

## **Indian family businesses going through churning and changes**

The large sized family businesses have benefitted from splits among siblings, as happened in the case of the Ambani brothers and Sanjiv and Harsh Goenka. The post-split market values of their businesses have increased much more than the previous valuations of combined entities. However, for small and mid-sized family businesses it makes better sense to remain together. Indian family firms are going through a lot of churning and shifting said Professor Kavil Ramachandran, Thomas Schmidheiny Chair Professor of Family Business and Wealth Management at Indian School of Business, on the sidelines of an event organized in Kolkata by an Indian chamber of commerce.

In Prof. Ram's view, Indian family businesses are going through a transformation on multiple fronts like - managing inheritance and redistribution of assets, aggressive approach towards growth opportunities and managing risks and adopting professionalization and technology in business. While there are examples of two or more families coming together to form a powerful competitive business, there is also an active effort for bringing good quality independent directors on company boards to build capabilities and improve governance. Family firms are strategizing in areas that were earlier overlooked such as family members' remuneration and reward structures and responsibility assignment. The focus has increased on institutionalizing the family business.

Source: The Hindu Business Line, July 15, 2014