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FAMILY BUSINESS MODULE CATCHING ON AT ISB



The compensation in family businesses might be less than a corporate offer in some cases but the flexibility in decision making and charting a growth plan are among the factors that tilt the decision of management graduates

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Family businesses are increasingly being seen as a career option at the Indian School of Business (ISB). This year, that is the Class of 2011, 65 students have enrolled for a module on family business offered by the institute. This is about 62 per cent more than 40 students last year.

Of the registered candidates, at least 50 per cent come from a family business background and are keen on joining the same. These students are unlikely to sit for the placements that began in the second week of January.

Speaking to *Business Standard*, K Ramachandran, Thomas Schmidheiny Chair professor of family business and wealth management at ISB, says there is a growing awareness among the second or third generation entrepreneurs to bring professionals for governance and administration. In some cases, entrepreneurs are equipping themselves with a management degree to know the professional nuances. Also, the focus is on preserving the family values and growing the company simultaneously.

The family-run businesses are going through a transformation, he says. "The meaning of professionalisation of a company is changing. The size of the family determines its transformation — smaller the faster it is. The key aspect of a fam-

ily business is succession planning," he says, adding some students are also inclined at joining a corporate house for some time to know the affairs.

The compensation in family businesses might be less than a corporate offer in some cases but the flexibility in decision making and charting a growth plan are among the factors that tilt the decision of management graduates in favour of family businesses. ISB will also attempt at making more case studies of Indian family businesses, he says.

The B-school is organising a summit on family business on February 5-6 to deliberate on governance, growth opportunities, management challenges and others.

According to Akshay Satish Gupta, a student at ISB who is keen to join his family business, there is more flexibility as also the responsibility of preserving the family wealth. His family is into exporting engine spare parts for tractors and trucks. The business is now managed by his father and uncle. Gupta was associated with the family business for four years before enrolling at ISB.

"I have a growth plan for the company. But I also know that I need to be careful about the finance options and ad-

ministrative decision because it is my money that I am playing with," he says, adding that family business gives simultaneous exposure to products, selling, logistics, finance, consulting and a host of other corporate functions. "If there is a spilt in the family business, the best thing is to bear the storm with the family and not run away during the time of crisis," he adds.

Vikram, another ISB student whose family is into making agricultural equipment, was involved with it for over a year and a half before joining ISB. "The sector is doing well at 35 per cent year-on-year," he says. He earlier worked with Deloitte.

"Family businesses typically are run with the 'chalta hai' approach. This kind of approach will not attract other professionals to work here," he says. He is clear on expanding the market in India and is also targeting to double overseas revenues in two years. Now, the overseas business contributes 35 per cent to the revenues.

"Delinking the family from business will be prudent. The focus will be on attracting and retaining good talent. We want the company to be transformed professionally as we want to raise fund through the private equity route first and then go public," he says.

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