both Z and -Z;
- Thus either condition X or condition Y appears to be unavoidably obviated;



- Therefore it appears that objective O is unattainable.

The use of the Business Ethics Synergy Star in closely held organizations may be demonstrated with reference to a particular dilemma. Penny (a pseudonym) is the owner and manager of a business specializing in the provision of bereavement services. These services include collection and care of deceased persons, and all funeral, burial or cremation arrangements. Penny founded the business nine years ago. Today she employs nine staff members and owns the company premises. She is active in the local community and has managed the steady growth of Funerals Inc. to the point where it is now a market leader in the region. Penny is in business because she chooses and wants to be. She is a marketer, a promoter, who believes that actions speak louder than words. She runs her business in the same way that she lives her life - with enjoyment, integrity and control. She has surrounded herself with people that she knows and trusts.

The business is, for all intents and purposes, an extension of her life. This quality is almost tangible - one feels it instantly upon entering the premises. When she speaks, her words appear to come directly from the heart. There is an indefinable congruency between her words, actions, mannerisms, body language, the environment and the workplace culture. Her down-to-earth honesty characterizes every aspect of her business; there is nothing ostentatious. The business appears to be an authentic reflection of its owner. The impression gained is that this business and its owner are one.

As she had been a housewife before starting Funerals Inc., Penny finds all aspects of the business challenging. She experiences owner-managership as requiring an enormous amount of energy. "You've got to be prepared to sacrifice your life ... well I sacrificed my life for the first three years. I ate, drank and slept Funerals Inc.", she states. She feels a sense of responsibility to her customers to provide the best possible service at all times, even though she is dependent upon outside suppliers for some services, since in the eyes of the customer a mistake by her supplier will still reflect badly

on her.

An extract from an interview with Penny helps to characterize her as an owner-manager and set the tension for the dilemma:

Well, there's a double-edged sword here [to be compassionate and businesslike at the same time]: We don't want to put on concern if it's obviously not real. If your Mum had to die or your Dad had to die and you came to us, I would say to you, "Look, I'm so sorry that your Mum or Dad have died," but I wouldn't say more than that. I never knew your Mum or Dad, and I'm sorry for you, but if I had to start crying or putting on a big act, you would think, "What is this woman doing?"

Penny's dilemma can be appropriately placed in the BESS format as follows:

*Dilemma: Be efficient (Z) vs. Express condolences (-Z);*

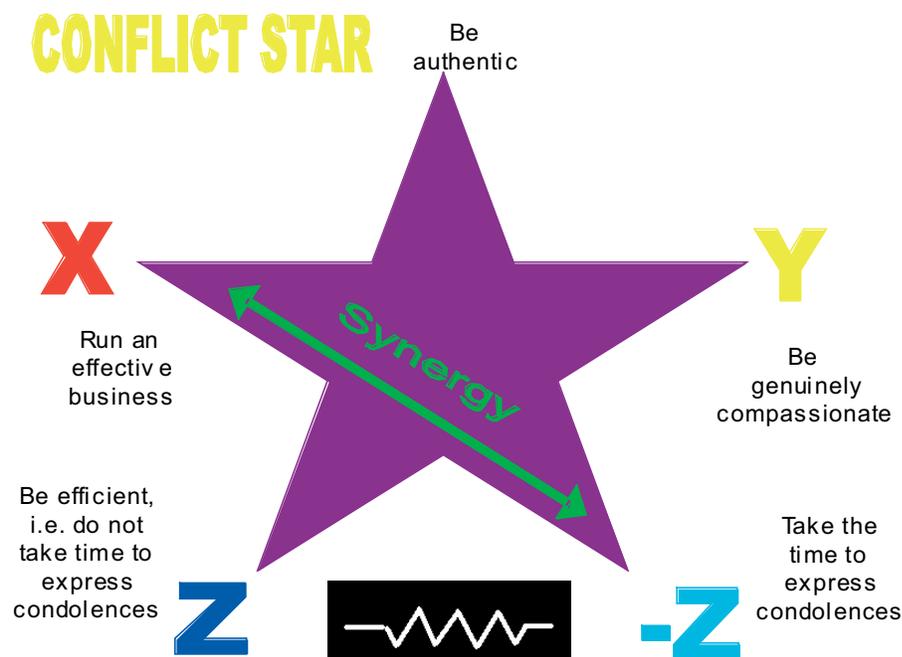
*Objective (O): Be authentic;*

*Necessary Condition X: Run an effective business;*

*Necessary Condition Y: Be genuinely compassionate (not contrived).*

The options open to Penny may now be considered by envisaging situations where either 'X and -Z' or 'Y and Z' might co-exist. By focusing, for example, on the option presented by X and -Z, Penny must realize that time spent consoling the families of the deceased is not productive in her business. Alternatively, by focusing on Y and Z, she would discover ways to show genuine compassion in an efficient way.

It is clear that both options are related. She exhibits genuine compassion, and holds the dignity of the deceased beyond question. She handles bereavement in a sincere and businesslike way - being her natural, uncontrived self, but not shutting off real emotion. As to be expected, Penny's business ethic is entirely in line with her personal values, as she adopts a virtue-based stance in her approach to this dilemma. Her approach in most cases, where she does not know the deceased, is to express condolences in a normal way, without



putting on an act, and then move on to business. In cases where she has an emotional closeness to the deceased or the bereaved, and therefore a “very real concern” for her client’s sorrow, she believes it is fitting to act in accordance with her emotions as such action is then seen by the client to be genuine, which it is. In short, Penny refuses to practice contrived compassion.

The ability to create win-win outcomes is not to be confused with compromise. Whereas compromise solutions entail fifty-fifty accommodation - each party giving a little to accommodate the other, the synergy-seeking owner-manager expects nothing less than a hundred-hundred solution - where both parties achieve everything they expected, and sometimes even more. The Business Ethics Synergy Star technique was found to be ideally suited to support synergistic solution-building. As it can also be used to critically examine any decision it is an ideal technique when owner-managers are required to consider alternative courses of action.

Any attempt to typecast owner-managers may be futile. Research has further revealed that each owner-manager has a distinctive world-view, which is represented by a complex mosaic of virtue ethics, utilitarianism and meta-

ethical perspectives. Some aspects of the entrepreneurial milieu that influence the way they decide what is ethically appropriate have become evident. These include considerations of cultural diversity, the freedom to limit the amount of personal energy given to business, and the existence of a more sensitive, searching inner soul beneath their often apparent hard-nosed business-oriented public image.

Some general characteristics of the lived-worlds of owner-managers are revealed through the dilemmas they experience. The key components of entrepreneurial success were found to be - having clear goals, energy, making a contribution to society, being connected, getting others on board, and work as an extension of self. These owner-managers appeared to be driven by five key motivations, namely goal-orientation, sense of personal excitement, inner conviction, autonomy, and external recognition of success. Key concerns identified were credibility, commitment to service and contributing to quality of life.

The notion of the owner-manager as someone intent on finding the power within themselves is supported throughout the research. Some light is shed on the *illusive entrepreneurial spirit*, which manifests as self-reliance,

the ability to grasp opportunities, to look beyond immediate obstacles and recognise potentially serendipitous events.

Since moral choices can have such a significant impact, and given the fact that owner-managers usually make those choices without consulting people well-versed in ethics, it is imperative that they be equipped with a technique that enables them to consider their options and make effective choices. One of the challenges facing owner-managers is about how to make the ethical component(s) of a decision explicit, so as to address it (them) in the context of the entrepreneurial purpose. It is clear that each owner-manager dealt with ethical issues in their own distinctive way--by holding fast to authentic virtues, bowing to community expectations, avoiding friction, adopting a 'come what may' or 'what's in it for me?' attitude, or pursuing a higher purpose where both parties benefit.

It is clear that business decisions contain both business and ethical conditions. As these two components are complimentary to each other, owner-managers need to develop the ability to synergise them. The Business Ethics Synergy Star is a technique that demands the portrayal of any dilemma in an appropriate argument form in order to facilitate its effective resolution in a non-prescriptive and non-normative way. The essential constructs of the Business Ethics Synergy Star exist in every business dilemma. The Business Ethics Synergy Star may therefore be applied as a standard way of expressing any dilemma, particularly where business (X) conditions and ethical (Y) conditions imply opposing acts (Z and -Z). By its construct format, BESS demands that the ethical condition be made explicit. BESS therefore offers potential as a way of assisting owner-managers to choose courses of action that are not only directed toward achieving economic goals but are simultaneously aligned with their personal world-views.

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"The brain's genius is its gift for reflection. What an odd, ruminating, noisy, self-interrupting conversation we conduct with ourselves from birth to death. That monologue often seems like a barrier between us and our neighbors and loved ones, but actually it unites us at a fundamental level, as nothing else can. It takes many forms: our finding similarities among seemingly unrelated things, wadding up worries into tangled balls of obsession difficult to pierce even with the spike of logic, painting elaborate status or romance fantasies in which we star, picturing ourselves elsewhere and elsewhen. Happily storing information outside our bodies, the brain extends itself through time and space by creating extensions to the senses such as telescopes and telephones. How evocation becomes sound in Ravel's nostalgic "Pour une Infante Defunte," a plaintive-sounding dance for a princess from a faraway time, is an art of the brain. So is the vast gallantry of imagining how other people, and even other animals, experience life."

-- Diane Ackerman, *An Alchemy of Mind*

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