



European Forum on Paradox and Pluralism

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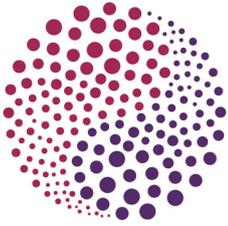
The founder's shadow dilemmas: the case of Vista Alegre

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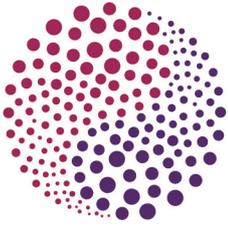
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THE CASE¹

Vista Alegre (VA) is a Portuguese porcelain factory, founded in 1824 by José Ferreira Pinto Basto. It is the oldest porcelain factory in the Iberian Peninsula and its painting school is still famous today, thanks to the efforts to bring great artists, as Victor Rousseau or more recently Christian Lacroix, that were always the company's trademark. VA remained as a family business until its 7th generation, when it was acquired by the Visabeira Group in 2009 and subject to a major reform, 185 years after its foundation.

The founder (José Ferreira Pinto Basto) initiated a welfare-oriented nonprofit action which was created just to serve the community of employees, including an entire neighborhood with a school, a medical venue, a theatre, a barbershop, a recreational band and other facilities. This was very unusual in the 19th century and made him an admired figure: "We look to the founder in an admiring and grateful way (...). He is our granddaddy, our grandfather." This sentence was stated by a non-family member and is particularly interesting since it was put forth in 2019 (10 years after VA's selling to the Visabeira Group and almost two centuries after the death of the founder in 1839). The general feeling is that the founder was there for the employees when they needed. The help could come in the form of counseling, financial support, or other forms, but it always arrived. So, when the time came to give back, the entire community responded. For example, almost 100 years after the founder's death, VA's employees worked for free to avoid the closing of the factory. "The founder was here when the workers needed, but there was a time when the founder needed, and the workers were there for him".

¹ This case was mainly based in interviews made to Vista Alegre collaborators during August 2019.

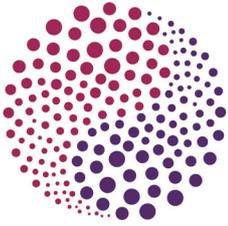


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The case of Vista Alegre raises several interesting questions:

- Keeping the founder's shadow alive is not only a 'family matter' in the sense that it is not an exclusive family effort to keep the founder's spirit present in the organization, as we can see in this case. The emotional bond created between founder and community of employees persists over time, throughout decades and generations, and is kept alive and powerful even if the current employees did not have the opportunity to meet the founder. How can the new owner lead a company in the shadow of the founder?
- By assuming that the founder's shadow is a key element in organizational identity, and knowing that a family firm's identity is a powerful and distinctive tool, should the organization use this as a resource that is rare and inimitable, thus contributing to a competitive advantage?
- Should Visabeira preserve the founder's legacy to reinforce organizational identity or should they shift and step out of the shadow of the founder? And if they decide to preserve that legacy, how can it be genuinely reinforced?
- How can the paradox of tradition and change best be managed in Vista Alegre? How does this play out on a day-to-day basis within Visabeira?
- Significant integration issues can arise from an acquisition (operationally and culturally). If not well conducted, the companies involved may function almost separately for a long time, with significant efficiency and integration costs. How can this be avoided?
- Visabeira is a first-generation business, a project built by an entrepreneurial and innovation-driven individual, while Vista Alegre operates in a very traditional market. How can values, norms and assumptions of each organization be integrated to foster efficiency and consolidation?



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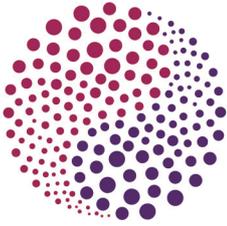
Additional issues to be noted and incorporated in the discussion:

- VA decided to keep producing the gold filings hand paintings pieces, even when its competitors decided to drop it, given the specific skills needed and huge time consumption. VA maintained it, to keep the founder's DNA and therefore reinforce VA's DNA. Those products were created by the founder and were kept in order not to reinforce legitimacy. Keeping a non-profitable production line may become a very risky decision.
- Keeping authenticity is an internal demand, supported by the entire community of workers. It can be translated into keeping the founder's values alive, such as the concern for the employees' welfare. . Therefore, keeping certain organizational rituals contributes to uncertainty reduction, fostering continuity between generations. It is about keeping things as stable as possible: the way things are done, and the way people are treated. But at what cost and with what benefits?

About the authors:

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TEACHING NOTE

The case indicates how complex a commitment towards authenticity may be, especially when the family business is sold to an outside group. As the case indicates, decisions are difficult, and solutions can raise its own challenges.

The case can be used to illustrate:

- The complex nature of strategic decisions in family businesses, especially during transition periods. As the case shows, every possible path comes with potentially significant costs. It is up to the leadership to develop ways to manage tensions related to the relationship with the community of employees.
- The organizational culture challenges and its inherent tensions in acquisition processes.
- For family businesses whose journey to perpetuate the funder's legacy is full of tensions that simultaneously carry benefits and costs.
- For Merger and acquisitions the case can be used to discuss the tensions between maintaining authenticity within the organization without jeopardizing profit-goals.
- For any one of us, individually, the cases invite us to think about the power of history and family in our own pursuit of the future, both in our personal lives and in the organizations that we belong to.

Areas:

Organizational culture, Identity, Merger and acquisitions, Family Business

Keywords:

Vista Alegre, Founder, Shadow, Culture