

Preparing to be at the Wheel: Why Family Business Education Matters!

— Denise Kenyon-Rouvinez and Anne-Catrin Glemser

Family business education is essential to prepare next generation members for operational or leadership roles. All across the world, business families find this challenging for both the senior and next-generation members. In order to face the complex challenges of modern business, next generation members need to master a diverse skill set. Business families need to carefully assess their learning needs before designing education programmes. Keeping the next generation members involved throughout the learning process is important. Based on a survey study conducted among next-generation family business members at the International Institute for Management Development (IMD), Switzerland, the article identifies key focus areas and relevant topics for family business education.

Importance of Family Business Education

Creating a culture of exchanging ideas across generations is significant but not sufficient to prepare the next-generation members for their future roles. It is important that families find a structured mechanism for knowledge transfer while motivating the next-generation members to learn about crucial business matters. This is where family business education helps. It shapes the next-generation members into responsible family business owners. It also helps them gain insights from different

perspectives and strengthens the bond between the business and family.

Family Business Education: Key Areas

Business families want their next generation members to attend formally structured family business education programmes. However, they are often not clear about the contents of such programmes or the exact learning needs of the participants. In order to gain insights on that, IMD conducted a survey study among the participants of its Family Business Programme in 2015. The survey asked the next-generation members to identify the topics that they found to be essential to learn. Family and Board Governance came out as their top learning priorities. These were followed by entrepreneurship, leadership and succession (See Figure 1).

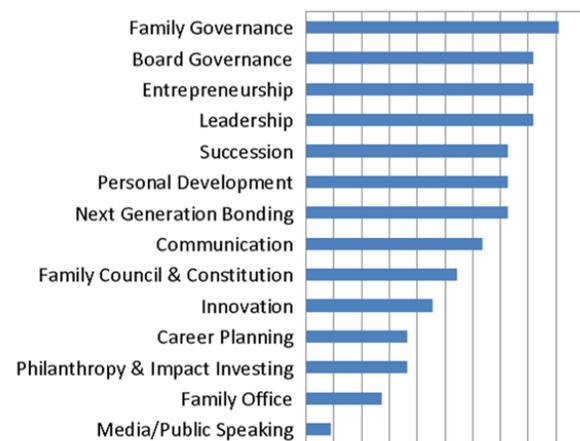


Figure 1: Importance of Family Business Education Topics - Results from IMD Family Business Program Participants Survey from Next Generation Members, June 2015

Three Important Dimensions

Family business education programmes must be made keeping in mind three important learning dimensions from participant's perspective:

1. *Connecting with what the family business is about:* Most family businesses want their next generation members to know the family's business history, its heritage and values. In addition to these, it is important to educate the next-generation members about the major business activities of the family, business performance record and key areas like marketing, finance, innovation and social responsibility. This will help them get a good understanding of the environment in which the business operates and key activities that drive its performance. It is important to use practical and interactive techniques that stimulate participant interest.

2. *Understanding the pitfalls:* The education programme must make the next-generation members aware of the family business dynamics and the several pulls and pressures it has to handle. Awareness about several approaches to succession, governance and communication helps them in having an educated discussion and understand the nuances involved in these matters. In future decision-making situations, this also helps the next-generation members explore multiple choices and make an informed decision. Besides, structured

educational programmes, many families make their younger members learn from the experiences of other business families. Often, experts and consultants are also hired for this purpose.

3. *Preparing to add value as a future owner, manager, and family member:* The education programme must aim at providing tools and experiences to the next-generation members that help them discharge their duties and play assigned roles. It must motivate them to contribute, add value and to make their aspirations become true. This can be done using formal structured sessions or through real world learning experiences using team-based exercises. External advisors can assist in leadership training.

Practical Implications

There is no single ideal solution for family business education. Each family needs to assess its learning needs and shape the programme. Taking the next-generation members out of their comfort zone, providing them hands-on experience and getting them involved through interactive learning methods are key to the effectiveness of family business education programme. Commitment of both the seniors and the younger family members is essential to achieve this goal.

Source: Tomorrow's Challenges, International Institute for Management Development (IMD), Switzerland (2015).