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# Glennon Brothers: Old Dogs Need to Learn New Tricks

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**This case study presents the story of Glennon Brothers, a third-generation family-owned sawmilling business in Ireland. As the firm evolved through the organizational life cycle and the complexity of firm operations increased, a different style of management was required to navigate the family business to the next stage. The brothers needed to move from *being* managers to *managing* managers. This case study highlights how coleaders can become comfortable with each other and unintentionally overlook the need to change their managerial priorities in line with the business's evolution.**

**T**he ground level pulsed with the vibrancy of a thriving business—noise, bustle, and, to the unacquainted eye, chaos, everything that would be expected from a successful sawmilling operation. Upstairs, though, in the office of cochief executive officer, Pat Glennon, he and his younger brother, Mike, Glennon Brothers' other chief executive officer, were performing a kind of corporate autopsy. To the brothers, it was of only limited consolation that the focus of their attention was not on their own business. Instead, it was on a company called Murphy & Sons, a traditional oat milling business operating just a few miles away on the banks of the very same river as Glennon Brothers. The lead story in the morning newspapers reported that Murphy & Sons would soon close its doors for the final time, and though its closure would have no direct bearing on the Glennon brothers, or their business, its failure carried a special resonance for Pat and Mike. Here were two businesses that operated in the same town and, with both now in their third generation of family ownership, had charted a near-parallel course for the better part of a century. The cause of its downfall? "Another Victim of the Economic Recession," according to the headline in the *Longford Leader* on March 31, 2009. For Pat, however, there was more to the story. "This article misses the real reason for the closure," he asserted.

Pat and, to a lesser extent, Mike had been on familiar terms with the trio of Murphy siblings who ran the business from the late 1980s up until now. In their roughly 30-year tenure, this third generation of Murphy-family partnership of two brothers and a sister took the business from the narrow confines of Longford County to national prominence,

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even venturing to the export markets of the United Kingdom. Seemingly built on sound fundamental business practices, the Murphy's business was, like the Glennon's, well positioned even when the recession took hold in 2008.

"So then," Mike said to his brother in a tone of mock formality, "if the recession wasn't the cause of Murphy's downfall, what, in your expert opinion, was?" Without missing a beat, Pat responded. "As their business grew, the Murphys neglected the need to formalize management practices and implement governance structures. My understanding is that they didn't delegate responsibility. Every aspect of the business changed, but they managed the same as they always did." He continued, "Our family situation is not dissimilar to the Murphys' in many respects. We have three owners and about the same number of family members in the next generation. Not only do we hold full control of Glennon Brothers, but we also conduct all of the firm's management and make all of the decisions ourselves." Mike nodded in agreement, "Pat, when you say it like that, it feels like we are looking in a mirror, and I gotta tell you, I don't like what I see."

Lamenting how a company with a history as illustrious as Murphy's could meet such an end, Mike's attention returned to the newspaper in front of him. The article described Murphy's as a company that was "Irish to the core—local in character, international in perspective." This description was not lost on Mike, who would be only too happy to have his family's business described as such.

Despite the gloomy economic outlook, Glennon Brothers was expanding. The company had recently acquired a third sawmill in Scotland to add to its existing portfolio, which included three Irish sites. This meant that the brothers were flying back and forth to Scotland multiple times per week to oversee daily operations of the various plants. This left little time to devote to their growing families.

"We need to face facts," Mike announced. "Our current arrangement is not sustainable. We now have six sites in two countries . . . but we are still managing as if it were a single site. Since we took over from Dad, our business has grown, yet our management practices have not changed. Everything has moved on but us." He continued, "If anything, I think perhaps we have focused on operational management excellence and avoided strategic management. We need to admit this and now learn from the Murphys' mistakes. We need to change . . . we need to adapt. But how do you teach two old dogs new tricks?"

## **The Roots of the Glennon Tree**

*Most countries send out oil or iron, steel or gold, or some other crop, but Ireland has had only one export, and that is its people.*

—John F. Kennedy, on his presidential visit to Ireland (June 1963)

On September 8, 1904, at the age of 21, James Glennon left his home village of Kilnavogue, Longford County, bound for New York in search of employment. He had the equivalent of just \$5 in his pocket. It was a time of mass emigration from Ireland, which had been going on since the Great Irish Famine (Irish Potato Famine) of the 1840s. Approximately one million people died of starvation and disease during this period, and at least another one million people emigrated from Ireland, causing the population to decrease from more than eight million people to fewer than six and a half million.

James secured employment on the New York City docks, working long hours for minimal pay. On June 17, 1907, his brother, William Glennon, joined him. A unique bond, built from their shared experiences in a foreign land, formed between the brothers.

The boys became friendly with Hannah and Julia Murphy, two sisters from the South of Ireland, who, carried on the tide of emigration, also resided in New York. The foursome met up frequently and enjoyed one another's company. Conversation, poetry, and story-telling ultimately served as a prelude to courtship and marriage. A modest ceremony in New York on June 5, 1910, marked the wedding of William and Hannah, with James and Julia following suit 3 years later.

Despite the harsh conditions they left behind, they never lost their love of, or commitment to, their native homeland, and in August 1913, the two couples returned to Ireland to visit family. When they did, though not intended, they became interested in a farm and sawmilling business, which was for sale in their home village of Kilnasavogue, 3 miles outside Longford Town in the midlands of Ireland. The site contained a small farm, a sawmill, and a single-story barn and outhouse, and after careful deliberation, the brothers, with some subtle urging from their wives, decided to make an offer. They emptied their savings accounts, raising the £500 to purchase the 7-acre site on the banks of the River Camlin (a tributary of the River Shannon, Ireland's longest river), and by October 1913, William and James were operating what was to become Glennon Brothers Sawmill.

Of sawmills and sawmilling the brothers knew little or nothing. The mill's previous manager, John Kieran, was retained to assist the ambitious Glennon boys in navigating their way. Residents and merchants from Longford and the surrounding counties provided a steady demand for business, with services such as cart-making; roofing; and manufacturing of crates, containers, and egg boxes proving the most popular. Trees were felled from nearby forests and transported to the mill by special horse-drawn wooden carts, five of which were required daily to draw adequate supplies of timber to meet the demands from customers. Business flourished, and the Glennon family became well known and respected in the community. But dark clouds began to appear on the horizon.

The early 1920s witnessed a rapid increase in tree felling nationally, brought on by the Land Acts of 1881 and 1903.<sup>1</sup> Many landlords around Ireland sold off their standing timber to local and traveling sawmills, while the former tenants, now new land owners (as a result of the Land Acts), felled the trees on their new properties for economic gain. English and Scottish sawmillers were drawn to Ireland because of the low prices and timber availability, and the number of sawmills in Ireland reached 843, eight of which operated in the small geographical area of Longford County. The woodland area in the country, estimated at a mere 1.5% of the total land area, was shrinking ruinously. With a lack of raw materials, Glennon Brothers struggled, and in a bid to find a remedy, William Glennon contacted Patrick McKenna, Teachta Dála (Irish Member of Congress), on December 4, 1923 (Figure 1).

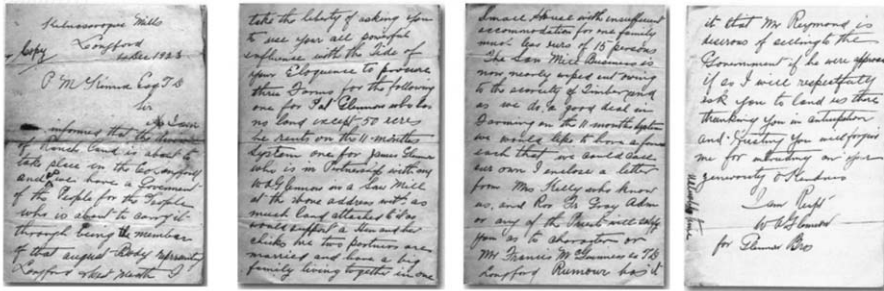
William, James, and their two families lived together in a small house on the site. William and his wife, Hannah, had 10 children, and James and Julia were proud parents to five. As the years progressed and the two families grew, the brothers found it increasingly difficult to sustain both households on the modest earnings produced by their business. With little to no hope of acquiring farming land, James Glennon returned to the United States in 1928 with his family, selling his interest in the business to his brother, William, who was left to run the business alone. Leaving his home for the second time

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1. Between 1869 and 1909, a revolution took place in land ownership in Ireland. Until 1869, Irish farmers rented farms from landlords. These were tenants-at-will who held their farms under a verbal agreement that could be ended on either side with 6 months' notice. Thus, many tenants lacked security of tenure and were vulnerable to eviction. By 1909, a change of law procured a transfer of ownership from the landlord to the former tenant-farmer.

Figure 1

Letter From William Glennon to Patrick McKenna, T.D., December 4, 1923



Dear Mr. McKenna,

I am informed that the division of ranch land is about to take place in the county Longford and as we have a Government of the people, for the people, who (sic) is about to carry it through. Being a member of that August body representing Longford and Westmeath, I take the liberty of asking you to use your powerful influence with the tide of your eloquence to procure three farms for the following: one for Pat Glennon who has no land except 50 acres he rents on the 11 months system, one for James Glennon who is in Partnership with me, W. A. Glennon, in a sawmill with as much land attached to it as would support a hen and her chicks.

We two partners are married and have a big family living together in one small house insufficient for one family, much less ours of 15 persons.

The sawmill business is now nearly wiped out, owing to the scarcity of timber and we do a good deal of farming on the 11 month system. We would like to have a farm each that we could call our own. I enclose a letter from Mrs. Kelly who knows us and Rev Fr. Gray Adm or any of the priests will satisfy you as to our characters or Mr. Francis McGuinness ex T.D., Longford.

Rumor has it that Mr. Raymond is desirous of selling to the Government if he were approached. If so, I respectfully ask to land us there. Thanking you in anticipation and trusting you will forgive me for intruding on your valuable time, generosity and kindness.

I am respectfully,

W.A. Glennon for Glennon Bros.

was, for James, a difficult decision, taken for reasons of necessity rather than choice, and deemed the only way for the business to survive.

After James left, William focused his efforts on the farm, which he preferred, rather than the mill. When customers called on the Glennon home in search of timber, William would solicit his sons to attend to their needs. Paddy, the second-youngest son, quickly became fascinated with the mill. As a young boy, Paddy could be found perched on top of

Figure 2

Aerial View of the Sawmill in Kilnasavogue in the Late 1950s

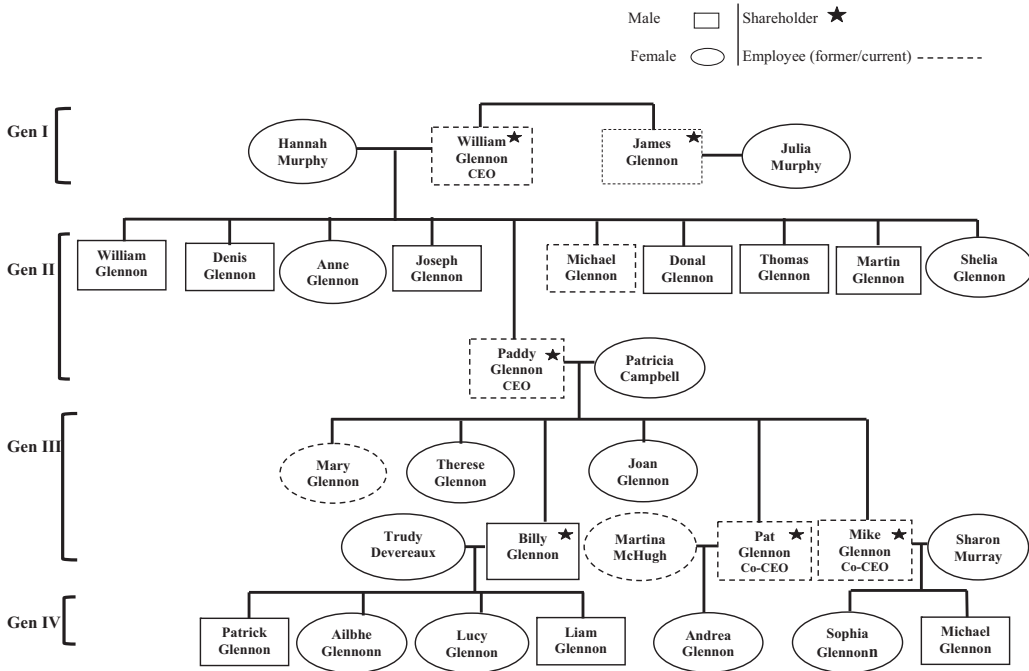


the neatly stacked mountain of logs at the bottom corner of the yard, where the sawmill stood, quietly observing operations (Figure 2). Three years separated him and his older brother, Michael, but Paddy was intuitively viewed as his father's natural successor when he joined the business full time in 1943, at the age of 19. An ambitious, hard-working, honest man, Paddy would be at the helm of the business for the next 50-plus years. He attended St. Michael's Primary (Elementary) School, where his elder brother, Liam, was a teacher, and later Longford Technical School, where he obtained a Department of Education Certificate in Carpentry and General Woodwork.

With his siblings vacating the business to make their living elsewhere, Paddy inherited full ownership of Glennon Brothers in the summer of 1957 after the passing of his beloved father. His brother, Michael, soon joined him part time, to assist with the business's ever-growing customer base. Michael was an instructor in the local Technical School and possessed the mechanical skills needed to grow the business. The brothers worked together seamlessly. Paddy's enthusiasm was infectious and provided a positive environment in which Michael's innovative and creative mindset was able to thrive. Given his experience as a qualified fitter, Michael excelled in the technical side of the operation. His practical ingenuity enabled Glennon Brothers to develop innovative machinery, significantly improving the process of timber extraction and reducing manual labor efforts. Through improvisation and adaptation, the business slowly began to grow. On June 5, 1958, the mill was linked to the national Electricity Supply Board, and power was available at the touch of a button. Soon, a Ford petrol-engine lorry was purchased, along with an ex-American Army truck, and the horse-drawn carriages were replaced. The people employed increased to 13.

Figure 3

Glennon Family Tree



Although Paddy respected his brother’s opinions, he remained the undisputed leader of Glennon Brothers. He was recognized by many as a visionary, gifted with an entrepreneurial spirit. Paddy knew that if the traditional business was to grow beyond the isolated surroundings of Longford County, innovation was needed in the form of modern technology and the quality of native timber had to be improved. Irish timber was considered inferior to imported wood and had a poor reputation among builders as being too wet, easily warped, and often badly sawn.

The 1960s witnessed an improved economic climate in Ireland, and Paddy took advantage of the positive outlook by setting out to modernize the business. Investments were made in new technologies, and additional staff members were recruited. Paddy employed his first accounts secretary, Bernadette Farrell, who bicycled 6 miles to work every day (her office was an old caravan located next to the timber store). Soon, Bernadette was joined by another local girl, Sheila Murphy, indicating the steady progress of the company. To mark the 50th anniversary of the business, in 1963, new offices were built on-site.

Paddy married Patricia Campbell, a farmer’s daughter from the neighboring county of Cavan, in August 1951. Patricia came from a family of eight children and was used to hard work and responsibility. The couple had six children—three daughters, Mary, Therese, and Joan, and three sons, Billy, Pat, and Mike. It was a close-knit household, and everyone took great pride in their collective association with the family’s business (Figure 3).

Paddy's business philosophy and his family life were interwoven. The commitment and honesty he displayed in his work were central to everything he taught his children. Like the generation before them, the Glennon boys helped out in the business on their summer vacations and were each taught how to work efficiently and accurately. While the family worked, Paddy continually planned for their future and made sure that his boys were aware of and understood the purpose behind his vision. "I want this business to remain a family business," he would often remind his sons. Patricia was the homemaker, responsible for raising the children. She was a pragmatic, personable woman, with a deep-rooted religious faith. Patricia operated the household on the policy that "a penny saved is a penny earned," and instilled this frugal mindset into her children from a young age. Even the crumbs from the table were not to be wasted. "They are to be given to the chickens," she would instruct. Family friends would refer to her as Glennon Brothers' "chief trust officer" because she often was a calming, mediating force within the family.

### **The Third Generation of Glennons Take the Reins**

At this time in Ireland, the respected members of society were professionals (e.g., doctors, lawyers, teachers) or religious leaders. With no such opportunities at her own disposal growing up, Patricia had a strong desire that her children would attend university. All three daughters went on to acquire formal education before developing successful careers outside the family business. In 1979, the eldest of the Glennon sons, Billy, graduated with a degree in Engineering from Trinity College Dublin. Billy worked for several years at a consulting firm in Dublin, before founding his own software business in 1984, which he would later grow into a successful technology consultancy company with a strong international presence.

Pat was the second-oldest boy and, like his brothers, worked in the mill as a child, on weekends and summer vacations. Throughout school, he thrived in the practical subjects; technical drawing, woodwork, and the physical sciences all came naturally to him. From a very young age, Pat had, in his head, carved out his future career path; he would remain in the family business. He joined Glennon Brothers in the summer of 1978, shortly after completing secondary school (high school), at the age of 18. However, if Pat had harbored any hopes that his eminent ancestry would earn him special privileges in the business, these were quickly dispelled under the weight of the giant spruce logs he was routinely assigned to stack. Pat spent the first 12 months working on the factory floor, sweeping up and carrying out general duties, before moving around the different machine centers to gain experience in the various areas of the business.

When Glennon Brothers' log buyer retired in 1980 after 20 years of dedicated service, Paddy saw this opening as an ideal opportunity for his son's progression in the business. He sent Pat to University College Dublin where he took a part-time course in forestry measurement and, on finishing, took up the new position in Glennon Brothers. His new responsibilities involved evaluating quality, negotiating prices, tendering, and organizing harvesting and haulage for the logs. Pat excelled in these roles.

Paddy's youngest son, Mike, was born in 1963. He attended Dublin City University where he obtained a Bachelor of Business Studies degree. Mike worked for some time in a multi-national company in Westmeath County before joining his father, uncle, and brother in Glennon Brothers in 1985 (his uncle, Michael Glennon, retired from the family business 3 years later after a lifetime of service). Paddy and his sons shared a relationship based on mutual respect and understanding. The trio worked well together, and Pat and

Mike brought new ideas to the table to grow and expand the business—fresh perspectives to which Paddy was gladly receptive.

With its sole operations based in the midlands of Ireland, Glennon Brothers was at a strategic disadvantage in comparison with the other sawmills in the country. Operating from Longford meant that the business had to source, extract, and haul timber across the entire country to reach its customers (the business was positioned more than 100 miles from forests and 80 miles from customers). Pat and Mike both knew that to move forward, the business needed to expand operations beyond its existing site.

In 1998, after a careful search, the family business acquired a sawmill (which included the associated workforce contracts) in Fermoy, Cork County, from a large multinational company that had struggled to survive in the specialized industry. Fermoy, a busy market town located on the main Cork-to-Dublin route, offered a thriving 60-acre site in the “home of Irish logs.” The operations were ideal; the circumstances, however, were anything but. Because it was not acquiring the actual company, Glennon Brothers had little knowledge of the plant’s financial state, a risk the brothers accepted at the time. It was not until 2 months later when searching for a file at the back of his office cabinet that Pat stumbled across old financial statements, which listed a substantial loss for the Fermoy plant the previous year. Even knowing that the acquisition arrangement came with deep uncertainty, this discovery was a shock to the Glennons. “This acquisition is going to bankrupt us,” the brothers feared. However, with an ever-positive outlook Paddy reminded his sons: “The absence of alternatives will concentrate the mind.”

The plant’s financial state was not the only problem inherited with the acquisition; it also came with a heavily unionized and poorly motivated workforce. The personalized leadership approach at Glennon Brothers in which the owners were on the factory grounds on a daily basis led to a clash of cultures, with employees in the new plant viewing this style as management by intimidation. With a lack of any human resource specialists within their company, Pat and Mike had to assume this role themselves. After lengthy court battles, heated discussions, and much persistence, the brothers managed to gain the respect of the employees, achieving heightened morale and cohesion. With a more productive workforce came increased sales, and within 12 months the company broke even, quite an accomplishment for the brothers and all involved in the business.

For the first year, Pat commuted to Fermoy, which meant leaving his wife, Martina, and young daughter early on Monday mornings and returning home to Longford late on Thursday nights. Realizing quickly that this was an unsustainable lifestyle arrangement but that Pat’s continued involvement in the business hinged on it, it was Martina who first proposed the idea of relocating with their daughter, Andrea, to Cork County, which they did the following year. Indeed, Martina’s contribution to the development of the business was not to end here. At this time, Glennon Brothers was falling behind competition in terms of technology usage, and it lacked structured information technology (IT) systems and processes. With no expert to lead the transition, Martina left her job as a schoolteacher, and after taking a course at Trinity College Dublin, she joined the company and worked one-on-one with the factory workers over the next three months to advance their IT capabilities.

At the age of 76 and after almost 50 years at the helm of the business, it was time for Paddy Glennon to hand over the reins to his sons. For Paddy, their development and preparation for leadership roles, which began in their early teens, was now complete. He recognized that the business was now strong enough for day-to-day control to be passed on; however, he was not yet ready to step down completely. In 2000, Paddy divided the company stock into voting and nonvoting shares, which allowed him to retain control of the business while passing on leadership responsibilities to his sons. When in 2002 he relinquished his remaining voting rights, Pat and Mike were granted an equal (45%)



Table 1

## Glennon Brothers' Key Financial and Employee Numbers, 2003–2008

	EUR/USD = 1/1.37429 (As at 12/31/13)					
	FY 2008	FY 2007	FY 2006	FY 2005	FY 2004	FY 2003
	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR	'000 EUR
Gross revenue	57,127	70,395	64,161	50,112	43,271	45,160
Cost of sales	-42,453	-52,493	-51,321	-40,370	-36,114	-37,903
Administration expenses	-15,354	-10,034	-7,224	-5,685	-5,220	-5,505
Profit before interest and tax	-680	7,868	5,616	4,057	1,937	1,752
Other income	-196	-1,375	2,875	3,841		819
Net interest	-262	30	-256	-209	-455	-579
Profit before tax	-1,138	6,523	8,235	7,689	1,482	1,992
Fixed assets	32,365	25,060	25,089	28,372	19,171	21,233
Current assets	26,435	35,708	31,429	22,942	18,742	17,242
Total assets	58,800	60,768	56,518	51,314	37,913	38,475
Current liabilities	16,516	19,272	19,024	19,279	13,338	13,097
Long-term liabilities	10,035	8,020	9,209	10,957	7,498	9,408
Cash and cash equivalents	11,812	19,581	12,773	7,327	3,910	1,325
Reserves	32,249	33,476	28,285	21,078	17,077	15,970
Leverage (%)	46.5%	39.0%	47.7%	66.6%	63.6%	75.0%
Interest cover (x)	-0.6	16.2	20.8	21.2	4.1	4.4
Number of employees	330	245	211	201	189	177

shareholding of the business, with their brother, Billy, given the tiebreaking 10% of shares. Paddy constructed the ownership in this way in an attempt to prevent any future conflict between Pat and Mike, figuring that if ever disagreements arose between the brothers, Billy would ultimately have the final say and deciding vote.

Individually, Pat and Mike possessed very different skill sets. Their varying expertise was complementary in a way that the business could be leveraged to create a competitive advantage, one that proved difficult for competitors to replicate. Pat was responsible for log production, forestry, and capital development. He held specialized knowledge of the industry, acquired from his many years working in the mill. Mike took charge of sales, marketing, and the financial side of the business. He possessed a natural ability to connect and work with people from all backgrounds, and this positioned him to be the partner who handled customer relationships in the company.

### Disaster Strikes . . . Rising Like a Phoenix From the Ashes

On June 10, 2004, disaster struck. A serious fire broke out in Glennon Brothers' main production facility in Longford, and the entire factory was destroyed overnight. To compound matters, the company was, at that time, heavily exposed to borrowing, owing to the €20 million investment in the Fermoy plant in 1998. Furthermore, its proforma log production had for the past 4 years been guided by government forecasts that were now proving to be overly ambitious. It certainly appeared as if this was the end for Glennon Brothers (Table 1).

Figure 4

Three Generations of Glennon Brothers Owners, 1913–2008.



L-R: Founders William and James Glennon; William (background) with his son, Paddy, the second-generation owner; Paddy's sons and current co-CEOs, Mike and Pat Glennon

Not for the first time, Pat and Mike knew that if the company was going to survive, they needed to take immediate action. Of primary concern were the employees, whom the brothers viewed as extended family. Glennon Brothers employed many local men, and the livelihood of their wives and children depended on the continued success of the business. The morning after the fire, Pat and Mike called a meeting with the factory employees, and by the following week, 30 workers had relocated 140 miles to Fermoy to run that plant on a double shift—this demonstrated to the brothers the high commitment and loyalty of their employees to the business. Despite the loss of the Longford line, remarkably, Glennon Brothers production over the following 12 months fell by only 5%.

In March 2004, on the fifth anniversary of his wife's death, Paddy Glennon passed away. He had been ill for some time, and the only solace for his sons was that he was not alive to see the destruction of what he, his family, and so many loyal staff had spent much of their lives building. Paddy's brother, Michael Glennon, died the following year (Figure 4).

In their hearts, Pat and Mike wanted to rebuild the Longford plant for family, historical, and emotional reasons. However, the shortage of logs in Ireland meant that the hard business reality of their situation outweighed the emotional pull, and they decided instead to expand the group outside Ireland by acquiring a sawmill in Scotland.

In 2005, Windymains Timber, a family business based in Humbie, near Edinburgh, was added to the Glennon group. Located on a 22-acre site, the plant contained a specialist fencing and treated timber mill, enabling Glennon Brothers to increase its capacity and customer base in Scotland significantly. Closely following that acquisition was the purchase of Dempsey Timber Engineering and Alexanders Timber Design in 2007 and 2008, respectively.

Ireland's descent into recession in 2008 led to a collapse in the property and construction sectors,<sup>2</sup> putting Glennon Brothers under increased pressure in its home

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2. As of 2012, the construction sector employed 5.2% of the total workforce in Ireland and accounted for 6.4% of gross national product. At the peak of the boom, in 2006, the sector's contribution to gross national product was 25% and accounted for more than 12% of total employment.

market. From the peak of the Celtic Tiger<sup>3</sup> to the depths of the recession the level of new house builds in Ireland dropped from 96,000 units to just 8,000. This decrease in production was softened somewhat for Glennon Brothers by its expansion into Scotland.

In April 2008, against this challenging backdrop, the company made its third acquisition in Scotland, acquiring Adam Wilson & Sons. Adam Wilson & Sons was the fourth-largest sawmill in Scotland and a fifth-generation family business with annual revenues of €31.5 million. The business was located in the same catchment area in which Glennon Brothers sourced its logs, and it targeted the same customers. This was a significant move for the company and meant that it was now employing more than 360 people between its UK and Irish sites and another 180 people indirectly through harvesting and haulage activities (Table 2).

## Two Young Pups Take Charge

After almost 20 years of jointly owning and managing the business, Pat and Mike finally felt that *they* were in charge. Being heirs to their grandparents' business meant that they had always felt a silent pressure to succeed and an obligation to improve and grow the business. For years, many were of the opinion that the boys had been given a "head start" in life, with a successful business bestowed on them by their father. But the brothers were always determined to develop their own legacy and step out from behind the shadow of their predecessors. Rebuilding Glennon Brothers after the fire unburdened them and gave them this sense of achievement. They felt they had built something themselves, not just grown a business they had inherited. Just like their father and grandfather before them, they now had their own special attachment to the business.

The demise of the Murphy family's business reminded Pat and Mike that, to ensure the survival and success of their growing company, they needed to introduce more formalized organizational systems and structures. However, they were unclear if and how this could be achieved while retaining the unique features associated with their family firm. Since its founding, all areas of Glennon Brothers had reported directly to family members, and the family believed that this personalized approach to management was an important factor underlying the company's success. If they were to introduce professional systems and structures, what would this look like? Additionally, if more personnel were hired, would this be of concern to existing employees?

When Glennon Brothers acquired Adam Wilson & Sons from the Wilson family in Scotland, the business already had a stable team of dedicated, talented employees, but one employee in particular, David Rodger, caught the brothers' attention. David had worked in the sawmilling industry for more than 30 years and was regarded as an expert in log purchasing, measurement, and cutting. Before working with Adam Wilson & Sons, David held a management position in the second-largest sawmilling company in Scotland. The brothers had previously discussed the possibility of appointing David to manage their Scottish plants, but they had never actually approached David about this. Mike, in particular, was concerned that Glennon Brothers' high family involvement, comparatively informal structures, and lack of formal governance systems might deter David from such a role.

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3. "Celtic Tiger" is a term referring to the economy of the Republic of Ireland from the mid-1990s to the mid-2000s, a period of rapid economic growth.

Table 2

## Timeline of Events

The following important dates demonstrate the company's impressive record as a pioneer of innovation in the Irish timber-processing industry. Many of the achievements listed were firsts in an Irish context.

Year	Event/Activity
1913	Glennon Brothers Timber Ltd. is founded.
1938	Power supply changes from water to steam.
1945	Sawmill power changes from steam to electricity.
1969	Log harvesting and shipping operations from Scotland to Ireland.
1976	Involved in sourcing the timber used to make Tim Severin's boat for the "Brendan Voyage."
1977	Production of decorative panelling from Irish pine and fir.
1978	Produced whitewood flooring from Irish spruce.
1980	Profile chipper sawing line installed.
1981	Sawdust-fired drying kilns installed.
1984	Computerized forestry and log inventory systems installed.
1988	Telesales operation introduced.
1988	Involved in sourcing timber to build the "Dyflin Viking Ship" for Dublin's millennium celebrations.
1993	Irish timber shipped to Japan for the construction of traditional houses.
1995	Decorative pine flooring launched on the market under the Glenpine brand name.
1998	Launched Glendeck, the outdoor decking product line.
1998	Acquired Woodfab Fermoy.
1999	Stage 1 of the refurbishment of the sawmill in Fermoy.
2001	€20 million development in Fermoy (Linck sawmill).
2002	IT investment and launch of company website.
2002	Certified for heat treatment.
2003	Installation of new treatment facilities.
2003	Import of Scottish logs.
2003	New planing line installed in Fermoy.
2004	Serious fire in Longford, resulting in the destruction of the processing line.
2004	High-speed handling equipment in Fermoy.
2005	New log grader installed in Fermoy.
2005	Launched Glenfence fencing range.
2005	Developed a strategic growth plan for the United Kingdom.
2005	Established Windymains Timber Ltd.
2006	Installation of AWS weighbridge.
2007	Acquisition of Dempsey Timber Engineering.
2008	Acquisition of Adam Wilson & Sons.
2008	Acquisition of Alexanders Timber Design.

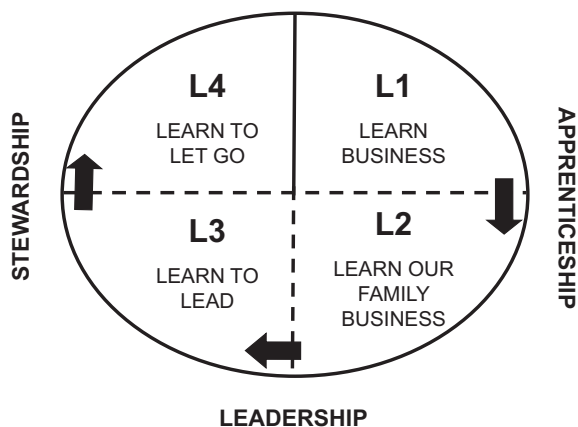
"It really is time that we faced some reality," Mike said to his brother, but also to himself. The two men were preparing themselves to cover new ground. Pat walked across to the whiteboard. He took a marker and drew a circle replicating a model he was introduced to at a recent Enterprise Ireland<sup>4</sup> workshop. He divided the circle into four quadrants, labeling them the 4Ls: (1) "Learn Business," (2) "Learn Our Family Business," (3) "Learn to Lead," and (4) "Learn to Let Go." He then split the four phases into two, labeling the first the "Apprenticeship" stage and the second the "Stewardship" stage (Figure 5).

The brothers reflected silently on the first stage "Learn Business." Both Pat and Mike knew that the specialized nature of their industry made this stage extremely important. Pat learned the business from the ground up, entering Glennon Brothers directly after school. He was mentored by his father who taught him the "tricks of the trade" and the technical skills required to work in the business. Conversely, Mike "went

4. Enterprise Ireland is the government organization responsible for the development and growth of Irish enterprises in world markets.

Figure 5

4Ls Framework.



Source: Moores and Barrett (2002); adapted by Craig (2013)

outside” and acquired his formal business training at university and in other companies. This allowed him to accumulate a strong knowledge base, acquire personal management skills, and establish credibility. The brothers knew from experience that for them there was no one “best way,” but for the next generation of their family, potentially comprised of siblings and cousins, the pathway through which they would learn their skills was important.

Under the second section, “Learn Our Family Business,” Mike scribbled some notes he recalled from the workshop. “Learn the value of values; continue differently; preserve the core philosophies of the business.” Then he paused as he thought: “What is it that makes *our* family business special?” The brothers’ parents had worked hard to instill strong values in them when growing up, teaching them to appreciate the values of hard work, discipline, and honesty and to exercise caution over finances. Mike believed that the company’s resilience during the recession was a product of their mother’s frugal mindset, which had been ingrained in them from a young age. Prudent entrepreneurship and innovation, along with patient investment approaches, had served the brothers and their predecessors well, and these philosophies were considered part of their business’s DNA and a major contributor to their success to date.

As he wrote the words in the third heading, “Learn to Lead,” Pat paused. He knew that this phase was important for the stage at which the business was currently and the challenges it faced. He recalled how at this stage, effective family business leaders had already adopted appropriate systems and structures for their businesses. They introduced outsiders, formal boards, and other control mechanisms that brought greater formality to the decision-making and leadership practices of the firm. However, Mike knew that though this was important, it was also essential to retain some of the “informal” practices of the firm. “I think I now understand the informal-formality paradox,” Mike reported.

For the final section, as Mike wrote the words “Learn to Let Go,” they triggered a sense of fear within him. He knew that his father had difficulty with this particular stage. “We had established a timeline for Dad to step out, but he didn’t go,” Mike recalled. The business had been part of Paddy’s identity and stature in the community for so long that

when the time came to step aside, he was reluctant to do so. The brothers wanted to avoid this themselves but were concerned that they, too, had developed a strong attachment to the business.

Over the many years that Pat and Mike had worked together, they had developed similar mannerisms. At this point, they both scratched their balding heads as they looked first at the whiteboard and then at the Murphy & Sons headline that lay strewn on the office table. In reality, they knew that there was no time to procrastinate—their legacy was effectively in the balance. The “elephant in the room” remained the knowledge that they needed to move from *being* managers to *managing* managers. But how do old dogs learn new tricks?

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