

FAMILY BUSINESS

Managerial Challenges and Business Practices in Firms Built to Last

Number of sessions: 30

Length of each session: 1,5 h

Total length of the module: 45 hours

OVERVIEW

Family - controlled businesses represent a substantial component of the world's economy. They are characterized by distinct core competencies that can result in unique competitive advantages and challenges. The success of these businesses depends not only upon the attractiveness of the industries they compete in but is also contingent upon the interaction of family, management, and ownership.

This course aims to familiarise students with the primary issues involved in operating a family business. It is focused issues such as the nature and uniqueness of family businesses; the distinct strategies and practices of family-controlled companies; leadership and succession in the family business; non-family managers; governance related matters and family communication. Major learning objectives include:

- Understand the differentiating characteristics of family businesses
- Understand the complexities behind the dynamics of family business
- Become familiarised with the concepts of family culture, communication, and conflict, and their interaction effects on the business
- Look at the critical role and challenges that non-family managers play in family-controlled business
- Get acquainted with the developmental needs and challenges of next generation leaders.

REQUIREMENTS

Fluent in English

CONTENTS

Classes will be conducted in seminar format promoting student's participation. Attendance is not compulsory, but it is crucial to attain a satisfactory grade. It is important to remark that most of the theoretical material is needed to undertake the case studies and the final exam. Fundamental theoretical notions and special issues regarding management in emerging markets will be discussed in class and applied on case studies. Although there is a theoretical base, the class is mainly case study based. The outline of the course follows:

Part 1: The Family Business: What makes it Unique?

- 1.1 The nature and importance of family business
- 1.2 Building competitive advantage in family businesses
- 1.3 Building trust and commitment
- 1.4 Ownership of an enterprise built to last

Part 2: Leading the Family Business: succession and continuity
2.1 Entrepreneurship and the next generation
2.2 Succession and the transfer of power
2.3 Successor development

Part 3: Managing the Family Business
3.1 Creating the strategy
3.2 Planning the estate
3.3 Non-family managers and the family owned business
3.4 Governance issues: advisory boards and boards of directors
3.5 Family communication: meetings, councils and offices

Part 4: The Future of Family Business: Change and Adaptation

GRADING

The final grade of each student is determined considering the following weights:

1. Participation: In-class participation and involvement in class debates during the presentations (20%). The following categories will be used to evaluate class participation:

| | |
|--------------------------|-----------|
| Outstanding contribution | 10 points |
| Very Good | 8 points |
| Good | 6 points |
| Managed to say something | 3 points |
| No contribution | 0 points |

2. Case studies (and presentations): Quality and originality, as well as commitment will be considered (35%).

3. Group project (45%): Each group should prepare an essay to be presented in class (e.g. identify and comment on the unique characteristics of a family business of your choosing). A full synopsis about this project will be provided at the beginning of the course.

All case assignments should be solved in groups of minimum 2 and maximum 5 students. Groups should be established during the first week of the course, no future changes in the group's composition being allowed. Also, students have to prepare a short presentation (slides in Power Point), because there is the possibility that they present it in class. When requested, the students must make use of the theory exposed in class (short presentations, up to 20 minutes). All groups must be prepared to do so since the group that will present will be randomly selected.

Punctuality is crucial when delivering the case studies assigned. No case will be accepted after the pre-agreed deadline. All the case studies must be sent by email.

Students will also receive a mid-term feedback report including an assessment on the evolution of their learning process and recommendations for improvement.

In the case that the students want to receive specific feedback from the professor, they must ask for an appointment.

READINGS AND MATERIALS

All necessary readings as well as the case-study pack and additional material will be handed to students during the course.

In addition, the following books are complementary readings:

POZA, E.J. (2009) *Family Business* 3rd edition. Mason, OH: Thompson South-Western Educational Publishing.

CARLOCK, R.S., Ward, J. (2001) *Strategic Planning for the Family Business: Parallel Planning to Unite the Family and Business*. Palgrave.