Family Togetherness found rewarding in the long-run

Most Indian businesses are family owned but they struggle to survive beyond the third generation largely because the families fall apart. However, business families that stay together reap benefits in both emotional and financial terms. A recent 'Business Today' article studies four family businesses where controlling families work in harmony and finds significant increase in their stock valuations over the period of last five years. Fortis-Religare group (Malvinder and Shivinder Mohan Singh), Jubilant group (Bhartias), DCM Shriram (Shrirams) and Emami (Radhe Shyams) are the four Indian family businesses cited in the article, that exemplify lasting family togetherness. Three out of these four businesses registered 300-500% growth in their stock valuations in the last five years (the fourth only increased 5% in value, but that was largely because it hived-off businesses in a restructuring process).

The critical factors that influence togetherness were identified as open communication, complementary skills of family members and mutual respect and trust among them. Keeping business matters separate from the matters of the family helps in checking any negative spillovers that may threaten togetherness. Setting up strong governance mechanisms in family and business helps in this cause. The personal differences among spouses were cited to have strong potential to damage family bonding. For business families to remain together, it is also important that elder family members share a strong bond with the younger members. *"The elder as well as the younger ones should feel comfortable both personally and professionally. The moment the quality of sharing drops, you can anticipate squabbles,"* said Kavil Ramachandran, Thomas Schmidheiny Chair Professor of Family Business and Wealth Management at the Indian School of Business, Hyderabad.

Source: "Thicker than water" - Business Today, December 7, 2014