

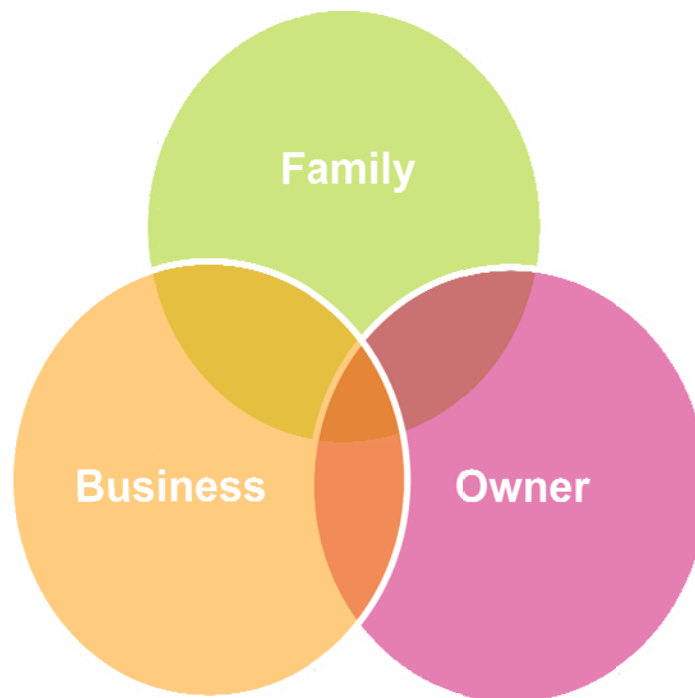
Strategy, Leadership and Resource Management in Family Business

Term 8

Faculty : Professor K Ramachandran, Indian School of Business

Why this course:

Family businesses are unique in many ways, particularly in Asian countries. Their uniqueness arises primarily out of the dynamic overlap in roles of ownership, management and family responsibilities concentrated in some but not all the key people (see diagram below). For successful management of family businesses, it is important to understand this dynamics and respond to them constructively. This does not happen automatically. Among the several areas that require attention, two key areas of challenge in family businesses are professionalization of business, and developing and practicing family governance that includes succession, retirement, ownership and wealth management. How does one do it? Not easy? Consequently, break up of family businesses is often considered normal. Only a small percentage of family businesses survive and grow beyond second and third generations.



However, there is new global evidence available now that with appropriate strategy, leadership and governance mechanisms and timely action, both families and their businesses can be preserved and prospered. Several family businesses in India have demonstrated how they are able to achieve perpetuation of both family and business, but there are many who are groping for direction. The current level of interest, inquisitiveness and excitement in India in Family Business is a reflection of the above. There is also growing evidence that nurturing entrepreneurship is critical to build lasting family business. Managing family businesses successfully across generations is one of the ultimate challenges for any manager, whether belonging to family or not. In essence, family businesses want to tap the emerging entrepreneurial opportunities while keeping harmony at home.

Managers at middle and senior levels working for family businesses often fail for want of an understanding of the complex dynamics of the challenges of managing them. Some of them are easy to work with at some levels of hierarchy, while some others are not. It is important for managers to be knowledgeable and sensitive about the family business challenges to be successful in building their careers.

This course focuses on the essentials to build lasting family businesses. No course such as this is offered anywhere in India and most schools outside. Drawing key concepts and tools of analysis from Strategy, Leadership, Entrepreneurship and Wealth Management literature, this course offers a unique opportunity to apply them in the context of family business. The course is highly application oriented and will build on the experiences of a number of families, mostly Indian. It heavily draws on my own consulting and research insights will be shared throughout the course.

The course will facilitate significant level of experience sharing and development of insight to match individual requirements.

This course will be found of immense value by students belonging to business families, and those likely to work with them as consultants or managers, since they directly or indirectly interact with family businesses constantly.

(Restricted to one section)

Session Details

Session	Date	Topic and Readings
1	22 Feb	<p>Strategy & Leadership Challenges in Family Business</p> <p><i>(Focus : Essential uniqueness of family business – growth strategies and managing entry of next generation and resultant succession and retirement challenges)</i></p> <p><i>Readings:</i></p> <ul style="list-style-type: none"> - The Dynamics of Family Controlled Firms: The Good and the Bad News - <i>Manfred F. R. Kets de Vries, Winter, 1993, pp.59 – 71, Organizational Dynamics</i> - Succeeding Generations: Realizing the dreams of families in business – <i>Ivan Lansberg 7420-SRN-ENG, June 30, 1999, Harvard Business School Press,</i> - Negotiation Effectively in Family Business Systems – A note by <i>Deepak Malhotra and John A. Davis, Harvard Business School</i> <p><i>Case:</i></p> <ul style="list-style-type: none"> - Niraj (A), Successor’s Dilemma in an Indian Family Firm <i>Niraj & Thomas, 2003, INSEAD</i> - Video on the Dalmia (Delhi) and Sudarshan (Pune) families

2	25 Feb	<p>Managing Challenges of Professionalisation of Family Business</p> <p><i>(Focus: Professionalisation is much beyond structure, systems and processes. It involves individuals, styles and family influence. How to build a professional organization)</i></p> <p>Readings:</p> <ul style="list-style-type: none"> - Keeping the family in business – <i>Heinz-Peter Elstrodt, 2003, Number 4, The McKinsey Quarterly</i> <p>Case :</p> <ul style="list-style-type: none"> - Professionalisation of Ujwal Bharti, <i>K. Ramachandran, 2007, ISB</i>
3	1 March	<p>Creating and Managing Effective Boards</p> <p><i>(Focus: Board of Directors can play a crucial role to rapid growth and simultaneous organization building. How to achieve it practically)</i></p> <ul style="list-style-type: none"> - Presentation by Mr. Nabankur Gupta, (Member of several family business boards and mentor)
4	3 March	<p>Successful Family and Business Leadership</p> <p><i>(Focus: Separation of ownership, management and holding large family units together)</i></p> <p>Case:</p> <ul style="list-style-type: none"> - Harilela Enterprises: An Indian Family Business in Hong Kong, <i>John Ward, et al.</i>
5	8 March	<p>Strategy, Structure and Governance Challenges in Family Business</p> <p><i>(Focus: How professionalisation and governance can lead to family unity and wealth creation)</i></p> <p>Readings:</p> <ul style="list-style-type: none"> - The Unique Challenges of Family Business Planning - <i>Randel S. Carlock & John L Ward, 2001, No 30, FBN Newsletter</i> - Why Governance is challenging for Family Businesses? – <i>K Ramachandran, September 2006, ISB Insight</i> - Governing the Business Owning Family – <i>Alden G.Lank & John L Ward, No. 26, May 2000, FBN Newsletter</i> <p>Case:</p> <ul style="list-style-type: none"> - The Murugappa Group: Centuries- Old Business Heritage and Tradition, <i>Carol Adler Zsolnay and John L Ward, 2003, Kellogg School of Management</i>

6	10 March	<p>From Family Business to Family Wealth - Presentation by Mr. Sunil Shah</p> <p><i>(Focus: Essentials of Wealth Management in the context of family business and role of family office in it. How to decide where to invest wealth)</i></p> <p><i>Readings:</i></p> <ul style="list-style-type: none"> - Eight Principles of Strategic Wealth Management, <i>Stuart E. Lucas, August 2006, Knowledge @ Wharton</i> - Introduction to Wealth: Grow it, Protect it, Spend it and Share it – <i>Stuart E. Lucas, March 2008, Wharton School Publishing</i> - Managing Resources: Linking Unique Resources, management, and Wealth Creation in Family Firms – <i>David G. sermon and Michael A. Hitt, 2003, Baylor University</i> - Roundtable : organized funds means organized family – <i>Melanie Stern ,Jan/Feb 2006, Families in Business</i>
7	15 March	<p>Family Governance and Constitution to Sustain Growth</p> <p><i>(Focus: Essentials of family governance and the process and contents of a family constitution)</i></p> <p><i>Readings:</i></p> <ul style="list-style-type: none"> - We the people... to form a more perfect union’ – <i>Dannis Jaffe, David Bork, Sam Lane, Leslie Dashew and Joe Paul, Summer 1998 issue - Family Business Magazine</i> - Governance of the Family Business – <i>John A. Davis, Harvard Business School</i> <p><i>Cases:</i></p> <ul style="list-style-type: none"> - The GMR Group + video - Videos on the Burman (Dabur) and Bharatram (SRF) families
8	17 March	<p>Growth Strategies – Family Entrepreneurship and Governance and Role of Family Business</p> <p><i>(Focus: Sustaining entrepreneurship in challenging while maintaining governance in the process)</i></p> <p><i>Readings:</i></p> <ul style="list-style-type: none"> - Entrepreneurial Orientation in Family Firms - <i>Mattias Nordqvist, Volume 56, June 2008</i> - Family Boards : A Strategic Value – Added Tool – <i>Bonnie Brown Hartley and Michael T. Hartley, 2005, Family Matters</i> <p><i>Case:</i></p> <ul style="list-style-type: none"> - Satyam and the Raju Family - Family Entrepreneurship in Asia – Pacific region - caselets

9	22 March	<p>Building Lasting Family Businesses</p> <p><i>(Focus: Defining and enshrining family culture and developing strong building blocks)</i></p> <p>Reading:</p> <ul style="list-style-type: none"> - Building Your Company's Vision – James C. Collins & Jerry I. Porras, Reprint 96501, Sep- Oct 1996, Harvard Business Review <p>Case:</p> <ul style="list-style-type: none"> - Hilti : Our Journey – Colleen Lief and John L. Ward, International Institute for Management Development, IMD-3-1434, 2005
10	24 March	<p>Building Lasting Families</p> <p><i>(Focus: Creating Institutions out of families, big or small)</i></p> <p>Readings:</p> <ul style="list-style-type: none"> - Management Insights from Great and Struggling Family Businesses– Danny Miller & Isabelle Le Breton-Miller, Vol 38, 2005, Long Range Planning <p>Case :</p> <ul style="list-style-type: none"> - Breaking up of the Sainanis, K Ramachandran & Anil Sainani, 2003

Evaluation Criteria

Class participation : 20%

Based on evidence of preparedness and participation in discussion. I will cold call with negative marks for lack of preparedness

Group project on family business : 30%

Groups of not more than four students will study a specific, approved theme for in-depth study based on primary and secondary data

Assignments : 20%

There will be two written assignments of not more than 1000 words each based on sessions two and five to be submitted in soft copy by 5 PM on the day after the class

End term examination (Open book) 30%

Attendance policy: As per the students handbook