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GASKA TAPE
Case Synopsis

In this case study, we explore the dynamics of a family-owned business facing a critical juncture. The protagonist, Jack, is more than a business owner. He is the guardian of a legacy passed down by his father. This business is not just a company; it's a lifelong project and a deep-seated passion for Jack, who dreams of passing it on to his children, continuing the family tradition.

However, the path is far from smooth. The business, co-owned with his sister Judy, is at a pivotal point. Initially united by their father's dream of sibling partnership, the changing family structures, including new partners and children, have slowly altered the dynamics between Jack and Judy. This evolution in their relationship, once rooted in shared aspirations, now faces the strain of diverging visions and trust issues.

The case takes a dramatic turn as the economy falters. In the midst of 2008 economic downturn, Judy makes a decisive move: she wants to sell her share of the business and wants Jack to do the same. Utilizing the company's bylaws, Judy's actions threaten to upend Jack's dream of preserving the business for future generations.

Students are drawn into the heart of this family drama, witnessing Jack's emotional and strategic turmoil. They will navigate through his decision-making process, analyzing the complexity of balancing family ties with business interests. The case challenges students

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to consider: How can Jack persuade Judy to reconsider her decision? Or should he find a way to buy her out and keep the business within the family?

This case is not just a study of business strategy; it's a deep dive into the nuances of family-owned businesses and the unique challenges they face.

Learning Objectives

In this teaching note, our primary focus is on decision-making and conflict resolution within the context of family businesses. Instructors may find this case versatile enough to explore additional topics such as negotiation, traditional entrepreneurship and leadership dynamics.

Additionally, there is scope for more specific or in-depth explorations of these themes; for example, an extended focus on conflict resolution could delve into mediation techniques. While the learning objectives provided offer a structured guide, they are intended to be adaptable and can be extended to suit various educational goals and classroom dynamics.

This case study has been designed with four learning objectives in mind.The case expects students to:

1. Analyze the complexities of decision-making within family-run enterprises, identifying how interpersonal relationships and family issues impact business decisions.
2. Evaluate the affordances and limitations of intuition and rational analyses for decision-making in times of uncertainty
3. Develop strategies that enhance the ethics of decision-making ethics in family business settings
4. Develop and evaluate conflict resolution strategies tailored for the unique challenges within family businesses.

Suggested assignment questions

Before the session, instructors can assign preparation questions to students, such as:

1. **Describe Jack Smith's Jr. background, personality, values, and aspirations. How do these factors influence his approach and entrepreneurial style in the family business?**
    - Jack Smith Jr. has a mix of youthful ambition and a knack for making on-the-spot decisions.
    - Risk taker: He's the kind who dives headfirst; he was quick to get into the family business despite lacking experience. That impulsiveness and gut-driven decision-making echo his father's style. He's all about taking risks and seeking forgiveness rather than permission.

- Ambitious: Money-making potential drives him; he's driven, even impulsive, when it comes to business. Jack's all about the hustle; he sees potential for making money and enjoys the thrill of it.
- Fun: Jack's about fun too.
- He's good with his employees.
- Future thinker: His innovative and strategic mind leads him to plan for tomorrow, especially after becoming a father. Becoming a father magnified his commitment to safeguarding the future generation and the business.
- Jack's a passionate man; he loves what he does and won't hesitate to wield his power.
- Stubbornness defines him; he won't bend to others' ways. Pride is his shield; he won't show weakness or ask for forgiveness.
- Regarding his business, he's a fighter, protecting what's his.
- Business smart: he's smart and knows his industry.
- Bold: Despite his youth and lack of experience, he dove straight into the company's reins.
- Jack is a passionate man who loves what he does.
- Despite being young and inexperienced, he didn't hesitate to take charge of the company.
- He's resolute in defending what's his.
- A doer, fast-paced
- Self-confident
- Arrogant
- Bold
- Audacious
- Entrepreneur
- Extravagant: antique car collector

2. **Detail the specific conundrum Jack is facing. What key factors contribute to this dilemma, including family dynamics, business strategy, and personal ethics?**
    - The central conundrum is his sister's business decisions. She wants to sell the company or bring in an outsider to run it. He is against this decision and is determined to keep the business and act as president.
    - His sister, backed by the company bylaws, insists on selling the business, while Jack vehemently opposes this course of action.
    - This decision is fueled by their escalating family conflict. Recent shifts in family dynamics and both siblings having new partners have ignited conflicts.
    - His brother-in-law is part of the company, fueling the conflict.
    - The conflict extends to the family compounds and has affected the company's environment, with employees taking sides and rooting for either one of the siblings.
    - The year is 2007, marked by a declining housing market and a fading economic boom. Jack's vision doesn't look well in the economic

landscape, particularly in Elkhart and beyond. His sister doubts his ability to navigate these challenging times.
- Jack is set on keeping control, driven by a desire to maintain his power and protect his children's legacy. It's not merely a question of capacity; it's entwined with personal pride, family legacy, and a fractured relationship with his sister.
- Jack has also been working on the company's future strategy. He sees the need for innovation and restructuring. He knows his numbers and how to bring Gaska to the next level.

3. **Assess the merits of Jack attempting to retain the business versus selling it, in light of the economic downturn and conflict with Judy. What are the potential short-term and long-term consequences of each option? Justify your analysis with evidence from the case.**

Retain:
Jack's preferred choice aligns with his dedication to the company's future and legacy and his ambition and desire to maintain control. In the short term, the economic downfall represents a severe risk to the Company and its legacy. The declining economic outlook of Elkhart and the broader economic landscape raises concerns about the company's immediate financial stability. Evidence from the case highlights Judy's doubts about Jack's capacity to navigate these challenging times, further intensifying the short-term risks. Opting for this path means Jack risks losing everything: the profitability, the legacy, and control. In the short term, retaining the business may lead to financial strain and an escalated conflict with Judy, potentially risking the company's stability and the relationship with his sister and extended family.

In the long term, there might be a potential rebound from the economic downturn if Jack's strategies, innovation, and vision align with market shifts, creating an even more significant financial gain. Jack is business-smart and has steered the company to success, which might work in his favor. However, he dives head first into business decisions, which might pose a more significant threat to the company as he might not evaluate risks correctly, and they might lose everything.

Sell:
Selling the business is a viable option to mitigate immediate financial challenges and salvage some value amidst the economic downturn. This move could also preserve Judy's and Jack's relationship and mitigate the conflict. However, it contradicts Jack's business nature and vision of preserving the business as a legacy for his children and signifies relinquishing control and power, something he's fiercely reluctant to do. Evidence from the case emphasizes Jack's stubbornness and pride in maintaining ownership and control. Jack's potential loss of the company and everything he's tirelessly worked for could breed animosity towards his sister and further strain the relationship.

Case Discussion

This case discussion is designed for a 120-180-minute session. The class should be divided into two major discussion pastures. The first part encourages students to assess Jack's entrepreneurial and decision-making skills and delves into the implications of his choices.

The second part introduces new information about Jack, challenging initial perceptions and highlighting the influence of partial narratives on judgment. This structure demonstrates the inherent complexities in forming judgments and making decisions with incomplete information.

This structure illuminates the challenges of forming accurate judgments with incomplete information, a common occurrence that can oversimplify complex realities. This often leads to polarization and conflict, hindering the ability to foster understanding, forgiveness, and compassion in professional and family business environments.

The following is a breakdown of the two major sections of the teaching plan:

Part A

1. How would you describe Jack Smith's entrepreneurial and leadership style?

   He is an innovative entrepreneur, a problem solver, and passionate about business. He is also driven and a hustler.

   He is extravagant and sincerely cares about his employees. However, he knows how he wants things done and will not change his ways. He does not like being held accountable and dependent on others. He inspires his employees by doing hard work, and he also makes gestures with them.

2. What is the economic context surrounding Gaska Inc., and how does it impact the business?
   - Economic recession and market volatility ahead.
   - The housing market was a key economic growth driver in the region and was starting to show signs of an upcoming recession with a downturn in construction and home sales.
   - Ripple effect impacting overall economic growth.
   - Gaska operates in the housing, construction, and automotive industries, and the company was affected by economic uncertainty and stress.

3. If you were Jack, and given this critical scenario, would you opt to sell Gaska, liquide it, or retain it, and why?

   Sell/liquide it:
   - The economic indicators are alarming, especially the anticipated downturn in the housing and automotive markets, which are pivotal to the business.
   - The potential recession and declining economic prospects could seriously jeopardize the company's stability and future growth.
   - Selling now might salvage some value from the business, preventing further losses amidst the economic turmoil.
   - Additionally, the strained relationship with Judy adds to the complexity. It might be wiser to exit now, mitigating potential losses and allowing relationship repair for future opportunities.

   Retain it:
   - Jack's vision is to 'right-size' the company for long-term competitiveness.
   - Downsizing in certain areas while strategically reinvesting and expanding in others could position Gaska to weather the storm.
   - Despite short-term financial strains and potential conflicts, preserving the company aligns with Jack's commitment to the family legacy and future generations.
   - With careful planning, innovation, and a focus on adapting to market shifts, Gaska might emerge stronger from the downturn, maintaining its identity and potential for future growth.
   - No one is going to tell me how to run the company. I will not lose everything, and no one will come and take this from me.
   - We can navigate the future and have the strategy and capacity to do so.

   Bring someone to run the company:
   - The economic indicators point to a challenging period ahead, and Jack's family dynamics add another layer of complexity.
   - Bringing fresh expertise might offer a pragmatic solution, allowing the company to benefit from new perspectives and strategies.
   - This move could potentially mitigate the risks associated with Jack's perceived capacity to navigate the economic turmoil.
   - While relinquishing control might be difficult, considering the company's future and stability amid the economic storm could outweigh personal preferences
   - This option satisfies Judy and it is a good middle point where both are compromising while still maintaining the legacy and future and protecting the relationship.
   - Bring someone with more experience and education to bring innovation and new practices to safeguard the business.
4. How would you characterize Jack as a decision-maker? Is his inclination not to sell Gaska driven by rationality or instinct?

From the case information, the decision seems highly motivated by instinct/emotion. Even though he has worked on the right-sizing strategy and has to have that information at hand, he looks more emotionally involved, and his judgment appears clouded by what he wants. The case portrays Jack as an unapologetic individual who makes rash decisions. By being put on the spot by Judy and the lawyer, he seems to be making decisions with less information at hand and relying more on his gut.

However, gut is not necessarily uneducated, and he might be connecting the dots based on his experience and business wit. Nevertheless, he does not seem to be using a decision-making framework or process to decide his next course of action.

5. In uncertain scenarios like Jack's, what is the best approach to decision-making?
    - Analysis
    - Data gathering
    - Advisory/expert advice
    - Manage emotions and biases

(Here, the instructor reads the epilogue to Part A. Students learn that Jack kept the business, bought Judy's part, and no longer speaks with Judy.)

6. It is clear that Jack made a great business decision. Gaska tape is a money-making machine, and Jack is now a Rolls Royce collector. Was Jack's profit, at the expense of his relationship with his sister, a fair trade-off? In family-run businesses, can a sound business decision justify weakening family bonds?

Part B

Students read Part B of the case (Note to Andreas: This part of the case should: a. give more insights into the family dynamics, perhaps explaining why rescuing the relationship with Judy was never on the table, even had Jack sold the business (this is an assumption). Also, give a lot more detail on the last 15 years of company history… discuss growth, economic and social impact).

1. Let's explore Jack's family dynamics. Who are the family members mentioned in the case?
    - Jack Smith Sr.
    - Barbara
    - Jack Smith Jr.
    - Laura Smith (Jack's wife)

    - Judy Smith-Bond
    - John Bond (Judy's Husband)
2. What do we know about Judy? How does Judy's perspective on the business differ from Jack's?
    - She is tired
    - She wants to play it safe.
    - She wants to be in charge, make their own decisions, and bring her husband in.
    - She does not trust Jack's leadership.
    - She and her husband have other ideas to run the business.
3. Was it fair for Judy to ask Jack for this?
    - She has a right by the bylaws where irreconcilable differences can be resolved by selling the company.
    - She is at a crossroads because she is also protecting her family.
4. Had Jack liquidated the business what would have been the consequences (eg. for the family, the industry, the employees and the region?)
    - Family: resentment, legacy lost, new opportunities, relationship repair?, financial ruin
    - Employees: lost jobs, economic downfall for them and their families
5. Would anything have changed for Jack and Judy's relationship if Jack had decided to sell or liquidate?
6. Could a particular virtue have guided Jack and Judy in resolving their conflict?
    - Justice: fairness and equitable consideration of individual and family perspectives/ aim to acknowledge each other/what is the common good of the company, the families, and stakeholders?
    - Temperance: we do not know much about Judy. However, Jack could exercise moderation and self-control in his decision-making.
    - Prudence: wise judgment in addressing conflict, assess more carefully the consequences, risk, and information at hand
7. Have you or someone you know faced a similar dilemma? What was the outcome?
8. Given this analysis, would anyone change their initial decision?

Case Analysis

The analysis of this case will face students with two distinct narratives about Jack:

Case Part A - The Ruthless Visionary:

A shrewd and determined business visionary, Jack has built a multimillion-dollar empire. His success, however, comes at a steep personal price: the erosion of a lifetime relationship with his sister, Judy. In his unwavering pursuit of commercial triumph, the ties that once bound him to Judy have frayed, painting a picture of a man prioritizing business achievements over family connections.

Case Part B - The Sentimental Dreamer:
Jack is a sentimental dreamer with a keen intuition for business. He deeply cherishes his father's legacy, embodying a blend of nostalgia and entrepreneurial spirit. Faced with a heart-wrenching choice, Jack finds himself at a crossroads: to grieve the fading relationship with his sister, who no longer shares his vision, or to face the double loss of this familial bond and the business he dreamed of passing down to his children.

Part A of the case will present truthful information that may make students lean more towards believing portrait A. This information comes specially from the case's epilogue. Part B, gives more details on family dynamics and the aftermath of

Jack's decision highlights all the prosperity that has followed, not only for Jack but also for his community. This new information helps students reconsider Jack's character and evaluate the potential bias in decision-making that they themselves fell for. This intends to become a learning opportunity for students on how to judge people and how people and situations are always more complex and nuanced than what we usually think.

This complexity and nuance should be further explored with the instructor's help and used as a basis for conflict resolution, mediation, and forgiveness.

Part A - Establishing Perspective with Portrait A:
The Ruthless Visionary. Highlight aspects of the case that depict Jack as a shrewd and determined businessman whose success has come at the cost of his relationship with his sister, Judy. This section should lead students to view Jack primarily as a figure of business success, potentially at the expense of family ties.

Part B - Challenging Perceptions. During the class, deliver part B of the case. This part offers additional details that align with Portrait B - The Sentimental Dreamer.
This part of the case delves into Jack's deep appreciation for his father's legacy and his emotional struggle with the potential loss of the family bond and his business. This new information is intended to challenge the students' initial perceptions and show a more sentimental and familial side of Jack.
Objective and Discussion Focus:
The purpose of presenting these contrasting portraits is to provide a comprehensive learning experience. It encourages students to examine how selective information can influence initial impressions, prompting them to reconsider their judgments of Jack's character.

Guidance for Instructors:

PART A

For Part A of the case discussion, use the portrait of Jack as a 'Ruthless Visionary' to engage students in a deep exploration of decision-making processes. Emphasize the

tension between preserving a multimillion-dollar business and maintaining familial relationships. Challenge students to consider the trade-offs and ethical implications of prioritizing business success over personal relationships. This part of the discussion should encourage students to critically analyze the choices Jack faces, compelling them to take a stance: what is more important, the success of a business or the preservation of family ties? This exercise aims to foster an understanding of the complexities inherent in balancing business and family decisions, sharpening their skills in making tough, value-driven choices.

PART B

Lead discussions that explore the nuances and complexities of character and decision-making.
Use this as an opportunity to discuss broader themes like conflict resolution, mediation, and forgiveness. Encourage students to understand that people and situations are often more intricate than they appear at first glance, thereby enhancing their ability to make more informed and empathetic judgments.

Post-case discussion assignment

This assignment's idea is that students use this case to better prepare themselves to make decisions in the future.

The assignment can give students one of four assignments. The instructor can choose, extend or modify depending on the learning goals pursued:

1. Proposing alternatives. Choose one of the following:

As a family friend, what alternative resolution might you suggest?

As a board member familiar with decision-making theories, what advice would you offer?

As a mediator, how would you facilitate a resolution between Judy and Jack?

As a visionary lawyer, what governance structures would you recommend to prevent such conflicts?

As a consultant specializing in difficult conversations, how would you guide Jack and Judy?

2. Given the complexities of family decision-making, how can we equip ourselves to make better choices? How can family businesses prepare to face tough decisions? What conflict prevention and resolution mechanisms are effective in business? What virtues can a family develop to navigate these challenges?

3. What are your key takeaways from this case study?

Contextual Note for Instructors:

Embracing the Full Spectrum of Entrepreneurship
This collection aims to expand students' entrepreneurial vision, encouraging them to see the vast array of opportunities in traditional businesses as not just profitable and high-tech but also essential contributors to societal development and human well-being. As such, the collection diverges from the prevalent startup and tech-centric narrative to shed light on the rich landscape of traditional entrepreneurship. It is crucial to recognize that 'traditional' does not imply 'low-tech'; in fact, sectors like manufacturing often involve cutting-edge technology and innovation.
These business models, encompassing small and local businesses as well as manufacturing and steady-growth enterprises, cater to fundamental human needs and are not just viable and necessary, but potentially lucrative life projects and financial opportunities.

Guidelines for Instructors:
We encourage instructors to tap into the learning opportunities this collection affords explicitly
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To do so, instructors can:

Value Diversity in Business Models: Facilitate discussions acknowledging the high-tech aspects of traditional sectors like manufacturing. Contrast these with the rapid-growth models in the tech sector, emphasizing the stability and long-term viability of traditional models.
Redefine Entrepreneurial Success: Challenge the perception that entrepreneurial success is solely defined by tech innovation. Use case studies to highlight significant financial opportunities and successes in traditional or alternative businesses.
Understand the Impact on Human Needs: Encourage exploration of how these traditional businesses directly respond to and fulfill essential human needs, contributing to societal well-being.
Realize the Potential for Significant Financial Gains: Discuss the substantial financial prospects these traditional businesses offer. Highlight examples where traditional entrepreneurship has led to considerable economic success.
Integrate High-Tech Innovations: Emphasize that traditional businesses often incorporate advanced technologies and innovative practices, blending the best of both worlds.
Promote Sustainable and Ethical Business Practices: Showcase how traditional businesses can lead the way in adopting ethical and sustainable practices, which can positively impact social and environmental aspects.

Suggested readings

Book: The Art of Principled Entrepreneurship

Author: Andreas Widmer

Entrepreneurial Alertness:
Yu, T. F.-L. (2001). Entrepreneurial Alertness and Discovery. The Review of Austrian Economics, 14(1), 47–63. https://departments.gmu.edu/rae/archives/VOL14_1_2001/3_yu.pdf?gmuw-rd=sm&gmuw-rdm=ht

Traditional business:
https://www.mckinsey.com/industries/oil-and-gas/our-insights/traditional-company-new-businesses-the-pairing-that-can-ensure-an-incumbents-survival

Pattern recognition: (NATS)
Baron, R. A. (2006). Opportunity Recognition as Pattern Recognition: How Entrepreneurs "Connect the Dots" to Identify New Business Opportunities. Academy of Management Perspectives, 20(1). https://doi.org/10.5465/amp.2006.19873412

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For Students:
https://hbsp.harvard.edu/product/3606BC-PDF-ENG

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https://www.harvardbusiness.org/data-and-intuition-good-decisions-need-both/#_edn2

https://www.psychologytoday.com/us/articles/201912/8-truths-about-intuition

https://hbr.org/2022/09/emotions-arent-the-enemy-of-good-decision-making

Virtuous decision-making (TATS)
Provis, C. (2010). Virtuous Decision Making for Business Ethics. Journal of Business Ethics, 91(Suppl 1), 3–16. https://doi.org/10.1007/s10551-010-0564-4

González-Cruz, T., & Devece, C. (2018). Entrepreneurial innovation, judgment, and decision-making as a virtuous process. International Entrepreneurship and Management Journal, 14(2), 245–248. https://doi.org/10.1007/s11365-018-0510-y

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https://religiousfreedomandbusiness.org/2/post/2023/04/the-superhabits-of-a-virtuous-human-operating-system.html
https://www.google.com/search?q=virtue+cycle+andrew+abela+business&rlz=1C5CHFA_enCO1014US1017&oq=virtue+cycle+andrew+abela+business&gs_lcrp=EgZjaHJvbWUyCQgAEEUYORigATIHCAEQIRigATIHCAIQIRigATIHCAMQIRigAdIBCDg4NjZqMGo0qAIAsAIA&sourceid=chrome&ie=UTF-8#fpstate=ive&vld=cid:63cf4f7e,vid:8a6tMkqGYGs,st:0

Family business:
Harvard Business Review Family Business Handbook: How to Build and Sustain a Successful, Enduring Enterprise (HBR Handbooks)

Network effect:
Yates, V. A., Vardaman, J. M., & Chrisman, J. J. (2023). Social network research in the family business literature: A review and integration. *Small Business Economics, 60*(5), 1323–1345. https://doi.org/10.1007/s11187-022-00665-y